RNS Number : 0753A
OptiBiotix Health PLC
17 January 2020

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

Year-end Update

OptiBiotix Health plc, a life sciences business developing compounds to tackle obesity, cardiovascular disease and diabetes, provides the following unaudited preliminary revenue figures and a trading, commercial, and strategic update ahead of the Group's final results for the year ended 30 November 2019.

Financial Update

The 12 months to 30 November 2019 have seen the transition of the Company from a research and development business to a company building commercial revenues and growing the number of geographies commercialising its products. Agreements signed in 2019 extended our geographic reach into 24 new countries.

This period has seen 12 agreements start to generate revenue for the first time and seven others increase sales contributing to an increase in year on year sales across every division.

Total sales for the year were £808k with other income of £617k, including, *inter alia,* income resulting from the partial disposal of SkinBioTherapeutics plc shares, bringing the total amount of income for the year ending 30 November 2019 to £1,426,522 (2018: £541,614). In line with previous years, the majority of income was generated in the second half of the year (H1 2019: £148,818). We expect this trend to continue in 2020 with a gradual smoothing in this second half weighting as income from ingredient, white label and own label products sold through retailers or direct to consumers online, provide more evenly distributed income throughout the year.

We anticipate further revenue growth in 2020 as existing deals contribute to full year revenues, partners continue to grow sales, the launch of SlimBiome® with Holland and Barrett and AlfaSigma's launch of Ezimega 3 containing LP_{LDL}® in Italy contribute to 2020 sales and larger partners like Agropur and Akum commercialise products in home markets. We also anticipate a contribution from new agreements to be signed in 2020 and potential retail deals in international markets, particularly the USA. Whilst there are no guarantees these will all deliver expected sales revenues, our

focus is on developing each division (Prebiotic, Probiotic, and Consumer Health) to reach profitability in 2020.

To support this focus, Dr Fred Narbel, Steve Prescott and Steve Riley who head the Prebiotic, Probiotic, and Consumer Health divisions respectively have been given P&L responsibility for each of their divisions to grow revenues and manage costs.

As we enter the next phase of the business cycle in building a profitable business and sales volumes continue to grow, we intend to renegotiate supply agreements with partners to reduce the cost of goods and improve margins. We will seek a reduction in IP and R&D costs as the needs of the business change.

As at 30 November 2019, the Company had £687,699 cash in the bank with debtors of £514,000 totalling £1,201,699. Once R&D tax credits and recoverable VAT repayments are received, the balance is £1.394m (2018: £1.67m), excluding creditors of £370k. This is an increase of £154k from H1 (H1 2019: £1.24m). We have the option to further reduce our holding (circa £7m) in SkinBioTherapeutics plc if growth capital is required.

Commercial Update

OptiBiotix signed 18 commercial agreements in the year to 30 November 2019, with a further five deals signed in December 2019, making a total of 23 agreements for the calendar year. These include ten for the Probiotic division, and 13 for SlimBiome® in the Prebiotic division. These agreements extended our geographic reach into 14 new countries entered by SlimBiome (total of 25) and ten new countries (total of 26) added by ProBiotix Health when compared to 2018.

The large number of agreements signed (52 to 19 December 2019) with multiple partners, across multiple application areas and geographies, is designed to maximize the income potential of each product, whilst limiting the risk related to any individual deal, product, or geography. These deals are developing with the exception of Bened and Formulation Creations. We recognise, from past experience, that all partners may not meet our expectations and have mitigated commercial risk where possible by agreeing non exclusivity or offering exclusivity for a specific formulation, limited time period, and contract clauses which revert to non-exclusivity if partners fail to reach minimum order quantities. This also takes into account our experience that as product and brand recognition grow, larger retailers and global partners increasingly request exclusivity for their products and territories.

Commercially in 2020, we are looking to extend our reach into new application areas (e.g hypertension, immune health, gut health), continue to enter new territories, and support partners like Agropur, AlfaSigma, and Akums in the commercialisation of products in their territories. We hope to launch a range of new products on our consumer health online platform including a range of healthy snacks (e.g gummies, pancake mixes) and porridge containing SlimBiome. Having achieved FDA GRAS and GMP manufacture we hope to extend the application of LP_{LDL}® from its use as a supplement into use as a food and dairy ingredient in 2020. We are also exploring opportunities to launch health and wellness products containing LP_{LDL}® direct to

consumer and retailers in the United States. This is in line with our strategy of building revenues and market presence of our patented and trademarked products (LP_{LDL}®, SlimBiome®) as the 'Intel' inside a wide range of food, beverage, supplement, and medical products around the world.

Strategic Update

OptiBiotix's strategy is to develop multiple opportunities within the microbiome space across all its platforms by creating food ingredients, supplements and pharmaceutical products with partners. This approach allows OptiBiotix to present product solutions to consumer health, pharmaceutical and retail companies providing multiple revenue streams from ingredient sales, white label and own branded products across multiple channels. We anticipate continued execution of this strategy in 2020 generating revenues against a continued low-cost base creating profitable divisions across all areas of the Company. We will continue to explore acquisition opportunities where there is an opportunity to accelerate market entry, build sales more quickly, and a commonality in strategic focus.

OptiBiotix announced the appointment of goetzpartners securities Limited in 2019 to improve international buy side access, particularly from within Europe, and as a strategic step to broaden the Company's investors base and reduce market volatility from low liquidity on the AIM market. As an extension of this strategy, OptiBiotix has commissioned advisors to explore the potential of a dual NASDAQ listing. Whilst there is risk and increased cost associated with a potential dual NASDAQ listing, the high level of investor and consumer interest in the microbiome in the USA, the potential for greater liquidity and valuation, and the OptiBiotix's growing presence in the USA through its partners (Seed Health, Agropur) suggest that there is sufficient potential to continue exploring this path.

Investor and consumer interest in the microbiome is a growing trend and, as a result, our market opportunity is large and expanding. We will continue to invest our efforts in increasing the range of applications, products, and territories to capitalise on this opportunity. As we sign more agreements, and more agreements start to translate into revenue streams, there is potential for a significant enhancement in the value of the Company. We believe this strategy will continue to generate industry interest and create an extensive pipeline of opportunities across all our platforms in the months and years ahead.

Stephen O'Hara, CEO of OptiBiotix, commented: *"This year has seen strong commercial progress with OptiBiotix extending its geographic reach and brand presence to 24 new countries and more agreements generating revenues for the first time or growing sales. As in previous years, the majority of income was generated in the second half of the year with total income for the year of just over £1.4m. We anticipate further revenue growth in 2020 as a UK launch of SlimBiome with a major UK retailer and LP_{LDL}® with AlfaSigma contributes to full year revenues, large corporate partners (e.g Agropur, Akums) commercialise products, and we extend the application of our products into new areas (e.g dairy, healthy snacks, and breakfast cereals). We believe interest in the microbiome will continue to grow and the market opportunity increase. Given high*

investor and consumer interest in the microbiome in the USA and growing sales the board OptiBiotix has commissioned advisors to explore the potential of a dual NASDAQ listing."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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 program 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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