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OptiBiotix Health PLC
29 April 2019

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

Final Results

OptiBiotix Health plc (AIM: OPTI), a life sciences business developing compounds to tackle obesity, high cholesterol and diabetes, announces its audited results for the year ended 30 November 2018.

The Company has made strong progress during this period as it continues its transition from a development company into a commercial business. This period has seen the Company sign a number of commercial deals of increasing value across its product range as it builds multiple revenue streams from manufacturing, application and distribution partners across the world.

Highlights

- A 543% increase in income from H1 to H2 and a 169% increase on 2017 income of £191k
- Completion of five successful human taste studies on SweetBiotix® demonstrating high sweetness and low off flavours
- A five year agreement with Akums Drugs and Pharmaceuticals Ltd to exclusively manufacture and supply supplements and biotherapeutic drug products containing LP_{LDL}® in India
- A non-exclusive license with one of the world's largest providers of dairy products to explore the potential for using OptiBiotix's SweetBiotix® technology to reduce the sugar content in a range of its dairy food products
- Exclusive agreement with a US company for the development of LP_{LDL}® as a drug product with a six figure milestone payments at signing and at two subsequent conditional milestones, amounts totalling a seven-figure sum
- Award for SlimBiome® for Weight Management Ingredient of the Year at Vitafoods 2018 and 'Best Functional Ingredient for Health and Wellbeing' at Food Matters
- Award for best scientific abstract at ProBiota 2018 co-authored with DSM for the identification and development of a prebiotic which selectively enhances the growth of *Lactobacillus rhamnosus GG* ("LGG®") in the gut
- Independent human studies by Oxford Brookes University demonstrating that volunteers who took SlimBiome® compared to a placebo feel fuller and are less hungry, have less food cravings, and eat less sweet and fatty foods

- The granting of medical device status and a CE mark for SlimBiome® extending its application as a food ingredient into high value medical products within consumer healthcare and pharmaceutical markets
- The investment in OptiBiotix of £450k by new non-executive board members Neil Davidson and Sean Christie

Post period end highlights

- Manufacturing, supply and profit sharing agreement for SlimBiome® in India
- Appointment of Frédéric Narbel as Managing Director of OptiBiotix's prebiotic division
- LP_{LDL}® determined GRAS by an Expert Panel in the United States
- Licence from the Food Standards and Safety Authority India for SlimBiome® to be manufactured in India
- OptiBiotix's wholly owned subsidiary ProBiotix Health Ltd raise of £1.025 million through the issue of convertible loan notes to fund a potential initial public offering

Stephen O'Hara, CEO of OptiBiotix, commented: *"OptiBiotix has made significant progress in the last 12 months signing 18 commercial agreements making a total of 28 agreements since launching products in May 2017. OptiBiotix's products are now being commercialised as food ingredients, medical devices, drug biotherapeutics and supplements in around thirty countries across the world. Importantly, these agreements are starting to generate income with revenue growth in the second half of the year significantly higher than at the start of the year. As existing deals contribute to full year revenues, partners continue to grow sales with new product launches in 2019, and as new agreements continue to be signed we anticipate further revenue growth in 2019. On behalf of the Board I would like to thank our shareholders for their continued support and we look forward to an exciting future commercialising our products in a market forecast to become one of the world's fastest growth areas."*

This announcement contains information which, prior to its disclosure, was considered inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 (MAR).

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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.

Chairman's and Chief Executive Statement

We are pleased to present OptiBiotix Health plc's ("Optibiotix" or the "Company") annual report and accounts for the year ended 30 November 2018.

The 12 months to 30 November 2018 have seen the continued transition of the Company from a research and development business to a company showing strong commercial traction for its award winning products and technologies with significant deal flow and rapidly growing revenues. This period has seen eighteen commercial agreements signed in the year to 30 November 2018, eight more than the 10 deals concluded in 2017. OptiBiotix has now completed twenty eight deals reflecting international interest from industry in high value ingredients and products which have a strong scientific and clinical evidence base. Of these deals approximately 20% are with companies whose annual turnover is greater than one billion dollars, and represent an opportunity to access global markets with large corporate partners.

As the year progressed, an increasing number of agreements started to generate income with revenue growth in the second half of the year significantly higher than at the start of the year. As existing deals contribute to full year revenues, partners continue to grow sales with new product launches in 2019, and new agreements continue to be signed on a regular basis, we anticipate further revenue growth in 2019.

Key to OptiBiotix's success is its strong science, independent clinical studies, and key opinion leader endorsement.

Whilst each product has a different technological base they are united by a common theme of:

- Understanding the underlying science and mechanism of action in laboratory studies. This allows us to optimise our products and identify multiple application opportunities
- Proving our products are safe and that they work in humans by carrying out independent clinical studies and publishing them in leading peer reviewed journals authored by leading academics respected by industry

- Working with world leading key opinion leaders who support the science behind our products

This systematic approach has led to OptiBiotix's science winning awards at international conferences (ProBiota 2017 and 2018) and its two products, LP_{LDL}® and SlimBiome®, being nominated for awards, with SlimBiome® winning the award for best weight management ingredient at Food Matters in November 2017, and Vitafoods in May 2018. Of particular note in 2018 was the award for best scientific abstract at ProBiota with co-authors DSM for developing a prebiotic which selectively increased the growth rate of DSM's Lactobacillus rhamnosus GG (LGG®), contained within its Culturelle® range. We believe this is the first reported publication of an optimised prebiotic for LGG®, one of the world's best-selling probiotics. We see the combination of a probiotic and a prebiotic, which selectively enhances the probiotics growth and functionality, creates a means to provide product differentiation and enhance the benefits of existing probiotic products in the market. We anticipate further commercial progress in this area in 2019.

We were also pleased by results of a clinical study carried out by the University of Roehampton which demonstrated that human volunteers taking SlimBiome® had statistically significant reductions in weight, BMI, hip circumference, percentage body fat, fat mass and systolic blood pressure ($P<0.01$) after four weeks of SlimBiome® intake. Significant reductions in cravings for savoury foods ($P<0.001$) and a trend for reduced sweet cravings were recorded from the end of week one of the treatment onwards, accompanied by a significant improvement in mood ($P<0.01$). This study added further evidence to other clinical studies and consumer feedback which shows SlimBiome® has a significant impact on food cravings and hunger, leading to easier and more successful weight loss, typically 2-3lbs per week.

We believe this strategy of investing in strong science and clinical studies, which independently demonstrate the safety and efficacy of our products, provides clear product differentiation and stimulates high industry interest, leading to strong deal flow. As the Company continues its transition from a technology company to a product company, it will continue to carry out further studies and present its science at international conferences and in leading peer reviewed journals around the world.

Of particular note in the last year is the recognition of this systematic approach from pharmaceutical companies who have signed deals to develop LP_{LDL}® as a drug product, and the award of medical device status and CE mark for SlimBiome®. These represent significant value enhancing steps as they extend the commercial opportunities for LP_{LDL}® and SlimBiome® into the high value medical products and pharmaceutical drug markets.

As the scientific and consumer understanding of the role of the microbiome in the prevention of disease and the maintenance of health grows we see substantial opportunities in international markets for our products. We look forward to converting this interest into growing revenue streams from license deals and supply agreements in the months and years ahead.

During the period to date we have achieved a number of key objectives, which continue to build shareholder value. These include:

- A US manufacturing, supply and profit sharing agreement with Cereal Ingredients, Inc for SlimBiome®.
- Completion of five successful human taste studies on SweetBiotix® demonstrating high sweetness and low off flavours.
- A five year distribution agreement with Trigen Pharma International to exclusively distribute and commercialise OptiBiotix's own label CholBiome® products in Pakistan.
- A non-exclusive distribution agreement with Cambridge Commodities Ltd to distribute SlimBiome® weight management technology in the United Kingdom.
- A five year agreement with Akums Drugs and Pharmaceuticals Ltd to exclusively manufacture and supply supplements and biotherapeutic drug products containing LP_{LDL}® in India.
- A non-exclusive agreement with Seed Health to produce, promote, market, and commercialise products containing LP_{LDL}® in the USA.
- A non-exclusive license with one of the world's largest providers of dairy products to explore the potential for using OptiBiotix's SweetBiotix® technology to reduce the sugar content in a range of its dairy food products.
- Exclusive agreement with a US company for the development of LP_{LDL}® as a drug product with a six figure milestone payments at signing and at two subsequent conditional milestones, amounts totalling a seven-figure sum.
- Exclusive license agreement with AlfaSigma to commercialise food supplements containing LP_{LDL}® in Italy.
- Non exclusive distribution agreement with CTC Holding to distribute SlimBiome® in the Philippines, Vietnam, Indonesia and Colombia.
- Launch of OptiBiotix online selling own brand GoFigure® and CholBiome® products direct to market providing a shop window for its LP_{LDL}® and SlimBiome® technologies.
- Award for SlimBiome® for Weight Management Ingredient of the Year at Vitafoods 2018 and 'Best Functional Ingredient for Health and Wellbeing' at Food Matters.
- Award for best scientific abstract at ProBiota 2018 co-authored with DSM for the identification and development of a prebiotic which selectively enhances the growth of *Lactobacillus rhamnosus GG* ("LGG®") in the gut.
- Independent human studies by Oxford Brookes University demonstrating that volunteers who took SlimBiome® compared to a placebo feel fuller and are less hungry, have less food cravings, and eat less sweet and fatty foods.
- The granting of medical device status and a CE mark for SlimBiome® extending its application as a food ingredient into high value medical products within consumer healthcare and pharmaceutical markets.
- The appointment of Neil Davidson as Non-Executive Chairman bringing sector expertise, a network of industry contacts, and over 30 years of operational and Board experience as Chairman, Chief Executive and director of FTSE 100, AIM and private companies.
- The investment in OptiBiotix of £450k by new non-executive board members Neil Davidson and Sean Christie.

Strategy

OptiBiotix's strategy is to develop microbiome product with a scientific and clinical evidence base targeted at large markets (>£100m) where there are high growth opportunities (CAGR >10%), and a large unmet demand. Given the evolving nature of the microbiome OptiBiotix's approach has been designed to reduce investor risk by building multiple opportunities within the microbiome space across a number of platforms which create food ingredients, supplements and pharmaceutical products with partners. This multi partner, multi-channel approach, enables OptiBiotix to maximize the income potential of each product, whilst limiting the risk related to any individual deal. This is reflected in OptiBiotix's deal structure in which approximately 20% of deals are with companies whose annual turnover greater than one billion dollars, and the remaining 80% are with small to medium size companies who are quicker to market. Common to each partner is an existing industry reputation and an established distribution network within the target market.

This allows OptiBiotix to operate on a very asset-light infrastructure with manufacturing, regulatory approvals, and sales and marketing infrastructure funded by OptiBiotix's partners such that license and royalty fees are largely cost free.. Whilst this strategy takes longer to develop than single license deals it is a low risk, low cost approach to accessing multiple consumer healthcare and pharmaceutical markets around the world, and if successful, has the potential to cumulatively generate substantive revenues and profitability in the forthcoming years.

The large number of agreements signed in 2018 across multiple application areas represents early execution of this strategy. These agreements are starting to generate recurrent revenue streams and will form the backbone of future sales growth. We anticipate further execution of this strategy in 2019 with growing revenues against a continued low-cost base creating profitable divisions across all areas of the Company.

In April 2017, OptiBiotix's majority owned skincare subsidiary, SkinBiotherapeutics (formerly SkinBiotix), was admitted to AIM with an associated £4.5 million institutional and private client investment manager fundraise. SkinBiotherapeutics plc is making solid progress in building relationships with potential commercial partners, successfully completing human studies and building a commercial leadership team. As its partnership discussions turn into commercial agreements providing industry validation of its technology we anticipate SkinBiotherapeutics plc will grow in value, whereupon OptiBiotix shareholders will benefit from the appreciation of this asset. This is an innovative business model which over time looks to give OptiBiotix shareholders a position in multiple separately listed companies, and with it the prospect of multiple returns.

As part of this strategy OptiBiotix raised £1.025 million through the issue of convertible loan notes for its wholly owned subsidiary ProBiotix Health Limited. The funds will be used to provide funding for an independent exit or potential initial public offering of ProBiotix in the UK, Europe, or the US, depending on market conditions. This is in line with OptiBiotix's strategy to form separate divisions, which could in due course become separate legal entities with the potential for a separate public listing.

Commercial

The last twelve months has seen the continued transition of OptiBiotix® from a research and development company to a commercial business with the signing of eighteen agreements with products now being commercialised in over thirty countries. This includes a number of

agreements with leading manufacturing partners within India. This introduces local manufactures to the supply chain to meet the needs of existing and new corporate partners and extend the opportunities offered by our products into the fast growing Indian and Southern Asian markets. We anticipate further deals with manufacturing partners in other territories as we extend the reach of OptiBotix's products around the world.

The company has now signed twenty eight agreements since the European launch of its products at Vitafoods in May 2017, and USA product launch at Supply Side West in September 2017. These include ten agreements for the Probiotic division, six for SlimBiome® and two for SweetBiotix®. Three of these agreements extend LP_{LDL}® into drug biotherapeutics with one agreement for SlimBiome® as a Medical Device. In the LP_{LDL}® drug biotherapeutics deals, the partner provides all funding for drug registration and approvals in return for exclusivity. With the US partner deal, OptiBiotix receives milestone and/or royalty payments based on product development and future product sales. This is a low cost, low risk approach to enter the pharmaceutical space, which, if successful, has the potential to create significant value uplift for OptiBiotix in the years ahead. Similarly, for SlimBiome®, its registration as a medical device with CE mark extends the application of SlimBiome® from food products into high value medical products and opens up access to consumer healthcare and pharmaceutical markets across Europe. This means that OptiBiotix's products are now being commercialised as food ingredients, medical devices, drug biotherapeutics and supplements through retail and online platforms around the world.

This is all part of a commercial strategy based on closing out deals across multiple levels of the value chain, starting with manufacturing agreements (e.g. Sacco, Knighton), royalty bearing license deals with formulation partners (e.g. Nutrilinea, Cereal Ingredients) for the supply of white label and branded products and distribution agreements directly with retailers. This allows OptiBiotix to develop multiple formulations and/or applications, which have the science, cost structure, and synergistic mode of action to create a wide product range, suitable for different territories in consumer health, pharmaceutical and retail companies around the world.

Of particular note in 2018 was the signing of two deals with global partners for SweetBiotix®, sweet natural healthy sugars which are not digested in the human gut and hence calorie free. These partners are looking to explore the potential to reduce the sugar content in a range of applications, in particular dairy. These agreements are part of a number of on-going discussions with potential partners who have expertise in either the manufacturing and/or application development of high value speciality ingredients within food and beverage products. One of these partners is funding the pilot scale up and supply of two batches of SweetBiotix® for consumer testing and further application development. Investors are cautioned that discussions with corporate partners takes place within a corporate process and timescale and are often subject to strict confidentiality clauses which prevents any disclosure of progress or otherwise.

With growing concerns over traditional sugars and artificial sweeteners there is the potential to replace existing 'unhealthy' sugar products with non-digestible, low calorie, healthy, SweetBiotix®. Publication of the results on our human studies and accompanying media reports in national newspapers, such as The Times, has stimulated high industry interest and we anticipate further developments and announcements in this area in the future.

The focus for 2019 is on further extending our reach into new application areas and new territories and translating industry interest into deal flow and further revenue growth. In addition to the registration of SlimBiome® as a medical device, and the development of LP_{LDL}® as a pharmaceutical drug product, we will extend the application of LP_{LDL}® from its use as a supplement into use as a food and dairy ingredient. 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.

The online platform launched in autumn 2018 creates another channel to market and a shop window for our technologies and products. The addition of CholBiome® and CholBiome® 3X and muesli pots to the store has led to month on month increase in sales. We anticipate adding new products, including SlimBiome® Medical, to the online store and growing contribution from online sales in 2019.

Results

OptiBiotix's results for the 12 months ended 30 November 2018 are set out in the Consolidated Statement of Comprehensive Income.

The results show revenue for the year of £514K. The majority of this income (£434k) was generated in the second half of the year (June to 30 November 2018) as an increasing number of agreements started to generate revenues. These figures, albeit from a low base, represent a 543% increase in income from H1 to H2 and a 169% increase on 2017 income of £191K. As existing deals contribute to full year revenues, partners continue to grow sales with new product launches in 2019, and new agreements continue to be signed, we would hope to see continued revenue growth in 2019.

Administrative expenses for 2018 were £1,850,403, down £223,865 (17.5%) from administrative expenses of £2,074,268 in 2017. This reflected a £141,719 reduction in research and development costs (2018: £160,673; 2017: £302,392) as the Company transitions from a research and development business to a commercial business. Reductions were also seen in patent and IP costs (2018: £88,003; 2017: £129,043) as patents were granted reducing filing costs and legal and professional fees (2018: £26,563; 2017: £130,729), which were higher in 2017 due to the public listing of SkinBiotherapeutics plc. Within 2018 administration expenses of £267,943 was for non-cash expenses representing depreciation, amortisation and share based payment devaluations.

The operating loss for the period was £1,498,896, which was £627,906 less than for the same period last year (2017: £2,126,802).

At 30 November 2018, the Company had £1.33m cash in the bank. Once R&D tax credits, and recoverable VAT are added back, the balance was c. £1.67m. On 14 December 2018, post accounting period, Probiotix Health Ltd, a wholly owned subsidiary of OptiBiotix Health, announced it had raised £1.025 million of capital through the issue of convertible loan notes in preparation for a potential initial public offering. Of this, £198K was received before 30 November with the remaining received post accounting period. With this funding and growing

revenues, the cash position remains strong and sufficient to cover the delivery of existing commercial plans.

The share of loss from OptiBiotix's associate, SkinBiotherapeutics (SBTX), has increased substantially from £294,278 in 2017 to £448,223 in 2018, representing an increase in SkinBiotherapeutics scientific and clinical activity. This is an accounting adjustment and has no impact on the Groups cash balance.

Board and Management

We continue to evolve the Board in line with the Company's development. The last twelve months has seen a number of board additions to reflect the increased commercial focus.

We were pleased to announce the appointment of Neil Davidson CBE as Non-Executive Chairman in January 2018 and Sean Christie, as a Non-Executive Director, who joined us in September 2018. Neil brings to the Board over thirty years of operational and Board experience as Chairman and Chief Executive of FTSE 100, AIM and private companies. Sean brings financial, investor and M&A expertise and a strong track record of delivering revenue growth and creating shareholder value. Both come with a wide network of contacts in the food industry and a wealth of experience on the Board of some of the UK's largest public companies. Their addition to the board increases the Company's sector specific expertise and brings experience of working within a large publicly listed company.

We believe with the addition of Neil and Sean, we have a well-balanced Board with scientific and commercial expertise in the founder and Chief Executive Stephen O'Hara and market expertise in Non-Executive Director Peter Wennström, one of the world's leading experts in functional food innovation and marketing. Dr Sofia Kolyda as Director of Research and Development brings specialised expertise in prebiotics. They are complemented by Christina Wood who brings sales and marketing expertise and our CFO Mark Collingbourne.

Gareth Barker will step down from the board at the end of April 2019 due to work commitments in his new role. Gareth was Vice President of Human Nutrition & Health (EMEA) at DSM and took on a new role of President of Personal Care and Aroma Ingredients at DSM in early 2018. On behalf of the Board, I would like to thank Gareth for his contribution in helping guide OptiBiotix through its early developmental years and wish him well in his new role at DSM.

We anticipate further additions and changes to the management team and the Board as we extend the global reach of our products and in-line with the continued growth and expansion of the Company.
At the end of the accounting period we announced that Dr Fred Narbel would join the Board as Managing Director of the prebiotic division containing its SweetBiotix®, OptiBiotic® and microbiome modulating technology platforms. This appointment reflects the growing partner interest in OptiBiotix's microbiome modulators and SweetBiotix®. Fred's experience of speciality food ingredients will help drive the commercialisation of OptiBiotix's pipeline of products and, in time, add another revenue stream to the growing revenues from OptiBiotix's LP_{LDL}® and SlimBiome® products.

Outlook

The last twelve months have seen the continued transition of OptiBiotix from a research and development business to a company showing strong commercial traction for its award winning products and technologies, with significant deal flow and rapidly growing revenues.

We anticipate further revenue growth in 2019 as existing deals contribute to full year revenues and partners continue to grow sales. More of our existing agreements will start to generate revenues in 2019, particularly with larger partners launching products in international markets in late 2019 and new agreements continue to be signed in 2019.

We anticipate further revenue growth will occur from our online platform (OPTIBIOTIX.Online), which has been making good progress under the leadership of Steve Riley. Sales have increased month on month as we have extended our range with the launch of new products (e.g. Muesli, CholBiome®), and invested in a mixture of digital and newspaper advertising. To support online sales growth we anticipate adding new products, including SlimBiome® Medical, to the online store and extending the GoFigure® product range. We anticipate revenues in 2019 from SlimBiome® Medical (which received its CE mark and medical device registration at the end of the accounting period), and our SweetBiotix®, OptiBiotic® and microbiome modulating platforms. Revenue growth from these areas will benefit from the appointment of Frederic Narbel as Managing Director of OptiBiotix's prebiotic division. Frederic was Vice President of Sales for Nutrition Solutions at Agropur, a company with annualised sales of $6.4 billion (2017), and joined us on 1 March 2019.

We are seeing growing interest from international partners in OptiBiotix's own label CholBiome® and GoFigure® brands and intend to invest in marketing to build the brand. If this is successful we believe there are opportunities to leverage the brand to launch OptiBiotix own label products with partners across the world and build substantive value in these assets. This is being supported by a large investment in patents and trademarks to broaden protection in international markets. OptiBiotix now has an extensive and valuable intellectual property portfolio of over ninety patents and forty trademarks.

The Company will continue to invest in its science and clinical studies and present these in peer reviewed scientific journals and at international conferences, with the endorsement of world key opinion leaders. These presentations and publications raise OptiBiotix's profile and reputation, attract commercial and media interest in our products and provide the scientific evidence for sales and marketing literature in support of product commercialisation. We are particularly pleased that our science continues to win awards at scientific conferences as this increases industry interest. We were particularly pleased to win the best scientific abstract at ProBiota 2018 with DSM for the first reported publication of an optimised prebiotic for LGG®, contained within DSM's Culturelle® range. We see the development of species or genera specific prebiotics which can selectively enhance the growth and health benefits of existing probiotic products as a growing area of interest to the probiotic industry, a market expected to be worth more than $46.5 billion by 2020 (Markets and Markets).

As we extend our reach into new application areas and new territories, the scale of the opportunity enlarges. The US is one of the largest and fastest growing probiotic markets in the world and an area of significant potential growth in 2019. With supplements alone accounting for US$2.06 billion sales and projected to grow by 55% to US$3.3bn by 2021, and food and beverage products accounting for $5 billion per annum, ('*Trends, Innovations and Opportunities Driving The Global Probiotics Market, Euromonitor International June 2017*"), the

US is a large and rapidly growing market opportunity for probiotics such as LP_{LDL}®. We were pleased to announce post year end, in February 2019, that the Independent Expert Panel ruled in favour of LP_{LDL}® GRAS status. This is a significant achievement and a major commercial milestone for the US market as it expands the potential applications of LP_{LDL}® from use as a supplement to inclusion as a functional ingredient in a wide range of food, dairy, beverage, and high value medical food applications, across the USA. The regulatory approval and extension of our products into other application areas, particularly food and beverages, reflects a growing confidence in our products and the scale of the opportunity. We would hope to see the expansion of territories and application areas leading to announcements of deals with a number of national and international partners in the future.

With a population of 1.3 billion people and cardiovascular disease accounting for up to 26% of all deaths (The Times of India June 8, 2014), 15-20% of children are overweight and 60-70% of adolescents remaining overweight or obese in their adulthood years India represents a substantial opportunity for OptiBiotix's products. In a recent visit to India the Company met with around thirty companies who identified a growing trend within India to improve Health and Wellbeing and an interest in products to help manage lifestyle diseases like heart disease and obesity. We believe India offers a substantial business opportunity which if realised could deliver multimillion pound revenues annually.

OptiBiotix's technology platforms are being developed into self-sustaining business units with a commercial focus lead by directors who have the business development, sales skills and experience to fully exploit the revenue potential of the products. As these develop, our aim is to separate them into wholly owned separate legal entities with the potential for an independent exit by a trade sale or listing separately or collectively in UK, Europe or the US, depending on market conditions. This allows OptiBiotix shareholders to benefit from the appreciation of this asset plus any dividends which may be returned in recognition of this value uplift. This is consistent with our strategy of providing investors a broad based investment portfolio across a number of areas in the microbiome space which diversifies risk, whilst offering shareholders multiple opportunities in this exciting space.

The transition from a technology to product company requires a different focus and skill set. The appointment of Neil Davidson and Sean Christie is the start of the process of bringing board level sector and FTSE100 expertise into the company. We are pleased that both Neil and Sean have invested in the region of £450,000 in OptiBiotix since their appointment early in 2018. This level of financial commitment from such established industry leaders as new board members provides reassurance to theBoard on its strategy.

The Company is developing technology and products in the microbiome space, a market growing at 22.3% per year, and described by health experts as "healthcare's most promising and lucrative frontier" (Markets and Markets). The Board believes OptiBiotix® is at the leading edge in this space and has the right strategy, team and award winning technology and products in place, to build a substantive business over the next few years. We are particularly pleased by the results customers are achieving with our products with substantive reductions in cholesterol using CholBiome® X3 and typical weight loss of 2-3lbs per week with SlimBiome® and GoFigure® products.

The last twelve months has seen continued progress in building a broad-based microbiome business with a diversity of IP and commercial agreements which provides shareholders with

multiple opportunities. The large number of agreements signed in 2018 across multiple application areas and territories represent early tangible evidence of this progress. The next stage of the process is to build on existing revenues streams to continue building sales in 2019 against a continued low-cost base creating profitable divisions across all areas of the Company.

We are pleased that our strategy of developing microbiome products with a strong scientific and clinical evidence base with key opinion leader support has provided clear product differentiation and stimulated high commercial interest. We look forward to converting this interest into agreements in new territories and application areas in the months ahead to continue rapidly growing revenues in this new and exciting area of science which has the potential to revolutionise the future of healthcare.

On behalf of everyone at OptiBiotix Health we would like to thank our investors for their continued support and look forward to an exciting future.

N Davidson and S OHara

26 April 2019

Consolidated Statement of Comprehensive Income

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Revenue	514,289	191,073
Cost of sales	(162,782)	(73,706)
Gross Profit	**351,507**	**117,367**
Share based payments	128,222	56,932
Depreciation and amortisation	141,908	119,966
Other administrative costs	1,580,273	2,067,271
Total administrative expenses	(1,850,403)	(2,244,169)
Operating (loss)	**(1,498,896)**	**(2,126,802)**
Finance cost	-	(6,154)
Finance income	169	142
	169	(6,012)
Share of loss from associate	(448,223)	(294,278)
Profit on disposal of subsidiary	-	4,116,286
Profit/(loss) before Income tax	(1,946,950)	1,689,194

Income tax	54,371	228,447
Profit/(loss) for the period	(1,892,579)	1,917,641
Other comprehensive income	-	-
Total comprehensive income for the period	(1,892,579)	1,917,641
Total comprehensive income attributable to:		
Owners of the company	(1,919,276)	1,907,441
Non-controlling interests	26,697	10,200
	(1,892,579)	1,917,641
Earnings per share from continued operations		
Basic profit/(loss) per share - pence	(2.33)p	2.43p
Diluted profit/(loss) per share - pence	(2.33)p	2.17p

Consolidated Statement of Financial Position

	As at 30 November 2018	As at 30 November 2017
ASSETS	**£**	**£**
Non-current assets		
Intangibles	2,253,089	1,927,226
Property, plant & equipment	3,143	6,561
Investments	3,740,799	4,189,022
	5,997,031	6,122,809
CURRENT ASSETS		
Inventories	30,433	8,890
Trade and other receivables	373,803	106,122
Current tax asset	303,952	183,951
Cash and cash equivalents	1,324,307	1,247,431
	2,032,495	1,546,394
TOTAL ASSETS	**8,029,526**	**7,669,203**
EQUITY		
Shareholders' Equity		

Called up share capital	1,694,488	1,586,628
Share premium	1,603,904	6,279,718
Share based payment reserve	602,739	474,517
Merger relief reserve	1,500,000	1,500,000
Retained Earnings	1,624,348	(2,805,347)
Non-controlling interest	36,897	10,200
Total Equity	**7,062,376**	**7,045,716**
LIABILITIES		
Current liabilities		
Trade and other payables	520,989	239,395
	520,989	239,395
Non - current liabilities		
Deferred tax liability	446,161	384,092
	446,161	384,092
TOTAL LIABILITIES	**967,150**	**623,487**
TOTAL EQUITY AND LIABILITIES	**8,029,526**	**7,669,203**

Consolidated Statement of Changes in Equity

	Called up Share capital £	Retained Earnings £	Share Premium £	Non-Controlling interest £	Merger Relief Reserve £	Share-based Payment reserve £	Total equity £
Balance at 30 November 2016	7,196,010	(10,345,513)	6,144,357	90,692	1,500,000	417,585	5,003,131
Profit for the year	-	1,907,441	-	10,200	-	-	1,917,641
Issues of shares during the year	23,343	-	135,361	-	-	-	158,704
Share options and warrants	-	-	-	-	-	56,932	56,932
Non-controlling Interest	-	-	-	(90,692)	-	-	(90,692)
Cancellation of shares during the year	(5,632,725)	5,632,725	-	-	-	-	-
Balance at 30 November 2017	1,586,628	(2,805,347)	6,279,718	10,200	1,500,000	474,517	7,045,716
Loss for the year	-	(1,919,276)	-	26,697	-	-	(1,892,579)

Issues of shares during the year	107,860	-	1,673,157	-	-	-	1,781,017
Share options and warrants	-	-	-	-	-	128,222	128,222
Cancellation of share premium account	-	6,348,971	(6,348,971)	-	-	-	-
Balance at 30 November 2018	1,694,488	1,624,348	1,603,904	36,897	1,500,000	602,739	7,062,376

Share capital is the amount subscribed for shares at nominal value. Share premium represents amounts subscribed for share capital in excess of nominal value, net of expenses.

Merger relief reserve arises from the 100% acquisition of OptiBiotix Limited on 5 August 2014 whereby the excess of the fair value of the issued ordinary share capital issued over the nominal value of these shares is transferred to this reserve in accordance with section 612 of the Companies Act 2006.

Retained earnings represents the cumulative profits and losses of the group attributable to the owners of the company.

Share based payment reserve represents the cumulative amounts charged in respect of unsettled warrants and options issued.

Consolidated Statement of Cash Flows

	Year ended 30 November 2018 £	Year ended 30 November 2017 £
Cash flows from operating activities		
Cash utilised by operations	(1,233,717)	(1,895,285)
Interest received	169	142
Taxation	-	141,902
Net cash outflow from operating activities	(1,233,548)	(1,753,241)
Cash flows from investing activities		

Purchases of property, plant and equipment	(2,954)	(1,804)
Purchase of intangible assets	(467,639)	(43,381)
Disposal of subsidiary net of cash balances	-	(228,212)
Net cash outflow from investing activities	(470,593)	(273,397)
Cash flows from financing activities		
Share issues	1,781,017	158,703
Net cash inflow from financing activities	1,781,017	158,703
Increase/(decrease) in cash and equivalents	76,876	(1,867,935)
Cash and cash equivalents at beginning of year	1,247,431	3,115,366
Cash and cash equivalents at end of year	1,324,307	1,247,431

The Company's Report and Accounts for the year ended 30 November 2018 will be posted to shareholders shortly and may be downloaded from the Company's website at www.optibiotix.com

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