

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

Trading Update

OptiBiotix Health plc (AIM: OPTI), a life sciences business developing compounds to tackle obesity, cardiovascular disease and diabetes, provides the following unaudited trading update ahead of the Group's half year results for the six months ended 30 June 2022. These results are for the Group's new structure following the listing of ProBiotix Health on the AQSE Growth Market in March 2022.

Overview

Having established the credibility of its science and brands of its first-generation products through an initial emphasis on smaller partners, the Company set out its strategy in 2021 to focus on a smaller number of large partners in key strategic markets, increasing the ratio of final product to ingredient sales by growing direct to consumer sales, and extending its technology platforms into new channels (e.g. sports nutrition with LeanBiome®) and new product areas (e.g. WellBiome®). This was supported by a significant investment in growing the commercial, online, and business development team. The aim was to expand the scale of the opportunity by moving from ingredient sales to selling more final products either direct to consumer or with larger partners who can offer the opportunity to develop volume sales in key strategic growth markets like the USA and Asia. To support these aims, the Company listed its formerly wholly owned probiotic subsidiary, ProBiotix Health plc ("PBX"), on the AQSE Growth Market in March 2022 raising £2.5m and returning a circa £10.24m dividend to OptiBiotix shareholders who now own approximately 40% of the ProBiotix business.

This gave OptiBiotix shareholders an interest in multiple areas within the microbiome space and allowed the management team to focus on building the prebiotic business and bring its second-generation technologies to market.

Financials

The listing of PBX on AQSE means that it is now considered an associate for accounting purposes with its revenues and costs removed and only OptiBiotix's (44%) proportion of its profit and loss included in the Company's accounts. This makes year on year comparisons challenging. Based on initial figures, we expect current sales in the Group's new structure to be materially lower than expected, at around £120K, with sales normalising in H2 but insufficient to make up the H1 deficit and returning to healthy growth in 2023. We believe the difference in sales is partly a timing issue with a couple of larger partners delaying restocking due to uncertainty in the economic environment, and Apollo Hospitals and Nahdi Medical postponing launches until H2 as a result of regulatory approvals taking longer than expected. These regulatory approvals have now been received and we expect launches to take place in the next couple of months. Larger partners offer scale and place fewer but much larger orders throughout the year and consequently any delays in orders can have a material impact on revenue in the early stages of a company. The Company is progressing discussions to increase the number of larger partners to mitigate this risk in future years.

The listing of ProBiotix on AQSE has materialised a previously unrecognised asset allowing the Company to report a circa £13.8m profit before dividends largely from the gain on this investment offset by a loss on revaluation of the SkinBioTherapeutics plc shares. The Company has a healthy balance sheet with gross assets of £22m (H1 2021: £28m) with circa £1.5m (H1 2021: £993K) cash at the end of June 2022.

Outlook

Despite the challenging trading environment, the Company believes it is in a strong position with a healthy balance sheet, a stronger cash position compared to H1 2021, growing sales in its online direct to consumer business, and the forthcoming launch of GoFigure products in India with Apollo Hospitals and in the Kingdom of Saudia Arabia with Nahdi Medical. The Company has recently signed a deal with Firmenich, the world's largest

privately-owned fragrance and taste company, which will positively impact on its ability to bring SweetBiotix® to large markets. The three commercial agreements we signed at the end of 2021 with well-known national and international brands and the joint development agreement with Firmenich are indicative of the future direction of the Company as we move to focus on fewer and larger business partners.

This is undoubtedly a very difficult trading environment for all companies, and this has impacted on H1 revenues.

Despite this we remain focused on our aims of increasing the number of large partners in key strategic markets, growing direct to consumer sales, and extending our products into new channels (e.g. LeanBiome®) and new application areas (WellBiome®), and bringing our second-generation products to market. This will broaden the product and partner base and reduce the risks associated with partners delaying launches or timing differences in restocking from impacting future revenues.

Stephen O'Hara, CEO of OptiBiotix, commented: *"The Company has invested in expanding its commercial and business development team in key strategic markets like the USA and Asia and as part of its drive to build its direct-to-consumer sales. We hope to see the return on this investment later this year and more significantly in FY 2023."*

"The aim for the second half of the year is to focus on growing sales with existing partners, building the online direct to consumer business, and launch GoFigure products in India with Apollo Hospitals and in the Kingdom of Saudi Arabia with Nahdi Medical. We will also be looking to attract more larger partners, particularly from the USA, and in-license or acquire additional technologies to ensure a continuous pipeline of solutions to strengthen our position as one of the leading companies in the rapidly growing microbiome space."

"We are fortunate in having a healthy balance sheet and £1.5m cash in the bank to continue to invest in building the business. We also retain exposure to the growth potential in probiotics and skincare through the Group's shareholdings in ProBiotix Health plc and SkinBioTherapeutics plc."

This announcement contains inside information for the purposes of UK Market Abuse Regulation and the Directors of the Company are responsible for the release of this announcement.

Forward-Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

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About OptiBiotix - www.optibiotix.com

OptiBiotix Health plc (AIM: OPTI), which was formed in March 2012, brings science to the development of compounds which modify the human microbiome - the collective genome of the microbes in the body - in order to prevent and manage human disease and promote wellness.

OptiBiotix has an extensive R&D programme working with leading academics in the development of microbial strains, compounds, and formulations which are used as active ingredients and supplements. More than twenty international food and healthcare supplement companies have signed agreements with OptiBiotix to incorporate their human microbiome modulators into a wide range of food products and drinks.

OptiBiotix is also developing its own range of consumer supplements and health products. The Company's current areas of focus include obesity, cardiovascular health, and diabetes.

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