RNS Number : 0559F
OptiBiotix Health PLC
17 March 2022

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

Intention to list ProBiotix Health on the AQSE Growth Market and dividend in specie timetable

OptiBiotix Health plc (AIM: OPTI), a life sciences business developing compounds to tackle obesity, high cholesterol, diabetes and skin care, announces that it intends to seek admission (the "**Proposed Admission**") of its wholly owned subsidiary, ProBiotix Health Limited ("**ProBiotix Health**"), onto the AQSE Growth Market with an associated fund raise and distribution in specie ("**Distribution**").

Key points

- Proposed £2.5m fundraise by ProBiotix Health by way of placing and subscription.
- EIS/VCT qualifying.
- A distribution in specie of ProBiotix Health shares to OptiBiotix Health plc shareholders on its register at the record date.

ProBiotix Health

ProBiotix was established by OptiBiotix to develop probiotics to tackle cardiovascular disease and other lifestyle conditions which are affecting growing numbers of people across the world. Since its creation, ProBiotix has become a leader in microbiome modulating compounds for use in functional foods and supplements.

Human volunteer studies have shown that ProBiotix's principal product, LP-LDL®, can reduce key cardiovascular risk markers, such as total cholesterol, LDL (bad) cholesterol, and Apolipo protein B, by up to 34.2 per cent, 28.4 per cent and 28.6 per cent respectively (RNS 18:1:22). Structured consumer studies have confirmed these findings in real-world use of products with 95% of users stating that the product was effective, and 90% reporting they would recommend the product to family and friends (RNS: 1:2:22). Since launching LP-LDL® in May 2017 ProBiotix has signed over 38 agreements including a number of large pharmaceutical companies such as AlfaSigma and Actial Pharma as a product line extension of its VSL#3® brand, one of the world's best known probiotic brands.

LP-LDL® was designated Generally Recognized As Safe ("**GRAS**") by an independent Expert GRAS Panel in the United States in February 2019, which extends its applications from use as a supplement to use as a functional ingredient in a wide range of food, dairy, and beverage products in the USA.

The global probiotics market is estimated to be valued at USD 61.1 billion in 2021 (Research and Markets, 2021) and is projected to reach USD 91.1 billion by 2026, at a CAGR of 8.3% during the forecast period. Factors affecting the growth of the probiotics market are health benefits associated with probiotic-fortified foods, technological advancements in probiotic products, and technological advancements in probiotic products driving consumer demand for science-based products.

In OptiBiotix's most recent trading statement to 31 December 2021 (notified 28 February 2022), ProBiotix Health Ltd reported unaudited EBITDA of £195k, (2020: £88k) with total sales of £1.1m (2020: £821k).

Reason for the listing

OptiBiotix believes that the best way to exploit the multiple opportunities offered by the microbiome is to structure the business across prebiotic and probiotic technology platforms as wholly owned subsidiaries, each containing its own technology, IP portfolio and partner agreements, with potential for a separate exit. OptiBiotix's Probiotic subsidiary containing its cholesterol and blood pressure reducing strain $LP_{LDL}^{®}$ has made strong scientific and commercial progress. The business uses its high throughput OptiScreen® technology for the identification of probiotics with specific health benefits as supplements or therapeutic products creating the potential for a pipeline of future products.

Whilst this strategy creates multiple opportunities it can lead to group funding being shared across a number of platforms which may limit the opportunities which could be better exploited if separately funded.

The Company believes that ProBiotix has established a strong position with its products nominated for multiple awards, excellent results from clinical studies, five-star customer reviews and growing sales delivering early profit. The Board believe the scale of the opportunities offered by its LPLDL are beyond those currently being exploited and may be best realised by a separate listing and fundraise.

The planned Admission of ProBiotix Health allows the business to extend territories, grow direct to consumer product sales, expand into the dairy market, and further explore the potential of LPLDL as a live biotherapeutic or OTC product with consumer health pharma companies. These developments have the potential for substantial future value enhancement.

Fundraise and listing

As part of the Proposed Admission, ProBiotix Health is seeking to raise approximately £2.5m through a placing and subscription at an indicative

premoney valuation of £22.5m. Peterhouse Capital Limited ("**Peterhouse**") is acting as AQSE Corporate Adviser and broker to ProBiotix Health.

ProBiotix Health has received advanced assurance from HMRC that the shares to be issued pursuant to the Fundraise will rank as "eligible shares" for the purposes of the Enterprise Investment Scheme.

In order to provide OptiBiotix shareholders with the opportunity to invest directly in ProBiotix Health, the Company has agreed with Peterhouse that applications may be made on behalf of existing OptiBiotix shareholders to acquire Shares in ProBiotix Health by subscription ("**Subscription**").

Peterhouse cannot take direct orders from individual private investors. Accordingly, independent financial advisers, stockbrokers, or other firms authorised by the Financial Conduct Authority, should communicate their clients' interest in the Subscription by contacting Peterhouse on 020 7220 9797 or 020 7469 0936. Each application should state the number of Shares that the interested party wishes to acquire and should be submitted to Peterhouse no later than 4.30 pm on 23 March 2022.

As far as is practical, participation in the Subscription will be prioritised for shareholders in OptiBiotix. Peterhouse may choose not to accept applications and/or to accept applications, either in whole or in part, on the basis of allocations determined at their sole discretion (after consultation with the Company) and may scale down any applications for this purpose on such basis as Peterhouse may determine.

Distribution

In connection with the Fundraise and Proposed Admission, the Company is proposing to declare a 'dividend in specie' of ordinary shares of ProBiotix Health ("**Dividend Shares**") to shareholders who are on the Company's register of members at the close of business on Friday 25 March 2022 ("**Record Date**"), such shareholders being referred to as "Qualifying Shareholders". The Dividend Shares will be allocated on a pro rata basis. The final number of Dividend Shares to be distributed will be determined by the amount of funds raised through the placing and subscription and the need for OptiBiotix's shareholding in ProBiotix Health to be reduced below 50% to meet the HMRC EIS requirements.

The Dividend Shares are expected to represent between 35% and 37% of the issued share capital of ProBiotix Health admitted to trading on the AQSE Growth market. Following the Distribution, the Company will hold between 46-48%, with the remaining 13- 18% held by new shareholders.

The legal title to the Dividend Shares will be held by Global Prime Partners Ltd acting as nominee on behalf of each of the Qualifying Shareholders ("**Nominee**") and an 'omnibus' share certificate in respect of the Dividend Shares will be issued and held by the Nominee. The Nominee will hold the Dividend Shares on trust for each of the Qualifying Shareholders for a minimum period of 9 months following admission to trading on AQSE of the issued share capital of ProBiotix Health

("**Lock-up Period**"). The Lock-up Period is intended to contribute to the creation of an orderly market in ProBiotix Health's shares for a period after admission to trading.

The legal title to the Dividend Shares will be held by the Nominee under a declaration of trust on terms that, in relation to any shareholder resolution of ProBiotix Health, the Nominee will request that ProBiotix Health's registrar seeks the voting instructions of each Qualifying Shareholder in relation to the Dividend Shares it is holding on that Qualifying Shareholder's behalf. The Nominee will vote those Dividend Shares in accordance with such instructions as it receives. At the end of the Lock-up Period, the Nominee will be entitled to execute stock transfer forms to transfer the legal title to the Dividend Shares to each Qualifying Shareholder (as appropriate).

Qualifying Shareholders will receive a letter informing them of their beneficial holdings of Dividend Shares shortly after the transfer of the Dividend Shares to the Nominee.

Following the Lock-up Period, and upon transfer of the legal title in the Dividend Shares by the Nominee, Qualifying Shareholders will receive individual share certificates in respect of their Dividend Shares. The Company's articles of association permit such a Distribution without specific consent of the Company's shareholders.

CREST shareholders should note that pursuant to the Dividend the ProBiotix shares will be transferred to the Nominee to be held on trust for the benefit of the OptiBiotix shareholders.

CREST will not therefore be raising market claims in respect of the entitlements to ProBiotix shares and as a result this event will deviate from the normal dividend in specie procedures. Any market claims will therefore need to be agreed bi-laterally between affected participants following the transfer of the ProBiotix shares from the Nominee to the entitled OptiBiotix shareholders in January 2023.

The anticipated timetable is:

OptiBiotix announces ProBiotix Health (PBX) IPO and intended dividend in specie	Thursday 17 March 2022
Ex-dividend date for the distribution in specie	Thursday 24 March 2022
Record date for the distribution in specie	Friday 25 March 2022
PBX shares admitted to AQSE PBX Shares allotted to Nominee	Friday 31 March 2022

Each of the dates set out above may be subject to change at the absolute discretion of the Company.

Stephen O'Hara, CEO of OptiBiotix, commented*: "OptiBiotix has followed a strategy of developing multiple technology platforms in the microbiome space which*

can be developed as separate legal entities with the potential for exit by trade sale or IPO. OptiBiotix shareholders benefit by having a position in multiple companies, and with it the prospect of multiple returns, as a mix of dividends and asset value enhancement using non-dilutive funding.

"ProBiotix has now reached a stage of scientific and commercial maturity with strong IP, growing sales, and a profitable business. It now wants to accelerate commercial progress by securing funding to extend territories, grow direct to consumer product sales, and expand into key markets like dairy and pharma. The planned Admission to AQSE and fundraise creates the opportunity for ProBiotix to focus its activities on driving the development and commercialisation of LP-LDL® into key markets, like dairy and pharma, and create the potential for substantial future value enhancement."

This announcement contains 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.

For further information, please contact:

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