RNS Number : 1450F
OptiBiotix Health PLC
11 July 2019

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

Scientific and commercial update

OptiBiotix Health plc (AIM: OPTI), a life sciences business developing compounds to tackle obesity, high cholesterol, diabetes and skin care, provides the following scientific and commercial update.

Scientific update

LP_{LDL}®: In 2018, the Company announced an agreement with a US partner to develop its cholesterol reducing *Lactobacillus plantarum* LP_{LDL}® strain ("LP_{LDL}®") as a pharmaceutical drug product in the USA (RNS: 4 September 2018). The agreement included a number of six figure payments to be made by the US partner at signing and at subsequent milestones with an additional six figure sum on product launch, plus royalties on future product sales. OptiBiotix was responsible for the manufacture of LP_{LDL}® to pharmaceutical drug standards. Work has been ongoing with our manufacturing partner to invest in and develop the necessary pharmaceutical processes, supporting documentation, and production batches to confirm regulatory compliance. We anticipate this work will be completed by the end of July 2019 with certification following shortly afterwards. This will trigger the second milestone payment to us and allow us to market LP_{LDL}® as a product manufactured to pharmaceutical standards. This adds value, opens up further opportunities with pharmaceutical companies, and creates product differentiation as the majority of probiotics are currently manufactured under food, rather than pharmaceutical standards.

SlimBiome®: OptiBiotix has carried out human studies on its SlimBiome® ingredient and SlimBiome® Medical product to determine its effects on both the glycaemic index ("GI") and glycaemic response ("GR") indicators of whether a food raises blood glucose levels quickly, or slowly. The results show both SlimBiome® and SlimBiome® Medical have a low GI and a low GR. The results also suggest that SlimBiome® when taken with a high GI sugar (e.g. sucrose) may mitigate the effect of the addition of a high GI sugar.

The results of this study provide further evidence of the ability of SlimBiome® to moderate blood glucose levels to increase satiety and reduce food cravings as a means of controlling the type and amount of food consumed.

SweetBiotix®: OptiBiotix has a number of development programmes creating natural sweet fibres (SweetBiotix®) with a clean flavour profile. Recent studies have shown that OptiBiotix's high intensity derived sweeteners enhance the gut microbiome, significantly increasing the number and activity of bacterial species typically associated with good gut health when compared to current natural sweeteners (e.g. stevia, mogrosides). These products are now undergoing manufacturing scale up with a US corporate partner. Discussions are ongoing with another corporate partner to explore the potential to reduce the sugar, increase fibre content, and provide health benefits with a well-known branded global beverage provider. Discussions with large corporate partners take place within a corporate process and timescale and are subject to strict confidentiality clauses.

Commercial update

OptiBiotix continues to make strong commercial progress across all its platforms signing 16 commercial agreements since the end of November 2018 with products now being commercialised in over 30 countries. These include nine for $LP_{LDL}^{®}$ and seven for SlimBiome®. This is part of a commercial strategy to close out deals across multiple levels of the value chain, starting with manufacturing agreements (e.g. Sacco, Knighton), license deals with formulation partners (e.g. Nutrilinea), and distribution agreements with retailers. This builds 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. As the brand value increases, this provides us with a stronger negotiating position with commercial partners. We continue to see revenue growth in early 2019 and anticipate this revenue to increase in H2 2019 with confirmation of a large corporate partner launching products in Q1 2020, plans for launch of own label product with a potential major retailer in early 2020, and advanced discussions with an established online consumer business to build direct to consumer sales. Whilst there are no guarantees these will all deliver expected sales revenues, and while changes to international accounting practices (IFRS 15) may impact on the timing of reporting revenues, we anticipate further revenue growth in the years ahead as existing agreements start to generate revenues, and new agreements continue to be signed.

Steve Prescott (CEO ProBiotix Health Ltd)

We are pleased that Steve Prescott commenced his employment with OptiBiotix on 1 July 2019 as Chief Executive Officer of OptiBiotix's wholly-owned subsidiary, ProBiotix Health Ltd. Steve will be based in the USA as part of a strategic step to extend the market opportunity for LP_{LDL}® and brings a track record of growing probiotic sales in international markets, specialist and industry expertise, and a network of international contacts. Work is ongoing to explore opportunities for a potential initial public offering of ProBiotix Health Limited.

Stephen O'Hara, CEO of OptiBiotix, commented: "*The Company believes it is making strong scientific and commercial progress across all its technology and product platforms. With the manufacturing scale up progressing for SweetBiotix® and work on LP_{LDL}® certification as a product manufactured to pharmaceutical standard nearing completion (extending the opportunity into pharmaceutical sales), more products are entering the commercialisation phase. With current products winning awards for their science and product innovation and growing deal flow across international markets, the Company is continuing to grow revenue streams across a broad deal pipeline. If most of these partners deliver on their forecasts, revenues will continue to grow in the months and years ahead. We are particularly pleased that, as the value of our brands increase internationally, we are seeing increased retail interest and a number of our larger corporate partners committing to product launches.*"

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

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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

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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