RNS Number : 6245H
OptiBiotix Health PLC
05 August 2021

OptiBiotix Health plc
("OptiBiotix" or the "Company" or the "Group")

Trading and commercial update

OptiBiotix Health plc, a life sciences business developing compounds to tackle obesity, cardiovascular disease and diabetes, provides the following unaudited preliminary revenue figures for the first six months ended 30 June 2021, a commercial update, and an outlook for the rest of 2021.

Financial update

This update reports on the first six months of this financial year to 30 June 2021. These figures are unaudited and based on invoiced sales from divisional sales reports. They are provided to give investors an insight into the commercial progress of the Company in the current financial year and may differ from reported half year results.

Total invoiced sales of LP_{LDL}® and SlimBiome® as ingredient or final product were £1.074m, representing a 44.3% increase over the H1 period last year and ahead of the Company's expectations for the first six months of the year. The Company believes it is in a strong position to meet or exceed its full year sales forecast.

Each division continues to make progress growing sales with invoiced sales in ProBiotix of £536,998, up 57.7% (H1 2020: £340,429) and PreBiotics sales of £537,850, up 35% (H1 2020: £398,271) compared to the same period last year. As in previous years, there was no substantive contribution in this period from license or royalty payments which tend to be received in the second half of the year.

The Company received £900,936 (H1 2020: £746,751) from the disposal of shares in SkinBioTherapeutics plc ('SBTX') (AIM: SBTX), which is not included in these figures.

This figure does not include any change in the value of the Company's SBTX investment which has increased from £8,962,564 as of 30 December 2020, to £22,948,048 as of June 30 2021.

Commercial update

The Company is making strong progress against the aims it set out in the first half of the year:-

1. **Growing sales of first-generation products:** The Company continues to grow sales with a number of partners launching new products and others extending their product range and territories.
    a. Arrotex Pharmaceutials, Australia's largest privately owned pharmaceutical company launched a Very Low-Calorie Diet (VLCD) weight management product, Bioslim VCLD https://bioslim.net.au/ featuring our SlimBiome product, in July 2021. This is a new product range offered through pharmacies and online in Australia.
    b. Our existing customer Optipharm expanded their portfolio of SlimBiome containing products with the Optiman brand in July 2021, aimed at men who want to lose weight, sold exclusively through the Chemist Warehouse. Both Bioslim and Optiman will increase our market penetration and brand recognition in Australia and New Zealand.
    c. The launch of SlimBiome Metablic Support on TMall in Taiwan with MaxCare in May 2021. TMall, is part of the Alibaba group, an online platform which allows both Chinese and international companies to sell their products in mainland China, Hong Kong, Macau, and Taiwan. Tmall.com was the 3rd most visited website in the world and the 1st most visited website in China https://en.wikipedia.org/wiki/Tmall and opens up the potential for cross border e-commerce trading in China from multiple locations.
    d. Holland & Barrett extending their SlimExpert own brand range of SlimBiome containing weight loss products from three to eight in March 2021. The range now contains powdered beverages, shakes and porridge with further line extensions planned for the remainder of the year.
    e. The Company signed a number of agreements with partners in 2019 and 2020 in territories which have high regulatory hurdles (e.g. South America, Japan), require country specific stability studies (e.g. India, Philippines) or require submission of scientific studies for health claims (e.g. Canada). These are traditionally difficult markets to enter, but once accessed can provide high growth opportunities with limited competition (due to the high barriers to entry) for many years. A number of these agreements are now starting to generate early revenues which we expect to grow as products gain commercial traction in the territory.

    We anticipate the launch of these products, new products entering the market, and the extension of territories with existing partners will contribute to revenue growth in H2 2021 and beyond.

2. **Commercialising second generation products**
    a. ***SweetBiotix:*** The Company is progressing industrial scale up of a number of its innovative SweetBiotix products with its US partner and

working with a number of corporates with leading positions in the Food & Beverages markets who have signed Material Transfer Agreements to develop applications. The Company is also working with one of the world's leading companies in taste and sweetness on jointly scaling up and commercialising another group of SweetBiotix products.

b. ***MicroBiome Modulators:*** OptiBiotix has made significant progress with its microbiome modulators and believes it has succeeded in developing an approach which allows us to manufacture these at scale. The next stage of this process is to ensure the functionality of the product produced by the new approach is the same as the original laboratory scale product. If successful, the Company believes this will be a major value enhancing step as it creates the potential to create precision prebiotics which can engineer the gut microbiome to prevent, manage and treat many human diseases.

Outlook

The Company is currently working in a number of areas of which a number have the potential to significantly impact on shareholder value. These include:-

1. The publication of a placebo-controlled human study which shows that LP_{LDL}® can achieve similar reductions in total cholesterol and LDL (bad cholesterol) to statins, with no reported side effects. This has been with the editorial board of a peer reviewed journal for a number of months. COVID publications are currently being prioritised by editors but we expect this to be published in H2. Publications on how a product works, its safety and efficacy, are important to pharmaceutical partners who may wish to sell LP_{LDL}® as a drug, or Over the Counter (OTC) in high value hospital, GP, and pharmacy channels.
2. The publication of a study demonstrating prebiotic activity and superior taste profile of a number of SweetBiotix products. The aim is to try to time the release of this publication with our partner announcing news on the manufacturing scale up of SweetBiotix® to maximise market interest.
3. The Company is in discussion with a number of corporate partners who want to acquire rights for its first-generation products in key strategic markets. If successful any one of these has the potential to significantly impact on revenues. Whilst there are no guarantees, we believe that at least one, possibly two, are likely to reach final agreement in H2.
4. The Company currently has a number of Material Transfer Agreements in place with corporate partners who are evaluating the use of different types of SweetBiotix in their products. This work was impacted in H2 2020 and H1 2021 as companies were unable to carry out development work in their laboratories with home working due to COVID. This work has now recommenced and we should expect news in H2.
5. The Company succeeded in developing an approach which allows us to manufacture microbiome modulators at scale in H1. This was a significant technical challenge. Whilst current work is focused on developing prebiotics which selectively enhance the growth and effect of the most commercially successful probiotics, it is likely to be applicable across a broad range of

bacteria present in the microbiome. This creates the potential to manufacture prebiotic products to scale which can change the relative abundance of specific microbial species linked to disease, in essence precision engineering the microbiome. If proven, this has the potential to create microbiome based products across multiple therapeutic areas.

6. The success of a number of products launches has led to requests for new products and extension of territories with a number of existing partners. Discussions are ongoing and further news will be announced when these are completed.

The Company has a clear direction of travel in its two-stage strategy of building brand presence and early sales of its first generation LP_{LDL}® and SlimBiome® products whilst parallel tracking the development of its more innovative second-generation products offering potentially larger returns. The strategy has been designed with the divisions acting as the trading arms of the Company led by commercial industry leads focused on commercialising products whilst the Company acquires and develops its own technologies to build the product pipeline providing the scientific and clinical studies, publications and regulatory approvals. Having two separate wholly owned product legal entities within the Group plc (OptiBiotix Limited and Probiotix Health Ltd) and a substantive investment in a third, SBTX, gives OptiBiotix shareholders a position in multiple opportunities within the emerging microbiome space. Whilst this takes longer than a single technology solution, the strategy is designed to reduce investment risk and create the potential for multiple returns. This strategy of developing separate legal entities with the potential for a trade sale or separate public listing, as with SBTX, has delivered a significant return on investment and a valuable asset to OptiBiotix shareholders.

The continued strong growth in our revenues in H1 is encouraging. Despite the challenging trading environment created by COVID-19 limiting the ability to innovate, formulate and launch new products we have seen a number of partners launch new products, albeit in the latter stages of H1. We believe these product launches, the extension of territories with existing partners, the prospect of agreements with corporate partners in key strategic markets, the continuing flow of new agreements and product launches, and the growing realisation of the development pipeline, allow us to look forward with confidence to the further progress of the Company in the current year and beyond.

Stephen O'Hara, CEO of OptiBiotix, commented: *"We have continued to make progress since the beginning of the current financial year with strong sales growth from a recurring revenue base which is increasing as partners launch new products, extend territories, and build brand presence. This provides a solid base for a sustainable business which will contribute to revenue growth in H2 and beyond. Our focus is now on growing sales of first-generation products with a smaller number of larger partners in key strategic markets and commercialising our pipeline of second-generation products.*

"The Company is now in the strongest position it has ever been in with a large and valuable intellectual property portfolio in the microbiome space, multiple clinical studies

showing product safety and efficacy, recurring orders, and a valuable asset in OptiBiotix's holding in SBTX.

"We are also pleased to report progress with our pipeline of second-generation products with the industrial scale up of a range of our innovative SweetBiotix products with one partner, collaborative work with a second partner on jointly scaling up and commercialising another group of SweetBiotix products, and a number of large corporates signing Material Transfer Agreements as they develop applications containing SweetBiotix. Of particular note is the recent progress with our microbiome modulators in developing an approach which allows us to manufacture these at scale. This has been a major technical challenge which was limiting commercial progress. This has the potential to be a significant value enhancing step as it creates the opportunity to precision engineer the gut and skin microbiome to prevent, manage and treat many human diseases.

"With industry and consumer interest in the microbiome and gut health growing OptiBiotix's portfolio of award winning first generation and industry disruptive second-generation products places it in a strong position for future growth in this exciting area of healthcare."

This announcement contains information which, prior to its disclosure, was considered inside information for the purposes of the UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

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