

# Probiotec Limited

ABN 91 075 170 151

## ASX ANNOUNCEMENT

27 March 2024

### SCHEME BOOKLET REGISTERED WITH ASIC

**Probiotec Limited (ASX:PBP) ("Probiotec")** refers to its announcement made yesterday in relation to the proposed acquisition by PYFA Australia Pty Ltd ("**Pyridam Sub**") (which, as at the date of the Scheme Booklet, is a wholly-owned subsidiary of PT Pyridam Farma TBK ("**Pyridam**") of 100% of the issued shares in Probiotec pursuant to a scheme or arrangement ("**Scheme**") and the orders made by the Federal Court of Australia that Probiotec convene and hold a meeting of all Probiotec shareholders ("**Probiotec Shareholders**") to consider and vote on the proposed Scheme ("**Scheme Meeting**") and distribute to Probiotec Shareholders the scheme booklet providing information about the Scheme ("**Scheme Booklet**").

### SCHEME BOOKLET

Probiotec confirms that the Scheme Booklet has today been registered with the Australian Securities and Investment Commission ("**ASIC**").

A copy of the Scheme Booklet is attached to this announcement and will be made available electronically for viewing and downloading at <https://probiotec.com.au/investor-centre/>. A sample of the proxy form for the Scheme Meeting is also attached to this announcement.

The Scheme Booklet (including the independent expert's report and notice of Scheme Meeting) and proxy form will be dispatched to Probiotec Shareholders shortly, in the manner described in the announcement made yesterday.

Probiotec Shareholders should read the Scheme Booklet in its entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the Scheme. If Probiotec Shareholders are in any doubt about how to deal with the Scheme Booklet, Probiotec Shareholders should contact their broker or financial, taxation, legal or other professional adviser immediately.

### INDEPENDENT EXPERT'S REPORT

The Scheme Booklet includes a copy of the independent expert's report prepared by Grant Thornton Corporate Finance Pty Ltd ("**Independent Expert**").

The Independent Expert has concluded the Scheme is fair and reasonable and consequently in the best interests of Probiotec Shareholders, in the absence of a superior proposal. The Independent Expert has assessed the full underlying value of Probiotec on a controlling interest basis at between \$2.79 and \$3.28 per Probiotec share. The cash consideration of \$3.00 per Probiotec falls within the Independent Expert's assessed valuation range.

The Independent Expert's conclusions should be read in context with the full Independent Expert's report (including the assumptions on which that conclusion is based) and the Scheme Booklet.

# Probiotec Limited

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## RECOMMENDATION OF THE IBC AND WESLEY STRINGER (PROBIOTEC CEO AND EXECUTIVE DIRECTOR)

The Probiotec Independent Board Committee, comprised of non-executive directors Jonathan Wenig and Simon Gray ("**IBC**"), unanimously recommend that Probiotec Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Probiotec Shareholders. Subject to those same qualifications, each member of the IBC intends to vote all their Probiotec shares, whether held or controlled by them, in favour of the Scheme. The interests of each IBC Director are set out in the Scheme Booklet. Probiotec Shareholders should have regard to those matters when considering the recommendation of each IBC Director to vote in favour of the Scheme.

Wesley Stringer (Probiotec CEO and Executive Director) also recommends that Probiotec Shareholders vote in favour of the Scheme, subject to the same qualifications set out above. As previously announced, Wesley Stringer entered into a binding voting agreement confirming that he will vote all of the Probiotec shares held or controlled by him in favour of the Scheme, subject to the same qualification set out above. The interests of Wesley Stringer are set out in the Scheme Booklet, including his interests in securities in Probiotec (including Probiotec shares and performance rights to receive Probiotec shares) and the arrangements in respect of his ongoing role with Probiotec post-implementation of the Scheme (including employment arrangements and associated future incentive arrangements) which have been substantially agreed with Pyridam. Probiotec Shareholders should have regard to those matters when considering the recommendation of Wesley Stringer to vote in favour of the Scheme.

## SCHEME MEETING

As announced yesterday, the Scheme Meeting is expected to be held simultaneously as a hybrid meeting on the online Lumi platform at <https://web.lumiagm.com/349-152-731> and Zoom (accessed through the online Lumi platform), and physically at the offices of Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000 on **Wednesday, 29 May 2024 at 10:00am (Melbourne time)**.

All Probiotec Shareholders are encouraged to vote either by attending the Scheme Meeting in person or virtually, or alternatively by completing and returning their proxy form by 10:00am (Melbourne time) on Monday, 27 May 2024, or otherwise by attorney or corporate representative.

## FURTHER INFORMATION

For more information, please refer to the Scheme Booklet. If you have any questions in relation to your shareholding in Probiotec, the Scheme Booklet or the Scheme, please contact the Probiotec Share Registry, Boardroom Pty Limited, on 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time).

**This announcement is authorised for release by the Independent Board Committee of Probiotec.**

END

# Probiotec Limited

ABN 91 075 170 151

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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, consumer health products, and fast-moving consumer goods. The company owns 6 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](http://www.probiotec.com.au).

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# Probiotec Limited

## SCHEME BOOKLET

In relation to the proposed acquisition by PYFA Australia Pty Ltd (**Pyridam Sub**) (which, as at the date of this Scheme Booklet, is a wholly-owned subsidiary of PT Pyridam Farma Tbk (**Pyridam**)) of Probiotec Limited (**PBP**) by way of a scheme of arrangement.

## VOTE IN FAVOUR

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of PBP Shareholders, in the absence of a Superior Proposal

**THE PBP DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE SCHEME IN THE ABSENCE OF A SUPERIOR PROPOSAL, AND SUBJECT TO THE INDEPENDENT EXPERT CONTINUING TO CONCLUDE THAT THE SCHEME IS IN THE BEST INTERESTS OF PBP SHAREHOLDERS.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

You should read it in its entirety, and consider its contents carefully, before deciding whether or not to vote in favour of the Scheme. If you are in any doubt about how to deal with this document, you should contact your broker or financial, taxation, legal or other professional adviser immediately.

If you have any questions in relation to this Scheme Booklet or the Scheme, please contact the PBP Share Registry on 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time).

This Scheme Booklet is prepared for persons shown in the PBP Share Register as holding PBP Shares. If you have recently sold all of your PBP Shares, please disregard this Scheme Booklet.

**Financial Adviser**



**Legal Adviser**

**Arnold Bloch Leibler**  
Lawyers and Advisers



## IMPORTANT NOTICES

### General

This Scheme Booklet is important and requires your immediate attention. You should read this Scheme Booklet in full before making any decision as to how to vote at the Scheme Meeting. You should also consult your legal, financial, tax or other professional adviser.

### Nature of this Scheme Booklet

This Scheme Booklet provides PBP Shareholders with information about the proposed acquisition of PBP Shares by PYFA Australia Pty Ltd ACN 672 617 588 (**Pyridam Sub**), which as at the date of this Scheme Booklet is a wholly-owned subsidiary of PT Pyridam Farma Tbk (Business Registry Number 8120014002237) (**Pyridam**) as at the date of this Scheme Booklet. Pyridam intends to undertake an internal reorganisation prior to the Second Court Date such that Pyridam Sub will become a wholly-owned subsidiary of Pyfa Health Singapore Pte Ltd, which is in turn owned 99% by Pyridam, with the remaining 1% owned by Rejuve Global Investment Pte. Ltd (a majority shareholder of Pyridam which was incorporated in Singapore). See section 6.3(c) for further details.

Section 1.2 sets out the reasons why you should vote in favour of the Scheme and section 1.3 sets out the reasons why you may wish to vote against the Scheme.

This Scheme Booklet includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Scheme Booklet does not constitute or contain an offer to PBP Shareholders, or a solicitation of an offer from Pyridam shareholders, in any jurisdiction. This Scheme Booklet is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1) of the Corporations Act. Instead, PBP Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

### Defined terms

Capitalised terms used in this Scheme Booklet are defined in section 10.1 of this Scheme Booklet. Section 10.2 also sets out some rules of interpretation which apply to this Scheme Booklet.

### ASIC and ASX

A copy of this Scheme Booklet has been registered by ASIC for the purposes of subsection 412(6) of

the Corporations Act before being sent to PBP Shareholders. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with subsection 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. ASIC's policy in relation to such statements is that it will not provide such a statement until the Second Court Hearing. This is because ASIC will not be in a position to advise the Court until it has had an opportunity to observe the entire Scheme process. If ASIC provides that statement, it will be produced to the Court at the Second Court Hearing.

A copy of this Scheme Booklet has been provided to ASX. Neither ASX, nor any of its officers, takes any responsibility for the contents of this Scheme Booklet.

### Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that under subsection 411(1) of the *Corporations Act 2001* (Cth) (**Corporations Act**) the Court has ordered that a meeting be convened and has directed that a copy of this explanatory statement accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how PBP Shareholders should vote (on this matter PBP Shareholders must reach their own conclusion); or
- has prepared, or is responsible for the content of, the explanatory statement.

### Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure D.

PBP Shareholders who have elected to receive communications electronically will receive an email that contains instructions about how to view or download a copy of the Scheme Booklet, and to lodge their proxy online. The Scheme Booklet will also be available for viewing and downloading on PBP's investor website at <https://probiotec.com.au/investor-centre/>.

A reference to the "Scheme Booklet" in the Notice of Scheme Meeting will be taken to include any supplementary scheme booklet released in relation to the Scheme.

## **PBP Shareholder's right to appear at the Second Court Hearing**

If the Scheme Resolution is passed by the Requisite Majority of PBP Shareholders at the Scheme Meeting, the Court will consider whether to approve the Scheme at the Second Court Hearing.

Any PBP Shareholder may appear at the Second Court Hearing, expected to be held on Wednesday, 5 June 2024 at 10:15am at the Federal Court of Australia.

Any PBP Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on PBP a notice of appearance in the prescribed form together with any affidavit that the PBP Shareholder proposes to rely on.

## **No investment advice**

This Scheme Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any PBP Shareholder or any other person. The information and recommendations contained in this Scheme Booklet do not constitute, and should not be taken as, financial product advice. The PBP Board encourages you to seek independent financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme Resolution.

This Scheme Booklet should be read in its entirety before making a decision on whether or not to vote in favour of the Scheme Resolution. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in section 4.11, the risks associated with remaining a PBP Shareholder including but not limited to those contained in section 7, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure A.

If you are in any doubt as to the course you should follow, you should consult an independent and appropriately licensed and authorised professional adviser immediately.

## **Forward looking statements**

This Scheme Booklet contains both historical and forward looking statements (including in the Independent Expert's Report). Forward looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or

expectations of PBP, Pyridam or their Affiliates are or may be forward looking statements.

Any statements contained in this Scheme Booklet about the impact that the Scheme may have on PBP's operations and its results, and the advantages and disadvantages anticipated to result from the Scheme, are also forward looking statements.

You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties which may cause actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by those statements. Those risks and uncertainties include factors and risks specific to PBP, Pyridam, and their respective Affiliates and/or the industries in which they operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected.

No assurance can be given that the views reflected in any forward looking statements included in the PBP Information and the Pyridam Information (respectively) will prove to have been correct.

None of PBP, Pyridam, or their respective Affiliates, nor any of their respective Subsidiaries, Officers, directors, employees or advisers or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

All subsequent written and oral forward looking statements attributable to any PBP Group Member or any Pyridam Group Member or any person acting on their behalf are qualified by this cautionary statement.

Any forward looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, PBP, Pyridam, their respective Affiliates, Subsidiaries and Officers, directors, employees and advisers, disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward looking statements to reflect:

- any change in expectations in relation to such statements; or
- any change in events, conditions or circumstances on which any such statement is based.

## Responsibility statement

PBP has prepared, and is solely responsible for, the PBP Information. None of the Pyridam Group Members nor any of their respective Officers, employees or advisers have verified any of the PBP Information, and none of them assume any responsibility for the accuracy or completeness of such information.

Pyridam and Pyridam Sub have prepared, and are solely responsible for, the Pyridam Information. None of the PBP Group Members nor any of their respective Officers, directors, employees or advisers have verified any of the Pyridam Information, and none of them assume any responsibility for the accuracy or completeness of such information.

Arnold Bloch Leibler has prepared, and is responsible for, section 8. None of the PBP Group Members, the Pyridam Group Members, nor any of their respective Officers, directors, employees or advisers assume any responsibility for the accuracy or completeness of such information.

Grant Thornton Corporate Finance Pty Ltd has prepared, and is responsible for, the Independent Expert's Report (as set out in Annexure A). None of the PBP Group Members, the Pyridam Group Members, nor any of their respective Officers, directors, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report, except, in the case of PBP, Pyridam and Pyridam Sub in relation to the information given by them respectively to the Independent Expert for the purpose of preparing the Independent Expert's Report.

No consenting party has withdrawn their consent to be named before the date of this Scheme Booklet.

## Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside of Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. PBP disclaims all liabilities to such persons who contravene these laws.

This Scheme Booklet has been prepared in accordance with the laws of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations of a jurisdiction outside of Australia.

PBP Shareholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

## Risks

The operations and financial performance of PBP are subject to various risks, including those summarised in this Scheme Booklet (refer to section 7), which may be beyond the control of PBP and / or Pyridam or Pyridam Sub. Those risks and uncertainties include factors and risks specific to the industry in which PBP operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. As a result, the actual results of operations and earnings of PBP whether or not the Scheme is implemented, as well as the actual advantages or disadvantages of the Scheme, may differ significantly from those which are set out in this Scheme Booklet in respect of timing, amount or nature and anticipated results may never be achieved. PBP Shareholders should note that the historical financial performance of PBP is no assurance of future financial performance of PBP (whether the Scheme is implemented or not).

## Financial amounts and effect of rounding

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated.

A number of figures, amounts, percentages, estimates, calculations of value and fractions in the Scheme Booklet are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

All financial and operational information set out in this Scheme Booklet is current as at the date of this Scheme Booklet, unless otherwise stated.

## Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at the Last Practicable Date.

## Timetable and dates

All times and dates referred to in this Scheme Booklet are references to times and dates in Melbourne, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Scheme Booklet may change and, among other things, are subject to all necessary approvals from Government Agencies.

## Privacy

PBP, Pyridam and Pyridam Sub may collect personal information in the process of implementing the Scheme. The type of information that they may collect about you includes your name, contact details and information on your shareholding in PBP and the names of persons appointed by you to act

as a proxy, attorney or corporate representative at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

The primary purpose of the collection of personal information is to assist PBP, Pyridam and Pyridam Sub to conduct the Scheme Meeting and implement the Scheme. Without this information, PBP, Pyridam and Pyridam Sub may be hindered in their ability to issue this Scheme Booklet and implement the Scheme. Personal information of the type described above may be disclosed to the PBP Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, Related Bodies Corporate of PBP, regulatory authorities, and also where disclosure is otherwise required or allowed by law.

PBP Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the PBP Share Registry in connection with PBP Shares, please contact the PBP Share Registry on

1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time).

PBP Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

Further information about how PBP collects, uses and discloses personal information is contained in PBP's Privacy Policy located at <https://probiotec.com.au/about-us-2/>.

#### **External websites**

Unless expressly stated otherwise, the content of the website of any PBP Group Member or Pyridam Group Member does not form part of this Scheme Booklet and PBP Shareholders should not rely on any such content.

#### **Date of Scheme Booklet**

This Scheme Booklet is dated Wednesday, 27 March 2024.

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## Key Dates

Event	Time and Date
<b>Date of this Scheme Booklet</b>	Wednesday, 27 March 2024
<b>First Court Date</b> The Court hearing to approve dispatch of this Scheme Booklet and convening of the Scheme Meeting.	Tuesday, 26 March 2024 at 10:15am
<b>Scheme Meeting Proxy Forms</b> The latest date and time for receipt of proxy forms or powers of attorney by PBP Share Registry for the Scheme Meeting.	Monday, 27 May 2024 at 10:00am
<b>Scheme Meeting Record Date</b> The latest date and time for determining eligibility to vote at the Scheme Meeting.	Monday, 27 May 2024 at 7:00pm
<b>Scheme Meeting</b> Further details relating to the Scheme Meeting are set out in section 3 and in the Notice of Scheme Meeting in Annexure D.	Wednesday, 29 May 2024 at 10:00am
<b>If the Scheme Resolution is approved by the Requisite Majorities of PBP Shareholders</b>	
<b>Second Court Date</b> To seek Court orders approving the Scheme.	Wednesday, 5 June 2024 at 10:15am
<b>Effective Date</b> The date on which the Scheme becomes Effective and is binding on PBP Shareholders. Court orders lodged with ASIC and announcement to ASX. Last day of trading of PBP Shares – PBP Shares suspended from trading on ASX from close of trading.	Wednesday, 5 June 2024
<b>Scheme Record Date</b> Time and date for determining entitlements to Scheme Consideration.	Wednesday, 12 June 2024 at 7:00pm
<b>Implementation Date</b> The date on which the Scheme will be implemented and Scheme Consideration will be paid.	Tuesday, 18 June 2024

All dates in the above timetable are indicative only and, among other things, are subject to change and the receipt of all necessary approvals from the Court and any other regulatory authority. Any changes to the above timetable (which may include an earlier or later date for the Scheme Meeting or the Second Court Date) will be announced by PBP through the ASX and notified on PBP's investor website at <https://probiotec.com.au/investor-centre/>.

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All references to time in this Scheme Booklet are references to Melbourne, Australia time, unless otherwise stated. Any obligation to do an act by a specified time in an Australian time zone must be done at the corresponding time in any other jurisdiction.

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# Letter from the Chair of PBP

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Dear Probiotec Shareholder,

On behalf of the Probiotec Independent Board Committee (**IBC**), I am pleased to provide you with this Scheme Booklet, which contains information in relation to the proposed acquisition of all of the issued shares in Probiotec Limited (**PBP** or **Probiotec**) (**PBP Shares**) by PYFA Australia Pty Ltd (ACN 672 617 588) (**Pyridam Sub**), which as at the date of this Scheme Booklet is a wholly-owned subsidiary of PT Pyridam Farma Tbk (Business Registry Number 8120014002237) (**Pyridam**)<sup>1</sup> by way of a scheme of arrangement under Part 5.1 of the Corporations Act (the **Scheme**).

The members of the IBC are me and Simon Gray. We are the Independent Non-Executive Directors of PBP. The other director of PBP is Wesley Stringer, who is an Executive Director and Chief Executive Officer (**CEO**) of PBP. Wesley Stringer is not a member of the IBC. There are no other directors of PBP.

The IBC is unanimous in its view that the Scheme represents an attractive outcome for our shareholders, who will be able to realise their investments for cash at a premium to PBP Shares historical trading prices, and positive for stakeholders more broadly including Probiotec's customers and employees, for the reasons set out below.

## Background to the Scheme

Probiotec formed the IBC to consider acquisition proposals in respect of Probiotec, including the Scheme, and engage with counterparties as required.

On 21 December 2023, Probiotec, Pyridam and Pyridam Sub entered into a scheme implementation deed under which it is proposed that Pyridam Sub will acquire 100% of the PBP Shares held by PBP Shareholders under the Scheme (**Scheme Implementation Deed**).

If the Scheme is implemented, shareholders in Probiotec (**PBP Shareholders**) will receive cash consideration of \$3.00 per PBP Share (**Scheme Consideration**).

The Scheme Consideration represents a:

- 29.66% premium over the undisturbed share price of \$2.31, based on the 3-month volume weighted average price (**VWAP**) up to and including 5 May 2023, being the period prior to market speculation of a Probiotec strategic review;
- 26.32% premium over the 1-month VWAP of \$2.37, based on the 1-month VWAP up to and including 21 December 2023, being the last trading day before Probiotec's announcement of entry into the Scheme Implementation Deed on the ASX; and
- 19.05% premium over the Probiotec share price of \$2.52 on 21 December 2023, being the last trading day before Probiotec's announcement of entry into the Scheme Implementation Deed on the ASX.

The Scheme Consideration implies an equity value (on a 100% fully diluted basis) for Probiotec of approximately \$251 million and an enterprise value of approximately \$325 million.<sup>2</sup>

Under the terms of the Scheme Implementation Deed, Probiotec is permitted in specified circumstances to declare and pay dividends which are not conditional on the Scheme and, to the extent declared and

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<sup>1</sup> Pyridam has informed Probiotec that it intends to undertake an internal reorganisation prior to the second court date (currently scheduled for Wednesday, 5 June 2024 at 10:15am) such that Pyridam Sub will become a wholly-owned subsidiary of Pyfa Health Singapore Pte Ltd, which is in turn owned 99% by Pyridam, with the remaining 1% owned by Rejuve Global Investment Pte. Ltd (a majority shareholder of Pyridam which was incorporated in Singapore).

<sup>2</sup> Implied equity value of \$251 million based on Probiotec's fully diluted shares on issue of 83.8 million (inclusive of, and assuming, 2.45 million Probiotec performance rights on issue fully vest and are converted into Probiotec shares prior to implementation of the Scheme) as at the Last Practicable Date. Enterprise value calculated as equity value plus net debt of \$73.3 million (inclusive of lease liabilities and current tax liability) based on Probiotec's reported balance sheet as at 31 December 2023.

paid,<sup>3</sup> will not affect the Scheme Consideration payable to a PBP Shareholder (**Permitted Dividends**).<sup>4</sup> The Permitted Dividends comprise:

- **1H 2024 Dividend:** The \$0.035 per PBP Share dividend declared by PBP on 28 February 2024 in respect of the half year ended 31 December 2023 and paid to PBP Shareholders on the PBP Share Register on the relevant record date.
- **Other Permitted Dividend:** Up to an additional \$0.04 per PBP Share dividend in respect of the period between 1 January 2024 and the earlier of 30 June 2024 and the date that is immediately prior to the Scheme Record Date.<sup>5</sup> The declaration of any Other Permitted Dividend (to the extent that the PBP Board determines to declare and pay any such dividend) will be announced to the ASX.

### Voting recommendation of PBP Directors

All PBP Directors (that is, the members of the IBC and Wesley Stringer) consider that the Scheme is in the best interests of PBP Shareholders and unanimously recommend that PBP Shareholders **vote in favour of the Scheme**, on the basis set out below.

The IBC unanimously recommends that PBP Shareholders **vote in favour of the Scheme**, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders. Subject to the same qualifications, each IBC Director intends to vote, or procure the voting of, all Probiotec Shares held or controlled by them in favour of the Scheme. You should note when considering this recommendation the interests I have as a partner of Arnold Bloch Leibler, Australian legal adviser to PBP.<sup>6</sup>

The IBC, together with Probiotec's advisers, has conducted a comprehensive evaluation of the Scheme (taking into account Probiotec's current position and medium and longer term potential) as well as the alternative options available to Probiotec, including maintaining the status quo and inorganic growth via the pursuit of additional, accretive acquisition opportunities. As noted above, the IBC is unanimous in its view that the Scheme represents an attractive outcome for our shareholders, as well as for stakeholders more broadly, including Probiotec's customers and employees. The value placed on the Probiotec business with an all-cash price at a significant premium to recent trading prices in Probiotec shares is a testament to the strength of Probiotec's long-standing business operations and national and international growth strategy. The IBC believes that the Scheme is in the best interests of PBP Shareholders (in the absence of a Superior Proposal).

Wesley Stringer, Probiotec CEO and Executive Director, also recommends that PBP Shareholders **vote in favour of the Scheme**, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders. You should note when considering this recommendation the interests of Wesley Stringer in PBP Shares and the benefits

<sup>3</sup> See footnote 5.

<sup>4</sup> Shareholders should obtain professional tax advice having regard to their own particular circumstances and refer to section 8 of the Scheme Booklet.

<sup>5</sup> PBP Board's ability to determine and pay the Other Permitted Dividend is subject to other conditions under the terms of the Scheme Implementation Deed, including that such dividend may only be paid after reasonable consultation in good faith, and as otherwise agreed in writing, with Pyridam, and must be paid from profits, retained earnings or distributable reserves (or a combination of all or some of them) of Probiotec group existing prior to the declaration or authorisation of such dividend and otherwise in accordance with the *Corporations Act 2001* (Cth).

<sup>6</sup> Section 9.3 below sets out the estimated transaction costs payable to Arnold Bloch Leibler in connection with the Scheme. PBP Shareholders should have regard to Jonathan Wenig's interest in this when considering how to vote on the Scheme.

he will be entitled to receive in connection with the Scheme, including his proposed employment arrangements post-implementation.<sup>7</sup>

The key reasons for the PBP Directors' recommendation are as follows:

- The Scheme Consideration of \$3.00 per PBP Share represents a premium relative to recent historical trading prices of PBP Shares;
- The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of PBP Shareholders in the absence of a superior proposal;
- The all-cash consideration provides you with certainty of value, the opportunity to realise your investment for cash, and if the Scheme proceeds, you will not be exposed to the ongoing risks and uncertainties involved in executing Probiotec's business strategy, share market volatility and future developments;
- As at the date of this Scheme Booklet, no Superior Proposal has emerged and the IBC is not aware of any Superior Proposal, and has no basis to believe, that any Superior Proposal is likely to emerge;
- The PBP Share price is likely to fall, perhaps materially, if the Scheme does not proceed and no Superior Proposal emerges;
- PBP Shares currently trade at low volumes on the ASX, and the Scheme provides all PBP Shareholders with the opportunity to sell their shares at a premium; and
- You will not incur any brokerage or stamp duty charges on the transfer of your PBP Shares if the Scheme proceeds.

In forming the view that the Scheme is in the best interests of PBP Shareholders, the PBP Directors have also considered the potential disadvantages of the Scheme proceeding and the risk factors noted in section 7. In particular:

- You may disagree with the PBP Directors' recommendation and the Independent Expert's conclusion, and believe that the Scheme is not in your best interests;
- You may prefer to maintain your direct investment in Probiotec as an ASX-listed company and participate in the future financial performance of Probiotec's business;
- You may consider that there is potential for a Superior Proposal in the foreseeable future;
- The tax consequences of the Scheme may not be suitable for your current financial position.

### Shareholder support

Wesley Stringer (Probiotec CEO and Executive Director), who holds or controls 4,936,079 PBP Shares representing an approximate 6.07% interest in the PBP Total Shares and Jared Stringer (Probiotec Chief Financial Officer and Company Secretary), who holds or controls 3,044,750 PBP Shares representing an approximate 3.74% interest in the PBP Total Shares, have entered into binding voting agreements confirming that they will vote all of the PBP Shares held or controlled by them on the

<sup>7</sup> In particular, PBP Shareholders should consider the benefits to which Wesley Stringer will be entitled to in relation to the acceleration and early vesting of 2022 PBP Performance Rights, the repayment of outstanding employee share scheme loans out of the proceeds Wesley Stringer would have otherwise received as Scheme Consideration, new employment arrangements regarding Wesley Stringer's role post-implementation of the Scheme that have been substantially agreed with Pyridam (including short term and long term incentive based remuneration) and new performance rights arrangements post-implementation of the Scheme that have been substantially agreed, or otherwise agreed in-principle, with Pyridam. These interests and/or benefits are described in more detail in the following sections of the Scheme Booklet: 9.3 (interests in PBP Shares), 9.5(b)(i) (2022 PBP Performance Rights), 9.5(b)(iv) (Repayment of outstanding employee share scheme loans), 4.10 (new employment arrangements) and 4.10 (new performance rights arrangements). The PBP Board (excluding Wesley Stringer) considers that it is appropriate for Wesley Stringer to make a recommendation on the Scheme given his role in the operation and management of PBP and because PBP Shareholders would wish to know Wesley Stringer's views in relation to the Scheme. Wesley Stringer also considers that it is appropriate for him to make a recommendation on the Scheme.

Scheme Record Date in favour of the Scheme,<sup>8</sup> subject to limited exceptions (including if the Independent Expert does not continue to conclude in the Independent Expert's Report that the Scheme is in the best interests of PBP Shareholders, other than where the Independent Expert makes such conclusion as a result of a Superior Proposal, or there is a Superior Proposal announced that Pyridam fails to match (or exceed) after giving effect to any matching rights available to Pyridam under the Scheme Implementation Deed).<sup>9</sup>

### **Independent Expert's opinion**

The PBP Directors' unanimous recommendation that PBP Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders, is supported by the conclusion of Grant Thornton, the Independent Expert engaged by the IBC to prepare the Independent Expert's Report in relation to the Scheme.

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of PBP Shareholders, in the absence of a Superior Proposal.

The Independent Expert has assessed the value of each Probiotec Share to be in the range of \$2.79 to \$3.28. The Scheme Consideration of \$3.00 per Probiotec Share falls within the Independent Expert's assessed valuation range.

A complete copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet and I encourage you to read it in full.

### **How to vote and approval requirements**

Your vote is important and will determine the future ownership of Probiotec. I encourage you to vote on the Scheme Resolution by attending the Scheme Meeting or by completing the relevant proxy form.

The Scheme can only proceed if, among other conditions (as set out in section 4.3), the Requisite Majorities of PBP Shareholders approve it at the Scheme Meeting which is scheduled for 10:00am (Melbourne time) on Wednesday, 29 May 2024, to be held simultaneously as a hybrid meeting on the online Lumi platform at <https://web.lumiagm.com/349-152-731> and Zoom (accessed through the online Lumi platform), and physically at the offices of Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000.<sup>10</sup> This requires more than 50% of shareholders present and voting (either in person or by proxy) and at least 75% of the votes cast on the Scheme Resolution to be in favour of the Scheme. The Scheme also requires Court approval.

If you wish the Scheme to proceed, it is important to vote in favour of the Scheme Resolution.

### **Further information**

This Scheme Booklet sets out important information regarding the Scheme, including the reasons for the PBP Directors' recommendation and the Independent Expert's Report. It also sets out some of the reasons why you may not wish to vote in favour of the Scheme.

Please read this Scheme Booklet carefully and in its entirety as it will assist you in making an informed decision as to how to vote at the Scheme Meeting. I would also encourage you to seek independent

<sup>8</sup> Pursuant to voting deeds dated and disclosed to the ASX on 21 December 2023 in favour of Pyridam and Pyridam Sub given by, respectively, Wesley Stringer, Talril Super Pty Ltd (an entity controlled by Wesley Stringer) and Jared Stringer (**Voting Deeds**).

<sup>9</sup> You should note footnote 7 above when considering Wesley Stringer's binding voting arrangements. When considering Jared Stringer's binding voting arrangements, you should note Jared Stringer's interests in PBP Shares and the benefits he will be entitled to receive in connection with the Scheme, including in relation to the acceleration and early vesting of 2022 PBP Performance Rights, the repayment of outstanding employee share scheme loans out of the proceeds Jared Stringer would have otherwise received as Scheme Consideration, new employment arrangements post-implementation of the Scheme that have been substantially agreed with Pyridam (including short term and long term incentive based remuneration) and new performance rights arrangements post-implementation of the Scheme that have been substantially agreed with Pyridam. These interests and/or benefits are described in more detail in the following sections of the Scheme Booklet: 9.3 (interests in PBP Shares), 9.5(b)(i) (2022 Performance Rights), 9.5(b)(iv) (Repayment of outstanding employee share scheme loans), 4.10 (new employment arrangements) and 4.10 (new performance rights arrangements).

<sup>10</sup> The Scheme Meeting may be postponed or adjourned, including if satisfaction of a condition precedent is delayed. Any such postponement or adjournment will be announced by Probiotec to ASX.

financial, legal, taxation or other professional advice before making any voting or investment decisions in relation to your Probiotec Shares.

If you require and further information, please contact the PBP Share Registry on 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time).

On behalf of the IBC, I would like to take this opportunity to thank you for your ongoing support of Probiotec. I look forward to your participation at the Scheme Meeting and encourage you to vote in favour of the Scheme.

Yours sincerely,



Jonathan Wenig

**Chair, Independent Board Committee**

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# 1 Key Considerations Relevant to Your Vote

## 1.1 Introduction

The Scheme has a number of advantages and disadvantages which may affect PBP Shareholders in different ways depending on their individual circumstances. PBP Shareholders should seek professional advice on their particular circumstances, as appropriate. PBP Shareholders should also read this Scheme Booklet in full, including the Independent Expert's Report, before deciding how to vote at the Scheme Meeting.

Section 1.2 provides a summary of some of the reasons why the PBP Directors unanimously recommend that PBP Shareholders vote in favour of the Scheme.<sup>11</sup> This should be read in conjunction with section 1.3, which sets out other reasons why PBP Shareholders may wish to vote against the Scheme. While the PBP Directors acknowledge the reasons to vote against the Scheme, they believe the advantages of the Scheme outweigh the disadvantages.

Summary of key reasons why you might vote in favour of or against the Scheme:

Reasons to vote in favour of the Scheme	
1	The PBP Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders. <sup>12</sup>
2	The Scheme Consideration of \$3.00 per Scheme Share represents a material premium to PBP's historical trading prices.
3	The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of PBP Shareholders.
4	The Scheme's all-cash consideration provides certainty of value for your investment in PBP and you will not be exposed to the ongoing risks and uncertainties involved in executing PBP's business strategy, share market volatility and future developments.
5	As at the date of this Scheme Booklet, no Superior Proposal has emerged since the announcement of the Scheme on the ASX and the IBC is not aware of any Superior Proposal, and has no basis to believe, that any Superior Proposal is likely to emerge.
6	The PBP Share price is likely to fall, perhaps materially, if the Scheme does not proceed and no Superior Proposal emerges.
8	PBP Shares currently trade at low volumes on the ASX, and the Scheme provides all PBP Shareholders with the opportunity to sell their shares.
7	You will not incur any brokerage or stamp duty charges on the transfer of your PBP Shares if the Scheme proceeds.

<sup>11</sup> See above at footnotes 6 and 7 regarding important information you should note when considering the PBP Directors' recommendation to vote in favour of the Scheme.

<sup>12</sup> See above at footnotes 6 and 7 regarding important information you should note when considering the PBP Directors' recommendation to vote in favour of the Scheme.

## Potential reasons to vote against the Scheme

1	You may disagree with the PBP Directors' unanimous recommendation and/or the Independent Expert's conclusion, and believe that the Scheme is not in your best interests. <sup>13</sup>
2	You may wish to maintain your direct investment in PBP as an ASX-listed company.
3	You may consider that there is potential for a Superior Proposal to be made.
4	The tax consequences of the Scheme may not suit your current financial position.

## 1.2 Why you should vote in favour of the Scheme

This section sets out the reasons why the PBP Directors consider that you should vote in favour of the Scheme.<sup>14</sup>

- (a) **The PBP Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.**

The PBP Directors unanimously recommend that PBP Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders. The PBP Directors have reached this recommendation having had regard to the reasons to vote in favour of, or against, the Scheme, as set out in this Scheme Booklet. The PBP Directors have considered the macroeconomic conditions and execution risks in achieving PBP's future plans when determining whether to recommend the Scheme.

Subject to the same qualifications set out above, each IBC Director intends to vote all their PBP Shares, whether held or controlled by them, in favour of the Scheme. The interests of each IBC Director in securities in PBP and Jonathan Wenig's interest as partner of Arnold Bloch Leibler, Australian legal adviser to PBP, are set out in sections 9.3, 9.5 and 9.6, and in footnote 6 above in respect of Jonathan Wenig. PBP Shareholders should have regard to those matters when considering the recommendation of the IBC Directors to vote in favour of the Scheme.

Wesley Stringer (Probiotec CEO and Executive Director) has entered into a binding voting agreement confirming that he will vote all of the PBP Shares held or controlled by him on the Scheme Record Date in favour of the Scheme,<sup>15</sup> subject to limited exceptions (including if the Independent Expert's Report does not continue to conclude that the Scheme is in the best interests of PBP Shareholders, other than where the Independent Expert makes such conclusion as a result of a Superior Proposal, or there is a Superior Proposal announced that Pyridam fails to match (or exceed) after giving effect to any matching rights available to Pyridam under the Scheme Implementation Deed). The interests of Wesley Stringer in securities in PBP (including PBP Equity Incentives) and the arrangements in respect of Wesley Stringer's ongoing role with Probiotec post-implementation of the Scheme (including employment arrangements and associated future incentive arrangements) which have been substantially agreed with Pyridam, are set out in sections 4.10, 9.3, 9.5 and 9.6, and in footnote 7 above. PBP Shareholders should have regard to those matters when considering the recommendation of Wesley Stringer to vote in favour of the Scheme.

<sup>13</sup> See above at footnotes 6 and 7 regarding important information you should note when considering the PBP Directors' recommendation to vote in favour of the Scheme.

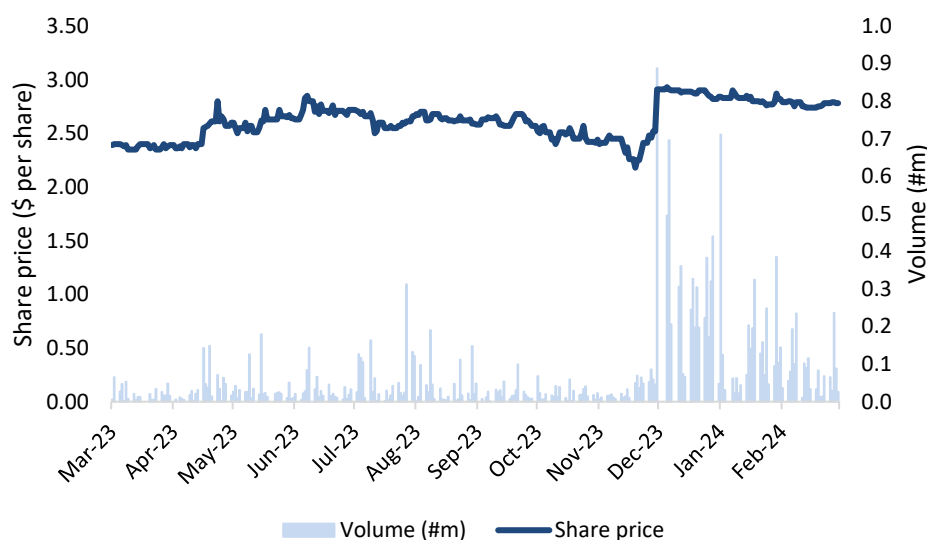
<sup>14</sup> See above at footnotes 6 and 7 regarding important information you should note when considering the PBP Directors' recommendation to vote in favour of the Scheme.

<sup>15</sup> Pursuant to the CEO Voting Deeds.

(b) **The Scheme Consideration of \$3.00 per Scheme Share represents an attractive premium to PBP's historical trading prices.**

If the Scheme is implemented, Scheme Shareholders will receive \$3.00 in cash for each PBP Share held on the Scheme Record Date. The cash price of \$3.00 per PBP Share represents an attractive premium to the last undisturbed trading share price as per the below:

- a 19.05% premium to the last trading price of a PBP Share on the ASX on 21 December 2023, being the last trading day for PBP shares prior to the Transaction Announcement (**Undisturbed Date**);<sup>16</sup>
- a 26.32% premium to the 1-month VWAP<sup>17</sup> of a PBP Share on the ASX to the Undisturbed Date; and
- a 29.66% premium to the 3-month VWAP<sup>18</sup> of a PBP Share on the ASX prior to market speculation of a Probiotec strategic review.



(c) **The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of PBP Shareholders.**

The IBC appointed Grant Thornton as the Independent Expert to prepare an Independent Expert's Report providing an opinion as to whether the Scheme is fair and reasonable and in the best interests of PBP Shareholders.

The Independent Expert concluded that the Scheme is fair and reasonable and in the best interests of PBP Shareholders.

The basis for this conclusion is that the Scheme Consideration of \$3.00 per PBP Share is within the valuation range (as concluded by the Independent Expert) of \$2.79 and \$3.28 per PBP Share.

The reasons why the Independent Expert reached these conclusions are set out in the Independent Expert's Report, a copy of which is included in Annexure A. PBP Shareholders should carefully review the Independent Expert's Report in its entirety, including the assumptions on which the conclusions are based, as part of your assessment of the Scheme before voting on the Scheme.

As at the date of this Scheme Booklet, the Independent Expert has not changed or qualified its conclusion, and no Superior Proposal has emerged.

<sup>16</sup> Based on PBP closing price on 21 December 2023 of \$2.52 per PBP Share.

<sup>17</sup> Based on PBP 1-month VWAP up to and including 21 December 2023 of \$2.37 per PBP Share.

<sup>18</sup> Based on PBP 3-month VWAP up to and including 5 May 2023 of \$2.31 per PBP Share.



- (d) **The Scheme's all-cash consideration provides certainty of value for your investment in PBP and you will not be exposed to the ongoing risks and uncertainties involved in executing PBP's business strategy, share market volatility and future developments.**

The offer is a 100% cash offer to PBP Shareholders. If implemented, the Scheme provides a high degree of certainty of value, in cash, at a significant premium to PBP's recent share price trading benchmarks as set out in section 5.3.

More specifically, if the Scheme is implemented, PBP Shareholders will receive \$3.00 in cash for each PBP Share held by them at the Scheme Record Date (currently expected to be Wednesday, 12 June 2024 at 7:00pm), to be paid on or about the Implementation Date, which is currently expected to be Tuesday, 18 June 2024.

For PBP Shareholders, the certainty of the Scheme Consideration should be compared with the risks and uncertainties associated with remaining a shareholder in PBP. Some of these risks are explained in more detail in section 7.

- (e) **As at the date of this Scheme Booklet, no Superior Proposal has emerged since the announcement of the Scheme on the ASX and the IBC is not aware of any Superior Proposal, and has no basis to believe, that any Superior Proposal is likely to emerge.**

Since the announcement of the execution of the Scheme Implementation Deed on the ASX on 22 December 2023 and up to the date of this Scheme Booklet, no Superior Proposal has emerged.

The IBC is not currently aware of any Superior Proposal, and has no basis to believe that any Superior Proposal is likely to emerge.<sup>19</sup>

- (f) **The PBP Share price is likely to fall, perhaps materially, if the Scheme does not proceed and no Superior Proposal emerges.**

If the Scheme is not implemented, PBP Shares will remain quoted on the ASX and will continue to be subject to market volatility and liquidity factors, including general stock market movements, the impact of general economic conditions and the demand for listed securities.

As at the Undisturbed Date:

- the closing price for PBP Shares was \$2.52;
- the 1-month VWAP of PBP Shares was \$2.37;

In the three months up to the last trading day before the date of the Transaction Announcement (being 22 September 2023 to 21 December 2023):

- the highest recorded daily closing price for PBP shares was \$2.68 on 13 October 2023; and
- the lowest recorded daily closing price for PBP shares was \$2.18 on 11 December 2023.

Whilst PBP cannot predict the price at which PBP Shares will trade in the future, based on the above, if the Scheme is not implemented and in the absence of a Superior Proposal, the PBP Share price is likely to fall, perhaps materially, to below the Scheme Consideration of \$3.00 per Scheme Share being offered by Pyridam Sub.

- (g) **PBP Shares currently trade at low volumes on the ASX, and the Scheme provides all PBP Shareholders with the opportunity to sell their shares at a premium.**

<sup>19</sup> If a Competing Proposal is received, PBP is subject to certain exclusivity arrangements. These exclusivity arrangements may diminish the possibility of PBP receiving a Superior Proposal. Refer to section 4.3(b) for further details.

PBP Shares currently trade in low volumes on the ASX. Due to market volatility and trading uncertainty generally, there is no guarantee that you will be able to sell some or all of your PBP Shares on the ASX:

- in a single transaction or series of transactions; and/or
- in an orderly manner,

if the Scheme is not implemented and the market for PBP Shares continues to be illiquid.

The Scheme Consideration provides you with the opportunity to realise value for your PBP shareholding all at once and at a premium, rather than incurring the risks associated with a gradual sell-down.

- (h) **You will not incur any brokerage or stamp duty charges on the transfer of your PBP Shares if the Scheme proceeds.**

You will not incur any brokerage or stamp duty on the transfer of your PBP Shares to Pyridam Sub under the Scheme.

If you sell your PBP Shares on the ASX rather than disposing of them via the Scheme, you may incur brokerage charges and potentially GST on those charges.

### 1.3 Why you may wish to vote against the Scheme

This section summarises the reasons identified by the PBP Directors as to why you may want to vote against the Scheme. The PBP Directors believe that the reasons to vote in favour of the Scheme outweigh the reasons you may want to vote against the Scheme and the Independent Expert has concluded that the Scheme is in the best interests of the PBP Shareholders in the absence of a Superior Proposal. However, the PBP Directors believe that PBP Shareholders should take into consideration these factors when deciding whether or not to vote in favour of the Scheme.

- (a) **You may disagree with the PBP Directors' unanimous recommendation<sup>20</sup> and/or the Independent Expert's conclusion and believe that the Scheme is not in your best interests.**

Notwithstanding the unanimous recommendation of the PBP Directors and the conclusions of the Independent Expert, you may believe that the Scheme is not in your best interests.

There is no obligation to follow the recommendation of the PBP Directors or to agree with the opinion of the Independent Expert.

- (b) **You may wish to maintain your direct investment in PBP as an ASX-listed company.**

You may prefer to keep your PBP Shares to preserve your investment in a listed company with the specific characteristics of PBP.

You may consider that, despite the risk factors relevant to PBP's potential future operations (including those set out in section 7), PBP may be able to return greater value from its assets by remaining a standalone entity or by seeking alternative corporate transactions in the future.

PBP Shareholders who wish to maintain their investment profile may find it difficult to find an investment with a similar profile to that of PBP and they may incur transaction costs in undertaking any new investment.

- (c) **You may consider that there is potential for a Superior Proposal to be made.**

<sup>20</sup> See above at footnotes 6 and 7 regarding important information you should note when considering the PBP Directors' recommendation to vote in favour of the Scheme.

It is possible that, if PBP were to continue as an independent listed entity, a corporate control proposal for PBP could materialise in the future, such as a takeover bid with a higher price.

Implementation of the Scheme will mean that PBP Shareholders will not receive the benefit of any such proposal. Since PBP's announcement of the entry into the Scheme Implementation Deed to the ASX on 22 December 2023 and up to the date of this Scheme Booklet, no Superior Proposal has emerged, and the IBC is not currently aware of any Superior Proposal, and has no basis to believe that a Superior Proposal is likely to emerge.

(d) **The tax consequences of the Scheme may not suit your current financial position.**

Implementation of the Scheme may trigger taxation consequences for PBP Shareholders. A general guide to the taxation implications of the Scheme is set out in section 8. This guide is expressed in general terms only and PBP Shareholders should seek professional taxation advice regarding the tax consequences applicable to their own circumstances.

#### 1.4 Other considerations

You should also take into account the following additional considerations in deciding whether to vote in favour of, or against, the Scheme.

(a) **The Scheme may be implemented even if you vote against the Scheme, or you do not vote at all**

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of PBP Shareholders and the Court. If this occurs, your PBP Shares will be transferred to Pyridam Sub and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

(b) **Break Fee**

If the Scheme does not become Effective, the Break Fee may be payable to Pyridam. The circumstances in which the Break Fee would be payable are set out in section 4.3.

## 2 Frequently Asked Questions

This section 2 answers some frequently asked questions about the Scheme. It is not intended to address all relevant issues for PBP Shareholders. This section 2 should be read together with all other parts of this Scheme Booklet.

Question	Answer	More Information
<b>Overview of the Scheme</b>		
<b>Why have I received this Scheme Booklet?</b>	<p>This Scheme Booklet has been sent to you because you are a PBP Shareholder and you are being asked to vote on the Scheme.</p> <p>This Scheme Booklet is intended to provide PBP Shareholders with relevant information in relation to the Scheme in order to assist them in deciding how to vote on the Scheme at the Scheme Meeting.</p>	<b>Section 3</b>
<b>What is the Scheme?</b>	<p>The Scheme is a scheme of arrangement between PBP and the Scheme Shareholders, being those PBP Shareholders who hold PBP Shares as at the Scheme Record Date.</p> <p>A “scheme of arrangement” is a way of implementing an acquisition of shares under the Corporations Act and is commonly used in transactions in Australia that may result in a change of ownership or control of a public company. It requires a vote in favour of the Scheme by the Requisite Majorities of PBP Shareholders at the Scheme Meeting, as well as approval of the Court.</p>	<b>Section 4 and Annexure B</b>
<b>Are there any conditions to the Scheme?</b>	<p>The Scheme is subject to various conditions precedent that must be satisfied or waived (if capable of waiver) in order for the Scheme to be implemented. The conditions of the Scheme are summarised in section 4.3(a) and set out in full in clause 3.1 of the Scheme Implementation Deed.</p> <p>As at the date of this Scheme Booklet, the PBP Directors are not aware of any circumstances which would cause any condition to the Scheme to not be satisfied or waived (if capable of waiver).</p>	<b>Section 4.3(a)</b>
<b>Are there any regulatory approvals for the Scheme to become Effective?</b>	<p>Yes, the Scheme is subject to approval from both the Australian Foreign Investment Review Board (<b>FIRB</b>) and Otoritas Jasa Keuangan, the Indonesian Financial Services Authority (<b>OJK</b>).</p> <p>As at the date of this Scheme Booklet, the FIRB and OJK conditions precedent remain outstanding. While PBP is not aware of any circumstances which would cause the FIRB condition precedent or the OJK condition precedent not to be satisfied as at the date of this Scheme Booklet, it is possible that the requirement for approval from FIRB and OJK for the Scheme to proceed may be delayed and this may result in a delay to the date of the Scheme Meeting. PBP Shareholders should note that both the FIRB</p>	<b>Section 4.3(a)(iv)</b>

Question	Answer	More Information
	<p>and OJK conditions precedent will need to be satisfied in order for the Scheme to proceed.</p> <p>The Scheme is not conditional on any other regulatory approvals.</p>	
<p><b>What is required for the Scheme to become Effective?</b></p>	<p>The Scheme will become Effective if:</p> <ul style="list-style-type: none"> <li>• the Scheme is approved by the Requisite Majorities of the PBP Shareholders at the Scheme Meeting expected to be held on Wednesday, 29 May 2024;</li> <li>• the Court approves the Scheme at the Second Court Hearing; and</li> <li>• all of the other Conditions to the Scheme are satisfied or waived (if capable of waiver).</li> </ul>	<p><b>Section 4.9</b></p>
<p><b>What is the IBC?</b></p>	<p>Prior to entry into the Scheme Implementation Deed, the PBP Board established an independent board committee to consider acquisition proposals in respect of PBP and engage with counterparties as required (the <b>IBC</b>). The IBC continues to play a role in considering the Transaction on behalf of PBP. The IBC comprises PBP's independent non-executive directors, being Jonathan Wenig and Simon Gray.</p>	<p><b>Section 4.1</b></p>
<p><b>What does the IBC recommend?</b></p>	<p>The IBC unanimously recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.</p> <p>The reasons for the IBC's unanimous recommendation to vote in favour of the Scheme and other matters that you may wish to consider are outlined in sections 1.2 and 4.</p> <p>Jonathan Wenig is a partner of Arnold Bloch Leibler, Australian legal adviser to PBP. Section 9.3 below sets out the estimated transaction costs payable to Arnold Bloch Leibler in connection with the Scheme. PBP Shareholders should have regard to these matters when considering the IBC's recommendation to vote in favour of the Scheme.</p>	<p><b>Letter from the Chair of PBP and Sections 1.2 and 4</b></p>
<p><b>How do the IBC Directors intend to vote?</b></p>	<p>As at the Last Practicable Date, the IBC Directors hold, in aggregate, approximately 0.22% of the PBP Total Shares.</p> <p>Each IBC Director intends to vote the PBP Shares that they hold or control in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.</p> <p>The reasons for the IBC's unanimous recommendation to vote in favour of the Scheme and other matters that you may wish to consider that you</p>	<p><b>Letter from the Chair of PBP and Section 4.6</b></p>

Question	Answer	More Information
	may wish to consider are outlined in sections 1.2 and 4.	
<b>What does Wesley Stringer (Executive Director and CEO) recommend?</b>	<p>Wesley Stringer recommends that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.<sup>21</sup></p> <p>Wesley Stringer will, if the Scheme becomes Effective, become entitled to early vesting of unvested performance rights to receive PBP Shares, subject to the PBP Board (excluding Wesley Stringer) exercising its specific discretion in accordance with the terms of the PBP Executive Option Plan as detailed in section 9.5. Additionally, Pyridam and Wesley Stringer have substantially agreed arrangements in respect of Wesley Stringer's ongoing role with Probiotec post-implementation of the Scheme, including employment arrangements and associated future incentive arrangements. These matters are disclosed in sections 4.10, 9.3, 9.5 and 9.6 of this Scheme Booklet and PBP Shareholders should have regard to these interests when considering Wesley Stringer's recommendation to vote in favour of the Scheme.</p>	<b>Letter from the Chair of PBP and Sections 1.2 and 4.7</b>
<b>How does Wesley Stringer (Executive Director and CEO) intend to vote?</b>	<p>Wesley Stringer has entered into a binding voting agreement confirming that he will vote all of the PBP Shares held or controlled by him on the Scheme Record Date in favour of the Scheme,<sup>22</sup> subject to limited exceptions (including if the Independent Expert does not continue to conclude in the Independent Expert's Report that the Scheme is in the best interests of PBP Shareholders, other than where the Independent Expert makes such conclusion as a result of a Superior Proposal, or there is a Superior Proposal announced that Pyridam fails to match (or exceed) after giving effect to any matching rights available to Pyridam under the Scheme Implementation Deed).</p> <p>As at the Last Practicable Date, Wesley Stringer holds or controls approximately 4,936,079 PBP Shares representing an approximate 6.07% interest in the PBP Total Shares.</p>	<b>Letter from the Chair of PBP and Section 9.3(b)</b>
<b>What are the PBP Directors' current interests in PBP Shares?</b>	<p>As at the Last Practicable Date, the PBP Directors have the following interests in PBP Shares:</p> <ul style="list-style-type: none"> <li>6.07% of the PBP Total Shares held or controlled by PBP's CEO and Executive Director Wesley Stringer;</li> </ul>	<b>Sections 9.3 and 9.5</b>

<sup>21</sup> See above at footnote 7 regarding important information you should note when considering Wesley Stringer's recommendation to vote in favour of the Scheme.

<sup>22</sup> Pursuant to the CEO Voting Deeds.

Question	Answer	More Information
	<ul style="list-style-type: none"> <li>0.14% of the PBP Total Shares held or controlled by Independent Non-Executive Chair Jonathan Wenig; and</li> <li>0.07% of the PBP Total Shares held or controlled by Independent Non-Executive Director Simon Gray.</li> </ul> <p>Details of the PBP Equity Incentives held by the PBP Directors and the proposed treatment of these PBP Equity Incentives are set out in section 9.5.</p>	
<p><b>Have any Shareholders indicated intentions respect Scheme?</b> to <b>PBP their with the</b></p>	<p>Yes, Wesley Stringer (Executive Director and CEO) and Jared Stringer (CFO and Company Secretary).</p> <p>In respect of Wesley Stringer, refer to the question and answer in respect of “How does Wesley Stringer (Executive Director and CEO) intend to vote?” above.</p> <p>Jared Stringer has entered into a binding voting agreement confirming that he will vote all of the PBP Shares held or controlled by him on the Scheme Record Date in favour of the Scheme,<sup>23</sup> subject to limited exceptions (including if the Independent Expert does not continue to conclude in the Independent Expert’s Report that the Scheme is in the best interests of PBP Shareholders, other than where the Independent Expert makes such conclusion as a result of a Superior Proposal, or there is a Superior Proposal announced that Pyridam fails to match (or exceed) after giving effect to any matching rights available to Pyridam under the Scheme Implementation Deed).</p> <p>Jared Stringer will, if the Scheme becomes Effective, become entitled to early vesting of unvested performance rights to receive PBP Shares, subject to the PBP Board (excluding Wesley Stringer) exercising its specific discretion in accordance with the terms of the PBP Executive Option Plan as detailed in section 9.5. Additionally, Pyridam and Jared Stringer have substantially agreed arrangements in respect of Jared Stringer’s ongoing role with Probiotec post-implementation of the Scheme, including employment arrangements and associated future incentive arrangements. These matters are disclosed in sections 4.10, 9.3, 9.5 and 9.6 of this Scheme Booklet and PBP Shareholders should have regard to these interests when considering how to vote on the Scheme.</p> <p>As at the Last Practicable Date, Wesley Stringer and Jared Stringer hold or control (in aggregate) approximately 7,980,829 PBP Shares representing</p>	<p><b>Section 9.3</b></p>

<sup>23</sup> Pursuant to the CFO Voting Deed.

Question	Answer	More Information
	<p>an approximate 9.81% interest in the PBP Total Shares.<sup>24</sup></p> <p>Under the Voting Deeds, Wesley Stringer (in his personal capacity only and not as trustee of Talril Super Pty Ltd) and Jared Stringer are permitted to dispose of up to a 5% interest in their respective holdings of PBP Shares at the date of the Transaction Announcement. Each of Wesley Stringer (in his personal capacity only) and Jared Stringer have, following entry into the relevant Voting Deeds, disposed of a 5% interest in their respective holdings of PBP Shares as at the date of the Transaction Announcement.</p>	
<p><b>What is the opinion of the Independent Expert?</b></p>	<p>The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of PBP Shareholders, in the absence of a Superior Proposal.</p> <p>A complete copy of the Independent Expert's Report is included in Annexure A. You are encouraged to read the Independent Expert's Report in its entirety before making a decision as to whether or not to vote in favour of the Scheme.</p>	<p><b>Annexure A</b></p>
<p><b>Can I sell my PBP Shares now?</b></p>	<p>Yes, subject to applicable laws, you can sell your PBP Shares on the market at any time and, if the Scheme becomes Effective, before the close of trading on the ASX on the Effective Date at the then prevailing market price (which may vary from the Scheme Consideration). You will not be able to sell your PBP Shares on market after the Effective Date, as this will be the last day of trading in PBP Shares on the ASX before suspension.</p> <p>If you transfer your PBP Shares before the Scheme Meeting, you will not be entitled to vote at the Scheme Meeting.</p> <p>If you transfer your PBP Shares before the Scheme Record Date, you will not receive the Scheme Consideration.</p>	<p><b>Key Dates</b></p>
<p><b>Benefits, potential disadvantages and risks</b></p>		
<p><b>Why should I vote in favour of the Scheme?</b></p>	<p>Section 1.2 sets out the reasons why the PBP Directors consider that you should vote in favour of the Scheme.</p>	<p><b>Section 1.2</b></p>
<p><b>Why may I consider voting against the Scheme?</b></p>	<p>Section 1.3 sets out some of the reasons which may lead you to consider voting against the Scheme.</p>	<p><b>Section 1.3</b></p>

<sup>24</sup> Under the Voting Deeds, Wesley Stringer (in his personal capacity only and not as trustee of Talril Super Pty Ltd) and Jared Stringer are permitted to dispose of up to a 5% interest in their respective holdings of PBP Shares at the date of the Transaction Announcement. Each of Wesley Stringer (in his personal capacity only) and Jared Stringer have, following entry into the relevant Voting Deeds, disposed of a 5% interest in their respective holdings of PBP Shares as at the date of the Transaction Announcement.



Question	Answer	More Information
<b>What are the key risks associated with the Scheme?</b>	<p>The risks associated with the Scheme are set out in section 7.</p> <p>You should also review the tax implications of the Scheme which are set out in section 8.</p>	<b>Sections 7 and 8</b>
<b>Scheme consideration</b>		
<b>What will I receive if the Scheme becomes Effective?</b>	If the Scheme becomes Effective and is implemented, Scheme Shareholders will receive the Scheme Consideration for each PBP Share they hold.	<b>Section 4.2</b>
<b>When will I receive the Scheme Consideration?</b>	<p>If the Scheme becomes Effective, the Scheme Consideration will be provided to the Scheme Shareholders on the Implementation Date.</p> <p>If the Scheme is not approved by the Requisite Majorities of the PBP Shareholders at the Scheme Meeting and by the Court, the Scheme Consideration will not be provided and no PBP Shares will be transferred to Pyridam Sub.</p>	<b>Section 4.9(g)</b>
<b>Are there any circumstances where the Scheme Consideration could be reduced?</b>	<p>Yes, by the aggregate amount per PBP Share of any dividend or distribution announced, declared or paid by PBP, other than a Permitted Dividend that has been declared and paid in accordance with the terms of the Scheme Implementation Deed.</p> <p>The 1H 2024 Dividend was paid in accordance with the terms of the Scheme Implementation Deed and accordingly there will be no reduction to the Scheme Consideration due to the declaration and payment of the 1H 2024 Dividend.</p> <p>Any Other Permitted Dividend will not reduce the Scheme Consideration, provided that it is paid in accordance with the terms of the Scheme Implementation Deed.</p> <p>However, any other dividend or distribution announced, declared or paid by PBP will reduce the Scheme Consideration.</p> <p>PBP does not intend to declare any dividend which would reduce the Scheme Consideration.</p>	<b>Section 9.2</b>
<b>How will I be paid the Scheme Consideration?</b>	<p>Payment of the Scheme Consideration will be made either:</p> <ul style="list-style-type: none"> <li>to the nominated bank account advised to the PBP Share Registry as at the Scheme Record Date; or</li> <li>if no account is nominated, by a cheque in Australian currency, sent by pre-paid post to your registered address as shown on the PBP Share Register.</li> </ul> <p>PBP Shareholders who are certain Officers and senior management of PBP and have an amount</p>	<b>Sections 4.9(g) and 9.5(b)(iv)</b>

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Question	Answer	More Information
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owing under a limited recourse agreement with PBP should have regard to section 9.5(b)(iv) regarding repayment of those loans.

PBP Equity Incentives
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**Will PBP Equity Incentive holders participate in the Scheme?**

PBP has two types of PBP Equity Incentives on issue as at the Last Practicable Date – namely, 2022 PBP Performance Rights and 2021 PBP Performance Rights. PBP also had PBP Options on issue that expired on 26 October 2023.

**Section 9.5(b)**

The PBP Board intends to exercise its specific discretion under the PBP Executive Option Plan and take such actions as are necessary to vest all 2022 PBP Performance Rights that are held by current PBP personnel, subject to the Scheme becoming Effective. Any vested 2022 PBP Performance Rights which are validly exercised by their respective holders prior to the Scheme Record Date will be converted into PBP Shares, meaning that the holders of those PBP Shares will participate in the Scheme and receive the Scheme Consideration for them.

Due to the relevant vesting conditions not being capable of being satisfied as certain performance hurdles were not satisfied, each holder of the 2021 PBP Performance Rights has agreed to the cancellation of their respective 2021 PBP Performance Rights for nil consideration subject to the Scheme becoming Effective. As such, the 2021 PBP Performance Rights will not vest and be converted into PBP Shares and will not entitle their holders to participate in the Scheme.

Whilst the PBP Options have expired, Pyridam Sub will reimburse, or will procure that PBP will reimburse, each holder of PBP Options the PBP Option Reimbursement Amount for each PBP Option that the relevant holder held immediately prior to their expiry. The PBP Option Reimbursement Amount will have no impact on the Scheme Consideration payable by Pyridam Sub. The PBP Options cannot be exercised to acquire PBP Shares and will not entitle their holders to participate in the Scheme.

No PBP Option Reimbursement Amount is being paid to any PBP Director, Key Management Personnel or PBP’s executive team other than Ms Annalinde Nicklisch, PBP’s Chief People Officer. Ms Nicklisch is entitled to receive the PBP Option Reimbursement Amount in lieu of being able to exercise the 50,000 PBP Options Ms Nicklisch held prior to the expiry of those PBP Options on 26 October 2023.

Pyridam and Pyridam Sub
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Question	Answer	More Information
<b>Who are Pyridam and Pyridam Sub?</b>	<p>Pyridam is a public limited liability company incorporated in Indonesia and listed on the Indonesia Stock Exchange.</p> <p>Pyridam is a long-standing Indonesian based pharmaceutical company established in 1976 which principally engages in pharmaceutical manufacturing and the distribution of medical equipment and dermatological products.</p> <p>Pyridam Sub is a special purpose company that was incorporated on 1 November 2023 for the purpose of acquiring (under the Scheme) and holding (following implementation of the Scheme) all of the PBP Shares.</p> <p>Pyridam Sub is the company that is offering the Scheme Consideration for your PBP Shares.</p>	<b>Section 6</b>
<b>What are Pyridam and Pyridam Sub's intentions for PBP?</b>	<p>Pyridam's current intention is to substantially continue the current strategic direction of PBP, including pursuing growth opportunities available to PBP.</p> <p>Pyridam's intentions in relation to PBP are set out in section 6.6 and are subject to the qualifications set out in that section and elsewhere in this Scheme Booklet.</p>	<b>Section 6.6</b>
<b>How will Pyridam Sub fund the Scheme Consideration?</b>	<p>Pyridam Sub intends to fund the Scheme Consideration through a combination of equity funding and debt funding, as described in section 6.5.</p> <p>The Scheme is not conditional on either Pyridam or Pyridam Sub obtaining financing to fund the payment of the Scheme Consideration.</p>	<b>Section 6.5</b>
<b>Scheme Meeting and voting at the Scheme Meeting</b>		
<b>What will PBP Shareholders be asked to vote on at the Scheme Meeting?</b>	<p>You are being asked to vote on whether or not to approve the Scheme by voting on the Scheme Resolution.</p> <p>The text of the Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure D.</p>	<b>Section 3 and Annexure D</b>
<b>Will there be one or two meetings in relation to the Scheme?</b>	There will only be one meeting – the Scheme Meeting – in relation to the Scheme.	<b>Section 3.8</b>
<b>Who is entitled to vote at the Scheme Meeting?</b>	All PBP Shareholders on the PBP Share Register as at the Scheme Meeting Record Date (currently expected to be Wednesday, 12 June 2024 at 7:00pm) are entitled to attend and vote at the Scheme Meeting.	<b>Annexure D</b>

Question	Answer	More Information
<b>What voting majority is required to approve the Scheme?</b>	<p>The Scheme needs to be approved by the requisite majorities of PBP Shareholders at the Scheme Meeting as set out in section 411(4)(a)(ii) of the Corporations Act, which are:</p> <p>(a) at least 75% of the total number of votes cast on the Scheme Resolution by the PBP Shareholders present and voting at the Scheme Meeting (in person or virtually (as applicable), or by proxy, corporate representative or attorney); and</p> <p>(b) a majority in number (more than 50%) of the PBP Shareholders present and voting at the Scheme Meeting (in person or virtually (as applicable), or by proxy, corporate representative or attorney).</p> <p>The votes of Wesley Stringer, Jared Stringer and their respective controlled entities at the Scheme Meeting will be 'tagged'.</p>	<b>Sections 3.2, 4.3(a)(i) and 4.9(a)</b>
<b>How do I vote?</b>	<p>You can vote on the Scheme Resolution, if you are a PBP Shareholder, at the Scheme Meeting in person or virtually (as applicable), or by proxy, corporate representative or attorney.</p> <p>Section 3.5 contains further details on how you can vote.</p>	<b>Section 3.5</b>
<b>When and where will the Scheme Meeting be held?</b>	<p>The Scheme Meeting is expected to be held simultaneously as a hybrid meeting on the online Lumi platform at <a href="https://web.lumiagm.com/349-152-731">https://web.lumiagm.com/349-152-731</a> and Zoom (accessed through the online Lumi platform), and physically at the offices of Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000 on Wednesday, 29 May 2024 at 10:00am (Melbourne time).</p>	<b>Section 3</b>
<b>When will the results of the Scheme Meeting be known?</b>	<p>The result of the Scheme Meeting will be available shortly after the conclusion of the Scheme Meeting and will be announced to ASX as soon as practicable.</p>	<b>Section 4.9(c)</b>
<b>What happens to my PBP Shares if I do not vote, or if I vote against the Scheme Resolution, and the Scheme becomes Effective?</b>	<p>If the Scheme becomes Effective and you are a PBP Shareholder as at the Scheme Record Date, your PBP Shares will be transferred pursuant to the Scheme, and you will be entitled to receive the Scheme Consideration for your PBP Shares. This is the case even if you did not vote or voted against the Scheme.</p>	<b>Section 4.9(c)</b>
<b>What can I do if I oppose the Scheme?</b>	<p>If you, as a PBP Shareholder, oppose the Scheme, you may:</p> <ul style="list-style-type: none"> <li>obtain further information by contacting 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to</li> </ul>	<b>Section 1.3</b>

Question	Answer	More Information
	<p>Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time);</p> <ul style="list-style-type: none"> <li>attend the Scheme Meeting virtually or in person or by proxy, representative or attorney and vote against the Scheme Resolution; and/or</li> <li>if the PBP Shareholders approve the Scheme Resolution at the Scheme Meeting by the Requisite Majorities and you wish to appear and be heard at the hearing on the Second Court Date, you must file a notice of appearance and indicate opposition to the Scheme. You should seek professional advice as to how to do this.</li> </ul>	
<b>Implementation of the Scheme</b>		
<b>What will happen to PBP if the Scheme becomes Effective and is implemented?</b>	If the Scheme becomes Effective and is implemented, PBP will pay the Scheme Consideration received from Pyridam Sub to the Scheme Shareholders, and all of the Scheme Shares will be acquired by Pyridam Sub. It is intended that PBP will be removed from ASX's official list.	<b>Section 4</b>
<b>When will PBP Shares cease trading on the ASX if the Scheme becomes Effective?</b>	If the Scheme becomes Effective and is implemented, PBP Shares are expected to cease trading from the close of trading on the ASX on the Effective Date.	<b>Section 4.9(e)</b>
<b>What happens if the Scheme is not approved?</b>	<p>If the Scheme is not approved by the Requisite Majorities of the PBP Shareholders at the Scheme Meeting and the Court, the Scheme will not proceed.</p> <p>If the Scheme does not proceed:</p> <ul style="list-style-type: none"> <li>PBP will remain listed on the ASX;</li> <li>the expected benefits of the Scheme, as outlined in section 1.2, will not be realised and the potential disadvantages and risks associated with the Scheme will not arise;</li> <li>unless PBP Shareholders choose to sell their PBP Shares on the ASX, PBP Shareholders will continue to hold PBP Shares and will be exposed to a number of risks (including those set out in section 7) as well as potential future benefits in retaining exposure to PBP's business and assets;</li> <li>the Break Fee may be payable by PBP to Pyridam under certain circumstances, which circumstances do not include the failure by PBP Shareholders to approve the Scheme at the Scheme Meeting;</li> </ul>	<b>Sections 4.11 and 7</b>

Question	Answer	More Information
	<ul style="list-style-type: none"> <li>• PBP Shareholders will not receive the Scheme Consideration; and</li> <li>• the trading price of PBP Shares on the ASX is likely to fall (unless the Scheme does not proceed due to a Superior Proposal).</li> </ul> <p>If the Scheme does not proceed, and no Superior Proposal emerges, PBP Shareholders will continue to be exposed to the general market risks set out in section 7.2 and the risk factors relating to the business and operations of PBP set out in section 7.3, including the risk that the price of PBP Shares is likely to fall.</p>	
<b>Other questions</b>		
<p><b>Does PBP intend to pay a dividend to PBP Shareholders prior to implementation of the Scheme?</b></p>	<p>As noted above, on 28 February 2024, the PBP Board declared a \$0.035 per PBP Share dividend in respect of the half year ended 31 December 2023 which was paid to relevant PBP Shareholders on the PBP Share Register on the record date (being the <b>1H 2024 Dividend</b>).</p> <p>Under the Scheme Implementation Deed, PBP is also permitted to declare and pay a dividend of up to an additional \$0.04 per PBP Share in respect of the period between 1 January 2024 and the earlier of 30 June 2024 and the date that is immediately prior to the Scheme Record Date (<b>Other Permitted Dividend</b>).<sup>25</sup> Any such Other Permitted Dividend is not conditional on the Scheme.</p> <p>Section 9.2 contains further details on the 1H 2024 Dividend and Other Permitted Dividend (together, the Permitted Dividends).</p>	<p><b>Section 9.2</b></p>
<p><b>Will any dividend paid to PBP Shareholders prior to implementation of the Scheme reduce the Scheme Consideration?</b></p>	<p>Refer above to the response to the question 'Are there any circumstances where the Scheme Consideration could be reduced?'. </p>	<p><b>Section 9.2</b></p>
<p><b>Will any of the Executive Shareholders be retained following implementation of the Scheme?</b></p>	<p>Yes, Pyridam has identified that the retention of Wesley Stringer (PBP CEO and Executive Director) and Jared Stringer (PBP CFO and Company Secretary) (being the <b>Executive Shareholders</b>) following implementation of the Scheme is important for the purposes of driving further growth in the PBP business and maximising alignment between Pyridam and the Executive Shareholders.</p>	<p><b>Section 4.10</b></p>

<sup>25</sup> The PBP Board's ability to determine and pay any Other Permitted Dividend is subject to other conditions under the terms of the Scheme Implementation Deed, including that such dividend may only be paid after reasonable consultation in good faith, and as otherwise agreed in writing, with Pyridam, and must be paid from profits, retained earnings or distributable reserves (or a combination of all or some of them) of Probiotec group existing prior to the declaration or authorisation of such dividend and otherwise in accordance with the Corporations Act 2001 (Cth).

Question	Answer	More Information
	<p>Each Executive Shareholder has substantially agreed with Pyridam the terms of the arrangements in respect of their ongoing role with PBP post-implementation of the Scheme (being CEO in the case of Wesley Stringer and CFO in the case of Jared Stringer), including employment arrangements and associated future incentive arrangements.</p> <p>Section 4.10 contains further details on the employment arrangements of the Executive Shareholders post-implementation of the Scheme.</p>	
<p><b>What happens if a Competing Proposal for PBP emerges?</b></p>	<p>If a bona fide actual, proposed or potential Competing Proposal emerges, the IBC Directors, having regard to their obligations under the Scheme Implementation Deed, will consider the merits of that proposal in good faith.</p> <p>If the IBC Directors, acting in good faith and in order to satisfy what the IBC Directors consider to be their statutory or fiduciary duties, determine that the Competing Proposal would be, or would likely be, a Superior Proposal, then:</p> <ul style="list-style-type: none"> <li>• PBP Shareholders will be informed through an announcement on ASX; and</li> <li>• the IBC Directors will carefully consider the Competing Proposal and will provide you with a recommendation in relation to it, provided that the IBC Directors must comply with the matching right obligations described in section 4.3(c)(iv) below.</li> </ul> <p>If the IBC Directors withdraw or adversely modify their recommendation or voting statement, PBP may be required to pay to Pyridam the Break Fee (in accordance with the terms of the Scheme Implementation Deed).</p>	<p><b>Section 4.3</b></p>
<p><b>Is there a break fee payable by PBP?</b></p>	<p>Yes, PBP and Pyridam have agreed to pay the other party a Break Fee of \$2,513,202 (exclusive of GST) as compensation for costs, expenses and damages in certain circumstances.</p> <p>The Break Fee will be payable by PBP to Pyridam (subject to certain limitations set out in clauses 12.4 and 12.5 of the Scheme Implementation Deed) in the circumstances outlined in section 4.3(d) below.</p>	<p><b>Section 4.3(d)</b></p>
<p><b>Is there a break fee payable by Pyridam?</b></p>	<p>Yes, the Break Fee will be payable by Pyridam to PBP (subject to certain limitations set out in clauses 12.4 and 12.5 of the Scheme Implementation Deed) in the circumstances outlined in section 4.3(d) below.</p>	<p><b>Section 4.3(d)</b></p>
<p><b>Do I have to give any warranties in relation to the Scheme Shares?</b></p>	<p>Yes. Each Scheme Shareholder will be deemed to have warranted to PBP and to Pyridam Sub that all of their Scheme Shares will, at the time of transfer to Pyridam Sub pursuant to the Scheme, be fully paid and free from encumbrances and interests of third</p>	<p><b>Section 4.5</b></p>



Question	Answer	More Information
	parties of any kind, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Scheme Shares to Pyridam Sub pursuant to the Scheme.	
<b>Will I have to pay brokerage or stamp duty?</b>	No brokerage or stamp duty will be payable by the Scheme Shareholders on the transfer of their PBP Shares to Pyridam Sub under the Scheme or the receipt by Scheme Shareholders of the Scheme Consideration.	<b>Section 9.7</b>
<b>What are the tax implications of the Scheme?</b>	The tax implications of the Scheme will depend on your personal circumstances. A general outline of the main Australian tax implications of the Scheme for certain PBP Shareholders is set out in section 8. However, as this outline is general in nature, you should consult with your own tax advisers for detailed tax advice regarding the Australian and, if applicable, foreign tax implications for participating in the Scheme in light of the particular circumstances which apply to you.	<b>Section 8</b>
<b>Where can I get further information?</b>	<p>If you have any questions or require further information in relation to the Scheme Booklet or the Scheme, please contact the PBP Share Registry on 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time).</p> <p>If you are in any doubt as to what you should do, please consult the appropriate legal, financial, tax or other professional advisers.</p>	<b>N/A</b>

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## 3 Scheme Meeting and Voting Information

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### 3.1 Details of Scheme Meeting

The notice convening the Scheme Meeting is attached as Annexure D.

The Scheme Meeting is expected to be held simultaneously as a hybrid meeting on the online Lumi platform at <https://web.lumiagm.com/349-152-731> and Zoom (accessed through the online Lumi platform), and physically at the offices of Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000 on Wednesday, 29 May 2024 at 10:00am (Melbourne time).

Instructions on how to ask questions during the Scheme Meeting are outlined in the Notice of Scheme Meeting in Annexure D. Please note, only PBP Shareholders may ask questions via the online Lumi platform at <https://web.lumiagm.com/349-152-731> and only once they have been verified. It may not be possible to respond to all questions raised during the Scheme Meeting. PBP Shareholders are therefore encouraged to lodge questions prior to the Scheme Meeting on Wednesday, 29 May 2024 by no later than 10:00am (Melbourne time) on Wednesday, 22 May 2024.

### 3.2 Voting majorities required

The Scheme needs to be approved by the requisite majorities of PBP Shareholders at the Scheme Meeting as set out in section 411(4)(a)(ii) of the Corporations Act, which are:

- (a) at least 75% of the total number of votes cast on the Scheme Resolution by the PBP Shareholders present and voting at the Scheme Meeting (in person or virtually (as applicable), or by proxy, corporate representative or attorney); and
- (b) a majority in number (more than 50%) of the PBP Shareholders present and voting at the Scheme Meeting (in person or virtually (as applicable), or by proxy, corporate representative or attorney),

**(Requisite Majorities).**

The Court has the discretion to waive the second of these two requirements if it considers it appropriate to do so.

If the Scheme is not approved by the Requisite Majorities of PBP Shareholders and approved by the Court, the Scheme will not proceed.

### 3.3 Your vote is important

The PBP Directors urge PBP Shareholders to vote on the Scheme Resolution. The Scheme affects the PBP Shares you hold and your vote on the Scheme Resolution is important in determining whether the Scheme becomes Effective.

### 3.4 Who is entitled to vote

PBP Shareholders registered on the PBP Share Register on the Scheme Meeting Record Date (being 7:00pm (Melbourne time) on Monday, 27 May 2024) will be entitled to vote at the Scheme Meeting.

### 3.5 How to vote

#### (a) PBP Shareholders

PBP Shareholders entitled to vote at the Scheme Meeting, to be held simultaneously as a hybrid meeting, will be able to vote:

- (i) **In Person:** by attending the Scheme Meeting in person at the offices of Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000 – a PBP Shareholder will be admitted to the Scheme Meeting upon providing evidence of their name and address at the point of entry to the Scheme Meeting; or

- (ii) **Online:** by participating at the Scheme Meeting and voting via the online Lumi platform at <https://web.lumiagm.com/349-152-731> and Zoom (accessed through the online Lumi platform).

(b) **Voting by proxy**

A Proxy Form is enclosed with this Scheme Booklet.

PBP Shareholders wishing to appoint a proxy to attend and vote at the Scheme Meeting must complete and return the Proxy Form in accordance with the instructions on the Proxy Form.

To be valid, your Proxy Form must be received by the PBP Share Registry by 10:00am (Melbourne time) on Monday, 27 May 2024 by one of the following methods:

- (i) **Online (preferred):** <https://www.votingonline.com.au/probiotecscheme2024>
- (ii) **By fax** + 61 2 9290 9655
- (iii) **By post:** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- (iv) **By hand:** Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000 Australia

(c) **Power of attorney**

PBP Shareholders who wish to appoint an attorney to participate in the Scheme Meeting on their behalf must provide an original duly executed power of attorney (or a certified copy of that power of attorney) to the PBP Share Registry by 10:00am (Melbourne time) on Monday, 27 May 2024.

(d) **Corporate representatives**

A body corporate which is a PBP Shareholder, or which has been appointed as a proxy, is entitled to appoint a corporate representative to vote at the Scheme Meeting on its behalf and must provide a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

### 3.6 Further information

Please refer to the Notice of Scheme Meeting set out in Annexure D for further information on voting procedures and details of the Scheme Resolution to be voted on at the Scheme Meeting (including who is entitled to vote on the Scheme Resolution).

### 3.7 Alternative arrangements

If it becomes necessary or appropriate to make alternative or supplementary arrangements to hold the Scheme Meeting, PBP Shareholders will be given as much notice as possible. Any changes to the Scheme Meeting will be announced by PBP through the ASX and notified on PBP's investor website at <https://probiotec.com.au/investor-centre/>.

### 3.8 Number of Scheme Meetings

There will only be one meeting – the Scheme Meeting – in relation to the Scheme.

At the time of the Transaction Announcement, it was expected that two meetings would be held based on there being two classes of shareholders – one for Wesley Stringer (Executive Director and Chief Executive Officer), Jared Stringer (Chief Financial Officer) and their respective controlled entities that hold PBP Shares, and the other for all other PBP

Shareholders. However, having finalised its consideration of this issue, Probiotec intends to hold one meeting of all PBP Shareholders, and to tag the votes of Wesley Stringer, Jared Stringer and their respective controlled entities at the Scheme Meeting.

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## 4 Overview of the Scheme

### 4.1 Background to the Scheme

On 21 December 2023, PBP, Pyridam and Pyridam Sub entered into the Scheme Implementation Deed under which it is proposed that Pyridam Sub will acquire 100% of the PBP Shares, subject to approval from PBP Shareholders by the Requisite Majorities, Court approval and the satisfaction or waiver of certain Conditions. A copy of the Scheme Implementation Deed was attached to PBP's announcement to the ASX relating to the Scheme on 22 December 2023.

The IBC, which comprises PBP's independent non-executive directors Jonathan Wenig and Simon Gray, considers that the Scheme is in the best interests of shareholders and unanimously recommends that PBP Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders (**Recommendation**).<sup>26</sup>

Subject to the same qualifications above, each IBC Director intends to vote all of the PBP Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme (**Voting Intention**).

As the proposals Pyridam has made in relation to PBP's CEO and Executive Director Wesley Stringer involve his ongoing role with PBP post-Scheme implementation, employment arrangements and associated future incentive arrangements, including short-term incentives, long-term incentives and a performance rights plan, Wesley Stringer was excluded from the IBC.

Wesley Stringer, Probiotec Executive Director and CEO, also recommends that PBP Shareholders **vote in favour of the Scheme**, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.<sup>27</sup>

Wesley Stringer (Probiotec CEO and Executive Director), who holds or controls 4,936,079 PBP Shares representing an approximate 6.07% interest in the PBP Total Shares and Jared Stringer (Probiotec Chief Financial Officer and Company Secretary),<sup>28</sup> who holds or controls 3,044,750 PBP Shares representing an approximate 3.74% interest in the PBP Total Shares, have entered into a binding voting agreement confirming that they will vote all of the PBP Shares held or controlled by them on the Scheme Record Date in favour of the Scheme,<sup>29</sup> <sup>30</sup> subject to limited exceptions under the Voting Deeds (including if the Independent Expert does not continue to conclude in the Independent Expert's Report that the Scheme is in the best interests of PBP Shareholders, other than where the Independent Expert makes such conclusion as a result of a Superior Proposal, or there is a Superior Proposal announced that Pyridam fails to match (or exceed) after giving effect to any matching rights available to Pyridam under the Scheme Implementation Deed).

The PBP Directors have also carefully considered the expected advantages of the Scheme, potential reasons to vote against the Scheme and the key risks of the Scheme. These considerations are set out in section 7.

<sup>26</sup> See above at footnote 6 regarding important information you should note when considering the IBC's recommendation to vote in favour of the Scheme.

<sup>27</sup> See above at footnote 7 regarding important information you should note when considering Wesley Stringer's recommendation to vote in favour of the Scheme.

<sup>28</sup> Jared Stringer will, if the Scheme becomes Effective, become entitled to early vesting of unvested performance rights to receive PBP Shares, subject to the PBP Board (excluding Wesley Stringer) exercising its specific discretion in accordance with the terms of the PBP Executive Option Plan as detailed in section 9.5. Additionally, Pyridam and Jared Stringer have substantially agreed arrangements in respect of Jared Stringer's ongoing role with Probiotec post-implementation of the Scheme, including employment arrangements and associated future incentive arrangements. These matters are disclosed in sections 4.10, 9.3, 9.5 and 9.6 of this Scheme Booklet and PBP Shareholders should have regard to these interests when considering how to vote on the Scheme.

<sup>29</sup> Pursuant to the CEO Voting Deeds (in respect of Wesley Stringer) and CFO Voting Deed (in respect of Jared Stringer).

<sup>30</sup> Under the Voting Deeds, Wesley Stringer (in his personal capacity only and not as trustee of Talril Super Pty Ltd) and Jared Stringer are permitted to dispose of up to a 5% interest in their respective holdings of PBP Shares at the date of the Transaction Announcement. Each of Wesley Stringer (in his personal capacity only) and Jared Stringer have, following entry into the relevant Voting Deeds, disposed of a 5% interest in their respective holdings of PBP Shares as at the date of the Transaction Announcement.

The key terms of the Scheme Implementation Deed are summarised in section 4.3. A full copy of the Scheme Implementation Deed can be obtained from the ASX website, [www.asx.com.au](http://www.asx.com.au), or PBP's webpage for investors at <https://probiotec.com.au/investor-centre/>.

## 4.2 Overview of the Scheme Consideration

If the Scheme becomes Effective and is implemented, the Scheme Shareholders will be entitled to receive the Scheme Consideration of \$3.00 per Scheme Share held by them on the Scheme Record Date.

The Scheme Consideration will be paid to Scheme Shareholders on the Implementation Date.

Scheme Shareholders who have validly registered their bank account details with the PBP Share Registry before the Scheme Record Date may have their Scheme Consideration sent directly to their bank account. Otherwise, the Scheme Shareholders will have their Scheme Consideration sent by cheque in Australian currency, sent by pre-paid post, to their address as shown on the PBP Share Register.

For the avoidance of doubt, you will only receive Scheme Consideration if you are a Scheme Shareholder. You will be a 'Scheme Shareholder' if you hold PBP Shares on the Scheme Record Date, which is estimated to be Wednesday, 12 June 2024 at 7:00 pm (Melbourne time) (or such other time and date as agreed between PBP and Pyridam).

If you are a PBP Shareholder, you should ensure that your personal contact and bank account details are up to date in the records held by the PBP Share Registry or in your trading account before the Scheme Record Date.

It is important to note that, if a PBP Shareholder sells their PBP Shares before the Scheme Record Date, they will not receive the Scheme Consideration. If a Permitted Dividend is determined and paid by PBP pursuant to the terms of the Scheme Implementation Deed, the payment of the relevant Permitted Dividend will not affect the Scheme Consideration. However, as noted throughout this Scheme Booklet, where a dividend or distribution is announced, declared or paid by PBP that is not a Permitted Dividend paid in accordance with the terms of the Scheme Implementation Deed, the Scheme Consideration will be reduced by the aggregate amount per PBP Share of such dividend or distribution announced, declared or paid by PBP. Please refer to section 9.2 for further details regarding the Permitted Dividends.

## 4.3 Key terms of the Scheme Implementation Deed

A summary of the key terms of the Scheme Implementation Deed is set out in this section 4.3.

### (a) Conditions

Implementation of the Scheme is subject to satisfaction or waiver (if capable of waiver) of the following Conditions:

- (i) **(PBP Shareholder approval)** The PBP Shareholders approve the Scheme at the Scheme Meeting by the Requisite Majorities under section 411(4)(a)(ii) of the Corporations Act.
- (ii) **(Pyridam shareholder approval)** The shareholders of Pyridam approve the Transaction (which is a 'material transaction' for the purposes of Article 1 point (1) and Article 3 of OJK Regulation No. 17/POJK.04/2020, as may be amended from time to time) in accordance with Indonesian capital markets laws and regulations, and Pyridam's articles of association (as may be amended from time to time) **(Material Transaction)**.
- (iii) **(Court approval)** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act (either unconditionally and without modification or amendment, or with modifications, amendments or

conditions consented to by PBP and Pyridam in accordance with clause 4.2 of the Scheme Implementation Deed).

- (iv) **(No restraints)** No temporary restraining order, preliminary or permanent injunction or other order issued by any Australian or Indonesian court of competent jurisdiction or by any Australian or Indonesian Government Agency or other legal restraint or prohibition preventing or impeding the Transaction is in effect, and no steps have been taken by any Australian or Indonesian court of competent jurisdiction or Australian or Indonesian Government Agency to the effect of any of the above, in each case as at the Delivery Time.
- (v) **(Independent Expert)** The Independent Expert issues the Independent Expert's Report which concludes that in its opinion the Scheme is in the best interests of PBP Shareholders and the Independent Expert maintains that opinion (including by not withdrawing or changing that opinion) at all times up to the Delivery Time.
- (vi) **(No PBP Prescribed Occurrence)** No PBP Prescribed Occurrence occurs between the date of the Scheme Implementation Deed (21 December 2023) and the Delivery Time.
- (vii) **(PBP Representations and Warranties)** Each PBP Representation and Warranty (as set out in Schedule 2 of the Scheme Implementation Deed) being true and correct in all material respects on the date of the Scheme Implementation Deed (21 December 2023) and at the Delivery Time.
- (viii) **(Pyridam Representations and Warranties)** Each Pyridam Representation and Warranty (as set out in Schedule 1 of the Scheme Implementation Deed) being true and correct in all material respects on the date of the Scheme Implementation Deed (21 December 2023) and at the Delivery Time.
- (ix) **(Regulatory Approvals):**
  - (A) **(Foreign Investment Review Board)** before the Delivery Time, either:
    - (1) the Treasurer for the time being of the Commonwealth of Australia (or their delegate) has provided a notice in writing stating, or to the effect that, there are no objections under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) to the Transaction, either unconditionally or on terms that Pyridam considers to be acceptable acting reasonably (subject to certain conditions);
    - (2) the Treasurer for the time being of the Commonwealth of Australia (and each of their delegates) becomes precluded by passage of time from making any order or decision under Division 2 of Part 3 of the FATA in respect of the Transaction; or
    - (3) where an interim order is made under section 68 of the FATA in respect of the Transaction, the subsequent period for making an order or decision under Part 3 of the FATA elapses without the Treasurer for the time being of the Commonwealth of Australia (or their delegate) making such an order or decision; and
  - (B) **(OJK Material Transaction Approval)** OJK has no objections to Pyridam convening the meeting of Pyridam shareholders in relation to the shareholders of Pyridam approving the Transaction (which is a 'material transaction' for the purposes of Article 1 point (1) and

Article 3 of OJK Regulation No. 17/POJK.04/2020, as may be amended from time to time) in accordance with Indonesian capital markets laws and regulations, and Pyridam's articles of association (as may be amended from time to time).

- (x) **(Material Adverse Change)** No Material Adverse Change occurs, is announced or becomes known to Pyridam between the date of the Scheme Implementation Deed and the Delivery Time.

As far as the PBP Board is aware, as at the date of this Scheme Booklet, no circumstances have occurred which are likely to cause any of the Conditions not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until the Delivery Time. In the event of any material change in status, PBP will inform PBP Shareholders of the status of the Conditions through an announcement to the ASX. An update as to the status will also be provided at the Scheme Meeting.

Details regarding the Conditions are set out in full in clause 3 of the Scheme Implementation Deed.

- (b) **Exclusivity**

The Scheme Implementation Deed contains certain exclusivity arrangements in favour of Pyridam which are set out in full under clause 11 of the Scheme Implementation Deed.

The exclusivity arrangements end on the earlier of the date of termination of the Scheme Implementation Deed, the Effective Date, and 22 July 2024 (**Exclusivity Period**).

These exclusivity arrangements are in line with market practice and are summarised as follows:

- (i) **(No shop)** During the Exclusivity Period, except with the prior written consent of Pyridam, PBP must not, and must ensure that each other PBP Group Member and each of PBP and each other PBP Group Member's Representatives do not, directly or indirectly, solicit, invite, encourage or initiate any Competing Proposal or any enquiries, indications, expressions of interest, discussions, negotiations or any other communication by any person with any person other than Pyridam, Pyridam Sub, any other Pyridam Group Member and each of their respective Associates (**Third Party**) in relation to (or which may reasonably be expected to encourage or lead to the making of) any actual, proposed or potential Competing Proposal, or communicate any intention to do any of these things.
- (ii) **(No due diligence and no talk)** Except in limited circumstances (as described below), during the Exclusivity Period, except with the prior written consent of Pyridam, PBP must not, and must ensure that each other PBP Group Member and each of PBP and each other PBP Group Member's Representatives do not, directly or indirectly:
- (A) solicit, invite, encourage or invite any person to undertake due diligence investigations in respect of the PBP Group or its business, assets or affairs, in connection with such person announcing, formulating, developing or finalising, or assisting in the formulation, development or finalisation of, an actual, proposed, or potential Competing Proposal;
- (B) enter into, facilitate, participate in, or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal, discussion or any other communication by any person in relation to (or which may reasonably be expected to encourage or

lead to the making of) any actual, proposed or potential Competing Proposal;

- (C) negotiate, accept, or enter into any agreement, arrangement or understanding regarding (or which may reasonably be expected to encourage or lead to the making of) any actual, proposed or potential Competing Proposal, or offer or agree to do any of those things;
- (D) disclose or otherwise provide or make available to any Third Party (other than to Pyridam or any of its Representatives) any non-public information relating to the business, assets or affairs of any PBP Group Member or access to any PBP officers or employees in connection with, with a view to obtaining, or in circumstances which may reasonably be expected to encourage or lead to, such Third Party announcing, formulating, developing or finalising any actual, proposed or potential Competing Proposal; or
- (E) communicate to any person an intention to do anything referred to above,

even if:

- (F) the relevant Competing Proposal was not directly or indirectly solicited, invited, encouraged, facilitated or initiated by any PBP Group Member; or
- (G) the relevant Competing Proposal has been publicly announced,

provided that the above does not apply to the extent that they prevent or restrict PBP, each other PBP Group Member or any of PBP or each other PBP Group Member's Representatives from responding to a Third Party in respect of an enquiry, expression of interest, offer or proposal by that Third Party to make, or which may reasonably be expected to encourage or lead to the making of, a Competing Proposal to merely (i) acknowledge receipt and/or (ii) advise that Third Party that PBP is bound by the above restrictions.

The 'no due diligence' and 'no talk' restrictions do not apply to the extent that it restricts or prohibits any action or inaction by PBP, any other PBP Group Member or any of PBP or any other PBP Group Member's Representatives in relation to a Competing Proposal that was not brought about by, or facilitated by, a breach of the 'no shop' restriction above, if (and only to the extent that) the IBC, acting in good faith, has determined after:

- (A) consultation with, and receiving written advice from, PBP's reputable external financial and legal advisers, that the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal; and
- (B) receiving written advice from PBP's reputable external Australian legal advisers practising in the area of corporate law, that compliance with the 'no due diligence' and 'no talk' restrictions would, or would be reasonably likely to, constitute a breach of any of the fiduciary or statutory duties owed by any IBC Director.

- (iii) **(Notification)** During the Exclusivity Period, PBP must as soon as reasonably practicable (and in any event within 24 hours) notify Pyridam if the IBC makes a determination in the circumstances described in section 4.3(b)(ii) above, or if it or any other PBP Group Member or their Representatives becomes aware of any:

- (A) approach or proposal by any Third Party in connection with any negotiations or discussions with respect to any inquiry, expression



of interest, offer, proposal, discussion or any other communication in relation to (or which may reasonably be expected to encourage or lead to the making of) any actual, proposed or potential Competing Proposal;

- (B) request for non-public information relating to any PBP Group Member or any of its business, assets or affairs (other than where the IBC reasonably believes that such request is not in connection with such Third Party announcing, formulating, developing or finalising any actual, proposed or potential Competing Proposal); or
- (C) disclosure or provision of any non-public information relating to any PBP Group Member or any of its business, assets or affairs to any Third Party (other than to Pyridam or any of its Representatives) in connection with, or in circumstances which may reasonably be expected to encourage or lead to, such Third Party announcing, formulating, developing or finalising any actual, proposed or potential Competing Proposal,

and such notice must be accompanied by all material details of the relevant event including, without limitation, details of the identity of the party making the actual, proposed or potential Competing Proposal, price, form of consideration, proposed deal protection provisions, any break or reimbursement fee, proposed timing and conditions precedent, in each case to the extent known by any PBP Group Member.

(iv) **(Matching right)** During the Exclusivity Period, PBP:

- (A) must not, and must procure that each other PBP Group Member not, enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party and/or any PBP Group Member proposes to undertake, implement or give effect to a Competing Proposal; and
- (B) must procure that none of the IBC Directors:
  - (1) changes, modifies or qualifies their Recommendation or Voting Intention in favour of the Scheme; or
  - (2) publicly recommend or support any Competing Proposal, or make any public statement to the effect that they may do so at a future point,

unless:

- (C) the IBC acting in good faith, and in order to satisfy what the IBC Directors consider to be their statutory or fiduciary duties, determines that the Competing Proposal would be, or would be likely to be, a Superior Proposal;
- (D) PBP has provided Pyridam with a notice specifying the material terms and conditions of the Competing Proposal and identity of the Third Party that made, and/or any Third Party stated to be involved in, the Competing Proposal;
- (E) PBP has given Pyridam at least 5 Business Days after provision of the information referred to in paragraph (D) above (**Pyridam Proposal Period**) to provide a proposal that is superior to the Competing Proposal (taken as a whole) (**Pyridam Proposal**); and
- (F) Pyridam has not provided a Pyridam Proposal which the IBC, acting in good faith after consulting with, and receiving written advice from, its financial and legal advisers, determines would provide an outcome that is more favourable to PBP Shareholders as a whole

than the relevant Competing Proposal (having regard to matters including consideration, conditionality, funding, certainty and timing) by the expiry of Pyridam Proposal Period.

If Pyridam announces or otherwise provides PBP with a Pyridam Proposal before expiry of the Pyridam Proposal Period, PBP must procure that the IBC promptly considers the Pyridam Proposal and determines, acting in good faith, after consulting with, and receiving written advice from, PBP's financial and legal advisers, whether the Pyridam Proposal is a Pyridam Matching or Superior Proposal (as defined in the Scheme Implementation Deed).

If the IBC determines that a Pyridam Proposal is a Pyridam Matching or Superior Proposal (as defined in the Scheme Implementation Deed), then PBP must promptly (and in any event within 24 hours) notify Pyridam of the determination in writing, and the parties must use their reasonable endeavours to agree amendments to (i) the Scheme Implementation Deed and (ii) the Scheme and, if applicable, (iii) this Scheme Booklet, that are reasonably necessary to reflect the Pyridam Proposal and to implement it, in each case as soon as reasonably practicable.

- (v) **(Existing discussions)** PBP was required to cease any discussions or negotiations with any Third Party as at the date of the Scheme Implementation Deed in relation to any Competing Proposal.

(c) **IBC Recommendation**

PBP must procure that the IBC collectively, and the IBC Directors individually, do not:

- (i) adversely change, withdraw, adversely modify or adversely qualify, its or their Recommendation or Voting Intention; and
- (ii) make any public statement supporting, endorsing or recommending a Competing Proposal or to the effect that they no longer support the Scheme, or which is otherwise inconsistent with their Recommendation or Voting Intention,

unless:

- (iii) PBP has received a Competing Proposal and the IBC has determined that the Competing Proposal constitutes a Superior Proposal (subject to the process described in section 4.3(b)(iv) above having been exhausted); or
- (iv) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interest of PBP Shareholders.

(d) **Break Fee**

PBP and Pyridam have agreed to pay the other party a Break Fee of \$2,513,202 (exclusive of GST) as compensation for costs, expenses and damages in certain circumstances.

The Break Fee will be payable by PBP to Pyridam (subject to certain limitations set out in clauses 12.4 and 12.5 of the Scheme Implementation Deed), if:

- (i) **(Recommendation)** at any time during the Exclusivity Period, any IBC Director:
  - (A) fails to make the Recommendation;
  - (B) adversely changes, withdraws, adversely modifies or adversely qualifies their Recommendation; or
  - (C) publicly indicates they no longer recommend the Scheme or recommends, supports, or endorses a Competing Proposal,

in each case, other than where:

- (D) the Independent Expert concludes in the Independent Expert's Report (either in its initial report or any subsequent update of its report) that the Scheme is not in the best interest of the PBP Shareholders, unless the sole or dominant reason for that conclusion is a Competing Proposal; or
  - (E) PBP is entitled to terminate the Scheme Implementation Deed (other than where the IBC, by such number of IBC Directors as constitutes a majority of the IBC, adversely changes, withdraws, adversely modifies or adversely qualifies their Recommendation in the manner permitted under clause 5.5(c) of the Scheme Implementation Deed (as set out in section 4.3(c)(i) to (iv) above)) and has given the appropriate termination notice to Pyridam;
- (ii) **(Competing Proposal)** a Competing Proposal of any kind is made or announced during the Exclusivity Period and within 12 months thereafter (regardless of whether the Scheme Implementation Deed is terminated before or after the End Date), a Third Party (either alone or together with any Associate):
- (A) enters into any agreement, arrangement or understanding (whether or not in writing, conditional or unconditional, legally binding or otherwise) with a PBP Group Member to give effect to a Competing Proposal;
  - (B) acquires Control of, or merges with, PBP;
  - (C) substantially completes a Competing Proposal; or
  - (D) otherwise acquires voting power of (or an economic interest in), or becomes the holder of, or otherwise acquires, directly or indirectly, 50% or more of the PBP Shares, or acquires or obtains an economic interest in all or a substantial part of the assets of the PBP Group; or
- (iii) **(material breach)** Pyridam terminates the Scheme Implementation Deed on the basis of a material breach of a material obligation of PBP under the Scheme Implementation Deed (including a material breach of a PBP Representation and Warranty that is material in the context of the Scheme as a whole and subject to the qualifications set out in the Scheme Implementation Deed).

The Break Fee will be payable by Pyridam to PBP (subject to certain limitations set out in clauses 12.4 and 12.5 of the Scheme Implementation Deed), if:

- (i) **(Pyridam shareholder meetings)** the resolution of Pyridam shareholders to approve the Material Transaction is not passed, or becomes incapable of being passed, in accordance with applicable law and, if applicable, the listing rules of IDX, by 23 April 2024 (or such other date as may be agreed in writing by Probiotec and Pyridam); or
- (ii) **(material breach)** PBP terminates the Scheme Implementation Deed on the basis of a material breach of a material obligation of Pyridam under the Scheme Implementation Deed (including a material breach of a Pyridam Representation and Warranty that is material in the context of the Scheme as a whole and subject to the qualifications set out in the Scheme Implementation Deed).

For full details of the Break Fee, see clause 12 of the Scheme Implementation Deed.

(e) **Representations and warranties**

Each of PBP and Pyridam have given representations and warranties to each other that are considered to be standard warranties for an agreement of this kind.

These representations and warranties are set out in Schedule 1 (in the case of Pyridam) and Schedule 2 (in the case of PBP) of the Scheme Implementation Deed.

(f) **Termination**

Either PBP or Pyridam may terminate the Scheme Implementation Deed by written notice to the other party in certain circumstances set out in the Scheme Implementation Deed (and hence, the Scheme may be terminated).

(i) **(Termination by PBP)** PBP may terminate the Scheme Implementation Deed within the specified time periods under the Scheme Implementation Deed:

(A) **(material breach)** if either Pyridam or Pyridam Sub is in material breach of a material obligation of Pyridam or Pyridam Sub (as the case may be) under the Scheme Implementation Deed (including a material breach of any of the Pyridam Representations and Warranties that is material in the context of the Scheme as a whole), and has failed to remedy that breach by the earlier of the Delivery Time and 20 Business Days (or any shorter time ending on the Delivery Time) after receipt of the notice to remedy;

(B) **(Insolvency)** Pyridam or Pyridam Sub is, or becomes, Insolvent;

(A) **(Independent Expert)** if the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of the PBP Shareholders or modifies its report to so conclude; or

(B) **(change to Recommendation)** if the IBC, by such number of IBC Directors as constitutes a majority of the IBC, adversely changes, withdraws, adversely modifies or adversely qualifies its Recommendation in the manner permitted under clause 5.5(c) of the Scheme Implementation Deed (as set out in section 4.3(c)(i) to (iv) above); or

(C) **(Conditions)** in certain circumstances where:

(1) any event occurs which would, does or will prevent any of the Conditions to the Scheme outlined in section 4.3(a) being satisfied;

(2) such Condition is otherwise not satisfied or waived (if capable of waiver) in accordance with the Scheme Implementation Deed; or

(3) the Scheme has not otherwise become Effective by the End Date,

and PBP and Pyridam are unable, after consulting in good faith, to reach an agreement to proceed with the Transaction by way of alternative means or methods, change the date of the Second Court Hearing, or to extend the relevant time for satisfaction of the Condition(s) or the End Date;

(D) **(End Date)** the Effective Date for the Scheme has not occurred on or before the End Date; or

(E) **(restraint)** the Court or another Australian or Indonesian Government Agency (including any other Australian or Indonesian court) has taken any action permanently restraining or otherwise

prohibiting or preventing the Transaction, or has refused to do anything necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed or reviewed by PBP, acting reasonably, believes that there is no realistic prospect of a successful appeal or review succeeding by the End Date.

- (ii) **(Termination by Pyridam)** Pyridam may terminate the Scheme Implementation Deed within the specified time periods under the Scheme Implementation Deed:
- (A) **(material breach)** if PBP is in material breach of a material obligation of PBP under the Scheme Implementation Deed (including a material breach of any of PBP Representations and Warranties (as defined in the Scheme Implementation Deed) that is material in the context of the Scheme as a whole), and has failed to remedy that breach by the earlier of the Delivery Time and 20 Business Days (or any shorter time ending on the Delivery Time) after receipt of the notice to remedy;
- (B) **(Insolvency)** PBP is, or becomes, Insolvent;
- (C) **(no Recommendation)** any IBC Director:
- (1) fails to recommend the Scheme in the manner described in clause 5.5 of the Scheme Implementation Deed;
  - (2) withdraws, adversely changes, adversely modifies or adversely qualifies their Recommendation or Voting Intention; or
  - (3) makes a public statement:
    - (AA) to the effect that they no longer support the Scheme; or
    - (BB) indicating that they no longer recommend the Scheme or recommend that PBP Shareholders accept or vote in favour of a Competing Proposal,
 for any reason and whether or not permitted to do so under the Scheme Implementation Deed;
- (D) **(blocking stake)** a person (other than Pyridam or its Associates), either alone or together with any Associate, acquires a Relevant Interest in 20% or more of PBP Shares and states publicly that it does not intend to vote in favour of the Scheme;
- (E) **(Conditions)** in certain circumstances where:
- (1) any event occurs which would, does or will prevent any of the Conditions to the Scheme outlined in section 4.3(a) being satisfied;
  - (2) such Condition is otherwise not satisfied or waived (if capable of waiver) in accordance with the Scheme Implementation Deed; or
  - (3) the Scheme has not otherwise become Effective by the End Date,

and PBP and Pyridam are unable, after consulting in good faith, to reach an agreement to proceed with the Transaction by way of alternative means or methods, change the date of the Second Court Hearing, or to extend the relevant time for satisfaction of the Condition(s) or the End Date;

- (F) **(End Date)** the Effective Date for the Scheme has not occurred on or before the End Date;
- (G) **(restraint)** the Court or another Australian or Indonesian Government Agency (including any other Indonesian or Australian court) has taken any action permanently restraining or otherwise prohibiting or preventing the Transaction, or has refused to do anything necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed or reviewed or Pyridam, acting reasonably, believes that there is no realistic prospect of a successful appeal or review succeeding by the End Date; or
- (H) **(Competing Proposal)** in any circumstances, PBP enters into an agreement, arrangement or understanding to implement a Competing Proposal.

#### 4.4 Deed Poll

As at the date of this Scheme Booklet, Pyridam and Pyridam Sub have executed the Deed Poll, pursuant to which Pyridam and Pyridam Sub have agreed to comply with their respective obligations under the Scheme.

A copy of the Deed Poll is contained in Annexure C.

#### 4.5 Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to Pyridam Sub, and, to the extent enforceable, appointed and authorised PBP as its attorney and agent to warrant to Pyridam Sub, that:

- (a) all of their Scheme Shares (including all rights and entitlements attaching to those Scheme Shares (other than any right to the Permitted Dividend)) will, at the time of the transfer of them to Pyridam Sub pursuant to the Scheme, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares (other than any right to the Permitted Dividend)) to Pyridam Sub pursuant to the Scheme.

#### 4.6 IBC's unanimous recommendation

The IBC unanimously recommends that you **vote in favour of the Scheme**, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the PBP Shareholders.<sup>31</sup> See section 1 for further details in this regard.

As at the Last Practicable Date, the IBC Directors hold or control, in aggregate, approximately 0.22% of the PBP Total Shares. Each IBC Director intends to vote the PBP Shares that they hold or control in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.

#### 4.7 Wesley Stringer (Executive Director and CEO)

Wesley Stringer, Probiotec Executive Director and CEO, also recommends that PBP Shareholders **vote in favour of the Scheme**, in the absence of a Superior Proposal and

<sup>31</sup> See above at footnote 6 regarding important information you should note when considering the IBC's recommendation to vote in favour of the Scheme.

subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.<sup>32</sup>

Wesley Stringer has entered into a binding voting agreement confirming that he will vote all of the PBP Shares held or controlled by him on the Scheme Record Date in favour of the Scheme,<sup>33</sup> subject to limited exceptions under the CEO Voting Deeds (including if the Independent Expert does not continue to conclude in the Independent Expert's Report that the Scheme is in the best interests of PBP Shareholders, other than where the Independent Expert makes such conclusion as a result of a Superior Proposal, or there is a Superior Proposal announced that Pyridam fails to match (or exceed) after giving effect to any matching rights available to Pyridam under the Scheme Implementation Deed).

As at the Last Practicable Date, Wesley Stringer holds or controls approximately 4,936,079 PBP Shares representing an approximate 6.07% interest in the PBP Total Shares.

#### 4.8 Independent Expert's Report

The PBP Directors' unanimous recommendation to vote in favour of the Scheme is supported by the conclusion of the Independent Expert, Grant Thornton Corporate Finance Pty Ltd.<sup>34</sup>

The Independent Expert has concluded that the Scheme is fair and reasonable and therefore is in the best interests of PBP Shareholders, in the absence of a Superior Proposal.

The Independent Expert's Report is attached as Annexure A.

#### 4.9 Timetable and key steps in the Scheme

##### (a) Overview of approval requirements

The Scheme will only become Effective and implemented if:

- it is approved by the Requisite Majorities of the PBP Shareholders at the Scheme Meeting to be held 10:00am (Melbourne time) on Wednesday, 29 May 2024;
- it is approved by the Court at the Second Court Hearing; and
- the other Conditions to the Scheme outlined in section 4.3(a) are satisfied or waived (if capable of waiver).

##### (b) First Court Date

At the First Court Date, the Court made an order directing PBP to convene the Scheme Meeting under section 411(1) of the Corporations Act.

##### (c) Scheme Meeting

The Court has ordered PBP to convene the Scheme Meeting at which the PBP Shareholders will be asked to approve the Scheme. The Scheme Resolution to be considered at the Scheme Meeting is contained in Annexure D.

The Scheme needs to be approved by the Requisite Majorities of PBP Shareholders at each of the Scheme Meeting as set out in section 411(4)(a)(ii) of the Corporations Act, which are:

- (i) at least 75% of the total number of votes cast on the Scheme Resolution by the PBP Shareholders present and voting at the Scheme Meeting (in person or virtually (as applicable), or by proxy, corporate representative or attorney); and

<sup>32</sup> See above at footnote 7 regarding important information you should note when considering Wesley Stringer's recommendation to vote in favour of the Scheme.

<sup>33</sup> Pursuant to the CEO Voting Deeds.

<sup>34</sup> See above at footnotes 6 and 7 regarding important information you should note when considering the PBP Directors' recommendation to vote in favour of the Scheme.

- (ii) a majority in number (more than 50%) of the PBP Shareholders present and voting at the Scheme Meeting (in person or virtually (as applicable), or by proxy, corporate representative or attorney).

Although voting is not compulsory, the PBP Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of the PBP Shareholders.<sup>35</sup>

Even if you vote against the Scheme, or do not vote on the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majorities of PBP Shareholders and the Court. If this occurs, your PBP Shares will be transferred to Pyridam Sub and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

The results of the Scheme Meeting will be available as soon as possible after the conclusion of the Scheme Meeting and will be announced to the ASX ([www.asx.com.au](http://www.asx.com.au)) once available.

(d) **Second Court Date**

In the event that:

- the Scheme is approved by the Requisite Majorities of PBP Shareholders at the Scheme Meeting; and
- it can reasonably be expected that all other conditions precedent to the Scheme (except Court approval of the Scheme) will be satisfied or waived (if capable of waiver),

then PBP will apply to the Court for orders approving the Scheme on the Second Court Date.

Any PBP Shareholder has the right to appear at the Second Court Hearing.

(e) **Effective Date**

If the Court approves the Scheme, PBP will, subject to the ASX Listing Rules, lodge with ASIC an office copy of the orders approving the Scheme by no later than 5:00 pm on the first Business Day after the Court approves the Scheme.

PBP intends to apply to the ASX to suspend trading in PBP Shares with effect from the close of trading on the Effective Date.

(f) **Scheme Record Date**

PBP Shareholders who are recorded on the PBP Share Register on the Scheme Record Date will be entitled to receive the Scheme Consideration in respect of the PBP Shares that they hold at that time.

On the Effective Date, PBP will finalise and close the PBP Share Register as at the Scheme Record Date.

(i) **Dealings on or prior to the Scheme Record Date**

For the purposes of determining which PBP Shareholders are eligible to participate in the Scheme, dealings in PBP Shares will be recognised only if:

- in the case of dealings of the type to be effected using Clearing House Electronic Subregister System, the transferee is registered on the PBP Share Register as the holder of the relevant PBP Shares before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other

<sup>35</sup> See footnote 11.



alterations, are received by the PBP Share Registry before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, PBP will not accept for registration or recognise any transfer or transmission applications in respect of PBP Shares received after the Scheme Record Date.

(ii) **Dealings after the Scheme Record Date**

For the purpose of determining entitlements to the Scheme Consideration, PBP will maintain the PBP Share Register in its form as at the Scheme Record Date until the Scheme Consideration has been paid to the Scheme Shareholders. The PBP Share Register in this form will solely determine entitlements to the Scheme Consideration.

After the Scheme Record Date:

- all statements of holding for PBP Shares (other than statements of holding in favour of Pyridam Sub) will cease to have effect as documents relating to title in respect of such PBP Shares; and
- each entry on the PBP Share Register (other than entries on the PBP Share Register in respect of Pyridam Sub) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the PBP Shares relating to that entry.

(g) **Implementation Date**

By no later than 12:00 pm on the Business Day before the Implementation Date, Pyridam Sub will deposit (or procure the deposit) into an Australian dollar denominated trust account with an authorised deposit-taking institution in Australia operated by PBP as trustee for the Scheme Shareholders (**Trust Account**), an amount equal to the aggregate Scheme Consideration payable to the Scheme Shareholders.

On the Implementation Date, subject to funds having been deposited by Pyridam Sub in the manner described above, PBP will pay, or procure payment of, from the Trust Account, to each Scheme Shareholder an amount equal to the applicable amount of Scheme Consideration that the Scheme Shareholder is entitled to under the Scheme and in accordance with the Scheme.

(h) **Delisting of PBP**

If the Scheme becomes Effective, PBP will apply to have PBP removed from the official list of the ASX on and from the close of trading on the Business Day immediately after the Implementation Date.

#### 4.10 Retention of Executive Shareholders

Pyridam has identified that it is important to retain Wesley Stringer (PBP CEO and Executive Director) and Jared Stringer (PBP CFO and Company Secretary) (being the **Executive Shareholders**) following implementation of the Scheme for the purposes of maximising alignment between Pyridam and the Executive Shareholders and driving further growth in the PBP business.

Pyridam (through a Pyridam Group Member) intends to enter into new employment agreements with each of the Executive Shareholders for the roles of CEO (in the case of Wesley Stringer) and CFO (in the case of Jared Stringer). The terms of the Executive Shareholders new employment arrangements have been substantially agreed between Pyridam and the Executive Shareholders on the understanding that Pyridam will cause PBP to enter into the arrangements with the Executive Shareholders on or around the

Implementation Date with effect from the Implementation Date. At such time, PBP would be a Pyridam Group Member.

The Executive Shareholders' proposed employment arrangements contain customary provisions expected for senior management and are on substantially the same terms as their existing employment arrangements with PBP. The arrangements include terms under which the Executive Shareholders will receive certain incentive-based remuneration over the term of their employment post-implementation of the Scheme, including:

- (a) short-term contingent cash payments in connection with performance-based hurdles (such measures comprising EBITDA growth and overall company performance, as determined by the PBP Board); and
- (b) long-term incentive arrangements, with Pyridam and the Executive Shareholders having reached an understanding that the specific type of long-term incentive arrangements will be agreed on or before 30 April 2024 and will be in a form that is materially consistent with the current long-term incentive arrangements.

Each Executive Shareholder will also be subject to a 12-month non-compete and non-solicitation clause in the event they leave the employment of PBP under their new employment arrangements.

In addition to the above, Pyridam intends to establish a new performance rights plan, the terms of which have been substantially agreed between Pyridam and the Executive Shareholders (in their intended continued capacity, as described above, as CEO and CFO respectively post-implementation of the Scheme) on the understanding that they will enter into such arrangements on or around (and with effect from) the Implementation Date in accordance with those terms. The proposed performance rights plan is being offered to the Executive Shareholders (as CEO and CFO respectively) as a performance incentive that will provide opportunities for the Executive Shareholders to share in the long-term growth of PBP following implementation of the Scheme, and maximise alignment of interests between those individuals and PBP.

As part of the proposed performance rights plan, Wesley Stringer is expected to subscribe for performance rights at market value for an aggregate amount of approximately \$2.5 million and Jared Stringer is expected to subscribe for performance rights at market value for an aggregate amount of \$1.5 million.

Under the proposed arrangements, Pyridam Sub is expected to issue letters of offer to the Executive Shareholders on or around the Implementation Date which contain the terms of the additional performance rights plan. The performance rights plan will be on customary terms, including, among other things:

- (a) good leaver events: being, in respect of the Executive Shareholders, one of them ceasing to be employed or engaged by a Pyridam group member due to (among other things) death, permanent incapacity through ill health and redundancy;
- (b) bad leaver events: being, in respect of the Executive Shareholders, one of them ceasing to be employed or engaged by a Pyridam group member as a result of termination or dismissal by a Pyridam group member for cause; and
- (c) exercise events: being, among others, buyer anniversary events, early trigger events, exit events and insolvency events (for both PBP and Pyridam Sub) on which the Executive Shareholders can exercise their performance rights and subscribe for additional shares. Assuming the proposed performance rights plan is implemented as described above, then the first exercise period will be 4 years post-implementation of the scheme, subject to early exercise in certain circumstances (including for early trigger events and exit events, among other things). The exercise price will be (other than in limited circumstances) the market value of the performance rights at the time unless otherwise agreed between the parties.

Furthermore, during the exercise period, either Pyridam Sub or each of the Executive Shareholders may elect to have all of the relevant Executive Shareholder's performance

rights bought-back and cancelled by Pyridam Sub to the exclusion of their right to exercise their performance rights and subscribe for additional shares.

#### **4.11 Implications if Scheme is not implemented**

If the Scheme is not implemented:

- (a) PBP will remain listed on the ASX;
- (b) the expected benefits of the Scheme will not be realised and the potential disadvantages and risks associated with the Scheme will not arise;
- (c) unless PBP Shareholders choose to sell their PBP Shares on the ASX, PBP Shareholders will continue to hold PBP Shares and will be exposed to a number of risks (including those set out in section 7) as well as potential future benefits in retaining exposure to PBP's business and assets;
- (d) the Break Fee may be payable by PBP to Pyridam in the circumstances set out in sections 4.3(d)(i) to 4.3(d)(iii), which circumstances do not include the failure by PBP Shareholders to approve the Scheme at the Scheme Meeting;
- (e) PBP Shareholders will not receive the Scheme Consideration; and
- (f) the trading price of the PBP Shares on the ASX is likely to fall.

If the Scheme does not proceed, and no Superior Proposal emerges, PBP Shareholders will continue to be exposed to the general market risks set out in section 7.2 and the risk factors relating to the business and operations of PBP set out in section 7.3, including the risk that the price of PBP Shares is likely to fall.

## 5 Information about PBP

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### 5.1 Introduction

Probiotec is a leading Australian provider of contract manufacturing and packing services in the pharmaceutical and associated sectors. Since beginning operations in 1997, Probiotec has quickly emerged as a leading manufacturer and packer of diverse, high-quality range of prescription and over-the-counter pharmaceuticals, complementary medicines and consumer health products.

### 5.2 Overview of PBP's business, operations and strategy

The business comprises three key operating segments:

- **Pharmaceutical Manufacturing:** through its subsidiary, Probiotec Pharma, Probiotec offers full-service contract manufacturing. Probiotec's advanced pharmaceutical manufacturing operation is supported by a world-class facility in Laverton North, Victoria.
- **Pharmaceutical Packing:** Probiotec also offers specialty packing services to its pharmaceutical customers (for both manufactured and non-manufactured product).
- **Contract Packing:** as an industry leader in co-packing services, Probiotec (through its various co-pack subsidiaries) partners with FMCG, Personal Care & Household and Animal Health & Nutrition companies requiring specialised secondary contract packing services.

Probiotec has circa 64,500m<sup>2</sup> of manufacturing, packing and storage under roof across 6 sites in Victoria and New South Wales. The PBP Group's core pharmaceutical manufacturing facility is located in Laverton (VIC), with the other 5 sites use for packing and co-packing services.

Probiotec's strategy is focussed on:

- Organic growth via key customer relationships;
- Maximising the opportunity from onshoring and domestic manufacturing;
- Acquisition and capital investment opportunities; and
- Driving operational improvements and cost synergies.

### 5.3 Share price performance

As at 21 December 2023, being the last trading day for PBP shares prior to the announcement of entry into the Scheme Implementation Deed:

- the closing price for PBP shares was \$2.52; and
- the 1-month VWAP of PBP shares was \$2.37.

The 3-month VWAP of PBP Shares up to and including 5 May 2023, being the period prior to market speculation of a Probiotec strategic review, was \$2.31.

In the three months up to the last trading day before the date of the Transaction Announcement (being 22 September 2023 to 21 December 2023):

- the highest recorded daily closing price for PBP shares was \$2.68 on 13 October 2023; and
- the lowest recorded daily closing price for PBP shares was \$2.18 on 11 December 2023.

From announcement of entry into the Scheme Implementation Deed to the Last Practicable Date, the closing PBP Share price on the ASX has ranged from \$2.74 to \$2.93.

PBP Share price and trading volume over the 12 months before the Last Practicable Date, being 22 March 2024.



## 5.4 PBP Board, IBC and Key Management Personnel

### (a) PBP Board

The directors of PBP (as at the Last Practicable Date) are listed below:

Name	Current position
Wesley Stringer	Chief Executive Officer (CEO), Executive Director
Jonathan Wenig	Independent Non-Executive Director, Chair
Simon Gray	Independent Non-Executive Director

Further detail in relation to each director of PBP can be found on PBP's website at <https://probiotec.com.au/investor-centre/board-of-directors/>.

The IBC, chaired by Independent Non-Executive Chair Jonathan Wenig and including the other Independent Non-Executive PBP Director, Simon Gray, was established prior to entry into the Scheme Implementation Deed to consider acquisition proposals in respect of PBP and engage with counterparties as required. The IBC continues to play a role in considering the Transaction on behalf of PBP.

The IBC Directors, as well as Wesley Stringer<sup>36</sup> unanimously recommend that PBP Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.<sup>37</sup>

### (b) Key management personnel

Name	Current position
Jared Stringer	Chief Financial Officer (CFO), Company Secretary
Julie McIntosh	Chief Operating Officer

<sup>36</sup> See footnote 11.

<sup>37</sup> You should note when considering this recommendation the interests of each IBC Director in securities in PBP, as set out in sections 9.3, 9.4 and 9.5 of this Scheme Booklet.

Jessica Walters	Chief Customer Officer
Annalinde Nickisch	Chief People Officer

## 5.5 Capital structure

### (a) Capital structure and market capitalisation

As of the Last Practicable Date, the issued securities of PBP were as follows:

Type of security	Number on issue
PBP Total Shares	81,323,406
Total PBP Performance Rights	2,675,000 <sup>38</sup>

Based on the above capital structure, the implied transaction market capitalisation is as follows:

Capital structure and market capitalisation	
Total fully diluted share capital subject to the Scheme becoming Effective <sup>39</sup>	83,773,406
Scheme Consideration per PBP Share	\$3.00
<b>Implied transaction market capitalisation</b>	<b>\$251,320,218</b>

PBP does not anticipate that it will be required to issue any PBP Shares before the Implementation Date, other than in respect of the PBP Equity Incentives existing as at the date of this Scheme Booklet (refer to section 9.5(b)(i)).

### (b) Substantial shareholders

As extracted from filings released on the ASX, in each case prior to the Last Practicable Date, the following persons were substantial holders with Relevant Interests of 5% or more of PBP Shares:

Substantial shareholder	Number of PBP Shares	Voting power
Charles Wayne Stringer	9,744,868	11.98%
Pyridam and Pyridam Sub <sup>40</sup>	8,400,873	10.33%
Paradice Investments	5,796,747	7.13%
Perpetual Limited and its related bodies corporate	4,969,083	6.11%

<sup>38</sup> See section 9.5(b)(i) and 9.5(b)(ii) regarding proposed treatment of PBP Performance Rights under the Scheme.

<sup>39</sup> As above.

<sup>40</sup> As at the date of this Scheme Booklet, Pyridam and Pyridam Sub each have, based on a substantial holding notice released to the ASX on 27 December 2023, a Relevant Interest in 10.33% of PBP Shares pursuant to the Voting Deeds which gave rise to the Relevant Interest in the PBP Shares held by Wesley Stringer (both in his personal capacity and through his Affiliate vehicle, Talril Super Pty Ltd) and Jared Stringer. As noted in sections 4.1 and 9.3(b), as at the Last Practicable Date, Wesley Stringer and Jared Stringer hold or control (in aggregate) approximately 7,980,829 PBP Shares representing an approximate 9.81% interest in PBP Shares.

Wesley Stringer & Talril Super Pty Ltd	4,936,079	6.07%
Harvest Lane Asset Management Pty Ltd	4,163,291	5.12%

The interests listed in this section 5.5(b) are as disclosed to PBP in substantial holding notices in accordance with the Corporations Act. Information in respect of substantial holdings arising, changing or ceasing after this time or in respect of which the relevant announcement is not available on ASX's website is not included in this section 5.5(b).

## 5.6 Historical financial information

### (a) Basis of preparation

This section 5.6 presents summary statutory financial information in relation to PBP for the purpose of this Scheme Booklet, as extracted from PBP's financial statements for the years ended 30 June 2021, 30 June 2022 and 30 June 2023 (which were audited by SW Audit) and for the half-year ended 31 December 2023 (which were reviewed by SW Audit).

The statutory financial information contained in this section is presented in an abbreviated form and may not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act, and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. A description of PBP's accounting policies with respect to its annual reports can be found in its annual financial report for the year ended 30 June 2023 and with respect to its half year accounts can be found in its half year financial report for the half year ended 31 December 2023.

PBP's full financial accounts, including all notes to those accounts, can be found in:

- the financial statements for the half-year ended 31 December 2023 (included in the Financial Report for that half-year released to the ASX on 28 February 2024);
- the financial statements for the year ended 30 June 2023 (included in the Annual Report released to the ASX on 13 October 2023);
- the financial statements for the year ended 30 June 2022 (included in the Annual Report released to the ASX on 28 October 2022); and
- the financial statements for the year ended 30 June 2021 (included in the Annual Report released to the ASX on 22 October 2021).

Copies of these reports can be found on ASX's website at [www.asx.com.au](http://www.asx.com.au) and the PBP investor site at <https://probiotec.com.au/investor-centre/>.

### (b) Historical consolidated statement of profit or loss and other comprehensive income

Below is a summary of PBP's historical consolidated statement of profit or loss and other comprehensive income for the financial years ended 30 June 2021, 30 June 2022, 30 June 2023 and six months ended 31 December 2023:

	Full Year ended 30-Jun-21	Full Year ended 30-Jun-22	Full Year ended 30-Jun-23	Half Year ended 31-Dec-23
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A\$	(Audited)	(Audited)	(Audited)	(Reviewed)
Sales revenue from continuing operations	120,506,877	182,327,582	214,028,475	113,961,568
Cost of goods sold	(81,810,941)	(125,087,169)	(149,692,763)	(80,173,222)
Gross profit	38,695,936	57,240,413	64,335,712	33,788,346
Other income	61,706	1,351	-	-
Warehousing & distribution costs	(5,526,855)	(7,318,441)	(8,796,785)	(4,772,219)
Sales and marketing expenses	(2,660,425)	(4,132,516)	(4,961,018)	(2,830,245)
Fair value adjustments	-	2,770,685	616,912	-
Finance costs	(3,362,309)	(4,286,051)	(5,773,875)	(3,170,828)
Administration and other expenses	(19,488,685)	(26,239,732)	(29,846,584)	(18,058,806)
<b>Profit before income tax expense</b>	<b>7,719,368</b>	<b>18,035,709</b>	<b>15,574,362</b>	<b>4,956,248</b>
Income tax expense	(2,650,148)	(4,329,051)	(4,556,176)	(1,827,767)
<b>Net profit from continuing activities</b>	<b>5,069,220</b>	<b>13,706,658</b>	<b>11,018,186</b>	<b>3,128,481</b>
Loss from discontinued operations	(223,188)	-	-	-
<b>Profit for the year attributable to the parent entity</b>	<b>4,846,032</b>	<b>13,706,658</b>	<b>11,018,186</b>	<b>3,128,481</b>
<b>Other comprehensive income</b>				
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year attributable to the owners of the parent entity</b>	<b>4,846,032</b>	<b>13,706,658</b>	<b>11,018,186</b>	<b>3,128,481</b>
<b>Earnings per share attributable to owners of the parent entity</b>				
Basic earnings per share (cents)	6.6	17.1	13.6	3.9
Diluted earnings per share (cents)	6.4	17.1	13.3	3.7

(c) **Historical consolidated statement of financial position**

Below is a summary of PBP's historical consolidated statement of financial position as at 30 June 2021, 30 June 2022, 30 June 2023 and 31 December 2023:

A\$	30-Jun-21	30-Jun-22	30-Jun-23	31-Dec-23
	(Audited)	(Audited)	(Audited)	(Reviewed)

**Current Assets**



Cash and cash equivalents	28,426,756	22,203,568	14,050,414	12,838,321
Trade and other receivables	24,451,101	31,229,992	36,385,979	34,726,289
Inventories	13,904,501	19,601,634	23,790,229	22,448,381
Other current assets	993,242	1,599,293	1,441,787	2,610,316
<b>Total Current Assets</b>	<b>67,775,600</b>	<b>74,634,487</b>	<b>75,668,409</b>	<b>72,623,307</b>

**Non-Current Assets**

Property, plant and equipment	26,495,463	27,766,488	31,679,701	33,162,989
Right of use assets	37,557,220	34,446,555	29,307,268	28,075,411
Intangible assets	84,240,787	86,079,122	84,701,903	13,494,862
Deferred tax assets	14,806,624	14,987,503	14,081,597	84,083,778
<b>Total non-current assets</b>	<b>163,100,094</b>	<b>163,279,668</b>	<b>159,770,469</b>	<b>158,817,040</b>
<b>Total Assets</b>	<b>230,875,694</b>	<b>237,914,155</b>	<b>235,438,878</b>	<b>231,460,347</b>

**Current Liabilities**

Trade & other payables	20,094,236	30,863,653	32,287,916	30,693,850
Interest bearing liabilities	1,559,723	1,511,664	46,955,832	1,800,000
Lease liabilities	5,879,834	5,444,007	5,606,041	5,202,662
Current tax liability	4,029,471	3,164,633	850,404	-
Other financial liabilities	6,550,000	4,210,537	-	-
Provisions	6,314,337	7,158,800	7,993,029	8,299,329
<b>Total Current Liabilities</b>	<b>44,427,601</b>	<b>52,353,294</b>	<b>93,693,222</b>	<b>45,995,841</b>

**Non-Current Liabilities**

Interest bearing liabilities	48,419,445	46,955,832	-	44,561,608
Lease liabilities	41,435,577	39,082,079	35,334,333	34,548,122
Deferred tax liabilities	20,319,862	19,656,105	18,386,294	16,959,197
Other financial liabilities	6,550,000	-	-	-
Provisions	1,109,965	817,349	886,910	1,047,982
<b>Total Non-Current Liabilities</b>	<b>117,834,849</b>	<b>106,511,365</b>	<b>54,607,537</b>	<b>97,116,909</b>
<b>Total Liabilities</b>	<b>162,262,450</b>	<b>158,864,659</b>	<b>148,300,759</b>	<b>143,112,750</b>
<b>Net Assets</b>	<b>68,613,245</b>	<b>79,049,496</b>	<b>87,138,119</b>	<b>88,327,597</b>

**Equity**

Contributed equity	50,693,401	51,293,402	53,179,543	53,179,543
Share Based Payment Reserve	68,121	178,083	648,402	1,555,719

Retained Earnings	17,851,723	27,578,011	33,310,174	33,592,335
<b>Total Equity</b>	<b>68,613,245</b>	<b>79,049,496</b>	<b>87,138,119</b>	<b>88,327,597</b>

(d) **Historical consolidated statement of cash flows**

Below is a summary of PBP's historical consolidated statement of cash flows for the financial years ended 30 June 2021, 30 June 2022, 30 June 2023 and six months ended 31 December 2023:

A\$	Full Year ended 30-Jun-21 (Audited)	Full Year ended 30-Jun-22 (Audited)	Full Year ended 30-Jun-23 (Audited)	Half Year ended 31-Dec-23 (Reviewed)
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	140,706,424	193,103,560	229,484,737	127,183,384
Payments to suppliers and employees	(111,009,511)	(162,890,662)	(199,428,934)	(110,227,100)
Interest and other costs of finance paid	(3,362,309)	(4,286,051)	(5,773,875)	(4,530,426)
Income tax paid	(1,968,560)	(6,402,031)	(7,114,369)	(3,170,828)
<b>Net cash provided by operating activities</b>	<b>24,366,044</b>	<b>19,524,816</b>	<b>17,167,559</b>	9,255,030
<b>Cash Flows From Investing Activities</b>				
Payment for property, plant and equipment	(2,916,450)	(4,865,702)	(7,741,037)	(4,450,988)
Proceeds from sale of property, plant and equipment	750,000	-	-	-
Payment for investment in subsidiaries	(32,418,730)	(9,540,348)	(3,593,625)	-
Payment for intangible assets	(1,272,187)	(2,067,155)	(2,402,592)	(937,135)
<b>Net cash used in investment activities</b>	<b>(35,857,367)</b>	<b>(16,473,205)</b>	<b>(13,737,254)</b>	(5,388,123)
<b>Cash Flows From Financing Activities</b>				
Proceeds from issues of shares	-	600,000	367,500	-
Dividends paid	(3,766,146)	(3,980,370)	(5,286,023)	(2,846,321)
Lease repayments	-	(5,266,467)	(5,638,117)	-
Proceeds from equipment finance loans	-	1,172,037	773,181	1,173,829
Proceeds of borrowings	40,827,834	-	-	-
Repayment of borrowings	(3,449,289)	(1,800,000)	(1,800,000)	(3,406,508)

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<b>Net cash used in financing activities</b>	<b>33,612,399</b>	<b>(9,274,800)</b>	<b>(11,583,459)</b>	<b>(5,079,000)</b>
Net increase / (decrease) in cash and cash equivalents	22,121,076	(6,223,189)	(8,153,154)	(1,212,093)
<b>Cash and cash equivalents at beginning of the period</b>	<b>6,305,680</b>	<b>28,426,756</b>	<b>22,203,568</b>	<b>14,050,414</b>
<b>Cash and cash equivalents at end of the period</b>	<b>28,426,756</b>	<b>22,203,567</b>	<b>14,050,414</b>	<b>12,838,321</b>

(e) **Material changes to PBP's financial position since 31 December 2023**

Other than as otherwise disclosed in this Scheme Booklet, as at the date of this Scheme Booklet, to the knowledge of the PBP Directors, the financial position of PBP has not materially changed since 31 December 2023, as reported in the PBP financial statements for the half year ended 31 December 2023.

A copy of the PBP financial statements for the half year ended 31 December 2023 (released to the ASX on 28 February 2024) is available on PBP's investor site at <https://probiotec.com.au/investor-centre/>, the ASX website, [www.asx.com.au](http://www.asx.com.au), or by contacting the PBP Share Registry on 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time).

(f) **PBP Directors' intentions for the business**

The Corporations Regulations requires a statement by the PBP Directors of their intentions regarding PBP's business. If the Scheme is implemented, Pyridam will procure that any PBP Directors nominated by Pyridam to resign from the PBP Board will resign and Pyridam will have 100% ownership and control of PBP. The current intentions of Pyridam and Pyridam Sub are as set out in section 6.6.

If the Scheme is not implemented, the PBP Directors intend to continue to operate the business of PBP in the ordinary course of the business.

(g) **Publicly available information about PBP**

As an ASX listed company and a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act, PBP is subject to regular reporting and disclosure obligations. Broadly, these require it to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Copies of these announcements can be obtained free of charge from PBP's investor website at <https://probiotec.com.au/investor-centre/> or by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au).

Additionally, copies of documents lodged with ASIC in relation to PBP may be obtained using services provided by ASIC, information in respect of which can be found on the ASIC website at [www.asic.gov.au](http://www.asic.gov.au). Please note, ASIC may charge a fee in respect of such services.

PBP Shareholders may obtain a copy of PBP's 2023 Annual Report free of charge from ASX's website at [www.asx.com.au](http://www.asx.com.au) or from PBP's investor website at <https://probiotec.com.au/investor-centre/>.

A list of announcements made by PBP to the ASX from the date of release of PBP's 2023 Annual Report on 13 October 2023 to the Last Practicable Date is included below:

Date		Description of Announcement
13 October 2023		Notice of Annual General Meeting/Proxy Form
15 November 2023		Chair's Address to Shareholders
15 November 2023		CEO AGM Address & Trading Update
15 November 2023		Results of Meeting
14 December 2023		Notification of cessation of securities - PBP
22 December 2023		Scheme Implementation Deed Executed
27 December 2023		Becoming a substantial holder
16 January 2024		Change of Director's Interest Notice
28 February 2024		Half Yearly Report and Accounts
28 February 2024		Dividend/Distribution – PBP
28 February 2024		HY24 Investor Presentation
19 March 2024		Becoming a substantial holder

## 6 Information about Pyridam and Pyridam Sub

### 6.1 Introduction

This section 6.1 forms part of the Pyridam Information and has been prepared by, and is the responsibility of, Pyridam and Pyridam Sub. This section 6.1 contains information concerning Pyridam and Pyridam Sub, and outlines how Pyridam Sub is funding the Scheme Consideration and its intentions, views and opinions in relation to PBP. PBP and its officers and advisers do not assume any responsibility for the accuracy or completeness of this information.

### 6.2 Overview of Pyridam Group and Pyridam

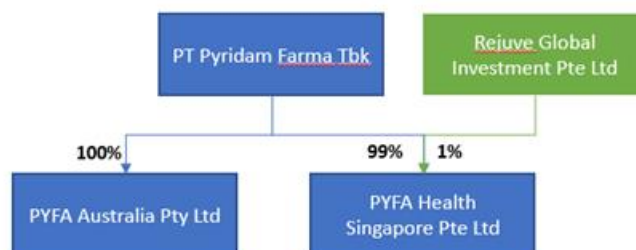
#### (a) Principal business and operations

Pyridam is a public limited liability company incorporated in Indonesia and listed on the Indonesia Stock Exchange.

As at 20 March 2024, Pyridam had a market capitalisation of IDR331.75 billion or \$32.40 million (based on an exchange rate of IDR10,239 to one Australian dollar as at 20 March 2024). However, having regard to the proposed Capital Raising which Pyridam proposes to undertake to partly fund payment of the Scheme Consideration, Pyridam's market capitalisation is expected to increase following such Capital Raising: see section 6.5(a) below.

Pyridam is a long-standing Indonesian based pharmaceutical company established in 1976 which principally engages in pharmaceutical manufacturing and the distribution of medical equipment and dermatological products.

Please see a high-level structure chart of the Pyridam Group below as at the date of this Scheme Booklet.



#### (b) Directors

The table below sets out the directors of Pyridam as at the date of this Scheme Booklet.

Director	Biography
<b>Lee Yan Gwan</b> President Director	<p>Mr Lee Yan Gwan has been the President Director of Pyridam since 14 August 2020.</p> <p>Prior to being appointed as President Director of Pyridam, Mr. Lee Yan Gwan was a senior executive based in Indonesia and Singapore.</p> <p>He has more than 25 years' work experience including at Unilever. Previously, he was a former director of SCTV, Indika Group Indonesia, Lippo Group Indonesia, Sinar Mas Group Indonesia, and Cathay Organization Holdings Ltd. Singapura.</p> <p>He holds a Bachelor of Science in Commerce from Adventist University of Philippines.</p>

<p><b>Yenfrino Gunadi</b></p> <p>Director</p>	<p>Mr Yenfrino Gunadi has been a director of Pyridam since 14 August 2020.</p> <p>Mr Yenfrino Gunadi has more than 13 years' work experience in the finance industry.</p> <p>He commenced his career in the financial analyst development program before working in various investment and financial positions at JPMorgan Asset Management in the United States and Singapore (February 2008 – April 2017).</p> <p>He also worked at the Korean National Pension Service (NPS) in Singapore as Vice President in charge of Southeast Asia's infrastructure investment strategy. He returned to Indonesia in 2017 and worked at PT Jakarta Setiabudi Tbk as Deputy GM Business Development from October 2017– September 2019.</p> <p>He holds a Bachelor of Science in Business Administration from The Ohio State University-Fisher College of Business.</p>
<p><b>Dr Widjanarko Brotosaputro</b></p> <p>Director</p>	<p>Dr Widjanarko Brotosaputro has been a director of Pyridam since 21 May 2019.</p> <p>Previously, he has held the following roles:</p> <ul style="list-style-type: none"> <li>• Product Manager, Medical Advisor, Trainer, Group Prod. Manager, Deputy of Sales and Marketing Head at PT Novartis Biochemie (February 1997–March 2004);</li> <li>• Sales &amp; Marketing Head at PT Combiphar/Sandoz Division (April 2004–June 2005);</li> <li>• Medical Training, Compliance Officer, Sandoz' Values Ambassador at Sandoz/PT Prima Hexal (August 2005–June 2006);</li> <li>• Sales &amp; Marketing Director at PT Yarindo Farmatama (Fahrenheit) (July 2006– February 2007);</li> <li>• Business Dev. Head, Head of Marketing Ethical, Head of Sales and Marketing Pharma, VP Marketing Pharma and BOD at PT Combiphar (March 2007– December 2013);</li> <li>• VP Marketing &amp; Bus. Development at PT Meprofarm (January 2014–December 2015); and</li> <li>• Business Unit Director at PT Ikapharmindo Putramas (January 2016–December 2016).</li> </ul> <p>He holds a Bachelor of Medicine from Tarumanagara University and a Master of Management from Prasetya Mulya Business School.</p>
<p><b>Bedjo Stefanus</b></p> <p>Director</p>	<p>Bedjo Stefanus has been a director of Pyridam since 27 June 2023.</p> <p>Previously, he has held the following roles, among others:</p> <ul style="list-style-type: none"> <li>• Sales Manager at PT Rajawali Nusindo (1982 – 1991);</li> <li>• General Manager at PT Barito Budi Pharmindo (1992 – 2022);</li> <li>• President Director at PT Errita Pharma (1998 – 2005);</li> <li>• President Director at PT Holi Pharma (2007 – current); and</li> </ul>

	<ul style="list-style-type: none"> <li>Commissioner at PT Ethica Industri Farmasi (2023 – Current).</li> </ul> <p>He has a pharmaceutical educational background.</p>
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(c) **Ownership**

Based on public disclosures as at 29 February 2024, Pyridam has 4 shareholders that hold an interest in Pyridam of greater than 5% of Pyridam's voting shares. The details and percentage shareholdings of these shareholders as at 29 February 2024 is as follows:

Shareholder	%
Rejuve Global Investment Pte Ltd	40.48%
PT Aldiracita Sekuritas Indonesia	17.80%
DBS Bank LTD SG-PB Clients	7.75%
PT Global Investment Institusi	5.50%

(d) **Historical financial information**

Pyridam's most recent audited full year financial results for the year ended 31 December 2023 are available on its website at the following link:  
<https://www.pyfa.co.id/investor/quarterly-financial-report/>.

### 6.3 Overview of Pyridam Sub

(a) **Principal business and operations**

Pyridam Sub is a special purpose company that was incorporated on 1 November 2023 for the purpose of acquiring (under the Scheme) and holding (following implementation of the Scheme) all of the PBP Shares.

Pyridam Sub is an unlisted Australian proprietary company that has not conducted business other than in connection with the entry into transaction documents in respect of the Scheme and the taking of such other actions as are necessary to facilitate the implementation of the Scheme.

(b) **Directors**

The table below sets out the directors of Pyridam Sub as at the date of this Scheme Booklet.

Director	Biography
<b>Lee Yan Gwan</b> Director	See section 6.2(b).
<b>Andrew Guy Phillips</b> Director	<p>Andrew Phillips has had over 25 years international experience previously working in senior financial and commercial management positions with a number of public and multinational companies in Australia and New Zealand. He also has extensive networks throughout Asia.</p> <p>Mr. Phillips was previously Group Financial Controller for Aristocrat Leisure Limited (ASX: 'ALL'), Finance Director of Aristocrat (NZ) Limited, Executive Director for The Recovre Group Pty Ltd (a former division of Allianz Insurance) and CFO and Executive Director for Hoya Lens Australia Pty Ltd and Hoya Lens NZ Ltd (a subsidiary of Tokyo listed Hoya Corporation).</p>

	<p>Since 2008 he has held ASX directorships and/or company secretary positions with:</p> <ul style="list-style-type: none"> <li>• HLI Ltd (ASX: “HLI”);</li> <li>• The Beauty Health Group Ltd (ASX: “BHG”);</li> <li>• Connexion Ltd (ASX: “CXN”);</li> <li>• MDS Financial Group Ltd (ASX: “MWS”);</li> <li>• Sequoia Financial Group Ltd (ASX: “SEQ”);</li> <li>• Richfield International Ltd (ASX: “RIS”);</li> <li>• Dateline Resources Ltd (ASX: “DTR”); and</li> <li>• Crestal Petroleum Ltd (ASX: “CRX”).</li> </ul> <p>Mr. Phillips is a graduate of Massey University, New Zealand.</p>
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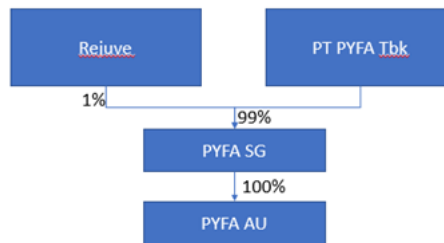
(c) **Ownership**

The ultimate holding company of Pyridam Sub is Pyridam.

As at the date of this Scheme Booklet, Pyridam Sub is a wholly-owned subsidiary of Pyridam.

Pyridam intends to undertake an internal reorganisation prior to the Second Court Date such that Pyridam Sub will become a wholly-owned subsidiary of Pyfa Health Singapore Pte Ltd (**Pyfa Singapore**), a special purpose company that was incorporated on 4 August 2020 in Singapore, which is in turn owned 99% by Pyridam, with the remaining 1% owned by Rejuve Global Investment Pte. Ltd (a majority shareholder of Pyridam which was incorporated in Singapore).

Please see a high-level chart of the expected structure of Pyridam Group following the internal reorganisation below.



As at the date of this Scheme Booklet, Pyfa Singapore has not conducted business, nor does it have any material assets or liabilities.

**6.4 Rationale for proposed acquisition of PBP**

The acquisition of PBP in accordance with the terms of the Scheme represents an opportunity for each of Pyridam and PBP to benefit from enhanced scale, a complementary product offering and greater geographic reach. Pyridam and PBP may also benefit from economies of scale through the realisation of potential business synergies that a combination of Pyridam and PBP might bring.

Pyridam is of the view that the acquisition of PBP will provide an attractive opportunity to expand its pharmaceutical manufacturing and distribution business in Australia. If the Scheme is approved and implemented, PBP would form the basis of the Australian division of Pyridam.

The combination of Pyridam and PBP is a compelling opportunity to capitalise on PBP’s strengths and positioning in the Australian market while drawing on Pyridam’s capabilities and expertise in the manufacture and delivery of pharmaceuticals and medical devices to grow the PBP business.



## 6.5 Funding arrangements for the Scheme Consideration

Having regard to PBP's issued share capital as at the date of this Scheme Booklet, the proposed treatment of the PBP Performance Rights (see sections 9.5(b)(i) and 9.5(b)(ii)) and the Scheme Consideration of \$3.00 per PBP Share payable under the Scheme, the maximum Scheme Consideration payable by Pyridam Sub in connection with the Scheme will be approximately \$251.3 million.

As detailed in section 9.5(b)(iii), 450,000 PBP Options held by certain option holders expired on 26 October 2023. Pyridam Sub will reimburse, or will procure that PBP will reimburse, those holders an amount of \$0.8824, being the Scheme Consideration of \$3.00 per PBP Share less the exercise price of \$2.1176 for those PBP Options on the Implementation Date (**PBP Option Reimbursement Amount**). The PBP Option Reimbursement Amount payable will not exceed \$397,080 in aggregate. In addition, Pyridam Sub will repay, or procure repayment of, the existing debt facilities of PBP.

Pyridam anticipates that the combination of the maximum Scheme Consideration, the PBP Option Reimbursement Amount and the PBP debt repayment will represent its total funding commitments for the proposed acquisition of PBP.

Pyridam Sub intends to fund these costs through a combination of equity funding and debt funding, as described below. The Scheme is not conditional on either Pyridam or Pyridam Sub obtaining financing to fund the payment of these costs.

### (a) Equity funding

#### Rights issue

To provide part of the funding for the Scheme Consideration, Pyridam is undertaking a rights issue and/or the issue of other financial instruments on the Indonesia Stock Exchange, which, as noted in paragraph 6.2(a) above, is the securities exchange on which Pyridam is listed (**Capital Raising**).

The aggregate gross proceeds of the Capital Raising, if completed, are expected to be approximately IDR1.07 trillion or \$104.50 million (based on an exchange rate of IDR10,239 to one Australian dollar as at 20 March 2024).

Pyridam has entered into a standby buyer agreement with Rejuve Global Investment Pte. Ltd (**Standby Buyer**) in connection with the Capital Raising (**Standby Buyer Agreement**). Under the Standby Buyer Agreement, the Standby Buyer undertakes to exercise all or the remaining rights not exercised by existing shareholders of Pyridam as part of the Capital Raising. The Standby Buyer Agreement and Capital Raising are subject only to customary conditions for such an agreement and capital raising of this nature in Indonesia, including the issuance of effective registration statement by OJK, the Indonesian financial services regulator, and Pyridam obtaining all necessary regulatory and shareholder approvals to conduct the rights issue.

As at the date of this Scheme Booklet, neither Pyridam nor any other Pyridam Group Member is aware of any reason why the conditions to the Standby Buyer Agreement or the Capital Raising would not be satisfied so as to enable the Capital Raising to complete.

The Capital Raising is expected to be completed on or before the Second Court Date.

#### Equity commitment

Each of Pyridam, Pyridam Sub and PBP has entered into a legally binding equity commitment letter with Ascend Global Investment Fund SPC for and on behalf of Strategic SP (**Sponsor**) (**Equity Commitment Letter**). Under the Equity Commitment Letter, if Pyridam Sub does not or is not able to pay the maximum Scheme Consideration and PBP debt repayment, the Sponsor agrees to provide Pyridam Sub (directly or indirectly) an aggregate amount of up to \$155 million to enable Pyridam Sub to pay that portion of the Scheme Consideration and PBP debt repayment (unless Pyridam obtains alternative funding for such portion prior to the

Implementation Date), subject to the Scheme becoming Effective. There are no other outstanding conditions to the Equity Commitment Letter.

The Sponsor is an investment fund with assets under management of ~US\$370 million and is managed by Ascend Capital, a company incorporated in Singapore registered with the Monetary Authority of Singapore as a Registered Fund Management Company.

(b) **Debt funding**

Pyridam Sub has entered into a legally binding debt commitment letter (**Debt Commitment Letter**) under which PT Bank Mandiri (Persero) Tbk has agreed to provide a secured debt facility in an amount of up to \$155 million to Pyridam Sub (**Debt Funding**).

Pyridam Sub is permitted to use the proceeds of the Debt Funding to fund the Scheme Consideration and certain transaction costs related to the Scheme.

The Debt Funding is subject to satisfaction of certain conditions, which are generally customary for facilities of this nature and include (but are not limited to) the conditions to implementation of the Scheme being satisfied or waived, or such conditions otherwise being satisfied or waived on the date of the first drawdown under the Debt Funding, execution of long form documents, delivery of certain reports to PT Bank Mandiri (Persero) Tbk from advisors and an independent valuer, and the obtaining of limited consents.

It is expected that the Debt Commitment Letter will be superseded by a binding long form agreement on the same material terms contemplated by the Debt Commitment Letter prior to the Second Court Date.

It is expected that the conditions to the Debt Funding will be satisfied on or before the Second Court Date (other than certain conditions which are intended to be satisfied concurrently with, or prior to, the first drawdown under the Debt Funding on the Implementation Date, including the payment of the Scheme Consideration and certain transaction costs related to the Scheme).

## 6.6 Intentions of Pyridam and Pyridam Sub if the Scheme is implemented

This section 6.6 sets out the intentions of Pyridam with respect to PBP if the Scheme is implemented. These statements of intention are statements of current intention only and are based on the facts and information concerning PBP (including certain non-public information made available by PBP to Pyridam prior to entry into the Scheme Implementation Deed) and the general business environment that is known to Pyridam at the time of preparation of this Scheme Booklet.

The Pyridam Group does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess all of the operational, commercial, taxation and financial implication of its current intentions. If the Scheme is approved and implemented, Pyridam intends to undertake a detailed review of PBP's operations covering these matters. Final decisions on such matters will only be made by Pyridam after having conducted its review. Accordingly, the statements set out in this section 6.6 are statements of current intention only, which may change as new information becomes available or as new circumstances change.

The intentions of Pyridam Sub are the same as the intentions of Pyridam and are referred to collectively in this section 6.6 as the intentions of Pyridam.

(a) **Business operations**

Subject to the findings of the review referred to above, Pyridam's current intention is to substantially continue the current strategic direction of PBP, including pursuing growth opportunities available to PBP. Any further decisions in relation to the future of PBP and intentions for the PBP business will be made after, and informed by, the results of the review.

(b) **Head office**

If the Scheme is implemented, it is the intention of Pyridam that PBP's head office remain located in Melbourne, Victoria.

(c) **PBP directors**

If the Scheme is implemented, the board of directors of PBP and each of its subsidiaries will be reconstituted with effect on and from the Implementation Date. PBP will become a wholly-owned subsidiary within the Pyridam Group and board members will be appointed as appropriate for such an entity.

(d) **Corporate structure**

If the Scheme is implemented, Pyridam Sub will become the holder of all PBP Shares. To optimise operating efficiency following implementation of the Scheme, there may be changes in PBP's corporate and operating structure as part of integrating the PBP Group into Pyridam's corporate and operating structure, including converting PBP into a proprietary company limited by shares and replacing PBP's constitution with a constitution appropriate for such an entity.

(e) **Employees**

Pyridam considers PBP's employees to be critical to the future success of the business. As such, it is Pyridam's current intention that Wesley Stringer, CEO of PBP, and Jared Stringer, CFO of PBP, will remain as senior management within PBP. Please see section 4.10 regarding the executive employment arrangements that Pyridam has substantially agreed, or otherwise agreed in-principle, with each of Wesley Stringer and Jared Stringer.

Following implementation of the Scheme, Pyridam will review PBP's business operations and organisational structure to ensure PBP has the appropriate mix and level of employees and skills to enhance the business going forward, and to enable the business to pursue growth opportunities.

PBP may make changes to employee and management roles. Final decisions on these matters will only be made by Pyridam following completion of the review referred to above.

(f) **Delisting of PBP**

If the Scheme is implemented, it is intended that PBP will apply for quotation of PBP Shares on ASX to be terminated and to have PBP removed from the official list of ASX on and from the close of trading on the Business Day immediately following the Implementation Date.

## 6.7 Pyridam shareholder meetings

(a) **Pyridam Rights Issue Meeting**

Under OJK Regulation Nr. 32 of 2015 (*Rights Issues*), as amended by OJK Regulation Nr. 14 of 2019, Pyridam must obtain approval of its shareholders to conduct the Capital Raising (**Capital Raising Proposal**).

Furthermore, Pyridam is currently authorised by Pyridam Shareholders at a general meeting of Pyridam Shareholders to issue no more than 16 billion Pyridam Shares.

At an extraordinary general meeting of Pyridam Shareholders held on 4 January 2024, Pyridam Shareholders were asked to approve:

- the Capital Raising Proposal; and
- an amendment and restatement of Pyridam's articles of association to increase Pyridam's capacity to issue new Pyridam shares in connection with the Capital Raising (**Amendment Proposal**).

The Scheme is not conditional on either the Capital Raising Proposal or the Amendment Proposal being approved. In any event, both the Capital Raising Proposal and the Amendment Proposal were approved on 4 January 2024.

(b) **Pyridam Material Transaction Meeting**

Under OJK Regulation Nr. 17 of 2020 (*Material Transaction and Change of Business Activity*), any proposed acquisition that is valued at more than 50% of an Indonesian listed entity's total equity value will be classified as a Material Transaction, which will require approval from Pyridam's shareholders.

As the aggregate Scheme Consideration will exceed 50% of Pyridam's total equity value, the Scheme will constitute a Material Transaction, which requires the approval of Pyridam's shareholders (**Material Transaction Proposal**).

The Scheme is conditional on the Material Transaction Proposal being approved. It is currently expected that the extraordinary general meeting of Pyridam shareholders to consider the Material Transaction Proposal will be held on or around late April 2024.

## 6.8 Additional information about Pyridam and Pyridam Sub

### (a) Interests in PBP Shares

As at the Last Practicable Date, based on substantial holding disclosures lodged in relation to PBP, Pyridam and its Related Bodies Corporate have a Relevant Interest in 8,400,873 PBP Shares and Voting Power of 10.33% of PBP arising from the Voting Deeds. See section 6.9 for a summary of the Voting Deeds.<sup>41</sup>

### (b) Dealings in PBP Shares in the previous four months

During the four months before the date of this Scheme Booklet, other than pursuant to the Scheme Implementation Deed, Scheme or Deed Poll, neither Pyridam nor any of its Associates has agreed to provide consideration for any PBP Shares under any transaction or agreement.

### (c) Benefits given during previous four months

Except as otherwise disclosed in this Scheme Booklet (see section 9), during the four months before the date of this Scheme Booklet, none of Pyridam or any of its Associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person or an associate to vote in favour of the Scheme or dispose of PBP Shares, where the benefit was not offered to all PBP Shareholders.

### (d) Benefits to current PBP Directors

None of Pyridam or its Associates will be making any payment or giving any benefit to any current officers of PBP as compensation for, or otherwise in connection with, their resignation from their respective offices if the Scheme is implemented.

## 6.9 Summary of Voting Deeds

On 21 December 2023, each of Wesley Stringer<sup>42</sup> and Jared Stringer entered into a Voting Deed with Pyridam and Pyridam Sub to the effect that they will not dispose of their PBP Shares and will vote all of the PBP Shares held or controlled by them at the date for determining eligibility to vote (**Specified PBP Shares**) in favour of the Scheme and any resolution which is necessary or desirable to implement the Scheme. They will also vote against any 'Competing Transaction'<sup>43</sup> and will not vote in favour of, or accept into, any 'Competing Transaction'.

Each Voting Deed is on substantially similar terms, except that Wesley Stringer is permitted to dispose of up to 259,794 PBP Shares and Jared Stringer is permitted to dispose of up to 160,250 PBP Shares and, upon disposal, such shares cease to be Specified PBP Shares. Each of Wesley Stringer and Jared Stringer have, following entry into the relevant Voting

<sup>41</sup> As noted in sections 4.1 and 9.3(b), as at the Last Practicable Date, Wesley Stringer and Jared Stringer hold or control (in aggregate) approximately 7,980,829 PBP Total Shares representing an approximate 9.81% interest in PBP Total Shares.

<sup>42</sup> Including Talril Super Pty Ltd, an entity controlled by Wesley Stringer.

<sup>43</sup> Under the Voting Deeds, a 'Competing Transaction' means a Superior Proposal pursuant to which any person or persons other than Pyridam Sub would acquire or come to hold any PBP Shares.

Deeds, disposed of a 5% interest in their respective holdings of PBP Shares as at the date of the Transaction Announcement.

The Voting Deeds will automatically terminate if the Scheme Implementation Deed is terminated, the Independent Expert does not continue to conclude that the Scheme is in the best interests of PBP Shareholders<sup>44</sup> or the Court does not approve the Scheme by the End Date.

Full copies of the Voting Deeds are attached to Pyridam's *Notice of initial substantial holder notice* lodged with ASX on 27 December 2023, which can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or the PBP website ([www.probiotec.com.au](http://www.probiotec.com.au)).

## 6.10 Other material information

Except as otherwise disclosed in this section 6.9, Pyridam and Pyridam Sub believe that there is no other Pyridam Information that is material to the making of a decision in relation to the Scheme, being the Pyridam Information that is within the knowledge of the directors of Pyridam and Pyridam Sub, at the date of this Scheme Booklet, which has not previously been disclosed to PBP Shareholders.

As at the date of this Scheme Booklet, Pyridam is not aware of any circumstances which would cause any condition to the Scheme to not be satisfied or waived (if capable of waiver).

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<sup>44</sup> Except where the Independent Expert changes its conclusion as a result of a Superior Proposal.

## 7 Risk Factors

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### 7.1 Introduction

The Scheme presents a number of potential risks that PBP Shareholders should consider when deciding how to vote on the Scheme.

In making your decision, you should carefully read this Scheme Booklet in its entirety. You should also carefully consider the risk factors outlined in this section and your personal circumstances. This section is general in nature only and does not take into account your individual objectives, financial situation, tax position or particular needs.

This section outlines some of the:

- general risk factors relating to an investment in a listed company (see section 7.2);
- specific risk factors relating to the business and operations of PBP (see sections 7.3); and
- specific risks factors in relation to the Scheme (see section 7.4).

If the Scheme is implemented, the risks in sections 7.2 and 7.3 will not apply post-implementation. If the Scheme is not implemented, PBP Shares will remain quoted on ASX and all PBP Shareholders will continue to be subject to the risks in sections 7.2 and 7.3.

The outline of risks in this section 7 is a summary only and should not be considered exhaustive. This section 7 does not purport to list every risk that may be associated with an investment in PBP now or in the future or that may be associated with the Scheme being implemented. The occurrence or consequences of some of the risks described in section 7 may be partially or completely outside the control of PBP, Pyridam and Pyridam Sub or their respective directors and senior management teams. There also may be additional risks and uncertainties not currently known to PBP which may have a material adverse effect on PBP's operating and financial performance and the value of PBP Shares.

Whilst the IBC unanimously recommends that PBP Shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders, PBP Shareholders are encouraged to make their own independent assessment as to whether to vote in favour of the Scheme.

### 7.2 General investment risk

Like many listed companies, PBP is exposed to general risks that could materially adversely affect its assets and liabilities, its future operating and financial position, profits, the prospects of PBP, the potential to make distributions to PBP Shareholders, and the price and/or value of PBP Shares. If the Scheme does not become Effective by the End Date, PBP and/or the market for PBP Shares will be influenced by a number of macroeconomic factors including:

- changes in general business, industry cycles and economic conditions including growth rates, inflation rates, interest rates, employment rates, business sentiment, market volatility, exchange rates, international economic conditions commodity prices and consumer demand and preferences;
- governmental or political intervention in export and import markets (including sanction control and import duties) and the disruption this can cause to supply and demand dynamics;
- regulatory risks and changes to government policy (including fiscal, monetary, taxation, employment and environmental policies), legislation or regulation (including accounting and reporting standards);
- the nature of competition in the markets in which PBP operates (see section 7.3(i) for further detail regarding how this risk could specifically impact PBP);

- force majeure events, including, but not limited to, weather conditions, natural disasters, catastrophes, pandemics generally including any resurgence of COVID-19, acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars and other general operational and business risks;
- variations in PBP's operating results (see section 7.3 for specific risks relating to the business and operations of PBP);
- recommendations by securities analysts;
- changes in accounting standards which affect the financial performance and position reported by PBP; and
- the overall performance of the Australian and international stock markets, changes in investor sentiment, recommendations by securities analysts, the operating and trading price performance of other comparable listed entities or inclusion or removal from major market indices.

While there is a possibility of future benefits to PBP Shareholders that arise from some of these risks, equally, some of these factors could affect PBP's share price regardless of PBP's underlying operating performance.

### 7.3 Risks relating to the business and operations of PBP

In considering the Scheme, you should be aware that there are a number of general risk factors, as well as risks specific to the industries in which PBP operates, which could materially and adversely affect the future operating and financial performance of PBP.

Many of these risks are currently relevant to PBP Shareholders and will continue to be relevant to PBP Shareholders if the Scheme does not become Effective by the End Date, being 22 July 2024 and you retain your current investment in PBP.

#### (a) **Reliance on key customers**

Relationships with PBP's customers are fundamental to PBP's success, particularly given the nature of the pharmaceutical contract manufacturing and contract packing sectors and the other supply choices available to customers. A substantial portion of PBP's global revenues are derived from its largest customers. The loss or impairment of these relationships for any reason or a material reduction in their production requirements or an adverse change in the terms of PBP's supply agreements with them would have an adverse effect on PBP's financial performance.

There can be no guarantee that PBP's key customers will not in the future seek to source some or all of their products or services from competitors, change to a dosage and/or packing format that PBP does not have the capability to manufacture or pack, begin manufacturing and/or packing products inhouse or seek to renew their business with PBP on terms less favourable than before. There is also a risk that PBP may fail to retain customers for a number of reasons, including pricing or a failure to meet consumer expectations of its products, in a way that would have an adverse effect on PBP's financial performance.

#### (b) **Changes in consumer demand**

Sales of PBP's services depend heavily on the volume of sales made by PBP's customers to consumers. Consequently, changes in consumer preferences for products in the industries that PBP serves whether as a result of changes in cost, convenience or health concerns and perceptions may result in a decline in the demand for certain of PBP's contract manufacturing or contract packing services or the obsolescence of some of PBP's contract manufacturing or contract packing services, particularly if PBP does not have, or is unable to obtain, the capability to meet alternative contract manufacturing or contract packing demands of its customers.

Although PBP has adopted certain strategies designed to mitigate the impact of declining sales, there is no guarantee that such strategies will be successful or will offset a decline in demand. Furthermore, any new services that PBP provides may not meet sales or margin expectations due to many factors, including PBP's inability to accurately predict customer demand, end user preferences or movements in industry standards or to develop products that meet consumer demand in a timely and cost-effective manner.

Changing consumer preferences for the products that PBP manufactures on behalf of its customers may result in increased demand for other services PBP provides.

However, to the extent changing preferences are not offset by demand for new or alternative products, changes to consumer preferences could have an adverse effect on PBP's business, cash flow, financial condition and results of operations.

(c) **Supply constraints and manufacturing**

PBP relies on third-party suppliers for the supply of ingredients, materials and other production inputs, which carries the risk of delays and disruptions. In addition, the limited availability of certain natural ingredients and PBP's high quality and sustainability standards puts pressure on the continuous supply of some of PBP's key products.

PBP also relies on equipment and manufacturing facilities to provide the contract manufacturing and packing services. Any damage, destruction, breakdown or failure of the manufacturing equipment may result in unplanned downtime at PBP's manufacturing facilities.

Any significant disruption in the supply chain or manufacturing of PBP's products for any reason (including operational disruptions at PBP's manufacturing facilities, regulatory requirements, natural disasters, further outbreaks of COVID-19 or other health pandemics), or a failure to optimise the supply chain, could adversely affect PBP's ability to provide the contract manufacturing and packing services to its customers and in turn sales revenues and profits.

PBP has entered into an agreement for lease for a manufacturing facility in New South Wales which is expected to be operational in 2025 which is anticipated to provide future operational synergies and the ability to increase overall capacity for certain manufacturing and packing services.

(d) **Price and availability of production inputs**

As mentioned above, PBP's ability to provide its contract manufacturing and contract packing services to its customers requires certain key production inputs, including raw materials. If the prices of these production inputs were to increase significantly or raw materials were to become less available due to changes in the natural environment (including as a result of climate change and related risks), it could result in a significant increase in PBP's production costs and adversely affect PBP's business.

(e) **Product liability and recalls**

PBP could be subject to product liability claims if the use of the products it manufactures for its customers is alleged to have resulted in injury. PBP has strict quality control policies; however, events could occur which could adversely affect the financial and operating performance of PBP. PBP takes all reasonable precautions to ensure that the products it manufactures for its customers are safe and free from contamination. However, in the event that a contamination of one of PBP's products it manufactures for its customers occurs or there is an unacceptable risk to consumer safety, it may lead to business interruption, product recalls, or liabilities to customers.

While PBP maintains insurance to cover for these risks, PBP may not be able to enforce its rights in respect of those policies and any amounts that PBP does



recover may not be sufficient to offset any damage to the financial condition, reputation or prospects of PBP caused by product contamination or product liability claims or the negative publicity surrounding such claims.

(f) **Inventory write downs**

While PBP's inventory is reviewed as part the full year financial audit, unanticipated costs relating to inventory write-downs caused by future regulatory changes, failure to obtain necessary approvals, market conditions or strategy changes which cannot be recovered from customers may impact PBP's financial performance.

(g) **Ability to attract and retain key personnel**

A perceived critical component of the success of PBP is the ongoing retention of key personnel, specifically, PBP's CEO, Wesley Stringer, CFO, Jared Stringer, members of the management and personnel with highly specialised knowledge and areas of expertise. There is a risk PBP may not be able to attract and retain key personnel or be able to find effective replacements for those key personnel in a timely manner. The loss of such personnel, or any delay in their replacement, could have a significant negative impact on management's ability to operate the business and achieve financial performance targets and strategic growth objectives which may ultimately have a material adverse effect on PBP's financial performance and operating performance.

(h) **Contract risk**

The ability of PBP to operate its business will depend on the performance of the counterparties under various agreements it has entered into or may enter into in the future. If any counterparties do not meet their obligations under the respective agreements, this may impact on PBP's business and financial returns.

PBP's customers may require PBP to re-tender and/or re-negotiate the terms of existing arrangements upon their expiry. PBP may not be able to secure new or ongoing arrangements with such customers, or may not be able to secure terms which are as favourable to PBP as the existing arrangements (including price).

(i) **Competition risks**

PBP operates in highly competitive geographies and end use areas, each with varying barriers to entry, industry, structures and competitive behaviours. There are a number of organisations which compete both directly and indirectly with PBP in the pharmaceutical contract manufacturing and contract packing sectors. PBP has a presence in the sector primarily in Australia, some of PBP's competitors may have or may develop competitive advantages over PBP (including the manner and location in which pharmaceutical contract manufacturing and contract packing services are performed) and may be larger on an international or regional basis and have greater access to capital or other resources. The market share of PBP's competitors may increase or decrease as a result of various factors such as securing large new customers, acquiring other businesses and developing new technologies.

These competitive actions may reduce the prices that PBP is able to charge for its services or reduce the volume of orders from PBP's customers, both of which would have a material negative impact on the financial performance and operating performance of PBP.

(j) **Acquisition risks**

PBP has completed a number of acquisitions and may seek further acquisitions in the future. Other companies in the industries and regions in which PBP operates have similar investment and acquisition strategies to PBP's, resulting in competition for a limited pool of potential acquisition targets. There can be no assurance that suitable future acquisition opportunities will arise or if they do arise that they will be able to be made on acceptable terms.

While PBP will take every effort to ensure that any acquisition is successfully integrated and the benefits realised, there is a risk that the acquisitions may fail to meet PBP's strategic and financial objectives including, if applicable, the transition of customers from one business to PBP's business, generate the synergies and benefits that PBP expected or provide an adequate return on the purchase price.

There is a risk that PBP's acquisition due diligence and analysis may be incomplete or inaccurate. An unforeseen liability that arises after each acquisition, and for which PBP may have no warranty or indemnity protection under the relevant transaction document, may have a material adverse impact on the investment and, ultimately, PBP's financial performance and operating performance.

(k) **Failure to effectively manage growth**

PBP expects further growth in the future, which may involve acquisitions in Australia, that could place significant strain on current management, operational and finance resources. PBP's future success, depends, to a certain extent, on PBP's ability to effectively manage this growth. A failure in effectively managing PBP's growth may result in a material adverse effect on PBP's financial performance and operating performance.

(l) **Potential for legislative and regulatory change**

The industry in which PBP operates is highly regulated. The manufacture, packing, labelling, and advertising for PBP's services and products manufactured on behalf of PBP's customers are regulated by various federal, state and local agencies in Australia as applicable. There can be no assurance that existing laws to which PBP or its customers are subject will not be amended, repealed, or replaced in the future. Any change to the existing statutory framework or the imposition of new laws, regulations, regulatory policies, or changes to enforcement practices or the interpretation of laws and regulatory policies which are applicable to the industry that PBP or its customers operate in, could result in increased costs of production, impairing PBP's profit margins and may have a material adverse impact on the operating and financial performance of PBP.

In Australia, the Therapeutic Goods Administration (**TGA**) regularly monitors and audits PBP's sites, including in relation to its contract manufacturing and packing services. If PBP fails to comply with any TGA regulations, this could result in warnings, penalties or changes to products and labelling. The products that PBP manufactures on behalf of its clients are also subject to TGA monitoring and audit. If PBP's customers fail to comply with any TGA regulations, this could also result in warnings, penalties or changes to PBP's customers demand of PBP's contract manufacturing and packing services.

(m) **Workplace health and safety**

There is an inherent risk of serious injury to employees, visitors or contractors due to the nature of PBP's operations. Actual or potential harm to any workers or other persons in the workplace could have a negative reputational and financial impact on PBP, including increases in insurance premiums, penalties and decrease in staff morale and productivity.

(n) **Risk of unforeseen increased costs and employee retention**

PBP's future financial performance is dependent, to a certain extent, on the level of capital expenditure that is required to maintain its assets and the cost of labour. Any significant unforeseen increase in the capital and operating costs associated with PBP's operations may have a material adverse impact on its future cash flow and profitability and ultimately its financial performance and operating performance.

Staff turnover levels may increase as a result of various factors, including salary pressure, management decisions, the financial position and performance of PBP, factors affecting the pharmaceutical contract manufacturing industry as a whole,

and the availability of other opportunities outside PBP. Staff turnover may adversely affect PBP if it is unable to attract new suitably qualified personnel, or by increased recruitment and training costs and increased compensation costs associated with attracting and retaining personnel which may have a material adverse impact on PBP's financial performance and operating performance.

(o) **Protection of intellectual property**

PBP's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. Intellectual property that is important to PBP includes, but is not limited to, trademarks, copyright, know-how, technical manuals and moral rights. PBP has sought to register its intellectual property where appropriate, however such intellectual property may not be capable of being legally protected.

Such rights and associated information may be the subject of infringement or unauthorised disclosure by third parties, and asserting or defending such rights may be costly and time-consuming. PBP's intellectual property rights are infringed by third parties from time to time and PBP cannot guarantee that this will not continue or increase in the future. Further, actions that PBP takes to protect its intellectual property may not be adequate or enforceable and thus may not prevent the misappropriation of, or copying or circumvention of, PBP's intellectual property and proprietary information. If PBP is unable to adequately protect or enforce its intellectual property rights, this may have a material adverse effect on PBP's financial performance and operating performance.

Allegations may also be made against PBP from time to time in relation to the infringement of intellectual property or similar rights of third parties, and PBP may be subject to infringement and similar claims which could be costly and time-consuming, regardless of whether or not such claims are successful.

(p) **Litigation risk**

In the ordinary course of business, PBP may be involved in litigation disputes from time to time. Litigation disputes brought by third parties including, but not limited to, customers, suppliers, landlords and employees may have a material adverse impact on PBP's financial performance, operating performance and industry standing of the business, in the case where the impact of legal proceedings is greater than or outside the scope of the PBP's insurance.

(q) **Share price movements**

The value of PBP Shares may rise above or fall below the current share price, depending on the operational and financial performance of PBP and a number of external factors over which PBP, the PBP Directors and its employees do not have any control. Those external factors include economic conditions in Australia and other overseas jurisdictions which may impact equity capital markets, changing investor sentiment in Australia and other overseas share markets, changes in fiscal, monetary, regulatory or other government policies, and developments and general conditions in the markets in which PBP proposes to operate and which may have a material adverse impact on PBP's financial performance, operating performance and the future value and pricing of PBP Shares.

Additionally, PBP currently has a number of substantial shareholders on its share register. There is a risk that these shareholders or other larger shareholders may sell their PBP Shares. This could also cause the price of PBP Shares to decline.

(r) **Funding risk and PBP Shareholder dilution**

If the Scheme is not implemented, in the future, PBP may require further funding, whether by way of debt or equity, to help fund acquisitions, other strategic investments and its operations. PBP's ability to raise funds, or obtain such funding on favourable terms, may be subject to factors beyond the control of PBP, including

economic and global financial market factors. If PBP is unable to raise necessary funds to fund its investments and operations, this may ultimately have a material adverse impact on PBP's financial performance and operating performance.

In addition, if PBP determines to raise funds by issuing new PBP Shares, while PBP is subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12-month period without PBP Shareholder approval (subject to certain exceptions), PBP Shareholders at the time may be diluted as a result of the issue of the new PBP Shares.

(s) **Compliance with debt covenants**

PBP has various obligations to its financiers, including covenants in relation to its debt facilities. PBP is required to comply with, and regularly report on, its compliance with these covenants.

A failure to comply with a covenant in connection with PBP's debt facilities may require PBP to seek amendments, waivers of covenant compliance or alternative borrowing arrangements. There is no assurance that PBP's financiers would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditioned upon the receipt of a cash payment, revised payout terms, increased interest rates, or restrictions in the expansion of debt facilities in the foreseeable future, or that its financiers would not exercise rights that would be available to them, including, among other things, demanding payment of outstanding borrowings. If PBP's financiers demand payment and PBP has insufficient capital to repay the debt facility, this may result in a material adverse impact on PBP's financial performance and operating performance.

(t) **Liquidity and realisation**

PBP Shares currently trade at low volumes on the ASX. There may be few or many potential buyers or sellers of PBP Shares on the ASX at any given time. Illiquidity may affect the prevailing market price of PBP Shares and the volatility of this market price. There is no certainty that a liquidity event like the Scheme will materialise in the future.

(u) **Other risks**

The above risks should not be taken as a complete list of the risks associated with the business and operations of PBP. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of PBP Shares, and its financial performance and operating performance. Accordingly, no assurance or guarantee of future performance or profitability is given by PBP in respect of the Scheme.

## 7.4 Risks in relation to the Scheme

(a) **Implications for PBP and PBP Shareholders if the Scheme is not implemented**

If the Scheme does not become Effective by the End Date, being 22 July 2024, and as such, is not implemented, PBP Shareholders will not receive the Scheme Consideration and PBP will continue, in the absence of a Superior Proposal, to operate as an ASX-listed entity.

Unless PBP Shareholders choose to sell their PBP Shares on the ASX, PBP Shareholders will continue to hold PBP Shares and will be exposed to the risks set out in sections 7.2 and 7.3 and potential future benefits in retaining exposure to PBP's business and assets.

The PBP Share price will also remain subject to market volatility and will likely fall in the absence of a Superior Proposal.

See section 4.11 for further detail.

(b) **The Scheme Implementation Deed may be terminated by PBP or Pyridam in certain circumstances and the Scheme is also subject to various Conditions**

Each of PBP and the Pyridam has the right to terminate the Scheme Implementation Deed in certain circumstances, in which case the Scheme will not proceed. These termination rights are summarised in section 4.3(f).

The Scheme is also subject to various Conditions that must be satisfied or waived (if capable of waiver) for the Scheme to become Effective. These Conditions are outlined in section 4.3(a) and set out in full in clause 3.1 of the Scheme Implementation Deed. The failure of a Condition to be satisfied or waived (if capable of waiver) may also give rise to a right for either PBP or the Pyridam to terminate the Scheme Implementation Deed.

One of these Conditions is the approval of the Scheme by a resolution of Pyridam shareholders in accordance with Indonesian capital markets laws and regulations, and the Pyridam Articles of Association. This Condition cannot be waived.

As at the date of this Scheme Booklet, the PBP Board is not aware of any circumstances which would cause any outstanding Condition not to be satisfied or waived (if capable of waiver) and which may lead to the Scheme not becoming Effective by the End Date. Despite this, there is a possibility that one or more of the Conditions will not be satisfied or waived (if capable of waiver) by the relevant time for satisfaction or waiver, being 8:00am on the Second Court Date for all Conditions other than the approval of the Court, and that the Scheme will not proceed. There are a number of Conditions which are outside the control of PBP, including, but not limited to, approval of the Scheme by the Requisite Majorities of PBP Shareholders, a resolution of Pyridam shareholders, the Court, OJK and FIRB. In this regard, there is also a risk that some or all of the aspects of the PBP Shareholders, Pyridam shareholders, Court, OJK and FIRB approvals required for the Scheme to proceed, may be delayed which may lead to the Scheme not becoming Effective by the End Date.

PBP is party to certain Specified Contracts under which it must receive the prior consent of the counterparty to the proposed change of control in PBP before the Scheme is implemented. The termination of (or indication to terminate) any of these Specified Contracts, including in relation to a counterparty's failure to consent in writing to the change in control of PBP arising from the Scheme, may constitute, except in limited circumstances, a Material Adverse Change under the Scheme Implementation Deed. The Scheme is conditional on no Material Adverse Change occurring.

If, for any reason, all of the Conditions are not satisfied or waived (if capable of waiver) by the relevant time for satisfaction or waiver and the Scheme does not become Effective before the End Date, or otherwise if the Scheme Implementation Deed is terminated, the PBP Share price will continue to be subject to market volatility and is likely to fall in the absence of a Superior Proposal.

(c) **Tax consequences for Scheme Shareholders**

If the Scheme becomes Effective, there may be tax consequences for Scheme Shareholders which may include tax being payable. For further detail regarding general Australian tax consequences of the Scheme, refer to section 8. The tax consequences may vary depending on the nature and characteristics of Scheme Shareholders and their specific circumstances. Accordingly, you should seek professional tax advice in relation to your circumstances.

(d) **Transaction costs already incurred**

As detailed in section 9.9(c), PBP expects to pay an aggregate amount of approximately \$5,320,532 (exclusive of GST) in transaction costs in connection with the Scheme. Of this amount approximately \$3,351,532 (exclusive of GST) is

expected to be payable by PBP irrespective of whether or not the Scheme is implemented (excluding any Break Fee that may be payable).

(e) **Break Fee**

PBP may be required to pay the Break Fee to Pyridam if the Scheme does not proceed in certain circumstances. However, the Break Fee is not payable by PBP to Pyridam simply because the Scheme Resolution is not approved by PBP Shareholders.

See section 4.3(d) for further detail.

(f) **Risks relating to implementing the Scheme**

If the Scheme is implemented, you will no longer be a PBP Shareholder and will forgo any future benefits that may result from being a PBP Shareholder. In particular, if the Scheme is implemented, you will not be able to participate in the future financial and share price performance of PBP, retain any exposure to PBP's business or assets or have the opportunity to share in any value that could be generated by PBP in the future. However, there is no guarantee as to PBP's future performance, or its future share price and financial performance.

PBP Shareholders may also consider that it would be difficult to identify or invest in alternative investments that have a similar investment profile to that of PBP, or may incur transaction costs in undertaking any new investment.

(g) **Pyridam – Scheme Consideration performance risk**

Refer to section 6.5, which sets out Pyridam's intended funding arrangements for the Scheme Consideration through a combination of equity funding and debt funding.

It is possible that Pyridam may not raise the desired level of proceeds under the Capital Raising. In order to mitigate this risk, Pyridam has obtained the binding Equity Commitment Letter from the Sponsor, an entity based in Singapore. Despite the binding nature of the Equity Commitment Letter, there is a risk that the Sponsor becomes unwilling or unable (for example, due to insolvency) to fulfill its obligations under the Equity Commitment Letter and assist Pyridam with satisfying its obligation to pay the Scheme Consideration. If this occurs, Pyridam is under a contractual obligation in the Scheme Implementation Deed to use all reasonable efforts to obtain alternative debt or equity financing.

As with the equity financing arrangements in place, the financial institution that has agreed to provide the Debt Funding may become unwilling or unable to perform its obligations under the binding long form agreement on the same material terms contemplated by the Debt Commitment Letter expected to be entered into prior to the Second Court Date. If this occurs, Pyridam is under a contractual obligation in the Scheme Implementation Deed to use all reasonable efforts to obtain alternative debt or equity financing.

The Scheme is not subject to any financing Condition.

(h) **Legal and regulatory process risk**

As described further in section 7.4(b), the implementation of the Scheme is subject to OJK having no objections. OJK must have no objections to Pyridam convening the meeting of Pyridam shareholders to approve the Material Transaction. Consequently, if the OJK has objections to the convening of the Pyridam shareholder meeting to approve the Material Transaction, and/or this occurs beyond the parties' anticipated timeframes, there is a risk that implementation of the Scheme may be delayed or may not proceed at all.

Similarly, should Probiotec be required to enforce the Scheme Implementation Deed and/or Deed Poll against Pyridam, it may need to commence proceedings or enforce judgments in Indonesia given Pyridam is an Indonesian based entity.

Litigating outside of Australia or seeking to enforce judgments in jurisdictions other than Australia, enlivens the numerous challenges of an Australian based company litigating in a foreign jurisdiction, including the difficulties of navigating foreign court process, civil procedure rules, and enforcements practices. While the Scheme Implementation Deed and Deed Poll impose binding obligations on Pyridam (as well as Pyridam Sub), there is ultimately uncertainty and risk in relation to how an Indonesian court would view these arrangements and their enforceability, including whether any such court process would be conducted in an efficient or timely manner.

## 8 Tax Implications

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### 8.1 Introduction

This section 8 is a general outline of the key Australian income tax, goods and services tax (**GST**) and stamp duty consequences for certain Scheme Shareholders that may arise as a result of the disposal of their Scheme Shares under the Scheme (assuming the Scheme becomes Effective). The tax consequences for each Scheme Shareholder will vary depending on their specific profile, characteristics and circumstances. Accordingly, Scheme Shareholders should obtain professional tax advice having regard to their own particular circumstances.

This outline is relevant to Scheme Shareholders who are individuals, companies (other than life insurance companies) trusts (other than attributed managed investment trusts) and complying superannuation entities that hold their Scheme Shares on capital account for Australian tax purposes. This outline does not apply to all Scheme Shareholders, such as Scheme Shareholders who:

- are entitled to receive a Permitted Dividend (as applicable) but dispose of their PBP Shares prior to the Scheme Record Date such that they are not entitled to receive the Scheme Consideration;
- are subject to the taxation of financial arrangements rules in Division 230 of the ITAA 1997 in relation to gains and losses on their Scheme Shares;
- are subject to special tax rules applicable to certain classes of entities such as partnerships, tax-exempt organisations, insurance companies, superannuation funds with accounts in a tax-free pension phase or dealers in securities;
- hold their Scheme Shares on revenue account or as trading stock (which will generally be the case if they are a bank, insurance company or carry on a business of share trading);
- are temporary residents of Australia for Australian tax purposes;
- change their tax residence while holding Scheme Shares;
- are non-resident for Australian tax purposes and who currently hold, or have at any time held, Scheme Shares through a permanent establishment in Australia;
- acquired their Scheme Shares, or any rights in relation to the Scheme Share, pursuant to an employee share or option plan;
- are under a legal disability; obtained roll-over relief in connection with the acquisition of their Scheme Shares;
- are taken to have acquired their Scheme Shares before 20 September 1985; or
- are subject to the Investment Manager Regime under Subdivision 842-I of the ITAA 1997 in relation to their Scheme Shares.

This outline is based on Australian tax laws and administrative guidance practices of the ATO as at the date of this Scheme Booklet (to the extent that those practices are publicly known). This outline is general in nature and is not intended to be a complete description of all Australian tax implications that might apply to the particular circumstances of a Scheme Shareholder. Other than as expressly discussed, this outline does not take into account or anticipate changes in Australian tax laws or future judicial or administrative interpretations of those tax laws after the date of this Scheme Booklet. This outline does not take into account the tax laws of any country other than Australia.

### 8.2 Scheme Shareholders that are Australian tax residents

This section 8.2 applies to Scheme Shareholders who are residents of Australia for Australian tax purposes.



## Disposal of Scheme Shares

### (a) Capital gains tax event

Under the Scheme, Scheme Shareholders will transfer their Scheme Shares to Pyridam Sub. This will result in a disposal of the Scheme Shares, which will trigger a capital gains tax (**CGT**) event A1 for Australian tax purposes. The CGT event will happen on the date on which the transfer of Scheme Shares occurs, which be on the Implementation Date.

### (b) Calculation of capital gain or loss

Scheme Shareholders should make a capital gain from the disposal of their Scheme Shares to the extent that the capital proceeds (refer below) received by the Scheme Shareholders exceed the cost base of their Scheme Shares.

Conversely, Scheme Shareholders should make a capital loss from the disposal of their Scheme Shares to the extent that the capital proceeds received by the Scheme Shareholders is less than the reduced cost base of their Scheme Shares. A capital loss may be used to offset a capital gain made in the same income year or may be carried forward to offset a capital gain made in future income year, subject to (in some circumstances) the satisfaction of certain loss recoupment tests. Capital losses cannot reduce or offset other income or non-capital gains.

Any resulting net capital gain after the application of any available capital losses and any available CGT discount (refer below) should be included in a Scheme Shareholder's assessable income and subject to Australian income tax at the applicable tax rate.

### (c) Capital proceeds

The capital proceeds received by Scheme Shareholders for the disposal of their Scheme Shares to Pyridam Sub under the Scheme should be the Scheme Consideration which will be \$3.00 per Scheme Share. It is not expected that any applicable Permitted Dividend will form part of the capital proceeds received by Scheme Shareholders.

PBP has not applied, and does not intend to apply, for a Class Ruling from the ATO on behalf of Scheme Shareholders in respect of this or any other Australian tax consequences of the Scheme relevant to the Scheme Shareholders.

It is possible that the Commissioner may adopt a contrary view on the treatment of any applicable Permitted Dividends received by Scheme Shareholders and include those Permitted Dividends in the capital proceeds. In the event the Commissioner does adopt this contrary view, Scheme Shareholders will need to take this into account in calculating any capital gain or loss made. To the extent any applicable Permitted Dividends are otherwise included in the assessable income of a Scheme Shareholder, Australia's anti-overlap provisions should apply such that any capital gain made by a Scheme Shareholder would be reduced by the amount of relevant Permitted Dividend received.

Scheme Shareholders are advised to obtain their own professional Australian taxation advice regarding the possibility that any applicable Permitted Dividends form part of the capital proceeds for the disposal of their Scheme Shares.

### (d) Cost base and reduced cost base

The cost base of a Scheme Shareholder's Scheme Shares will generally include the amount of money paid, or the value of any property given, in respect of the acquisition of the Scheme Shares plus certain non-deductible incidental costs (such as brokerage fees) relating to the acquisition, holding and disposal of the Scheme Shares. The cost base may have been impacted by previous corporate actions such as a return of capital or share consolidation previously undertaken by PBP.

The reduced cost base of the Scheme Shares would usually be determined in a similar, but not identical, manner.

(e) **CGT discount**

Scheme Shareholders that are individuals, complying superannuation entities or trusts that have held their Scheme Shares for at least 12 months (disregarding the date of acquisition and the date of disposal) may be entitled to apply the CGT discount to reduce the amount of a capital gain resulting from the disposal of their Scheme Shares (after being reduced by any current year capital losses and prior year capital losses). The CGT discount rate for individuals and trustees is 50% and the CGT discount rate for complying superannuation entities is 33<sup>1/3</sup>%. The CGT discount is not available to Scheme Shareholders that are companies or trusts that are taxed like companies.

The availability of the CGT discount to beneficiaries of the trusts will depend on the tax profile of the beneficiaries. Trustees should seek their own advice on how the CGT discount provisions will apply to them and beneficiaries.

(f) **CGT withholding**

Pyridam Sub may require certain Scheme Shareholders to undertake certain actions to prevent Pyridam Sub withholding an amount of tax from the Scheme Consideration. These requirements are described in further detail under the heading 'CGT Withholding' below.

**Permitted Dividends**

Scheme Shareholders who are Australian residents for tax purposes are required to include a Permitted Dividend and any attached franking credits (refer to section 9.2) in their assessable income. Generally, a corresponding tax offset may be available to the Scheme Shareholders provided they are 'qualified persons' in relation to the relevant Permitted Dividends.

For an Australian resident Scheme Shareholder to be considered a 'qualified person', they must have held their Scheme Shares at risk for a continuous 45-day period within the qualification period (excluding the dates of acquisition and disposal of the Scheme Shares). The qualification period starts 45 days before the relevant ex-dividend date of the relevant Permitted Dividend and ends the day before the Scheme Record Date.

Where a Scheme Shareholder is not a 'qualified person', the Scheme Shareholder will not be required to include the amount of any franking credits attached to the relevant Permitted Dividend in their assessable income and will not be entitled to a corresponding Australian tax offset.

(a) **Individuals and complying superannuation entities**

Scheme Shareholders that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits where the tax offset exceeds their tax liability for the income year.

(b) **Companies**

Scheme Shareholders that are companies will not be entitled to a refund of any excess tax offset but may convert any excess tax offset to a carry forward tax loss instead. Further, corporate shareholders may be entitled to a credit in their own franking accounts equivalent to the franking credit attached to Permitted Dividends received (as applicable). This will allow the corporate shareholder to pass on the benefit of the franking credits to its own shareholder(s) on the payment of a Permitted Dividend.

(c) **Trusts**

Where Scheme Shares are held by an Australian resident trust (other than an attribution managed investment trust) and Australian resident beneficiaries are

presently entitled to the income of the trust which includes a relevant Permitted Dividend, the benefit of any attached franking credits may also flow through to the Australian resident beneficiary. The income tax treatment of any relevant Permitted Dividends and attached franking credits in the hands of those beneficiaries will depend on the flow through status of the trust and the tax status of those beneficiaries. This includes whether the 'qualified person' rules are satisfied. Beneficiaries of trusts that hold Scheme Shares should seek their own independent professional tax advice.

### 8.3 Scheme Shareholders that are non-Australian tax residents

This section 8.3 applies to Scheme Shareholders who are not residents of Australia for Australian tax purposes and who have not held their Scheme Shares at any time in carrying on business through a permanent establishment in Australia at the relevant times.

#### Disposal of Scheme Shares

##### (a) Capital gains tax

Scheme Shareholders who are non-residents at the Implementation Date and who have not held their Scheme Shares at any time in carrying on a business through a permanent establishment in Australia should only be subject to the CGT rules if the shares are 'indirect Australian real property interests'.

Scheme Shares may be characterised as 'indirect Australian real property interests' if both of the following requirements are satisfied:

- the Scheme Shareholder and its 'associates' (as that term is defined in the ITAA 1936) hold a combined interest of at least 10% in PBP either at the time the Scheme Shares are disposed of (or are taken to have been disposed of) or for at least 12 months during the 24 months before the Scheme Shares are disposed of (for CGT purposes); and
- at the time the Scheme Shares are disposed of, more than 50% of the value of PBP's assets is attributable to direct or indirect interests in 'taxable Australian real property', being Australian real property (including leases of Australian land) or Australian mining, quarrying or prospecting rights over minerals, petroleum or quarrying materials situated in Australia.

PBP is of the view that, as at the date of this Scheme Booklet, less than 50% of the market value of PBP's assets is attributable to direct or indirect interests in taxable Australian real property. PBP's Share Register also indicates that no non-resident PBP Shareholders (together with their associates) holds a combined interest of 10% or more in PBP Shares on issue (at the time of disposal or throughout a 12-month period during the two years before disposal), but non-resident Scheme Shareholders should confirm this having regard to their own circumstances. Nonetheless, some non-resident Scheme Shareholders may be subject to foreign resident CGT withholding (refer below).

The CGT discount is generally not available to non-resident Scheme Shareholders but may be available in part to those non-resident Scheme Shareholders who acquired, or are taken to have acquired, their Scheme Shares before 9 May 2012.

##### (b) CGT withholding

The foreign resident capital gains withholding regime may impose a 12.5% withholding obligation (calculated by reference to the Scheme Consideration) on Pyridam Sub if Pyridam Sub reasonably believes that a Scheme Shareholder is not an Australian resident and Australian CGT applies to the disposal of the non-resident Scheme Shareholder's Scheme shares.

### **Permitted Dividends**

Any fully-franked Permitted Dividend should be non-assessable, non-exempt income for non-resident Scheme Shareholders (other than those who received the relevant Permitted Dividend in carrying on a business in Australia at or through a permanent establishment in Australia) and therefore not included in their assessable income.

Scheme Shareholders that are non-residents should not be liable for Australian dividend withholding tax in respect of any fully-franked Permitted Dividend. Non-resident Scheme Shareholders should seek independent and professional Australian tax advice.

### **8.4 GST**

Scheme Shareholders should not be liable to GST in respect of a disposal of their Scheme Shares under the Scheme.

Scheme Shareholders may be charged GST on costs (such as adviser fees relating to their participation in the Scheme) that relate to the Scheme. Scheme Shareholders may be entitled to input tax credits or reduced input tax credits for such costs but should seek independent advice in relation to their own specific circumstances.

### **8.5 Stamp Duty**

No stamp duty should be payable by a Scheme Shareholder in respect of a disposal of their Scheme Shares under the Scheme.

## 9 Additional information

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### 9.1 Introduction

This section sets out the statutory information required by section 412(1)(a) of the Corporations Act and Part 3 of Schedule 8 to the *Corporations Regulations 2001* (Cth) to be included in this Scheme Booklet, but only to the extent that this information is not otherwise disclosed in other sections. This section also includes additional information that the PBP Directors consider material to a decision on how to vote on the resolution in respect of the Scheme.

### 9.2 Permitted Dividends

Under the Scheme Implementation Deed, the PBP Board is permitted to determine and pay the following, on or before the Implementation Date, without reducing the Scheme Consideration:

- a dividend in respect of the half year ended 31 December 2023 of up to \$0.035 per PBP Share (**1H 2024 Dividend**); and
- a dividend in respect of the period between 1 January 2024 and ending on the earlier of 30 June 2024 and the date that is immediately prior to the Scheme Record Date of up to \$0.04 per PBP Share (**Other Permitted Dividend**),

(each a **Permitted Dividend**).

In determining and paying any Permitted Dividend, the PBP Board is required to have regard to the financial performance of the PBP Group for the relevant period and reasonably consult in good faith with Pyridam. The PBP Board's ability to determine and pay any Permitted Dividend is subject to other conditions under the terms of the Scheme Implementation Deed, including that any such Permitted Dividend must be paid from profits, retained earnings or distributable reserves (or a combination of all or some of them) of the PBP Group existing prior to the declaration or authorisation of the relevant Permitted Dividend, as otherwise agreed in writing with Pyridam, and in accordance with the Corporations Act. The Permitted Dividends will not be funded through an equity raising or borrowings of the PBP Group.

If determined and paid, any Permitted Dividend will be franked to the maximum extent possible, subject to the franking account of PBP not being in deficit after the payment of the relevant Permitted Dividend.

#### (a) **1H 2024 Dividend**

As noted throughout this Scheme Booklet, the PBP Board declared the 1H 2024 Dividend of \$0.035 per PBP Share on 28 February 2024 and it has been paid to relevant PBP Shareholders on the PBP Share Register on the relevant record date. The 1H 2024 Dividend was paid in accordance with the terms of the Scheme Implementation Deed and accordingly there will be no reduction to the Scheme Consideration due to the declaration and payment of the 1H 2024 Dividend.

#### (b) **Other Permitted Dividend**

The Other Permitted Dividend will not reduce the Scheme Consideration, provided that it is paid in accordance with the terms of the Scheme Implementation Deed.

Any dividend or distribution announced, declared or paid by PBP (other than where the Other Permitted Dividend is paid in accordance with the terms of the Scheme Implementation Deed) will reduce the Scheme Consideration. PBP does not intend to declare any dividend which would reduce the Scheme Consideration.

The declaration of any Other Permitted Dividend (to the extent that the PBP Board determines to declare and pay any such dividend) will be announced to the ASX.

### 9.3 Interests of PBP Directors in PBP Shares and Scheme

As at the Last Practicable Date, the PBP Directors have the following interests in securities of PBP:<sup>45</sup>

Director	Position	PBP Shares held by or on behalf of the PBP Director	PBP Equity Incentives held by or on behalf of the PBP Director
Wesley Stringer	CEO and Executive Director	4,936,079 PBP Shares	150,000 2021 PBP Performance Rights 1,400,000 2022 PBP Performance Rights
Jonathan Wenig	Independent Non-Executive Chair	115,750 PBP Shares	Nil
Simon Gray	Independent Non-Executive Director	60,000 PBP Shares	Nil

(a) **IBC Directors – Jonathan Wenig & Simon Gray**

IBC Directors or entities controlled by them who hold PBP Shares will be entitled to vote at the Scheme Meeting and receive the Scheme Consideration along with the other Scheme Shareholders.

Each IBC Director intends to vote all of the PBP Shares held or controlled by them at the time of the Scheme Meeting in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of PBP Shareholders.

In addition to the PBP Shares that Jonathan Wenig owns or controls as at the date of this Scheme Booklet, as set out in the table above, he is also a partner of Arnold Bloch Leibler. Arnold Bloch Leibler is Australian legal adviser to PBP. The estimated transaction costs payable to Arnold Bloch Leibler in connection with the Scheme, as Australian legal adviser to PBP, is approximately \$2,000,000 (exclusive of GST).

PBP Shareholders should have regard to the PBP Shares held by the IBC Directors as set out in the table above and to the transaction costs payable to Arnold Bloch Leibler (a firm at which Jonathan Wenig is a partner) as Australian legal adviser to PBP as described above, when considering their recommendation on the Scheme. The IBC considers that it is appropriate for the IBC to make such a recommendation, given the importance of the Scheme and its members' role as directors of PBP.

(b) **Wesley Stringer**

Wesley Stringer has entered into a binding voting agreement confirming that he will vote all of the PBP Shares held or controlled by him on the Scheme Record Date in favour of the Scheme,<sup>46</sup> subject to limited exceptions under the CEO Voting Deeds (including if the Independent Expert does not continue to conclude in the Independent Expert's Report that the Scheme is in the best interests of PBP Shareholders,<sup>47</sup> other than where the Independent Expert makes such conclusion as a result of a Superior Proposal, or there is a Superior Proposal announced that Pyridam fails to match (or exceed) after giving effect to any matching rights available to Pyridam under the Scheme Implementation Deed).

<sup>45</sup> This table includes the PBP Equity Incentives referred to in section 9.5.

<sup>46</sup> Pursuant to the CEO Voting Deeds.

<sup>47</sup> See footnote 21.

Wesley Stringer also has the following interests and/or will be entitled to receive the following benefits in connection with the Scheme in addition to the PBP Shares that he owns or controls as at the date of this Scheme Booklet, as set out in the table above:

- The PBP Board (excluding Wesley Stringer) exercised its specific discretion in accordance with the terms of the PBP Executive Option Plan, to take such actions as are necessary to automatically vest all unvested 2022 PBP Performance Rights which are held by current PBP personnel, subject to the Scheme becoming Effective. As a result, Wesley Stringer, will be entitled to receive, in addition to the Scheme Consideration for PBP Shares held or controlled by him as at the Scheme Record Date, \$4,200,000 in connection with the vesting and exercise of 1,400,000 PBP shares on exercise of his 2022 PBP Performance Rights. These arrangements are described in more detail in section 9.5(b)(i).
- Pursuant to limited recourse loan agreements with Wesley Stringer, PBP agreed to lend \$7,528,176 to fund his payment of the exercise price payable for options to be issued 5,860,000 PBP Shares. As at the Last Practicable Date, a total of \$5,996,584 remains outstanding under the loan agreements with Wesley Stringer. Under the Scheme, any amount of that loan that remains outstanding as at the Effective Date will be satisfied by:
  - PBP's receipt of the portion of the Scheme Consideration equal to the aggregate amount of that loan that remains outstanding which PBP is owed by that Scheme Shareholder (in satisfaction of that outstanding loan); and
  - as to the balance (if any) of the Scheme Consideration payable to Wesley Stringer under the Scheme in respect of the remaining 4,600,206 PBP Shares issued on exercise of these options, to Wesley Stringer in accordance with the terms of the Scheme.

These arrangements are described in more detail in section 9.5(b)(iv).

- Pyridam (through a Pyridam Group Member) intends to enter into new employment arrangements with Wesley Stringer in respect of his role as CEO. The terms of the arrangements have been substantially agreed between Pyridam and Wesley Stringer on the understanding that Pyridam will cause PBP to enter into the arrangements with and Wesley Stringer on or around the Implementation Date with effect from the Implementation Date. The arrangements contain customary provisions expected for senior management and incentive-based remuneration, including short-term cash payments in connection with performance-based hurdles and long-term incentive arrangements. Pyridam and Wesley Stringer have reached an understanding that the specific type of long-term incentive arrangements will be agreed on or before 30 April 2024 and will be in a form that is materially consistent with the current long-term incentive arrangements. These arrangements are described in more detail in section 4.10.
- Pyridam intends to establish a new performance rights plan. The terms of the new performance rights plan have been substantially agreed, or otherwise agreed in-principle, between Pyridam and Wesley Stringer on the understanding that they will enter into such arrangements on or around (and with effect from) the Implementation Date. The proposed performance rights plan is being offered to Wesley Stringer (as CEO) as a performance incentive that will provide opportunities for Wesley Stringer to share in the long-term growth of PBP following implementation of the Scheme, and maximise alignment of interests between Wesley Stringer and PBP. As part of the performance rights plan, Wesley Stringer is expected to subscribe for performance rights at market value for an aggregate amount of

approximately \$2.5 million. Assuming the performance rights plan is implemented as described above, then the first exercise period will be 4 years post-implementation of the scheme. The exercise price will be (other than in limited circumstances) the market value of the performance rights, as determined in accordance with the plan, unless otherwise agreed between the parties. These arrangements are described in more detail in section 4.10.

The PBP Board (excluding Wesley Stringer) considers that it is appropriate for Wesley Stringer to make a recommendation on the Scheme given his role in the operation and management of PBP and that PBP Shareholders would wish to know Wesley Stringer's views in relation to the Scheme. Wesley Stringer also considers that it is appropriate for him to make a recommendation on the Scheme. Each of PBP's Non-Executive Directors (comprising the IBC) considers that it is appropriate for them to make a recommendation on the Scheme notwithstanding these benefits.

PBP Shareholders should have regard to these arrangements when considering Wesley Stringer's recommendation on the Scheme, which appears throughout this Scheme Booklet.

#### **9.4 Retirement benefits of directors, secretaries or executive officers of PBP or any of its Related Bodies Corporate**

Except as otherwise disclosed in this Scheme Booklet, no payment or other benefit is proposed to be made or given in connection with the Scheme to any director, secretary or executive officer of PBP or any of its Related Bodies Corporate as compensation for loss of, or as consideration for, or in connection with their retirement from office in PBP or any Related Bodies Corporate of PBP, other than any payments or benefits arising from any applicable redundancy entitlements. Redundancy entitlements may arise under the terms of the relevant officer's contract of employment, applicable statutory entitlements, PBP policies or a combination of these.

#### **9.5 PBP Equity Incentives**

##### **(a) Overview of arrangements**

PBP currently operates an executive option plan (**PBP Executive Option Plan**). The PBP Equity Incentives are offered to senior management of PBP under the PBP Executive Option Plan to reward sustained performance by the organisation as a whole.

Accordingly, Officers and senior management of PBP have previously received, and have on foot, a number of existing incentive arrangements which may be impacted by the Scheme.

In particular, as at the Last Practicable Date, PBP had the following PBP Equity Incentives on issue:

- 2,450,000 unvested 2022 PBP Performance Rights; and
- 225,000 unvested 2021 PBP Performance Rights.

Section 9.3 sets out the number and type of PBP Equity Incentives held by PBP Directors as at the Last Practicable Date. Having regard to a range of considerations, and that PBP will no longer be an ASX-listed company following implementation of the Scheme, the PBP Board intends to exercise a specific discretion under the rules of the PBP Executive Option Plan which allows it to treat the PBP Equity Incentives as detailed in this section 9.5.

Further information about the PBP Executive Option Plan and other incentive arrangements can be found in announcements lodged by PBP with ASX, including in PBP's 2023 Remuneration Report that is included in PBP's Appendix 4E and audited financial report for the year ended 30 June 2023, which can be obtained



from the ASX website [www.asx.com.au](http://www.asx.com.au) or PBP's webpage for investors at <https://probiotec.com.au/investor-centre/>.

(b) **Impact of the Scheme on PBP Equity Incentives and other incentive arrangements**

Under the Scheme Implementation Deed, PBP must ensure that all PBP Equity Incentives have either lapsed, expired or vested in accordance with their terms and be exercised (if applicable) and converted into PBP Shares, have any applicable restrictions removed (if applicable) and / or be cash settled such that there are no outstanding PBP Equity Incentives on issue on the Scheme Record Date.

This section 9.5(b) sets out details regarding how the PBP Performance Rights and other incentive arrangements in place with senior executives and key employees will be treated in connection with the Scheme, as agreed between PBP and Pyridam.

(i) **2022 PBP Performance Rights**

As noted above, there are 2,450,000 2022 PBP Performance Rights on issue as at the Last Practicable Date. Each 2022 PBP Performance Right granted under the PBP Executive Option Plan has a nil exercise price and is subject to various performance-based vesting conditions.

The terms of the PBP Executive Option Plan and relevant invitation letters to each participant for the 2022 PBP Performance Rights (being Wesley Stringer, Jared Stringer and Julie McIntosh) (**Invitations**) provide that, in the event of a scheme of arrangement between PBP and its shareholders where at least 50% of the PBP Shares are acquired by a bidder and/or its associates (a **Qualifying Transaction**), such as under the Scheme, the following proportion of 2022 PBP Performance Rights will automatically vest:

- 75%, for a Qualifying Transaction that completes on or after 1 July 2023, but before 1 July 2024; and
- 100%, for a Qualifying Transaction that completes on or after 1 July 2024.

As the Implementation Date is currently expected to be Tuesday, 18 June 2024, being after 1 July 2023 but before 1 July 2024, 75% of the 2022 PBP Performance Rights would automatically vest when the Scheme becomes Effective in accordance with the Invitations. Such vested 2022 PBP Performance Rights would be capable of exercise and conversion into PBP Shares on a one-for-one basis in accordance with the terms of the PBP Executive Option Plan.

The PBP Executive Option Plan separately gives the PBP Board discretion to deal with the 2022 PBP Performance Rights where a court orders a meeting to be held in relation to a proposed scheme of arrangement of PBP or its amalgamation with any other company or companies; including, automatically vesting any or all of the 2022 PBP Performance Rights to PBP Shares (whether or not the applicable vesting conditions have been satisfied).

Notwithstanding the terms of the Invitations, the PBP Board intends to exercise its specific discretion in accordance with the terms of the PBP Executive Option Plan and take such actions as are necessary to automatically vest all unvested 2022 PBP Performance Rights which are held by current PBP personnel, subject to the Scheme becoming Effective. The ASX has provided written confirmation that PBP does not need to apply for a waiver of ASX Listing Rules 6.23.3 and 6.23.4 as the PBP Board is exercising its specific discretion under the PBP Executive Option Plan to

accelerate the 2022 PBP Performance Rights in the circumstances of a change of control described above.

PBP will issue the number of PBP Shares as corresponds to the number of 2022 PBP Performance Rights which are validly exercised by the holder of such 2022 PBP Performance Rights prior to the Scheme Record Date on a one-for-one basis in accordance with the terms of the PBP Executive Option Plan.

Any PBP Shares issued on conversion of 2022 PBP Performance Rights will form part of the Scheme Shares, and the holders of the 2022 PBP Performance Rights will be entitled to receive the Scheme Consideration under the Scheme for them.

The potential effect of the above (including exercise of the PBP Board's discretion) is summarised in the table below – noting that the maximum number of PBP Shares that will be issued in accordance with the conversion of 2022 PBP Performance Rights and participate in the Scheme is 2,450,000 PBP Shares:

<b>Participant</b>	<b>Number of Scheme Shares (without exercise of Board discretion)</b>	<b>Number of Scheme Shares (with exercise of Board discretion)</b>
Wesley Stringer	1,050,000	1,400,000
Jared Stringer	525,000	700,000
Julie McIntosh	262,500	350,000
<b>TOTAL</b>	<b>1,837,500</b>	<b>2,450,000</b>

PBP will do all things necessary to ensure that any 2022 PBP Performance Rights which automatically vest but are not validly exercised on or before the Scheme Record Date are cancelled, lapsed or otherwise extinguished in accordance with the terms of the PBP Executive Option Plan as soon as possible and in any case prior to the Scheme becoming Effective.

(ii) **2021 PBP Performance Rights**

As noted above, there are 225,000 2021 PBP Performance Rights on issue as at the Last Practicable Date. Each 2021 PBP Performance Right granted under the PBP Executive Option Plan has a nil exercise price and is subject to various vesting conditions, including performance hurdles.

One of the vesting conditions for the 2021 PBP Performance Rights was the achievement of a specified pro-forma earnings per PBP Share for the year ending 30 June 2023. As this performance-hurdle was not satisfied, the 2021 PBP Performance Rights will not vest.

Pursuant to their terms, the 2021 PBP Performance Rights will automatically expire 1 year after the release of PBP's 2023 Annual Report (being 13 October 2023). However, as this date would occur after the Scheme Record Date and PBP is required under the Scheme Implementation Deed to ensure that there are no outstanding PBP Equity Incentives as at the Scheme Record Date, PBP has agreed with each holder of the 2021 PBP Performance Rights to terminate and cancel their respective 2021 PBP Performance Rights subject only to the Scheme becoming Effective,

pursuant to legally binding cancellation deeds (**Cancellation Deeds**). Under the terms of the Cancellation Deeds, the 2021 PBP Performance Rights are being cancelled for nil consideration.

(iii) **PBP Option Reimbursement Amount**

Pursuant to their terms, 450,000 PBP Options expired on 26 October 2023. Each PBP Option granted under the PBP Executive Option Plan had an exercise price of \$2.1176.

As the PBP Options expired after the process which led to entry into the Scheme Implementation Deed had commenced but prior to announcement of the execution of the Scheme Implementation Deed on 22 December 2023, holders of the PBP Options did not exercise their PBP Options prior to their expiry. Accordingly, for those holders of PBP Options who would have otherwise been able to exercise their PBP Options, Pyridam Sub will, or will procure that PBP will, pay the PBP Option Reimbursement Amount, being a cash reimbursement amount that is economically equivalent to the difference between the Scheme Consideration and the exercise price of each PBP Option, being \$0.8824 per PBP Option held by the relevant holder immediately prior to the expiry of those PBP Options on 26 October 2023.

Pyridam Sub will reimburse, or will procure that PBP will reimburse, the holders of PBP Options the PBP Option Reimbursement Amount on the Implementation Date pursuant to the terms of the Scheme Implementation Deed.

No PBP Option Reimbursement Amount is being paid to any PBP Director, Key Management Personnel or PBP's executive team other than as set out below.

Ms Annalinde Nicklisch, PBP's Chief People Officer, is the only Key Management Personnel who is entitled to receive the PBP Option Reimbursement Amount in lieu of being able to exercise the 50,000 PBP Options Ms Nicklisch held prior to the expiry of those PBP Options on 26 October 2023.

(iv) **Repayment of employee loans**

Under the terms of the PBP Executive Option Plan, PBP entered into limited recourse loan agreements with certain Officers and senior management of PBP, including Wesley Stringer, Jared Stringer and Julie McIntosh, pursuant to which PBP agreed to lend amounts to those individuals to fund their payment of the exercise price payable for options to be issued PBP Shares (**PBP Employee Loan**).

As at the date of this Scheme Booklet, a total of \$12,309,729 in PBP Employee Loans remain outstanding from PBP Shares.

The Scheme provides that in respect of any Scheme Shareholder to which PBP has provided a PBP Employee Loan and that PBP Employee Loan remains outstanding as at the Effective Date, the obligation of Pyridam to pay the Scheme Consideration to that Scheme Shareholder will be satisfied by:

- PBP's receipt of the portion of the Scheme Consideration equal to the aggregate amount of the PBP Employee Loan which PBP is owed by that Scheme Shareholder (in satisfaction of that outstanding PBP Employee Loan); and
- as to the balance (if any) of the Scheme Consideration payable to that Scheme Shareholder under the Scheme, to that Scheme Shareholder in accordance with the terms of the Scheme.

The table below summarises the following information in relation to each Officer or Key Management Personnel who is party to a PBP Employee Loan:

- (A) the number of PBP Shares issued on the exercise of the options funded by the PBP Employee Loan (**PBP Employee Loan Shares**);
- (B) the number of PBP Employee Loan Shares still held by the employee as at the Last Practicable Date;
- (C) the initial amount of the PBP Employee Loan; and
- (D) the outstanding amount of the PBP Employee Loan as at the Last Practicable Date.

Employee	Initial PBP Employee Loan Shares	PBP Employee Loan Shares held by the employee	PBP Employee Loan initial amount	PBP Employee Loan outstanding amount
Wesley Stringer	5,860,000	4,600,206	\$7,528,176	\$5,996,584
Jared Stringer	3,160,000	3,044,750	\$4,191,136	\$3,798,921
Julie McIntosh	1,990,000	1,240,000	\$2,867,024	\$2,057,224
Con Psalios	100,000	\$100,000	\$60,000	\$39,500
Rudi Ganter	500,000	\$500,000	\$520,000	\$417,500

## 9.6 Other benefits and agreements

### (a) Deeds of indemnity, insurance and access

PBP has entered into deeds of indemnity, insurance and access with each of the PBP Directors, on customary terms (**D&O Deeds**). The D&O Deeds include terms that provide for each PBP Group Member to indemnify each of the PBP Directors, to the full extent permitted by law, against all losses or liabilities incurred directly or indirectly by the PBP Director as an Officer of PBP or a PBP Group Member. PBP Group also pays a premium in respect of a directors and officers insurance policy for the benefit of the directors and executive officers of the PBP Group.

Prior to the Effective Date, PBP will arrange for the cover provided under the directors' and officers' insurance policy for PBP and all other PBP Group Members (**Policy**) to be amended so as to provide run off cover in accordance with the terms of the Policy for a 7 year period from the retirement date of each PBP Director (**D&O Run-off Policy**), and pay all premiums required so as to ensure that insurance cover is provided under the D&O Run-off Policy on those terms until that date, subject to certain requirements. As at the Last Practicable Date, PBP Group expects that the premium for entry into such run-off arrangement will be approximately \$392,000 plus charges. The entry into such arrangements by PBP is permitted by clause 8.4 of the Scheme Implementation Deed.

### (b) Agreements and arrangements entered into by PBP Directors in connection with or conditional upon the Scheme

None of the PBP Directors, nor any of their Associates, except for PBP's CEO and Executive Director Wesley Stringer, have entered into, or otherwise have any interest in, any agreement, arrangement or contract with any other person, including

any one or more of Pyridam, Pyridam Sub or any of their respective Related Bodies Corporate, in connection with, or conditional upon, the outcome of the Scheme.

PBP's CEO and Executive Director Wesley Stringer (and Talril Super Pty Ltd, being an entity controlled by Wesley Stringer) are party to a Voting Deed with Pyridam and Pyridam Sub, dated 21 December 2023. Further details of the Voting Deeds entered into by PBP's CEO and Executive Director Wesley Stringer are set out in section 6.9. As noted in section 4.10 above, PBP's CEO and Executive Director has substantially agreed with Pyridam the terms of the arrangements in respect of their ongoing role with PBP post-implementation of the Scheme as CEO, including employment arrangements and associated future incentive arrangements.

(c) **Interests of PBP Directors in contracts with Pyridam and Pyridam Sub**

Other than as described in section 9.3 with respect to the Voting Deeds and section 9.6(b) with respect to PBP's CEO and Executive Director's ongoing arrangements with PBP post-implementation of the Scheme, none of the PBP Directors have:

- (i) any Relevant Interest in any securities in Pyridam, Pyridam Sub or any Pyridam Group Member; or
- (ii) entered into, or otherwise have any interest in any agreement, arrangement or contract with any one or more of the Pyridam or Pyridam Sub (or any Associate).

**9.7 No brokerage or stamp duty**

No stamp duty or brokerage fees should be payable by a Scheme Shareholder in respect of a disposal of their Scheme Shares under the Scheme. Brokerage fees may be payable where PBP Shares are disposed of other than under the Scheme.

**9.8 Regulatory relief**

(a) **ASX Waiver**

The ASX has provided written confirmation that PBP does not need to apply for a waiver of ASX Listing Rules 6.23.3 and 6.23.4 in connection with the proposed treatment of the 2022 PBP Performance Rights as set out in section 9.5.

No other waiver of the ASX Listing Rules has been sought by PBP in connection with the Scheme.

(b) **ASIC Relief**

Paragraph 8302(h) of Part 3 of Schedule 8 of the *Corporations Regulations 2001* (Cth) requires an explanatory statement to set out whether, within the knowledge of the PBP Directors, the financial position of PBP has materially changed since the date of the last balance sheet laid before PBP Shareholders in accordance with sections 314 or 317 of the Corporations Act, being 30 June 2023.

ASIC has granted PBP relief from this requirement so that this Scheme Booklet only need set out whether, within the knowledge of the PBP Directors, the financial position of PBP has materially changed since 31 December 2023 (being the last date of the period to which the financial statements for the half-year ended 31 December 2023 relate).

**9.9 Consents and disclosures**

(a) **Consents**

This Scheme Booklet contains statements made by, or statements said to be based on statements made by:

- Pyridam and Pyridam Sub in respect of the Pyridam Information only;
- Arnold Bloch Leibler in respect of section 8;

- Grant Thornton Corporate Finance Pty Ltd as the Independent Expert.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Scheme Booklet.

The following parties have given and have not, before the time of registration of this Scheme Booklet with ASIC, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- Canterbury Partners Pty Ltd as financial adviser to PBP;
- Arnold Bloch Leibler as legal and tax adviser to PBP; and
- Boardroom Pty Ltd as the PBP Share Registry.

(b) **Disclosures**

Each person named in section 9.9(a):

- has not authorised or caused the issue of this Scheme Booklet;
- does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based, other than:
  - Pyridam and Pyridam Sub in respect of the Pyridam Information only;
  - Arnold Bloch Leibler in respect of section 8; and
  - Grant Thornton Corporate Finance Pty Ltd in relation to its Independent Expert's Report; and
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Scheme Booklet other than a reference to its name and the statement (if any) included in this Scheme Booklet with the consent of that party as specified in this section 9.9(b).

(c) **Fees**

Each of the persons named in section 9.9(a) as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet will be entitled to receive professional fees charged in accordance with their normal basis of charging.

If the Scheme is implemented, PBP expects to pay an aggregate amount of approximately \$5,320,532 (exclusive of GST) in transaction costs in connection with the Scheme. This includes advisory fees, the Independent Expert fees, registry fees, Scheme Booklet printing and distribution costs and expenses associated with convening and holding the Scheme Meeting. Of this amount approximately \$3,351,532 (exclusive of GST) is expected to be payable by PBP irrespective of whether or not the Scheme is implemented (excluding any Break Fee that may be payable). These amounts do not include the transaction costs that may be incurred by Pyridam in relation to the Scheme.

## 9.10 No unacceptable circumstances

The PBP Directors believe that the Scheme does not involve any circumstances in relation to the affairs of PBP that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

## 9.11 No other material information

Other than as contained or referred to in this Scheme Booklet, so far as the PBP Directors are aware, there is no other information that is:

- material to the making of a decision by a PBP Shareholder whether or not to vote in favour of the Scheme; and
- known to any PBP Director as at the date of lodging this Scheme Booklet with ASIC for registration,

which has not been previously disclosed to PBP Shareholders. PBP is not aware of any material information about PBP that is material to a decision of a PBP Shareholder on how to vote in relation to the Scheme Resolution and which:

- has not been made available to the Independent Expert for the purpose of preparing the Independent Expert's Report;
- is not set out in this Scheme Booklet (including in the Independent Expert's Report and the information that is contained in the attachments and appendices to this Scheme Booklet); or
- has not otherwise been made publicly available by PBP or disclosed to PBP Shareholders.

### 9.12 Supplementary disclosure

PBP will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the Second Court Date:

- a material statement in this Scheme Booklet is false or misleading in a material respect;
- a material omission from this Scheme Booklet;
- a significant change affecting a matter included in this Scheme Booklet; or
- a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, PBP may circulate and publish any supplementary document by:

- making an announcement to the ASX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to PBP Shareholders at their address shown on the PBP Share Register; and/or
- posting a statement on PBP's website at <https://probiotec.com.au/>,

as PBP, in its absolute discretion, considers appropriate.

## 10 Definitions and Interpretation

### 10.1 Definitions

In this Scheme Booklet unless the context otherwise appears, the following terms have the meanings shown below:

<b>1H 2024 Dividend</b>	means a cash only dividend in respect of the half year ended 31 December 2023 of \$0.035 per PBP Share, as declared on 28 February 2024.
<b>2021 PBP Performance Right</b>	means a performance right entitling the holder to receive a PBP Share subject to certain terms and conditions granted in 2021 under the PBP Equity Plan.
<b>2022 PBP Performance Right</b>	means a performance right entitling the holder to receive a PBP Share subject to certain terms and conditions granted in 2022 under the PBP Equity Plan.
<b>Adviser</b>	means, in relation to an entity, its financiers, and any legal adviser, financial adviser, corporate adviser or other expert adviser or consultant who provides advisory services in a professional capacity to third parties and who has been engaged by that entity in connection with the Transaction by the entity.
<b>Affiliate</b>	means, in respect of a person ( <b>Primary Person</b> ), a person: (a) Controlled directly or indirectly by a Primary Person; (b) Controlling directly or indirectly the Primary Person; (c) who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or (d) directly or indirectly under the common Control of the Primary Person and another person or persons.
<b>Amendment Proposal</b>	has the meaning given to that term in section 6.7(a).
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Associate</b>	has the meaning given in section 12 of the Corporations Act, but so that section 12(1) of the Corporations Act will be treated to include a reference to the Scheme Implementation Deed and deem that PBP is the 'designated body'.
<b>ASX</b>	means, as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
<b>ASX Listing Rules</b>	means the official listing rules and requirements from time to time of the ASX.
<b>ATO</b>	means the Australian Taxation Office.
<b>Bank</b>	means a corporation authorised by law to carry on the general business of banking in Australia.
<b>Break Fee</b>	means \$2,513,202 (exclusive of GST).



<b>Business Day</b>	means a day on which Banks are open for general banking business in Melbourne, excluding Saturdays, Sundays and public holidays.
<b>Cancellation Deeds</b>	has the meaning given to that term in section 9.5(b)(ii).
<b>Capital Raising</b>	has the meaning given to that term in section 6.5(a).
<b>Capital Raising Proposal</b>	has the meaning given to that term in section 6.7(a).
<b>CEO Voting Deeds</b>	means voting deeds dated and disclosed to the ASX on 21 December 2023 in favour of Pyridam and Pyridam Sub made by, respectively, Wesley Stringer and Talril Super Pty Ltd (an entity controlled by Wesley Stringer).
<b>CFO Voting Deed</b>	means the voting deed dated and disclosed to the ASX on 21 December 2023 in favour of Pyridam and Pyridam Sub made by Jared Stringer.
<b>CGT</b>	means capital gains tax.
<b>Commissioner</b>	means the Commissioner of Taxation.
<b>Competing Proposal</b>	<p>means any offer, proposal, expression of interest, transaction, agreement or arrangement (other than the Transaction) which, if entered into or completed substantially in accordance with its terms, would result in a person (either alone or together with any Associate):</p> <ul style="list-style-type: none"> <li>(a) directly or indirectly acquiring a legal, beneficial or economic interest (including by way of an equity swap or similar transaction or arrangement) or a Relevant Interest in, or control of, or becoming the holder of, 20% or more of PBP Shares (other than as custodian, nominee or bare trustee);</li> <li>(b) directly or indirectly acquiring, becoming the holder of, or otherwise obtaining a right to acquire, a legal, beneficial or economic interest (including by way of an equity swap or similar transaction or arrangement) in, or control of, all or a substantial part of the businesses or assets of PBP or the PBP Group;</li> <li>(c) acquiring Control of PBP or any other PBP Group Member that holds all, or a substantial part of the businesses or assets of the PBP Group;</li> <li>(d) otherwise directly or indirectly acquiring or merging or being involved in an amalgamation or reconstruction with PBP or the PBP Group; or</li> <li>(e) requiring Pyridam to abandon, or otherwise fail to proceed with, the Transaction,</li> </ul> <p>whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the PBP Group or other synthetic merger or any other</p>

	<p>transaction or arrangement, but a 'Competing Proposal' does not include the Transaction or any transaction or arrangement the primary purpose and effect of which is to facilitate the Transaction.</p> <p>For the avoidance of doubt, each successive material modification or variation of any offer, proposal, expression of interest, transaction, agreement or arrangement in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
<b>Conditions</b>	means the conditions set out in clause 3.1 of the Scheme Implementation Deed and " <b>Condition</b> " means any one of them.
<b>Control</b>	<p>has the meaning given in section 50AA of the Corporations Act, and, in relation to a company, also means:</p> <ul style="list-style-type: none"> <li>(a) the ability to control, directly or indirectly, the composition of the board of directors of the company;</li> <li>(b) the ability to exercise or control the exercise of the rights to vote in relation to more than 50% of the voting shares or other form of voting equity in the company; or</li> <li>(c) the ability to dispose or exercise control over the disposal of more than 50% of the shares or other form of equity in the company,</li> </ul> <p>and the terms "<b>Controlled</b>" and "<b>Controlling</b>" will have corresponding meanings.</p>
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	means the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act as may be agreed to in writing by PBP and Pyridam.
<b>D&amp;O Deeds</b>	has the meaning given to that term in section 9.6(a).
<b>D&amp;O Run-off Policy</b>	has the meaning given to that term in section 9.6(a).
<b>Debt Commitment Letter</b>	has the meaning given to that term in section 6.5(b).
<b>Debt Funding</b>	has the meaning given to that term in section 6.5(b).
<b>Deed Poll</b>	a deed poll in the form of Annexure C under which Pyridam and Pyridam Sub each covenants in favour of the Scheme Shareholders to perform the obligations attributed to them under the Scheme.
<b>Delivery Time</b>	means 8.00 am on the Second Court Date.
<b>Disclosure Materials</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) any documents and written information contained in the Data Room (as defined in the Scheme Implementation Deed) made available (including all written responses</li> </ul>

	<p>provided by or on behalf of the PBP Group in response to written questions or requests for information) to Pyridam and their Representatives prior to 11.00 am on the date which is 2 Business Days before the date of the Scheme Implementation Deed, the index of which has been initialled by, or on behalf of, the parties for the purposes of identification before the execution of the Scheme Implementation Deed; and</p> <p>(b) the Disclosure Letter (as defined in the Scheme Implementation Deed).</p>
<b>Effective</b>	means, when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
<b>Effective Date</b>	means the date on which the Scheme becomes Effective, which is proposed to be Wednesday, 5 June 2024.
<b>End Date</b>	means 22 July 2024.
<b>Equity Commitment Letter</b>	has the meaning given to that term in section 6.5(a).
<b>Exclusivity Period</b>	has the meaning given to that term in section 4.3(b).
<b>Executive Shareholders</b>	means Wesley Stringer and Jared Stringer.
<b>First Court Date</b>	means the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act directing PBP to convene the Scheme Meeting to consider the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard).
<b>Government Agency</b>	means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or Indonesia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX, IDX or any other stock exchange.
<b>GST</b>	has the meaning given to that term in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>IBC</b>	means the independent board committee, established by the PBP Board, to consider acquisition proposals in respect of PBP and engage with counterparties as required.
<b>IBC Directors</b>	means each of PBP's independent non-executive directors, Jonathan Wenig and Simon Gray.
<b>Implementation Date</b>	means the fifth Business Day after the Scheme Record Date or such other date as agreed in writing between Pyridam and PBP.

<b>Independent Expert</b>	means the independent expert in respect of the Scheme appointed in good faith by PBP to opine on whether the Scheme is in the best interests of PBP Shareholders and to prepare the Independent Expert's Report, being Grant Thornton Corporate Finance Pty Ltd.
<b>Independent Expert's Report</b>	means the report to be issued by the Independent Expert in connection with the Scheme for inclusion in the Scheme Booklet which includes a statement by the Independent Expert on whether, in its opinion, the Scheme is in the best interests of PBP Shareholders, and includes any update of that report by the Independent Expert, and which is contained in Annexure A.
<b>Insolvent</b>	<p>means in relation to a person:</p> <ul style="list-style-type: none"> <li>(a) it is subject to any arrangement, compromise, assignment, moratorium or composition with its creditors generally or is otherwise protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved in writing by the other parties to the Scheme Implementation Deed);</li> <li>(b) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days) in connection with that person, which could reasonably result in any of the events described in paragraphs (a) to (d) of this definition;</li> <li>(c) the calling of a meeting to consider a resolution to wind up the person (other than where the resolution is frivolous or cannot reasonably be considered to be likely to lead to the actual winding up of the person) or the making of an application or order for the winding up or deregistration of the person other than where the application or order (as the case may be) is set aside or withdrawn within 14 days;</li> <li>(d) it is deregistered as a company or otherwise dissolved;</li> <li>(e) it suspends or threatens to suspend payment of its debts as and when they become due;</li> <li>(f) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;</li> <li>(g) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to the Scheme Implementation Deed reasonably deduces it is so subject);</li> <li>(h) it executes a deed of company arrangement;</li> <li>(i) it is otherwise unable to pay its debts when they fall due; or</li> </ul> <p>something analogous to anything set out in paragraphs to (a) to (i) (inclusive) of this definition happens in connection with that person under the law of any jurisdiction.</p>

<b>Invitations</b>	has the meaning given to that term in section 9.5(b)(i).
<b>ITAA 1936</b>	means the <i>Income Tax Assessment Act 1936</i> (Cth).
<b>ITAA 1997</b>	means the <i>Income Tax Assessment Act 1997</i> (Cth).
<b>Key Management Personnel</b>	means the persons listed in section 5.4(b).
<b>Last Practicable Date</b>	means Friday, 22 March 2024.
<b>Material Adverse Change</b>	<p>means:</p> <p>(a) any event, circumstance or matter (including a one-off or non-recurring event) that occurs, is announced or becomes known to Pyridam after the date of the Scheme Implementation Deed (<b>Specified Event</b>) which, whether individually or when aggregated with any other Specified Event, has, or would be considered reasonably likely to have, the effect of:</p> <p>(i) diminishing the consolidated net assets of the PBP Group, taken as a whole, by at least \$16.5 million; or</p> <p>(ii) diminishing the EBITDA (as defined in the Scheme Implementation Deed) of the PBP Group, taken as a whole, by at least \$6 million; or</p> <p>(b) either termination of a Specified Contract (or a counterparty notifies PBP and Pyridam that it intends to terminate a Specified Contract (as defined in the Scheme Implementation Deed)) prior to the Delivery Time or a counterparty to a Specified Contract (as defined in the Scheme Implementation Deed) does not, prior to the Delivery Time, consent in writing to the change in control of PBP arising from the Scheme,</p> <p>in each case, as calculated in accordance with the accounting policies and practices applied by PBP as at the date of the Scheme Implementation Deed, and other than an event, circumstance, or matter:</p> <p>(c) expressly required or permitted to be done by PBP by the Scheme Implementation Deed or the Scheme;</p> <p>(d) which was Fairly Disclosed (as defined in the Scheme Implementation Deed) in the Disclosure Materials;</p> <p>(e) which was Fairly Disclosed (as defined in the Scheme Implementation Deed) by PBP in an announcement made to the ASX or a public document lodged with ASIC in the 12 month period before the date of the Scheme Implementation Deed;</p> <p>(f) which was Fairly Disclosed (as defined in the Scheme Implementation Deed) in the Public Register Information (as defined in the Scheme Implementation Deed);</p> <p>(g) which is or arises from changes in general economic or business conditions applicable to the Industry (as defined in the Scheme Implementation Deed) (including interest rates), other than where such matters have a materially disproportionate effect on the PBP Group as compared to other participants in the Industry; or</p>

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- (h) arising as a result of any generally applicable change in law (including subordinate legislation), regulation, directions, orders, accounting standards or principles or governmental policy, or the interpretation of any of them;
- (i) arising from any act of terrorism, outbreak or escalation of war (whether or not declared), major hostilities, civil unrest or outbreak (excluding the Ukraine war and the conflict in Israel and Gaza to the extent that such conflicts do not materially escalate into broader regional or global conflicts) or escalation of any disease epidemic or pandemic;
- (j) arising from any act of God, natural disaster, lightening, storm, flood, fire, earthquake or explosion, bushfire, cyclone, tidal wave, landslide or other natural disaster or adverse weather conditions or the like, the impact of which is subject to insurance taken out by PBP (but only to the extent that (i) it is reasonable for PBP to have taken out such in insurance in respect of the relevant event, circumstance or matter and (ii) the relevant event, circumstance or matter exceeds such insurance coverage); or
- (k) approved or consented to in writing by Pyridam (in its sole and absolute discretion),

except, in the case of each of the matters contemplated in paragraphs (g), (h), (i) and (j), if the effects of such event, occurrence, change, condition, matter, circumstance or thing are, or would be considered reasonably likely to be, disproportionately adverse to the PBP Group by a material amount as compared to the effects on other comparable companies in the Industry (as defined in the Scheme Implementation Deed), then those effects are excluded from the matters contemplated in paragraphs (g), (h), (i) and (j) (as applicable) in their entirety.

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<b>Material Transaction</b>	has the meaning given to that term in section 4.3(a)(ii).
<b>Material Transaction Proposal</b>	has the meaning given to that term in section 6.7(b).
<b>Notice of Scheme Meeting</b>	means the notice of meeting relating to the Scheme Meeting on Wednesday, 29 May 2024, which is contained in Annexure D.
<b>Officer</b>	means, in relation to any entity, any of its directors or officers.
<b>OJK</b>	means Otoritas Jasa Keuangan, the Indonesian Financial Services Authority.
<b>Other Permitted Dividend</b>	means a cash only dividend in respect of the period between 1 July 2023 and ending on the earlier of 30 June 2024 and the date that is immediately prior to the Scheme Record Date of up to \$0.04 per PBP Share.
<b>PBP</b>	means Probiotec Limited ACN 075 170 151.
<b>PBP Board or Board</b>	means the board of directors of PBP.

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<b>PBP Director</b>	means a director of PBP from time to time.
<b>PBP Employee Loan</b>	has the meaning given to that term in section 9.5(b)(iv).
<b>PBP Employee Loan Shares</b>	has the meaning given to that term in section 9.5(b)(iv).
<b>PBP Equity Incentive</b>	means a PBP Performance Right and/or a PBP Option.
<b>PBP Equity Plan</b>	means the PBP 'Executive Option Plan'.
<b>PBP Executive Option Plan</b>	has the meaning given to that term in section 9.5(a).
<b>PBP Group</b>	means PBP and each of its Related Bodies Corporate and a reference to " <b>PBP Group Member</b> " is to PBP or any of its Related Bodies Corporate.
<b>PBP Information</b>	means the information contained in this Scheme Booklet other than: <ul style="list-style-type: none"> <li>(a) the Pyridam Information;</li> <li>(b) section 8; and</li> <li>(c) the Independent Expert's Report (and references to the Independent Expert's analysis or conclusions).</li> </ul>
<b>PBP Option</b>	means an option to acquire a PBP Share subject to certain terms and conditions granted under the PBP Equity Plan.
<b>PBP Option Reimbursement Amount</b>	has the meaning given to that term in section 6.5.
<b>PBP Performance Right</b>	means the 2022 PBP Performance Rights and the 2021 PBP Performance Rights.
<b>PBP Prescribed Occurrence</b>	means the occurrence of any of the following on or after the date of the Scheme Implementation Deed: <ul style="list-style-type: none"> <li>(a) PBP converting all or any of its shares into a larger or smaller number of shares (as contemplated under section 254H of the Corporations Act or otherwise);</li> <li>(b) any PBP Group Member resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming any of its shares;</li> <li>(c) any PBP Group Member: <ul style="list-style-type: none"> <li>(i) commencing, continuing or implementing a buy-back (on-market or otherwise) of any of its shares;</li> <li>(ii) entering into a buy-back agreement; or</li> <li>(iii) resolving to approve the terms of a buy-back agreement under the Corporations Act;</li> </ul> </li> <li>(d) any PBP Group Member agreeing to pay, declaring, determining as payable, paying or distributing any distribution, dividend, bonus or other form of distribution of its profits or assets or returning any capital to its members</li> </ul>

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- (whether in cash or in specie) other than in respect of any Permitted Dividend;
- (e) a PBP Group Member issuing securities (including without limitation shares), or granting an option, performance right, phantom performance right or shadow performance right over its securities, or agreeing to make such an issue or grant such an option or right;
  - (f) a PBP Group Member issuing or agreeing to issue securities convertible into shares or any debt securities (including any hybrid securities);
  - (g) a PBP Group Member reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
  - (h) a PBP Group Member acquiring or disposing, or agreeing to acquire or dispose, of any security, business, asset, entity or undertaking, whether by any single transaction or series of related or similar transactions, the value of which exceeds \$500,000, to any person, which for the avoidance of doubt, will exclude any transaction or series of related transactions:
    - (i) necessary for PBP or any PBP Group Member to meet its contractual obligations Fairly Disclosed (as defined in the Scheme Implementation Deed) in the Disclosure Materials; or
    - (ii) in connection with goods, inputs, materials acquired in the ordinary course of business consistent with past practice which are used by a PBP Group Member to manufacture or package products supplied by a PBP Group Member;
  - (i) a PBP Group Member entering into, or resolving to enter into, a transaction with any related party of PBP (other than a related party which is a PBP Group Member), as defined in section 228 of the Corporations Act;
  - (j) a PBP Group Member granting or otherwise creating, or agreeing to grant or otherwise create, an Encumbrance (as defined in the Scheme Implementation Deed) over the whole, or a substantial or material part, of its business, assets or property, other than customary retention of title arrangements in the ordinary course of business of that PBP Group Member;
  - (k) a PBP Group Member being, or becoming, Insolvent;
  - (l) a PBP Group Member ceasing, or threatening to cease, the whole or a substantial part of its business;
  - (m) any PBP Group Member making any change to its Constitution (as defined in the Scheme Implementation Deed) or constituent documents, other than where a PBP Group Member that is not material in the context of the PBP Group (taken as a whole) makes a change to its constitution that does not materially affect the Transaction or the PBP Group (or its business); or
-



- (n) any PBP Group Member agreeing or otherwise committing to do any of the things set out in paragraphs (a) to (m) of this definition,

excluding, in the case of each paragraph above of this definition, any such occurrence that:

- (o) is required by law or an order of a court or Government Agency, including the ASX Listing Rules;
- (p) is required or expressly permitted to be done pursuant to the Scheme Implementation Deed or to implement the Scheme;
- (q) took place with the prior written consent of Pyridam; or
- (r) which was Fairly Disclosed (as defined in the Scheme Implementation Deed):
- (i) in the Disclosure Materials; or
- (ii) in the Public Register Information (as defined in the Scheme Implementation Deed).

<b>PBP Representations and Warranties</b>	means the representations and warranties of PBP as set out in Schedule 2 of the Scheme Implementation Deed.
<b>PBP Share</b>	means a fully paid ordinary share in the capital of PBP.
<b>PBP Shareholder</b>	means each person who is registered in the PBP Share Register as the holder of PBP Shares from time to time.
<b>PBP Share Register</b>	means the register of members of PBP maintained in accordance with the Corporations Act.
<b>PBP Share Registry</b>	means Boardroom Pty Limited ABN 14 003 209 836.
<b>PBP Total Shares</b>	means PBP's total issued share capital as at the Last Practicable Date.
<b>Permitted Dividend</b>	means each of: (a) the 1H 2024 Dividend; and (b) any Other Permitted Dividend.
<b>Policy</b>	has the meaning given to that term in section 9.6(a).
<b>Proxy Form</b>	means the proxy form for the Scheme Meeting, a sample of which accompanies this Scheme Booklet or as the context requires, any replacement or substitute proxy form provided by or on behalf of PBP.
<b>Pyfa Singapore</b>	has the meaning given to that term in section 6.3(c).
<b>Pyridam</b>	means PT Pyridam Farma Tbk Business Registry Number 8120014002237.
<b>Pyridam Group</b>	means each of Pyridam and Pyridam Sub and each of their respective Affiliates and " <b>Pyridam Group Member</b> " means any one of them.

<b>Pyridam Information</b>	<p>means information regarding Pyridam, Pyridam Sub and any other Pyridam Group Member provided by or on behalf of the Pyridam to PBP in writing for inclusion in this Scheme Booklet (including for use in preparation of the Independent Expert's Report), being the information in the sections or parts of those sections described below:</p> <p>(a) statements under the Important Notices Pyridam to the extent that they relate to Pyridam, Pyridam Sub or any other Pyridam Group Member;</p> <p>(b) the answers to the questions 'Who are Pyridam and Pyridam Sub?', 'What are Pyridam and Pyridam Sub's intentions for PBP?' and 'How will Pyridam Sub fund the Scheme Consideration?' in section 2;</p> <p>(c) the entire content of section 6;</p> <p>(d) statements in relation to the ownership structure of the Pyridam, Pyridam Sub or any other Pyridam Group Member; and</p> <p>(e) this definition and the definitions of "Amendment Proposal", "Capital Raising", "Capital Raising Proposal", "Debt Commitment Letter", "Debt Funding", "Equity Commitment Letter", "Material Transaction Proposal", "Pyridam", "Pyridam Group Member", "Pyridam Share", "Pyridam Shareholder", "Pyridam Sub", "Pyfa Singapore", "Specified PBP Shares", "Sponsor", "Standby Buyer" and "Standby Buyer Agreement" in this section 10.1.</p>
<b>Pyridam Proposal</b>	has the meaning given to that term in section 4.3(b)(iv)(E).
<b>Pyridam Proposal Period</b>	has the meaning given to that term in section 4.3(b)(iv)(E).
<b>Pyridam Representations and Warranties</b>	means the representations and warranties of Pyridam as set out in Schedule 1 of the Scheme Implementation Deed.
<b>Pyridam Share</b>	means a fully paid ordinary share in the capital of Pyridam.
<b>Pyridam Shareholder</b>	means each person who is registered in Pyridam's share register as the holder of Pyridam Shares from time to time.
<b>Pyridam Sub</b>	means PYFA Australia Pty Ltd ACN 672 617 588.
<b>Qualifying Transaction</b>	has the meaning given to that term in section 9.5(b)(i).
<b>Recommendation</b>	has the meaning given to that term in section 4.1.
<b>Related Body Corporate</b>	has the meaning given in section 9 of the Corporations Act and includes any body corporate that would be a related body corporate for the purposes of the Corporations Act if section 48(2) of the Corporations Act was omitted.
<b>Related Entity</b>	<p>of a party means another entity which:</p> <p>(a) is a Related Body Corporate of the first entity;</p>

	<p>(b) is in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the party; or</p> <p>(c) the party Controls.</p>
<b>Relevant Interest</b>	has the meaning given in sections 608 and 609 of the Corporations Act.
<b>Relevant Person</b>	means in relation to a person, their Related Entities, Associates, Affiliates and Representatives.
<b>Representative</b>	<p>means, in relation to a party:</p> <p>(a) each of the party's Related Bodies Corporate; and</p> <p>(b) each of the members, Officers, employees, Advisers and agents of the party or of its Related Bodies Corporate.</p>
<b>Requisite Majorities</b>	has the meaning given to that term in section 3.2.
<b>RG 60</b>	means Regulatory Guide 60 issued by ASIC in September 2020.
<b>Scheme</b>	<p>means the scheme of arrangement under Part 5.1 of the Corporations Act between PBP and the Scheme Shareholders in respect of all Scheme Shares, the form of which is attached as Annexure B or in such other form as PBP and Pyridam agree in writing, subject to any alterations or conditions that are:</p> <p>(a) agreed to in writing by PBP and Pyridam and approved by the Court; or</p> <p>(b) made or required by the Court under section 411(6) of the Corporations Act and agreed to by PBP and Pyridam.</p>
<b>Scheme Booklet</b>	means this scheme booklet, including the attachments to it.
<b>Scheme Consideration</b>	means, in respect of each Scheme Share, \$3.00.
<b>Scheme Implementation Deed</b>	means the scheme implementation deed dated 21 December 2023 between PBP, Pyridam and Pyridam Sub.
<b>Scheme Meeting</b>	means the meeting of PBP Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme at 10:00am (Melbourne time) on Wednesday, 29 May 2024 and includes any meeting convened following any adjournment or postponement of that meeting.
<b>Scheme Meeting Record Date</b>	means Monday, 27 May 2024 at 7:00pm (Melbourne time).
<b>Scheme Record Date</b>	means 7:00 pm on the fifth Business Day after the Effective Date or such other date as agreed in writing between PBP and Pyridam.
<b>Scheme Resolution</b>	means the resolution to approve the Scheme to be voted on at the Scheme Meeting, the form of which is set out in the Notice of Scheme Meeting in Annexure D.

<b>Scheme Shareholder</b>	means a person registered as a PBP Shareholder at the Scheme Record Date.
<b>Scheme Shares</b>	means all PBP Shares held by the Scheme Shareholders as at the Scheme Record Date.
<b>Second Court Date</b>	means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned application is heard).
<b>Second Court Hearing</b>	means the hearing of the application made to the Court for the order under section 411(4)(b) of the Corporations Act approving the Scheme.
<b>Securities</b>	means shares, debentures, stocks, bonds, notes, interests in a managed investment scheme, units, warrants, options, derivative instruments and any other securities which are convertible into shares in any PBP Group Member.
<b>Specified PBP Shares</b>	has the meaning given to that term in section 6.9.
<b>Sponsor</b>	has the meaning given to that term in section 6.5(a).
<b>Standby Buyer</b>	has the meaning given to that term in section 6.5(a).
<b>Standby Buyer Agreement</b>	has the meaning given to that term in section 6.5(a).
<b>Subsidiary</b>	has the meaning given to that term by section 9 of the Corporations Act.
<b>Superior Proposal</b>	<p>means a bona fide written Competing Proposal received after the date of the Scheme Implementation Deed which the IBC determines, acting in good faith and in order to satisfy what the IBC considers to be its fiduciary and statutory duties, and after having obtained written advice from PBP's reputable external financial and legal advisers practising in the area of corporate law:</p> <p>(a) is reasonably capable of being valued, implemented and completed; and</p> <p>(b) would, if completed substantially in accordance with its terms, be more favourable to PBP Shareholders, as a whole, than the Transaction (as the Transaction may be amended or varied following application of the matching right in clause 11.5 of the Scheme Implementation Deed),</p> <p>in each case, taking into account all terms and conditions of the Competing Proposal (based on the facts and circumstances known to the IBC at the relevant time, including the value and type of consideration, funding, any timing considerations, any conditions precedent, the identity, reputation and financial condition of the proponent, the views of major PBP Shareholders in relation to the Competing Proposal compared to the Scheme, the ability of the proponent to complete the transactions contemplated by the Competing Proposal and the probability of the Competing Proposal being</p>

	completed compared to the Scheme and relevant legal, financial, regulatory and other matters) and the Scheme.
<b>SW Audit</b>	Sw Accountants & Advisors Pty Ltd ACN 005 273 496.
<b>Takeovers Panel</b>	means the Takeovers Panel constituted under the <i>Australian Securities and Investments Commission Act 2001</i> (Cth).
<b>Third Party</b>	has the meaning given to that term in section 4.3(b)(i).
<b>Transaction</b>	means the acquisition by Pyridam Sub of the Scheme Shares by implementation of the Scheme.
<b>Transaction Announcement</b>	means Probiotec's announcement to the ASX on 22 December 2023 of entry into the Scheme Implementation Deed.
<b>Trust Account</b>	has the meaning given to that term in section 4.9(g).
<b>Undisturbed Date</b>	has the meaning given to that term in section 1.2(b).
<b>Voting Deed</b>	means a voting deed between Pyridam, Pyridam Sub and: <ul style="list-style-type: none"> <li>(a) Jared Stringer;</li> <li>(b) Wesley Stringer; or</li> <li>(c) Talril Super Pty Ltd,</li> </ul> each dated 21 December 2023, copies of which were released to the ASX on 27 December 2023, and " <b>Voting Deeds</b> " means all of them.
<b>Voting Intention</b>	has the meaning given to that term in section 4.1.
<b>Voting Power</b>	has the meaning given in section 610 of the Corporations Act.

## 10.2 Interpretation

In this Scheme Booklet, unless expressly stated or the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Scheme Booklet as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Scheme Booklet;
- (h) a reference to time is a reference to time in Melbourne, Australia;
- (i) the words "including", "for example", "such as" or other similar expressions (in any form) are not words of limitation;

- (j) a reference to writing includes facsimile transmissions; and
- (k) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

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# Annexure A Independent Expert's Report

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For personal use only

# Probiotec Limited

Independent Expert's Report and Financial Services Guide

26 March 2024

For personal use only



The Independent Board Committee  
Probiotec Limited  
83 Cherry Lane  
Laverton North, VIC 3026  
Australia

26 March 2024

**Grant Thornton Corporate Finance Pty Ltd**  
ABN 59 003 265 987  
AFSL 247140

Level 17, 383 Kent Street  
Sydney NSW 2000  
PO Locked Bag Q800  
QVB Post Office  
Sydney NSW 1230  
T + 61 2 8297 2400  
F + 61 2 9299 4445  
E [info@gtmsw.com.au](mailto:info@gtmsw.com.au)  
W [www.grantthornton.com.au](http://www.grantthornton.com.au)

## **Introduction**

Probiotec Limited (“Probiotec”, “PBP”, or the “Company”) is a leading contract manufacturer of pharmaceutical products and co-packer of pharmaceuticals, complementary medicines, consumer health products, and fast-moving consumer goods (“FMCG”). The Company operates six manufacturing facilities in Australia and distributes its products both domestically and internationally, primarily for large blue chip pharmaceutical companies. Probiotec is listed on the Australian Securities Exchange (“ASX”) and had a market capitalisation of approximately A\$211 million<sup>1</sup> as at 21 December 2023.

PT Pyridam Farma Tbk (“Pyridam”) is an Indonesian based pharmaceutical company established in 1976 which principally engages in pharmaceutical manufacturing and distribution of medical equipment and dermatological products. Pyridam is listed on the Indonesian Stock Exchange and had a market capitalisation of approximately A\$55 million<sup>2</sup> as at 21 December 2023.

On 22 December 2023, Probiotec announced to the ASX that it had entered into a binding Scheme Implementation Deed (“SID”) with Pyridam under which it is proposed that a wholly-owned subsidiary<sup>3</sup> of Pyridam will acquire 100% of the Probiotec shares (“Probiotec Shares”) by way of Scheme of Arrangement (“Scheme”) for cash consideration of A\$3.00 per Probiotec Share (“Scheme Consideration”). Pyridam has advised Probiotec that it expects the Scheme Consideration to be funded via a combination of debt and direct or indirect equity contributions<sup>4</sup>.

The SID allows Probiotec to declare and pay dividends in aggregate up to A\$0.075 per Probiotec Share, in specified circumstances, without reducing the Scheme Consideration (“Permitted Dividends”)<sup>5</sup>. The Permitted Dividends will be franked to the maximum extent possible.

<sup>1</sup> Based on the closing price of A\$2.52 on 21 December 2023 and shares outstanding of 83,773,406 (including 2,450,000 of performance rights vested as a result of the Scheme).

<sup>2</sup> Based on IDR to AUD exchange rate of 1:0.000095299 sourced from S&P Global.

<sup>3</sup> PYFA Australia Pty Ltd. We note that Pyridam intends to undertake an internal reorganisation prior to the second court date (defined in the Scheme Booklet), such that PYFA Australia Pty Ltd will become a wholly owned subsidiary of Pyfa Health Singapore Pte Ltd, which is in turn owned 99% by Pyridam, with the remaining 1% owned by Rejuve Global Investment Pte. Ltd (a majority shareholder of Pyridam). Refer to section 6.3 of the Scheme Booklet for further details.

<sup>4</sup> As set out in Section 6.5 of the Scheme Booklet.

<sup>5</sup> Comprises a dividend of A\$0.035 per Probiotec Share in respect to the half year ended 31 December 2023 and a dividend up to A\$0.04 per Probiotec Share in respect to the period between 1 January 2024 and ending on the earlier of 30 June 2024 and the date that is immediately prior to the Scheme record date. The Board declared the 1H FY24 dividend of A\$0.035 per share on 28 February 2024 and this has been paid to relevant Probiotec Shareholders on the relevant record date. This was paid in accordance with the terms of the SID and accordingly there will be no reduction to the Scheme Consideration.

The Scheme is subject to the conditions precedent set out in the SID, which are summarised in Section 1 of this Independent Expert's Report ("IER") including approval by Probiotec shareholders ("Shareholders"), Pyridam shareholders, the Federal Court of Australia, the Foreign Investment Review Board ("FIRB"), Otoritas Jasa Keuangan of the Republic of Indonesia ("OJK") (the Indonesian Financial Services Authority) and no material adverse change or Probiotec prescribed occurrence.

Wesley Stringer (Probiotec's CEO) and Jared Stringer (Probiotec's CFO) have substantially agreed upon employment terms and associated future incentive arrangements (including short-term incentives, long-term incentives and a performance rights plan) with Pyridam in relation to their ongoing role and involvement with Probiotec after the Scheme. On 21 December 2023, each of Wesley Stringer and Jared Stringer entered into a binding voting deed with Pyridam confirming that they will vote all of the Probiotec Shares held or controlled by them (equivalent to 6.07% and 3.74% respectively of the issued capital of Probiotec as at the date of this report) in favour of the Scheme (among other matters)<sup>6</sup>.

The SID contains customary exclusivity provisions including no shop and no talk restrictions, restrictions on providing or making available information or access to due diligence (with the no talk and no due diligence restrictions subject to a fiduciary carve-out), notification in certain circumstance and a matching counterproposal right for Pyridam in the event the Probiotec Independent Board Committee ("IBC") receives a competing proposal. The SID also details circumstances under which Probiotec may be required to pay Pyridam a break fee of c. A\$2.5 million, and the circumstances under which Pyridam may be required to pay a reverse break free of c. A\$2.5 million to Probiotec.

Subject to no superior proposal emerging and an Independent Expert concluding and continuing to conclude that the Scheme is in the best interests of Probiotec Shareholders, the IBC unanimously recommends Shareholders to vote in favour of the Scheme. Subject to the same qualifications, each IBC Director intends to vote all the Probiotec Shares held or controlled by them at the time of the Scheme meeting in favour of the Scheme.

## Purpose of the report

The IBC has requested Grant Thornton Corporate Finance to prepare an Independent Expert's Report ("IER") stating whether the Scheme is in the best interests of security holders of the Company for the purposes of section 411 of the Corporations Act 2001 (Cth) ("Corporations Act").

When preparing this IER, Grant Thornton Corporate Finance has had regard to the Australian Securities Investment Commission's ("ASIC") Regulatory Guide 111 *Contents of expert reports* ("RG 111") and Regulatory Guide 112 *Independence of experts* ("RG 112"). The IER also includes other information and disclosures as required by ASIC.

Grant Thornton Corporate Finance confirms that it has read and agree to be bound by the Harmonised Expert Witness Code of Conduct in the preparation of the IER.

## Summary of opinion

**Grant Thornton Corporate Finance has concluded that the Scheme is FAIR AND REASONABLE and hence in the BEST INTERESTS of Shareholders in the absence of a superior alternative proposal emerging.**

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<sup>6</sup> Refer to Section 6.9 of the Scheme Booklet for further details.

In forming our opinion, Grant Thornton Corporate Finance has considered whether the Scheme is fair and reasonable to Shareholders and, as part of that consideration, has had regard to other quantitative and qualitative considerations.

### ***Fairness Assessment***

Grant Thornton Corporate Finance has compared the fair market value per Probiotec Share before the Scheme on a control basis with the Scheme Consideration. We note that our valuation assessment is based on the balance sheet as at 31 December 2023, includes the cash flows for the six months to 30 June 2024 and it does not reflect the cash outflow for the Permitted Dividends. Accordingly we have compared the fair market value of Probiotec with the Scheme Consideration of A\$3.00 per share, excluding the Permitted Dividends. The following table summarises our fairness assessment.

Fairness assessment	Section	Low	High
A\$ per Probiotec Share	Reference		
Fair market value of Probiotec Shares on a control basis	Section 6	2.79	3.28
Scheme Consideration	Section 1	3.00	3.00
<b>Premium/(discount)</b>		<b>0.21</b>	<b>(0.28)</b>
<b>Premium/(discount) (%)</b>		<b>7.6%</b>	<b>(8.4%)</b>
<b>FAIRNESS ASSESSMENT</b>		<b>FAIR</b>	

Source: GTCF analysis

The Scheme Consideration is within the range of the fair market values of Probiotec Shares on a control basis. Accordingly, we conclude that the Scheme is FAIR to Probiotec Shareholders.

Probiotec Shareholders should be aware that our assessment of the value per Probiotec Share should not be considered to reflect the price at which Probiotec Shares may trade if the Scheme is not implemented. The price at which Probiotec Shares will ultimately trade depends on a range of factors, including the available public market for Probiotec Shares, macroeconomic conditions and the performance of Probiotec's business.

We have assessed the fair market value of Probiotec Shares by relying upon the discounted cash flow methodology ("DCF Method") as our primary approach which we have cross check based on the enterprise value as a multiple of EBITDA ("EBITDA Multiple") and the Quoted Security Pricing Method.

#### *DCF Method*

We have built a financial model projecting the post-tax free cash flows of the Company up to 30 June 2029 ("GT Model") utilising management's internal projections up to 30 June 2027 ("Internal Projections") as a base, which we have extended to 30 June 2029 to taper down the revenue growth in the Internal Projections in line with an assumed perpetual growth rate before calculating the terminal value.

Based on our understanding of the business and the industry, we have considered some key drivers that have guided our assessment: 1) Probiotec is expected to benefit in the short and medium term from outsourcing and demand for onshore manufacturing by pharmaceutical companies, which is expected to accelerate revenue growth; 2) The long term relationships held by the business with key clients, the related contracted nature of the revenue and the challenges for customers to switch manufacturers of pharmaceutical products reduce risks in relation to future financial performance; 2) Probiotec has incurred or is in the process of incurring significant capital expenditure which is expected to lead to gross margin

and EBITDA margin improvements driven by, among other things, procurement savings, automation benefits initiatives and NSW Site Consolidation<sup>7</sup> savings.

We have set out below the key assumptions adopted in the DCF Method:

- *Revenue growth* – Management have performed a detailed bottom-up analysis in forecasting Probiotec's revenue. Circa 90% of Probiotec's forecast growth is driven by existing contracts with the remaining 10% driven by new business which has been probability weighted for success. We consider Management's approach to be reasonable and have therefore adopted their projections to FY27 before tapering down revenue growth to a long term rate by FY29.
- *Profitability* – Probiotec's gross margin has been volatile in recent years due to exogenous factors including the non-recurring demand for high margin RAT tests induced by the pandemic in FY21 and FY22 and the subsequent high inflationary and supply chain pressures in FY23. Gross margins are forecast to peak in FY27 in the Internal Projections at c. 37.3% after which Grant Thornton Corporate Finance has steadily tapered down gross margins to reach a normalised perpetual gross margin of 35.0%. We note that customer contracts of Probiotec generally include periodic and out-of-cycle contract pricing reviews, accordingly margins are somewhat protected, albeit with timing delay with pricing reviews every twelve-months. Improvements in the EBITDA margins are mainly driven by cost savings associated with the NSW Site Consolidation (estimated between A\$3.6 million and A\$5 million) and with growth capex in FY26 and FY27 to upgrade and improve the operating efficiency of the two facilities of the Company located in VIC.
- *Capital Expenditure* – Capital expenditure in the Internal Projections comprises NSW Site Consolidation capex, VIC site project capex, maintenance capex, growth capex, and capitalised development capex. Probiotec has historically recorded a large capital expenditure profile as a result of its investments in manufacturing and packaging equipment. We have adjusted Management's forecast maintenance and growth capex over the discrete period to taper down a perpetual normalised rate equivalent to 3.5% of revenue based on our discussions with Management.
- *Discount rate* - We have adopted a discount rate between 9.70% and 10.40% based on the Weighted Average Cost of Capital ("WACC"). In computing the WACC, we have applied a company specific risk premium of 1.50% to reflect the execution risk involved in the NSW Site Consolidation and VIC site projects including the timing and capex associated with its construction and the assumed associated cost savings.

Below we have set out our assessment of the fair market value of Probiotec on a 100% control basis under the DCF Method.

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<sup>7</sup> In November 2022, the Company announced it had agreed terms with a major Australian developer to construct and consolidate all four NSW sites into a single, 36,000 sqm purpose-built packaging facility in Kemps Creek, NSW (collectively the "NSW Site Consolidation").

DCF Method - valuation summary	Section	Low	High
A\$ '000 (except where stated otherwise)	Reference		
Enterprise value on a control basis	6.1	254,773	295,616
Less: Adjusted net debt as at 31 December 2023	6.1.3	(21,214)	(21,214)
<b>Equity Value (control basis)</b>		<b>233,560</b>	<b>274,402</b>
Number of outstanding shares ('000s) (fully diluted)	6.1.4	83,773	83,773
<b>Value per share (control basis) (A\$ per Share)</b>		<b>2.79</b>	<b>3.28</b>

Source: GT Model, GTCF analysis

It should be noted that the enterprise value of Probiotec could vary materially based on changes in certain key assumptions. Accordingly, we have conducted a sensitivity analysis below to highlight the impact on the value of Probiotec Shares based on the DCF Method.

Sensitivity analysis	Low	High	Low	High
A\$ per share			% Change	% Change
<b>GT assessed value per share for Probiotec</b>	<b>2.79</b>	<b>3.28</b>		
<b>Discount rate</b>				
+0.5%	2.60	3.04	(6.6%)	(7.1%)
-0.5%	3.00	3.54	7.5%	8.2%
<b>Terminal revenue growth rate</b>				
+0.5%	2.95	3.48	5.7%	6.3%
-0.5%	2.65	3.10	(5.0%)	(5.5%)
<b>Terminal gross margin</b>				
+0.5%	2.91	3.41	4.4%	4.2%
-0.5%	2.67	3.14	(4.4%)	(4.2%)
<b>Maintenance and growth capex as a % of revenue in the terminal year</b>				
+0.5%	2.64	3.11	(5.2%)	(4.9%)
-0.5%	2.93	3.44	5.2%	4.9%
<b>Including the VIC Site Consolidation project</b>	<b>2.91</b>	<b>3.42</b>	<b>4.3%</b>	<b>4.3%</b>

Source: GTCF analysis. The VIC Site Consolidation sensitivity refers to the opportunity to consolidate the two VIC sites of Probiotec. Refer to section 6.1.6 for details.

#### EBITDA Multiple approach

We have cross-checked the valuation conclusions under the DCF Method having regard to the EBITDA Multiples of comparable listed companies and recent transactions involving companies with similar operations to Probiotec. EBITDA multiples are widely used as a benchmark to value profitable companies

across many industries as the metric enables the comparison of a company's revenues and expenses (i.e. their profitability) before several, often material, accounting-related expenses.

Below we have set out the EBITDA Multiples of Probiotec implied in our valuation assessment based on the DCF Method on both a pre AASB-16 and post AASB-16 basis<sup>8</sup>.

Implied EBITDA Multiple A\$ '000 (except where stated otherwise)	DCF Method (pre AASB-16) <sup>1</sup>		DCF Method (post AASB-16) <sup>2</sup>	
	Low	High	Low	High
<b>Enterprise value (control basis) (pre AASB-16)</b>	<b>254,773</b>	<b>295,616</b>	<b>254,773</b>	<b>295,616</b>
Add: Lease liabilities as at 31 December 2023			39,751	39,751
<b>Enterprise value (control basis) (post AASB-16)</b>			<b>294,524</b>	<b>335,366</b>
FY23 EBITDA (Actual)	25,778		36,000	
FY24 EBITDA (GT Model Forecast)	29,409		40,333	
FY25 EBITDA (GT Model Forecast)	34,757		50,335	
<b>FY23 EV/EBITDA (Actual)</b>	<b>9.9x</b>	<b>11.5x</b>	<b>8.2x</b>	<b>9.3x</b>
<b>FY24 EV/EBITDA (Forecast)</b>	<b>8.7x</b>	<b>10.1x</b>	<b>7.3x</b>	<b>8.3x</b>
<b>FY25 EV/EBITDA (Forecast)</b>	<b>7.3x</b>	<b>8.5x</b>	<b>5.9x</b>	<b>6.7x</b>

Source: GT Model, GTCF analysis.

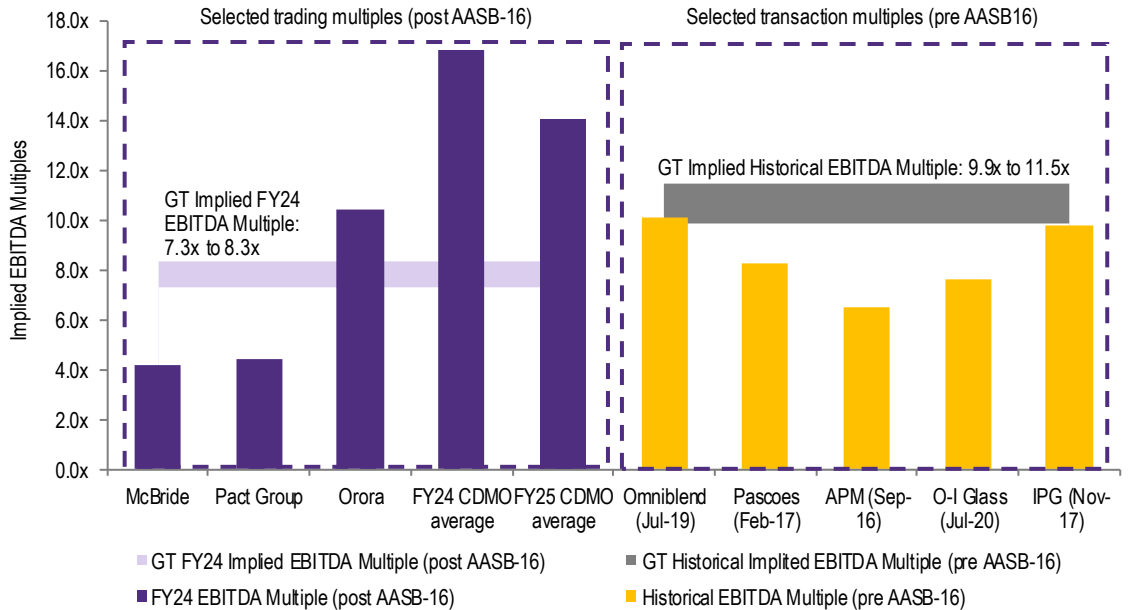
Notes: (1) Enterprise value on a pre AASB-16 basis based on the enterprise value from the DCF Method (refer to Section 6.1.5). (2) Enterprise value on a post AASB-16 basis based on the enterprise value from the DCF Method (refer to Section 6.1.5), adjusted to include the lease liabilities on balance sheet as at 31 December 2023 (refer to Section 4.2.2).

In selecting comparable listed companies and private transactions, we have relied on two separate sets of contract manufacturing and packaging businesses on the basis that we did not identify any listed peers that provided both services in a similar mix to Probiotec.

In the graph below, we have summarised the EBITDA multiple implied in our valuation assessment alongside the multiples of selected listed companies (post AASB-16 basis) and transactions (pre AASB-16 basis) (refer to Section 6.2 for details).

<sup>8</sup> We note that the EBITDA Multiples of the selected listed companies are computed on a post AASB-16 basis whilst the EBITDA Multiples of the comparable transactions are presented on a pre-AASB16 basis, hence the needs to show our calculations on a both pre and post AASB16 basis.

### GT Implied EBITDA Multiples compared to selected listed companies and transactions



Source: S&P Global, GT Model, GTCF Analysis.

Notes: (1) We have applied a control premium of 30% to the market capitalisations of each listed company taken as at 4 March 2024, except for Pact Group which was recently subject to a takeover offer and thereby already trading on a control basis. (2) Forecast EBITDA Multiples for trading multiples are based on the median forecast EBITDA of broker consensus sourced from S&P Global.

Based on our EBITDA Multiple cross check with the selected listed companies and transactions, we consider the implied EBITDA Multiple in the DCF Method to be reasonable due to the following:

- It is at a premium to the multiple of McBride Plc (“McBride”), which despite being a pure contract manufacturer, exhibits inferior forecast growth and profitability profile to Probiotec and lacks the barriers to entry gained by specialising in pharmaceutical product manufacturing given that it focuses on manufacturing of private label products for the domestic household and professional cleaning and hygiene markets.
- All things being equal, contract manufacturing companies generally trade at higher multiples compared to contract packaging companies, largely due to the comparatively higher growth and profitability margin of the contract manufacturing industries globally, the more defensive nature of these businesses and the longer tenure of contracted revenue. However, we note that this can be offset, such as is the case with the considerably larger operating size and global market leading positions of Orora Limited (“Orora”).
- It is at a premium to the multiple implied by the acquisition of Australian Pharmaceutical Manufacturers Pty Ltd (“APM”), which is highly comparable in terms of operations and mix between manufacturing and packaging services but is of relatively smaller size and scale to Probiotec.
- It is in line or higher than the comparable transactions considered in our analysis.
- Contract development and manufacturing organisations (“CDMO”) attract higher multiples compared to contract manufacturing organisations (“CMO”) given their exposure to the high growth and margin of the research and development component of the pharmaceutical industry. In addition, CDMOs are generally aided by owning or benefiting from the retail sales of the products developed and manufactured. Further, the CMDOs included in our listed peers are global and large organisations with a market capitalisation between A\$12 billion up to A\$80 billion. Their size and market positioning are



reflected in their significantly higher EBITDA multiple. Finally, the FY25 average EBITDA multiple of the CDMOs reduces substantially to c. 14.0x which seems to indicate historical volatile financial performance or significant growth expected going forward which again contribute to the higher multiples.

*Quoted Security Price Method*

The Scheme Consideration of A\$3.00 per share implies a control premium calculated on the trading prices immediately before the announcement of the Scheme which is at the low end of the range typically observed for successful transactions in the Australian capital markets of between 20% to 40% with a median and average premium of c. 34% and 30% respectively (refer to Appendix E for details).

Control premium implied in Scheme Consideration	
VWAP	
Up to 21 Dec 2023	
1 day	20.1%
5 day	23.6%
1 month	26.3%

Source: IRESS, GTCF Analysis.

Notes: (1) Based on the Scheme Consideration of A\$3.00 per Probiotec Share. Refer to Section 1 for further details.

However, we are of the opinion that this is not unreasonable and it is affected by the following:

- The trading prices of Probiotec before the announcement of the Scheme cannot necessarily be referred as *undisturbed/unaffected* from a potential transaction and they may partially incorporate investors' expectations of a potential change of control deal. Specifically, the Australian Financial Review ("AFR") published an article on 7 May 2023 suggesting that Probiotec was fielding interest from potential suitors after receiving an unsolicited approach. Whilst the Company did not respond or comment to this speculation, the trading prices increased from A\$2.40 to A\$2.80 and remained high until the release of the Company's FY23 audited financial resulted on 13 October 2023, with persistent volatility until the announcement of the Scheme.
- Probiotec Shares are likely to trade on a cum-dividend basis before the announcement of the Scheme having regard to the long dividend history of the Company whereas the Scheme Consideration will not change if the Company pays the Permitted Dividends in accordance with the terms of the SID (i.e. the Scheme Consideration is ex-dividend). Accordingly, if we adjust the trading price of Probiotec Shares to an ex-dividend basis to be consistent with the Scheme Consideration by removing the value of the Permitted Dividends (in aggregate, up to A\$0.075 per Probiotec Share), we note that the control premium implied in Scheme Consideration increases in line (1 month) or closer to the average control premium paid in Australia for successful transactions.

Control premium implied in Scheme Consideration	
VWAP less Permitted Dividend <sup>1</sup>	
Up to 21 Dec 2023	
1 day	23.8%
5 day	27.6%
1 month	30.4%

Source: IRESS, GTCF Analysis.

Notes: (1) We have deducted the aggregate value of the Permitted Dividends (A\$0.075 per share) from the VWAP of Probiotec to convert the trading price of Probiotec Shares to an ex-dividend basis.

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In addition, we note the following qualitative factors which further support our opinion that the Scheme Consideration is fair for Probiotec Shareholders:

- The Scheme was the outcome of a competitive process during which the Company engaged multiple parties, including potential finance and trade buyers, with the Scheme Consideration being the highest price offered.
- We are of the opinion that the operational and financial assumptions adopted in the DCF Method reflect the full underlying value of the Company given that: 1) Revenue growth forecast significantly exceeds forecast industry growth meaning Probiotec is expected to gain market share; 2) Significant expansion in EBITDA margins driven by, among other things, procurement savings, automation benefits initiatives (some of which have not yet commenced), NSW Site Consolidation Project savings and synergies expected to be realised by a pool of potential purchasers; and 3) The discount rate adopted in the DCF Method is at the low-end of certain identified benchmarks, including Management's own discount rate as assessed and utilised for their annual impairment testing.
- The various implied control premiums set out above (cum-dividend or ex-dividend) fall within the range of control premiums paid for successful takeovers in the Australian market.

### ***Reasonableness Assessment***

Under RG 111, the Scheme is reasonable if it is fair. Notwithstanding the above, we have summarised below the advantages, disadvantages and other factors in relation to Scheme.

#### **Advantages**

##### *Premium for control*

A premium for control is applicable when the acquisition of control of a company or business would give rise to benefits such as the ability to realise synergies, access technology, access tax benefits and control of the board of Directors of the Company. Notwithstanding some limitations in the trading prices immediately before announcement of the Scheme discussed above, the Scheme Consideration of A\$3.00 per Probiotec Share represents a premium of:

- 20.1% to closing share price immediately before the announcement of the Scheme;
- 23.6% to the five-day VWAP up to and including 21 December 2023;
- 26.3% to the 1-month VWAP up to and including 21 December 2023; and
- 20.0% to the 3-month VWAP up to and including 21 December 2023.

This premium for control is unlikely to be available to Probiotec Shareholders in the absence of the Scheme or an alternative transaction.

##### *Certainty of the cash consideration*

Probiotec Shareholders have the opportunity to receive a certain cash amount at a premium to the trading price of Probiotec before the announcement of the Scheme and at a premium to the price that Probiotec

Shares may trade in the short term in the absence of the Scheme or an alternative transaction. If the Scheme is implemented, Probiotec Shareholders will no longer be exposed to the ongoing risks associated with holding an investment in Probiotec which are summarised below in a non-exhaustive manner:

- *Realisation of growth* – The key driver of Probiotec’s growth, supported by contractual price uplifts prescribed in existing customer contracts, is the winning of new contracts. Probiotec’s forecast growth is in excess of forecast industry growth meaning Probiotec will need to capture market share in order to realise its forecast growth projections. Whilst Probiotec is considered a market leader, the need to capture market share poses a greater risk than simply achieving growth in line with the industry.
- *Realisation of profitability* – The key drivers of Probiotec’s forecast long term EBITDA margin improvements are from periodic contracted pricing uplifts, procurement savings, future automation initiatives, cost savings from the NSW Site Consolidation and VIC site projects and cost synergies typically available to a pool of potential purchasers. Whilst the price uplifts are contracted, Probiotec may face challenges enforcing these alongside trying to capture market share in pursuit of growth, despite the typical stickiness of customers. There is also a risk that expected cost savings may not be realised to the full extent or at all.
- *Maintenance of industry structural changes* – Probiotec’s recent and forecast success is, in part, dependent on the maintenance of key industry trends towards the outsourcing and on-shoring of production by pharmaceutical companies. Should either of these trends not persist or crystallise to the full extent, then we consider this increases the risk of Probiotec not achieving its forecast revenue growth.

#### *Competitive bidding process*

The Scheme was the outcome of a competitive process during which the Company engaged multiple parties, including potential finance and trade buyers, with the Scheme Consideration being the highest price offered.

#### *Permitted Dividends*

Under the terms of the SID, Probiotec is permitted to declare and pay the Permitted Dividends in specified circumstances without reducing the Scheme Consideration as set out below:

- A\$0.035 dividend per Probiotec Share in respect of the half year ended 31 December 2023, which was declared on 28 February 2024 in accordance with the terms of the SID; and
- Up to A\$0.04 per Probiotec Share in respect of the period between 1 January 2024 and the earlier of the Scheme record date and 30 June 2024. This will also not reduce the Scheme Consideration, provided that it is paid in accordance with the terms of the SID. To the extent that the Board determines to declare and pay any such dividend, it will be announced to the ASX before implementation of the Scheme.

Typically, dividends declared after the announcement of SID would reduce the Scheme Consideration due to the target’s cash balance reducing in order to fund the dividends. Under the Scheme, Pyridam has permitted Probiotec to pay the Permitted Dividends, in specified circumstances, without it impacting the Scheme Consideration which effectively allows Probiotec Shareholders to receive a return for Probiotec’s

recent performance and near-term future performance without it impacting the consideration they receive when they sell their shares.

*No brokerage costs*

Probiotec Shareholders will be able to realise their investment in Probiotec without incurring any brokerage or stamp duty costs.

## Disadvantages

*Timing of the transaction is somewhat opportunistic*

The timing of the Scheme is somewhat opportunistic for two key reasons: 1) the Company has not yet had the opportunity to fully implement and realise the benefits of its cost saving initiatives, including the NSW Site Consolidation and future automation initiatives at the VIC site. 2) The Company has not yet been able to fully capitalise on the favourable industry tailwinds in the form of the outsourcing and on-shoring of manufacturing by Pharmaceutical companies both of which have been described in the Advantages section above. Whilst we consider the Scheme at least partially compensates Probiotec Shareholders for these opportunities and they are factored into our valuation based on the DCF Method, this transaction would prevent participation in any further upside.

Further, a potential future value enhancement opportunity may arise from the consolidation of the two VIC sites of Probiotec into a larger single facility in Western Melbourne ("VIC Site Consolidation"). As at the date of this report, the VIC Site Consolidation was an early-stage business case which was 1) not approved by the Board of Probiotec; 2) had not secured relevant funding or a location; and 3) had not detailed costing of the required capital expenditure and potential costs savings. Accordingly, based on our view of the approach that would be adopted by a pool of potential purchasers, we have not included the VIC Site Consolidation in our base case valuation. Nonetheless, upon implementation of the Scheme, Probiotec Shareholders will not participate in any potential upside.

*Execution risk due to the nature and funding of the purchaser*

We are of the opinion that the Scheme has greater than usual execution risk associated with fund raising required to be completed by Pyridam to pay for the Scheme Consideration which is multiple times of Pyridam's market capitalisation. As at 21 December 2023, Pyridam had a market capitalisation of A\$55 million compared with Probiotec's market capitalisation of A\$251 million implied by the Scheme.

Pyridam intends to fund the Scheme Consideration via two external sources:

- A rights issue and/or the issue of other financial instruments on the Indonesia Stock Exchange ("IDX") (collectively the "Capital Raising"), which is expected to raise aggregate proceeds of approximately A\$104.5 million<sup>9</sup>. To mitigate this funding risk, Pyridam has obtained a binding Equity Commitment Letter for A\$155 million from Ascend Global Investment Fund SPC ("Sponsor"), an entity based in Singapore.
- Debt financing that Pyridam has obtained via a binding, credit-approved Debt Commitment Letter from an Indonesian-based state-owned financial institution.

<sup>9</sup> Based on an exchange rate of IDR10,239 to one Australian dollar as at 20 March 2024 sourced from the Scheme Booklet.

Unlike a hypothetical buyer, who has the required funding needed to acquire Probiotec, and notwithstanding the mitigants put in place by Pyridam, some uncertainties remain.

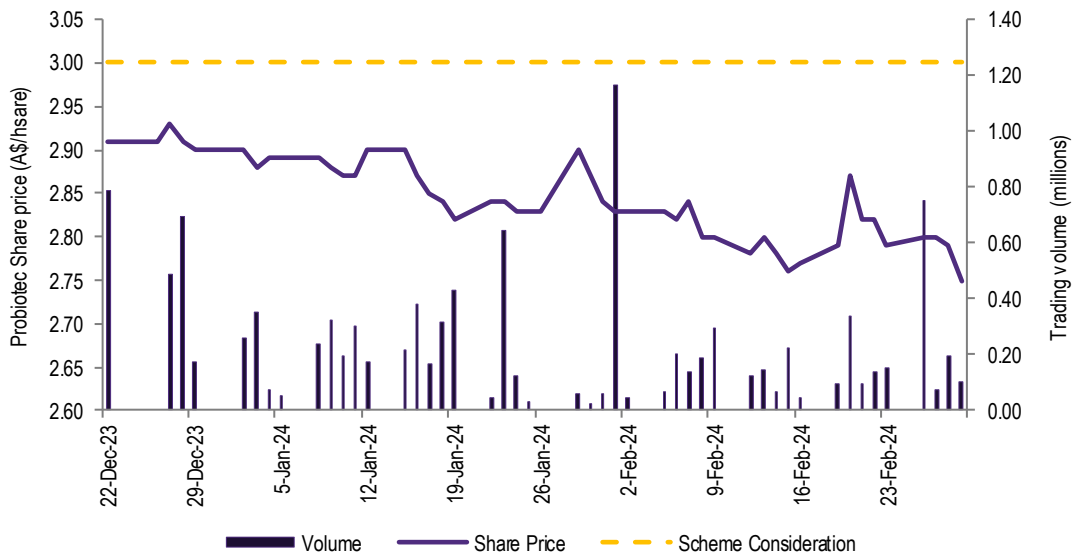
Furthermore, as Pyridam is based in Indonesia, approval by the OJK is required for both the implementation of the SID as well as the Capital Raising, neither of which has been granted as at the date of this IER.

## Other factors

### *Share price after the announcement*

As set out below, following the announcement of the Scheme, the share price of Probiotec has traded at a discount to the Scheme Consideration. Whilst this discount is small, it is greater than what we have typically observed historically for other transactions. We consider this is likely a reflection of the execution risk posed by Pyridam as the acquirer as set out in the Disadvantages section above.

### Trading price of Probiotec Shares after announcement of the Scheme



Sources: S&P Global, GTCF Analysis.

### *Prospects of a superior offer*

Whilst Probiotec has agreed not to solicit any competing proposals or, subject to a fiduciary exception, to participate in discussions or negotiations in relation to any competing proposals, there are no material impediments to an alternative proposal being submitted by potentially interested parties. The transaction process may act as a catalyst for all interested parties and it will provide significant additional information in the Scheme Booklet and Independent Expert's Report to enable such potential acquirers to assess the merits of potential alternative transactions. If a superior proposal emerges before Probiotec Shareholders cast their vote on the Scheme, the Scheme meeting may be adjourned or Probiotec Shareholders may vote against it.

We note that in the event that a competing superior proposal is announced and completed or the IBC withdraw their recommendation of the Scheme, Probiotec may be required to pay Pyridam a break fee of A\$2.5 million subject to certain exceptions. The break fee may also become payable under other circumstances as set out in the Scheme Booklet.

#### *Implications if the Scheme is not implemented*

If the Scheme is not implemented, all other things being equal, it is likely that Probiotec Shares will trade at a price below A\$3.00, at least in the short-term. In our opinion, the prospect of Probiotec Shares trading above A\$3.00 in the short term is limited, however, in the longer term Probiotec's trading price may settle at a level higher than before the announcement of the Scheme if forecast growth and margin improvements can be realised.

If a Scheme is not implemented, it would be the current Directors' intention to continue operating Probiotec as a stand-alone entity in line with its stated strategy and objectives.

#### *Tax implications*

Acceptance of the Scheme may crystallise a capital gains tax liability for Probiotec Shareholders, however the taxation consequences for Probiotec Shareholders will vary according to their individual circumstances and will be impacted by various factors. Probiotec Shareholders should read the overview of tax implications of the Scheme set out in the Scheme Booklet and also seek independent financial and tax advice.

#### **Conclusion on the reasonableness**

Based on the qualitative factors identified above, it is our opinion that the Scheme is **REASONABLE**.

#### **Overall conclusion**

After considering the abovementioned quantitative and qualitative factors, Grant Thornton Corporate Finance has concluded that the Scheme is **FAIR AND REASONABLE and hence in the BEST INTERESTS** of Probiotec Shareholders in the absence of a superior alternative proposal emerging.

#### **Other matters**

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

In preparing this report we have considered the interests of Probiotec Shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

Yours faithfully

GRANT THORNTON CORPORATE FINANCE PTY LTD



ANDREA DE CIAN  
Partner



JANNAYA JAMES  
Partner

## 1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by Probiotec to provide general financial product advice in the form of an independent expert's report in relation to the Scheme. This report is included in the Scheme Booklet outlining the Scheme.

## 2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we Scheme, information about us, our dispute resolution process and how we are remunerated.

## 3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

## 4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from Probiotec a fixed fee of A\$185,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

## 5 Independence

Grant Thornton Corporate Finance is required to be independent of Probiotec and Pyridam in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

*“Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Probiotec and Pyridam (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Scheme.*

*Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Scheme, other than the preparation of this report.*

*Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the transaction. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.*

*Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 “Independence of expert” issued by the ASIC.”*

## 6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Compliance Authority (membership no. 11800). All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Compliance Authority who can be contacted at:

Australian Financial Compliance Authority  
GPO Box 3  
Melbourne, VIC 3001  
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the General Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

## 7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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## 1 Outline of the Scheme

### 1.1 Key terms of the Scheme

Under the Scheme, Probiotec Shareholders will be entitled to receive A\$3.00 in cash for each Probiotec Share held at the Scheme Record Date.

We have set out below some of the key terms of the Scheme Implementation Deed (“SID”):

- *Conditions precedent* – the SID includes the following conditions precedent, each of which must be satisfied or waived, if capable of waiver, before the Scheme can become Effective:
  - Approval of the Scheme by Probiotec Shareholders and by the Court in accordance with Section 411(4)(a)(ii) and Section 411(4)(b) of the *Corporations Act 2001* (Cth) (“Corporations Act”).
  - Approval of the Scheme (which is a 'material transaction' for the purposes of Article 1 point (1) and Article 3 of OJK Regulation No. 17/POJK.04/2020, as may be amended from time to time) by Pyridam Shareholders in accordance with Indonesian capital markets laws and regulations, and the Pyridam Articles of Association.
  - Receipt and/or fulfilment of required regulatory approvals, including in relation to Foreign Investment Review Board (“FIRB”), and the satisfaction of regulatory requirements of the Otoritas Jasa Keuangan of the Republic of Indonesia (the Indonesian Financial Services Authority) in relation shareholders of Pyridam approving to the Scheme (which is a 'material transaction' for the purposes of Article 1 point (1) and Article 3 of OJK Regulation No. 17/POJK.04/2020, as may be amended from time to time).
  - The Independent Expert concludes and continues to conclude, that the Scheme is in the best interests of Probiotec Shareholders.
  - No Probiotec Prescribed Occurrences and no Material Adverse Change (as defined in the SID).
  - Other conditions precedent typical for a transaction of this type.
- *Performance Rights* – Probiotec has 2,675,000 Performance Rights on issue. Subject to the Scheme becoming Effective:
  - In relation to 2,450,000 2022 PBP Performance Rights (as defined in the Scheme Booklet) – the Probiotec Board intends to exercise its specific discretion in accordance with the terms of the PBP Executive Option Plan and take such actions as are necessary to automatically vest all unvested 2022 PBP Performance Rights which are held by current Probiotec personnel, for nil cash consideration, and Probiotec will issue the number of Shares as corresponds to the number of 2022 PBP Performance Rights which are validly exercised by the holder of such 2022 PBP Performance Rights prior to the Scheme Record Date on a one-for-one basis in accordance with the terms of the PBP Executive Option Plan; and

- In relation to 225,000 2021 PBP Performance Rights (as defined in the Scheme Booklet) – these rights will automatically expire 1 year after the release of PBP’s 2023 Annual Report (being 13 October 2023), however, as this date would occur after the Scheme Record Date and Probiotec is required under the SID to ensure that there are no outstanding PBP Equity Incentives as at the Scheme Record Date, Probiotec has agreed with each holder of the 2021 PBP Performance Rights to terminate and cancel their respective 2021 PBP Performance Rights subject only to the Scheme becoming Effective, pursuant to legally binding cancellation deeds.
- *Permitted Dividend* – Probiotec has the right to declare and pay dividends in aggregate up to A\$0.075 per Probiotec Share, in specified circumstances, comprising a A\$0.035 dividend per Probiotec Share in respect of the half year ended 31 December 2023, which was declared on 28 February 2024, and up to A\$0.04 per Probiotec Share in respect of the period between 1 January 2024 and the earlier of the Scheme record date and 30 June 2024<sup>10</sup>.
- *Break Fee* – A break-fee of A\$2,513,202 (exclusive of GST) may become payable by Probiotec to Pyridam if during the exclusivity period the Scheme does not proceed due to:
  - Any of the IBC Directors fails to make the recommendation to vote in favour of the Scheme (as defined in the SID), adversely changes, withdraws, adversely modifies or adversely qualifies the recommendation to vote in favour of the Scheme, or publicly indicates they no longer recommend the Scheme or recommends, supports, or endorses a Competing Proposal (as defined in the SID), except in limited circumstances set out in the SID.
  - A Competing Proposal is made or announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) by a third party and, within twelve months thereafter, that third party (either alone or together with any associates) enters into any agreement, arrangement or understanding to give effect to a Competing Proposal, acquires Control (as defined in the SID) of, or merges with, Probiotec, substantially completes a Competing Proposal, or otherwise acquires Voting Power (as defined in the Corporations Act) of (or an economic interest in) 50% or more of Probiotec Shares or the assets of the Probiotec Group.
  - Pyridam terminates the SID due to a material breach by Probiotec under clause 13.1(b)(i)(A) of the SID.

In some instances (as set out in the Scheme Booklet), a reverse break-fee of A\$2,513,202 (exclusive of GST) may also be required to be paid by Pyridam to Probiotec under the terms of the SID.

Refer to the Scheme Booklet and the SID for further details.

- *Other* – The SID contains customary exclusivity provisions including no shop and no talk restrictions, restrictions on providing or making available information or access to due diligence (with the no talk and no due diligence restrictions subject to a fiduciary carve-out), notification

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<sup>10</sup> PBP Board’s ability to determine and pay a dividend of up to A\$0.04 per Probiotec Share in respect of the period between 1 January 2024 and the earlier of the Scheme record date and 30 June 2024 is subject to other conditions under the terms of the Scheme Implementation Deed, including that such dividend may only be paid after reasonable consultation in good faith, and as otherwise agreed in writing, with Pyridam, and must be paid from profits, retained earnings or distributable reserves (or a combination of all or some of them) of Probiotec group existing prior to the declaration or authorisation of such dividend and otherwise in accordance with the *Corporations Act 2001* (Cth).

rights in certain circumstances and a matching counterproposal right for Pyridam in the event the IBC Directors receive a Competing Proposal.

- *Voting Deeds* – Wesley Stringer (Probiotec CEO) and Jared Stringer (Probiotec CFO) have substantially agreed upon employment terms and associated future incentive arrangements (including short-term incentives, long-term incentives and a performance rights plan) with Pyridam in relation to their ongoing role and involvement with Probiotec after the Scheme. On 21 December 2023, each of Wesley Stringer (who as at the date of this report holds or controls 4,936,079 Probiotec Shares, representing an approximate 6.07% interest in all of the issued share capital in Probiotec as at the date of this report) and Jared Stringer (who as at the date of this report holds or controls 3,044,750 Probiotec Shares representing an approximate 3.74% interest in all of the issued share capital in Probiotec as at the date of this report) entered into a binding voting deed with Pyridam and its wholly owned subsidiary confirming that they will vote all of the Probiotec Shares held or controlled by them (equivalent to a collective 9.81% of the issued capital of Probiotec as at the date of this report) in favour of the Scheme on the Scheme Record Date (among other matters). Refer to section 6.9 of the Scheme Booklet for further details.

## 2 Purpose and scope of the report

### 2.1 Purpose

#### *Section 411 of the Corporations Act*

Section 411 of the Corporations Act regulates schemes of arrangement between companies and their members. Part 3 of Schedule 8 of the *Corporations Regulations 2001 (Cth)* (“Corporations Regulations”) prescribes information to be sent to shareholders and creditors in relation to members’ and creditors’ scheme of arrangement pursuant to Section 411 of the Corporations Act.

Part 3 of Schedule 8 (clauses 8303 and 8306) of the Corporations Regulations requires an independent expert’s report in relation to a scheme of arrangement to be prepared when a party to that scheme has a shareholding greater than 30% in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert’s report must state whether a scheme is in the best interests of shareholders and state reasons for that opinion. Even where there is no requirement for an independent expert’s report, documentation for a scheme of arrangement typically includes an independent expert’s report.

While there is no legal requirement for an independent expert’s report to be prepared in respect of the Scheme, the IBC Directors of Probiotec have requested Grant Thornton Corporate Finance to prepare an independent expert’s report to express an opinion as to whether the Scheme is in the best interests of Probiotec Shareholders.

### 2.2 Basis of assessment

In determining whether the Scheme is in the best interests of the Company’s members, Grant Thornton Corporate Finance has had regard to relevant Regulatory Guides issued by the ASIC, including Regulatory Guide 111 Content of expert reports (“RG 111”), Regulatory Guide 60 Scheme of arrangement (“RG 60”) and Regulatory Guide 112 Independence of experts (“RG 112”). The IER will also include other information and disclosures as required by ASIC. We note that neither the Corporations Act nor the Corporations Regulations define the term “in the best interests of members”.

RG 111 establishes certain guidelines in respect of independent expert’s reports prepared for the purposes of the Corporations Act. RG 111 is framed largely in relation to reports prepared pursuant to Section 640 of the Corporations Act and comments on the meaning of “fair and reasonable” in the context of a takeover offer. RG 111 requires an independent expert report prepared for a change of control transaction implemented by way of scheme of arrangement to undertake an analysis substantially the same as for a takeover bid. However, the opinion of the expert should be whether or not the proposed scheme is “in the best interests of the members of the company”. If an expert were to conclude that a proposal was “fair and reasonable” if it was in the form of a takeover bid, it will also conclude that the proposed scheme is “in the best interests of the members of the company”.

Pursuant to RG 111, an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are subject of the offer. A comparison must be made assuming 100% ownership of the target company (among other matters).

RG 111 considers an offer to be “reasonable” if it is fair. An offer may also be reasonable if, despite not being “fair” but after considering other significant factors, the expert believes that there are sufficient reasons for shareholders to accept the offer in the absence of any higher bid before the close of the offer.

In our opinion, the most appropriate way to evaluate the fairness of the Scheme is to compare the fair market value of Probiotec on a control basis with the market value of the Scheme Consideration.

In considering whether the Scheme is in the best interests of Probiotec Shareholders, we have considered a number of factors, including:

- Whether the Scheme is fair;
- The implications to Probiotec Shareholders if the Scheme is not implemented;
- Other likely advantages and disadvantages associated with the Scheme; and
- Other costs and risks associated with Scheme that could potentially affect Probiotec Shareholders.

### 2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance (a 100% subsidiary of Grant Thornton Australia Limited) considered its independence with respect to the Scheme with reference to RG 112 issued by ASIC.

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Scheme other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the successful implementation of the Scheme.

In our opinion, Grant Thornton Corporate Finance is independent of Probiotec and its Independent Board Committee and all other relevant parties of the Scheme.

### Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services (“APES 225”) as issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

*“An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time.”*

### 3 Industry overview

Probiotec is a leading contract manufacturer of prescription and over-the-counter (“OTC”) pharmaceuticals and co-packer for a broad range of products including pharmaceuticals, complementary medicines, consumer health, and FMCG. Below we have separately discussed the manufacturing industry for pharmaceutical products (“Pharmaceutical Product Manufacturing Industry”) and the broader packaging services industry (“Packing Services Industry”) in Australia.

#### 3.1 Pharmaceutical Product Manufacturing Industry

##### 3.1.1 Introduction

Pharmaceutical product manufacturers can be separated between companies that are a contract manufacturing organisation (“CMO”), which manufacture a pre-formulated drug for pharmaceutical companies, or a CDMO, which provide end-to-end, fully integrated drug development and manufacturing services to pharmaceutical companies.

Probiotec is a CMO and as a result has no direct exposure to the research and development phase and wholesale or retail sectors of the Australian pharmaceutical industry. CMOs, like Probiotec, play an important role within the Pharmaceutical Product Manufacturing Industry by providing the necessary specialist equipment, regulatory accreditations and highly trained labour to produce critical mass products for pharmaceutical companies at profitable margins.

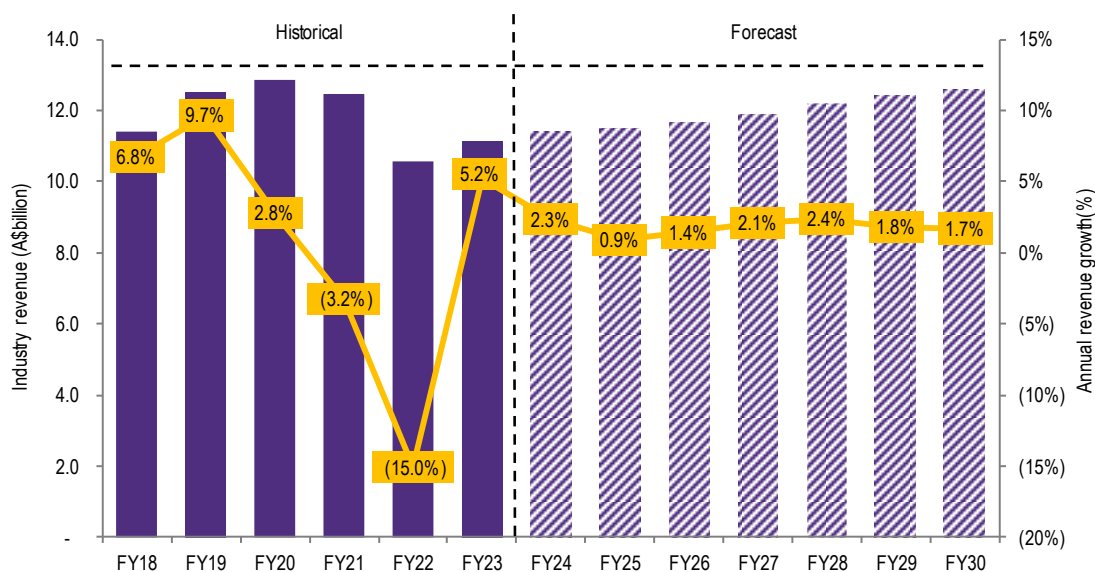
Products within the Pharmaceutical Product Manufacturing Industry in Australia can be split as follows:

- *Prescription pharmaceuticals* – comprising medicines that are only made available to an individual on the written instruction of an authorised health professional. These medicines are divided into those that are subsidised by the Australian Government via the Pharmaceuticals Benefit Scheme (“PBS”) (“Benefit Paid Pharmaceuticals”) and those that are not included in the PBS (“Non-benefit Paid Pharmaceuticals”).
- *Non-prescription pharmaceuticals* – comprising OTC medicines and complementary healthcare products (also referred to as nutraceuticals). OTC medicines are often described as self-medication products and can be sold directly to an individual without a prescription from an authorised health professional. Nutraceuticals is a broad term for any product derived from food sources with extra health benefits, and include vitamin and mineral supplements, nutritional products, and herbal medicines.

##### 3.1.2 Market size

The Pharmaceutical Product Manufacturing Industry in Australia was estimated to be worth approximately A\$11.1 billion in FY23. Below we have set out the historical and forecast revenue for the Pharmaceutical Product Manufacturing Industry in Australia.

### Historical and forecast revenue for the Pharmaceutical Product Manufacturing Industry in Australia



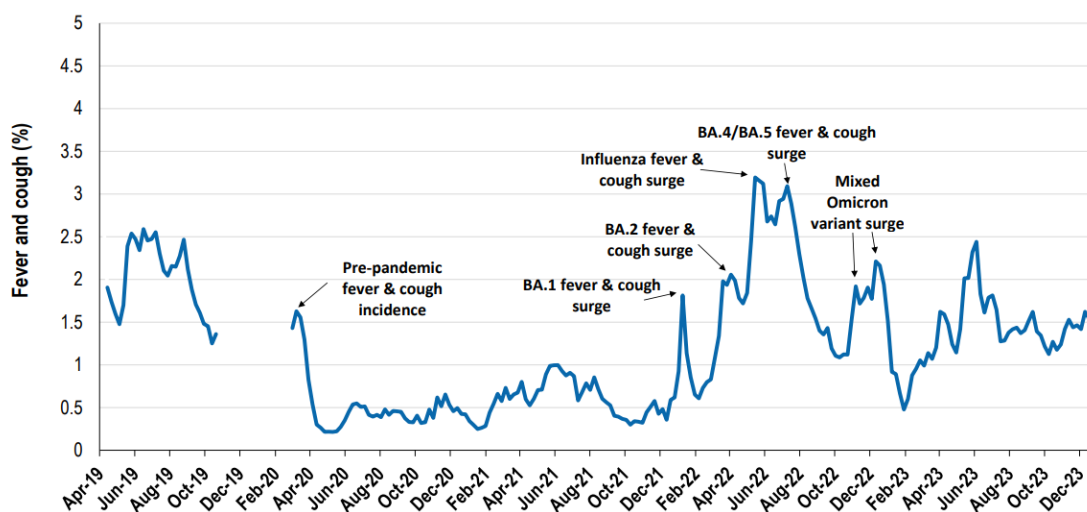
Sources: IBISWorld, GTCF Analysis.

Illustrated in the chart above, revenue growth in the Pharmaceutical Product Manufacturing Industry in Australia has deteriorated since FY20. This is largely due to the supply and demand challenges caused by the COVID-19 pandemic, including disruptions to the import of pharmaceutical ingredients and the reduced transmission of illnesses as a result of stringent mobility lockdown restriction.

Whilst we note the Pharmaceutical Product Manufacturing Industry comprises a range of prescription and non-prescription products, the performance of the Pharmaceutical Product Manufacturing Industry in Australia is in part correlated with the prevalence of cold, flu and cough cases and the consequential demand for OTC cold and flu medication<sup>11</sup>. As set out in the chart on the following page, the contraction of the Pharmaceutical Product Manufacturing Industry in Australia in FY21 and FY22 can be partly driven by the lower prevalence of fever and cough cases over the same period due to the imposition of the lockdowns across Australia.

<sup>11</sup> As set out in the FY22 Investor Presentation of Probiotec released to the ASX on 24 August 2022.

### Prevalence of fever and cough in Australia as a proportion of Australia's population



Source: FluTracking.

Notes: (1) Data is age standardised in this graph.

The Pharmaceutical Product Manufacturing Industry in Australia rebounded in FY23 with annual growth of c. 5.2%, largely driven by the alleviating pressures of the pandemic, including higher prevalence of fever and cough cases as transmission increased with the removal of mobility restrictions. Growth was further aided by certain favourable structural tailwinds including, the on-shoring of manufacturing operations in response to supply chain challenges during and after the COVID-19 pandemic, increased outsourcing of manufacturing by large pharmaceutical companies to manage price risk, and structural pricing changes in the PBS<sup>12</sup> which reduced the cost of certain Benefit Paid Pharmaceuticals in an effort to improve affordability.

Despite a recovery, we note that the size of the Pharmaceutical Product Manufacturing Industry in Australia remains below pre-pandemic levels.

#### 3.1.3 Key drivers

Below we describe the key growth drivers in the Pharmaceutical Product Manufacturing Industry in Australia.

##### *On-shoring of pharmaceutical manufacturing post COVID-19*

With Australia's dependence on imported pharmaceutical products, the COVID-19 pandemic exposed weaknesses in Australia's pharmaceutical supply chain and pharmaceutical manufacturing capabilities, leading to shortage concerns. It is estimated that approximately 90% of the pharmaceutical products sold in Australia are manufactured offshore and imported into Australia, primarily from Indian and Chinese manufacturers<sup>13</sup>. Accordingly, this has highlighted the need for Australia to improve its sovereign capability with respect to the manufacturing and supply of pharmaceutical products.

<sup>12</sup> From 1 January 2023, the PBS co-payment for general patients will be reduced from A\$42.50 to A\$30.00. This amount will then be indexed on the first day of every new year commencing 1 January 2024. The reduction will see non-concessional patients save A\$12.50 on PBS medicines that are priced at or above the current general co-payment.

<sup>13</sup> Sourced from the Arrotex Proposal 'Australian Medicines and Vaccines Manufacturing and Development Initiative' released in August 2020.



Recent legislative agreements such as the amendments made by the National Health Amendment (Enhancing the Pharmaceutical Benefits Scheme) Act 2021 (Cth) have aimed to protect Australia's supply chain sovereignty. Under these amendments, commencing 1 July 2023, Australian pharmaceutical manufacturers will be required to hold a minimum of four or six months' supply of certain Benefit-paid Pharmaceuticals 'usual demand'<sup>14</sup> onshore in Australia, in an effort to ensure that Australian manufacturers are better placed to supply when global disruptions occur.

#### *Increased outsourcing from major pharmaceutical companies*

Global and local pharmaceutical companies have traditionally operated in Australia as full end-to-end vertically integrated pharmaceutical businesses. However, in the past decade, these pharmaceutical companies have increasingly closed manufacturing facilities in Australia and outsourced the manufacturing function to specialised CMOs in order to streamline operations and focus on research and development efforts. Notably, in recent years, large blue chip pharmaceutical companies such as Johnson & Johnson, GlaxoSmithKline, Roche and Merck have closed all manufacturing operations in Australia.

#### *Ageing population*

Rising life expectancy and an ageing population is a key growth driver for the Pharmaceutical Product Manufacturing Industry in Australia. According to the Australian Bureau of Statistics ("ABS"), the median age of the Australian population has increased from 35 years as at 30 June 2000 to 38 years as at 30 June 2020<sup>15</sup>, largely as a result of sustained low fertility and increasing life expectancy. In the 20-year period between 2000 and 2020, the proportion of the Australian population aged 65 years and over increased from 12.4% to 16.3%, with this age group expected to increase more rapidly in the next decade as a greater proportion of baby boomers age into this cohort.

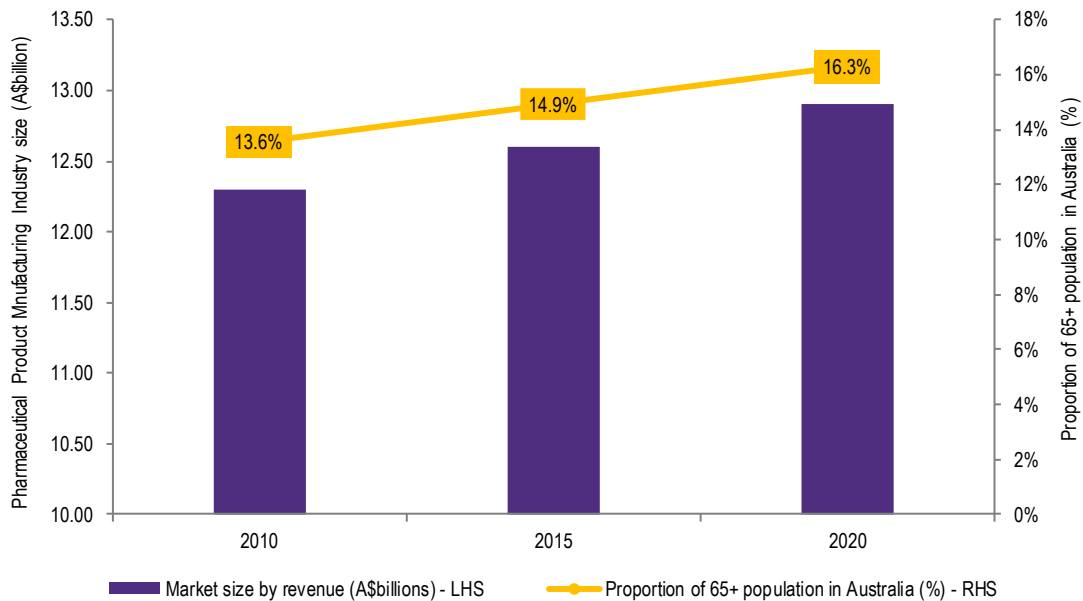
As illustrated in the chart on the following page, the proportion of Australia's population aged 65 years and over has historically exhibited a strong positive correlation with the size of the Pharmaceutical Product Manufacturing Industry in Australia. This is largely due to this age cohort being relatively more susceptible to health conditions requiring prescription pharmaceuticals. Naturally, this age cohort are also more health conscious, increasing demand for preventative non-prescription pharmaceuticals.

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<sup>14</sup> Usual demand is defined under section 85B of the National Health (Pharmaceutical Benefits) Regulations 2017.

<sup>15</sup> The ABS calculates median age as the age at which half the population is older and half is younger.

### Pharmaceutical Product Manufacturing Industry in Australia and the proportion of Australian population aged 65 years and over



Sources: IBISWorld, ABS, GTCF Analysis.

#### Chronic disease and health consciousness

The prevalence of chronic disease in Australia is expected to accelerate given the strong interplay between technological advancements and Australia's ageing population. According to the ABS, approximately 81% of the Australian population have at least one long-term health condition and almost 50% have at least one chronic condition, with long-term and chronic health conditions more common in older age cohorts. This forecast growth in the prevalence of chronic disease will drive the demand for current and new pharmaceutical products and translate to growth opportunities within the Pharmaceutical Product Manufacturing Industry in Australia.

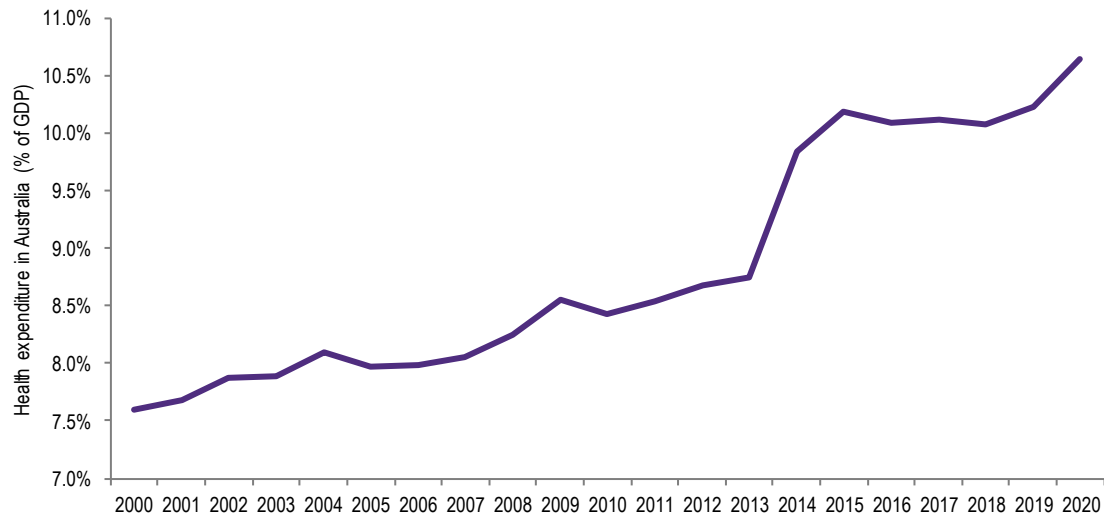
In addition, growing levels of health consciousness and awareness of the importance of preventative health and wellbeing is increasing the demand for non-prescription pharmaceutical products and nutraceuticals such as vitamins, minerals and nutritional products.

#### Healthcare spending

The size of the Pharmaceutical Product Manufacturing Industry in Australia can be linked to the value of healthcare expenditure in Australia. Illustrated in the chart on the following page, healthcare expenditure in Australia as a proportion of Australian GDP has increased from c. 7.6% in 2000 to 10.7% in 2020<sup>16</sup>. This reflects the increasing role of health and pharmaceuticals in Australia, largely on account of certain demographic factors including Australia's ageing population, increasing chronic disease, and the growing burden of existing diseases.

<sup>16</sup> Sourced from the World Bank.

### Health expenditure in Australia as a proportion of Australia's GDP



Sources: World Bank, GTCF Analysis.

#### 3.1.4 Key competitors

The competitive environment of the Pharmaceutical Product Manufacturing Industry in Australia differs between the CDMO and CMO sector. The CDMO sector primarily comprises of large multinational companies and includes companies such as AstraZeneca Australia, GlaxoSmithKline, Aspen Pharmcare Australia, Viatrix Australia, CSL Limited, Pfizer Australia, Sanofi-Aventis Australia and Mayne Pharma International.

Conversely, the CMO sector of the Pharmaceutical Product Manufacturing Industry in Australia comprises smaller, primarily private companies. We have briefly summarised the key players in the CMO sector below:

- *Probiotec*: market leading contract manufacturer and packager of pharmaceutical products and provider of packaging services for a broader range of products including consumer health and FMCG.
- *Aspen Asia Pacific Pty Ltd*: manufactures and packages oral solid dose and semi-solid dose pharmaceutical products.
- *Ensign Laboratories Pty Ltd*: offers a diverse range of contract manufacturing services, including OTC medicines and nutrition supplements to cosmetics and specialised food.
- *Vitex Pharmaceuticals Pty Ltd*: contract manufacturer of complementary medicines and offers design, labelling and packaging solution services.
- *Lipa Pharmaceuticals Pty Ltd*: contract manufacturer of complementary healthcare and some pharmaceutical products.
- *Tismor Health and Wellness Pty Ltd*: offers services such as contract manufacturing, third party packaging and new product development and white label manufacturing.

### 3.1.5 Regulation

#### *Therapeutic Goods Administration*

Products within the Pharmaceutical Product Manufacturing Industry in Australia are regulated by the Therapeutic Goods Administration (“TGA”). The TGA sets requirements for the manufacture, supply and the import and export of therapeutic goods in Australia. Therapeutic goods must be entered on the Australian Register of Therapeutic Goods (“ARTG”) and all registered and listed medicines must be manufactured in a licensed or approved facility in accordance with the principles of Good Manufacturing Practice (“GMP”). Pharmaceutical manufacturers are required to apply for manufacturing licences from the TGA and are subject to pre-licencing audits and periodic on-site audits. Obtaining an approved TGA licence (including the on-site inspection) can take up to 12 months. Significant capital is also often required to build and maintain TGA approved manufacturing, formulation and packaging facilities. The TGA has the power to cancel or suspend manufacturing licences if quality issues arise.

Before therapeutic goods can be supplied within the pharmaceutical market in Australia, pre-market approval from the TGA must also be obtained. The TGA must be satisfied that the product meets requisite standards of quality, safety and efficacy before approval can be granted. These pre-market evaluation activities are further supported by post-market monitoring and enforcement of standards. The TGA can impose fines and recall products if therapeutic goods are found to be non-compliant.

#### *Pharmaceutical Benefit Scheme*

The Pharmaceutical Product Manufacturing Industry in Australia is affected by the PBS through its role in lowering the cost of medicines via the use of government subsidies. The PBS, which is part of Australia’s National Medicines Policy, began as a limited scheme in 1948 with free medicines for pensioners and a list of 139 ‘lifesaving and disease preventing’ medicines free of charge for others in the community. Nowadays, the PBS aims to improve the health outcomes for Australians by providing timely, reliable and affordable access to necessary medicines.

PBS policy and price setting promotes demand for pharmaceutical products by enhancing customer affordability and expands the range of medicines available to the Australian pharmaceutical industry. The price of pharmaceuticals listed on the PBS is determined through negotiations with government bodies including the Pharmaceutical Benefits Advisory Committee and manufacturers.

### 3.1.6 Barriers to entry

The Pharmaceutical Product Manufacturing Industry in Australia has several barriers to entry, including:

- *Regulation:* The Pharmaceutical Product Manufacturing Industry in Australia is highly regulated by the TGA with stringent safeguards imposed. As a result, there are high costs associated with complying with regulations, such as those related with regular manufacturing audits and the time associated with gaining the relevant manufacturing licences for therapeutic goods (which can take up to twelve months in Australia).
- *Capital intensity:* Operating within the Pharmaceutical Product Manufacturing Industry in Australia requires significant large, high-cost equipment and machinery in order to produce the critical mass demanded by pharmaceutical companies and to adhere to the quality standards of the TGA. Further,

the machinery and equipment required is generally highly specialised to service the varying quantity and product specifications required by pharmaceutical companies.

- *Establishing a market presence:* The Pharmaceutical Product Manufacturing Industry in Australia supports a limited number of established contract manufacturers, characterised with high supply chain purchasing power, large production cycles and a broad offering range in terms of quantity and product formats. In addition, revenues of Australian pharmaceutical contract manufacturers are generally underpinned by relatively long-term contracts with pharmaceutical companies and can be characterised by somewhat high levels of customer stickiness due to the long lead times and investments required in the TGA approval process for the manufacturing of therapeutic products. Obtaining an experienced workforce with the requisite skillset to operate the specialised equipment may also impose a barrier to new market entrants.

## 3.2 Packing Services Industry

### 3.2.1 Introduction

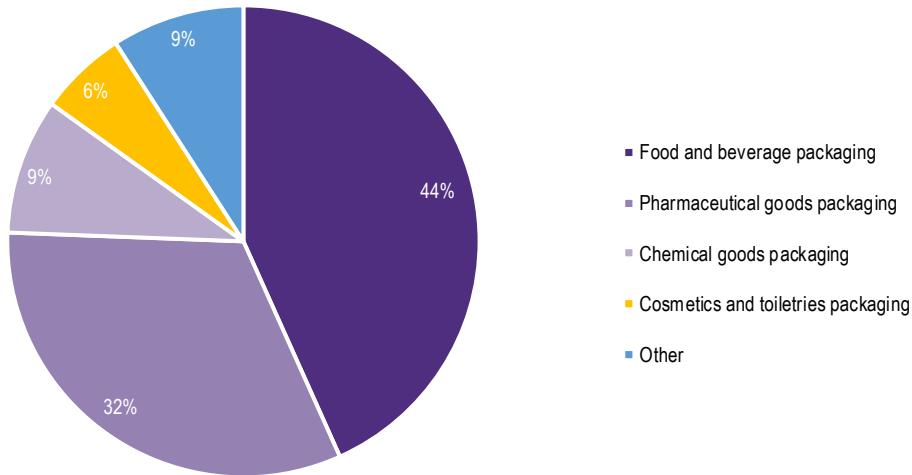
The Packing Services Industry in Australia aims to provide a system of preparing, preserving, and protecting goods for transport, warehousing and storage. It also assists in the marketing and labelling of products for the end-user.

The Packing Services Industry in Australia can be broken down into the following categories:

- *Food and beverage packing* – comprise general food, fresh fruits and vegetables, and alcoholic and non-alcoholic beverages.
- *Pharmaceutical packaging* – comprises prescription and non-prescription pharmaceuticals (OTC and nutraceutical medicines), as well as other associated products in consumer health.
- *Chemical goods packing* – primarily for chemical goods and often require specialised packing due to hazardous properties.
- *Cosmetics and toiletries packing* – comprise lotions, creams, deodorants, and general cosmetics and toiletries.
- *Other* – primarily general merchandise as well as pet food.

Historically, the food and beverage and pharmaceutical product categories have been the primary contributors of the Packing Services Industry in Australia. Illustrated in the chart below, these product categories accounted for c. 76% of the revenue in the Packing Services Industry in Australia for FY23.

### Revenue by category of the Packing Services Industry in Australia in FY23

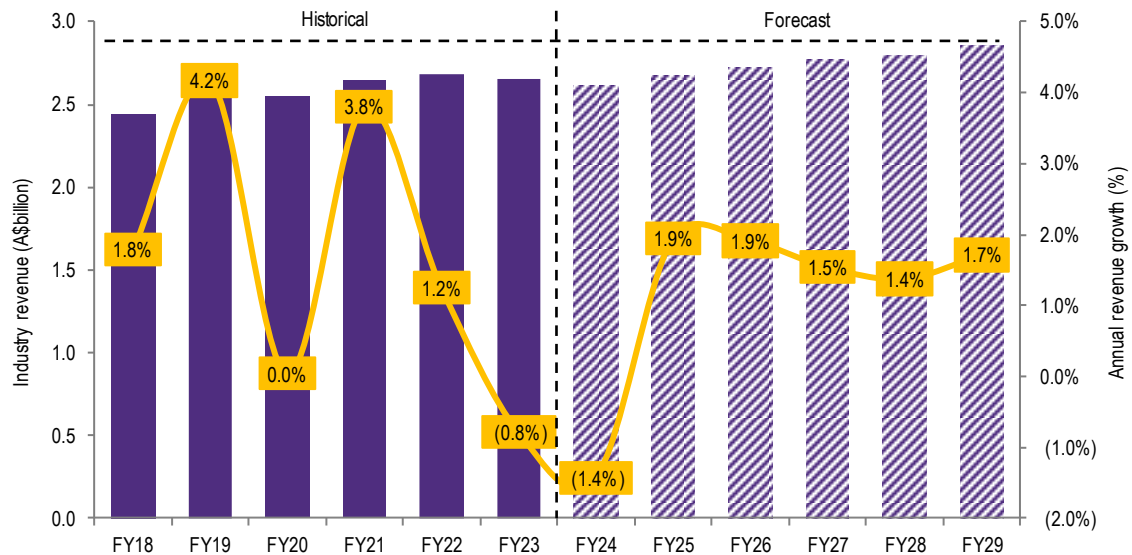


Sources: IBISWorld, GTCF Analysis.

#### 3.2.2 Market size

The Packing Services Industry in Australia was estimated to be worth approximately A\$2.7 billion in FY23. Below we have set out the historical and forecast revenue in the Packing Services Industry in Australia.

#### Historical and forecast size of the Packing Services Industry in Australia



Sources: IBISWorld, GTCF Analysis.

The Packing Services Industry in Australia grew at a CAGR of 1.7% from FY18 to FY23, despite the supply and demand challenges induced by the COVID-19 pandemic. Growth over this period was largely driven by the increased demand for grocery and supermarket products in Australia due to an up-take in home cooking caused by the imposition of lockdown restrictions, as well as recent inflationary pressures, in addition to rising demand for pharmaceutical and medical products given Australia's ageing population and the onset of the COVID-19 pandemic.

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In addition, historic and forecast growth is expected to benefit from the trend for product manufacturers to outsource the packing function in order to streamline business operations and reduce costs to offset margin pressures.

### 3.2.3 Market trends and drivers

Below we have briefly summarised several key market trends and growth drivers within the Packing Services Industry in Australia.

#### *Technological advancements*

Packing plays an integral role in the broad product supply chain, ensuring that products are safely distributed, tracked, and identified. In recent years, technological advancements have promoted the trend away from traditional materials and towards more sophisticated packaging and sustainable solutions. In particular, co-packaging service providers are incorporating radio frequency identification (“RFID”) technologies and quick response (“QR”) enabled packaging to improve the logistics and engagement with customers respectively. This trend will likely drive the demand for co-packing service providers in the coming years given the specialist nature and application of these advancements.

#### *Consumer pressures*

Changes to consumer taste and the growing trend for improved product presentation in consumer goods has encouraged industry operators to enhance service offerings with higher quality materials. Further, contract packing service providers have also faced increasing pressures to minimise the ecological impact of packaging. It has been surveyed that 80% of Australians<sup>17</sup> feel as though the composition of packaging impacts their purchasing behaviour and their willingness to pay a premium.

#### *Outsourcing of packing services*

Product manufacturers have increasingly outsourced the packing function to third-party contract packing companies to streamline operations and reduce costs in the face of rising import penetration, who benefit from lower cost of production methods. This trend to outsource the packing service function has further been exacerbated in recent years by the high inflationary environment.

#### *Import penetration*

Import penetration of packing services from economies with low-cost production methods has become a trend due to the higher price-based competition of these economies and pressure on margins by product manufactures. This trend has historically posed a challenge to the Packing Services Industry in Australia, however, has been offset in recent years due to the COVID-19 pandemic exposing weaknesses in Australia’s supply chain given the country’s high dependence on imports. Alongside the trend to onshore manufacturing services in Australia, particularly for pharmaceutical products, the challenges from import penetration will likely reduce as it become more cost effective to manufacture and package products in the same country.

#### *Regulation*

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<sup>17</sup> Veolia and YouGov: Australians call for all packaging to be recyclable December 2022

Regulation differs between countries with minimal alignment in strictness or maturity. In Australia, the Australian Packaging Covenant Organisation (“APCO”) manages and administers the Australian Packaging Covenant, which is the national regulatory framework under the National Environment Protection (Used Packaging Materials) Measure 2011 (“NEPM”). Under this framework, Australian Government and businesses have a collective responsibility in managing and minimising the environmental impact of packaging. The Australian Packaging Covenant includes a voluntary system of industry self-regulation and encourages industry participants to contribute to the 2025 National Packaging Targets established by APCO. This assists in bridging industry participants and the packaging supply chain with the Commonwealth as well as state and territory governments, endorsed by environmental ministers.

Moreover, the different local packing requirements that exist guarantee that there will always be a strong demand for customisation of packing format. This allows businesses to take advantage of long run international manufacturing processes and product packing customised for local or individual markets.



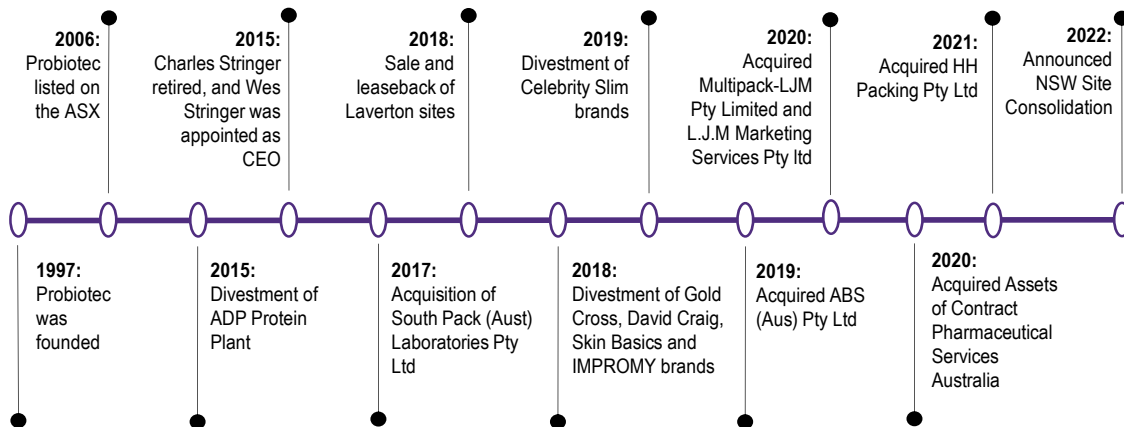
## 4 Profile of Probiotec

### 4.1 Overview and business model

Probiotec is a leading contract manufacturer of prescription and OTC pharmaceutical products and co-packer for a broad range of products including pharmaceuticals, complementary medicines, consumer health, and FMCG. The Company operates from six facilities located across New South Wales (“NSW”) and Victoria (“VIC”) and distributes products both domestically and internationally on behalf of its clients<sup>18</sup>.

Since its establishment in 1997, the Company has undergone significant changes including several divestments and acquisitions of brands and operating businesses. We provide a brief timeline of key events for the Company below.

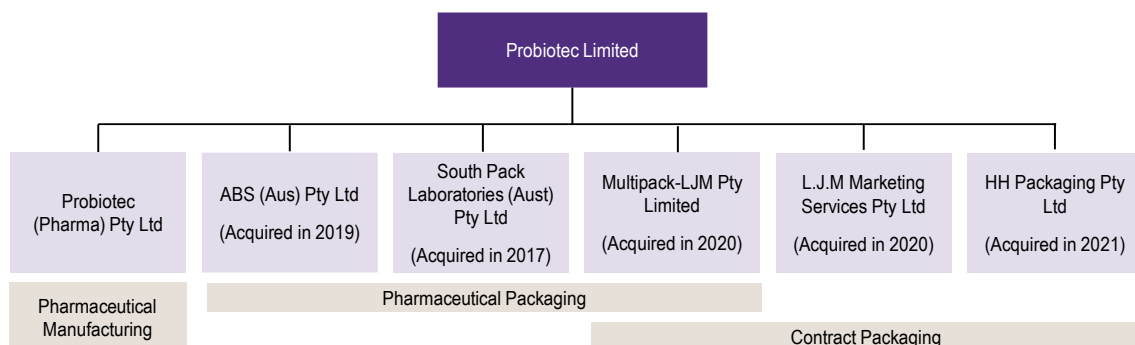
#### Key events for Probiotec



Source: Management, GTCF Analysis.

We have set out in the graph below a simplified organisation structure of the Company illustrating the operations carried out by the various subsidiaries.

#### Probiotec simplified organisation structure



Source: Management, GTCF Analysis.

<sup>18</sup> We note that exports represent a minimal portion of the Company’s revenues, however, there is a growing opportunity from existing clients to supply the Asia Pacific region as part of a broader onshoring trend. Nonetheless, there is no strategy to significantly expand globally at the date of this report.

Notes: (1) Probiotec (Pharma) Pty Ltd is held within the holding company Probiotec Pharmaceuticals Pty Limited (2) The chart above does not include dormant entities of the Company.

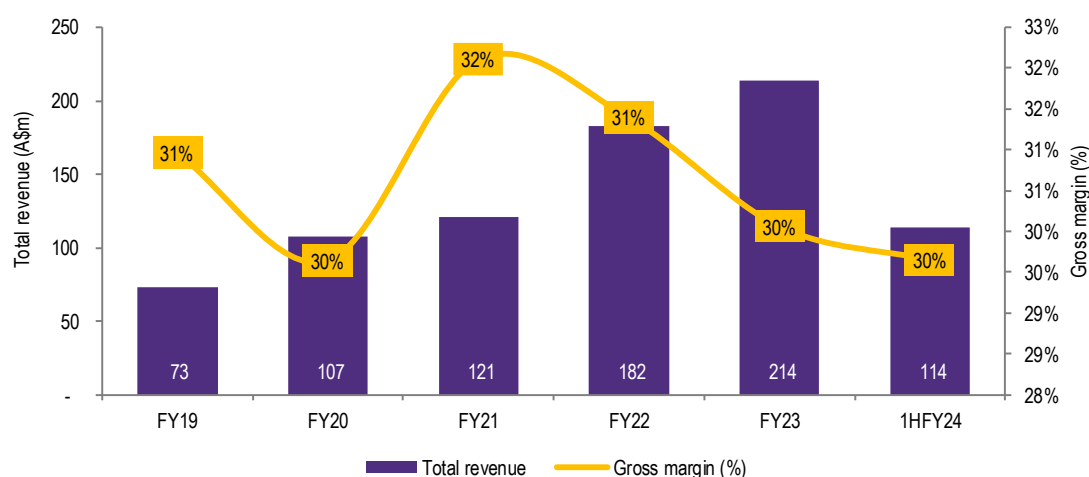
The operations of Probiotec can broadly be broken down into the three segments<sup>19</sup> as outlined below. The Company presents its accounts as one operating segment despite the various operations being carried out at different sites and by different subsidiaries:

- **Pharmaceutical Manufacturing:** offers full-service contract manufacturing to pharmaceutical companies, including large blue-chip multinationals, via its manufacturing facility located in Laverton, VIC (“Laverton Site”). Probiotec can be regarded as a market leader in this segment.
- **Pharmaceutical Packaging:** offers speciality packaging services to pharmaceutical companies via three packaging facilities in NSW. This segment strategically complements the Pharmaceutical Manufacturing segment by allowing the Company to provide end-to-end services to pharmaceutical customers.
- **Contract Packaging:** offers speciality packaging services for a diverse range of clients including FMCG, personal and household items as well as animal health and nutrition companies. The segment operates via two packaging facilities in NSW and one packaging facility in VIC.

Probiotec also offers product development services designed to assist the pharmaceutical companies at all stages of the product lifecycle, including formulation, ingredient and packaging sourcing and advice, analytical method development, production trials, process validation, product regulatory advice, stability testing and release for sale. However, we note that these activities represent an immaterial proportion of Probiotec’s overall activities (c. 0.05% of total revenue in FY23) and as a result, we consider Probiotec to be more closely comparable to a CMO than a CDMO.

Below we have set out a summary of the historical revenue and gross margin of Probiotec.

#### Historical revenue and gross margin of Probiotec



Source: Probiotec Annual Reports, GTCF Analysis.

Notes: (1) FY21 reflects actual figures as pro forma gross profit figures were not disclosed.

Whilst Probiotec has achieved considerable growth in the past years with a CAGR of c. 31% from FY19 to FY23, largely as a result of a number of acquisitions, revenue growth stalled in FY21 due to a market wide decline in the demand for cough, cold and flu products. This was primarily a result of the abnormally low

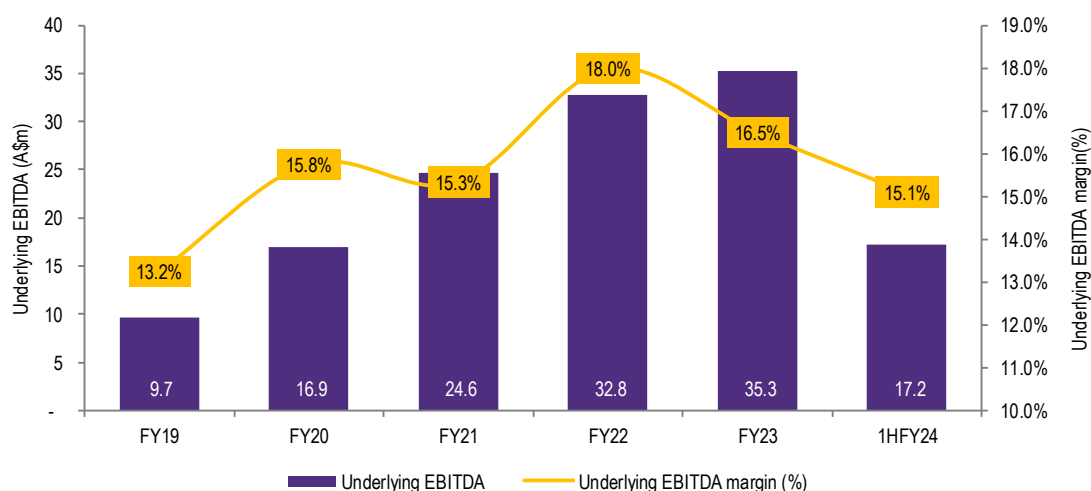
<sup>19</sup> However, we note that for financial reporting purposes, the Company has only one operating segment.

occurrence of symptoms during COVID-19 lockdowns<sup>20</sup>. However, revenues of the Company recovered strongly in FY22 and FY23 with a return of demand for cough, cold and flu products following the removal of pandemic restrictions, and the integrations of recent acquisitions such as Multipack-LJM Pty Limited (“Multipack-LJM”) and L.J.M Marketing Services Pty Ltd (“LJM”) which completed in December 2020 as well as H&H Packaging Pty Ltd (“H&H Packaging”) which completed in August 2021. Revenues in 1HFY24 grew by c. 6.7% compared to 1HFY23 despite the delay in the supply of glass bottles induced by recent geopolitical tensions.

The improvement in gross margins in FY21 and FY22 was driven by the production of higher margin rapid antigen test (“RAT”) products over this period, which ceased in July 2022. Gross margins subsequently softened in FY23 and 1HFY24 on the back of inflationary pressures on direct labour and input costs, partly offset by the re-pricing of customer contracts, compounded by the greater mix towards lower margin non-pharmaceutical contract packaging services. Gross margins in 1HFY24 were specifically affected by the abovementioned delay in supply of glass bottles.

Below we have set out the historical underlying EBITDA and underlying EBITDA margin of Probiotec.

#### Historical underlying EBITDA and underlying EBITDA margin of Probiotec



Source: Probiotec Annual Reports, GTCF Analysis.

Notes: (1) FY21 reflects pro forma revenue and EBITDA figures accounting for an adjustment included in this financial year for the Multipack-LJM acquisition.

Probiotec has also achieved strong underlying EBITDA growth in recent years, recording a CAGR of c. 38% from FY19 to FY23. Notwithstanding the organic growth of the Company, the improvement in underlying EBITDA over the period is in large part attributable to the acquisitions of ABS (Aus) Pty Ltd (“ABS”) which completed in July 2019, and Multipack-LJM and LJM which completed in December 2020. These acquisitions respectively contributed an additional EBITDA of A\$4.0 million in FY20 and A\$8.0 million in FY21. The historical fluctuation of underlying EBITDA margins were largely due by the adverse impacts of COVID-19, partly offset by the production of high margin RAT tests. Underlying EBITDA in 1HFY24 was unchanged compared to 1HFY23, however, underlying EBITDA margin was down to 15.1% compared to 16.1% respectively, largely due to the reduction in gross margins.

<sup>20</sup> As set out in the FY22 Investor Presentation of Probiotec released to the ASX on 24 August 2022.

#### 4.1.1 Pharmaceutical Manufacturing activities

The Pharmaceutical Manufacturing segment is the largest segment and the primary revenue contributor of Probiotec. These activities are solely carried out by the subsidiary, Probiotec Pharma Pty Ltd (“Probiotec Pharma”), which manufactures a broad range of pharmaceutical products at the Laverton Site via its 22,000 square metre (“sqm”) purpose-built facility. Probiotec Pharma can be regarded as a market leader in the Pharmaceutical Manufacturing Industry in Australia.

The Pharmaceutical Manufacturing segment benefits from relatively visible and predictable revenue due to approximately 75% of its business being secured via long-term customer contracts, which are generally characterised by terms of three to five years and regional exclusivity clauses. In addition, the margins of the segment are somewhat protected given the inclusion of periodic and out-of-cycle contract pricing reviews which occur every twelve months. Probiotec Pharma has historically achieved relatively low levels of contract churn on account of its diverse capability, competitive pricing and quality. Further, stickiness of customers to CMOs are inherently driven by the long lead times and investments required before the commencement of manufacturing associated with developing equipment tooling and gaining the relevant manufacturing accreditations.

Probiotec Pharma operates an end-to-end manufacturing platform including the sourcing of materials, manufacturing of products and quality control. Probiotec Pharma has developed a diversified supply chain network, underpinned by long-term relationships with key suppliers in the pharmaceutical manufacturing and packaging industry. The lack of exclusive supply agreements has allowed the Probiotec Pharma to develop a wider network of suppliers, with a key focus on dual source ability to mitigate supply chain risks. Supplier contracts are generally negotiated by the supply chain team at Probiotec’s head office and often distributed to the subsidiary level to improve the overall purchasing power of the segment. Supply chain disruptions and significant freight costs induced by the COVID-19 pandemic have shifted the pendulum in favour of local manufacturing and supply which generated a shift in supply chain planning and long-term strategic sourcing for Probiotec Pharma.

To ensure the diverse range of products listed below are manufactured to a TGA approved quality standards, Probiotec has consistently invested significantly in capital equipment. Probiotec Pharma has a large fixed asset base, primarily comprised of highly-specialised manufacturing machinery. Probiotec Pharma utilises in-house laboratories to test the quality and efficacy of the manufacturing process and ingredients to ensure its products are in compliance with the relevant TGA quality obligations required by a manufacturer of therapeutic products.

Below we have summarised the main types of pharmaceutical products manufactured by Probiotec Pharma:

- *Liquids and suspensions* – include products such as cough suppressants as well as cold and flu medication. The Laverton Site has the ability to manufacture liquids in tank farms ranging from 250 to 5,000 litres. Probiotec Pharma also has the capability to manufacture all forms of liquid suspensions including prescription products, OTC and supplement formulations.
- *Tablets and capsules* – primarily oral based pain management analgesics in high volume solid dose forms. Probiotec Pharma’s tablet machine tooling facilitates a wide range of accurately measured dosages in a multitude of diameters and shapes, as well as coloured coatings, embossed markings and printing. Probiotec Pharma’s also produces hard-shelled capsules made using gelatine to contain dry, powdered ingredients, as well as miniature pellets and caplets.

- *Powders and powder blending* – comprises the production of pharmaceutical, effervescent, weight loss and sports nutrition products through the use of wet or dry granulation.
- *Creams, ointments, lotions* – includes a full suite of creams, lotions, gels and liquid based products.
- *Probiotics and suspension* – comprise humidity-controlled facilities specifically purposed for probiotics and other temperature or humidity sensitive applications.

#### 4.1.2 Pharmaceutical Packaging activities

The Company also offers specialty contract packing services to pharmaceutical companies. This segment strategically complements the Pharmaceutical Manufacturing segment, benefiting from cross-selling opportunities with in-house manufactured pharmaceutical products. The Pharmaceutical Packaging activities are carried out by the subsidiaries ABS, Multipack-LJM and South Pack Laboratories (Aust) Pty Ltd (“South Pack Laboratories”), which each operate in separate facilities located across NSW.

The Pharmaceutical Packaging segment has achieved considerable growth in recent years, largely as a result of several recent acquisitions by the Company that have allowed the segment to grow its capacity and expand its product range. In particular, the acquisition of Multipack-LJM in December 2020 extended the segments existing clean room<sup>21</sup> capability and introduced cold-pack services. Further, the acquisitions of ABS in 2019 and South Pack Laboratories in 2017 advanced the Company’s capability to package formats including foil, carded and clamshell blister as well as plastic and glass bottling respectively.

As a result of these acquisitions, the Pharmaceutical Packaging segment services a wide range of formats including:

- *Bottles (liquids and solid dose)* – high-speed filling of glass, including full automation, vision systems, induction sealing, cup insertion, labelling and cartooning.
- *Blister* – fully automated high-speed lines, allowing for highly competitive and flexible blister packaging options, including clamshell and carded blister packaging for specialty product presentation. Blister packaging is one of the key capabilities of the Pharmaceutical Packaging segment.
- *Cold seal* – generally used for products which require sensitive packaging such as hang sell and other retail friendly options.
- *Sachets, pouches, tins and bags* – Probiotec has ambient and humidity-controlled capability to meet the client’s final needs for sachets and associated categories.
- *Tubes and jars* – full range of capability for metal and plastic liquid, cream and ointment tube and jar filling, with in-line quality checks.
- *Nasal sprays* – Probiotec is a leader in the manufacturing and filling of nasal sprays, with full labelling, cartooning and downstream options.

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<sup>21</sup> Clean room packaging is a process that ensures products are packed in a control environment without pollutants and contamination such as microbes and dust.

#### 4.1.3 Contract Packaging

In addition to pharmaceutical related offerings, Probiotec additionally partners with FMCG, personal care, and household goods companies requiring specialised secondary contract packing services. The Contract Packaging activities are carried out by the subsidiaries Multipack-LJM and HH Packaging Pty Ltd (“H&H Packaging”), which operate via separate facilities in NSW, as well as LJM which operates via a facility located in VIC.

Probiotec acquired LJM in 2021 in combination with the acquisition of Multipack-LJM. LJM processes approximately 60 million products each year utilising a combination of manual, semi-automated and fully automated processes providing services to small, medium and high-volume packaging projects. This processing includes automatic carton packing, automatic multi-packing, shrink wrapping, bagging, label application and further packing services, which has greatly increased Probiotec’s operational capacity. Additionally, the acquisition of H&H Packaging in 2021, which is a specialist contract packer and manufacturer in the industrial, chemical and agricultural markets, has led to further growth in end markets, customers and site capabilities. In particular, H&H Packaging’s stock and manufacturing solutions including plastic boxes, clam packs, plastic moulding and specialised machines has allowed for the expansion of Probiotec’s in-house product design and production.

The primary forms of packaging Probiotec offers for FMCG, personal care, and household goods include:

- *Shrink Wrap* – including tray and shrink solutions that include clear printed films, individual finished good lines and multi-packs.
- *Hand Assembly* – automated and manual tray hood packaging and all packaging formats including wraparound, interlock and crash lock base.
- *Repackaging and labelling* – services including repairing damaged stock, over stickering and re-labelling or packaging replacement to suit local supermarket and retailer shelf requirements.
- *Auto and top-load cartoning* – includes cartoning for products including biscuits, confectionary bars, cans and frozen products in a single or multi-sample format.
- *Shrink Sleeving* – provide colour 360-degree printed labels to conform the label to the shape of the product for personal care and consumer goods.
- *Merchandise display support* – Probiotec provides a complete range of solutions and services including full general assembly, display stands, towers and gift boxes.
- *Clean-room and Cold-store packaging* – clean room and cold chain packaging services for all climate controlled, refrigerated and frozen products.

#### 4.1.4 Manufacturing Facilities

The Company operates six facilities, representing approximately 64,500 sqm of manufacturing, packaging, and storage under roof. The Company’s core facility is the Laverton Site which largely facilitates the Pharmaceutical Manufacturing operations of Probiotec Pharma, with the other five facilities used for the Pharmaceutical Packaging or Contract Packaging services and are predominantly located across NSW,

apart from LJM. We have summarised the locations of Probiotec's facilities in the charts on the following page.

#### VIC site locations



#### NSW site locations



Source: Management.

In relation to the facilities in the charts above, we have briefly summarised key features of each below:

1	<b>Probiotec Pharma</b> Laverton, VIC <b>22,000 sqm</b> under roof	<ul style="list-style-type: none"> <li>• Pharmaceutical Manufacturing and Pharmaceutical Packaging</li> <li>• Large number of product formats</li> <li>• End-to-end service and solutions with large footprint and capacity</li> </ul>
2	<b>LJM Marketing Services</b> Dandenong, VIC <b>17,000 sqm</b> under roof	<ul style="list-style-type: none"> <li>• Contract Packaging</li> <li>• Large number of products</li> <li>• Ambient and temperature-controlled facility with large footprint and capacity</li> </ul>
3	<b>Multipack-LJM</b> Eastern Creek, NSW <b>13,000 sqm</b> under roof	<ul style="list-style-type: none"> <li>• Pharmaceutical Packaging and Contract Packaging</li> <li>• Large number of products</li> <li>• Ambient and temperature-controlled facility with large footprint and capacity</li> </ul>
4	<b>ABS</b> Seven Hills, NSW <b>6,000 sqm</b> under roof	<ul style="list-style-type: none"> <li>• Pharmaceutical Packaging</li> <li>• Specialising in cold seal packaging, foil blister, carded blister and labelling</li> <li>• High quality pharmaceutical grade facility</li> </ul>
5	<b>South Pack Laboratories</b> Kirrawee, NSW <b>2,500 sqm</b> under roof	<ul style="list-style-type: none"> <li>• Pharmaceutical Packaging</li> <li>• Specialising in bottling, labelling and other services</li> <li>• High quality and highly efficient site</li> </ul>
6	<b>H&amp;H Packaging</b> Yagoona, NSW <b>4,000 sqm</b> under roof	<ul style="list-style-type: none"> <li>• Contract Packaging</li> <li>• Specialising in industrial, chemical and agricultural markets</li> <li>• Strong plastic moulding capabilities</li> </ul>

Source: Management, GTCF Analysis.

In November 2022, the Company announced it had agreed terms with a major Australian developer to construct and consolidate all four NSW sites into a single, 36,000 sqm purpose-built packaging facility in Kemp's Creek, NSW (collectively the "NSW Site Consolidation"). Expected to be fully operational by early 2025, the NSW Site Consolidation would integrate Probiotics Pharmaceutical Packaging and Contract Packaging services in NSW with the aim to deliver financial and operational benefits to the Company. Specifically, Management anticipated the project to deliver cost savings of between A\$3.0 million and A\$5.0 million per annum once the site is fully operational, largely due to the removal of duplicated roles, improved coordination and efficiency between the NSW packaging operations and simplification of logistics.

The Company agreed a 15-year lease term, plus two consecutive 5-year extension options to extend (at Probiotics discretion). The Company has the flexibility to retain some or all of the Multipack-LJM site located in Eastern Creek, NSW, up to 30 June 2024, in order to service any larger than anticipated



demand for the packaging services of the Company. Leases at other NSW sites have been renegotiated to align with the move to Kemp's Creek.

#### 4.1.5 Licencing and Regulatory

As a manufacturer and packager of pharmaceutical products, the Company is subject to a range of compliance obligations and accreditations, particularly in relation to production quality, hygiene and industrial safety. The Company maintains accreditations from the various industry and regulatory bodies including the TGA, International Organisation for Standardisation, Dairy Safe, Hazard Analysis Critical Control Point, BRC Global Standards, Supplier Ethical Data Exchange and Halal Certification Authority Australia. These accreditations represent a barrier to entry within the pharmaceutical and consumer goods manufacturing and packaging industry, as both long lead times and material investment are required to achieve and maintain these certification standards prior to the commencement of operations.

## 4.2 Financial Information

### 4.2.1 Financial Performance

The table below illustrates the Company's audited consolidated statements of financial performance for FY21, FY22 (restated)<sup>22</sup> and FY23 and condensed consolidated statement of financial performance for 1HFY24.

Consolidated statements of financial performance	FY21	FY22	FY23	1HFY24
AS \$'000	Audited	Restated	Audited	Reviewed
Revenue	120,507	182,328	214,028	113,962
Cost of sales	(81,811)	(125,087)	(149,693)	(80,173)
<b>Gross profit</b>	<b>38,696</b>	<b>57,240</b>	<b>64,336</b>	<b>33,788</b>
<i>Gross margin</i>	32.1%	31.4%	30.1%	29.6%
Other income	62	1	-	-
Warehousing & distribution expenses	(5,527)	(7,318)	(8,797)	(4,772)
Sales and marketing expenses	(2,660)	(4,133)	(4,961)	(2,830)
Fair value adjustments	-	2,771	617	-
Finance costs	(3,362)	(4,286)	(5,774)	(3,171)
Administration and other expenses	(19,489)	(26,240)	(29,847)	(18,059)
<b>Net profit before tax from continuing activities</b>	<b>7,719</b>	<b>18,036</b>	<b>15,574</b>	<b>4,956</b>
Tax expense	(2,650)	(4,329)	(4,556)	(1,828)
<b>Net profit / (loss) from continuing activities</b>	<b>5,069</b>	<b>13,707</b>	<b>11,018</b>	<b>3,128</b>
<i>Net profit margin</i>	4.2%	7.5%	5.1%	2.7%

Source: Probiotec Annual and Half-yearly Reports, GTCF Analysis.

In relation to the above, we note the following:

- Revenue:** The Company generated c. A\$214.0 million of revenue in FY23, up c. 17.4% from revenue of A\$182.3 million in FY22. This was largely driven by the recovery in demand for cough, cold and flu products, following relatively suppressed levels induced by the pandemic, in addition to customer pricing uplifts to recoup inflationary cost pressures. Revenue grew by 51.3% in FY22 on a statutory basis, attributable to the full-year production of RAT products and pro-forma HY21 revenue of A\$40.0

<sup>22</sup> The Company restated its balance sheet for 30 June 2022. The restatement was due to a reclassification of c. A\$2.6 million of employee leave provisions from non-current to current. In addition, c. A\$1.7 million of lease liability was removed from current to non-current. We note that neither of these restatements impacted the total assets, net assets or profit of the Company.



million related to the acquisition H&H Packaging in August 2021 which was not reflected in the FY21 results. Revenue in FY21 was affected by a decrease in cough, cold and flu related products due to limited virus transmission driven by the extensive lockdown restrictions. Revenue of c. A\$114.0 million in 1HFY24 was up c. 6.7% from revenue of A\$106.8 million in 1HFY23, with a strong backlog of business following the pandemic offsetting the delays in supply of glass bottles induced by geopolitical tensions.

- **Gross margin:** Gross margins of the Company have reduced in recent years, with margins in FY21 and FY22 aided by the production of higher margin RAT products. Margins in FY23 and 1HFY24 were affected by the inflationary cost pressures on direct labour and input costs, albeit partly offset by customer pricing uplift and the latter further affected by the delay in the supply of glass bottles. More generally, gross margins have declined as the mix of lower margin non-pharmaceutical contract packing has increased relative to pharmaceutical manufacturing and packing.
- **Administration and other expenses:** primarily relate to employee benefits given the importance of labour in the operations of the Company. Other key expenses relate to the amortisation of customer relationship intangible assets, insurance, office expenses and other expenses.
- **Net profit after tax (“NPAT”):** The Company achieved statutory NPAT of A\$11.0 million in FY23, down c. 19.6% from the statutory NPAT of A\$13.7 million in FY22, largely due to an increase in the operating cost profile of the business driven by inflationary cost pressures. Statutory NPAT of the Company increased by c. 170.4% from FY21 to FY22, growing from A\$5.1 million to A\$13.7 million. NPAT of A\$3.1 million in 1HFY24 was down c. 42.7% compared to 1HFY23.

The Company has also provided an underlying EBITDA which is a non-statutory measure to further evaluate the financial performance of the Company. In the table below, we have summarised these underlying adjustments for the periods FY21 to FY23 and 1HFY24.

Reported and underlying EBITDA A\$m	FY21 <sup>1</sup> Audited	FY22 Restated	FY23 Audited	1HY24 Reviewed
Reported EBITDA	19.3	34.7	35.4	14.8
EBITDA margin (%)	12.0%	19.0%	16.5%	13.0%
<u>Underlying adjustments</u>				
Non-recurring transaction costs	2.4	0.9	0.5	1.4
Other Scheme costs	-	-	-	0.7
NSW Site consolidation costs	-	-	-	0.3
Fair value gain	-	(2.8)	(0.6)	-
Multipack-LJM results	8.0	-	-	-
JobKeeper income	(5.1)	-	-	-
<b>Total underlying adjustments</b>	<b>5.3</b>	<b>(1.9)</b>	<b>(0.1)</b>	<b>2.4</b>
<b>Underlying EBITDA</b>	<b>24.6</b>	<b>32.8</b>	<b>35.3</b>	<b>17.2</b>
EBITDA margin (%)	15.3%	18.0%	16.5%	15.1%

Source: Probiotec Annual Reports and Half-yearly Report, GTCF Analysis.

Notes: (1) Underlying EBITDA in FY21 includes the pro-forma adjustments for Multipack-LJM acquisition of A\$8.0 million EBITDA and A\$5.1 million JobKeeper Income in line with the FY22 Annual Report of Probiotec released to the ASX on 28 October 2022.

In relation to the underlying normalisation adjustments in the table above, we note the following:

- *Non-recurring transaction costs*: comprises of one-off transaction costs primarily related to the acquisitions of the H&H Packaging and Multipack-LJM businesses which completed in August 2021 and January 2021 respectively.
- *Other Scheme costs*: relates to costs incurred in relation to the Proposed Transaction and Scheme.
- *NSW Site Consolidation costs*: relates to costs incurred due to the NSW Site Consolidation project.
- *Fair value gain*: relates to the deferred consideration from the Multipack-LJM acquisition.
- *Multipack-LJM results*: relates to the inclusion of pro-forma adjustments to annualise the impact of the Multipack-LJM acquisition, noting it was acquired on 1 January 2021.
- *JobKeeper income*: relates to the receipt of government assistance induced by the COVID-19 pandemic.

Illustrated in the table above, the underlying EBITDA of the Company has grown at a CAGR of c. 19.8% from FY21 to FY23, aided by the recovery of the demand and supply challenges induced by the pandemic over this period and the production of higher margin RAT products in FY21 and FY22. Underlying EBITDA margin of c. 15.1% in 1H FY24 was down from 16.1% in 1H FY23, largely due to the reduction in gross margin.

#### 4.2.2 Financial Position

The table below illustrates the Company's audited consolidated statements of financial position as at 30 June 2021, 30 June 2022 (restated) and 30 June 2023 and condensed consolidated statement of financial position for 31 December 2023.

Consolidated statements of financial position	30-Jun-21	30-Jun-22	30-Jun-23	31-Dec-23
A\$ '000	Audited	Restated	Audited	Reviewed
<b>Assets</b>				
Cash and cash equivalents	28,427	22,204	14,050	12,838
Trade and other receivables	24,451	31,230	36,386	34,726
Inventories	13,905	19,602	23,790	22,448
Other current assets	993	1,599	1,442	2,610
<b>Total current assets</b>	<b>67,776</b>	<b>74,634</b>	<b>75,668</b>	<b>72,623</b>
Property, plant and equipment	26,495	27,766	31,680	33,163
Right of use assets	37,557	34,447	29,307	28,075
Intangible assets	84,241	86,079	84,702	13,495
Deferred tax assets	14,807	14,988	14,082	84,084
<b>Total non-current assets</b>	<b>163,100</b>	<b>163,280</b>	<b>159,770</b>	<b>158,817</b>
<b>Total assets</b>	<b>230,876</b>	<b>237,914</b>	<b>235,439</b>	<b>231,440</b>
<b>Liabilities</b>				
Trade and other payables	20,094	30,864	32,288	30,694
Borrowings	1,560	1,512	46,956	1,800
Lease liabilities	5,880	5,444	5,606	5,203
Current tax liabilities	4,029	3,165	850	-
Other financial liabilities	6,550	4,211	-	-
Provisions	6,314	7,159	7,993	8,299
<b>Total current liabilities</b>	<b>44,428</b>	<b>52,353</b>	<b>93,693</b>	<b>45,996</b>
Borrowings	48,419	46,956	-	44,562
Lease liabilities	41,436	39,082	35,334	34,548
Deferred tax liabilities	20,320	19,656	18,386	16,959
Other financial liabilities	6,550	-	-	-
Provisions	1,110	817	887	1,048
<b>Total non-current liabilities</b>	<b>117,835</b>	<b>106,511</b>	<b>54,608</b>	<b>97,117</b>
<b>Total liabilities</b>	<b>162,262</b>	<b>158,865</b>	<b>148,301</b>	<b>143,113</b>
<b>Net assets</b>	<b>68,613</b>	<b>79,049</b>	<b>87,138</b>	<b>88,328</b>

Source: Probiotec Annual and Half-yearly Report, GTCF Analysis.

In relation to the above, we note the following:

- **Cash balance:** The cash balance of the Company has reduced from c. A\$28.4 million as at 30 June 2021 to A\$12.8 million as at 31 December 2023. This reduction is largely as a result of the completion of several acquisitions paid in cash, payment of dividends and investment in cash funded capex over the period.
- **Net working capital<sup>23</sup>:** The net working capital of the Company has increased since 30 June 2021, largely as a result of an increase in current trade receivables and inventory levels over this period in line with the return in demand for cold, cough and flu products following relatively suppressed levels induced by the pandemic. Below we have summarised the net working capital of the Company since 30 June 2021.

<sup>23</sup> Net working capital is calculated as current receivables, plus inventories, less current payables.

Net working capital A\$ '000	30-Jun-21 Audited	30-Jun-22 Restated	30-Jun-23 Audited	31-Dec-23 Reviewed
Add: Current receivables	24,451	31,230	36,386	34,726
Add: Inventories	13,905	19,602	23,790	22,448
Less: Current payables	20,094	30,864	32,288	30,694
<b>Net working capital</b>	<b>18,261</b>	<b>19,968</b>	<b>27,888</b>	<b>26,481</b>

Source: Probiotec Annual and Half-yearly Report, GTCF Analysis.

- Intangible assets:** The Company had A\$84.7 million of intangible assets on balance sheet as at 30 June 2023 comprised of goodwill (A\$64.5 million), developed products (A\$18.6 million), customer relationships (A\$17.6 million), software (A\$1.5 million) and products under development (A\$0.7 million). The Company reviews goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Company has not impaired the goodwill allocated to any cash generating unit ("CGU") containing goodwill between 30 June 2021 and 30 June 2023. The impairment test as at 30 June 2023 assumed forecast EBITDA growth of 7% in year 1 (based on a weighted average growth rate across all CGUs) and nil in subsequent years, a pre-tax discount rate of 11.0% and nil terminal growth rate. The Company had A\$84.1 million of intangible assets on balance sheet as at 31 December 2023, down slightly from the balance as at 30 June 2023.
- Net debt:** Below we have set out the historical net debt of the Company on both a pre AASB-16 and post AASB-16 basis.

Net debt A\$ '000	30-Jun-21 Audited	30-Jun-22 Restated	30-Jun-23 Audited	31-Dec-23 Reviewed
External debt	49,979	48,467	46,956	46,362
Less: Cash and cash equivalents	(28,427)	(22,204)	(14,050)	(12,838)
<b>Net debt (Pre AASB-16)</b>	<b>21,552</b>	<b>26,264</b>	<b>32,905</b>	<b>33,523</b>
Add: Lease liabilities	47,315	44,526	40,940	39,751
<b>Net debt (Post AASB-16)</b>	<b>68,868</b>	<b>70,790</b>	<b>73,846</b>	<b>73,274</b>

Source: Probiotec Annual and Half-yearly Reports, GTCF Analysis.

Illustrated in the table above, the net debt of the Company on a pre AASB-16 basis has increased from c. A\$21.6 million as at 30 June 2021 to A\$33.5 million as at 31 December 2023, largely as a result of the abovementioned reduction in the cash balance over this period, partially offset by external debt marginally reducing over the period. We note that the external debt facilities include bank covenants, requiring cashflows 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. These facilities for the bank loans were set to expire on 31 December 2023, hence the large increase in current interest-bearing liabilities from 30 June 2022 to 30 June 2023. The refinance of these loans was agreed with the incumbent lender in October 2023. Net debt of the Company on a post AASB-16 has increased comparatively less, rising from A\$68.9 million as at 30 June 2021 to A\$73.8 million as at 30 June 2023, due to the reduction in lease liabilities on the balance sheet over this period, in anticipation for the NSW Site Consolidation.

- Deferred considerations:** In March 2023, the Company paid off the last of the deferred considerations and earn-outs related to its recent acquisitions and as a result, does not carry any liabilities associated with historical acquisitions.

- *Off balance sheet loans receivable:* As set out in the Scheme Booklet (section 9.5(b)), a total of A\$12.3 million in Probiotec employee loans remains outstanding as at the date of the Scheme Booklet. These relate to amounts lent to employees to fund the payment of the exercise price payable for options awarded to those employees under an option incentive scheme. In line with accounting standards, these loans receivable have been recorded “off-balance sheet” (refer to Note 7 of the FY23 Remuneration Report). As set out in the Scheme Booklet, these loans will be repaid to Probiotec out of the proceeds of the Scheme Consideration paid to each employee to whom the loan relates. The repayment of the loan will not result in cash settlement but instead will be subtracted from the Scheme Consideration each employee is entitled to receive for the shares they own.

#### 4.2.3 Cash Flow Statement

The table below illustrates the Company’s audited consolidated statements of cash flows for FY21, FY22 (restated) and FY23 and condensed consolidated statement of cash flows for 1HFY24.

Consolidated statements of cash flows A\$ '000	FY21 Audited	FY22 Restated	FY23 Audited	1HFY24 Reviewed
<b>Cash flows from operating activities</b>				
Receipts from customers	140,706	193,104	229,485	127,183
Payments to suppliers and employees	(111,010)	(162,891)	(199,429)	(110,227)
Income tax paid	(3,362)	(4,286)	(5,774)	(4,530)
Interest and other costs paid	(1,969)	(6,402)	(7,114)	(3,171)
<b>Net cash inflow from operating activities</b>	<b>24,366</b>	<b>19,525</b>	<b>17,168</b>	<b>9,255</b>
<b>Cash flows from investing activities</b>				
Payments for property, plant and equipment	(2,916)	(4,866)	(7,741)	(4,451)
Proceeds from sale of property, plant and equipment	750	-	-	-
Payments for investment in subsidiaries	(32,419)	(9,540)	(3,594)	-
Payments for intangible assets	(1,272)	(2,067)	(2,403)	(937)
<b>Net cash outflow from investing activities</b>	<b>(35,857)</b>	<b>(16,473)</b>	<b>(13,737)</b>	<b>(5,388)</b>
<b>Cash flow from financing activities</b>				
Proceeds from issue of equity securities	-	600	368	-
Dividends paid to shareholders	(3,766)	(3,980)	(5,286)	(2,846)
Lease repayments	-	(5,266)	(5,638)	-
Proceeds from borrowings	40,828	1,172	773	1,174
Repayment of borrowings	(3,449)	(1,800)	(1,800)	(3,407)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>33,612</b>	<b>(9,275)</b>	<b>(11,583)</b>	<b>(5,079)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>22,121</b>	<b>(6,223)</b>	<b>(8,153)</b>	<b>(1,212)</b>
Cash and cash equivalents at the beginning of the financial year	6,306	28,427	22,204	14,050
<b>Cash and cash equivalents at year end</b>	<b>28,427</b>	<b>22,204</b>	<b>14,050</b>	<b>12,838</b>

Source: Probiotec Annual and Half-yearly Reports, GTCF Analysis.

In relation to the table above, we note the following:

- *Operating cash flows:* Net cash flows from operating activities have declined from c. A\$24.4 million in FY21 to A\$17.2 million in FY23, however, we note that this is largely due to the A\$5.1 million increase in interest costs over the period. Excluding this impact from the higher interest rate environment, we note that operating cash flows have only slightly declined as a result of the pandemic induced challenges that resulted in an increase in the Company’s inventory levels to support uplift in demand

as well as the timing of certain customer payments. Net cash flows from operating activities of c. A\$9.3 million in 1HFY24 was down from the A\$10.8 million in 1HFY23, largely due to the inflationary impact on the cost of supplies between these periods.

- *Investing cash flows:* The Company invested c. A\$7.7 million and A\$4.5 million in property, plant and equipment in FY23 and 1HFY24 respectively as part of its consolidation and improvement of its manufacturing sites. The Company paid A\$9.5 million in FY22 for the completion and deferred payments related to the acquisitions of Multipack-LJM and H&H Packaging. Probiotec made a final payment of c. A\$3.6 million to the vendors of Multipack-LJM in accordance with a two-year deferred consideration earn out in FY23.
- *Financing cash flows:* The Company has a track-record of paying dividends to Shareholders. In the table below, we have summarised the dividend distributions since the FY21 period. Probiotec has historically paid dividends per share equivalent to an annual dividend yield of approximately 2.3%. Since FY21, Probiotec increased its annual dividends per share by 0.50 cents in FY22 and 1.00 cents per share in FY23 alongside the recovery of its financial performance post pandemic induced demand and supply challenges.

Dividend and Dividend Yield				
A\$m	FY21	FY22	FY23	1HFY24
Dividend on ordinary shares (cents/Share)	5.00	5.50	6.50	3.50
Payout ratio	74.3%	29.0%	48.0%	91.0%
Dividend yield (based on closing price)	2.3%	2.4%	2.3%	1.2%

Source: Probiotec Annual and Half-yearly Reports, GTCF Analysis.

Note (1): Dividend yield has been calculated with reference to the closing price of Probiotec Shares as at 30 June 2021, 30 June 2022, 30 June 2023 and 29 December 2023 for each relevant financial reporting period.

### 4.3 Share Capital structure

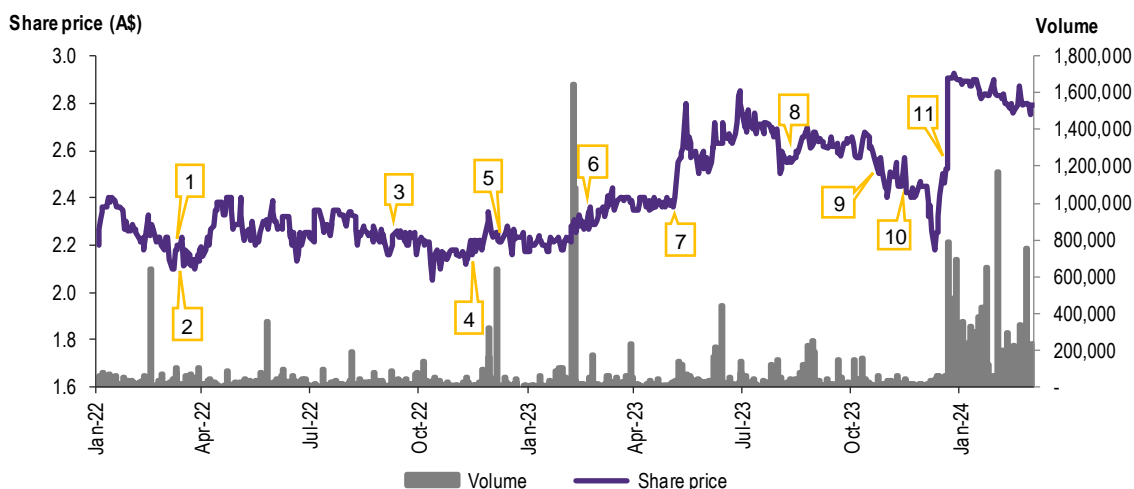
As at the date of this report, Probiotec's capital structure comprised the following securities:

- 81,323,406 ordinary shares; and
- 2,675,000 performance rights – refer to proposed treatment of the performance rights under the Scheme outlined in Section 1.

#### 4.3.1 Share price movements

Below we have analysed the daily movements in Probiotec's share price and volumes since 1 January 2022.

## Probiotec – Historical share trading price and volumes



Sources: GTCF analysis, S&P Global.

The following table illustrates the key events which may have impacted the share price and volume movements shown above.

Event	Date	Comment
1	25-Feb-2022	<p>Probiotec released the financial report for the first half of FY22 ("1HFY22"), reporting:</p> <ul style="list-style-type: none"> <li>Revenue of A\$ 85.2 million in 1HFY22, up c. 100% and 3% compared to the previous comparative period ("pcp") on a statutory and underlying basis respectively. Adjusted revenue growth includes the pro-forma 1HFY21 revenue for Multipack-LJM of A\$40.0 million. Organic revenue growth aided by the recovery in the demand for cough, cold and flu products following suppressed levels induced by the pandemic.</li> <li>EBITDA of A\$14.5 million in 1HFY22, up c. 100% and 24% to the pcp on a statutory and underlying basis respectively. Adjusted EBITDA growth includes the pro-forma 1HFY21 EBITDA for Multipack-LJM of A\$8.0 million. Organic EBITDA growth driven by the production of the higher margin RAT products.</li> <li>NPAT of A\$4.4 million, up c. 66% and 11% against the pcp on a statutory and underlying basis respectively.</li> <li>The Company announced FY22 revenue guidance between A\$175 million and A\$180 million and FY22 underlying EBITDA guidance between A\$32 million and A\$33 million.</li> <li>Probiotec declared an interim dividend of 2.00 cents per share to be paid on 18 March 2022.</li> </ul>
2	28-Feb-2022	Probiotec advised that Wesley Stringer (CEO) sold 1,011,904 shares in Probiotec, equivalent to approximately 1.2% of the issued capital of the Company.
3	24-Aug-2022	Probiotec declared a final dividend of 3.50 cents per share to be paid on 15 September 2022
4	28-Oct-2022	<p>Probiotec released the annual report for FY22, reporting:</p> <ul style="list-style-type: none"> <li>Revenue of A\$182.3 million in FY22, up c. 51% and 14% against the pcp on a statutory and underlying basis respectively. This growth was mostly driven by continual recovery for the demand of cough, cold and flu products and production of RAT products.</li> <li>Statutory and underlying EBITDA of A\$34.7 million and A\$32.8 million in FY22 respectively, up c. 80% and 34% against the pcp respectively.</li> <li>Positive net cash flows provided by operating activities of A\$19.5 million, down from A\$24.4 million in the pcp.</li> </ul>
5	28-Nov-2022	Probiotec announced it had agreed terms with a major Australian developer for a c. 36,000 sqm facility in Kemps Creek, NSW to house the Pharmaceutical Packaging and Contract Packaging NSW operations of the group. Management expected the project to deliver cost savings of between A\$3.0

Event	Date	Comment
		million and A\$5.0 million per annum commencing 1 January 2025 related with the removal of duplication of roles, simplification of logistics and improvement in efficiencies.
6	24-Feb-2023	<p>Probiotec released the financial result for the first half of FY23 ("1H FY23"), reporting:</p> <ul style="list-style-type: none"> <li>Revenue of A\$106.8 million in 1H FY23, up 25% against the pcp on a statutory and underlying basis respectively. Growth was aided by the full recovery in cold and flu sales post pandemic induced impacts, partly offset by supply chain and labour shortages reducing output.</li> <li>Statutory and underlying EBITDA of A\$17.8 million and A\$17.2m in 1H FY23 on a statutory and underlying basis respectively, up 23% and 16% against the pcp respectively. EBITDA in 1H FY23 was partly affected by the reduced gross margins as a result of higher operating labour and input costs amidst a high inflationary environment.</li> <li>Probiotec announced there had been no delays impacting the timeline of the NSW Site Consolidation, remaining on track for full completion by no later than 1 January 2025.</li> <li>Probiotec released FY23 revenue guidance between A\$205 million and A\$215 million and FY23 EBITDA guidance between A\$34.5 million and A\$36.0 million.</li> <li>Probiotec declared an interim dividend of 3.00 cents per share to be paid on 17 March 2023.</li> </ul>
7	7-May-2023	The Australian Financial Review released an article which suggested that Probiotec was fielding interest from potential suitors after receiving an unsolicited approach.
8	25-Aug-2023	Probiotec declared a final dividend of 3.50 cents per share to be paid on 8 September 2023.
9	13-Oct-2023	<p>Probiotec released the annual report for FY23, reporting:</p> <ul style="list-style-type: none"> <li>Revenue of A\$ 214.0 million, up 17% against the pcp on a statutory and underlying basis respectively driven by the recovery of pandemic induced demand challenges, compounded by customer pricing uplifts associated with inflationary cost pressures.</li> <li>Statutory and underlying EBITDA of A\$35.4 million and A\$35.3 million in FY23 respectively, up 2% and 8% against the pcp, supported by growth in revenue.</li> <li>Statutory and underlying NPAT of A\$11.0 million and A\$13.0 million in FY23 respectively, down 20% and 3% against the pcp.</li> <li>Positive net cash flows from operating activities of A\$17.2 million, down from A\$19.5 million in the pcp.</li> </ul>
10	15-Nov-2023	Probiotec released the CEO AGM address and trading update for the first half of FY24 ("1H FY24"). The update provided 1H FY24 revenue guidance between A\$110 million and A\$115 million and 1H FY24 underlying EBITDA guidance between A\$16.5 million and A\$17.5 million.
11	22-Dec-2023	Probiotec announced entry into a binding scheme implementation deed with Pyridam and its wholly owned Australian subsidiary to acquire 100% of the share capital of Probiotec by way of scheme of arrangement.
12	28-Feb-2024	<p>Probiotec released the financial result for the first half of FY24 ("1H FY24"), reporting:</p> <ul style="list-style-type: none"> <li>Revenue of A\$114.0 million, up 6.7% against the pcp on a statutory and underlying basis respectively.</li> <li>Statutory and underlying EBITDA of A\$14.8 million and A\$17.2 million in 1H FY24 respectively, down 16% and up 0% against the pcp.</li> <li>Probiotec announced that the NSW Site Consolidation remained on schedule and on budget.</li> <li>Probiotec declared an interim dividend of 3.50 cents per share to be paid on 15 March 2024.</li> </ul>

Source: ASX announcements, S&P Global.

The monthly share price performance of Probiotec since February 2023 and the weekly share price performance of Probiotec over the last 16 weeks, is summarised in the table on the following page.



Probiotec Limited	Share Price			Average weekly volume '000'
	High \$	Low \$	Close \$	
<b>Month ended</b>				
Feb 2023	2.400	2.180	2.300	1,007
Mar 2023	2.450	2.280	2.350	173
Apr 2023	2.400	2.340	2.400	59
May 2023	2.910	2.360	2.570	177
Jun 2023	2.880	2.510	2.800	300
Jul 2023	2.800	2.620	2.690	198
Aug 2023	2.740	2.500	2.680	294
Sep 2023	2.680	2.570	2.640	98
Oct 2023	2.760	2.410	2.450	157
Nov 2023	2.570	2.300	2.450	92
Dec 2023	2.940	2.135	2.900	636
Jan 2024	2.940	2.810	2.840	1,020
Feb 2024	2.880	2.740	2.750	1,106
<b>Week ended</b>				
17 Nov 2023	2.570	2.300	2.420	116
24 Nov 2023	2.490	2.380	2.410	54
1 Dec 2023	2.500	2.400	2.450	61
8 Dec 2023	2.450	2.260	2.260	77
15 Dec 2023	2.420	2.135	2.410	241
22 Dec 2023	2.940	2.400	2.910	986
29 Dec 2023	2.930	2.900	2.900	1,359
5 Jan 2024	2.900	2.880	2.890	738
12 Jan 2024	2.940	2.860	2.900	1,235
19 Jan 2024	2.900	2.820	2.820	1,521
26 Jan 2024	2.880	2.820	2.830	846
2 Feb 2024	2.900	2.810	2.830	1,359
9 Feb 2024	2.870	2.770	2.800	896
16 Feb 2024	2.860	2.740	2.770	602
23 Feb 2024	2.880	2.760	2.790	818
1 Mar 2024	2.810	2.740	2.790	1,347

Sources: GTCF analysis, S&P Global.

#### 4.3.2 Top shareholders

We have set out below the top five shareholders of Probiotec as at 21 December 2023.

Top 5 shareholders as at 21 December 2023			
Rank	Name	No. of shares	Interest (%)
1	Charles Wayne Stringer	9,744,868	11.98%
2	Pyrdiam and Pyridam Sub	8,400,873	10.33%
3	Paradice Investments	5,796,747	7.13%
4	Wesley Stringer	4,936,079	6.07%
5	Perpetual Limited and its related bodied corporate	4,154,424	5.11%
<b>Top 5 shareholders total</b>		<b>33,032,991</b>	<b>40.62%</b>
Remaining shareholders		48,290,415	59.38%
<b>Total ordinary shares outstanding</b>		<b>81,323,406</b>	<b>100.00%</b>

Source: Probiotec, GTCF Analysis.

Notes: (1) Wesley Stringer owns 4,936,079 Probiotec Shares both directly and the controlled entity Taril Super Pty Ltd.

## 5 Valuation methodologies

### 5.1 Introduction

As discussed in Section 2, our fairness assessment involves comparing the Scheme Consideration with the fair market value of Probiotec on a 100% control basis.

Grant Thornton Corporate Finance has assessed the value of Probiotec using the concept of fair market value. Fair market value is commonly defined as:

*“the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”*

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

### 5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, Schemes of arrangement, takeovers and prospectuses. These include:

- Discounted cash flow and the estimated realisable value of any surplus assets (“DCF Method”).
- Application of earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets (“FME Method”).
- Amount available for distribution to security holders in an orderly realisation of assets (“NAV Method”).
- Quoted price for listed securities, when there is a liquid and active market (“Quoted Security Price Method”).
- Any recent genuine Schemes received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix A to this report. Each of these methodologies is appropriate in certain circumstances.

RG 111 does not prescribe any above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert’s skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

### 5.3 Selected valuation methods

In our assessment of the fair value of Probiotec, Grant Thornton Corporate Finance have relied on a number of valuation methodologies as outlined below:

- *DCF Method* – We have undertaken a valuation assessment of Probiotec utilising the DCF Method. Grant Thornton Corporate Finance has had regard to the cash flow projections up to 30 June 2027 for Probiotec prepared by Probiotec Management (“Internal Projections”). Grant Thornton Corporate Finance has incorporated the Internal Projections into our valuation model (“GT Model”) which we have used for the purpose of our valuation assessment. We believe the DCF method is an appropriate valuation methodology due to the following:
  - Probiotec has relatively strong visibility on future financial performance based on the contracted revenue with its customers.
  - Construction for the NSW Site Consolidation project has commenced and this is expected to allow the Company to achieve operating synergies and cost savings. The DCF Method allows Grant Thornton Corporate Finance to properly capture both the costs and benefits from the completion of this project.
  - Capital expenditure requirements, which are key to the operations of the Company, particularly in relation to the NSW Site Consolidation project, can be modelled in a robust way.
  - It allows for different sensitivities and assumptions to be modelled, including revenue, profitability margins and project cost savings.
  - The DCF method is the most commonly used methodologies for valuing manufacturing companies.

We have cross checked our valuation assessment based on the following:

- *Multiple approach* – Grant Thornton has considered the EBITDA Multiple as appropriate to cross check our valuation assessment.
- *Quoted Security Price Method* – In the absence of the Scheme or other transactions, the trading price of Probiotec Shares represents the value at which minority shareholders could realise their investment in Probiotec and accordingly it is a relevant valuation cross-check.

## 6 Valuation assessment of Probiotec

As discussed in section 5.3, we have assessed the fair market value of Probiotec on a 100% control basis using the DCF Method as our primary approach, which we have cross checked using the EBITDA Multiple approach and Quoted Security Price Method. Our valuation is summarised in the table below.

DCF Method - valuation summary A\$ '000 (except where stated otherwise)	Section Reference	Low	High
Enterprise value on a control basis	6.1	254,773	295,616
Less: Adjusted net debt as at 31 December 2023	6.1.3	(21,214)	(21,214)
<b>Equity Value (control basis)</b>		<b>233,560</b>	<b>274,402</b>
Number of outstanding shares ('000s) (fully diluted)	6.1.4	83,773	83,773
<b>Value per share (control basis) (A\$ per Share)</b>		<b>2.79</b>	<b>3.28</b>

Source: GTCF Analysis.

Based on our analysis, we have assessed the fair market value per Probiotec share in the range of A\$2.79 and A\$3.28, on a 100% control basis.

### 6.1 DCF Method

#### 6.1.1 Internal Projections and GT Model

For the purpose of our assessment of Probiotec utilising the DCF Method, Grant Thornton Corporate Finance was provided with Management's Internal Projections up to FY27<sup>24</sup> which we have integrated into the GT Model. Grant Thornton has extended the Internal Projections by a further two years to FY29 to taper down the revenue growth in line with the assumed perpetual growth rate before calculating a terminal value. Our valuation assessment is based on the net present value of the nominal post-tax free cash flows based on the WACC.

In accordance with the requirement of RG111, we have undertaken a critical analysis of the Internal Projections before relying on them for the purpose of our valuation assessment. Specifically, we have undertaken the following procedures:

- Reviewed the historical and YTD financial performance of Probiotec, broker estimates and trends, risks and opportunities in the industry.
- Conducted high level checks, including limited procedures in relation to the mathematical accuracy of the Internal Projections.
- Tested certain key revenue, margin and capital expenditure assumptions underlying the Internal Projections against those of comparable listed peers.
- Held discussions and interviews with Management of the Company and the financial adviser.

Some of the key assumptions adopted in the Internal Projections are inherently subject to uncertainty and there is scope for differences of opinion. Based on benchmarking undertaken with the market as whole

<sup>24</sup> An earlier version of the Internal Projections was also made available to interested parties as part of the sale process undertaken by the Company.

and the current growth opportunities of the business, we have modelled alternative margin and capital expenditure assumptions which have resulted in a range of a potential valuation outcomes.

Grant Thornton Corporate Finance has not disclosed the Internal Projections in our IER as they contain commercially sensitive information and they do not meet the requirements for presentation of prospective financial information as set out in ASIC Regulatory Guide 170 "Prospective Financial Information".

The assumptions adopted by Grant Thornton Corporate Finance do not represent projections prepared by Grant Thornton Corporate Finance but are intended to reflect the assumptions that could reasonably be adopted by industry participants in their pricing of similar businesses. We note that the assumptions are subject to uncertainty and there is scope for differences of opinion. As a result, the value of Probiotec could vary materially based on changes to certain key assumptions. Accordingly, we have conducted certain sensitivity analysis to highlight the impact on the value of Probiotec's shares by movement in certain key assumptions.

#### 6.1.2 Key valuation assumptions

##### Total revenue

Revenues are projected to grow over the discrete period as a result of increased capacity and capabilities provided by the NSW Site Consolidation project, compounded by the crystallisation of the onshoring and outsourcing thematic (as set out in section 3.1.3) and the reversion back to normalised levels of cough, cold and flu cases that were typical before the COVID-19 pandemic. Based on the performance in H1 FY24, YTD financial information and a review of the Internal Projections, Grant Thornton has estimated that revenues will grow to c. A\$240 million in FY24 at a CAGR of c. 7.6% from FY24 to FY29. Whilst the revenue growth underpinning the GT Model is significant, we are of the opinion that it is reasonable due to the following:

- Revenue growth in the Internal Projections is consistent in the short term with investment analyst's reports and are underpinned by a strong pipeline of identified new business opportunities at a customer and product level which total c. A\$224 million from FY25 to FY27 across the various subsidiaries. The Internal Projections attribute a probability weighted contract value to each potential opportunity, which are primarily with existing customers of the Company. New business opportunities account for approximately 10% of annual forecast revenue from FY25 to FY27 within the Internal Projections.
- Probiotec is a market leader in the Pharmaceutical Manufacturing Industry in Australia and an established player in the Packing Services Industry in Australia. These are both large and growing industries with the opportunity for the Company to capture additional market share as larger product companies continue to outsource manufacturing and packaging functions to streamline operations and reduce costs in light of margin pressures.
- Probiotec has historically experienced a relatively low customer churn rate and is aided by the stickiness of customers inherent in its industries given the lead times and upfront investment required to change provider, specifically for pharmaceutical products.
- The revenue growth in the Internal Projections, which are absent of acquisitions, are supported by the historical organic revenue growth of the Company.

- Probiotec has sufficient production capacity to accommodate the increase in revenue and to grow its market share in excess of other market players alongside the crystallisation of the outsourcing thematic of larger product companies.
- Probiotec's H1FY24 revenue performance is broadly in line with Management's Internal Projections.

In the GT Model, Grant Thornton Corporate Finance has tapered down the projected revenue growth in FY27 to reach the perpetual growth rate assumption of 2.5% in the terminal year which is consistent with the terminal growth rates adopted by investment analyst's reports covering Probiotec and in line with the mid-point of the RBA's inflation target range.

#### Gross margin

Cost of sales in the Internal Projections comprise direct labour, direct materials and freight. Gross margins are expected to steadily improve over the discrete period as a result of normal practice periodic contracted pricing uplifts and pursuit of procurement savings and automation benefit initiatives.

Gross margins excluding the margin uplift initiatives in the Internal Projections (discussed below) are supported by the historical gross margins achieved by the Company. Specifically, we note the forecasts are below the gross margins achieved in FY21 and FY22, which were aided by the one-off production of high margin RAT tests, but slightly higher than the gross margins in FY23, which despite benefiting from contracted pricing uplifts was affected by inflationary pressures. We also note that Probiotec's H1FY24 gross margin is broadly in line with Management's Internal Projections.

In regards to the gross margin uplift initiatives assumed in the Internal Projections we note the following:

- Based on discussions with Management, we understand that the identified procurement savings relating to the cost of specific supplies has been fully achieved and consumed by the Company at the gross margin level at the date of this report.
- The automation benefits are sourced from forecast growth capex related to the investment in new automation technology equipment to be used in the end of line packaging activities at Probiotec Pharma and ABS, which is expected to generate cost savings via the reduction of labour.

Gross margins are forecast to peak in FY27 in the Internal Projections at c. 37.3% after which Grant Thornton Corporate Finance has steadily tapered down gross margins to reach a normalised perpetual gross margin of 35.0%<sup>25</sup>. We consider this a reasonable assumption due to the following:

- Based on discussions with Management, we understand that this margin reflects a normalised steady state operating environment in terms of cost of sales and efficiencies.
- The total gross margin uplift is in line with that assumed by investment analyst's reports covering Probiotec.

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<sup>25</sup> We note that gross margin percentages set out in section 4 are calculated with reference to Probiotec's Annual Reports. The gross margins described in this section are based on Management's Internal Projections which have been calculated on a more granular basis and are therefore not directly comparable with the gross margins set out in section 4. We do not have the information available to reconcile the two basis.

- History demonstrates that events outside the control of the Company may occur periodically, and these events have the ability to affect the gross margins of Probiotec.

#### EBITDA margin

EBITDA margins are forecast to improve considerably over the discrete period from c. 15.3% in 1HFY24, which was broadly in line with Management's Internal Projections, to between c. 21.8% and 22.3% in FY27<sup>26</sup>, based on the low and high end of the cost savings related to the NSW Site Consolidation respectively (refer below for further details).

These improvements are aided by the abovementioned enhancements in gross margins and linked to estimated costs savings related to specific capex projects and standalone cost synergies, as well as assumed operational efficiencies in the SG&A profile of the Company. In relation to this we note the following:

- *NSW Site Consolidation* – We have incorporated in our valuation assessment cost savings related to the NSW Site Consolidation in the range of A\$3.6 million and A\$5.0 million per annum based on information in the public domain, discussions with Management and a review of the Internal Projections. The NSW Site Consolidation is progressing in accordance with the plan, with site construction having commenced and the project currently running on schedule and on budget. The estimated costs savings are derived from the removal of duplicated activities and staff, reduction in overhead expenses, simplification of logistics and improved production efficiencies. We consider it reasonable to adopt a range for these estimated costs savings at the low and high end of our valuation assessment given the inherent risk and uncertainty in forecasting and executing such efficiencies.
- *VIC site project* – Management have estimated certain cost savings associated with growth capex in FY26 and FY27 to upgrade and improve the operating efficiency of the two facilities of the Company located in VIC. These cost savings are estimated to reach approximately A\$1.5 million per annum in FY27, which we have maintained in perpetuity.
- *Standalone cost synergies* – We have valued the Company on a 100% control basis and accordingly have incorporated in our valuation cost synergies that would be available to a pool of potential purchasers. We have estimated these cost synergies to be approximately A\$1.5 million per annum and mainly in relation to the gradual elimination of duplicate functions and other costs associated with being a listed companies (i.e., ASX fees, director fees, audit fees, share registry costs and investor relation costs). We note that these synergies may not be fully available to Pyridam given that it does not have operations in Australia, however our valuation assessment reflect the value of Probiotec for a generic pool of potential purchasers.

We note that the increase in the mid-point forecasted EBITDA margins in the GT Model across the discrete period is largely in line with the investment analyst's reports covering Probiotec, peaking at c. 22.1% in FY27 at the mid-point. Thereafter, Grant Thornton Corporate Finance has assumed constant operating expenses as a proportion to sales achieved in FY27 to forecast EBITDA up to the terminal year. We note

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<sup>26</sup> Operating expenses on a post AASB-16 basis comprise of production costs, marketing and advertising expenses (including royalties) and SG&A expenses. Production costs and SG&A are the predominant operating expenses of the Company.

that as a result of the tapering down of gross margins to reach a normalised perpetual state, EBITDA margins fall in the terminal year to a mid-point of c. 19.5%<sup>27</sup>.

#### Capital expenditure

Capital expenditure of the Company in the Internal Projections comprises NSW Site Consolidation capex, VIC site project capex, maintenance capex, growth capex, and capitalised development capex. Probiotec has historically recorded a large capital expenditure profile as a result of its investments in manufacturing and packaging equipment to ensure its products and services are delivered at a high standard and meet the regulatory quality requirements of the TGA. In relation to the forecast capital expenditure in the GT Model we note the following:

- NSW Site Consolidation capex relates to the investment required for the development of the new purpose-built packaging facility and associated equipment and racking. NSW Site Consolidation is forecast in the Internal Projections to total approximately A\$7.0 million over the discrete period and is largely concentrated in FY25. Based on discussions with Management, we understand that the NSW Site Consolidation is on budget as at the date of this report.
- VIC site project capex is forecast to total approximately A\$4.0 million from FY26 to FY27 and relates to the investment in new equipment to improve the capacity, manufacturing efficiency and provide additional capability and flexibility to Probiotec manufacturing operations in VIC.
- Maintenance and growth capex is forecast across the discrete period to taper down to Management's view on a perpetual normalised rate equivalent to 3.5% of sales. Growth capex comprises of specific automation capex and other general growth capex. Automation capex is forecast to total approximately A\$8.8 million over the discrete period and relates to the investment in automation technology to be used in the end of line packaging activities at Probiotec Pharma (A\$5.0 million) and ABS (A\$3.8 million).
- Capitalised developed capex is forecast to be relatively steady over the discrete period at approximately A\$1.5 million, consistent with the historical levels.

#### Other key assumptions

- *Lease expense and lease interests:* The Internal Projections supplied by Management include a pro-forma cash lease expense and associated interest repayments which represents the forecast costs in relation to leased properties and assets. Grant Thornton Corporate Finance have forecast the annual cash lease expense beyond the Internal Projections based on the terms in the lease agreements and annual lease interest expense based on the 7.00% rate assumed by Management in the Internal Projections.
- *Working capital:* The Internal Projections provide a detailed modelling of the working capital requirements, which are projected to grow over the discrete period to support the growth in operations.

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<sup>27</sup> We note that EBITDA margin percentages set out in section 4 are calculated with reference to Probiotec's Annual Reports. The EBITDA margins described in this section are based on Management's Internal Projections which have been calculated on a more granular basis and are therefore not directly comparable with the EBITDA margins set out in section 4. We do not have the information available to reconcile the two basis.



- *Tax rate:* We have assumed tax at the corporate tax rate of 30%.
- *Discount rate:* We have adopted a discount rate between 9.70% and 10.40% based on the WACC. In computing the WACC, we have applied a company specific risk premium of 1.50% to reflect the execution risk involved in the NSW Site Consolidation and VIC site projects including the timing and capex associated with its construction and the assumed associated cost savings. Refer to Appendix B for further details on the computation of our WACC.

### 6.1.3 Net debt

In computing the net debt, we have had regard to the reviewed balance sheet of Probiotec as at 31 December 2023. Our calculations are summarised below.

Adjusted net debt as at 31 December 2023 (pre AASB-16) A\$ '000	Section Reference	
External debt (pre AASB-16)	4.2.2	46,362
Less: Cash balance	4.2.2	(12,838)
<b>Net debt of Probiotec as at 31 December 2023 (pre AASB-16)</b>		<b>33,523</b>
Less: Off-balance sheet loans (cash-like item)	4.2.2	(12,310)
<b>Adjusted net debt of Probiotec as at 31 December 2023 (pre AASB-16)</b>		<b>21,214</b>

Source: Management, Probiotec Half-yearly report, GTCF Analysis.

In relation to the calculation of the net debt, we note the following:

- The cash position as at 31 December 2023 does not reflect the payment of the Permitted Dividends, however, in line with the ex-dividend basis of the Scheme Consideration, we have not adjusted our computed net debt for the cash outflows of the Permitted Dividends. The Permitted Dividends comprise the following:
  - The Board declared the 1HFY24 dividend of A\$0.035 per share on 28 February 2024 and this has been paid to relevant Probiotec Shareholders on the relevant record date. This was paid in accordance with the terms of the SID and accordingly there will be no reduction to the Scheme Consideration.
  - The Board is also allowed to declare and pay a dividend in respect of the period between 1 January 2024 and ending on the earlier of 30 June 2024 and the date that is immediately prior to the Scheme record date of up to A\$0.04 per Share. This will also not reduce the Scheme Consideration, provided that it is paid in accordance with the terms of the SID. To the extent that the Board determines to declare and pay any such dividend, it will be announced to the ASX before implementation of the Scheme.
- As set out in the Scheme Booklet (section 9.5(b)), a total of A\$12.3 million in Probiotec employee loans (off-balance sheet item) remains outstanding as at the date of the Scheme Booklet. We have adjusted Probiotec's net debt to include an adjustment for off-balance sheet loans receivable. As set out in the Scheme Booklet, these loans will be repaid to Probiotec out of the proceeds of the Scheme Consideration paid to each employee to whom the loan relates. The repayment of the loan will not result in cash settlement but instead will be subtracted from the Scheme Consideration each employee is entitled to receive for the shares they own. Therefore, Pyridam is, in effect, paying A\$3.00 per share for Probiotec inclusive of this off-balance loans receivable. This is a non-operating

asset and therefore is not captured in our valuation of Probiotec. In order to perform a like-for-like comparison with the Scheme Consideration, we have captured this non-operating asset by increasing our assessment of Probiotec's cash, which has the effect of reducing Probiotec's net debt, increasing our assessed equity value. We consider this treatment appropriate on the basis these loans receivable are, in essence, settled on the transaction date with Pyridam saving cash through only paying a net consideration (A\$3.00 per share less any loans receivable) to the relevant Probiotec Shareholders with these loans outstanding.

- Given the cashflows in the GT Model are forecast on a pre AASB-16 basis, we have not considered the value of lease liabilities on balance sheet as at 31 December 2023 in the calculation of the net debt.

#### 6.1.4 Share Capital

Below we have set out the number of ordinary shares adopted for the purpose of our valuation.

Number of ordinary shares	Section Reference	Number of shares
Ordinary shares	4.3	81,323,406
2022 PBP Performance Rights	1.1	2,450,000
<b>Total number of ordinary outstanding shares</b>		<b>83,773,406</b>

Source: Management, GTCF Analysis.

As at the date of this report, Probiotec has 81,232,406 ordinary shares and 2,675,000 Performance Rights on issue. As set out in the Scheme Booklet, subject to the Scheme being implemented, the vesting of the 2,450,000 Performance Rights will be accelerated for nil consideration and hence they will be converted into ordinary shares and receive the Scheme Consideration whilst the remainder 225,000 Performance Rights will be cancelled for no consideration. We consider this assumption consistent with the approach that would be adopted by a pool of potential purchasers.

#### 6.1.5 Summary of value per share

Below we have set out our assessment of the fair market value of Probiotec shares on a 100% control basis.

DCF Method - valuation summary	Section Reference	Low	High
A\$ '000 (except where stated otherwise)			
Enterprise value on a control basis	6.1	254,773	295,616
Less: Adjusted net debt as at 31 December 2023	6.1.3	(21,214)	(21,214)
<b>Equity Value (control basis)</b>		<b>233,560</b>	<b>274,402</b>
Number of outstanding shares ('000s) (fully diluted)	6.1.4	83,773	83,773
<b>Value per share (control basis) (A\$ per Share)</b>		<b>2.79</b>	<b>3.28</b>

Source: GT Model, GTCF Analysis.

#### 6.1.6 Sensitivity analysis

It should be noted that the enterprise value of Probiotec could vary materially based on changes in certain key assumptions. Accordingly, we have conducted a sensitivity analysis below to highlight the impact on the value of Probiotec Shares based on the DCF Method.

Sensitivity analysis			Low	High
A\$ per share	Low	High	% Change	% Change
<b>GT assessed value per share for Probiotec</b>	<b>2.79</b>	<b>3.28</b>		
<b>Discount rate</b>				
+0.5%	2.60	3.04	(6.6%)	(7.1%)
-0.5%	3.00	3.54	7.5%	8.2%
<b>Terminal revenue growth rate</b>				
+0.5%	2.95	3.48	5.7%	6.3%
-0.5%	2.65	3.10	(5.0%)	(5.5%)
<b>Terminal gross margin</b>				
+0.5%	2.91	3.41	4.4%	4.2%
-0.5%	2.67	3.14	(4.4%)	(4.2%)
<b>Maintenance and growth capex as a % of revenue in the terminal year</b>				
+0.5%	2.64	3.11	(5.2%)	(4.9%)
-0.5%	2.93	3.44	5.2%	4.9%
<b>Including the VIC Site Consolidation project</b>	<b>2.91</b>	<b>3.42</b>	<b>4.3%</b>	<b>4.3%</b>

Source: GTCF analysis

In relation to the table above, the VIC Site Consolidation sensitivity refers to an additional and potential site consolidation capex scenario whereby the two VIC sites of Probiotec are consolidated into a larger single facility in Western Melbourne with the project potentially earmarked to commence in FY25 and be fully operational by FY27. As at the date of this report, the VIC Site Consolidation was an early-stage business case which was not approved by the Board of Probiotec, had not secured relevant funding or a location and detailed costing of the required capital expenditure and potential costs savings were not prepared. Accordingly, based on our view of the approach that would be adopted by a pool of potential purchasers, we have not included the VIC Site Consolidation in our base case valuation but we have only shown the potential impact on value by way of sensitivity.

## 6.2 EBITDA Multiple

In the valuation cross check, Grant Thornton Corporate Finance has considered the EBITDA Multiples of listed companies and private transactions and compared them with the EBITDA Multiple implied in the DCF Method. The identification of comparable companies is a matter of judgement and involves consideration of a number of factors including the business focus, operations and size, geographic and product reach and financial performance.

In the table below we have set out the EBITDA Multiple of Probiotec implied in our valuation assessment based on the DCF Method on both a pre AASB-16 and post AASB-16 basis. We note that the EBITDA Multiples of the selected listed companies are computed on a post AASB-16 basis, based on the median post AASB-16 EBITDA of broker consensus, whilst the EBITDA Multiples of the comparable transactions are presented on a pre-AASB16 basis, due to the historical nature of the transactions and limitations on publicly available financial information.

Implied EBITDA Multiple A\$ '000 (except where stated otherwise)	DCF Method (pre AASB-16) <sup>1</sup>		DCF Method (post AASB-16) <sup>2</sup>	
	Low	High	Low	High
<b>Enterprise value (control basis) (pre AASB-16)</b>	<b>254,773</b>	<b>295,616</b>	<b>254,773</b>	<b>295,616</b>
Add: Lease liabilities as at 31 December 2023			39,751	39,751
<b>Enterprise value (control basis) (post AASB-16)</b>			<b>294,524</b>	<b>335,366</b>
FY23 EBITDA (Actual)	25,778		36,000	
FY24 EBITDA (GT Model Forecast)	29,409		40,333	
FY25 EBITDA (GT Model Forecast)	34,757		50,335	
<b>FY23 EV/EBITDA (Actual)</b>	<b>9.9x</b>	<b>11.5x</b>	<b>8.2x</b>	<b>9.3x</b>
<b>FY24 EV/EBITDA (Forecast)</b>	<b>8.7x</b>	<b>10.1x</b>	<b>7.3x</b>	<b>8.3x</b>
<b>FY25 EV/EBITDA (Forecast)</b>	<b>7.3x</b>	<b>8.5x</b>	<b>5.9x</b>	<b>6.7x</b>

Source: GT Model, GTCF analysis.

Notes: (1) Enterprise value on a pre AASB-16 basis is based on the enterprise value from the DCF Method (refer to Section 6.1.5). (2) Enterprise value on a post AASB-16 basis is based on the enterprise value from the DCF Method (refer to Section 6.1.5), adjusted to include the lease liabilities on balance sheet as at 31 December 2023 (refer to Section 4.2.2).

In our cross-check against the trading multiples, we have largely relied on the forward FY24 EBITDA Multiple, as in our opinion, this represents a relatively normalised operating and financial environment post the demand and supply chain challenges induced by the pandemic and recent inflationary and geopolitical pressures. Conversely, in our cross-check against the transaction multiple, we have mainly relied on the historical FY23 EBITDA Multiple due to the absence of forecast EBITDA consensus for the selected comparable transactions.

#### 6.2.1 Trading multiples

In selecting comparable companies, we identified two separate groups for contract manufacturing and packaging operations on the basis that we did not identify any comparable company that provided both services in a similar mix to Probiotec. We initially restricted our search to companies operating in Australia, however, we subsequently extended our investigation to include other advanced economies. Given some of the limitations identified in the level of comparability of the peers, we have only relied on this approach as a cross check, noting that the majority of the highly comparable peers are unlisted<sup>28</sup>.

The listed companies selected operate in either the contract manufacturing industry for pharmaceutical or associated products or operate in the packaging services industry for both pharmaceutical and a wider range of products. We note that the majority of the contract manufacturing companies selected are CDMOs and are thereby less relevant given their exposure to the research and development phase of the Australian pharmaceutical industry.

Below we have summarised the EBITDA Multiples of the selected listed companies.

<sup>28</sup> In our opinion, we consider Ensign Laboratories, Vitex Pharmaceuticals, Lipa Pharmaceuticals and Tismor Health and Wellness to be the most comparable peers to Probiotec, however all of these companies are unlisted and thereby cannot be utilised in the EBITDA Multiples cross-check given they lack a market value and publicly available financial information. Refer to Section 3.1.4 for further details on these companies.

Company	Type <sup>1</sup>	Country	Year-end	Enterprise	EV/EBITDA Multiples (post AASB-16) <sup>3</sup>		
				Value <sup>2</sup> A\$m	FY23 Actual	FY24 Forecast	FY25 Forecast
Probiotec Limited	CMO	Australia	30-Jun	315	8.7x	7.8x	6.3x
<b>Contract Manufacturing</b>							
Star Combo Pharma Limited	CMO	Australia	30-Jun	22	12.0x	NA	NA
McBride plc	CMO	United Kingdom	30-Jun	676	10.8x	4.1x	4.5x
Mayne Pharma Group Limited	CDMO	Australia	30-Jun	601	Nmf	25.4x	9.2x
Hikma Pharmaceuticals PLC	CDMO	United Kingdom	31-Dec	12,474	10.0x	10.4x	9.7x
Perrigo Company plc	CDMO	Ireland	31-Dec	12,746	12.0x	11.9x	10.1x
Catalent, Inc.	CDMO	United States	30-Jun	27,377	26.1x	25.1x	19.2x
Lonza Group AG	CDMO	Switzerland	31-Dec	79,653	29.7x	25.1x	21.7x
<b>Median</b>					<b>12.0x</b>	<b>18.5x</b>	<b>9.9x</b>
<b>Average</b>					<b>16.8x</b>	<b>17.0x</b>	<b>12.4x</b>
<b>Packaging</b>							
Pro-Pac Packaging Limited	Co-packer	Australia	30-Jun	98	11.3x	NA	NA
Pact Group Holdings Ltd	Co-packer	Australia	30-Jun	1,243	4.8x	4.4x	4.5x
Orora Limited	Co-packer	Australia	30-Jun	6,745	14.6x	10.4x	8.4x
Ancor plc	Co-packer	Switzerland	30-Jun	37,563	11.5x	12.5x	11.9x
<b>Median</b>					<b>11.4x</b>	<b>10.4x</b>	<b>8.4x</b>
<b>Average</b>					<b>10.5x</b>	<b>9.1x</b>	<b>8.3x</b>

Source: S&P Global, GTCF analysis

Notes: (1) Categorisation based on GTCF analysis and reflects the predominant offering of each company. (2) We have applied a control premium of 30% to the market capitalisations of each listed company taken as at 4 March 2024, except for Pact Group which was recently subject to a takeover offer and thereby already trading on a control basis (refer to the footnote below for further details). Market capitalisations of those companies listed on a foreign market exchange have been converted into A\$ using the forex spot rates obtained from S&P Global as at 4 March 2024. Enterprise value of selected trading companies includes net debt, computed as interest bearing liabilities, plus lease liabilities less non-restricted cash and cash equivalents, as well as non-controlling interests. Enterprise value of Probiotec based on the mid-point enterprise value on a post AASB-16 basis sourced from Section 6.2.1. (3) Forecast EBITDA Multiples are based on the median forecast EBITDA of broker consensus sourced from S&P Global. (5) Nmf refers to non-meaningful. (6) NA refers to not available. (7) Country refers to the primary operating location.

In relation to the table above, we note the following:

- Given our valuation assessment of Probiotec under the DCF Method is on a 100% control basis, we have applied a control premium of 30% to the market capitalisations of the each selected company, except for Pact Group Holdings Limited (“Pact Group”)<sup>29</sup> which was recently subject to a takeover offer and thereby trading on a control basis (refer to Appendix E for further details on our Control Premium Study).
- Contract manufacturing companies generally trade at a higher EBITDA Multiple compared to contract packaging companies, in our opinion, largely due to the comparatively higher growth and profitability margin of the contract manufacturing industries globally, the more defensive nature of these businesses and the longer tenure of contracted revenue.
- Generally, CDMOs attract higher EBITDA multiples compared to CMOs given their exposure to the high growth and margin research and development component of the pharmaceutical industry. In

<sup>29</sup> Pact Group was subject to a takeover offer by Kin Group Pty Ltd on 13 September 2023. As result, the market capitalisation of Pact Group is already being represented on a control basis. Accordingly, we have not applied a control premium to its market capitalisation taken as at 21 December 2023.

addition, CDMOs generally own or benefit from the retail sales of the products developed and manufactured.

- CDMOs focused on biopharmaceuticals attract higher EBITDA multiples than their traditional pharmaceutical CDMOs counterparts. We note that Catalent and Lonza Group have a relatively large focus on biopharmaceuticals.

Below we have compared the historic and forecast (sourced from the GT Model) performance of Probiotec based on key value driver metrics against the selected listed companies.

Company	Type <sup>1</sup>	Year-end	Revenue growth				Gross margin				EBITDA margin (post AASB-16)			
			FY22A	FY23A	FY24F	FY25F	FY22A	FY23A	FY24F	FY25F	FY22A	FY23A	FY24F	FY25F
Probiotec Limited	CMO	30-Jun	57%	16%	12%	12%	37%	35%	35%	36%	18%	17%	17%	19%
<b>Contract Manufacturing</b>														
Star Combo Pharma Limited	CMO	30-Jun	(15%)	8%	Nmf	Nmf	18%	19%	NA	NA	3%	7%	Nmf	Nmf
McBride plc	CMO	30-Jun	(1%)	31%	9%	2%	28%	30%	NA	NA	(1%)	4%	9%	8%
Mayne Pharma Group Limited	CDMO	30-Jun	(61%)	17%	109%	12%	46%	45%	NA	NA	(28%)	(62%)	6%	15%
Hikma Pharmaceuticals PLC	CDMO	31-Dec	(1%)	14%	1%	4%	50%	48%	48%	48%	31%	28%	27%	28%
Perrigo Company plc	CDMO	31-Dec	8%	5%	0%	5%	33%	36%	39%	40%	12%	15%	15%	17%
Catalent, Inc.	CDMO	30-Jun	20%	(11%)	3%	6%	34%	24%	24%	28%	25%	16%	16%	20%
Lonza Group AG	CDMO	31-Dec	15%	8%	(2%)	11%	39%	29%	36%	36%	31%	23%	28%	29%
<b>Median</b>			<b>(1%)</b>	<b>8%</b>	<b>2%</b>	<b>5%</b>	<b>34%</b>	<b>30%</b>	<b>37%</b>	<b>38%</b>	<b>12%</b>	<b>15%</b>	<b>16%</b>	<b>18%</b>
<b>Average</b>			<b>(5%)</b>	<b>10%</b>	<b>20%</b>	<b>7%</b>	<b>35%</b>	<b>33%</b>	<b>37%</b>	<b>38%</b>	<b>10%</b>	<b>5%</b>	<b>17%</b>	<b>19%</b>
<b>Packaging</b>														
Pro-Pac Packaging Limited	Co-packer	30-Jun	(4%)	(5%)	(39%)	3%	44%	41%	44%	NA	1%	3%	NA	NA
Pact Group Holdings Ltd	Co-packer	30-Jun	4%	6%	(5%)	(4%)	58%	54%	55%	NA	14%	13%	15%	16%
Orora Limited	Co-packer	30-Jun	16%	5%	11%	13%	19%	19%	19%	13%	10%	11%	14%	15%
Ancor plc	Co-packer	30-Jun	13%	1%	(5%)	3%	21%	19%	19%	16%	15%	14%	14%	14%
<b>Median</b>			<b>9%</b>	<b>3%</b>	<b>(5%)</b>	<b>3%</b>	<b>33%</b>	<b>30%</b>	<b>32%</b>	<b>15%</b>	<b>11%</b>	<b>12%</b>	<b>15%</b>	<b>16%</b>
<b>Average</b>			<b>7%</b>	<b>2%</b>	<b>(10%)</b>	<b>4%</b>	<b>36%</b>	<b>33%</b>	<b>34%</b>	<b>15%</b>	<b>10%</b>	<b>10%</b>	<b>15%</b>	<b>17%</b>

Source: S&P Global, GTCF analysis

Notes: (1) Categorisation based on GTCF analysis and reflects the predominant offering of each company. (2) Historical financial metrics sourced from S&P Global. (3) Forecast financial performance for the selected listed companies are based off the median consensus broker sourced from S&P Global taken as at 4 March 2024. (4) Forecast financial performance for Probiotec sourced from the GT Model. (5) Nmf refers to non-meaningful. (6) NA refers to not available.

We note that whilst no listed peer is perfectly comparable to Probiotec and the multiples above should only be used as directional evidence, among the selected listed companies, we have largely had regard to the EBITDA Multiples of Star Combo, McBride, Pact and Orora for the reasons discussed below.

- Star Combo Group (“Star Combo”) is predominantly an Australian based manufacturer and distributor of original equipment manufacturer (“OEM”)<sup>30</sup> and own-branded health and supplement products and also engages in the online sale of its own-branded products to the Chinese markets. Whilst OEM and own-branded manufacturing is the predominant offering, representing c. 84% of FY23 revenue, we note that the financial performance of Star Combo in recent years has been heavily weighed down by the retail segment which has been considerably affected by pandemic induced challenges. Specifically, the replacement of all physical stores of Star Combo in September 2022 to an online platform resulted in annual revenue from the retail segment falling c. 53% and 41% in FY22 and FY23 respectively. In addition, we note that the FY23 financial performance of Star Combo was further

<sup>30</sup> Refers to a company that makes a product to be sold by another company under its own name.

affected by a fire in its recently upgraded manufacturing facility in October 2022 which resulted in a A\$4.1 million write down of assets in FY23. Accordingly, we are of the opinion that the FY23 EBITDA multiple of Star Combo is likely inflated due to the above one-off events. However, we note that we are limited in our ability to assess the extent to which the multiple is inflated due to the absence of forward-looking multiples given Star Combo is not covered by any investment analysts. As a result, we are restricted in our ability to cross-check the EBITDA Multiple implied in our DCF Method against Star Combo and have thereby placed limited emphasis on the implied FY23 EBITDA Multiple of Star Combo.

- McBride is a European based contract manufacturer of private label<sup>31</sup> products for the domestic household and professional cleaning and hygiene markets. Whilst primarily manufacturing on behalf of retailers and brands, McBride produces and sells its small portfolio of own-branded products. We note that the FY23 EBITDA Multiple of McBride is somewhat less reliable given it was loss-making in FY22. Notwithstanding that McBride is a pure contract manufacturer and thereby, all things being equal, should trade at a higher EBITDA Multiple to Probiotec, we consider it reasonable for Probiotec to trade at a premium to McBride having regard to the inferior forecast growth and profitability profile of McBride. In particular, we note that from FY24 to FY25 McBride has average forecast revenue growth and EBITDA margin (post AASB-16) of c. 6% and 8% respectively, compared to c. 12% and 18% for Probiotec respectively (based on the GT Model). Further, we note that the financial performance of Probiotec is somewhat aided by the barriers of entry sourced from the regulatory licenses and specialised capital equipment required in manufacturing of pharmaceutical products.
- Pact Group Holdings Ltd (“Pact Group”) predominantly manufactures and supplies rigid plastic and metal packaging and recycling and sustainability services, but also offers material handling and contract manufacturing services. Contract manufacturing is a small function of the overall business, representing c. 5% of FY23 revenue. The packaging services of Pact Group range across key market segments including food and beverage, health and personal care, household and industrial in Australia, New Zealand and Asia. Despite being of comparable size and recording similar EBITDA margins (post AASB-16), we consider it reasonable for Pact Group to trade at a discount to Probiotec taking into account its comparatively greater concentration on the provision of packing services and having regard to its considerably lower growth profile to Probiotec. Specifically, we note that annual revenue of Pact Group is forecast to fall by an average of c. 4% from FY24 to FY25 compared to Probiotec’s forecast revenue growth of c. 12% over the same period (based on the GT Model).
- Orora is an Australian based supplier of glass and aluminium packaging, with a small rigid packaging operation. Its end-users primarily consist of the grocery and FMCG market in Australia, New Zealand, the United States and internationally. Whilst it would be expected for Probiotec to trade at a higher multiple to Orora based on the comparable growth and probability profile and taking into account that Orora is a pure-play packer, we are of the opinion that the considerable size and market leading position Orora has in the global market more than compensates for the higher valuation usually attributed to contract manufacturers, especially for pharmaceutical products such as Probiotec. We note that the FY25 EBITDA multiple of Orora is at a premium to the FY25 EBITDA implied in the DCF Method.

We have displayed the other comparable companies in the table above, however, note that although we consider these to be the most comparable listed companies to Probiotec, there are a number of differences. Notably, these factors include, but are not limited to, operating as a CDMO, size, operating

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<sup>31</sup> Refers to a product manufactured by one company and sold under another company’s brand name. Retailers often use their private-label lines to offer exclusive products, expand catalogues and undercut competitor pricing.



country and in some cases growth and profitability profile. In addition, we note that limited broker coverage of Star Combo and Pro-Pac restricted our comparability analysis.

## 6.2.2 Comparable transactions multiples

We have also considered multiples implied by historical transactions involving companies with similar operations to Probiotec. Similar to the trading multiples, we have separated our analysis of the transactions multiples between companies that primarily engage in contract manufacturing and contract packaging. We have summarised our comparable transactions analysis in the table below.

Comparable transaction analysis				Deal	EBITDA	EBITDA
Date	Target Company	Country	Bidder Company	Stake (%)	value (pre AASB-16) (A\$m)	Multiple (times)
<b>Contract Manufacturing Peers</b>						
Oct-22	Metrics, Inc <sup>1</sup>	United States	Catalent, Inc	100%	729	16.0x
Aug-19	Cambrex Corporation	United States	Permira Advisers Ltd	100%	3,502	16.4x
Jul-19	Omniblend Pty Ltd <sup>2</sup>	Australia	Keytone Dairy Corporation Ltd	100%	23	10.1x
Feb-17	Pascoes Pty Ltd <sup>3</sup>	Australia	Pact Group Holdings Ltd	100%	52	8.2x
Sep-16	APM Pty Ltd <sup>4</sup>	Australia	Pact Group Holdings Ltd	100%	90	6.5x
Sep-15	Jalco Group Pty Ltd	Australia	Pact Group Holdings Ltd	100%	80	6.5x
<b>Median</b>						<b>9.2x</b>
<b>Average</b>						<b>8.7x</b>
<b>Median (excluding Metrics and Cambrex)</b>						<b>7.4x</b>
<b>Average (excluding Metrics and Cambrex)</b>						<b>7.8x</b>
<b>Packaging Services Peers</b>						
Aug-21	H&H Packaging Pty Ltd	Australia	Probiotec Limited	100%	4	4.0x
Jan-21	LJM (NSW) Pty Ltd	Australia	Probiotec Limited	100%	53	2.6x
Jul-20	O-I Glass, Inc. (ANZ Business)	Australia	Visy Industries Australia Pty Ltd	100%	947	7.6x
Jul-19	Australian Blister Sealing, Inc <sup>5</sup>	Australia	Probiotec Limited	100%	26	5.0x
Nov-17	Integrated Packaging Group Pty Ltd <sup>6</sup>	Australia	Pro-Pac Packaging Limited	100%	178	9.8x
Oct-17	South Pack Laboratories Pty Ltd <sup>7</sup>	Australia	Probiotec Limited	100%	13	4.3x
<b>Median</b>						<b>4.7x</b>
<b>Average</b>						<b>5.6x</b>

Source: S&P Global, MergerMarkets, Company announcements, GTCF analysis.

Notes: (1) The implied EBITDA multiple of 16.0x is presented on a post AASB-16 basis and based on 1HFY22 results, adjusted for internal manufacturing revenue/margin and standalone costs. (2) We note that the total consideration includes a potential earn-out consideration, which we have not included in the deal value computation in absence of a stated value. Accordingly, we note that the 10.1x reflects the floor of the implied EBITDA multiple. (3) The implied EBITDA Multiple of 8.2x is based off total consideration of A\$51.8 million, including A\$11.0 million of contingent consideration sourced from the FY17 Annual Report of Pact Group, and normalised FY16 EBITDA of A\$6.3 million (pre AASB-16) in the absence of reported EBITDA. (4) APM Pty Ltd stands for Australian Pharmaceuticals Manufacturers Pty Ltd (5) The implied EBITDA Multiple of 5.5x is based off total consideration of A\$29.0 million, including potential earn-out consideration of A\$5.0 million. (6) The implied EBITDA Multiple of 9.8x is based off total consideration of A\$178.0 million, including potential earn-out consideration of A\$0.8 million. (7) The implied EBITDA of 4.4x is based off total consideration of A\$13.0 million, including contingent consideration of A\$1.7 million.

In relation to the table above, we note the following:

- The comparable transactions observed took place during the period between September 2015 and October 2022. Accordingly, economic and market factors, including competition dynamics and political influences may be materially different over this period.



- All of these transactions involved the acquisition of a controlling interest. The implied multiples may incorporate control premiums and special values paid for by the acquirers. In particular, the multiples may reflect synergies paid which are unique to the acquirer.
- The EBITDA Multiples have been determined on a pre AASB-16 (or equivalent) basis, except for Metrics, Inc. (“Metrics”) which is presented on a post AASB-16 basis. In computing the EBITDA Multiple, we have primarily had regard to historical and forecast (when available) EBITDA of the target company.

Excluding the acquisition of Metrics and Cambrex Corporation (“Cambrex”), the EBITDA Multiples implied in the comparable transactions present relatively consistent multiples with an average of 7.8x for Contract Manufacturing Peers and 5.9x for Packaging Services Peers. Metrics and Cambrex both operate as a full-service CDMO within the pharmaceutical product market and are of considerably larger size to Probiotec and other transactions. Having regard to the potentially higher growth and margins as a result of the research and development component of these companies, we consider it reasonable for both to trade at a premium to average and on account have placed limited reliance on these implied EBITDA Multiples.

Whilst no comparable transaction is perfectly comparable to Probiotec and the overall multiples should only be used as directional evidence, among the selected transactions, we have largely relied on the following:

- *Australian Pharmaceutical Manufacturers Pty Ltd* – is a specialist Australian contract manufacturer and packer for a range of nutraceuticals products including vitamin and mineral supplements, herbal remedies, amino acids and other specialised formulations. Accordingly, APM is highly comparable to Probiotec in terms of operations. Notwithstanding our analysis is limited due to the availability to financial information on APM, we consider it reasonable for APM to trade at a discount to the historical EBITDA Multiple of Probiotec based on its relatively smaller size, with latest FY EBITDA (pre AASB-16) of A\$13.9 million. We note that the historical EBITDA multiple of APM may have likely reflected the approximate A\$1.0 million in operational synergies expected to be generated in the initial 18-months by strategically complimenting and extending the existing co-manufacturing capability of the acquirer.
- *Omniblend Pty Ltd (“Omniblend”)* – is an Australian product developer and contract manufacturer of health and wellness powdered and long-life ultra-high-temperature (“UHT”) drink products. Whilst of a smaller size and lower profitability profile to Probiotec, with latest FY EBITDA and EBITDA margin of A\$2.2 million and 8% (pre AASB-16) respectively, we are of the opinion that this is partly offset by Omniblend operating as a pure-play contract manufacturer and compounded by the higher forecast growth profile of its operating industry. Specifically, we note that at the time of the acquisition the global UHT milk market was expected to grow at a CAGR of c. 6.4% from 2020 to 2027, which is considerably higher than the forecast growth in the operating industries of Probiotec (refer to Section 3 for further details). In addition, we note that the historical EBITDA Multiple of Omniblend may have reflected the strategic diversification and scale benefits expected to be achieved by the acquirer. Whilst we have placed limited reliance on this transaction due to limited comparability of business models and operating industries, we note that it does not appear unreasonable for the historical EBITDA Multiple of Omniblend to trade largely in line with the low end of the historical EBITDA Multiple implied in the DCF Method.
- *Pascoes Pty Ltd (“Pascoes”)* – is an Australian contract manufacturer of aerosol and liquid based consumer products within the household and industrial chemicals category including cleaning,

pesticides, air care, personal care and aerosol-based food products. Accordingly, we note that the business operations and operating industry of Pascoes lacks comparability to Probiotec. All things being equal, a pure-play contract manufacturing company should trade at a higher multiple to a pure-play contract packing company. Nonetheless, we consider it reasonable for the historical implied EBITDA Multiple of Pascoes to trade at a discount to the historical EBITDA Multiple given Pascoes comparatively smaller size and profitability margin to Probiotec, with latest FY EBITDA and EBITDA margin of c. A\$6.2 million and 9% (pre AASB-16) respectively. We that the implied EBITDA Multiple of Pascoes likely reflected the estimated A\$2.0 million of annual operational synergies expected to be generated by the acquirer post-acquisition.

- *O-I Glass, Inc. (“O-I Glass”)* – is the largest manufacturer of glass bottles and containers in Australia and New Zealand. Notwithstanding that O-I Glass was of considerably larger size to Probiotec, with LTM revenue and EBITDA (pre AASB-16) of c. A\$754 million and A\$124 million, we consider it reasonable for its historical EBITDA Multiple to trade below the historical EBITDA Multiple of Probiotec implied in the DCF Method given its primary focus on packaging services, particularly in the relatively lower growth glass bottling segment, and taking into account the relatively subdued outlook of the business and industry at the time of acquisition from pandemic induced challenges.
- *Integrated Packaging Group Pty Ltd (“IPG”)* – is a specialist Australian packager of flexibles, film, wrap, and associated products and operated five manufacturing facilities located across Australia and New Zealand. All things being equal, we would expect IPG to trade at a lower EBITDA Multiple to Probiotec based on its pure-play packaging operations. However, based on the considerable size of IPG to Probiotec, with latest FY revenue and EBITDA (pre AASB-16) of c. A\$221 million and A\$21.2 million respectively and revenue profile with exposure to the high growth flexible packaging sector, we are of the opinion that this offsets this affect. Further, we note that the historical EBITDA Multiple of IPG may have reflected the high growth in the flexible packaging sector and the alignment with the acquirer’s strategy at the time to become the leading flexible and industrial packaging manufacturer and distributor in Australia and New Zealand and access to the large and diversified customer base of IPG, comprised of blue-chip clients, for cross-selling opportunities. Based on the above, we do not consider it unreasonable for IPG to trade at a historical EBITDA multiple in line with the low end of the historical EBITDA Multiple implied of Probiotec in the DCF Method.

In relation to the transactions involving Probiotec as the bidder of several contract packaging companies, we consider it reasonable for each to exhibit a lower implied EBITDA Multiple compared to our valuation assessment under the DCF Method having regard to the growth, enhanced product offering, diversified customer base and cost savings achieved since each were consolidated into the Company. The transactions were in smaller, less diverse businesses and are therefore “bolt-on” acquisitions which we do not consider necessarily relevant for the valuation of Probiotec as a whole.

### 6.3 Quoted Security Pricing Method

In our assessment of the fair market value of Probiotec shares, we have also considered the trading price of the listed securities on the ASX in the period prior to the Original Proposal and before the Scheme.

The assessed value per share based on the trading price is an exercise of professional judgement that takes into consideration the depth of the market for listed securities, the volatility of the trading price, and whether or not the trading price is likely to represent the underlying value of Probiotec. The following sections detail the analysis undertaken in selecting the share price range.

### 6.3.1 Liquidity analysis

In accordance with the requirements of RG 111, we have analysed the liquidity of Probiotec shares before relying on them for the purpose of our valuation assessment. We have set out below the trading volume from December 2022 to December 2023 as a percentage of the total shares outstanding as well as free float shares outstanding.

Probiotec Limited - Liquidity Analysis							
Month end	Volume traded ('000)	Monthly VWAP (\$)	Total value of shares traded (\$'000)	Volume traded as % of total shares	Cumulative Volume traded as % of total shares	Volume traded as % of free float shares	Cumulative Volume traded as % of free float shares
Jan 2023	489	2.2054	1,079	0.6%	0.6%	1.1%	1.1%
Feb 2023	4,027	2.2855	9,203	5.0%	5.6%	9.0%	10.1%
Mar 2023	796	2.3870	1,900	1.0%	6.5%	1.8%	11.9%
Apr 2023	235	2.3716	558	0.3%	6.8%	0.5%	12.4%
May 2023	816	2.5701	2,096	1.0%	7.8%	1.8%	14.3%
Jun 2023	1,319	2.6692	3,520	1.6%	9.4%	3.0%	17.2%
Jul 2023	833	2.6919	2,242	1.0%	10.5%	1.9%	19.1%
Aug 2023	1,353	2.6405	3,572	1.7%	12.1%	3.0%	22.1%
Sep 2023	410	2.6166	1,074	0.5%	12.6%	0.9%	23.1%
Oct 2023	691	2.6067	1,802	0.9%	13.5%	1.6%	24.6%
Nov 2023	407	2.4525	998	0.5%	14.0%	0.9%	25.5%
Dec 2023	2,670	2.7959	7,464	3.3%	17.3%	6.0%	31.5%
<b>Min</b>				<b>0.29%</b>		<b>0.53%</b>	
<b>Average</b>				<b>1.44%</b>		<b>2.63%</b>	
<b>Median</b>				<b>0.99%</b>		<b>1.81%</b>	
<b>Max</b>				<b>4.95%</b>		<b>9.04%</b>	

Sources: S&P Global and GTCF Analysis

With regard to the above analysis, we note that:

- The level of free float for Probiotec shares is at c. 64.8%. The free float of the Company is somewhat limited by the concentrated shareholder base with the five largest shareholders of Probiotec owing a cumulative c. 40.6% of the issued capital (refer to Section 4.3.2 for further details). During the last twelve-months, c. 31.5% of free float shares were traded with an average monthly volume of c. 2.63% of the total free float shares.
- Below we have benchmarked the liquidity of Probiotec with its comparable peers.

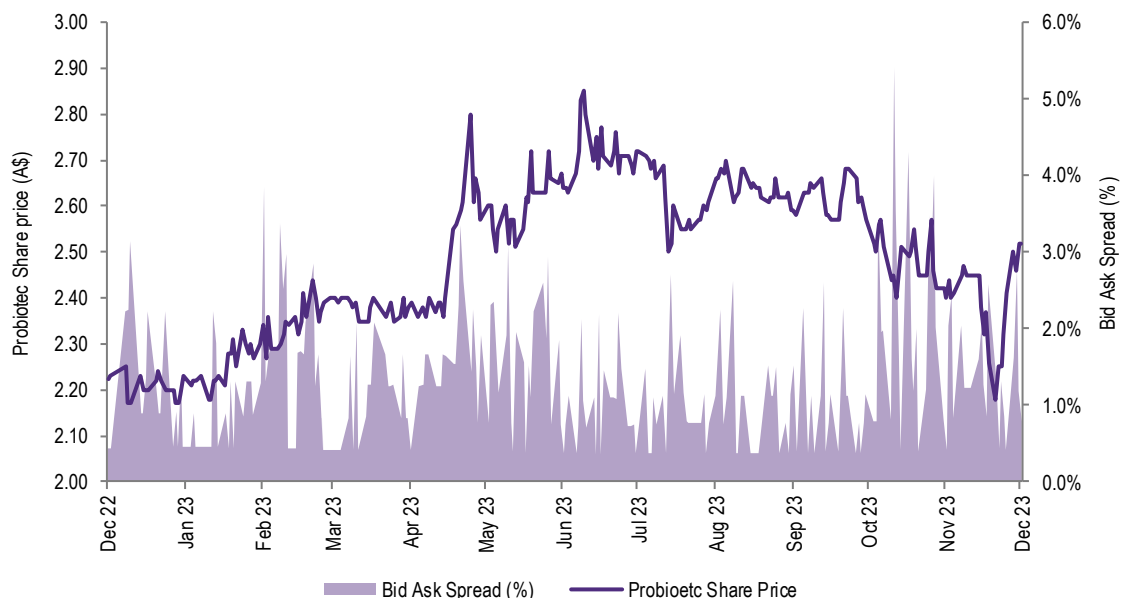
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Liquidity analysis			Average	Average	Cumulative	Cumulative
Company	Country	Free float (%)	volume traded as a % of total shares	volume traded as a % of free float shares	volume traded as a % of total shares	volume traded as a % of free float shares
Probiotec Limited	Australia	64.8%	1.3%	2.0%	15.1%	23.6%
<b>Contract Manufacturing Peers</b>						
Star Combo Pharma Limited	Australia	6.2%	0.0%	0.7%	0.5%	8.5%
McBride plc	United Kingdom	45.4%	1.6%	3.8%	19.6%	45.7%
Mayne Pharma Group Limited	Australia	71.4%	7.9%	10.5%	94.3%	126.4%
Hikma Pharmaceuticals PLC	United Kingdom	69.9%	5.9%	8.5%	71.0%	101.5%
Perrigo Company plc	Ireland	99.5%	19.9%	20.0%	239.3%	240.6%
Catalent, Inc.	United States	99.5%	36.2%	36.4%	434.9%	437.0%
<b>Packaging Peers</b>						
Pro-Pac Packaging Limited	Australia	24.5%	0.1%	0.4%	1.7%	4.8%
Pact Group Holdings Ltd	Australia	45.4%	4.2%	9.1%	49.9%	108.8%
Orora Limited	Australia	99.7%	7.0%	7.0%	83.7%	84.0%
Ancor plc	Switzerland	99.5%	11.1%	11.1%	132.9%	133.5%
<b>Low</b>		<b>6.2%</b>	<b>0.0%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>4.8%</b>
<b>Average</b>		<b>66.1%</b>	<b>9.4%</b>	<b>10.8%</b>	<b>112.8%</b>	<b>129.1%</b>
<b>Median</b>		<b>70.7%</b>	<b>6.4%</b>	<b>8.8%</b>	<b>77.3%</b>	<b>105.2%</b>
<b>High</b>		<b>99.7%</b>	<b>36.2%</b>	<b>36.4%</b>	<b>434.9%</b>	<b>437.0%</b>

Source: S&P Global, GTCF Analysis.

- As set out in the table above, the free float of Probiotec Shares traded is significantly below the average and median of the basket of listed comparable companies with liquidity increasing materially in conjunction with the size of the business.
- In the absence of a takeover or alternative transactions, the trading price represents the value at which minority shareholders could realise their investment.
- Probiotec complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of Probiotec. The Company provides regular updates to the market regarding its strategy and performance.

Where a company's stock is not heavily traded or is relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. Below we have set out the bid-ask spread of Probiotec since 21 December 2022.

**Probiotec – Bid/Ask Spread 21 Dec 2022 to 21 December 2023**


Sources: S&P Global and GTCF Analysis

As set out in the graph above, we note that the historical average and median bid-ask spread has been 1.3% and 1.2% respectively since December 2022. However, it increased to between 3% and 4% following the Australian Financial Review (“AFR”) article on 7 May 2023 which suggested that Probiotec was fielding interest from potential suitors after receiving an unsolicited approach. The speculation in the AFR was not supported or commented by the Company which hence created differing views and opinions by investors which reflected in the higher bid and ask spread.

Based on the analysis above, we conclude that whilst the free float of Probiotec is somewhat limited due to the relatively highly concentrated shareholder base, we are of the opinion that there is sufficient liquidity in Probiotec’s trading price for the utilisation of the Quoted Security Price Method as high level cross check for the reasonableness of the premium for control implied in the DCF Method.

### 6.3.2 Analysis of the trading price

We set out in Appendix E evidence from studies which indicates that the premium for control on successful takeovers in Australia has frequently been in the range of 20% to 40% with a median and average premium of c. 34% and 30% respectively.

The Scheme Consideration implies a control premium at the lower end of the range typically observed for successful transactions in the Australian capital markets as set out below.

Control premium implied in Scheme Consideration	
VWAP	
Up to 21 Dec 2023	
1 day	20.1%
5 day	23.6%
1 month	26.3%

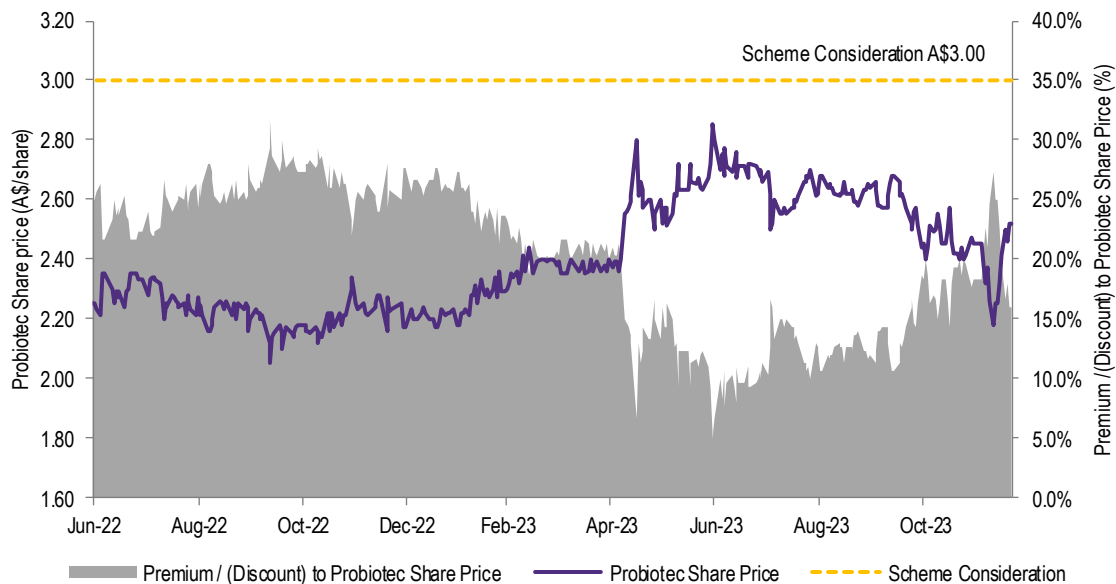
Source: IRESS, GTCF Analysis.

Notes: (1) Based on the Scheme Consideration of A\$3.00 per Probiotec Share. Refer to Section 1 for further details.

However, the above analysis should be considered with caution given that as illustrated in the graph below, the trading prices of Probiotec spiked significantly from A\$2.40 to A\$2.80 following the AFR article on 7 May 2023 that suggested Probiotec was fielding interest from potential suitors after receiving an unsolicited approach. The trading prices remained high until the release of the Company's FY23 audited financial results on 13 October 2023 which despite recording FY23 revenue growth of c. 17%, Probiotec revealed a NPAT reduction of c. 20%. As a result, the trading price of Probiotec Shares subsequently fell to approximately A\$2.20 per share and remained volatile until the announcement of the Scheme. From the analysis undertaken, we conclude that the trading prices in the period after the release of the AFR article already includes an element of control premium.

Below we have compared the trading price of Probiotec Shares with the Scheme Consideration to analyse the implied control premium from 30 June 2022 up to the last undistributed trading day before the announcement of the Scheme.

#### Probiotec – Historical share trading price (A\$/share) compared to the Scheme Consideration



Source: S&P Global, GTCF Analysis.

We also note the following qualitative factors which further support our opinion that the Scheme Consideration is fair for Probiotec Shareholders:

- The Scheme was the outcome of a competitive process during which the Company engaged multiple parties, including potential finance and trade buyers, with the Scheme Consideration being the highest price offered.

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- We are of the opinion that the operational and financial assumptions adopted in the DCF Method reflect the full underlying value of the Company given that: 1) Revenue growth forecasts exceeds forecast industry growth meaning Probiotec is expected to gain market share; 2) Significant expansion in EBITDA margins driven by, among other things, procurement savings, automation benefits initiatives (some of which have not yet commenced), NSW Site Consolidation project savings and synergies expected to be realised by a pool of potential purchasers; and 3) A discount rate at the low-end of certain identified benchmarks, including Management's own discount rate as assessed and utilised for their annual impairment testing.
- The various implied control premiums set out above, whilst below the average and median control premium typically paid in the capital markets, do still fall within the range observed in studies.
- Probiotec Shares are likely to trade on a cum-dividend basis having regard to the long dividend history of the Company whereas the Scheme Considered will not change if the Company pays the Permitted Dividends in accordance with the terms of the SID. Accordingly, if we adjust the trading price of Probiotec Shares to an ex-dividend basis to be consistent with the Scheme Consideration by removing the value of the Permitted Dividends (in aggregate, up A\$0.075 per Probiotec Share), we note that the control premium implied in Scheme Consideration increases in line (1 month) or closer to the average control premium paid in Australia for successful transactions.

Control premium implied in Scheme Consideration VWAP less Permitted Dividend <sup>1</sup>	
Up to 21 Dec 2023	
1 day	23.8%
5 day	27.6%
1 month	30.4%

Source: IRESS, GTCF Analysis.

Notes: (1) We have deducted the aggregate value of the Permitted Dividends (A\$0.075 per share) from the VWAP of Probiotec to convert the trading price of Probiotec Shares to an ex-dividend basis.

## 7 Sources of information, disclaimer and consents

### 7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Annual reports/consolidated accounts of Probiotec for FY20, FY21, FY22, FY23 and 1HFY24.
- Scheme Booklet.
- Management accounts.
- Management presentations and CFO reports.
- Management Projection FY24 to FY27.
- Minutes of Board meetings.
- Access to other relevant documents in the Data Room.
- Transaction databases such as S&P Global Capital IQ and Mergermarket.
- IBISWorld.
- Industry reports provided by the Company.
- Various broker reports for the Company and for the listed peers.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from, Management of Probiotec and its advisers.

### 7.2 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This Report has been prepared to assist the Independent Directors in advising the Company's shareholders in relation to the Scheme. This Report should not be used for any other purpose. In particular, it is not intended that this Report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Scheme is fair and reasonable to Probiotec Shareholders.



Probiotec has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

### 7.3 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Scheme Booklet to be sent to Probiotec shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and context in which it appears.

## Appendix A – Valuation methodologies

### Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future.

Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses. This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

### Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model. Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

### Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

### Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

### Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction. Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

## Appendix B – Discount rate

### Introduction

The cash flow assumptions underlying the DCF approach are on a nominal, ungeared and post-tax basis. Accordingly, we have assessed a range of nominal post-tax discount rates for the purpose of calculating the net present value of the cash flows.

The discount rates were determined using the WACC formula. The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided. However, we note that the selection of an appropriate discount rate is ultimately a matter of professional judgment.

Under a classical tax system, the nominal WACC is calculated as follows:

$$\text{WACC} = R_d \times \frac{D}{D + E} \times (1 - t) + R_e \times \frac{E}{D + E}$$

Where:

- $R_e$  = the required rate of return on equity capital;
- $E$  = the market value of equity capital;
- $D$  = the market value of debt capital;
- $R_d$  = the required rate of return on debt capital; and
- $t$  = the statutory corporate tax rate.

### *Required rate of return on equity capital*

We have used the CAPM, which is commonly used by practitioners, to calculate the required return on equity capital.

The CAPM assumes that an investor holds a large portfolio comprising risk-free and risky investments. The total risk of an investment comprises systematic risk and unsystematic risk. Systematic risk is the variability in an investment's expected return that relates to general movements in capital markets (such as the share market) while unsystematic risk is the variability that relates to matters that are unsystematic to the investment being valued.

The CAPM assumes that unsystematic risk can be avoided by holding investments as part of a large and well-diversified portfolio and that the investor will only require a rate of return sufficient to compensate for the additional, non-diversifiable systematic risk that the investment brings to the portfolio. Diversification cannot eliminate the systematic risk due to economy-wide factors that are assumed to affect all securities in a similar fashion.

Accordingly, whilst investors can eliminate unsystematic risk by diversifying their portfolio, they will seek to be compensated for the non-diversifiable systematic risk by way of a risk premium on the expected return. The extent of this compensation depends on the extent to which the company's returns are correlated with

the market as a whole. The greater the systematic risk faced by investors, the larger the required return on capital will be demanded by investors.

The systematic risk is measured by the investment's beta. The beta is a measure of the co-variance of the expected returns of the investment with the expected returns on a hypothetical portfolio comprising all investments in the market - it is a measure of the investment's relative risk.

A risk-free investment has a beta of zero and the market portfolio has a beta of one. The greater the systematic risk of an investment the higher the beta of the investment.

The CAPM assumes that the return required by an investor in respect of an investment will be a combination of the risk-free rate of return and a premium for systematic risk, which is measured by multiplying the beta of the investment by the return earned on the market portfolio in excess of the risk-free rate.

Under the CAPM, the required nominal rate of return on equity (Re) is estimated as follows:

$$R_e = R_f + \beta_e (R_m - R_f)$$

Where:

- Rf = risk free rate
- $\beta_e$  = expected equity beta of the investment
- (Rm – Rf) = market risk premium

**Risk-free rate – 4.00%**

In the absence of an official risk free rate, the yield on government bonds (in an appropriate jurisdiction) is commonly used as a proxy. Accordingly, we have we have observed the yield on the 10-year Australian Government bond over several intervals from a period of 5 trading days to 20 trading years. The following table sets out the average yield on 10-year Australian Government Bond over the last 20 years.

Australia Government Debt - 10 Year			
As at 6 March 2024	Low	High	Average
Previous 5 trading days	4.10%	4.15%	4.13%
Previous 10 trading days	4.10%	4.21%	4.15%
Previous 20 trading days	4.10%	4.27%	4.19%
Previous 30 trading days	3.99%	4.27%	4.13%
Previous 60 trading days	3.90%	4.30%	4.10%
Previous 1 year trading	3.19%	4.96%	4.07%
Previous 2 years trading	2.13%	4.96%	3.54%
Previous 3 years trading	1.05%	4.96%	3.00%
Previous 5 years trading	0.60%	4.96%	2.78%
Previous 10 years trading	0.60%	4.96%	2.78%
Previous 15 years trading	0.60%	5.88%	3.24%
Previous 20 years trading	0.60%	6.79%	3.70%

Source: S&P Global

Given the current volatility in the global financial markets around the world over the last year occurring quantitative easing by central banks, as well as further economic and geopolitical turbulence, we have placed more emphasis on the average risk free rate observed over a longer period of time. Accordingly, our adopted risk-free rate of 4.00% is based on the long-term yields on Australian 10-year government bonds.

*Market risk premium – 6.00%*

The market risk premium represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk-free rate of return is earned. However, given the inherent high volatility of realised rates of return, especially for equities, the market risk premium can only be meaningfully estimated over long periods of time. In this regard, Grant Thornton studies of the historical risk premium over periods of 20 to 80 years suggest a risk premium between 5.50% and 6.00% for the Australia markets.

For the purpose of the WACC assessment, Grant Thornton Corporate Finance has adopted a market risk premium of 6.00%.

*Asset beta – 0.80 to 0.90*

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation.

An equity beta includes the effect of gearing on equity returns and reflects the riskiness of returns to equity holders. However, an asset beta excludes the impact of gearing and reflects the riskiness of returns on the asset, rather than returns to equity holders. Asset betas can be compared across asset classes independent of the impact of the financial structure adopted by the owners of the business.

Equity betas are typically calculated from historical data. These are then used as a proxy for the future which assumes that the relative risk of the past will continue into the future. Therefore, there is no right equity beta and it is important not to simply apply historical equity betas when calculating the cost of equity.

For the purpose of our valuation, we have had regard to the observed betas (equity betas) of comparable listed companies operating as contract manufacturers and packagers which we have de-gearred as outlined in the table below. We have performed regressions of the historical betas over 2-year weekly and 5-year monthly time periods with local indices.

			2-year weekly (local index)				5-year monthly (local index)			
Beta analysis		Market Cap	Equity	R	Gearing	Ingeared	Equity	R	Gearing	Ingeared
Company name	Country	(A\$m)	Beta	Squared	Ratio	Beta	Beta	Squared	Ratio	Beta
Probiotec Limited	Australia	232	0.27	0.02	39.3%	Nmf	0.41	0.12	36.2%	0.33
<b>Contract Manufacturing</b>										
Lonza Group AG	Switzerland	59,374	1.61	0.40	9.0%	1.11	1.19	0.27	8.4%	1.11
Catalent, Inc.	United States	15,953	1.56	0.20	50.7%	0.92	1.18	0.23	32.3%	0.92
Perrigo Company plc	Ireland	6,738	0.45	0.08	89.8%	0.41	0.66	0.15	70.7%	0.41
Natural Alternatives International, Inc.	United States	57	0.29	0.03	77.9%	Nmf	0.55	0.10	51.9%	0.38
Star Combo Pharma Limited	Australia	21	1.23	0.05	23.9%	0.65	0.72	0.05	16.0%	Nmf
Hikma Pharmaceuticals PLC	United Kingdom	8,490	0.83	0.17	21.4%	0.40	0.44	0.05	14.9%	0.40
Mayne Pharma Group Limited	Australia	432	0.78	0.03	58.8%	Nmf	1.02	0.10	66.3%	0.70
<b>Low</b>						<b>0.40</b>				
<b>Median</b>						<b>0.65</b>				
<b>Average</b>						<b>0.70</b>				
<b>High</b>						<b>1.11</b>				
<b>Packaging Services</b>										
Ancor plc	Switzerland	19,954	0.41	0.10	NA	Nmf	0.64	0.22	NA	Nmf
SCHOTT Pharma AG & Co. KGaA	Germany	9,163	0.40	0.11	3.8%	0.39	0.95	0.31	3.8%	0.92
Gerresheimer AG	Germany	5,145	0.96	0.18	45.3%	0.73	0.95	0.32	42.3%	0.72
Pact Group Holdings Ltd	Australia	306	1.01	0.09	448.0%	0.21	1.22	0.19	253.2%	0.38
Pro-Pac Packaging Limited	Australia	51	0.81	0.02	247.0%	Nmf	1.28	0.09	189.6%	0.52
Orora Limited	Australia	3,592	0.64	0.09	31.0%	0.52	0.62	0.15	29.2%	0.51
McBride plc	United Kingdom	256	1.04	0.05	79.0%	Nmf	1.03	0.06	75.2%	0.36
<b>Low</b>						<b>0.21</b>				
<b>Median</b>						<b>0.45</b>				
<b>Average</b>						<b>0.46</b>				
<b>High</b>						<b>0.73</b>				
<b>Low - Overall</b>						<b>0.21</b>				
<b>Median - Overall</b>						<b>0.52</b>				
<b>Average - Overall</b>						<b>0.59</b>				
<b>High - Overall</b>						<b>1.11</b>				

Source: S&P Global, GTCF Analysis.

Note (1): Equity betas are calculated using data provided by S&P Global as at 15 January 2024. The betas are based on a two-year period with weekly observations against the local index as well as a five-year period with monthly observations against the local index. Betas have been ungeared based on the average gearing ratio (i.e. net debt divided by shareholders' equity based on market values).

It should be noted that the above betas are drawn from the actual and observed historical relationship between risk and returns. From these actual results, the expected relationship is estimated generally on the basis of extrapolating past results. Despite the arbitrary nature of the calculations it is important to assess their commercial reasonableness. That is to assess how closely the observed relationship is likely to deviate from the expected relationship.

Consequently, while measured equity betas of the listed comparable companies provide useful benchmarks against which the equity beta used in estimating the cost of equity for the predevelopment assets, the selection of an unsystematic equity beta requires a level of judgement.

The asset betas of the selected companies are calculated by adjusting the equity betas for the effect of gearing to obtain an estimate of the business risk of the comparable companies, a process commonly referred as de-gearing. We have then recalculated the equity beta based on an assumed 'optimal' capital structure deemed appropriate for the business (re-gearing). This is a subjective exercise, which carries a significant possibility of estimation error.

We used the following formula to undertake the de-gearing and re-gearing exercise:

$$\beta_e = \beta_a \left[ 1 + \frac{D}{E} \times (1 - t) \right]$$

Where:

- $\beta_e$  = Equity beta
- $\beta_a$  = Asset beta
- $t$  = corporate tax rate

The betas are de-gearred using the average historical gearing levels of those respective companies over several years.

For the purposes of our valuation, we have selected an asset beta in the range of 0.80 and 0.90, which we have regeared based on a gearing ratio of 25% debt to 75% equity (refer to the Capital Structure Section below for further discussions) the corporate tax rate of 30% to result in a geared equity beta in the range of 0.99 and 1.11.

Our chosen asset beta range in part relies on our professional judgement and, in part, places greater reliance on the beta analysis of companies with a higher R<sup>2</sup> which is an indicator of reliability. In our opinion the median and average asset beta outputted by our analysis is too low for Probiotic and the industry the Company operates in. The companies whose beta analysis has a higher R<sup>2</sup> are also the companies whose asset beta tends to be higher relative to the other companies included in our analysis. We therefore consider it reasonable for our chosen asset beta range to be higher than that of the median and average of our analysis.

#### *Specific risk premium – 1.50%*

The specific risk premium ("SRP") represents the additional return an investor expects to receive to compensate for country, size and project related risk not reflected in the beta of observed comparable companies.

We have assumed a SRP of 1.50% for Probiotec to reflect the execution risk involved in the NSW Site Consolidation and VIC site projects including the timing and capex associated with its construction and the assumed associated cost savings.

We note that the selection of the specific risk premium involves a certain level of professional judgement and as a result, the total specific risk premium is not fully quantifiable with analytical data.

#### *Cost of debt – 6.50% to 7.50%*

For the purpose of estimating the cost of debt applicable to Probiotec, Grant Thornton Corporate Finance has considered the following:

- The weighted average interest rate on credit outstanding for large businesses over the last one to five years as published by the Reserve Bank of Australia.
- The historical and current cost of debt for Probiotec and the comparable companies.
- Expectations of the yield curve.

Based on the above, Grant Thornton Corporate Finance has adopted a cost of debt between 6.50% and 7.50% on a pre-tax basis.

*Capital Structure – 25% debt and 75% equity*

The appropriate level of gearing that is utilised in determining WACC for a particular company should be the “target” gearing ratio, rather than the actual level of gearing, which may fluctuate over the life of a company. The target or optimal gearing level can therefore be derived based on the trade-off theory which stipulates that the target level of gearing for a project is one at which the present value of the tax benefits from the deductibility of interest are offset by present value of costs of financial distress. In practice, the target level of gearing is evaluated based on the quality and variability of cash flows. These are determined by:

- the quality and life cycle of a company;
- the quality and variability of earnings and cash flows;
- working capital;
- level of capital expenditure; and
- the risk profile of the assets.

For the purpose of the valuation, Grant Thornton Corporate Finance has adopted a capital structure based on 25% debt and 75% equity. In determining the appropriate capital structure, we have had regard to the current capital structure of Probiotec based on its historical capital structure as well as the selected comparable companies in pharmaceutical distribution and health and beauty sectors.

*Tax rate – 30%*

For the purpose of our valuation assessment we have assumed the Australian corporate tax rate of 30%.

*Discount rate summary*

Below we have summarised our discount rate computation for Probiotec.



WACC calculation		
	Low	High
<b>Cost of equity</b>		
Risk free rate	4.00%	4.00%
Equity beta	0.99	1.11
Market risk premium	6.00%	6.00%
Specific risk premium	1.50%	1.50%
<b>Cost of equity</b>	<b>11.42%</b>	<b>12.16%</b>
<b>Cost of debt</b>		
Cost of debt (pre tax)	6.50%	7.50%
Tax	30.00%	30.00%
<b>Cost of debt (post tax)</b>	<b>4.55%</b>	<b>5.25%</b>
<b>Capital structure</b>		
Proportion of debt	25%	25%
Proportion of equity	75%	75%
	100%	100%
<b>WACC (post tax)</b>	<b>9.70%</b>	<b>10.43%</b>
<b>Adopted WACC (post-tax)</b>	<b>9.70%</b>	<b>10.40%</b>

Source: GTCF Analysis

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## Appendix C – Comparable companies descriptions

Company	Description
Star Combo Pharma Limited	Star Combo Pharma Limited engages in the manufacturing and distribution of health food products and nutritional supplements in Australia and China. The company operates through two segments: Star Combo and Austoyou Retail. It develops, manufactures, markets, and sells natural health supplements and skin care products. The company provides its products through e-commerce platform primarily to Chinese health product consumers. Star Combo Pharma Limited was founded in 2004 and is headquartered in Smithfield, Australia.
McBride plc	McBride plc, together with its subsidiaries, manufactures and sells private label household and personal care products to retailers and brand owners in the United Kingdom, Germany, France, Australia, rest of Europe, rest of Asia-Pacific, and internationally. The company operates through five segments: Liquids, Powders, Unit dosing, Aerosols, and Asia Pacific. The Liquids segment offers laundry detergents, dishwasher liquids, and surface cleaners, as well as fabric conditioner, bleach, and toilet cleaners. The Unit dosing segment provides auto dishwasher tablets, laundry capsules, and water softeners. The Powders segment offers laundry, auto dishwashes, stain removers, and water softeners. The Aerosols segment provides household, personal care, insecticides, sanitizers, and professional cleaning products. The Asia Pacific segment offers hand/bodywash and hair care products, skin care products, auto dishwasher tablets, and laundry liquids. It offers products under the Surcare, Oven Pride, Clean N Fresh, Hospec, and Actiff brands. The company was founded in 1927 and is based in Manchester, the United Kingdom.
Mayne Pharma Group Limited	Mayne Pharma Group Limited, a specialty pharmaceutical company, manufactures and sells branded and generic pharmaceutical products in Australia, New Zealand, the United States, Canada, Europe, Asia, and internationally. The company operates through four segments: International Branded Products, and Portfolio Product Division. It provides oral drug delivery systems; and contract development and manufacturing services to third-party customers, as well as distributes specialty pharmaceutical products in the dermatology, women's health, and infectious disease therapeutic areas. The company was formerly known as Halcygen Pharmaceuticals Limited and changed its name to Mayne Pharma Group Limited in November 2010. Mayne Pharma Group Limited was incorporated in 2005 and is based in Salisbury South, Australia.
Hikma Pharmaceuticals PLC	Hikma Pharmaceuticals PLC develops, manufactures, markets, and sells a range of generic, branded, and in-licensed pharmaceutical products. The company offers its products in solid, semi-solid, liquid, and injectable final dosage forms in North America, the Middle East, North Africa, and Europe. It operates through three segments: Injectables, Generics, and Branded. The Injectables segment provides generic injectable products primarily for use in hospitals. The Generics segment offers oral and other non-injectable generic products for the retail market. The Branded segment offers branded generics and in-licensed products to retail and hospital markets. The company provides its products in various therapeutic areas, including respiratory, oncology, and pain management. The company was founded in 1978 and is headquartered in London, the United Kingdom.
Perrigo Company plc	Perrigo Company plc provides over-the-counter health and wellness solutions to enhance individual well-being in the United States, Europe, and internationally. It operates through Consumer Self-Care Americas and Consumer Self-Care International segments. The company develops, manufactures, markets, and distributes self-care consumer products, such as upper respiratory products, including cough suppressants, expectorants, and sinus and allergy relief; nutrition products consisting of infant formulas and nutritional beverages; digestive health products, including antacids, anti-diarrheal, and anti-heartburn; pain and sleep-aids products comprising pain relievers and fever reducers; and oral care products, which include toothbrushes, toothbrush replacement heads, floss, flossers, whitening products, and toothbrush covers. It also offers healthy lifestyle products, such as smoking cessation, well-being, and weight management products; skin care products consisting of dermatological care, scar management, lice treatment, and other products for various skin conditions; women's health products comprising feminine hygiene and contraceptives; vitamins, minerals, and supplements; rare diseases business; and other miscellaneous self-care products. The company sells its products under the Compeed, Dr. Fresh, Firefly, Good Sense, Good Start, Mederma, Nasonex, Plackers, Prevacid24HR, REACH, Rembrandt, Steripod, Opill, Solpadeine, Coldrex, Physiomer, NiQuitin, ACO, ellaOne, Compeed Stops, XLS, Arterin, Davitamon, Apiserum, Abtei, and Nicorette brands. It also offers contract manufacturing services. The company sells its products through retail drug, supermarket, and mass merchandise chains; e-commerce stores; wholesalers; pharmacies; drug and grocery retailers; and para-pharmacies. The company was formerly known as Perrigo Company and changed its name to Perrigo Company plc in December 2013. Perrigo Company plc was founded in 1887 and is headquartered in Dublin, Ireland.
Catalent, Inc.	Catalent, Inc., together with its subsidiaries, develops and manufactures solutions for drugs, protein-based biologics, cell and gene therapies, and consumer health products worldwide. It operates in two segments, Biologics, and Pharma and Consumer Health. The Biologics segment provides formulation, development, and manufacturing for biologic proteins, cell gene, and other nucleic acid therapies; pDNA, iPSCs, oncolytic viruses, and vaccines; formulation, development, and manufacturing for parenteral dose forms, including vials, prefilled syringes, and cartridges; and analytical development and testing services for large molecules. The Pharma and Consumer Health segment offers formulation, development, and manufacturing services for soft capsules for use in a range of customer products, such as prescription drugs, over-the-counter medications, dietary supplements, unit-dose cosmetics, and animal health medicinal preparations; and oral, nasal, inhaled, and topical dose forms. This segment also provides clinical supply services through manufacturing, packaging, storage, distribution, and inventory management for small-molecule drugs, protein-based biologics, and cell and gene therapies in clinical trials; and pre-clinical screening, formulation, analytical development, and current good manufacturing practices manufacturing at clinical and commercial scale for softgel capsule, Zydis fast-dissolve tablets, oral solid-dose formats, dry powder inhalers, and nasal delivery devices. The company also offers FlexDirect direct-to-patient and FastChain demand-led clinical supply solutions; fill and finish operations for injectable products; and integrated development and product supply chain solutions. It serves pharmaceutical, biotechnology, and consumer health companies; and

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Company	Description
	companies in other healthcare market segments, such as animal health and medical devices, as well as in cosmetics industries. The company was founded in 1933 and is headquartered in Somerset, New Jersey.
Lonza Group AG	Lonza Group AG, together with its subsidiaries, supplies various products and services for pharmaceutical, biotech, and nutrition markets in Europe and internationally. It operates through Biologics, Small Molecules, Cell & Gene, and Capsules & Health Ingredients segments. The Biologics segment engages in the contract development and manufacturing of biopharmaceuticals for clinical and commercial manufacturing needs throughout the product lifecycle, including drug substance and drug product manufacturing. The Small Molecules segment operates as an integrated development and manufacturing service provider for small molecule drug substances and their intermediates. It supports customers across various aspects of design, development, and manufacturing. The Cell & Gene segment develops technologies and platforms that industrialize the manufacturing processes and production of cell and gene therapies. It also offers contract development and manufacturing services, and regulatory support for a range of allogeneic and autologous cell therapies, and exosome-based therapies, as well as viral vector gene therapies. In addition, this segment provides Cocoon platform, a closed automated system for patient-scale cell therapy manufacturing; and specialty raw materials and enabling technology solutions in cell and gene therapy, injectable drugs, vaccines, and bio-manufacturing markets. The Capsules & Health Ingredients segment offers capsules, dosage form solutions, and health ingredients for pharmaceutical and nutraceutical customers. The company was incorporated in 1897 and is headquartered in Basel, Switzerland.
Pro-Pac Packaging Limited	Pro-Pac Packaging Limited, together with its subsidiaries, manufactures and distributes flexible, distribution, and rigid packaging products in Australia and New Zealand. It operates through Flexibles and Distribution segments. The Flexibles segment manufactures flexible packaging materials products, such as stretch and shrink wrap, agricultural silage packaging, fresh produce bags, barrier and lidding films, and distribution protective films. The Distribution segment sources and distributes distribution packaging materials and related consumer products. It offers cartons, flexible films, food processing products, fresh produce, packaging supplies and consumables, machinery and machine service, industrial and protective packaging products, stretch and pallet wrap, safety and PPE products, gloves, and washroom and janitorial products. The company also provides void fill solutions; bags and liners; cleaning supplies; labels and warehouse; and signs and safety products. It supplies a range of products and services to produce, food and food processing, and warehousing and logistics, as well as agricultural, industrial, and commercial markets; and retail and FMCG markets. Pro-Pac Packaging Limited was founded in 1987 and is based in Reservoir, Australia.
Pact Group Holdings Ltd	Pact Group Holdings Ltd engages in the manufacture and supply of rigid plastic and metal packaging in Australia, New Zealand, Asia, and internationally. The company operates through Packaging and Sustainability, Materials Handling and Pooling, and Contract Manufacturing Services segments. It offers packaging products for dairy and beverage, bulk packaging, processed food, health and personal care, fresh food, household and industrial, and closures industries; reusable products, such as garment hangers, fresh produce crates, IBC's, and steel drums for supply chain, environmental, infrastructure, and retail accessories applications. The company recycles post-consumer and post-industrial polyethylene terephthalate products comprising water and soft drink bottles, bakery trays, and protein trays into recycled food-grade resins; recycles post-consumer and post-industrial high-density polyethylene products consisting of milk, laundry, and shampoo bottles into recycled resin to manufacture milk and dairy containers, personal and homecare bottles, lubricant containers, pipe, and mobile garbage bins. In addition, it recycles post-consumer and post-industrial polypropylene products that include ice cream tubs, yoghurt containers, and produce crates into recycled resin to manufacture plant pots, paint pails, bread, milk, produce crates, and bins; and recycles pallet, shrink wrap, and shopping bags to manufacture builders' film, silage wrap, dampcourse, garage bags, and other sheet products. Further, the company offers contract manufacturing services for homecare, personal care, cosmetics, automotive, promotional packaging, aerosol and liquid based consumer products, and pharmaceutical and nutraceutical manufacturing services, as well as provides packaging service for coated and uncoated tables, capsules, and powdered products. Pact Group Holdings Ltd was founded in 2002 and is headquartered in Cremorne, Australia.
Orora Limited	Orora Limited designs, manufactures, and supplies packaging products and services to the grocery, fast moving consumer goods, and industrial markets in Australia, New Zealand, the United States, and internationally. The company operates through Orora Australasia and Orora North America segments. It also provides glass bottles, aluminum cans, tabs, and ends, closures and caps, boxes and cartons, point-of-purchase displays, packaging equipment, rigid and flexible packaging, and general packaging materials and supplies. In addition, the company purchases, warehouses, sells, and delivers a range of packaging and related materials; sells equipment; manufactures corrugated sheets and boxes; and provides point of purchase retail display solutions and other visual communication services. Further, the company offers printing and signage, research and technology, product sourcing, automation and engineering, design, kitting and fulfilment, logistics, and digital technology services. The company was incorporated in 1949 and is headquartered in Hawthorn, Australia.
Amcor plc	Amcor plc develops, produces, and sells packaging products in Europe, North America, Latin America, Africa, and the Asia Pacific regions. The company operates through two segments, Flexibles and Rigid Packaging. The Flexibles segment provides flexible and film packaging products in the food and beverage, medical and pharmaceutical, fresh produce, snack food, personal care, and other industries. The Rigid Packaging segment offers rigid containers for various beverage and food products, including carbonated soft drinks, water, juices, sports drinks, milk-based beverages, spirits and beer, sauces, dressings, spreads, and personal care items; and plastic caps for various applications. The company sells its products through its direct sales force. Amcor plc was incorporated in 2018 and is headquartered in Zurich, Switzerland.

Source: S&P Global

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## Appendix D – Comparable transaction targets descriptions

Company	Description
Metrics, Inc.	Metrics, Inc. provides contract services for the development and manufacture of pharmaceutical drugs. It offers formulation research and development services for oral and topical dosage forms; proprietary pellet technologies that enable controlled release of active pharmaceutical ingredients; pharmaceutical development services for drug product formulation development, fast track to clinical trials, and potent products; and taste masking for liquids and tablets. The company also provides analytical testing services for methods development and validation, stability studies, raw materials, trace metals, and microbiology; and clinical trial and commercial manufacturing services. Metrics, Inc. was founded in 1994 and is based in Greenville, North Carolina. Metrics, Inc. operates as a subsidiary of Mayne Pharma (USA), Inc. As of October 3, 2022, Metrics, Inc. operates as a subsidiary of Catalent, Inc.
Cambrex Corporation	Cambrex Corporation operates as a life sciences company that provides various products and services for the development and commercialization of new and generic therapeutics worldwide. Its products comprise active pharmaceutical ingredients and pharmaceutical intermediates that are used in the production of prescription and over-the-counter drug products, as well as finished dosage forms. The company serves generic drug companies and companies that discover and commercialize small-molecule human therapeutics. The company sells its products directly as well as through independent agents. The company was founded in 1981 and is based in East Rutherford, New Jersey with additional locations across the globe.
Omniblend Pty. Ltd.	Omniblend is a professional food contract manufacturer that specializes in formulating, blending, and packing dry food and nutraceutical powders for clients. They offer dairy manufacturing and other dry food contract manufacturing services, manufacturing products based on existing formulas or assisting in formulating new products and flavors with additional health benefits. Omniblend is a dedicated private label manufacturer, sourcing high-quality ingredients and pharmaceutical-grade supplements for private label supplements and manufacturing. They are a leading private label manufacturer of nutritional and wellness products for various distribution and marketing companies in Australia.
Bio Health Pharmaceuticals Pty. Ltd.	Bio Health Pharmaceuticals is an Australian pharmaceutical group that specializes in manufacturing nutritional supplement medicines and health foods. The company is authorized by the Therapeutic Goods Administration (TGA) and has passed Australia's multiple quality certification systems. Bio Health Pharmaceuticals supplies its high-quality products to the global market, including local pharmacies in Australia and overseas hospitals and pharmacies. The company maintains high standards and strict requirements on raw materials, processing technology, and product formulations to ensure trustworthiness in every aspect of its operations.
Pascoes Pty Ltd	Pascoes Pty Ltd manufactures and distributes chemicals for household and industrial applications. The company provides detergents, disinfectants, and specialty chemicals for industrial, agricultural, domestic, and mining markets in Australia and internationally. It offers its products under Bare Essentials, BBQ Pro, Bluo, Dizolve, Drain Clean, Fatsorb, Garden Pro, Glitz, Hovex, Long Life, Mechanix, Oomph, Pascoes Industrial, Prochef, Proganics, Scotts, Sparkle, and Nooski brands. The company was founded in 1946 and is based in Welshpool, Australia. It has an additional office in Sydney and a warehouse in Melbourne. As of February 28, 2017, Pascoes Pty Ltd operates as a subsidiary of Pact Group Holdings Ltd.
Australian Pharmaceutical Manufacturers Pty. Ltd.	Australian Pharmaceutical Manufacturers (APM) is an Australian-owned company based in Melbourne, Victoria. Since 2002, APM has been providing contract manufacturing and packaging services for nutraceutical, herbal, vitamin, mineral, and nutritional supplements. The company specializes in producing tablets, hard capsules, sachets, and powdered products.
Jalco Group Pty. Limited	Jalco Group Pty. Limited provides FMCG contract manufacturing services in Australia. It specializes in the provision of home care, personal care, automotive, and promotional packaging products. The company was founded in 1973 and is based in Sydney, Australia. Jalco Group Pty. Limited operates as a subsidiary of Sandbar Investments Pty Limited.
H&H Packaging Pty Ltd	H&H Packaging Pty Ltd manufactures thermoformed plastics (blisters, trays, clampacks, etc.), fabricated plastic boxes and cylinders, and general packaging solutions. The company was incorporated in 2003 and is based in Yagoona, Australia.
Multipack-LJM Pty Limited	Multipack-LJM Pty Limited provides co-packing services for pharmaceutical, consumer, healthcare, cosmetics, and food and beverage companies. Multipack-LJM Pty Limited was formerly known as Multipack Pty Limited. The company was founded in 1996 and is based in Sydney, Australia.
O-I Glass, Inc.	O-I Glass, Inc., through its subsidiaries, engages in the manufacture and sale of glass containers to food and beverage manufacturers primarily in the Americas, Europe, and internationally. The company produces glass containers for alcoholic beverages, including beer, flavored malt beverages, spirits, and wine. It is also involved in the production of glass packaging for various food items, soft drinks, tea, juices, and pharmaceuticals. In addition, the company offers glass containers in a range of sizes, shapes, and colors. It sells its products directly to customers under annual or multi-year supply agreements, as well as through distributors. O-I Glass, Inc. was founded in 1903 and is based in Perrysburg, Ohio.
Abs (Aus) Pty. Ltd.	ABS (Aus) Pty Ltd is headquartered in Table Top, New South Wales, Australia. As of July 31, 2019, ABS (Aus) Pty Ltd operates as a subsidiary of Probiotec Limited.
Integrated Packaging Group Pty Ltd	Integrated Packaging Group Pty Ltd manufactures and distributes flexible packaging and associated systems for agricultural and industrial markets primarily in Australia. The company's industrial packaging products include blown films, bundle and pallet shrinks, bundle tapes, cast films, pallet netting and liners, printed and plain bags, printed and plain films, pre-stretch films, PVC food films, stretch hoods, and top sheets, as well as accessories comprising end plugs, and bundle and hand wrappers. Its agricultural and horticultural products comprise bale netting and twines, fodder additives, grain bags, grape covers, horticulture twines, mulch films, pit covers, silage tubes, and silage films, as well as accessories. The company also offers semi and automatic stretch wrapping machines.

	<p>Integrated Packaging Group Pty Ltd was founded in 1982 and is headquartered in Reservoir, Australia. As of November 6, 2017, Integrated Packaging Group Pty Ltd operates as a subsidiary of Pro-Pac Packaging Limited.</p>
<p>South Pack Laboratories (Aust) Pty. Ltd.</p>	<p>South Pack Laboratories Aust is an Australian pharmaceutical packaging company that specializes in providing high-quality packing services for leading brands in the country. They have expertise in packaging solid dosage forms such as tablets, softgel and hardgel capsules, as well as liquids and powders in various configurations. The company is registered with the Therapeutic Goods Administration and adheres to the code of Good Manufacturing Practice. They prioritize efficiency and fast production turnaround to help their customers meet their commercial targets.</p>

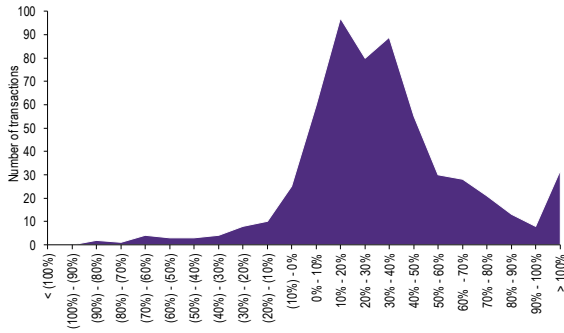
Source: S&P Global

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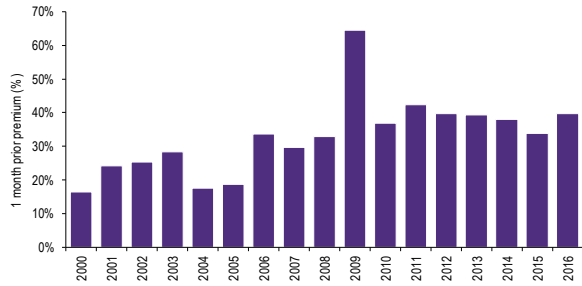
## Appendix E – Control Premium study

Evidence from studies indicates that the premium for control on successful takeovers has frequently been in the range of 20% to 40% in Australia, and that the premium can vary significantly for each transaction.

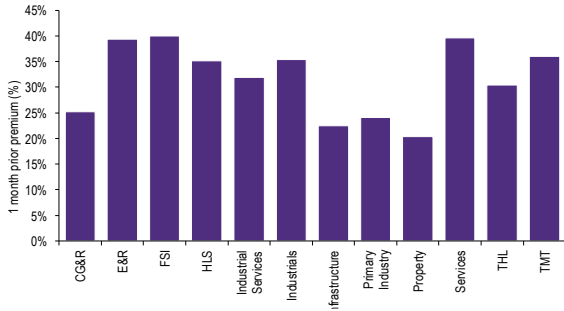
1 Month Prior Control Premium



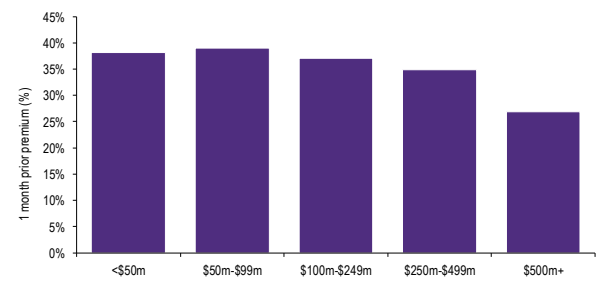
Control premium per completion date



Control premium per industry



Control premium and size



	Control premium
Average	34.33%
Median	29.34%

Source: GTCF Analysis

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## Appendix F – Glossary

\$ or A\$	Australian Dollar
AASB 16	Australian Accounting Standards Board 16 - Leases
ABS	ABS (Aus) Pty Ltd
ABS	Australian Bureau of Statistics
AFR	Australian Financial Review
APCO	Australian Packaging Covenant Organisation
APES 225	Accounting Professional and Ethical Standard 225 "Valuation Services"
APM	Australian Pharmaceutical manufacturers Pty Ltd
Arrotex	Arrotex Pharmaceuticals
ARTG	Australian Register of Therapeutic Goods
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATRG	Australian Register of Therapeutic Goods
Base Case	The base case in GT Model
Better Paid Pharmaceuticals	Medicines that are subsidised by the Australian Government under the PBS
CAGR	Compound Annual Growth Rate
Cambrex	Cambrex Corporation
Capital Raising	Rights issue and/or the issue of other financial instruments on the IDX, which is expected to raise aggregate proceeds approximately A\$104.5 million
CDMO	Contract development and manufacturing organisation
CGU	Cash generating unit
CMO	Contract manufacturing organisation
Corporations Act	Corporations Act 2001 (Cth)
Corporations Regulations	Corporations Regulations 2001 (Cth)
DCF Method	Discounted cash flow and the estimated realisable value of any surplus assets
EBIT	Earnings before interest and tax expenses
EBITDA Multiple	EBITDA multiple method
FIRB	Foreign Investment Review Board
FMCG	Fast Moving Consumer Goods
FME method	Earnings multiples to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets
FSG	Financial Services Guide
GMP	Good Manufacturing Practice
GT Model	Financial Model prepared by GTCF, projecting the post-tax free cash flows of Probiotec
GTCF, Grant Thornton, or Grant Thornton Corporate Finance	Grant Thornton Corporate Finance Pty Ltd (ACN 003 265 987)
H&H Packaging	H&H Packaging Pty Ltd
IBC	Independent Board Committee
IDX	Indonesia Stock Exchange
IER or Report	Independent Expert's Report
Internal Projections	Management's internal projections including the quantification of a number of strategic initiatives, growth opportunities and streamlining of operations in excess of those reported to the market as part of the Strategic Initiatives
IPG	Integrated Packaging Group Pty Ltd
Laverton Site	PBP manufacturing facility located in Laverton VIC owned via its subsidiary Pharmaceutical Manufacturing.
LFL	Like-for-Like
LJM	L.J.M Marketing Services Pty Ltd
Mcbride	Mcbride Plc

Metrics	Metrics Inc.
Multipack-LJM	Multipack-LJM Pty Ltd
NAV method	Amount available for distribution to security holders in an orderly realisation of assets
NEPM	National Environment Protection (Used Packaging Materials) Measure 2011
Non-benefit Paid Pharmaceuticals	Medicines that are not subsidised by the Australian Government under the PBS
NPAT	Net Profit After Tax
NSW	New South Wales
NSW Site Consolidation	Consolidation effort announced by PBP on November 2022 to combine all four NSW sites into a single, 36,000 sqm purpose-built packaging facility in Kemps Creek, NSW.
NTM	Next Twelve Months
OEM	Original Equipment Manufacturers
O-I Glass	O-I Glass Inc
OJK	Otoritas Jasa Keuangan of the Republic of Indonesia
Omniblend	Omniblend Pty Ltd
Orora	Orora Limited
OTC	Over-the-counter
Packing Services Industry	The broader packaging services industry
Pact Group	Pact Group Holdings Limited
Pascoes	Pascoes Pty Ltd
PBS	Pharmaceutical Benefits Scheme
pcp	Prior comparative period
Permitted Dividend	A fully franked dividend payment, permitted under the SID in specified circumstances, of up to a maximum of 7.5 cents per share, including any final dividend
Pharmaceutical Product Manufacturing Industry	Manufacturing industry for pharmaceutical products
Probiotec Pharma	Probiotec Pharma Pty Ltd
Probiotec Shareholders or Shareholders	Shareholders of Probiotec
Probiotec Shares	A fully paid ordinary share in Probiotec
Probiotec, PBP or the Company	Australian Pharmaceutical Industries Limited
Pyridam	PT Pyridam Farma Tbk
QR	Quick response
Quoted Security Price Method	Quoted price for listed securities, when there is a liquid and active market
RAT	Rapid Antigen Test
RFID	Radio frequency identification
RG	Regulatory Guide
RG 111	ASIC Regulatory Guide 111 "Contents of expert reports"
RG 112	ASIC Regulatory Guide 112 "Independence of experts"
RG 60	ASIC Regulatory Guide 60 "Schemes of Arrangement"
Scheme	Scheme of Arrangement
Scheme Consideration or Consideration	Probiotec cash consideration of A\$3.00 per Probiotec share under the Scheme
SID	Scheme Implementation Deed
South Pack Laboratories	South Pack Laboratories (Aust) Pty Ltd
Sponsor	Ascend Global Investment Fund SPC
sqm	Square metre
SRP	Specific risk premium
Star Combo	Star Combo Group
TGA	Therapeutic Good Administration
UHT	Ultra-High-Temperature



VIC	Victoria
VIC Site Consolidation	Capex scenario whereby the two VIC sites of Probiotic were consolidated into a larger single facility in Western Melbourne
VWAP	Volume Weighted Average Price
WACC	Weighted Average Cost of Capital

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## Annexure B Scheme of Arrangement

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## Scheme of Arrangement

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Probiotec Limited  
ACN 075 170 151

Scheme Shareholders



**Arnold Bloch Leibler**

Level 21, 333 Collins Street  
Melbourne Victoria 3000 Australia

Level 24, Chifley Tower, 2 Chifley Square  
Sydney NSW 2000 Australia

# Scheme of Arrangement

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# Scheme of Arrangement

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between

**Probiotec Limited** ACN 075 170 151 (**Probiotec**) of 73-83 Cherry Lane,  
Laverton North, VIC 3026

And

**Each Scheme Shareholder**

## Operative provisions

### 1 Definitions and interpretation

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#### 1.1 Definitions

In this Scheme, unless the context requires otherwise:

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<b>Affiliate</b>	means, in respect of a person ( <b>Primary Person</b> ), a person: (a) Controlled directly or indirectly by a Primary Person; (b) Controlling directly or indirectly the Primary Person; (c) who is Controlled, directly or indirectly, by a person or persons who Control the Primary Person; or (d) directly or indirectly under the common Control of the Primary Person and another person or persons.
<b>Aggregate Scheme Consideration</b>	means the Scheme Consideration multiplied by the total number of Scheme Shares.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means, as the context requires, ASX Limited (ABN 98 008 624 691) or the securities market conducted by it.
<b>Business Day</b>	means a day on which banks are open for general banking business in Melbourne, Victoria and in Jakarta, Indonesia, excluding Saturdays, Sundays and public holidays.
<b>CHESS</b>	means Clearing House Electronic Subregister System for the electronic transfer of securities, operated by ASX Settlement Pty Limited (ABN 49 008 504 532).
<b>Commissioner</b>	has the meaning given in clause 6.3(a).

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<b>Control</b>	has the meaning given in section 50AA of the Corporations Act, and, for the avoidance of doubt, a general partner is deemed to Control a limited partnership of which it is the general partner and, solely for the purposes of this deed, a fund advised or managed directly or indirectly by a person will also be deemed to be Controlled by such person, and, in respect of Pyridam or Pyridam Sub, will include any fund, account, client, limited partnership or other collective investment vehicle or other person who is managed or advised by Pyridam or Pyridam Sub and any Affiliate of Pyridam or Pyridam Sub, and the terms “Controlled” and “Controlling” will have corresponding meanings.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth), as modified or varied by ASIC.
<b>Court</b>	means the Federal Court of Australia (sitting in Melbourne) or such other court of competent jurisdiction under the Corporations Act as may be agreed to in writing by Probiotec and Pyridam.
<b>Deed Poll</b>	means the deed poll executed by Pyridam and Pyridam Sub under which Pyridam and Pyridam Sub covenant in favour of the Scheme Shareholders to perform the obligations attributed to them under this Scheme.
<b>Delivery Time</b>	means 8.00 am on the Second Court Date.
<b>Effective</b>	means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
<b>Effective Date</b>	means the date on which this Scheme becomes Effective.
<b>Effective Registration Statement</b>	means the effective registration statement from the OJK required under POJK 32/2015 in order for Pyridam to conduct the Rights Issue.
<b>Encumbrance</b>	means a mortgage, hypothecation, charge (whether fixed or floating), pledge, lien, encumbrance, security interest (including a security interest as defined in section 12 of the <i>Personal Property Securities Act 2009</i> (Cth)), title retention, bill of sale, caveat, pledge, claim, trust arrangement, preferential right, trust arrangement, contractual right of set-off or any other form of encumbrance, security agreement or arrangement in favour of any person, whether registered or unregistered.
<b>End Date</b>	means 22 July 2024.
<b>Equity Commitment Letter</b>	means the binding, executed commitment letter dated on or about the date of the Scheme Implementation Deed and addressed to one or more Pyridam Group Members and Probiotec.
<b>Government Agency</b>	means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority,

	whether in Australia or Indonesia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX, IDX or any other stock exchange.
<b>IDX</b>	means, as the context requires, PT Bursa Efek Indonesia, domiciled in South Jakarta, including its successors, substitutes and representatives, and any person or entity receiving authority from them or the securities market conducted by it.
<b>Implementation Date</b>	means the later of: <ul style="list-style-type: none"> <li>(a) fifth Business Day after the Scheme Record Date; and</li> <li>(b) the 15th day after the date on which OJK issues the Effective Registration Statement,</li> </ul> or such other date as agreed in writing between Pyridam and Probiotec.
<b>Listing Rules</b>	means the official listing rules and requirements from time to time of the ASX.
<b>Probiotec Employee Loan</b>	has the meaning given in the Scheme Implementation Deed.
<b>Probiotec Employee Loan Amount</b>	has the meaning given in the Scheme Implementation Deed.
<b>Probiotec Permitted Dividend</b>	has the meaning given in the Scheme Implementation Deed.
<b>Probiotec Register</b>	means the register of members of Probiotec maintained by or on behalf of Probiotec in accordance with section 168(1) of the Corporations Act.
<b>Probiotec Registry</b>	means Boardroom Pty Limited ABN 14 003 209 836 or any replacement provider of share registry services to Probiotec.
<b>Probiotec Share</b>	means a fully paid ordinary share in the capital of Probiotec.
<b>Probiotec Shareholder</b>	means each person who is registered in the Probiotec Register as the holder of Probiotec Shares.
<b>Pyridam</b>	means PT Pyridam Farma Tbk Business Registry Number 8120014002237.
<b>Pyridam Group</b>	means Pyridam, Pyridam Sub, and any Subsidiary of either of Pyridam or Pyridam Sub and a reference to “ <b>Pyridam Group Member</b> ” is to either of Pyridam, Pyridam Sub or any Subsidiary of either of Pyridam or Pyridam Sub.
<b>Pyridam Sub</b>	means PYFA Australia Pty Ltd ACN 672 617 588.
<b>Registered Address</b>	means, in relation to a Scheme Shareholder, the address of that Scheme Shareholder shown in the Probiotec Registry as at the Scheme Record Date.

<b>Related Bodies Corporate</b>	has the meaning given in section 9 of the Corporations Act and includes any body corporate that would be a related body corporate for the purposes of the Corporations Act if section 48(2) of the Corporations Act was omitted.
<b>Related Entity</b>	of a party means another entity which: <ul style="list-style-type: none"> <li>(a) is a Related Body Corporate of the first entity;</li> <li>(b) is in any consolidated entity (as defined in section 9 of the Corporations Act) which contains the party; or</li> <li>(c) the party Controls.</li> </ul>
<b>Rights Issue</b>	means the capital increase by way of provision of pre-emptive rights in accordance with POJK 32/2015 to be undertaken by Pyridam on the IDX for the purpose of funding the Scheme Consideration.
<b>Scheme</b>	means this members' scheme of arrangement under Part 5.1 of the Corporations Act between Probiotec and the Scheme Shareholders in respect of all Scheme Shares, subject to any alterations or conditions that are: <ul style="list-style-type: none"> <li>(a) agreed to in writing by Probiotec and Pyridam; or</li> <li>(b) made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Pyridam and Probiotec in accordance with clause 4.2 of the Scheme Implementation Deed.</li> </ul>
<b>Scheme Booklet</b>	means the explanatory statement in respect of the Scheme prepared by Probiotec pursuant to section 412 of the Corporations Act and in accordance with the Scheme Implementation Deed, and despatched to Probiotec Shareholders.
<b>Scheme Consideration</b>	means \$3.00 for each Scheme Share, to be provided to each Scheme Shareholder for the transfer to Pyridam Sub of each Scheme Share, subject to, and as adjusted in accordance with, clause 4.4(c)(iv) of the Scheme Implementation Deed (if applicable).
<b>Scheme Implementation Deed</b>	has the meaning given to that term in clause 2(d).
<b>Scheme Meeting</b>	means the meetings of Probiotec Shareholders, ordered by the Court to be convened under section 411(1) of the Corporations Act, at which Probiotec Shareholders will vote on this Scheme and includes any meeting held following any adjournment or postponement of that meeting.
<b>Scheme Record Date</b>	means 7.00 pm on the fifth Business Day after the Effective Date or such other date as agreed in writing between Pyridam and Probiotec.



<b>Scheme Share</b>	means a Probiotec Share held by a Scheme Shareholder at the Scheme Record Date.
<b>Scheme Shareholder</b>	means a person who is a Probiotec Shareholder as at the Scheme Record Date.
<b>Scheme Transfer</b>	means one or more proper instruments of transfer in respect of the Scheme Shares for the purpose of section 1071B of the Corporations Act, which may be or include a master transfer of all or part of the Scheme Shares.
<b>Second Court Date</b>	means the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving this Scheme is heard (or if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned application is heard).
<b>Subsidiary</b>	has the meaning given to that term by section 9 of the Corporations Act.
<b>Trust Account</b>	means an Australian dollar denominated trust account held with an Authorised Deposit-taking Institution (as defined by the <i>Banking Act 1959</i> (Cth)) operated by Probiotec (or by the Probiotec Registry on behalf of Probiotec) as trustee for the Scheme Shareholders.
<b>Withholding Amount</b>	has the meaning given in clause 6.3(a).

## 1.2 Interpretation

In this Scheme, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa;
- (b) words denoting any gender include all genders;
- (c) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (d) a reference to a party, clause, paragraph, schedule or annexure is a reference to a party, clause, paragraph, schedule or annexure to or of this Scheme;
- (e) a reference to this Scheme includes any schedules or annexures;
- (f) headings and sub-headings are for convenience and do not affect interpretation;
- (g) the background or recitals to this Scheme are adopted as and form part of this Scheme;
- (h) a reference to any document or agreement includes a reference to that document or agreement as amended, novated, supplemented, varied or replaced from time to time;
- (i) a reference to "\$", "A\$" or "dollar" is a reference to Australian currency;
- (j) a reference to a time is a reference to the time in Melbourne, Australia;

- (k) a reference to a party includes its executors, administrators, successors, substitutes (including persons taking by novation) and permitted assigns;
- (l) a reference to writing includes any method of representing words, figures or symbols in a permanent and visible form;
- (m) words and expressions denoting natural persons include bodies corporate, partnerships, associations, firms, governments and governmental authorities and agencies and vice versa;
- (n) a reference to any legislation or to any provision of any legislation includes:
  - (i) any modification or re-enactment of the legislation;
  - (ii) any legislative provision substituted for, and all legislation, statutory instruments and regulations issued under, the legislation or provision; and
  - (iii) where relevant, corresponding legislation in any Australian State or Territory;
- (o) no rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of this Scheme or any part of it; and
- (p) the words “including”, “for example”, “such as” or other similar expressions (in any form) are not words of limitation.

### 1.3 Other rules of interpretation

In this Scheme, unless expressly provided otherwise:

- (a) **(consents and approvals)** if the doing of any act, matter or thing requires the consent, approval or agreement of any party, that consent, approval or agreement may be given conditionally or unconditionally or withheld in that party’s absolute discretion;
- (b) **(Business Days)** if the day on or by which any act, matter or thing is to be done is a day other than a Business Day, the act, matter or thing will be done on the next Business Day; and
- (c) **(Listing Rules)** Listing Rule or business rule of a financial market or securities exchange will be regarded as a law for the purposes of this Scheme.

## 2 Preliminary matters

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- (a) Probiotec is an Australian public company limited by shares, registered under the Corporations Act, and has been admitted to the official list of the ASX. Probiotec Shares are quoted for trading on the ASX (ASX:PBP).
- (b) Pyridam is a public limited liability company duly incorporated and validly existing under the laws of the Republic of Indonesia and has been admitted to the official list of the Indonesia Stock Exchange.
- (c) Pyridam Sub, a wholly-owned subsidiary of Pyridam, is a proprietary company limited by shares incorporated in Victoria, Australia.

- (d) Probiotec, Pyridam and Pyridam Sub have entered into a Scheme Implementation Deed dated [\*] 2023 (the **Scheme Implementation Deed**).
- (e) Under the Scheme Implementation Deed:
  - (i) Probiotec has agreed to propose this Scheme; and
  - (ii) Probiotec, Pyridam and Pyridam Sub have agreed to take certain steps to implement this Scheme.
- (f) If this Scheme becomes Effective, then:
  - (i) all of the Scheme Shares and all of the rights and entitlements attaching to them on the Implementation Date (other than any right to the Probiotec Permitted Dividend) will be transferred to Pyridam Sub;
  - (ii) the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll; and
  - (iii) Probiotec will enter the name and address of Pyridam Sub in the Probiotec Register as the holder of all of the Scheme Shares.
- (g) By executing the Scheme Implementation Deed, Probiotec has agreed to propose and implement this Scheme, and Pyridam and Pyridam Sub have agreed to assist with that proposal and implementation, on and subject to the terms of the Scheme Implementation Deed.
- (h) The Scheme attributes actions to Pyridam and Pyridam Sub but does not itself impose an obligation on either or both of them to perform any of those actions. Each of Pyridam and Pyridam Sub has agreed, by executing the Deed Poll, to perform the obligations attributed to it under this Scheme, including the obligation to provide or procure the provision of the Scheme Consideration to the Scheme Shareholders in accordance with the terms of the Scheme.

### 3 Conditions

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#### 3.1 Conditions precedent

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Deed nor the Deed Poll has been terminated in accordance with its terms;
- (b) as at 8.00am on the Second Court Date, each of the conditions precedent in clause 3.1 of the Scheme Implementation Deed (other than the condition in the Scheme Implementation Deed relating to the approval of the Court set out in clause 3.1(c)) has been satisfied or waived in accordance with the terms of the Scheme Implementation Deed;
- (c) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act, including with such alterations made or required by the Court

under section 411(6) of the Corporations Act and that are agreed to in writing by Probiotec and Pyridam;

- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to in writing by Probiotec and Pyridam have been satisfied or waived; and
- (e) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date.

### **3.2 Certificates**

- (a) Probiotec, Pyridam and Pyridam Sub must provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not, as at 8.00am on the Second Court Date, the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived in accordance with the terms of this Scheme.
- (b) The certificates given by Probiotec, Pyridam and Pyridam Sub constitute conclusive evidence that the conditions precedent in clauses 3.1(a) and 3.1(b) above have been satisfied or waived.

### **3.3 End Date**

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Scheme Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless Probiotec and Pyridam otherwise agree in writing.

## **4 This Scheme becoming Effective**

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Subject to clause 3, this Scheme will become Effective on and from the Effective Date.

## **5 Implementation of this Scheme**

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### **5.1 Lodgement of Court Orders with ASIC**

Probiotec must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court orders approving this Scheme under section 411(4)(b) of the Corporations Act as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later date as Probiotec and Pyridam agreement in writing.

### **5.2 Transfer of Scheme Shares**

Subject to the Scheme becoming Effective, the following will occur on the Implementation Date in the order set out below:

- (a) payment by Probiotec of the Scheme Consideration in the manner contemplated by clause 6.2(b); and
- (b) subject to Pyridam Sub providing or procuring the provision of the Scheme Consideration in accordance with this Scheme and the Deed Poll, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date (other than any right to the Probiotec Permitted Dividend), will be transferred to Pyridam Sub without the need for any further act by any Scheme Shareholders (other than acts performed by Probiotec or any of its directors and officers as attorney and agent for Scheme Shareholders under this Scheme), by:
  - (i) Probiotec delivering to Pyridam Sub for execution duly completed Scheme Transfers to transfer all of the Scheme Shares to Pyridam Sub, duly executed by Probiotec (or any of its directors or officers) as attorney and agent of each Scheme Shareholder as transferor under clause 9.3;
  - (ii) Pyridam Sub duly executing the Scheme Transfers as transferee and delivering the executed and, if necessary, stamped, Scheme Transfers to Probiotec for registration; and
  - (iii) Probiotec, immediately after receipt of the Scheme Transfers under clause 5.2(b)(ii), entering, or procuring the entry of, the name and address of Pyridam Sub in the Probiotec Register as the holder of all of the Scheme Shares transferred to Pyridam Sub in accordance with this Scheme.

## 6 Scheme Consideration

---

### 6.1 Entitlement to Scheme Consideration

Subject to the terms of this Scheme, in consideration for the transfer to Pyridam Sub of the Scheme Shares, each Scheme Shareholder will be entitled to the Scheme Consideration for each Scheme Share held by that Scheme Shareholder in accordance with this Scheme.

### 6.2 Provision of Scheme Consideration

- (a) The obligation Pyridam Sub to provide, or procure the provision of, the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll will be satisfied by Pyridam Sub depositing, or procuring the deposit, into the Trust Account, of an amount in cleared funds equal to the Aggregate Scheme Consideration (less the Withholding Amount) payable to all Scheme Shareholders by no later than 12.00 pm on the Business Day before the Implementation Date to be held by or on behalf of Probiotec on trust for the purpose of paying the Scheme Consideration to Scheme Shareholders who are entitled to receive it pursuant to clause 6.2(b) (provided that any interest on the amount so deposited, less bank fees and other charges, will accrue for the benefit of Pyridam Sub).
- (b) In the event Pyridam Sub will not or does not fulfil its obligations under clause 6.2(a), Pyridam will perform those obligations as if the references to Pyridam Sub in clause 6.2(a) were references to Pyridam.

- (c) Subject to Pyridam or Pyridam Sub complying with its obligations under clause 6.2(a) or clause 6.2(b) (as applicable), Probiotec must on the Implementation Date pay, or procure the payment, from the Trust Account to each Scheme Shareholder an amount equal to the Scheme Consideration that the Scheme Shareholder is entitled to pursuant to clause 6.2 in respect of each Scheme Share held by that Scheme Shareholder as set out in the Probiotec Register on the Scheme Record Date (less any Withholding Amount).
- (d) Subject to clause 6.2(e), Probiotec's obligations under clause 6.2(c) will be satisfied by Probiotec (in its absolute discretion, and despite any election referred to in clause 6.2(d)(i) or authority referred to in 6.2(d)(ii) made or given by the Scheme Shareholder):
- (i) where a Scheme Shareholder has, before the Scheme Record Date, made an election in accordance with the requirements of the Probiotec Registry to receive dividend payments from Probiotec by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount to that Scheme Shareholder in Australian currency by electronic means in accordance with that election;
  - (ii) paying, or procuring the payment of, the relevant amount (less any Withholding Amount) in Australian currency by electronic means to a bank account nominated by the Scheme Shareholder by an appropriate authority from the Scheme Shareholder to Probiotec; or
  - (iii) dispatching, or procuring the dispatch of, a cheque in Australian currency for the relevant amount (less any Withholding Amount) to that Scheme Shareholder by prepaid post to the Registered Address of that Scheme Shareholder (as at the Scheme Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with clause 6.3).
- (e) In respect of any Scheme Shareholder to which Probiotec has provided a Probiotec Employee Loan and that Probiotec Employee Loan remains outstanding as at the Effective Date, the obligation in clause 6.2(c) will be satisfied by:
- (i) Probiotec's receipt of the portion of the Scheme Consideration equal to the Probiotec Employee Loan Amount in respect of each Probiotec Employee Loan which Probiotec is owed by that Scheme Shareholder (in satisfaction of that outstanding Probiotec Employee Loan); and
  - (ii) as to the balance (if any) of the Scheme Consideration payable to that Scheme Shareholder under clause 6.2(c), payment to that Scheme Shareholder in accordance with clause 6.2(c).
- (f) If:
- (i) either:
    - (A) a Scheme Shareholder does not have a Registered Address; or
    - (B) Probiotec as the trustee for the Scheme Shareholders reasonably believes that a Scheme Shareholder is not known at the Registered Address,

and no account has been notified in accordance with clause 6.2(d)(i) or a deposit into such an account is rejected or refunded; or

- (ii) a cheque issued under this clause 6.2 has been cancelled in accordance with clause 6.5,

Probiotec as the trustee for the Scheme Shareholders may credit the amount payable to the relevant Scheme Shareholder to a separate bank account of Probiotec (**Separate Account**) to be held until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic). To avoid doubt, if the amount is not credited to a Separate Account, the amount will continue to be held in the Trust Account until the Scheme Shareholder claims the amount or the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic).

Until such time as the amount is dealt with in accordance with the *Unclaimed Money Act 2008* (Vic), Probiotec must hold on trust the amount for the relevant Scheme Shareholder, but any interest or other benefit accruing from the amount will be to the benefit of Pyridam Sub. An amount credited to the Separate Account or Trust Account (as applicable) is to be treated as having been paid to the Scheme Shareholder when credited to the Separate Account or Trust Account (as applicable). Probiotec must maintain records of the amounts paid, the people who are entitled to the amounts and any transfers of the amounts.

### 6.3 Withholding

- (a) If Pyridam Sub is required by section 260-5 or subdivision 14-D of schedule 1 of the *Taxation Administration Act 1953* (Cth), or section 255 of the *Income Tax Assessment Act 1936* (Cth), to pay to the Commissioner of Taxation (**Commissioner**) an amount in respect of the acquisition of Scheme Shares (the **Withholding Amount**), Pyridam Sub is permitted to deduct the Withholding Amount from the Scheme Consideration otherwise payable in respect of those Scheme Shares and remit such amounts to the Commissioner. The aggregate sum payable shall not be increased to reflect the deduction of the Withholding Amount and the net sum payable to those Scheme Shareholders to whom the Withholding Amount relates to shall be taken to be in full and final satisfaction of the amounts owing to those Scheme Shareholders.
- (b) Pyridam Sub may not make a payment to the Commissioner under this clause 6.3 in respect of an amount otherwise determined to be paid under Subdivision 14-D of Schedule 1 of the TAA where:
  - (i) a Scheme Shareholder holds less than 10% of the issued shares of Probiotec;
  - (ii) Pyridam Sub has no knowledge or reasonable belief that a particular Scheme Shareholder is a foreign resident; or
  - (iii) Pyridam Sub receives from the relevant Scheme Shareholder a Withholding Declaration to prior to the Implementation Date.
- (c) Where:
  - (i) Pyridam Sub either:



- (A) knows that a particular Scheme Shareholder is not, or reasonably believes that a particular Scheme Shareholder is not, an Australian resident; or
  - (B) does not reasonably believe that a particular Scheme Shareholder is an Australian resident and either has an address outside of Australia or directs Pyridam Sub to pay some or all of the Scheme Consideration to a place outside of Australia; and
- (ii) that Scheme Shareholder holds more than 10% of the issued shares in Probiotec,

Pyridam Sub can withhold in accordance with clause 6.3(a) if required to do so.

- (d) If Pyridam Sub determines (acting reasonably) that it must pay a Withholding Amount to the Commissioner in relation to the acquisition of any Scheme Shares from any Scheme Shareholder, Pyridam Sub will (subject to clauses 6.3(b) and 6.3(c)):
- (i) determine the Withholding Amount to be paid to the Commissioner in respect of the acquisition of the Scheme Shares from such Scheme Shareholder;
  - (ii) notify Probiotec of the Withholding Amount in respect of the acquisition of the Scheme Shares from such Scheme Shareholder;
  - (iii) pay the Withholding Amount to the Commissioner within the timeframe required under the TAA; and
  - (iv) provide receipt or other appropriate evidence of payment of the Withholding Amount to the Commissioner (or procure the provision of such receipt or other evidence) to the relevant Scheme Shareholder.

#### 6.4 Joint holders

In the case of Scheme Shares held in joint names:

- (a) subject to clause 6.2(d), any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Probiotec, the holder whose name appears first in the Probiotec Register as at the Scheme Record Date or to the joint holders (unless the joint holders have nominated a bank account under clauses 6.2(d)(i) or 6.2(d)(ii) (as applicable), in which case the amount must be deposited directly to the nominated bank account of the joint holders); and
- (a) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Probiotec, the holder whose name appears first in the Probiotec Register as at the Scheme Record Date or to the joint holders.

#### 6.5 Cancellation and re-issue of cheques

- (a) The *Unclaimed Money Act 2008* (Vic) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in sections 3 and 12 of the *Unclaimed Money Act 2008* (Vic)).



- (b) Any interest or other benefit accruing from unclaimed Scheme Consideration will be to the benefit of Pyridam Sub.
- (c) Probiotec may cancel a cheque issued under this clause 6 if the cheque:
  - (i) is returned to Probiotec or the Probiotec Registry; or
  - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (d) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Probiotec or the Probiotec Registry (which request may not be made until the date which is 20 Business Days after the Implementation Date), Probiotec must reissue a cheque that was previously cancelled under this clause 6.5.

## 6.6 Fractional entitlements

- (a) Where the calculation of the Scheme Consideration to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded to the nearest whole cent.
- (b) If Pyridam Sub is of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 6.6(a)) have, before the Scheme Record Date for the Scheme, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, then:
  - (i) Pyridam Sub may give notice of that opinion and relevant details to Probiotec; and
  - (ii) within 2 Business Days of receipt of such notice, Probiotec must give notice to those Scheme Shareholders:
    - (A) setting out their names and registered addresses as shown in the Probiotec Register;
    - (B) stating that opinion; and
    - (C) attributing to one of them specifically identified in the notice of the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and registered addresses are set out in the notice will, for the purposes of the provisions of the Scheme, be taken to hold no Scheme Shares. Pyridam and Pyridam Sub, in complying with the provisions of the Scheme relating to them in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, will be taken to have satisfied and discharged their obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

## 6.7 Remaining monies (if any) in Trust Account

To the extent that, following satisfaction of Probiotec's obligations under the other provisions of this clause 6 and provided Pyridam Sub has by that time acquired the Scheme Shares in accordance with this Scheme, there is a surplus in the Trust Account, then subject to compliance with applicable laws, the other terms of this Scheme, the Deed Poll and the Scheme Implementation Deed, that surplus (less any bank fees and related charges) shall be paid by Probiotec (or by the Probiotec Registry on Probiotec's behalf) as the trustee for the Scheme Shareholders to Pyridam Sub.

## 6.8 Orders of a court or Government Agency

- (a) If written notice is given to Probiotec (or the Probiotec Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:
- (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Probiotec in accordance with this clause 6, then Probiotec will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
  - (ii) prevents Probiotec from providing consideration to any particular Scheme Shareholder in accordance with this clause 6, or the payment or issuance of such consideration is otherwise prohibitive by applicable law, Probiotec will be entitled to (as applicable) retain an amount equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration, until such time as payment in accordance with this clause 6 is permitted by that (or another) court or direction or otherwise by law.
- (b) To the extent that amounts are so deducted or withheld in accordance with clause 6.8(a), such deducted or withheld amounts will be treated for all purposes under this Scheme as having been paid to the person in respect of which such deduction and withholding was made, provided that such deducted or withheld amounts are actually remitted as required.

## 7 Dealings in Probiotec Shares

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### 7.1 Dealing in Probiotec Shares by Scheme Shareholders

For the purpose of establishing the persons who are Scheme Shareholders, dealings in Probiotec Shares will be recognised by Probiotec provided that:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Probiotec Register as the holder of the relevant Probiotec Shares by the Scheme Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received by the Probiotec Registry by 5.00pm on the day which is the Scheme Record Date at the place where the Probiotec Register is located,

and Probiotec will not accept for registration, nor recognise for the purpose of establishing the persons who are Scheme Shareholders nor for any other purpose (other than to transfer to Pyridam Sub pursuant to this Scheme and any subsequent transfers by Pyridam Sub and its successors in title), any transfer or transmission application in respect of Probiotec Shares received after such times, or received prior to such times but not in actionable or registrable form (as appropriate).

## 7.2 Register

- (a) Probiotec must register valid registrable transmission applications or transfers of Probiotec Shares in accordance with clause 7.1(a) at or before the Scheme Record Date, provided that nothing in this clause 7.2(a) requires Probiotec to register a transfer that would result in a Probiotec Shareholder holding a parcel of Probiotec Shares that is less than a 'marketable parcel' (as defined in the operating rules of ASX).
- (b) If this Scheme becomes Effective, a Scheme Shareholder (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Probiotec will be entitled to disregard any such disposal, purported disposal or agreement.
- (c) Probiotec will, until the Scheme Consideration has been provided and the name and address of Pyridam Sub has been entered in the Probiotec Register as the holder of all of the Scheme Shares, maintain, or procure the maintenance of, the Probiotec Register in accordance with this clause 7.2, and the Probiotec Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.
- (d) As from the Scheme Record Date (and other than for Pyridam Sub following the Implementation Date), each entry in the Probiotec Register as at the Scheme Record Date relating to Scheme Shares (other than entries on the Probiotec Register in respect of Pyridam Sub) will cease to have any effect other than as evidence of the entitlements of Scheme Shareholders to the Scheme Consideration in respect of those Scheme Shares.
- (e) As soon as possible on or after the Scheme Record Date, and in any event within one Business Day after the Scheme Record Date, Probiotec will ensure that details of the names, Registered Addresses and holdings of Probiotec Shares for each Scheme Shareholder as at the Scheme Record Date, as shown in the Probiotec Register, are available to Pyridam Sub.

## 7.3 Effect of share certificates and holding statements

As from the Scheme Record Date (and other than for Pyridam Sub following the Implementation Date), all share certificates and holding statements for Scheme Shares (other than statements of holding in favour of Pyridam Sub) will cease to have effect as documents of title in respect of those Scheme Shares.

## 8 Suspension and termination of quotation of Probiotec Shares

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- (a) Probiotec must apply to ASX to suspend trading of the Probiotec Shares on ASX with effect from the close of trading on the Effective Date.
- (b) Probiotec must apply to ASX:
  - (i) for termination of official quotation of the Probiotec Shares on ASX; and
  - (ii) to have itself removed from the official list of ASX,

in each case, with effect on and from the close of trading on the trading day immediately following the Implementation Date, or such later date as may be:

  - (iii) requested by Pyridam; and
  - (iv) permitted by ASX.
- (c) Probiotec must ensure that such termination of official quotation and removal from the official list of ASX does not occur before the Implementation Date.

## 9 General

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### 9.1 Further assurances

- (a) Each Scheme Shareholder and Probiotec will do all things and execute all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of this Scheme and the transactions contemplated by it.
- (b) Without limiting Probiotec's other powers under this Scheme, Probiotec has power to do all things that it considers necessary or desirable to give effect to this Scheme and the transactions contemplated by it.

### 9.2 Agreements and consents

- (a) Each Scheme Shareholder:
  - (i) irrevocably agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares (other than any right to the Probiotec Permitted Dividend), to Pyridam Sub in accordance with the terms of this Scheme;
  - (ii) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from this Scheme, without the need for any further act by that Scheme Shareholder;
  - (iii) agrees to, on the direction of Pyridam, destroy any share certificates relating to their Scheme Shares; and
  - (iv) who holds their Scheme Shares in a CHESS Holding (as defined in the settlement operating rules of ASX) agrees to the conversion of those

Scheme Shares to an Issuer Sponsored Holding (as defined in the settlement operating rules of ASX) and irrevocably authorises Probiotec to do anything necessary or expedient (whether required by the settlement operating rules of ASX or otherwise) to effect or facilitate such conversion,

without the need for any further act by that Scheme Shareholder.

- (b) Each Scheme Shareholder:
- (i) acknowledges and agrees that this Scheme binds Probiotec and all Scheme Shareholders (including those that did not attend the Scheme Meeting or did not vote at the Scheme Meeting or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides Probiotec's constitution; and
  - (ii) irrevocably consents to Probiotec, Pyridam and Pyridam Sub doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of this Scheme and the transactions contemplated by it, including Probiotec doing all things necessary or incidental to the implementation of this Scheme, whether on behalf of the Scheme Shareholders, Probiotec or otherwise,

without the need for any further act by that Scheme Shareholder.

### 9.3 Appointment of Probiotec as attorney for implementation of Scheme

On and from the Effective Date, each Scheme Shareholder, without the need for any further act by that Scheme Shareholder, irrevocably appoints Probiotec as that Scheme Shareholder's agent and attorney for the purpose of:

- (a) doing all things and executing all deeds, instruments, transfers or other documents as may be necessary or desirable to give full effect to the terms of this Scheme and the transactions contemplated by it, including, for Scheme Shareholders, the effecting of a valid transfer or transfers (or the execution and delivery of any Scheme Transfers) under clause 5.2(b)(i); and
- (b) with effect on and from the Effective Date, enforcing the Deed Poll against Pyridam and Pyridam Sub,

and Probiotec accepts such appointment. Probiotec, as agent and attorney of each Scheme Shareholder, may sub delegate its functions, authorities or powers under this clause 9.3 to all or any of its directors and officers (jointly, severally, or jointly and severally).

### 9.4 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Pyridam Sub, and, to the extent enforceable, to have appointed and authorised Probiotec as that Scheme Shareholder's agent and attorney to warrant to Pyridam Sub, that all of their Scheme Shares (including all rights and entitlements attaching to those Scheme Shares (other than any right to the Probiotec Permitted Dividend) will, at the time of the transfer of them to Pyridam Sub pursuant to this Scheme, be fully paid and free from all mortgages, charges, liens, Encumbrances, pledges, security interests (including 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and

other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to sell and to transfer their Scheme Shares (together with any rights and entitlements attaching to those Scheme Shares (other than any right to the Probiotec Permitted Dividend) to Pyridam Sub pursuant to this Scheme. Probiotec undertakes in favour of each Scheme Shareholder that it will provide such warranty, to the extent enforceable, to Pyridam Sub on behalf of that Scheme Shareholder.

## 9.5 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares (other than any right to the Probiotec Permitted Dividend) transferred under this Scheme to Pyridam Sub will, at the time of transfer of them to Pyridam Sub, be fully paid and free from all mortgages, charges, liens, Encumbrances, pledges, security interests (including 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and other interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind.
- (b) Upon the Scheme Consideration being provided to the Scheme Shareholders and until Probiotec registers Pyridam Sub as the holder of all Scheme Shares in the Probiotec Register, Pyridam Sub will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Probiotec of the name and address of Pyridam Sub in the Probiotec Register as the holder of the Scheme Shares.

## 9.6 Appointment of Pyridam Sub as attorney and agent for Scheme Shares

- (a) From the time that Pyridam Sub has provided, or procured the provision of, the Scheme Consideration in the manner contemplated by clause 6 until Pyridam Sub is registered in the Probiotec Register as the holder of all Scheme Shares, each Probiotec Shareholder:
  - (i) without the need for any further act by that Probiotec Shareholder, irrevocably appoints Pyridam Sub as its proxy to (and irrevocably appoints Pyridam Sub as its agent and attorney for the purpose of appointing any director or officer of Pyridam Sub as that Probiotec Shareholder's proxy and, where appropriate, its corporate representative to):
    - (A) attend shareholders' meetings of Probiotec;
    - (B) exercise the votes attaching to the Probiotec Shares registered in the name of the Probiotec Shareholder; and
    - (C) sign any Probiotec Shareholders' resolution;
  - (ii) must take all other action in the capacity of an Probiotec Shareholder as Pyridam Sub reasonably directs; and
  - (iii) acknowledges and agrees that in exercising the powers referred to in this clause 9.6(a), Pyridam Sub and any person nominated by Pyridam Sub under clause 9.6(a) may act in the best interests of Pyridam Sub as the intended registered holder of the Scheme Shares.

- (b) From the time that Pyridam Sub has provided, or procured the provision of, the Scheme Consideration in the manner contemplated by clause 6.2 until Pyridam Sub is registered in the Probiotec Register as the holder of all Scheme Shares, no Probiotec Shareholder may attend or vote at any meetings of Probiotec Shareholders or sign any Probiotec Shareholders' resolution (whether in person, by proxy or by corporate representative) other than under this clause 9.6.

## 9.7 Binding effect of this Scheme

This Scheme binds Probiotec and all of the Scheme Shareholders (including those who did not attend the Scheme Meetings and those who did not vote, or voted against this Scheme, at the Scheme Meetings) and, to the extent of any inconsistency, overrides the constitution of Probiotec.

## 9.8 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Probiotec or the Probiotec Registry, it will not be deemed to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Probiotec's registered office or at the office of the Probiotec Registry.
- (a) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by an Probiotec Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

## 9.9 Duty

- (a) Pyridam Sub will:
  - (i) pay all duty (including stamp duty and any related fines, penalties and interest) payable on this Scheme and any instrument executed under or any transaction evidenced by this Scheme (including the transfer by Scheme Shareholders of the Scheme Shares to Pyridam Sub pursuant to this Scheme); and
  - (ii) indemnify each Scheme Shareholder against any liability arising from the failure to comply with clause 9.9(i).
- (b) In the event that Pyridam Sub will not or does not fulfil its obligations under clause 9.9(a), Pyridam:
  - (i) must perform those obligations; and
  - (ii) indemnifies each Scheme Shareholder against liability arising from failure to comply with clause 9.9(b)(i).

## 9.10 Alterations and conditions to Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) Probiotec may, by its counsel or solicitors, consent on behalf of all persons concerned to those conditions or alterations to which Pyridam has agreed in writing; and

- (a) each Scheme Shareholder agrees to any such alterations or conditions with Probiotec has consented to in accordance with clause 9.10(a).

### **9.11 Indonesian language requirements**

The governing language of this Scheme is English. Attached at Attachment A to this Scheme is the Indonesian version of this document which is an integral and inseparable part of this Scheme. In the event of any inconsistency between the Indonesian and English language versions or should there be any dispute on the meaning or interpretation of certain provisions, the English texts shall prevail and the Indonesian texts shall be deemed amended to conform with and to make the relevant Indonesian texts consistent with the English texts of this Scheme.

### **9.12 Governing law**

This Scheme will be governed by and construed in accordance with the laws in force in the State of Victoria and each party submit to the non-exclusive jurisdiction of the courts of that State.



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## Attachment A Indonesian Translation

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Attached.

For personal use only



For personal use only

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## Skema Pengaturan

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Probiotec Limited  
ACN 075 170 151

Pemegang Saham Skema



**Arnold Bloch Leibler**

Level 21, 333 Collins Street  
Melbourne Victoria 3000 Australia

Level 24, Chifley Tower, 2 Chifley Square  
Sydney NSW 2000 Australia

# Skema Pengaturan

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## Lampiran A Terjemahan Bahasa Indonesia



# Skema Pengaturan

Skema pengaturan ini dibuat berdasarkan pasal 411 *Corporations Act 2001* (Cth)

Antara

**Probiotec Limited** ACN 075 170 151 (**Probiotec**), 73-83 Cherry Lane, Laverton North, VIC 3026

Dan

**Masing-masing Pemegang Saham Skema**

## Ketentuan operatif

### 1 Definisi dan interpretasi

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#### 1.1 Definisi

Dalam Skema ini, kecuali konteksnya menentukan lain:

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<b>Afiliasi</b>	berarti, sehubungan dengan suatu pihak ( <b>Pihak Utama</b> ), suatu pihak:  (a) yang Dikendalikan secara langsung atau tidak langsung oleh Pihak Utama;  (b) yang Mengendalikan Pihak Utama secara langsung atau tidak langsung;  (c) yang Dikendalikan, secara langsung atau tidak langsung, oleh pihak atau para pihak yang Mengendalikan Pihak Utama; atau  (d) yang secara langsung atau tidak langsung berada di bawah Kendali bersama dari Pihak Utama dan pihak atau para pihak lainnya.
<b>Keseluruhan Imbalan Skema</b>	berarti Imbalan Skema dikali dengan total jumlah Saham Skema.
<b>ASIC</b>	berarti <i>Australian Securities and Investments Commission</i> atau Komisi Efek dan Investasi Australia.
<b>ASX</b>	berarti, sesuai dengan konteksnya, ASX Limited (ABN 98 008 624 691) atau pasar efek yang dijalankan olehnya.

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<b>Hari Kerja</b>	berarti suatu hari di mana bank buka untuk bisnis perbankan umum di Melbourne, Victoria dan di Jakarta, Indonesia, tidak termasuk hari Sabtu, Minggu dan hari libur nasional.
<b>CHES</b>	berarti <i>Clearing House Electronic Subregister System</i> atau Sistem Subregister Elektronik Lembaga Kliring untuk pengalihan efek elektronik, yang dioperasikan oleh ASX Settlement Pty Limited (ABN 49 008 504 532).
<b>Komisaris</b>	memiliki pengertian sebagaimana diberikan dalam klausul 6.3(a).
<b>Kendali</b>	memiliki pengertian sebagaimana diberikan dalam pasal 50AA Corporations Act, dan, untuk menghindari keragu-raguan, mitra umum dianggap Mengendalikan suatu kemitraan terbatas yang mana pihaknya merupakan mitra umum dan, semata-mata untuk tujuan akta ini, dana yang dinasihatkan atau dikelola secara langsung atau tidak langsung oleh suatu pihak juga akan dianggap Dikendalikan oleh pihak tersebut, dan, sehubungan dengan Pyridam atau Pyridam Sub, akan termasuk setiap dana, akun, klien, kemitraan terbatas atau badan investasi kolektif lainnya atau pihak lain yang dikelola atau dinasihatkan oleh Pyridam atau Pyridam Sub dan setiap Afiliasi dari Pyridam atau Pyridam Sub, dan istilah “ <b>Dikendalikan</b> ” dan “ <b>Mengendalikan</b> ” akan memiliki arti yang sesuai.
<b>Corporations Act</b>	berarti <i>Corporations Act 2001</i> (Cth), sebagaimana dimodifikasi atau diubah oleh ASIC.
<b>Pengadilan</b>	berarti Pengadilan Federal Australia (yang berkedudukan di Melbourne) atau pengadilan lain yang memiliki yurisdiksi yang berwenang berdasarkan Corporations Act sebagaimana dapat disetujui secara tertulis oleh Probiotec dan Pyridam.
<b>Akta Bersama</b>	berarti akta bersama yang ditandatangani oleh Pyridam dan Pyridam Sub berdasarkan mana Pyridam dan Pyridam Sub berjanji untuk kepentingan Pemegang Saham Skema untuk melaksanakan kewajiban-kewajiban yang diberikan kepada mereka berdasarkan Skema ini.
<b>Waktu Pengiriman</b>	berarti pukul 08.00 pada Tanggal Pemeriksaan Pengadilan Kedua.
<b>Efektif</b>	berarti berlakunya, berdasarkan pasal 411(10) Corporations Act, perintah Pengadilan yang dibuat berdasarkan pasal 411(4)(b) Corporations Act sehubungan dengan Skema ini.
<b>Tanggal Efektif</b>	berarti tanggal di mana Skema ini menjadi Efektif.
<b>Pernyataan Pendaftaran Efektif</b>	berarti pernyataan pendaftaran efektif dari OJK yang diwajibkan berdasarkan POJK 32/2015 agar Pyridam dapat melaksanakan Hak Memesan Efek Terlebih Dahulu.
<b>Pembebanan</b>	berarti suatu hak tanggungan, hipotek, jaminan (baik tetap atau mengambang), gadai, hak gadai, pembebanan, kepentingan

	jaminan (termasuk kepentingan jaminan sebagaimana didefinisikan dalam pasal 12 <i>Personal Property Securities Act 2009 (Cth)</i> ), retensi kepemilikan, <i>bill of sale</i> , peringatan ( <i>caveat</i> ), gadai, klaim, pengaturan perwaliamanatan, hak preferen, pengaturan perwaliamanatan, hak kontraktual untuk melakukan pertemuan atau bentuk pembebanan lainnya, perjanjian penjaminan atau pengaturan untuk kepentingan pihak mana pun, baik terdaftar maupun tidak terdaftar.
<b>Tanggal Berakhir</b>	berarti tanggal 22 Juli 2024.
<b>Surat Komitmen Modal</b>	Berarti surat komitmen yang mengikat yang ditandatangani pada atau sekitar tanggal Akta Pelaksanaan Skema dan ditujukan ke satu atau lebih Anggota Grup Pyridam dan Probiotec.
<b>Badan Pemerintah</b>	berarti setiap pemerintah atau badan, lembaga atau otoritas pemerintah, semi-pemerintah, pengatur atau yudisial, baik di Australia maupun Indonesia, atau di tempat lain, termasuk setiap organisasi regulator mandiri yang didirikan berdasarkan undang-undang atau secara lain menjalankan secara substansial fungsi publik atau pengatur, dan ASX, BEI atau setiap bursa efek lainnya.
<b>BEI</b>	berarti, sesuai konteksnya, PT Bursa Efek Indonesia, berkedudukan di Jakarta Selatan, termasuk para penerus, pengganti dan perwakilannya, dan setiap pihak atau entitas yang menerima wewenang dari mereka atau pasar efek yang dijalankan olehnya.
<b>Tanggal Pelaksanaan</b>	berarti yang lebih akhir dari: <ul style="list-style-type: none"> <li>(a) Hari Kerja kelima setelah Tanggal Pencatatan Skema; dan</li> <li>(b) hari ke-15 setelah tanggal di mana OJK menerbitkan Pernyataan Pendaftaran Efektif,</li> </ul> atau tanggal lain sebagaimana disepakati secara tertulis antara Pyridam dan Probiotec.
<b>Peraturan Pencatatan</b>	berarti peraturan pencatatan dan persyaratan resmi ASX dari waktu ke waktu.
<b>Pinjaman Karyawan Probiotec</b>	memiliki pengertian sebagaimana diberikan dalam Akta Pelaksanaan Skema.
<b>Jumlah Pinjaman Karyawan Probiotec</b>	memiliki pengertian sebagaimana diberikan dalam Akta Pelaksanaan Skema.
<b>Dividen Probiotec yang Disetujui</b>	memiliki pengertian sebagaimana diberikan dalam Akta Pelaksanaan Skema.
<b>Daftar Probiotec</b>	berarti daftar anggota Probiotec yang dikelola oleh atau atas nama Probiotec sesuai dengan pasal 168(1) Corporations Act.

<b>Pendaftaran Probiotec</b>	berarti Boardroom Pty Limited ABN 14 003 209 836 atau setiap penyedia layanan pendaftaran saham pengganti Probiotec.
<b>Saham Probiotec</b>	berarti saham biasa yang disetor penuh dalam modal Probiotec.
<b>Pemegang Saham Probiotec</b>	berarti setiap pihak yang terdaftar dalam Daftar Probiotec sebagai pemegang Saham Probiotec.
<b>Pyridam</b>	berarti PT Pyridam Farma Tbk Nomor Induk Usaha 8120014002237.
<b>Grup Pyridam</b>	berarti Pyridam, Pyridam Sub, dan setiap Anak Perusahaan dari Pyridam atau Pyridam Sub dan rujukan ke " <b>Anggota Grup Pyridam</b> " adalah rujukan ke Pyridam, Pyridam Sub atau setiap Anak Perusahaan dari Pyridam atau Pyridam Sub.
<b>Pyridam Sub</b>	berarti PYFA Australia Pty Ltd ACN 672 617 588.
<b>Alamat Terdaftar</b>	berarti, sehubungan dengan Pemegang Saham Skema, alamat Pemegang Saham Skema yang tercantum dalam Pendaftaran Probiotec pada Tanggal Pencatatan Skema.
<b>Badan Perusahaan yang Terkait</b>	memiliki pengertian sebagaimana diberikan dalam pasal 9 Corporations Act dan termasuk setiap badan perusahaan yang akan menjadi badan perusahaan terkait untuk tujuan Corporations Act apabila pasal 48(2) Corporations Act dihilangkan.
<b>Entitas Terkait</b>	dari suatu pihak berarti entitas lain yang: <ul style="list-style-type: none"> <li>(a) merupakan Badan Perusahaan yang Terkait dari entitas pertama;</li> <li>(b) berada dalam setiap entitas terkonsolidasi (sebagaimana didefinisikan dalam pasal 9 Corporations Act) yang memuat pihak tersebut; atau</li> <li>(c) Dikendalikan oleh pihak tersebut.</li> </ul>
<b>Hak Memesan Efek Terlebih Dahulu</b>	berarti peningkatan modal dengan cara pemberian hak memesan efek terlebih dahulu sesuai dengan POJK 32/2015 yang akan dilakukan oleh Pyridam di BEI untuk tujuan pembiayaan Imbalan Skema.
<b>Skema</b>	berarti skema pengaturan anggota ini berdasarkan Bagian 5.1 Corporations Act antara Probiotec dan Pemegang Saham Skema sehubungan dengan seluruh Saham Skema, dengan tunduk pada setiap perubahan atau syarat yang: <ul style="list-style-type: none"> <li>(a) disetujui secara tertulis oleh Probiotec dan Pyridam; atau</li> <li>(b) dibuat atau diwajibkan oleh Pengadilan berdasarkan pasal 411(6) Corporations Act dan disetujui secara tertulis oleh Pyridam dan Probiotec sesuai dengan klausul 4.2 dari Akta Pelaksanaan Skema.</li> </ul>

<b>Buku Panduan Skema</b>	berarti pernyataan penjelasan sehubungan dengan Skema yang disusun oleh Probiotec berdasarkan pasal 412 Corporations Act dan sesuai dengan Akta Pelaksanaan Skema, dan dikirim kepada Pemegang Saham Probiotec.
<b>Imbalan Skema</b>	berarti \$3,00 untuk setiap Saham Skema, yang akan diberikan kepada setiap Pemegang Saham Skema untuk pengalihan setiap Saham Skema kepada Pyridam Sub, dengan tunduk pada, dan sebagaimana disesuaikan sesuai dengan, klausul 4.4(c)(iv) dari Akta Pelaksanaan Skema (jika berlaku).
<b>Akta Pelaksanaan Skema</b>	memiliki pengertian sebagaimana diberikan kepada istilah tersebut dalam klausul 2(d).
<b>Rapat Skema</b>	berarti rapat Pemegang Saham Probiotec, sebagaimana diperintahkan oleh Pengadilan untuk diadakan berdasarkan pasal 411(1) Corporations Act, di mana Pemegang Saham Probiotec akan memberikan suara pada Skema ini dan termasuk setiap rapat yang diadakan setelah setiap penundaan atau penangguhan rapat tersebut.
<b>Tanggal Pencatatan Skema</b>	berarti pukul 19.00 pada Hari Kerja kelima setelah Tanggal Efektif atau tanggal lain sebagaimana disepakati secara tertulis antara Pyridam dan Probiotec.
<b>Saham Skema</b>	berarti Saham Probiotec yang dimiliki oleh Pemegang Saham Skema pada Tanggal Pencatatan Skema.
<b>Pemegang Saham Skema</b>	berarti suatu pihak yang merupakan Pemegang Saham Probiotec pada Tanggal Pencatatan Skema.
<b>Pengalihan Skema</b>	berarti satu atau lebih instrumen pengalihan yang tepat sehubungan dengan Saham Skema untuk tujuan pasal 1071B Corporations Act, yang dapat berupa atau termasuk pengalihan utama dari seluruh atau sebagian Saham Skema.
<b>Tanggal Pemeriksaan Pengadilan Kedua</b>	berarti hari pertama di mana permohonan yang diajukan ke Pengadilan untuk perintah berdasarkan pasal 411(4)(b) Corporations Act yang menyetujui Skema ini diperiksa (atau apabila permohonan ditunda atau tunduk pada banding karena alasan apa pun, hari pertama di mana permohonan yang ditunda diperiksa).
<b>Anak Perusahaan</b>	memiliki pengertian sebagaimana diberikan kepada istilah tersebut dalam pasal 9 Corporations Act.
<b>Akun Perwaliamanatan</b>	berarti akun perwaliamanatan ( <i>trust</i> ) dalam mata uang dolar Australia yang disimpan di Institusi Pengambil Simpanan yang Berwenang ( <i>Authorised Deposit-taking Institution</i> ) (sebagaimana didefinisikan dalam <i>Banking Act 1959 (Cth)</i> ) yang dioperasikan oleh Probiotec (atau oleh Pendaftaran Probiotec atas nama Probiotec) sebagai wali amanat untuk Pemegang Saham Skema.



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**Jumlah Pemotongan** memiliki pengertian sebagaimana diberikan dalam klausul 6.3(a).

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## 1.2 Interpretasi

Dalam Skema ini, kecuali konteksnya menentukan lain:

- (a) kata dalam bentuk tunggal termasuk bentuk jamaknya dan sebaliknya;
- (b) kata yang menunjukkan suatu gender termasuk seluruh gender;
- (c) dalam hal suatu kata atau ungkapan didefinisikan, bentuk tata bahasa lainnya memiliki arti yang sesuai;
- (d) rujukan ke suatu pihak, klausul, ayat, skedul atau lampiran adalah rujukan ke suatu pihak, klausul, ayat, skedul atau lampiran pada atau dari Skema ini;
- (e) rujukan ke Skema ini termasuk setiap skedul atau lampiran;
- (f) judul atau subjudul adalah untuk kemudahan semata dan tidak mempengaruhi penafsiran;
- (g) latar belakang atau pendahuluan pada Skema ini diadopsi sebagai dan membentuk bagian Skema ini;
- (h) rujukan ke setiap dokumen atau perjanjian termasuk rujukan ke dokumen atau perjanjian tersebut sebagaimana diamandemen, dinovasi, ditambah, diubah atau diganti dari waktu ke waktu;
- (i) rujukan ke "\$", "A\$" atau "dolar" adalah rujukan ke mata uang Australia;
- (j) rujukan ke suatu waktu adalah rujukan ke waktu di Melbourne, Australia;
- (k) rujukan ke suatu pihak termasuk para pelaksana, administrator, penerus, pengganti (termasuk pihak yang mengambil dengan novasi) dan penerima pengalihan yang diizinkan dari pihak tersebut;
- (l) rujukan ke tertulis termasuk setiap metode merepresentasikan kata, gambar atau simbol dalam bentuk yang tetap dan kasat mata;
- (m) kata dan ungkapan yang menunjukkan orang perseorangan termasuk badan perusahaan, kemitraan, asosiasi, firma, pemerintah dan otoritas serta lembaga pemerintah dan sebaliknya;
- (n) rujukan ke setiap peraturan perundang-undangan atau ke setiap ketentuan dari setiap peraturan perundang-undangan termasuk:
  - (i) setiap perubahan atau pemberlakuan kembali dari peraturan perundang-undangan tersebut;
  - (ii) setiap ketentuan peraturan perundang-undangan yang diganti untuk, dan seluruh peraturan perundang-undangan, instrumen perundang-undangan dan peraturan yang diterbitkan berdasarkan, peraturan perundang-undangan atau ketentuan tersebut; dan

- (iii) jika relevan, peraturan perundang-undangan yang sesuai di Negara Bagian atau Wilayah Australia mana pun;
- (o) tidak ada aturan konstruksi yang berlaku yang merugikan salah satu pihak karena pihak tersebut bertanggung jawab atas penyusunan Skema ini atau bagian mana pun daripadanya; dan
- (p) kata “termasuk”, “sebagai contoh”, “seperti” atau ungkapan serupa lainnya (dalam bentuk apa pun) bukan merupakan kata-kata yang membatasi.

### 1.3 Aturan interpretasi lainnya

Dalam Skema ini, kecuali konteksnya menentukan lain:

- (a) (**izin dan persetujuan**) apabila pelaksanaan tindakan, urusan atau hal apa pun memerlukan izin, persetujuan atau kesepakatan dari pihak mana pun, maka izin, persetujuan atau kesepakatan tersebut dapat diberikan dengan atau tanpa syarat atau ditahan atas kebijaksanaan penuh dari pihak tersebut;
- (b) (**Hari Kerja**) apabila hari pada mana atau di mana tindakan, urusan atau hal apa pun akan dilakukan adalah hari selain Hari Kerja, tindakan, urusan atau hal tersebut akan dilakukan pada Hari Kerja berikutnya; dan
- (c) (**Peraturan Pencatatan**) Peraturan Pencatatan atau aturan bisnis dari suatu pasar keuangan atau bursa efek akan dianggap sebagai hukum untuk tujuan Skema ini.

## 2 Hal-hal pendahuluan

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- (a) Probiotec adalah perusahaan terbuka terbatas pada saham di Australia, terdaftar berdasarkan Corporations Act, dan telah diterima di daftar resmi ASX. Saham Probiotec dikuotasi untuk diperdagangkan di ASX (ASX:PBP).
- (b) Pyridam adalah perseroan terbatas terbuka yang didirikan sebagaimana mestinya dan dikelola secara sah berdasarkan hukum Negara Republik Indonesia dan telah masuk dalam daftar resmi Bursa Efek Indonesia.
- (c) Pyridam Sub, suatu anak perusahaan yang dimiliki penuh oleh Pyridam, adalah perusahaan *proprietary* terbatas pada saham yang didirikan di Victoria, Australia.
- (d) Probiotec, Pyridam dan Pyridam Sub telah menandatangani suatu Akta Pelaksanaan Skema tertanggal 11 2023 (**Akta Pelaksanaan Skema**).
- (e) Berdasarkan Akta Pelaksanaan Skema:
  - (i) Probiotec telah setuju untuk mengusulkan Skema ini; dan
  - (ii) Probiotec, Pyridam dan Pyridam Sub telah setuju untuk mengambil langkah-langkah tertentu untuk melaksanakan Skema ini.
- (f) Apabila Skema ini menjadi Efektif, maka:
  - (i) seluruh Saham Skema dan seluruh hak dan kepemilikan yang melekat pada Saham Skema tersebut pada Tanggal Pelaksanaan (selain hak apa

- pun atas Dividen Probiotec yang Disetujui) akan dialihkan kepada Pyridam Sub;
- (ii) Imbalan Skema akan diberikan kepada Pemegang Saham Skema sesuai dengan ketentuan Skema ini dan Akta Bersama; dan
  - (iii) Probiotec akan memasukkan nama dan alamat Pyridam Sub dalam Daftar Probiotec sebagai pemegang seluruh Saham Skema.
- (g) Dengan menandatangani Akta Pelaksanaan Skema, Probiotec telah setuju untuk mengusulkan dan melaksanakan Skema ini, dan Pyridam dan Pyridam Sub telah setuju untuk membantu usulan dan pelaksanaan tersebut, berdasarkan dan dengan tunduk pada ketentuan Akta Pelaksanaan Skema.
- (h) Skema memberikan tindakan kepada Pyridam dan Pyridam Sub namun tidak mengenakan kewajiban kepada salah satu atau keduanya untuk melaksanakan setiap tindakan tersebut. Masing-masing Pyridam dan Pyridam Sub telah setuju, dengan menandatangani Akta Bersama, untuk melaksanakan kewajiban yang diberikan kepadanya berdasarkan Skema ini, termasuk kewajiban untuk memberikan atau menyebabkan pemberian Imbalan Skema kepada Pemegang Saham Skema sesuai dengan ketentuan Skema.

### 3 Persyaratan

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#### 3.1 Persyaratan pendahuluan

Skema ini bersyarat pada, tidak akan berlaku atau efektif sampai dengan, pemenuhan dari setiap persyaratan pendahuluan berikut ini:

- (a) pada pukul 08.00 pada Tanggal Pemeriksaan Pengadilan Kedua, Akta Pelaksanaan Skema atau Akta Bersama tidak diakhiri sesuai dengan ketentuannya;
- (b) pada pukul 08.00 pada Tanggal Pemeriksaan Pengadilan Kedua, setiap persyaratan pendahuluan dalam klausul 3.1 Akta Pelaksanaan Skema (selain persyaratan dalam Akta Pelaksanaan Skema yang berkaitan dengan persetujuan Pengadilan sebagaimana ditentukan dalam klausul 3.1(c)) telah dipenuhi atau dikesampingkan sesuai dengan ketentuan Akta Pelaksanaan Skema;
- (c) Pengadilan menyetujui Skema sesuai dengan pasal 411(4)(b) Corporations Act, termasuk perubahan yang dibuat atau diwajibkan oleh Pengadilan berdasarkan pasal 411(6) Corporations Act dan yang disetujui secara tertulis oleh Probiotec dan Pyridam;
- (d) persyaratan lainnya yang dibuat atau diwajibkan oleh Pengadilan berdasarkan pasal 411(6) Corporations Act sehubungan dengan Skema ini dan disetujui secara tertulis oleh Probiotec dan Pyridam telah dipenuhi atau dikesampingkan; dan
- (e) perintah Pengadilan yang dibuat berdasarkan pasal 411(4)(b) (dan, jika berlaku, pasal 411(6)) Corporations Act yang menyetujui Skema ini berlaku efektif, berdasarkan pasal 411(10) Corporations Act pada atau sebelum Tanggal Berakhir.

### 3.2 Sertifikat

- (a) Probiotec, Pyridam dan Pyridam Sub harus memberikan kepada Pengadilan pada Tanggal Pemeriksaan Pengadilan Kedua suatu sertifikat, atau bukti lainnya sebagaimana diminta oleh Pengadilan, yang mengkonfirmasi (sehubungan dengan hal-hal yang diketahuinya) apakah, pada pukul 08.00 pada Tanggal Pemeriksaan Pengadilan Kedua, persyaratan pendahuluan dalam klausul 3.1(a) dan 3.1(b) telah dipenuhi atau dikesampingkan sesuai dengan ketentuan Skema ini.
- (b) Sertifikat yang diberikan oleh Probiotec, Pyridam dan Pyridam Sub merupakan bukti konklusif bahwa persyaratan pendahuluan dalam klausul 3.1(a) dan 3.1(b) di atas telah dipenuhi atau dikesampingkan.

### 3.3 Tanggal Berakhir

Skema ini akan berakhir dan tidak lagi berlaku atau efektif apabila:

- (a) Tanggal Efektif tidak terjadi pada atau sebelum Tanggal Berakhir; atau
- (b) Akta Pelaksanaan Skema atau Akta Bersama diakhiri sesuai dengan ketentuannya,

kecuali Probiotec dan Pyridam menyepakati lain secara tertulis.

## 4 Skema ini menjadi Efektif

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Dengan tunduk pada klausul 3, Skema ini menjadi Efektif pada dan sejak Tanggal Efektif.

## 5 Pelaksanaan Skema ini

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### 5.1 Pengajuan Perintah Pengadilan ke ASIC

Probiotec harus mengajukan ke ASIC, sesuai dengan pasal 411(10) Corporations Act, suatu salinan resmi dari perintah Pengadilan yang menyetujui Skema ini berdasarkan pasal 411(4)(b) Corporations Act sesegera mungkin setelah Pengadilan menyetujui Skema ini dan dalam hal apa pun pada pukul 17.00 pada Hari Kerja pertama setelah hari di mana Pengadilan menyetujui Skema ini atau suatu tanggal di kemudian hari sebagaimana disepakati oleh Probiotec dan Pyridam secara tertulis.

### 5.2 Pengalihan Saham Skema

Dengan tunduk pada Skema menjadi Efektif, hal-hal berikut ini akan terjadi pada Tanggal Pelaksanaan sesuai urutan yang ditentukan di bawah ini:

- (a) pembayaran Imbalan Skema oleh Probiotec dengan cara sebagaimana diatur dalam klausul 6.2(b); dan
- (b) dengan tunduk pada Pyridam Sub memberikan atau menyebabkan pemberian Imbalan Skema sesuai dengan Skema ini dan Akta Bersama, seluruh Saham Skema, beserta seluruh hak dan kepemilikan yang melekat pada Saham Skema

pada Tanggal Pelaksanaan (selain hak apa pun atas Dividen Probiotec yang Disetujui), akan dialihkan kepada Pyridam Sub tanpa diperlukannya tindakan lebih lanjut apa pun oleh Pemegang Saham Skema mana pun (selain tindakan-tindakan yang dilakukan oleh Probiotec atau setiap direktur atau petugasnya sebagai kuasa dan agen untuk Pemegang Saham Skema berdasarkan Skema ini), dengan:

- (i) Probiotec memberikan kepada Pyridam Sub untuk penandatanganan, Pengalihan Skema yang telah diselesaikan secara patut untuk mengalihkan seluruh Saham Skema kepada Pyridam Sub, ditandatangani secara patut oleh Probiotec (atau setiap direktur atau petugasnya) sebagai kuasa dan agen dari setiap Pemegang Saham Skema sebagai pemberi pengalihan berdasarkan klausul 9.3;
- (ii) Pyridam Sub menandatangani Pengalihan Skema secara patut sebagai penerima pengalihan dan memberikan Pengalihan Skema yang telah ditandatangani dan, jika perlu, dicap, kepada Probiotec untuk pendaftaran; dan
- (iii) Probiotec, segera setelah penerimaan Pengalihan Skema berdasarkan klausul 5.2(b)(ii), memasukkan, atau menyebabkan dimasukkannya, nama dan alamat Pyridam Sub dalam Daftar Probiotec sebagai pemegang seluruh Saham Skema yang dialihkan kepada Pyridam Sub sesuai dengan Skema ini.

## 6 Imbalan Skema

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### 6.1 Hak atas Imbalan Skema

Dengan tunduk pada ketentuan Skema ini, sebagai imbalan atas pengalihan Saham Skema kepada Pyridam Sub, masing-masing Pemegang Saham Skema akan berhak atas Imbalan Skema untuk setiap Saham Skema yang dimiliki oleh Pemegang Saham Skema tersebut sesuai dengan Skema ini.

### 6.2 Pemberian Imbalan Skema

- (a) Kewajiban Pyridam Sub untuk memberikan, atau menyebabkan pemberian, Imbalan Skema kepada Pemegang Saham Skema sesuai dengan Skema ini dan Akta Bersama akan dipenuhi dengan Sub Pyridam melakukan penyetoran, atau menyebabkan penyetoran, ke dalam Akun Perwaliamanatan, sejumlah dana yang telah dikliringkan yang setara dengan Keseluruhan Imbalan Skema (dikurangi Jumlah Pematangan) yang harus dibayarkan kepada seluruh Pemegang Saham Skema selambat-lambatnya pada pukul 12.00 pada Hari Kerja sebelum Tanggal Pelaksanaan yang akan dipegang oleh atau atas nama Probiotec dalam perwaliamanatan untuk tujuan pembayaran Imbalan Skema kepada Pemegang Saham Skema yang berhak menerimanya berdasarkan klausul 6.2(b) (dengan ketentuan bahwa setiap bunga atas jumlah yang disetor, dikurangi biaya bank dan biaya lainnya, akan terakumulasi untuk kepentingan Pyridam Sub).
- (b) Dalam hal Pyridam Sub tidak akan atau tidak memenuhi kewajibannya berdasarkan klausul 6.2(a), Pyridam akan melaksanakan kewajiban-kewajiban tersebut seolah-olah rujukan ke Pyridam Sub dalam klausul 6.2(a) adalah rujukan ke Pyridam.

- (c) Dengan tunduk pada Pyridam atau Pyridam Sub memenuhi kewajibannya berdasarkan klausul 6.2(a) atau klausul 6.2(b) (sebagaimana berlaku), Probiotec harus pada Tanggal Pelaksanaan membayar, atau memastikan pembayaran, dari Akun Perwaliamanatan kepada masing-masing Pemegang Saham Skema suatu jumlah yang setara dengan Imbalan Skema yang berhak diterima oleh Pemegang Saham Skema berdasarkan klausul 6.2 sehubungan dengan setiap Saham Skema yang dimiliki oleh Pemegang Saham Skema tersebut sebagaimana ditentukan dalam Daftar Probiotec pada Tanggal Pencatatan Skema (dikurangi setiap Jumlah Pemotongan).
- (d) Dengan tunduk pada klausul 6.2(e), kewajiban Probiotec berdasarkan klausul 6.2(c) akan dipenuhi oleh Probiotec (atas kebijaksanaan penuhnya, dan terlepas dari pemilihan apa pun sebagaimana dimaksud dalam klausul 6.2(d)(i) atau kewenangan sebagaimana dimaksud 6.2(d)(ii) yang dibuat atau diberikan oleh Pemegang Saham Skema):
- (i) dalam hal Pemegang Saham Skema telah, sebelum Tanggal Pencatatan Skema, melakukan pemilihan sesuai dengan persyaratan Daftar Probiotec untuk menerima pembayaran dividen dari Probiotec melalui transfer dana elektronik ke rekening bank yang ditentukan oleh Pemegang Saham Skema, membayar, atau memastikan pembayaran, jumlah yang relevan kepada Pemegang Saham Skema dalam mata uang Australia secara elektronik sesuai dengan pemilihan tersebut;
  - (ii) membayar, atau memastikan pembayaran, jumlah yang relevan (dikurangi setiap Jumlah Pemotongan) dalam mata uang Australia secara elektronik ke rekening bank yang ditentukan oleh Pemegang Saham Skema oleh otoritas yang sesuai dari Pemegang Saham Skema kepada Probiotec; atau
  - (iii) mengirimkan, atau memastikan pengiriman, suatu cek dalam mata uang Australia untuk jumlah yang relevan (dikurangi setiap Jumlah Pemotongan) kepada Pemegang Saham Skema tersebut melalui pos prabayar ke Alamat Terdaftar Pemegang Saham Skema tersebut (pada Tanggal Pencatatan Skema), cek tersebut ditarik atas nama Pemegang Saham Skema (atau dalam hal pemegang saham bersama, sesuai dengan klausul 6.3).
- (e) Sehubungan dengan setiap Pemegang Saham Skema kepada mana Probiotec telah memberikan Pinjaman Karyawan Probiotec dan Pinjaman Karyawan Probiotec tersebut masih terutang pada Tanggal Efektif, kewajiban dalam klausul 6.2(c) akan dipenuhi dengan:
- (i) penerimaan Probiotec atas bagian Imbalan Skema yang setara dengan Jumlah Pinjaman Karyawan Probiotec sehubungan dengan setiap Pinjaman Karyawan Probiotec yang menjadi utang Pemegang Saham Skema tersebut kepada Probiotec (untuk memenuhi Pinjaman Karyawan Probiotec yang terutang tersebut); dan
  - (ii) mengenai sisa (jika ada) dari Imbalan Skema yang harus dibayarkan kepada Pemegang Saham Skema tersebut berdasarkan klausul 6.2(c), pembayaran kepada Pemegang Saham Skema tersebut sesuai dengan klausul 6.2(c).
- (f) Apabila:

- (i) salah satu dari yang berikut ini:
- (A) Pemegang Saham Skema tidak memiliki Alamat Terdaftar; atau
  - (B) Probiotec sebagai wali amanat untuk Pemegang Saham Skema sewajarnya meyakini bahwa Pemegang Saham Skema tidak diketahui di Alamat Terdaftar,
- dan tidak ada rekening yang diberitahu sesuai dengan klausul 6.2(d)(i) atau penyetoran ke rekening tersebut ditolak atau dikembalikan; atau
- (ii) suatu cek yang dikeluarkan berdasarkan klausul 6.2 ini dibatalkan sesuai dengan klausul 6.5,

Probiotec sebagai wali amanat untuk Pemegang Saham Skema dapat mengkreditkan jumlah yang harus dibayarkan kepada Pemegang Saham Skema yang relevan ke rekening bank Probiotec yang terpisah (**Rekening Terpisah**) untuk disimpan sampai Pemegang Saham Skema mengklaim jumlah tersebut atau jumlah tersebut ditangani sesuai dengan *Unclaimed Money Act 2008* (Vic). Untuk menghindari keragu-raguan, apabila jumlah tersebut tidak dikreditkan ke Rekening Terpisah, jumlah tersebut akan terus disimpan dalam Akun Perwaliamanatan sampai Pemegang Saham Skema mengklaim jumlah tersebut atau jumlah tersebut ditangani sesuai dengan *Unclaimed Money Act 2008* (Vic)

Sampai suatu waktu di mana jumlah tersebut ditangani sesuai dengan *Unclaimed Money Act 2008* (Vic), Probiotec harus menyimpan jumlah tersebut dalam perwaliamanatan untuk Pemegang Saham Skema yang relevan, namun setiap bunga atau manfaat lain yang terakumulasi dari jumlah tersebut adalah untuk kepentingan Pyridam Sub. Jumlah yang dikreditkan ke Rekening Terpisah atau Akun Perwaliamanatan (sebagaimana berlaku) akan dianggap sebagai telah dibayarkan kepada Pemegang Saham Skema ketika dikreditkan ke Rekening Terpisah atau Akun Perwaliamanatan (sebagaimana berlaku). Probiotec harus memelihara catatan jumlah yang telah dibayarkan, pihak-pihak yang berhak atas jumlah tersebut dan setiap transfer jumlah tersebut.

### 6.3 Pemotongan

- (a) Apabila Pyridam Sub diwajibkan berdasarkan pasal 260-5 atau subdivisi 14-D skedul 1 *Taxation Administration Act 1953* (Cth) (**TAA**), atau pasal 255 *Income Tax Assessment Act 1936* (Cth), untuk membayarkan kepada Komisaris Perpajakan (**Komisaris**) suatu jumlah sehubungan dengan akuisisi Saham Skema (**Jumlah Pemotongan**), Pyridam Sub diizinkan untuk memotong Jumlah Pemotongan dari Imbalan Skema yang seharusnya dibayarkan sehubungan dengan Saham Skema tersebut dan mengirimkan jumlah tersebut kepada Komisaris. Jumlah keseluruhan yang harus dibayarkan tidak akan ditingkatkan untuk mencerminkan pemotongan Jumlah Pemotongan dan jumlah bersih yang harus dibayarkan kepada Pemegang Saham Skema yang terkait dengan Jumlah Pemotongan tersebut akan dianggap sebagai pemenuhan jumlah yang terutang kepada Pemegang Saham Skema tersebut secara penuh dan final.
- (b) Pyridam Sub tidak dapat melakukan pembayaran kepada Komisaris berdasarkan klausul 6.3 ini sehubungan dengan jumlah yang secara lain ditentukan untuk dibayar berdasarkan Subdivisi 14-D Skedul 1 TAA dalam hal:



- (i) Pemegang Saham Skema memiliki kurang dari 10% saham yang diterbitkan di Probiotec;
  - (ii) Pyridam Sub tidak mengetahui atau sewajarnya meyakini bahwa Pemegang Saham tertentu merupakan penduduk asing; atau
  - (iii) Pyridam Sub menerima dari Pemegang Saham Skema yang relevan suatu Pernyataan Pemotongan sebelum Tanggal Pelaksanaan.
- (c) Dalam hal:
- (i) Pyridam Sub:
    - (A) mengetahui bahwa Pemegang Saham Skema tertentu bukan, atau sewajarnya meyakini bahwa Pemegang Saham Skema tertentu bukan, merupakan penduduk Australia; atau
    - (B) tidak sewajarnya meyakini bahwa Pemegang Saham Skema tertentu merupakan penduduk Australia dan memiliki alamat di luar Australia atau mengarahkan Pyridam Sub untuk membayar sebagian atau seluruh Imbalan Skema ke suatu tempat di luar Australia; dan
  - (ii) bahwa Pemegang Saham Skema tersebut memiliki lebih dari 10% saham yang diterbitkan di Probiotec,

Pyridam Sub dapat melakukan pemotongan sesuai dengan klausul 6.3(a) apabila disyaratkan untuk melakukan hal tersebut.

- (d) Apabila Pyridam Sub menentukan (bertindak secara wajar) bahwa pihaknya harus membayar Jumlah Pemotongan kepada Komisaris sehubungan dengan akuisisi Saham Skema apa pun dari Pemegang Saham Skema mana pun, Pyridam Sub akan (dengan tunduk pada klausul 6.3(b) dan 6.3(c)):
- (i) menentukan Jumlah Pemotongan yang akan dibayarkan kepada Komisaris sehubungan dengan akuisisi Saham Skema dari Pemegang Saham Skema tersebut;
  - (ii) memberitahu Probiotec mengenai Jumlah Pemotongan sehubungan dengan akuisisi Saham Skema dari Pemegang Saham Skema tersebut;
  - (iii) membayar Jumlah Pemotongan kepada Komisaris dalam jangka waktu yang diwajibkan berdasarkan TAA; dan
  - (iv) memberikan tanda terima atau buki pembayaran yang tepat lainnya atas Jumlah Pemotongan kepada Komisaris (atau memastikan pemberian tanda terima atau bukti lain tersebut) kepada Pemegang Saham Skema yang relevan.

## 6.4 Pemegang bersama

Dalam hal Saham Skema dimiliki atas nama bersama:

- (a) dengan tunduk pada klausul 6.2(d), setiap cek yang wajib dikirimkan berdasarkan Skema ini akan harus dibayarkan kepada pemegang bersama dan dikirim



kepada, atas kebijaksanaan penuh Probiotec, pemegang yang namanya pertama tercantum dalam Daftar Probiotec pada Tanggal Pencatatan Skema atau kepada pemegang bersama (kecuali pemegang bersama telah menunjuk suatu rekening bank berdasarkan klausul 6.2(d)(i) atau 6.2(d)(ii) (sebagaimana berlaku), dalam hal mana jumlah tersebut harus disetor ke rekening bank pemegang bersama yang ditunjuk); dan

- (a) setiap dokumen lain yang harus dikirim berdasarkan Skema ini, akan diteruskan kepada, atas kebijaksanaan penuh Probiotec, pemegang yang namanya pertama tercantum dalam Daftar Probiotec pada Tanggal Pencatatan Skema atau kepada pemegang bersama.

## 6.5 Pembatalan dan penerbitan kembali cek

- (a) *Unclaimed Money Act 2008* (Vic) akan berlaku sehubungan dengan setiap Imbalan Skema yang menjadi 'uang yang tidak diklaim' (sebagaimana didefinisikan dalam pasal 3 dan 12 *Unclaimed Money Act 2008* (Vic)).
- (b) Setiap bunga atau manfaat lain yang terakumulasi dari Imbalan Skema yang tidak diklaim adalah untuk kepentingan Pyridam Sub.
- (c) Probiotec dapat membatalkan suatu cek yang dikeluarkan berdasarkan klausul 6 ini apabila cek tersebut:
  - (i) dikembalikan kepada Probiotec atau Pendaftaran Probiotec; atau
  - (ii) tidak diserahkan untuk pembayaran dalam waktu enam bulan setelah tanggal pengiriman cek.
- (d) Selama jangka waktu 12 bulan sejak Tanggal Pelaksanaan, atas permintaan tertulis dari Pemegang Saham Skema kepada Probiotec atau Pendaftaran Probiotec (permintaan mana tidak dapat dilakukan sampai dengan tanggal yang jatuh 20 Hari Kerja setelah Tanggal Pelaksanaan), Probiotec harus menerbitkan kembali cek yang sebelumnya dibatalkan berdasarkan klausul 6.5 ini.

## 6.6 Kepemilikan pecahan

- (a) Dalam hal perhitungan Imbalan Skema yang akan diberikan kepada Pemegang Saham Skema tertentu akan menyebabkan Pemegang Saham Skema tersebut menjadi berhak atas sepersekian sen, kepemilikan pecahan tersebut akan dibulatkan ke atas ke satuan sen terdekat.
- (b) Apabila Pyridam Sub berpendapat (bertindak secara wajar) bahwa dua atau lebih Pemegang Saham Skema (masing-masing daripadanya memiliki sejumlah Saham Skema yang mengakibatkan pembulatan sesuai dengan klausul 6.6(a)) merupakan, sebelum Tanggal Pencatatan Skema untuk Skema tersebut, pihak dalam pemisahan atau pembagian kepemilikan saham dalam upaya untuk memperoleh keuntungan yang tidak adil dengan mengacu pada pembulatan tersebut, maka:
  - (i) Pyridam Sub dapat memberikan pemberitahuan mengenai pendapat tersebut dan rincian terkait kepada Probiotec; dan

- (ii) dalam waktu 2 Hari Kerja sejak diterimanya pemberitahuan tersebut, Probiotec harus memberikan pemberitahuan kepada Pemegang Saham Skema tersebut yang:
  - (A) mencantumkan nama dan alamat terdaftar mereka sebagaimana tercantum dalam Daftar Probiotec;
  - (B) menyatakan pendapat tersebut; dan
  - (C) mengatribusikan kepada salah satu dari mereka yang diidentifikasi secara khusus dalam pemberitahuan Saham Skema yang dimiliki oleh mereka semua,

dan, setelah pemberitahuan tersebut diberikan, Pemegang Saham Skema yang diidentifikasi secara khusus dalam pemberitahuan sebagai pemegang yang dianggap dari seluruh Saham Skema yang ditentukan akan, untuk tujuan ketentuan Skema, dianggap memiliki seluruh Saham Skema tersebut dan masing-masing Pemegang Saham Skema lainnya yang nama dan alamat terdaftarnya disebutkan dalam pemberitahuan akan, untuk tujuan ketentuan Skema, dianggap tidak memiliki Saham Skema apa pun. Pyridam dan Pyridam Sub, dalam pemenuhan ketentuan Skema yang berkaitan dengan mereka sehubungan dengan Pemegang Saham Skema yang diidentifikasi secara khusus dalam pemberitahuan sebagai pemegang yang dianggap dari seluruh Saham Skema yang ditentukan, akan dianggap telah menenuhi dan melepaskan kewajiban mereka kepada Pemegang Saham Skema yang disebutkan dalam pemberitahuan berdasarkan ketentuan Skema.

#### **6.7 Sisa uang (jika ada) dalam Akun Perwaliamanatan**

Sepanjang, setelah pemenuhan kewajiban Probiotec berdasarkan ketentuan lain dalam klausul 6 ini dan dengan ketentuan bahwa Pyridam Sub telah pada waktu tersebut memperoleh Saham Skema sesuai dengan Skema ini, terdapat kelebihan dalam Akun Perwaliamanatan, maka dengan tunduk pada kepatuhan dengan hukum yang berlaku, ketentuan lain dari Skema ini, Akta Bersama dan Akta Pelaksanaan Skema, kelebihan tersebut (dikurangi setiap biaya bank dan biaya terkait) akan dibayar oleh Probiotec (atau oleh Pendaftaran Probiotec atas nama Probiotec) sebagai wali amanat untuk Pemegang Saham Skema kepada Pyridam Sub.

#### **6.8 Perintah pengadilan atau Badan Pemerintah**

- (a) Apabila pemberitahuan tertulis diberikan kepada Probiotec (atau Pendaftaran Probiotec) mengenai suatu perintah atau arahan yang dibuat oleh pengadilan di yurisdiksi yang berwenang atau oleh Badan Pemerintah lainnya yang:
  - (i) mengharuskan imbalan untuk diberikan kepada pihak ketiga (baik melalui pembayaran sejumlah uang atau penerbitan efek) sehubungan dengan Saham Skema yang dimiliki oleh suatu Pemegang Saham Skema tertentu, yang seharusnya secara lain dibayarkan atau harus diterbitkan kepada Pemegang Saham Skema tersebut oleh Probiotec sesuai dengan klausul 6 ini, maka Probiotec akan berhak untuk menyebabkan pemberian imbalan tersebut dilakukan sesuai dengan perintah atau arahan tersebut; atau
  - (ii) mencegah Probiotec memberikan imbalan kepada Pemegang Saham Skema tertentu sesuai dengan klausul 6 ini, atau pembayaran atau

penerbitan imbalan tersebut secara lain dilarang berdasarkan hukum yang berlaku, Probiotec akan berhak untuk (sebagaimana berlaku) mempertahankan jumlah yang setara dengan jumlah Saham Skema yang dimiliki oleh Pemegang Saham Skema tersebut dikali dengan Imbalan Skema, sampai suatu waktu di mana pembayaran sesuai dengan klausul 6 ini diizinkan oleh pengadilan atau arahan tersebut (atau yang lain) atau secara lain berdasarkan hukum.

- (b) Sepanjang terdapat jumlah yang dikurangi atau dipotong sesuai dengan klausul 6.8(a), jumlah yang dikurangi atau dipotong tersebut akan dianggap untuk segala tujuan berdasarkan Skema ini sebagai telah dibayarkan kepada pihak sehubungan dengan mana pengurangan atau pemotongan tersebut dilakukan, dengan ketentuan bahwa jumlah yang dikurangi atau dipotong tersebut benar-benar dikirimkan sebagaimana disyaratkan.

## **7 Transaksi dalam Saham Probiotec**

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### **7.1 Transaksi dalam Saham Probiotec oleh Pemegang Saham Skema**

Untuk tujuan menetapkan pihak-pihak yang merupakan Pemegang Saham Skema, transaksi dalam Saham Probiotec akan diakui Probiotec dengan ketentuan bahwa:

- (a) dalam hal transaksi yang dilakukan menggunakan CHES, penerima pengalihan terdaftar dalam Daftar Probiotec sebagai pemegang Saham Probiotec yang relevan pada Tanggal Pencatatan Skema; dan
- (b) dalam segala hal lainnya, pengalihan atau permohonan transmisi yang dapat didaftarkan sehubungan dengan transaksi-transaksi tersebut diterima oleh Pendaftaran Probiotec pada pukul 17.00 pada hari Tanggal Pencatatan Skema di tempat di mana Daftar Probiotec berada,

dan Probiotec tidak akan menerima pendaftaran, dan tidak akan mengakui untuk tujuan menetapkan pihak-pihak yang merupakan Pemegang Saham Skema maupun untuk tujuan lainnya apa pun (selain untuk pengalihan kepada Pyridam Sub berdasarkan Skema ini dan setiap pengalihan lebih lanjut oleh Pyridam Sub dan para penerus kepemilikannya), setiap pengalihan atau permohonan transmisi sehubungan dengan Saham Probiotec yang diterima setelah waktu tersebut, atau diterima sebelum waktu tersebut namun tidak dalam bentuk yang dapat ditindaklanjuti atau didaftarkan (sebagaimana sesuai).

### **7.2 Daftar**

- (a) Probiotec harus mendaftarkan permohonan transmisi atau pengalihan yang dapat didaftarkan dan sah dari Saham Probiotec sesuai dengan klausul 7.1(a) pada atau sebelum Tanggal Pencatatan Skema, dengan ketentuan bahwa tidak ada ketentuan dalam klausul 7.2(a) ini yang mengharuskan Probiotec untuk mendaftarkan pengalihan yang akan menyebabkan Pemegang Saham Probiotec memiliki sejumlah Saham Probiotec yang kurang dari 'jumlah yang dapat dipasarkan' (sebagaimana didefinisikan dalam aturan operasi ASX).
- (b) Apabila Skema ini menjadi Efektif, Pemegang Saham Skema (dan setiap pihak yang mengajukan klaim melalui pemegang tersebut) tidak dapat melepaskan, atau bermaksud atau setuju untuk melepaskan, Saham Skema apa pun atau kepentingan apa pun di dalamnya setelah Tanggal Pencatatan Skema selain

berdasarkan Skema ini, dan setiap upaya untuk melakukan hal tersebut tidak akan berlaku dan Probiotec akan berhak untuk mengabaikan setiap pelepasan, pelepasan yang diakui atau persetujuan tersebut.

- (c) Probiotec akan, sampai Imbalan Skema telah diberikan dan nama dan alamat Pyridam Sub telah dimasukkan dalam Daftar Probiotec sebagai pemegang seluruh Saham Skema, memelihara, atau memastikan pemeliharaan, Daftar Probiotec sesuai dengan klausul 7.2 ini, dan Daftar Probiotec dalam bentuk ini dan ketentuan Skema ini akan semata-mata menentukan hak atas Imbalan Skema.
- (d) Sejak Tanggal Pencatatan Skema (dan selain untuk Pyridam Sub setelah Tanggal Pelaksanaan), setiap entri dalam Daftar Probiotec pada Tanggal Pencatatan Skema yang berkaitan dengan Saham Skema (selain entri dalam Daftar Probiotec sehubungan dengan Pyridam Sub) tidak akan lagi berlaku selain sebagai bukti hak Pemegang Saham Skema atas Imbalan Skema sehubungan dengan Saham Skema tersebut.
- (e) Sesegera mungkin pada atau setelah Tanggal Pencatatan Skema, dan dalam hal apa pun dalam waktu satu Hari Kerja setelah Tanggal Pencatatan Skema, Probiotec akan memastikan bahwa rincian nama, Alamat Terdaftar dan kepemilikan Saham Probiotec untuk setiap Pemegang Saham Skema pada Tanggal Pencatatan Skema, sebagaimana tercantum dalam Daftar Probiotec, tersedia untuk Pyridam Sub.

### 7.3 Keberlakuan surat saham dan pernyataan kepemilikan

Sejak Tanggal Pencatatan Skema (dan selain untuk Pyridam Sub setelah Tanggal Pelaksanaan), seluruh surat saham dan pernyataan kepemilikan untuk Saham Skema (selain pernyataan kepemilikan untuk kepentingan Pyridam Sub) tidak akan lagi berlaku sebagai dokumen kepemilikan sehubungan dengan Saham Skema tersebut.

## 8 Penangguhan dan pengakhiran penawaran Saham Probiotec

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- (a) Probiotec harus meminta ASX untuk menangguhkan perdagangan Saham Probiotec di ASX dengan keberlakuan sejak penutupan perdagangan pada Tanggal Efektif.
- (b) Probiotec harus meminta ASX:
  - (i) untuk mengakhiri penawaran resmi Saham Probiotec di ASX; dan
  - (ii) untuk menghapus dirinya dari daftar resmi ASX,

dalam setiap hal, dengan keberlakuan pada atau sejak penutupan perdagangan pada hari perdagangan tepat setelah Tanggal Pelaksanaan, atau suatu tanggal di kemudian hari sebagaimana mungkin:

- (iii) diminta oleh Pyridam; dan
- (iv) diizinkan oleh ASX.

- (c) Probiotec harus memastikan bahwa pengakhiran penawaran resmi tersebut dan penghapusan dari daftar resmi ASX tidak terjadi sebelum Tanggal Pelaksanaan.

## 9 Umum

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### 9.1 Jaminan lebih lanjut

- (a) Masing-masing Pemegang Saham Skema dan Probiotec akan melakukan segala hal dan menandatangani seluruh akta, instrumen, pengalihan atau dokumen lainnya sebagaimana mungkin diperlukan atau diinginkan untuk memberlakukan penuh ketentuan Skema ini dan transaksi-transaksi yang dimaksud dalam Skema ini.
- (b) Tanpa membatasi kewenangan Probiotec lainnya berdasarkan Skema ini, Probiotec berwenang untuk melakukan segala hal yang dianggapnya perlu atau diinginkan untuk memberlakukan Skema ini dan transaksi-transaksi yang dimaksud dalam Skema ini.

### 9.2 Persetujuan dan izin

- (a) Masing-masing Pemegang Saham Skema:
- (i) tanpa dapat ditarik kembali menyetujui pengalihan Saham Skema mereka, beserta seluruh hak dan kepemilikan yang melekat pada Saham Skema tersebut (selain setiap hak atas Dividen Probiotec yang Disetujui), kepada Pyridam Sub sesuai dengan ketentuan Skema ini;
  - (ii) menyetujui perubahan, pembatalan atau modifikasi hak-hak yang melekat pada Saham Skema mereka yang dibentuk atau disebabkan oleh Skema ini, tanpa diperlukannya tindakan lebih lanjut apa pun oleh Pemegang Saham Skema tersebut;
  - (iii) setuju untuk, atas arahan Pyridam, memusnahkan setiap surat saham yang berkaitan dengan Saham Skema mereka; dan
  - (iv) yang memiliki Saham Skema di Kepemilikan CHESS (sebagaimana didefinisikan dalam aturan operasi penyelesaian ASX) menyetujui konversi Saham Skema tersebut menjadi Kepemilikan yang Disponsori Penerbit (sebagaimana didefinisikan dalam aturan operasi penyelesaian ASX) dan tanpa dapat ditarik kembali memberikan wewenang kepada Probiotec untuk melakukan segala hal yang diperlukan atau bijaksana (baik diwajibkan oleh aturan operasi penyelesaian ASX atau yang lain) untuk memberlakukan atau memfasilitasi konversi tersebut,

tanpa diperlukannya tindakan lebih lanjut apa pun oleh Pemegang Saham Skema tersebut.

- (b) Masing-masing Pemegang Saham Skema:
- (i) mengakui dan setuju bahwa Skema ini mengikat Probiotec dan seluruh Pemegang Saham Skema (termasuk mereka yang tidak menghadiri Rapat Skema atau tidak memberikan suara pada Rapat Skema atau memberikan suara yang menentang Skema ini pada Rapat Skema) dan,

sejauh terdapat ketidaksesuaian apa pun, mengesampingkan anggaran dasar Probiotec; dan

- (ii) tanpa dapat ditarik kembali menyetujui Probiotec, Pyridam dan Pyridam Sub untuk melakukan segala hal dan menandatangani seluruh akta, instrumen, pengalihan atau dokumen lainnya sebagaimana mungkin diperlukan atau diinginkan untuk memberlakukan penuh ketentuan Skema ini dan transaksi-transaksi yang dimaksud dalam Skema ini, termasuk Probiotec melakukan segala hal yang diperlukan atau terkait dengan pelaksanaan Skema ini, baik atas nama Pemegang Saham Skema, Probiotec atau yang lain,

tanpa diperlukannya tindakan lebih lanjut apa pun oleh Pemegang Saham Skema tersebut.

### 9.3 Penunjukan Probiotec sebagai kuasa untuk pelaksanaan Skema

Pada atau sejak Tanggal Efektif, masing-masing Pemegang Saham Skema, tanpa diperlukannya tindakan lebih lanjut apa pun oleh Pemegang Saham Skema tersebut, tanpa dapat ditarik kembali menunjuk Probiotec sebagai agen dan kuasa dari Pemegang Saham Skema tersebut untuk tujuan:

- (a) melakukan segala hal dan menandatangani seluruh akta, instrumen, pengalihan atau dokumen lainnya sebagaimana mungkin diperlukan atau diinginkan untuk memberlakukan penuh ketentuan Skema ini dan transaksi-transaksi yang dimaksud dalam Skema ini, termasuk, untuk Pemegang Saham Skema, memberlakukan pengalihan atau pengalihan-pengalihan yang sah (atau penandatanganan dan penyerahan setiap Pengalihan Skema) berdasarkan klausul 5.2(b)(i); dan
- (b) dengan keberlakuan pada dan sejak Tanggal Efektif, menegakkan Akta Bersama terhadap Pyridam dan Pyridam Sub,

dan Probiotec menerima penunjukan tersebut. Probiotec, sebagai agen dan kuasa dari masing-masing Pemegang Saham Skema, dapat mensubdelegasikan fungsi, wewenang atau kuasanya berdasarkan klausul 9.3 ini kepada seluruh atau setiap direktur dan petugasnya (secara bersama-sama, sendiri-sendiri, atau secara bersama-sama dan sendiri-sendiri).

### 9.4 Jaminan oleh Pemegang Saham Skema

Masing-masing Pemegang Saham Skema dianggap telah menjamin kepada Pyridam Sub, dan, sejauh dapat dilaksanakan, telah menunjuk dan memberikan wewenang kepada Probiotec sebagai agen dan kuasa dari Pemegang Saham Skema tersebut untuk menjamin kepada Pyridam Sub, bahwa seluruh Saham Skema mereka (termasuk seluruh hak dan kepemilikan yang melekat pada Saham Skema tersebut (selain setiap hak atas Dividen Probiotec yang Disetujui) akan, pada saat pengalihannya kepada Pyridam Sub berdasarkan Skema ini, dibayar penuh dan bebas dari seluruh hipotek, beban, hak gadai, Pembebanan, gadai, kepentingan jaminan (termasuk 'kepentingan jaminan' dalam pengertian pasal 12 *Personal Property Securities Act 2009* (Cth)) dan kepentingan pihak ketiga lainnya dalam bentuk apa pun, baik secara hukum atau lainnya, dan pembatasan pengalihan dalam bentuk apa pun, dan bahwa mereka memiliki kuasa dan kapasitas penuh untuk menjual dan untuk mengalihkan Saham Skema mereka (beserta setiap hak dan kepemilikan yang melekat pada Saham Skema tersebut (selain setiap hak atas Dividen Probiotec yang Disetujui) kepada Pyridam Sub berdasarkan Skema ini. Probiotec

berjanji untuk kepentingan masing-masing Pemegang Saham Skema bahwa pihaknya akan memberikan jaminan tersebut, sejauh dapat dilaksanakan, kepada Pyridam Sub atas nama Pemegang Saham Skema tersebut.

## 9.5 Kepemilikan atas dan hak dalam Saham Skema

- (a) Se jauh diizinkan oleh hukum, Saham Skema (termasuk seluruh hak dan kepemilikan yang melekat pada Saham Skema tersebut (selain setiap hak atas Dividen Probiotec yang Disetujui) yang dialihkan berdasarkan Skema ini kepada Pyridam Sub akan, pada saat pengalihannya kepada Pyridam Sub, dibayar penuh dan bebas dari seluruh hipotek, beban, hak gadai, Pembebanan, gadai, kepentingan jaminan (termasuk 'kepentingan jaminan' dalam pengertian pasal 12 *Personal Property Securities Act 2009* (Cth)) dan kepentingan pihak ketiga lainnya dalam bentuk apa pun, baik secara hukum atau lainnya, dan pembatasan pengalihan dalam bentuk apa pun.
- (b) Setelah Imbalan Skema diberikan kepada Pemegang Saham Skema dan sampai Probiotec mendaftarkan Pyridam Sub sebagai pemegang seluruh Saham Skema dalam Daftar Probiotec, Pyridam Sub akan secara manfaat berhak atas Saham Skema yang dialihkan kepadanya berdasarkan Skema ini sambil menunggu pendaftaran oleh Probiotec atas nama dan alamat Pyridam Sub dalam Daftar Probiotec sebagai pemegang Saham Skema.

## 9.6 Penunjukan Pyridam Sub sebagai kuasa dan agen untuk Saham Skema

- (a) Sejak saat Pyridam Sub memberikan, atau menyebabkan pemberian, Imbalan Skema dengan cara sebagaimana diatur dalam klausul 6 sampai Pyridam Sub terdaftar dalam Daftar Probiotec sebagai pemegang seluruh Saham Skema, masing-masing Pemegang Saham Probiotec:
  - (i) tanpa diperlukannya tindakan lebih lanjut apa pun oleh Pemegang Saham Probiotec tersebut, tanpa dapat ditarik kembali menunjuk Pyridam Sub sebagai kuasanya untuk (dan tanpa dapat ditarik kembali menunjuk Pyridam Sub sebagai agen dan kuasanya untuk tujuan menunjuk setiap direktur atau petugas Pyridam Sub sebagai kuasa dari Pemegang Saham Probiotec tersebut dan, jika tepat, perwakilan perusahaannya untuk):
    - (A) menghadiri rapat pemegang saham Probiotec;
    - (B) menjalankan hak suara yang melekat pada Saham Probiotec yang terdaftar atas nama Pemegang Saham Probiotec; dan
    - (C) menandatangani setiap keputusan Pemegang Saham Probiotec;
  - (ii) harus mengambil seluruh tindakan lainnya dalam kapasitas Pemegang Saham Probiotec sebagaimana diarahkan secara wajar oleh Pyridam Sub; dan
  - (iii) mengakui dan setuju bahwa dalam melaksanakan kuasa sebagaimana dimaksud dalam klausul 9.6(a) ini, Pyridam Sub dan setiap pihak yang dicalonkan oleh Pyridam Sub berdasarkan klausul 9.6(a) dapat bertindak untuk kepentingan terbaik Pyridam Sub sebagai pemegang Saham Skema terdaftar yang dimaksudkan.



- (b) Sejak saat Pyridam Sub memberikan, atau menyebabkan pemberian, Imbalan Skema dengan cara sebagaimana diatur dalam klausul 6.2 sampai Pyridam Sub terdaftar dalam Daftar Probiotec sebagai pemegang seluruh Saham Skema, Pemegang Saham Probiotec tidak dapat menghadiri atau memberikan suara pada setiap rapat Pemegang Saham Probiotec atau menandatangani setiap keputusan Pemegang Saham Probiotec (baik secara langsung, melalui kuasa atau melalui perwakilan perusahaan) selain berdasarkan klausul 9.6 ini.

## 9.7 Efek mengikat dari Skema ini

Skema ini mengikat Probiotec dan seluruh Pemegang Saham Skema (termasuk mereka yang tidak menghadiri Rapat Skema dan yang tidak memberikan suara, atau memberikan suara yang menentang Skema ini, pada Rapat Skema) dan, sejauh terdapat ketidaksesuaian apa pun, mengesampingkan anggaran dasar Probiotec.

## 9.8 Pemberitahuan

- (a) Apabila suatu pemberitahuan, pengalihan, permohonan transmisi, arahan atau komunikasi lainnya sebagaimana dimaksud dalam Skema ini dikirim melalui pos kepada Probiotec atau Pendaftaran Probiotec, hal tersebut tidak akan dianggap diterima dalam kegiatan pos sehari-hari atau pada tanggal dan waktu selain dari tanggal dan waktu (jika ada) di mana hal tersebut benar-benar diterima di kantor terdaftar Probiotec atau kantor Pendaftaran Probiotec.
- (a) Kelalaian yang tidak disengaja untuk memberikan pemberitahuan Rapat Skema atau tidak diterimanya pemberitahuan tersebut oleh Pemegang Saham Probiotec tidak akan, kecuali diperintahkan oleh Pengadilan, membatalkan Rapat Skema atau jalannya Rapat Skema.

## 9.9 Bea

- (a) Pyridam Sub akan:
  - (i) membayar seluruh bea (termasuk bea meterai dan setiap denda, penalti dan bunga terkait) yang harus dibayarkan atas Skema ini dan setiap instrumen yang ditandatangani berdasarkan atau setiap transaksi yang dibuktikan dengan Skema ini (termasuk pengalihan Saham Skema oleh Pemegang Saham Skema kepada Pyridam Sub berdasarkan Skema ini); dan
  - (ii) mengganti kerugian masing-masing Pemegang Saham Skema terhadap setiap tanggung jawab yang timbul dari kegagalan untuk memenuhi klausul 9.9(i).
- (b) Dalam hal Pyridam Sub tidak akan atau tidak memenuhi kewajibannya berdasarkan klausul 9.9(a), Pyridam:
  - (i) harus melaksanakan kewajiban-kewajiban tersebut; dan
  - (ii) mengganti kerugian masing-masing Pemegang Saham Skema terhadap tanggung jawab yang timbul dari kegagalan untuk memenuhi klausul 9.9(b)(i).



## 9.10 Perubahan dan persyaratan Skema

Apabila Pengadilan mengusulkan untuk menyetujui Skema ini dengan tunduk pada perubahan atau persyaratan apa pun:

- (a) Probiotec dapat, melalui konsultan atau pengacaranya, menyetujui atas nama seluruh pihak yang berkepentingan atas persyaratan atau perubahan yang telah disetujui secara tertulis oleh Pyridam; dan
- (a) masing-masing Pemegang Saham Skema menyetujui setiap perubahan atau persyaratan yang telah disetujui oleh Probiotec sesuai dengan klausul 9.10(a).

## 9.11 Persyaratan bahasa Indonesia

Bahasa yang mengatur dari Skema ini adalah bahasa Inggris. Versi bahasa Indonesia dari dokumen ini terlampir di Lampiran A pada Skema ini yang merupakan satu bagian yang tidak terpisahkan dari Skema ini. Dalam hal terdapat ketidaksesuaian apa pun antara versi bahasa Indonesia dan versi bahasa Inggris atau dalam hal terdapat perselisihan apa pun mengenai pengertian atau penafsiran dari ketentuan tertentu, teks bahasa Inggris yang akan berlaku dan teks bahasa Indonesia akan dianggap diubah untuk menyesuaikan dengan dan untuk membuat teks bahasa Indonesia yang relevan sesuai dengan teks bahasa Inggris dari Skema ini.

## 9.12 Hukum yang mengatur

Skema ini akan diatur berdasarkan dan ditafsirkan sesuai dengan hukum yang berlaku di Negara Bagian Victoria dan masing-masing pihak tunduk pada yurisdiksi tidak eksklusif dari pengadilan Negara Bagian tersebut.

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## Annexure C Deed Poll

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For personal use only

For personal use only

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## Scheme Deed Poll

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PT Pyridam Farma Tbk  
Business Registry Number 8120014002237

PYFA Australia Pty Ltd  
ACN 672 617 588



**Arnold Bloch Leibler**

Level 21, 333 Collins Street  
Melbourne Victoria 3000 Australia

Level 24, Chifley Tower, 2 Chifley Square  
Sydney NSW 2000 Australia

# Scheme Deed Poll

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# Scheme Deed Poll

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## Details

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Date 20 March 2024

**PT Pyridam Farma Tbk** Business Registry Number 8120014002237 (**Pyridam**) of Sinarmas MSIG Tower 12th floor Jl. Jend Sudirman Kav 21 Jakarta 12920 – Indonesia

and **PYFA Australia Pty Ltd** ACN 672 617 588 (**Pyridam Sub**) of Level 16, 80 Collins Street, South Tower, Melbourne, VIC 3000

In favour of each **Scheme Shareholder**

- Background
- A Probiotec Limited ACN 075 170 151 (**Probiotec**), Pyridam and Pyridam Sub have entered into a Scheme Implementation Deed dated 21 December 2023 (the **Scheme Implementation Deed**).
  - B Under the Scheme Implementation Deed, Probiotec has agreed to propose the Scheme, and Probiotec and Pyridam Sub have agreed to take certain steps to implement the Scheme, in each case on the terms of the Scheme Implementation Deed.
  - C In accordance with the Scheme Implementation Deed, each of Pyridam and Pyridam Sub enters into this document to covenant in favour of each Scheme Shareholder that they will observe and perform the obligations attributed to them under the Scheme.

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**This deed poll provides as follows:**

## 1 Definitions and interpretation

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### 1.1 Definitions

Terms used in this document have the same meaning as in the Scheme Implementation Deed unless otherwise defined in this document or the context requires otherwise.

### 1.2 Rules for interpreting this document

The rules in clauses 1.2 ('Words and expressions') and 1.5 ('Other rules of interpretation') of the Scheme Implementation Deed apply in interpreting this document, unless the context makes it clear that a rule is not intended to apply.

### 1.3 Nature of deed poll

Pyridam and Pyridam Sub acknowledge and agree that:

- (a) this document may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Probiotec and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this document against Pyridam and Pyridam Sub.

## **2 Condition and termination**

---

### **2.1 Condition**

This document and the obligations of Pyridam and Pyridam Sub under this document are subject to the Scheme becoming Effective.

### **2.2 Termination**

The respective obligations of Pyridam and Pyridam Sub under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme Implementation Deed is terminated in accordance with its terms before the Effective Date; or
- (b) the Scheme does not become Effective before the End Date,

unless Probiotec and Pyridam otherwise agree in writing (and, if required, as approved by the Court).

### **2.3 Consequences of termination**

If this document is terminated under clause 2.2 then, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) each of Pyridam and Pyridam Sub is released from its obligations under this document except those obligations under clause 6.2; and
- (b) each Scheme Shareholder retains any rights, powers or remedies they have against Pyridam and Pyridam Sub in respect of any breach of this document that occurred before it was terminated.

## **3 Scheme obligations**

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### **3.1 Scheme obligations**

Subject to clause 2, each of Pyridam and Pyridam Sub covenants in favour of each Scheme Shareholder that it will duly and punctually observe and perform all obligations and actions attributable to it under and in accordance with the Scheme.

### **3.2 Scheme implementation**

Subject to clause 2:

- (a) Pyridam Sub undertakes in favour of each Scheme Shareholder to provide, or procure the provision of, the Scheme Consideration to Scheme Shareholders in accordance with the Scheme;
- (b) Pyridam undertakes in favour of each Scheme Shareholder that, in the event Pyridam Sub will not or does not fulfil its obligations under clause 3.2(a), Pyridam will perform those obligations as if the references to Pyridam Sub in clause 3.2(a) were references to Pyridam; and
- (c) each of Pyridam and Pyridam Sub undertakes in favour of each Scheme Shareholder to do all other things, and give each acknowledgement, representation and warranty (if any), that it is each required to do under the Scheme Implementation Deed to implement the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

## 4 Warranties

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Each of Pyridam and Pyridam Sub represents and warrants in favour of each Scheme Shareholder that:

- (a) (**status**) it is a public limited liability company duly incorporated and validly existing under the laws of its place of incorporation;
- (b) (**power**) it has full legal capacity, legal authority and corporate power to enter into, deliver and perform its obligations under this document and to carry out the transactions contemplated by this document;
- (c) (**corporate authority**) it has taken all corporate action necessary to enable it to enter into and has taken or will take all corporate action, subject to satisfaction of the Conditions, necessary to perform its obligations under this document;
- (d) (**documents effective**) this document is valid and binding on it and enforceable against it in accordance with its terms;
- (e) (**no contravention of law**) the execution, delivery and performance by it of this document and each transaction contemplated by it did not and will not contravene:
  - (i) any law, regulation, order, judgment or decree of any court or Government Agency which is binding on it or any of its property;
  - (ii) any provision of its constitution or equivalent documents or any of its property; or
  - (iii) any agreement, undertaking or instrument which is binding on it or any of its property; and
- (f) (**insolvency**) it is not Insolvent.

## 5 Continuing obligations

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This document is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Pyridam and Pyridam Sub have each fully performed their respective obligations under this document; or
- (b) the earlier termination of this document under clause 2.

## 6 General

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### 6.1 Notices

- (a) All notices, requests, demands, consents, approvals, offers, agreements or other communications (**notices**) given by a party under or in connection with this document must be:
  - (i) in writing;
  - (ii) signed by a person duly authorised by the sender or, where transmitted by email, sent by a person duly authorised by the sender;
  - (iii) directed to the intended recipient's address (as specified in clause 6.1(c) or as varied by any notice); and
  - (iv) hand delivered, sent by prepaid post or transmitted by email to that address.
- (b) A notice given in accordance with this clause 6.1 is taken as having been given and received:
  - (i) if hand delivered, on delivery;
  - (ii) if sent by express post, at 9.00am (recipient's time) on the fourth Business Day after the date of posting; or
  - (iii) if transmitted by email, 2 hours after transmission (unless the sender receives a delivery failure notification indicating that the email has not been delivered to the addressee),

but if the delivery or transmission is not on a Business Day or is after 5.00 pm (recipient's time) on a Business Day, the notice is taken to be received at 9.00 am (recipient's time) on the next Business Day.

- (c) Unless varied by notice in accordance with this clause 6.1, the parties' addresses and other details are:

Party: **Pyridam or Pyridam Sub**  
 Attention: Board of Directors  
 Address: Level 16, 80 Collins Street, South Tower, Melbourne VIC 3000  
 Email: [project.kah@pyfa.co.id](mailto:project.kah@pyfa.co.id)  
 With a copy to Ashurst (for information purposes only)  
 Attention: Neil Pathak  
 Address: Level 16, 80 Collins Street, South Tower, Melbourne VIC 3000  
 Email: [Neil.Pathak@ashurst.com](mailto:Neil.Pathak@ashurst.com) and [Joseph.Nguyen@ashurst.com](mailto:Joseph.Nguyen@ashurst.com)



- (d) For the avoidance of doubt, the requirement in clause 6.1(a)(i) applies to all notices unless expressly excluded and no implication to the contrary is to be drawn from the use of the expressions “written” or “in writing” in relation to some but not all notices.

## 6.2 Stamp duty and costs

- (a) Pyridam Sub will:
  - (i) pay all duty (including stamp duty and any related fines, penalties and interest) payable on the transfer by Scheme Shareholders of the Scheme Shares to Pyridam Sub pursuant to the Scheme and this document;
  - (ii) indemnify each Scheme Shareholder against any liability arising from a failure to comply with clause 6.2(a)(i); and
  - (iii) bear and be responsible for its own costs arising out of the negotiation, preparation and execution of this document.
- (b) In the event that Pyridam Sub will not or does not fulfil its obligations under clause 6.2(a), Pyridam:
  - (i) must perform those obligations; and
  - (ii) indemnifies each Scheme Shareholder against liability arising from failure to comply with clause 6.2(b)(i).

## 6.3 Amendment

A provision of this document may not be amended or varied:

- (a) before the First Court Date, unless the amendment is agreed to in writing by Probiotec and Pyridam; or
- (b) on or after the First Court Date, unless the amendment is agreed to in writing by Probiotec and Pyridam and the Court indicates that the amendment would not of itself preclude approval of the Scheme,

in which event Pyridam and Pyridam Sub must enter into a further deed poll in favour of each Scheme Shareholder giving effect to that amendment or variation.

## 6.4 Assignment

- (a) The rights and obligations of Pyridam, Pyridam Sub and each Scheme Shareholder under this document are personal. They cannot be assigned, encumbered or otherwise dealt with and no person may attempt, or purport, to do so without the prior written consent of Probiotec, Pyridam and Pyridam Sub.
- (b) Any purported dealing in contravention of clause 6.4(a) is invalid.

## 6.5 Waiver

Waiver of any power or right under this deed:

- (a) must be in writing signed by the party entitled to the benefit of that power or right; and
- (b) is effective only to the extent set out in that written waiver.

## 6.6 Rights, remedies additional

Any rights and remedies that a person may have under this document are in addition to and do not replace or limit any other rights or remedies that the person may have.

## 6.7 Joint and several obligations

Pyridam and Pyridam Sub are jointly and severally liable for each obligation imposed on both of them by the terms of this document.

## 6.8 Further assurances

Each party must, at its own expense, do or cause to be done all things necessary or reasonably desirable to give full effect to this document and the transactions contemplated by it (including, but not limited to, the execution of documents).

## 6.9 Service of process

- (a) Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of notices under clause 6.1.
- (b) Pyridam irrevocably appoints Ashurst at Level 16, 80 Collins Street, South Tower, Melbourne, Victoria 3000 as its agent for the service of process in Australia in relation to any matter arising out of this deed. If Ashurst ceases to be able to act as such or have an address in Australia, Pyridam agrees to appoint a new process agent in Australia and deliver to the other party within 20 Business Days a copy of a written acceptance of appointment by the process agent, upon receipt of which the new appointment becomes effective for the purpose of this deed. Pyridam must inform Probiotec in writing of any change in the address of its process agent within 10 Business Days of the change.
- (c) If requested by Probiotec within 2 Business Days after the date of this deed poll, then, no later than 10 Business Days after such request (or in respect of the Deed Poll, if Probiotec reasonably considers such an opinion would be required by the Court for the purpose of the first court hearing and requests such an opinion at least 5 Business Days before the First Court Date, by the Business Day before the First Court Date), Pyridam must obtain from its counsel in the jurisdiction in which it is registered, and provide to Probiotec, a written legal opinion confirming that Pyridam has duly executed this deed poll in accordance with the laws of its place of incorporation and constitution or articles of association and if Probiotec reasonably considers the Court would require an opinion regarding the enforceability of this deed poll against Pyridam in accordance with their terms, Probiotec and Pyridam will consult in good faith in relation to obtaining such an opinion by the Business Day before the First Court Date.

## 6.10 Indonesian language requirements

The governing language of this deed is English. Attached at Attachment A to this deed poll is the Indonesian version of this deed which is an integral and inseparable part of this deed poll and is deemed a duly executed and legal, valid, and binding version of this deed poll. In the event of any inconsistency between the Indonesian and English language versions or should there be any dispute on the meaning or interpretation of certain provisions, the English texts shall prevail and the Indonesian texts shall be deemed amended to conform with and to make the relevant Indonesian texts consistent with the English texts of this deed poll.

## 6.11 Counterparts

- (a) This document may be executed in any number of counterparts and all counterparts taken together will constitute one document.
- (b) Signatures delivered by facsimile, email, or other electronic means, including electronic signature platforms used to prove authorship and integrity, either electronic signature platforms certified by the Ministry of Communications and Informatics of Indonesia or otherwise, shall be deemed valid and binding. The parties acknowledge the legal recognition of electronic signatures under Indonesian laws and its requirements, and shall waive any challenges to the validity or legality of this deed being executed by an electronic signature, whether now or in the future. However, in the event that specific requirements by laws, regulations, or common practice necessitate the use of wet ink signatures the parties agree to promptly provide original, executed counterparts with wet ink signatures upon request.

## 6.12 Governing law and jurisdiction

This document will be governed by and construed in accordance with the laws in force in the State of Victoria and each of Pyridam and Pyridam Sub submits to the non-exclusive jurisdiction of the courts of that State.

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# Signing Page

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**EXECUTED** as a deed poll.

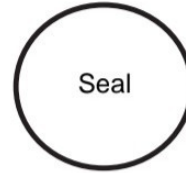
**Pyridam**

**EXECUTED** by **PT PYRIDAM FARMA**  
**TBK:**



\_\_\_\_\_  
Signature of witness

Yenfrino Gunadi  
Full name of witness



\_\_\_\_\_  
Signature of president director

Lee Yan Gwan  
Full name of president director

**Pyridam Sub**

**SIGNED, SEALED and DELIVERED** for **PYFA**  
**AUSTRALIA PTY LTD** under power of attorney:



\_\_\_\_\_  
Signature of attorney

Lee Yan Gwan  
Name



\_\_\_\_\_  
Signature of attorney

Yenfrino Gunadi  
Name

---

## Attachment A Indonesian Translation

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Attached.

For personal use only



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## Akta Bersama Skema

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PT Pyridam Farma Tbk  
Nomor Induk Berusaha 8120014002237

PYFA Australia Pty Ltd  
ACN 672 617 588



**Arnold Bloch Leibler**

Level 21, 333 Collins Street  
Melbourne Victoria 3000 Australia

Level 24, Chifley Tower, 2 Chifley Square  
Sydney NSW 2000 Australia

# Akta Bersama Skema

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## Daftar Isi

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# Akta Bersama Skema

## Rincian

### Tanggal

**PT Pyridam Farma Tbk** Nomor Induk Berusaha 8120014002237 (**Pyridam**) di Sinarmas MSIG Tower lantai 12 Jl. Jend Sudirman Kav 21 Jakarta 12920 – Indonesia

dan

**PYFA Australia Pty Ltd** ACN 672 617 588 (**Pyridam Sub**) di Level 16, 80 Collins Street, South Tower, Melbourne, VIC 3000

Untuk kepentingan

masing-masing **Pemegang Saham Skema**

Latar Belakang

- A Probiotec Limited ACN 075 170 151 (**Probiotec**), Pyridam dan Pyridam Sub telah menandatangani suatu Akta Pelaksanaan Skema tertanggal [ ] 2023 (**Akta Pelaksanaan Skema**).
- B Berdasarkan Akta Pelaksanaan Skema, Probiotec telah setuju untuk mengusulkan Skema, dan Probiotec dan Pyridam Sub telah setuju untuk mengambil langkah-langkah tertentu untuk melaksanakan Skema, dalam setiap hal berdasarkan ketentuan Akta Pelaksanaan Skema.
- C Sesuai dengan Akta Pelaksanaan Skema, masing-masing Pyridam dan Pyridam Sub menandatangani dokumen ini untuk berjanji untuk kepentingan masing-masing Pemegang Saham Skema bahwa mereka akan mematuhi dan melaksanakan kewajiban yang diberikan kepada mereka berdasarkan Skema.

**Akta bersama ini mengatur sebagai berikut:**

## 1 Definisi dan interpretasi

### 1.1 Definisi

Istilah-istilah yang digunakan dalam dokumen ini memiliki pengertian yang sama dengan yang terdapat dalam Akta Pelaksanaan Skema kecuali didefinisikan lain dalam dokumen ini atau konteksnya menentukan lain.

### 1.2 Aturan penafsiran dokumen ini

Aturan-aturan dalam klausul 1.2 ('Istilah dan ungkapan') dan 1.5 ('Aturan penafsiran lainnya') dari Akta Pelaksanaan Skema berlaku dalam menafsirkan dokumen ini, kecuali konteksnya secara jelas menyatakan bahwa suatu aturan tidak dimaksudkan untuk berlaku.





### 1.3 Sifat akta bersama

Pyridam dan Pyridam Sub mengakui dan setuju bahwa:

- (a) dokumen ini dapat diandalkan dan diberlakukan oleh masing-masing Pemegang Saham Skema sesuai dengan ketentuannya meskipun Pemegang Saham Skema bukan merupakan pihak di dalamnya; dan
- (b) berdasarkan Skema, masing-masing Pemegang Saham Skema tanpa dapat ditarik kembali menunjuk Probiotec dan masing-masing direktur dan petugasnya, secara bersama-sama dan sendiri-sendiri, sebagai agen dan kuasanya untuk memberlakukan dokumen ini terhadap Pyridam dan Pyridam Sub.

## 2 Persyaratan dan pengakhiran

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### 2.1 Persyaratan

Dokumen ini dan kewajiban Pyridam dan Pyridam Sub berdasarkan dokumen ini tunduk pada Skema menjadi Efektif.

### 2.2 Pengakhiran

Kewajiban Pyridam dan Pyridam Sub masing-masing berdasarkan dokumen ini akan berakhir secara otomatis dan persyaratan dokumen ini tidak akan berlaku atau efektif lebih lanjut apabila:

- (a) Akta Pelaksanaan Skema diakhiri sesuai dengan persyaratannya sebelum Tanggal Efektif; atau
- (b) Skema tidak menjadi Efektif sebelum Tanggal Berakhir.

kecuali Probiotec dan Pyridam menyepakati lain secara tertulis (dan, apabila diperlukan, sebagaimana disetujui oleh Pengadilan).

### 2.3 Akibat pengakhiran

Apabila dokumen ini diakhiri berdasarkan klausul 2.2 maka, sebagai tambahan dan tanpa mengurangi setiap hak, wewenang atau upaya hukum lain yang tersedia untuknya:

- (a) masing-masing Pyridam dan Pyridam Sub dibebaskan dari kewajibannya berdasarkan dokumen ini kecuali untuk kewajiban-kewajiban berdasarkan klausul 6.2; dan
- (b) masing-masing Pemegang Saham Skema mempertahankan setiap hak, wewenang atau upaya hukum yang mereka miliki terhadap Pyridam dan Pyridam Sub sehubungan dengan setiap pelanggaran dokumen ini yang terjadi sebelum diakhirinya dokumen ini.

## 3 Kewajiban Skema

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### 3.1 Kewajiban Skema

Dengan tunduk pada klausul 2, masing-masing Pyridam dan Pyridam Sub berjanji untuk kepentingan masing-masing Pemegang Saham Skema bahwa pihaknya akan dengan sepatutnya dan tepat waktu mematuhi dan melaksanakan seluruh kewajiban dan tindakan yang menjadi tanggung jawabnya berdasarkan dan sesuai dengan Skema.

### 3.2 Pelaksanaan Skema

Dengan tunduk pada klausul 2:

- (a) Pyridam Sub berjanji untuk kepentingan masing-masing Pemegang Saham Skema untuk memberikan, atau memastikan pemberian, Imbalan Skema kepada Pemegang Saham Skema sesuai dengan Skema;
- (b) Pyridam berjanji untuk kepentingan masing-masing Pemegang Saham Skema bahwa, dalam hal Pyridam Sub tidak akan atau tidak memenuhi kewajibannya berdasarkan klausul 3.2(a), Pyridam akan melaksanakan kewajiban-kewajiban tersebut seolah-olah rujukan ke Pyridam Sub dalam klausul 3.2(a) merupakan rujukan ke Pyridam; dan
- (c) masing-masing Pyridam dan Pyridam Sub berjanji untuk kepentingan masing-masing Pemegang Saham Skema untuk melakukan segala hal lainnya, dan memberikan masing-masing pengakuan, pernyataan dan jaminan (jika ada), yang harus dilakukan oleh masing-masing dari mereka berdasarkan Akta Pelaksanaan Skema untuk melaksanakan Skema,

dalam setiap hal, dengan tunduk pada dan sesuai dengan persyaratan Skema.

## 4 Jaminan

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Masing-masing Pyridam dan Pyridam Sub menyatakan dan menjamin untuk kepentingan masing-masing Pemegang Saham Skema bahwa:

- (a) (**status**) pihaknya merupakan perseroan terbatas terbuka yang didirikan sebagaimana mestinya dan dikelola secara sah berdasarkan hukum di tempat pendiriannya;
- (b) (**wewenang**) pihaknya memiliki kapasitas hukum, wewenang hukum dan kekuasaan perusahaan penuh untuk mengadakan, menyerahkan dan melaksanakan kewajibannya berdasarkan dokumen ini dan untuk melaksanakan transaksi-transaksi yang dimaksud dalam dokumen ini;
- (c) (**kewenangan perusahaan**) pihaknya telah mengambil seluruh tindakan perusahaan yang diperlukan untuk memungkinkannya mengadakan dan telah mengambil atau akan mengambil semua tindakan perusahaan dengan tunduk kepada pemenuhan Persyaratan, yang diperlukan untuk melaksanakan kewajibannya berdasarkan dokumen ini;
- (d) (**efektivitas dokumen**) dokumen ini berlaku dan mengikat serta dapat diberlakukan terhadapnya sesuai dengan syaratnya;

- (e) **(tidak bertentangan dengan hukum)** penandatanganan, penyampaian dan pelaksanaannya atas dokumen ini dan setiap transaksi yang dimaksud dalam dokumen ini tidak dan tidak akan bertentangan dengan:
  - (i) setiap hukum, peraturan, perintah, putusan atau keputusan dari pengadilan atau Badan Pemerintah mana pun yang mengikat terhadapnya atau setiap propertinya;
  - (ii) setiap ketentuan anggaran dasarnya atau dokumen yang setara atau setiap propertinya; atau
  - (iii) setiap perjanjian, kesanggupan atau instrumen yang mengikat terhadapnya atau setiap propertinya; dan
- (f) **(insolvensi)** pihaknya tidak Insolven.

## 5 Kewajiban berkelanjutan

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Dokumen ini tidak dapat ditarik kembali dan, dengan tunduk pada klausul 2, tetap berlaku penuh dan efektif sampai dengan:

- (a) Pyridam dan Pyridam Sub masing-masing telah melaksanakan kewajiban mereka masing-masing berdasarkan dokumen ini secara penuh; atau
- (b) pengakhiran lebih awal dari dokumen ini berdasarkan klausul 2.

## 6 Umum

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### 6.1 Pemberitahuan

- (a) Seluruh pemberitahuan, permintaan, permohonan, izin, persetujuan, penawaran, kesepakatan atau komunikasi lainnya (**pemberitahuan**) yang diberikan oleh suatu pihak berdasarkan atau sehubungan dengan dokumen ini harus:
  - (i) dibuat secara tertulis;
  - (ii) ditandatangani oleh pihak yang diberikan wewenang secara sah oleh pengirim atau, dalam hal dikirim melalui surat elektronik (*email*), dikirim oleh pihak yang diberikan wewenang secara sah oleh pengirim;
  - (iii) ditujukan ke alamat penerima yang dituju (sebagaimana ditentukan dalam klausul 6.1(c) atau sebagaimana diubah dengan pemberitahuan apa pun); dan
  - (iv) disampaikan langsung, dikirim melalui pos prabayar atau dikirim melalui surat elektronik (*email*) ke alamat tersebut.
- (b) Suatu pemberitahuan yang diberikan sesuai dengan klausul 6.1 ini dianggap telah diberikan dan diterima:
  - (i) apabila disampaikan langsung, pada saat penyampaian;

- (ii) apabila dikirim melalui pos kilat, pada pukul 09.00 (waktu penerima) pada Hari Kerja keempat setelah tanggal pengiriman; atau
- (iii) apabila dikirim melalui surat elektronik (*email*), 2 jam setelah pengiriman (kecuali pengirim menerima pemberitahuan kegagalan pengiriman yang menunjukkan bahwa surat elektronik (*email*) belum terkirim ke penerima),

namun apabila pengiriman atau transmisi tidak dilakukan pada Hari Kerja atau dilakukan setelah pukul 17.00 (waktu penerima) pada Hari Kerja, pemberitahuan dianggap diterima pada pukul 09.00 (waktu penerima) pada Hari Kerja berikutnya.

- (c) Kecuali diubah dengan pemberitahuan sesuai dengan klausul 6.1 ini, alamat dan rincian lain dari para pihak adalah sebagai berikut:

Pihak: **Pyridam atau Pyridam Sub**

Untuk Perhatian: Direksi

Alamat: Level 16, 80 Collins Street, South Tower, Melbourne VIC 3000

*Email:* [project.kah@pyfa.co.id](mailto:project.kah@pyfa.co.id)

Dengan tembusan ke Ashurst (untuk tujuan informasi semata)

Untuk Perhatian: Neil Pathak

Alamat: Level 16, 80 Collins Street, South Tower, Melbourne VIC 3000

*Email:* [Neil.Pathak@ashurst.com](mailto:Neil.Pathak@ashurst.com) dan [Joseph.Nguyen@ashurst.com](mailto:Joseph.Nguyen@ashurst.com)

- (d) Untuk menghindari keragu-raguan, persyaratan dalam klausul 6.1(a)(i) berlaku terhadap seluruh pemberitahuan kecuali secara tegas dikecualikan dan tidak ada implikasi sebaliknya yang dapat diambil dari penggunaan ungkapan "tertulis" atau "secara tertulis" sehubungan dengan beberapa namun tidak seluruh pemberitahuan.

## 6.2 Bea meterai dan biaya

- (a) Pyridam Sub akan:
  - (i) membayar seluruh bea (termasuk bea meterai dan setiap denda, penalti dan bunga terkait) yang harus dibayarkan pada saat pengalihan Saham Skema oleh Pemegang Saham Skema kepada Pyridam Sub berdasarkan Skema dan dokumen ini;
  - (ii) mengganti kerugian masing-masing Pemegang Saham Skema terhadap setiap tanggung jawab yang timbul dari kegagalan untuk memenuhi klausul 6.2(a)(i); dan
  - (iii) menanggung dan bertanggung jawab atas biayanya sendiri yang timbul dari negosiasi, persiapan dan penandatanganan dokumen ini.
- (b) Dalam hal Pyridam Sub tidak akan atau tidak memenuhi kewajibannya berdasarkan klausul 6.2(a), Pyridam:

- (i) harus melaksanakan kewajiban-kewajiban tersebut; dan
- (ii) mengganti kerugian masing-masing Pemegang Saham Skema terhadap tanggung jawab yang timbul dari kegagalan untuk memenuhi klausul 6.2(b)(i).

### 6.3 Perubahan

Suatu ketentuan dokumen ini tidak dapat diamandemen atau diubah:

- (a) sebelum Tanggal Pemeriksaan Pengadilan Pertama, kecuali perubahan tersebut disetujui secara tertulis oleh Probiotec dan Pyridam; atau
- (b) pada atau setelah Tanggal Pemeriksaan Pengadilan Pertama, kecuali perubahan tersebut disetujui secara tertulis oleh Probiotec dan Pyridam dan Pengadilan menyatakan bahwa perubahan tersebut tidak dengan sendirinya menghalangi persetujuan Skema,

dalam hal mana Pyridam dan Pyridam Sub harus menandatangani suatu akta bersama lebih lanjut untuk kepentingan masing-masing Pemegang Saham Skema yang memberlakukan amendemen atau perubahan tersebut.

### 6.4 Pengalihan

- (a) Hak dan kewajiban Pyridam, Pyridam Sub dan masing-masing Pemegang Saham Skema berdasarkan dokumen ini bersifat pribadi. Hak dan kewajiban tersebut tidak dapat dialihkan, dibebankan atau secara lain ditransaksikan dan tidak ada pihak yang dapat berupaya, atau bermaksud, untuk melakukan hal tersebut tanpa persetujuan tertulis terlebih dahulu dari Probiotec, Pyridam dan Pyridam Sub.
- (b) Transaksi apa pun yang diakui yang bertentangan dengan klausul 6.4(a) adalah tidak sah.

### 6.5 Pengesampingan

Pengesampingan atas setiap wewenang atau hak berdasarkan akta ini:

- (a) harus dibuat secara tertulis yang ditandatangani oleh pihak yang berhak atas manfaat wewenang atau hak tersebut; dan
- (b) berlaku efektif hanya sejauh ditentukan dalam pengesampingan tertulis tersebut.

### 6.6 Hak, upaya hukum tambahan

Setiap hak dan upaya hukum yang mungkin dimiliki oleh suatu pihak berdasarkan dokumen ini merupakan tambahan dari dan tidak menggantikan atau membatasi setiap hak atau upaya hukum lain yang mungkin dimiliki oleh pihak tersebut.

### 6.7 Kewajiban bersama dan terpisah

Pyridam dan Pyridam Sub secara bersama-sama dan sendiri-sendiri bertanggung jawab atas setiap kewajiban yang dikenakan pada mereka oleh ketentuan dokumen ini.

## 6.8 Jaminan lebih lanjut

Masing-masing pihak harus, atas biayanya sendiri, melakukan atau menyebabkan dilakukannya segala hal yang diperlukan atau sewajarnya diinginkan untuk memberlakukan dokumen ini dan transaksi-transaksi yang dimaksud dalam dokumen ini secara penuh dan efektif (termasuk, namun tidak terbatas pada, penandatanganan dokumen-dokumen).

## 6.9 Penyampaian proses

- (a) Tanpa menghalangi setiap mode penyampaian lainnya, setiap dokumen dalam suatu tindakan (termasuk setiap surat panggilan atau proses pemanggilan lainnya atau setiap pemberitahuan pihak ketiga atau pihak lainnya) dapat disampaikan kepada pihak mana pun dengan mengirimkan atau menyerahkannya kepada pihak tersebut di alamat penyampaian pemberitahuan berdasarkan klausul 6.1.
- (b) Pyridam tanpa dapat ditarik kembali menunjuk Ashurst di Level 16, 80 Collins Street, South Tower, Melbourne, Victoria 3000 sebagai agennya untuk penyampaian proses di Australia sehubungan dengan setiap hal yang timbul dari akta ini. Apabila Ashurst tidak lagi dapat bertindak sebagai agen atau tidak lagi memiliki alamat di Australia, Pyridam setuju untuk menunjuk agen proses baru di Australia dan menyampaikan kepada pihak yang lain dalam waktu 20 Hari Kerja suatu salinan penerimaan penunjukan tertulis oleh agen proses, yang setelah diterimanya, penunjukan baru tersebut berlaku efektif untuk tujuan akta ini. Pyridam harus memberitahu Probiotec secara tertulis mengenai setiap perubahan alamat agen prosesnya dalam waktu 10 Hari Kerja sejak terjadinya perubahan tersebut.
- (c) Apabila diminta oleh Probiotec dalam waktu 2 Hari Kerja setelah tanggal akta bersama ini, maka, selambat-lambatnya 10 Hari Kerja setelah permintaan tersebut (atau sehubungan dengan Akta Bersama, apabila Probiotec sewajarnya menganggap diperlukannya suatu opini oleh Pengadilan untuk tujuan persidangan pertama dan meminta opini tersebut paling tidak 5 Hari Kerja sebelum Tanggal Pemeriksaan Pengadilan Pertama, pada Hari Kerja sebelum Tanggal Pemeriksaan Pengadilan Pertama), Pyridam harus memperoleh dari konsultannya di yurisdiksi di mana Pyridam terdaftar, dan memberikan kepada Probiotec, suatu opini hukum tertulis yang menegaskan bahwa Pyridam telah menandatangani akta bersama ini secara patut sesuai dengan hukum di tempat pendiriannya dan konstitusi atau anggaran dasar dan apabila Probiotec sewajarnya menganggap bahwa Pengadilan akan mensyaratkan suatu opini mengenai keberlakuan akta bersama ini terhadap Pyridam sesuai dengan ketentuannya, Probiotec dan Pyridam akan berkonsultasi dengan iktikad baik sehubungan dengan perolehan opini tersebut pada Hari Kerja sebelum Tanggal Pemeriksaan Pengadilan Pertama.

## 6.10 Persyaratan bahasa Indonesia

Bahasa yang mengatur dari akta ini adalah bahasa Inggris. Versi bahasa Indonesia dari akta ini terlampir di Lampiran A pada akta bersama ini yang merupakan satu bagian yang tidak terpisahkan dari akta bersama ini dan dianggap ditandatangani secara sah dan merupakan versi yang sah, berlaku dan mengikat dari akta bersama ini. Dalam hal terdapat ketidaksesuaian apa pun antara versi bahasa Indonesia dan versi bahasa Inggris atau dalam hal terdapat perselisihan apa pun mengenai pengertian atau penafsiran dari ketentuan tertentu, teks bahasa Inggris yang akan berlaku dan teks

bahasa Indonesia akan dianggap diubah untuk menyesuaikan dengan dan untuk membuat teks bahasa Indonesia yang relevan sesuai dengan teks bahasa Inggris dari akta bersama ini.

#### **6.11 Salinan**

- (a) Dokumen ini dapat ditandatangani dalam beberapa salinan dan seluruh salinan tersebut secara bersama-sama merupakan satu dokumen.
- (b) Tanda tangan yang dikirimkan melalui faksimili, surat elektronik (*email*) atau cara elektronik lainnya, termasuk platform tanda tangan elektronik yang digunakan untuk membuktikan keaslian dan integritas, baik platform tanda tangan elektronik yang disertifikasikan oleh Kementerian Komunikasi dan Informatika Indonesia, atau lainnya, dianggap sah dan mengikat. Para pihak mengakui kekuatan hukum atas tanda tangan elektronik berdasarkan hukum Indonesia berikut persyaratannya, dan akan mengesampingkan segala gugatan terhadap keabsahan atau legalitas akta ini yang ditandatangani melalui tanda tangan elektronik, baik sekarang maupun di kemudian hari. Namun, apabila persyaratan spesifik oleh hukum, regulasi, atau praktik umum mewajibkan penggunaan tanda tangan basah para pihak sepakat untuk sesegera mungkin menyediakan salinan asli, ditandatangani dalam rangkap dengan tanda tangan basah sesuai permintaan.

#### **6.12 Hukum yang mengatur dan yurisdiksi**

Dokumen ini akan diatur berdasarkan dan ditafsirkan sesuai dengan hukum yang berlaku di Negara Bagian Victoria dan masing-masing Pyridam dan Pyridam Sub tunduk pada yurisdiksi tidak eksklusif dari pengadilan Negara Bagian tersebut.



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# Annexure D Notice of Scheme Meeting

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## Probiotec Limited ACN 075 170 151 (“PBP”)

Notice is hereby given that, by an order of the Federal Court of Australia made on 26 March 2024, pursuant to subsection 411(1) of the Corporations Act, a meeting of the PBP Shareholders will be held on Wednesday, 29 May 2024, commencing at 10:00am (Melbourne time) simultaneously as a hybrid meeting on the online Lumi platform at <https://web.lumiagm.com/349-152-731> and Zoom (accessed through the online Lumi platform), and physically at the offices of Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000 (the “Scheme Meeting”).

## Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without amendment or any alterations or conditions required by the Court to which PBP and PYFA Australia Pty Ltd ACN 672 617 588 (“Pyridam Sub”), a wholly-owned subsidiary PT Pyridam Farma Tbk (“Pyridam”) as at the date of this Notice,<sup>1</sup> agree in writing) proposed to be made between PBP and PBP Shareholders (the “Scheme”), and to consider, and if thought fit, to pass the Scheme Resolution set out below.

To enable you to make an informed voting decision, further information about the Scheme is set out in the accompanying explanatory statement (for the purposes of section 412(1) of the Corporations Act) which, together with this Notice of Scheme Meeting, forms part of the Scheme Booklet.

Capitalised terms used in this Notice of Scheme Meeting but not defined in it have the same meaning as set out the Definitions in section 10.1 of the Scheme Booklet.

## Business of the Scheme –Scheme Resolution

The meeting will be asked to consider and, if thought fit, pass (with or without amendment) the following resolution (the “Scheme Resolution”):

*‘That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Probiotec Limited and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions as approved by the Court to which Probiotec Limited and PT Pyridam Farma Tbk agree in writing.’*

## Chairperson

The Court has directed that Jonathan Wenig is to act as chairperson of the meeting (and that, if Jonathan Wenig is unable or unwilling to attend, Simon Gray is to act as chairperson of the meeting) and has directed the chairperson to report the result of the Scheme Resolution to the Court.

Dated 27 March 2024

By order of the Court and the Independent Board Committee

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<sup>1</sup> Pyridam has informed Probiotec that it intends to undertake an internal reorganisation prior to the second court date (currently scheduled for Wednesday, 5 June 2024 at 10:15am (Melbourne time)) such that Pyridam Sub will become a wholly-owned subsidiary of Pyfa Health Singapore Pte Ltd, which is in turn owned 99% by Pyridam, with the remaining 1% owned by Rejuve Global Investment Pte. Ltd (a majority shareholder of Pyridam which was incorporated in Singapore).



## EXPLANATORY NOTES

These notes should be read in conjunction with the Notice of Scheme Meeting and the information in the Scheme Booklet (of which the Notice of Scheme Meeting forms part). The Scheme Booklet contains important information to assist you to decide how to vote at the Scheme Meeting. Unless the context requires otherwise, terms used in the Notice of Scheme Meeting and in these notes have the same meaning as set out in the Definitions in section 10.1 of the Scheme Booklet. A copy of the Scheme is set out in Annexure B to the Scheme Booklet.

### 1 Requisite Majorities

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority in number (i.e. more than 50%) of PBP Shareholders present and voting at the Scheme Meeting (whether virtually or by proxy, attorney or, in the case of a body corporate, corporate representative); and
- at least 75% of the votes cast on the Scheme Resolution by PBP Shareholders present and voting at the Scheme Meeting (whether virtually or by proxy, attorney or, in the case of a body corporate, corporate representative).

### 2 Court approval

Under section 411(4)(b) of the Corporations Act, the Scheme (with or without amendment or alteration or condition required by the Court) is subject to the approval of the Court.

If the Scheme Resolution (set out in the Notice of Scheme Meeting) is approved at the Scheme Meeting by the Requisite Majorities and the other Conditions to the Scheme are satisfied or waived (if applicable) in accordance with the Scheme, PBP intends to apply to the Court for the necessary orders to give effect to the Scheme.

In order for the Scheme to become Effective, it must be approved by the Court and an office copy of the orders of the Court approving the Scheme must be lodged with ASIC.

### 3 Entitlement to vote

The time for determining eligibility to vote at the Scheme Meeting is 7:00pm (Melbourne time) on Monday, 27 May 2024. This means that only PBP Shareholders entered on the PBP Share Register at that time will be entitled to attend and vote at the Scheme Meeting. Voting will be conducted by poll. Every PBP Shareholder who is present in person, virtually or by proxy, representative or attorney will have one vote for each PBP Share held by that PBP Shareholder.

### 4 Voting

You may vote by attending the Scheme Meeting in person at the offices of Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000 or virtually via the online Lumi platform at <https://web.lumiagm.com/349-152-731> at the Scheme Meeting, or appoint a proxy, attorney or, if you are a body corporate, a corporate representative to attend and vote on your behalf.

#### (a) In Person

PBP Shareholders entitled to vote can attend the Scheme Meeting in person on the date and place as set out above.

A PBP Shareholder will be admitted to the Scheme Meeting upon providing evidence of their name and address at the point of entry to the Scheme Meeting.

#### (b) Online

PBP Shareholders entitled to vote at the Scheme Meeting will be able to vote online by participating at the Scheme Meeting and voting via the online Lumi platform at <https://web.lumiagm.com/349-152-731> and Zoom (accessed through the online Lumi platform).

Online voting will be open between the start of the Scheme Meeting and the closing of voting as announced by the chairperson during the Scheme Meeting.

(c) **Voting by proxy**

A Proxy Form is enclosed with this Scheme Booklet.

A PBP Shareholder entitled to participate in and vote at the Scheme Meeting may appoint a person to participate in and vote at the Scheme Meeting as their proxy.

PBP Shareholders wishing to appoint a proxy to attend and vote at the Scheme Meeting must complete and return the Proxy Form in accordance with the instructions on the Proxy Form. Please refer to section 5 of this Notice of Scheme Meeting below for further details in relation to how to submit a Proxy Form.

A proxy need not be another PBP Shareholder.

A PBP Shareholder entitled to cast two or more votes may appoint up to two proxies and specify the proportion or number of votes each proxy may exercise. If the PBP Shareholder does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the PBP Shareholder's votes.

(d) **Power of attorney**

PBP Shareholders who wish to appoint an attorney to participate in the Scheme Meeting on their behalf must provide an original duly executed power of attorney (or a certified copy of that power of attorney) to the PBP Share Registry by 10:00am (Melbourne time) on Monday, 27 May 2024.

(e) **Corporate representatives**

A body corporate which is a PBP Shareholder, or which has been appointed as a proxy, is entitled to appoint a corporate representative to vote at the Scheme Meeting on its behalf and must provide a duly executed certificate of appointment (in accordance with sections 250D and 253B of the Corporations Act) prior to the Scheme Meeting.

A form of certificate may be downloaded via

<https://www.reportsonline.net.au/?documentid=B684351C3C494324BE2E76F96EA1FE37> or obtained from the PBP Share Registry on 1300 737 760 (within Australia) or +612 9290 9600 (outside Australia), Monday to Friday (excluding public holidays) between 8:15am and 5:30pm (Melbourne time). The certificate of appointment may set out restrictions on the representative's powers. The certificate must be received the PBP Share Registry prior to the Scheme Meeting. PBP Shareholders may submit the certificate:

- via email, by sending it to [proxy@boardroomlimited.com.au](mailto:proxy@boardroomlimited.com.au); or
- in any of the ways specified for proxy forms in section 5 of this Notice of Scheme Meeting, except that a certificate of appointment of corporate representative cannot be lodged online or by mobile device.

**5 How to submit a Proxy Form**

To be valid, your Proxy Form must be received by the PBP Share Registry by 10:00am (Melbourne time) on Monday, 27 May 2024 by one of the following methods:

- (a) **Online (preferred):** <https://www.votingonline.com.au/probiotecscheme2024>
- (b) **By fax:** + 61 2 9290 9655
- (c) **By post:** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia

(d) **By hand:** Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000 Australia

## **6 Questions**

PBP Shareholders will have a reasonable opportunity to ask questions during the Scheme Meeting via the online platform.

PBP Shareholders who prefer to register questions in advance of the Scheme Meeting are also invited to do so by submitting questions online at <https://www.votingonline.com.au/probiotecscheme2024>.

The chairperson of the Scheme Meeting will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the Scheme Meeting. However, there may not be sufficient time available during the Scheme Meeting to address all of the questions raised.

Please note that individual responses will not be sent to PBP Shareholders. Questions must be submitted to the PBP Share Registry by 10:00am (Melbourne time) on Wednesday, 22 May 2024.

## **7 Technical difficulties**

Technical difficulties may arise during the course of the Scheme Meeting. The chairperson has discretion as to whether and how the Scheme Meeting should proceed in the event that a technical difficulty arises. In exercising this discretion, the chairperson will have regard to the number of PBP Shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the chairperson considers it appropriate, the chairperson may continue to hold the Scheme Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions.

## **8 Advertisement**

Where this Notice of Scheme Meeting is advertised unaccompanied by the Scheme Booklet, a copy of the Scheme Booklet can be obtained by anyone from ASX's website ([www.asx.com.au](http://www.asx.com.au)) or from PBP's website (<https://probiotec.com.au/investor-centre/>) or by contacting the PBP Share Registry.

All Correspondence to:

-  **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
-  **By Fax:** +61 2 9290 9655
-  **Online:** www.boardroomlimited.com.au
-  **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

Return by 10:00am (AEST) on Monday, 27 May 2024.

## SCHEME MEETING PROXY FORM

### YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am (AEST) on Monday 27, May 2024.**

 <b>TO VOTE ONLINE</b>	 <b>BY SMARTPHONE</b>
--	--

- STEP 1: VISIT <https://www.votingonline.com.au/probiotecscheme2024>**
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.  
 If you wish to appoint the Chair of the meeting of Probiotec Limited shareholders at 10:00am (AEST) on Wednesday, 29 May 2024 pursuant to subsection 411(1) of the Corporations Act 2001 (Cth) (**Meeting**) as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of the individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy must be a securityholder of the company. Do not write the name of the issuer of company securities or a registered securityholder in the space.

#### Appointment of a Second Proxy

If you are entitled to cast two or more votes you are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry (Boardroom Pty Limited) or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities, your vote on that item will be invalid.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry (Boardroom Pty Limited) here: <https://www.reportsonline.net.au/?documentid=B684351C3C494324BE2E76F96EA1FE37>

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

- Individual:** This form is to be signed by the securityholder.
- Joint Holding:** where the holding is in more than one name, all the securityholders should sign.
- Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry Boardroom Pty Limited). Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the Meeting, therefore by **10:00am (AEST) on Monday 27, May 2024** Any Proxy Form received after that time will not be valid for the Meeting.

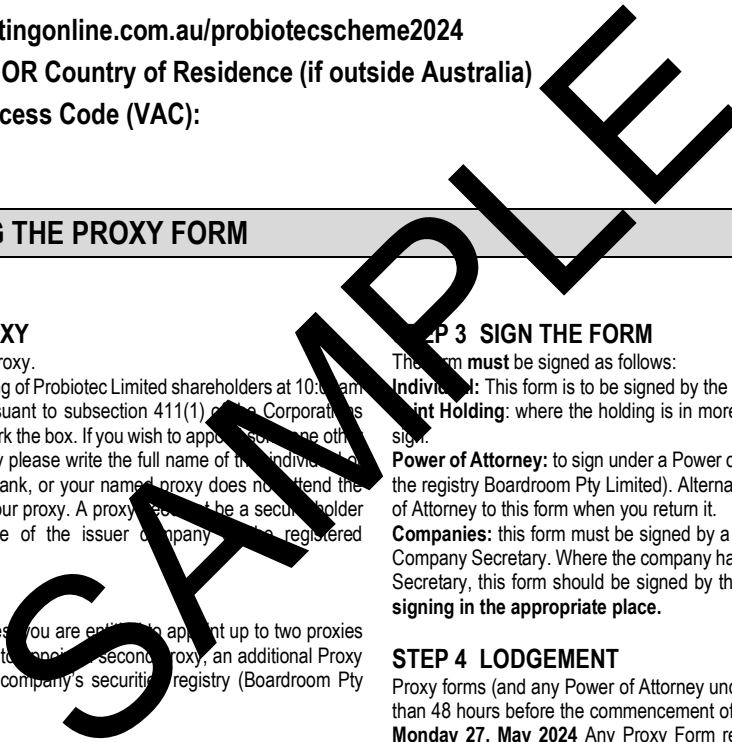
Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

-  **Online** <https://www.votingonline.com.au/probiotecscheme2024>
-  **By Fax** + 61 2 9290 9655
-  **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
-  **In Person**  
(during normal business hours) Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000 Australia

#### Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

For personal use only



**Probiotec Limited**

ABN 91 075 170 151

**Your Address**

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

**PROXY FORM**

**STEP 1 APPOINT A PROXY**

I/We being a member/s of **Probiotec Limited** (Company) and entitled to attend and vote hereby appoint:

the **Chair of the Meeting (mark box)**

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the **Scheme Meeting** of the Company to be held simultaneously as a hybrid meeting on the online Lumi platform at <https://web.lumiagm.com/349-152-731> and physically at the offices of **Arnold Bloch Leibler, Level 21/333 Collins St, Melbourne VIC 3000 on Wednesday 29, May 2024 at 10:00am AEST**, and at the adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting intends to vote undirected proxies in favour of the resolution. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on the resolution, you must provide a direction by marking the 'Against' or 'Abstain' box opposite the resolution.

**STEP 2 VOTING DIRECTIONS**  
\* If you mark the Abstain box, you are directing your proxy not to vote on your behalf and your vote will not be counted in calculating the required majority.

Resolution 1 That, pursuant to and in accordance with the provisions of section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Probiotec Limited and the holders of its ordinary shares, as contained in and more particularly described in the Scheme Booklet of which the notice convening this meeting forms part, is agreed to, with or without alterations or conditions approved by the Court to which Probiotec Limited and PT Pyridam Farma Tbk agree in writing.

**For**  **Against**  **Abstain\***

**STEP 3 SIGNATURE OF SECURITYHOLDERS**  
This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2024

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SAMPLE

# SCHEME MEETING ONLINE GUIDE

## Attending the Scheme Meeting virtually

If you choose to participate online, you will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

### To access the Scheme Meeting:

Visit [web.lumiagm.com/349152731](http://web.lumiagm.com/349152731) on your computer, tablet or smartphone. You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

## Meeting ID: 349-152-731

To login you must have your **Voting Access Code (VAC)** and **Postcode or Country Code**

The website will be open and available for log in from 09:00am (AEST), 29th May 2024

### Using the Lumi online meeting platform:

## ACCESS

The 1<sup>st</sup> page of the platform will ask in what capacity you are joining the meeting.

Shareholders or appointed proxies should select

**“Shareholder or Proxyholder”**

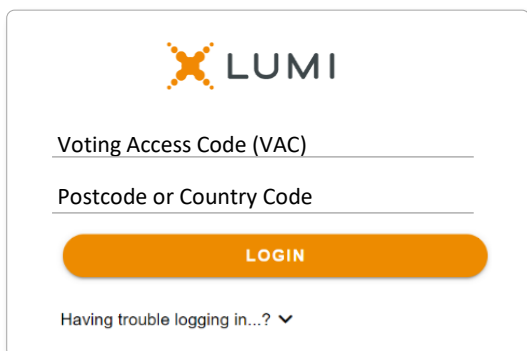
Guests should select **“Guest”**

## CREDENTIALS

### Shareholders/Proxys

Your username is your **Voting Access Code** and your password is your **Postcode or Country Code**, or, for non-Australian residents, your **3-letter country code**.

Proxy holders should obtain their log in credentials from the registrar by calling 1300 737 760 (in Australia) and +61 2 9290 9600 (International) 8:15am – 5:30pm AEST Monday to Friday (excluding public holidays)

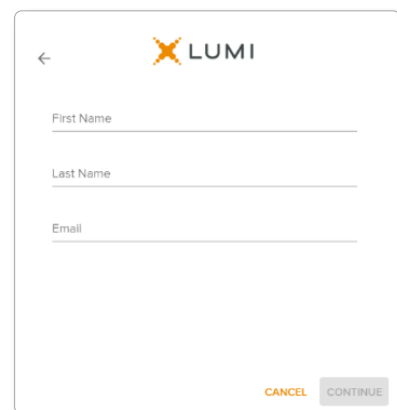


The screenshot shows the Lumi login interface for Shareholders/Proxys. It features the Lumi logo at the top, followed by two input fields: "Voting Access Code (VAC)" and "Postcode or Country Code". Below these fields is a prominent orange "LOGIN" button. At the bottom, there is a link that says "Having trouble logging in...?" with a dropdown arrow.

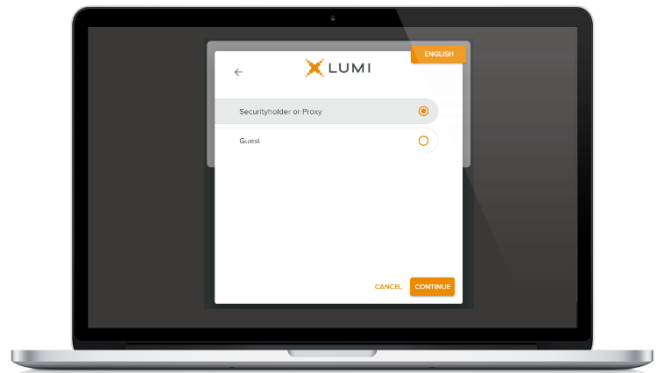
### Guests

Please enter your name and email address to be admitted into the meeting.

*Please note, guests will not be able to ask questions or vote at the meeting.*



The screenshot shows the Lumi registration interface for Guests. It features the Lumi logo at the top, followed by three input fields: "First Name", "Last Name", and "Email". At the bottom right, there are two buttons: "CANCEL" and "CONTINUE".



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## NAVIGATION

Once successfully authenticated, the home page will appear. You can view meeting instructions, ask questions and open the virtual meeting.

A link to the virtual meeting will be provided on the home page. Click the link to open the meeting. The meeting will open in a separate browser tab on your device.

To Vote and ask Questions during the meeting, navigate back to the browser tab with the LUMI online meeting platform open.



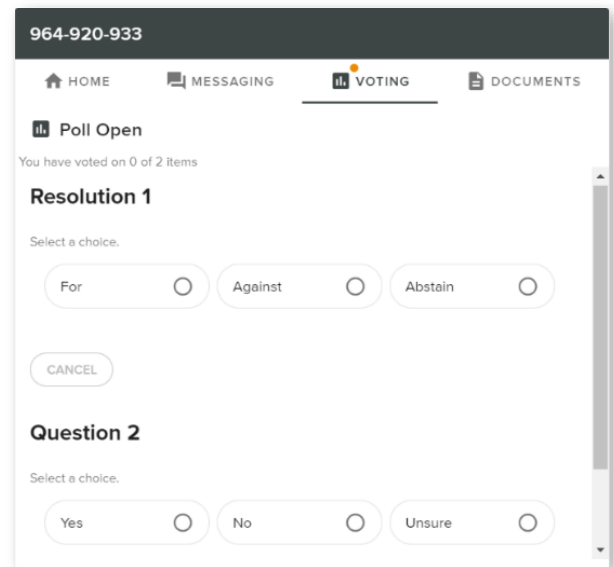
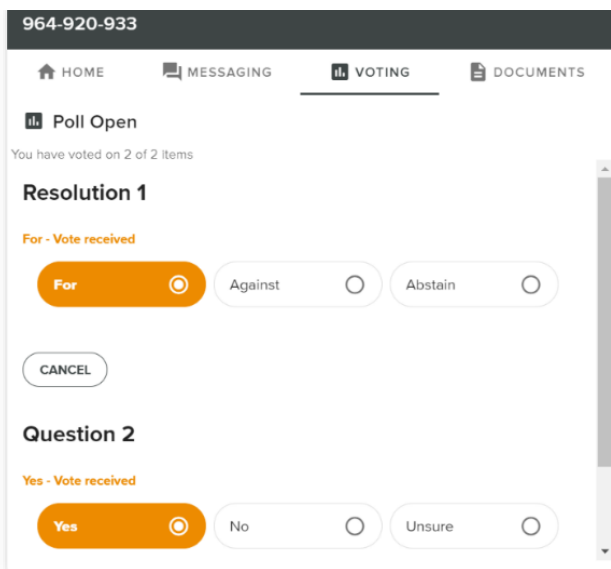
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## VOTING

The Chair will open voting on all resolutions at the start of the meeting. Once voting has opened, the voting tab will appear on the navigation bar.



Selecting this tab will open a list of all resolutions and their voting options.



To vote, simply select your voting direction from the options displayed on screen. Your selection will change colour and a confirmation message will appear.

To change your vote, simply select another option. If you wish to cancel your vote, please press cancel.

There is no need to press a submit or send button. Your vote is automatically counted.

Voting can be performed at any time during the meeting until the Chair closes the poll.

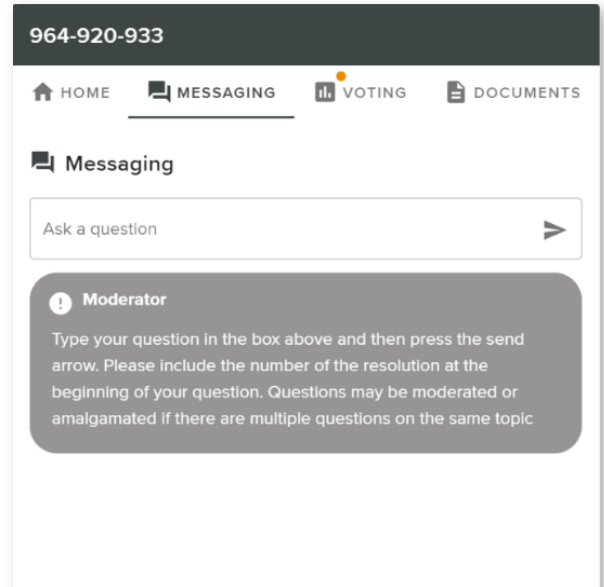
## QUESTIONS

Any shareholder or appointed proxy is eligible to ask questions.

If you would like to ask a question. Select the messaging tab.



Messages can be submitted at any time from the start of the meeting, up until the Chair closes the Q&A session.



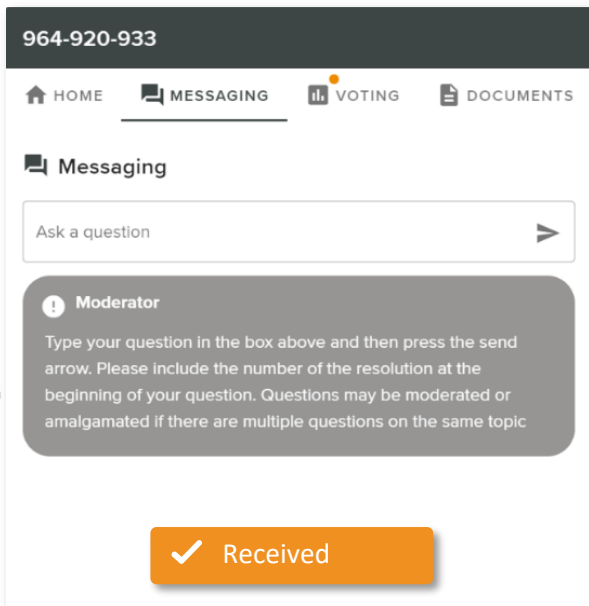
Select the “Ask a Question” box and type in your message.

Once you are happy with your message, select the send icon.



Questions sent via the Lumi platform may be moderated before being sent to the Chair. This is to avoid repetition and remove any inappropriate language.

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Meeting ID: 349-152-731

To login you must have your [Voting Access Code \(VAC\)](#) and [Postcode or Country Code](#)

The website will be open and available for log in from 09:00am (AEST), 29th May 2024



## Country Codes

For overseas shareholders, select your country code from the list below and enter it into the password field.

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<b>ABW</b> Aruba	<b>DZA</b> Algeria	<b>LBR</b> Liberia	<b>ROU</b> Romania
<b>AFG</b> Afghanistan	<b>ECU</b> Ecuador	<b>LBY</b> Libyan Arab Jamahiriya	<b>RUS</b> Russian Federation
<b>AGO</b> Angola	<b>EGY</b> Egypt	<b>LCA</b> St Lucia	<b>RWA</b> Rwanda
<b>AIA</b> Anguilla	<b>ERI</b> Eritrea	<b>LIE</b> Liechtenstein	<b>SAU</b> Saudi Arabia Kingdom Of
<b>ALA</b> Aland Islands	<b>ESH</b> Western Sahara	<b>LKA</b> Sri Lanka	<b>SDN</b> Sudan
<b>ALB</b> Albania	<b>ESP</b> Spain	<b>LSO</b> Lesotho	<b>SEN</b> Senegal
<b>AND</b> Andorra	<b>EST</b> Estonia	<b>LTU</b> Lithuania	<b>SGP</b> Singapore
<b>ANT</b> Netherlands Antilles	<b>ETH</b> Ethiopia	<b>LUX</b> Luxembourg	<b>SGS</b> Sth Georgia & Sth Sandwich Isl
<b>ARE</b> United Arab Emirates	<b>FIN</b> Finland	<b>LVA</b> Latvia	<b>SHN</b> St Helena
<b>ARG</b> Argentina	<b>FJI</b> Fiji	<b>MAC</b> Macao	<b>SJM</b> Svalbard & Jan Mayen
<b>ARM</b> Armenia	<b>FLK</b> Falkland Islands (Malvinas)	<b>MAF</b> St Martin	<b>SLB</b> Solomon Islands
<b>ASM</b> American Samoa	<b>FRA</b> France	<b>MAR</b> Morocco	<b>SCG</b> Serbia & Outlying
<b>ATA</b> Antarctica	<b>FRO</b> Faroe Islands	<b>MCO</b> Monaco	<b>SLE</b> Sierra Leone
<b>ATF</b> French Southern	<b>FSM</b> Micronesia	<b>MDA</b> Republic Of Moldova	<b>SLV</b> El Salvador
<b>ATG</b> Antigua & Barbuda	<b>GAB</b> Gabon	<b>MDG</b> Madagascar	<b>SMR</b> San Marino
<b>AUS</b> Australia	<b>GBR</b> United Kingdom	<b>MDV</b> Maldives	<b>SOM</b> Somalia
<b>AUT</b> Austria	<b>GEO</b> Georgia	<b>MEX</b> Mexico	<b>SPM</b> St Pierre And Miquelon
<b>AZE</b> Azerbaijan	<b>GGY</b> Guernsey	<b>MHL</b> Marshall Islands	<b>SRB</b> Serbia
<b>BDI</b> Burundi	<b>GHA</b> Ghana	<b>MKD</b> Macedonia Former Yugoslav Rep	<b>STP</b> Sao Tome And Principe
<b>BEL</b> Belgium	<b>GIB</b> Gibraltar	<b>MLI</b> Mali	<b>SUR</b> Suriname
<b>BEN</b> Benin	<b>GIN</b> Guinea	<b>MLT</b> Mauritania	<b>SVK</b> Slovakia
<b>BFA</b> Burkina Faso	<b>GLP</b> Guadeloupe	<b>MMR</b> Myanmar	<b>SVN</b> Slovenia
<b>BGD</b> Bangladesh	<b>GMB</b> Gambia	<b>MNE</b> Montenegro	<b>SWE</b> Sweden
<b>BGR</b> Bulgaria	<b>GNB</b> Guinea-Bissau	<b>MNG</b> Mongolia	<b>SWZ</b> Swaziland
<b>BHR</b> Bahrain	<b>GNQ</b> Equatorial Guinea	<b>MNP</b> Northern Mariana Islands	<b>SYC</b> Seychelles
<b>BHS</b> Bahamas	<b>GRC</b> Greece	<b>MOZ</b> Mozambique	<b>SYR</b> Syrian Arab Republic
<b>BIH</b> Bosnia & Herzegovina	<b>GRD</b> Grenada	<b>MRT</b> Mauritania	<b>TCA</b> Turks & Caicos Islands
<b>BLM</b> St Barthelemy	<b>GRL</b> Greenland	<b>MSR</b> Montserrat	<b>CD</b> Chad
<b>BLR</b> Belarus	<b>GTM</b> Guatemala	<b>MTQ</b> Martinique	<b>TGO</b> Togo
<b>BLZ</b> Belize	<b>GUF</b> French Guiana	<b>MUS</b> Mauritius	<b>THA</b> Thailand
<b>BMU</b> Bermuda	<b>GUM</b> Guam	<b>MWI</b> Malawi	<b>TJK</b> Tajikistan
<b>BOL</b> Bolivia	<b>GUY</b> Guyana	<b>MYS</b> Malaysia	<b>TKL</b> Tokelau
<b>BRA</b> Brazil	<b>HKG</b> Hong Kong	<b>MYT</b> Mayotte	<b>TKM</b> Turkmenistan
<b>BRB</b> Barbados	<b>HMD</b> Heard & Mcdonald Islands	<b>NAM</b> Namibia	<b>TLS</b> Timor-Leste
<b>BRN</b> Brunei Darussalam	<b>HND</b> Honduras	<b>NCL</b> New Caledonia	<b>TMP</b> East Timor
<b>BTN</b> Bhutan	<b>HRV</b> Croatia	<b>NER</b> Niger	<b>TON</b> Tonga
<b>BUR</b> Burma	<b>HTI</b> Haiti	<b>NFK</b> Norfolk Island	<b>TTO</b> Trinidad & Tobago
<b>BVT</b> Bouvet Island	<b>HUN</b> Hungary	<b>NGA</b> Nigeria	<b>TUN</b> Tunisia
<b>BWA</b> Botswana	<b>IDN</b> Indonesia	<b>NIC</b> Nicaragua	<b>TUR</b> Turkey
<b>CAF</b> Central African Republic	<b>IMN</b> Isle Of Man	<b>NIU</b> Niue	<b>TUV</b> Tuvalu
<b>CAN</b> Canada	<b>IND</b> India	<b>NLD</b> Netherlands	<b>TWN</b> Taiwan
<b>CCK</b> Cocos (Keeling) Islands	<b>IoT</b> British Indian Ocean Territory	<b>NOR</b> Norway Montenegro	<b>TZA</b> Tanzania United Republic of
<b>CHE</b> Switzerland	<b>IRL</b> Ireland	<b>NPL</b> Nepal	<b>UGA</b> Uganda
<b>CHL</b> Chile	<b>IRN</b> Iran Islamic Republic of	<b>NRU</b> Nauru	<b>UKR</b> Ukraine
<b>CHN</b> China	<b>IRQ</b> Iraq	<b>NZL</b> New Zealand	<b>UMI</b> United States Minor
<b>CIV</b> Cote D'ivoire	<b>ISM</b> Isle of Man	<b>OMN</b> Oman	<b>URY</b> Uruguay
<b>CMR</b> Cameroon	<b>ISL</b> Iceland	<b>PAK</b> Pakistan	<b>USA</b> United States of America
<b>COD</b> Democratic Republic of Congo	<b>ISR</b> Israel	<b>PAN</b> Panama	<b>UZB</b> Uzbekistan
<b>COK</b> Cook Islands	<b>ITA</b> Italy	<b>PCN</b> Pitcairn Islands	<b>VNM</b> Vietnam
<b>COL</b> Colombia	<b>JAM</b> Jamaica	<b>PER</b> Peru	<b>VUT</b> Vanuatu
<b>COM</b> Comoros	<b>JEY</b> Jersey	<b>PHL</b> Philippines	<b>WLF</b> Wallis & Futuna
<b>CPV</b> Cape Verde	<b>JOR</b> Jordan	<b>PLW</b> Palau	<b>WSM</b> Samoa
<b>CRI</b> Costa Rica	<b>JPN</b> Japan	<b>PNG</b> Papua New Guinea	<b>YEM</b> Yemen
<b>CUB</b> Cuba	<b>KAZ</b> Kazakhstan	<b>POL</b> Poland	<b>YMD</b> Yemen Democratic
<b>CYM</b> Cayman Islands	<b>KEN</b> Kenya	<b>PRI</b> Puerto Rico	<b>YUG</b> Yugoslavia Socialist Fed Rep
<b>CYP</b> Cyprus	<b>KGZ</b> Kyrgyzstan	<b>PRK</b> Korea Dem Peoples Republic of	<b>ZAF</b> South Africa
<b>CXR</b> Christmas Island	<b>KHM</b> Cambodia	<b>PRT</b> Portugal	<b>ZAR</b> Zaire
<b>CZE</b> Czech Republic	<b>KIR</b> Kiribati	<b>PRY</b> Paraguay	<b>ZMB</b> Zambia
<b>DEU</b> Germany	<b>KNA</b> St Kitts And Nevis	<b>PSE</b> Palestinian Territory Occupied	<b>ZWE</b> Zimbabwe
<b>DJI</b> Djibouti	<b>KOR</b> Korea Republic of	<b>PYF</b> French Polynesia	
<b>DMA</b> Dominica	<b>KWT</b> Kuwait	<b>QAT</b> Qatar	
<b>DNK</b> Denmark	<b>LAO</b> Laos	<b>REU</b> Reunion	
<b>DOM</b> Dominican Republic	<b>LBN</b> Lebanon		

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# Corporate Directory

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**Probiotec Limited**

83 Cherry Lane  
Laverton North VIC 3026

**Financial adviser**

Canterbury Partners Pty Ltd  
Level 16, 90 Collins Street  
Melbourne VIC 3000

**Australian legal and tax adviser**

Arnold Bloch Leibler  
Level 21, 333 Collins Street  
Melbourne VIC 3000

**Independent Expert**

Grant Thornton Corporate Finance Pty Ltd  
Collins Square, Tower 5  
Level 22, 727 Collins Street  
Melbourne VIC 3008

**PBP Share Registry**

Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000

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