

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or as to what action you should take, you should consult an independent professional adviser authorised under the Financial Services and Markets Act 2000 ("FSMA") if you are in the UK, or, if not another appropriately authorised independent financial adviser who specialises in advising on the acquisition of shares and other securities.**

This Document comprises an Admission Document drawn up in compliance with the requirements of the AQSE Rules and is being issued in connection with the proposed admission of ProBiotix Health plc to the Access Segment of the AQSE Growth Market. This Document does not constitute, and the Company is not making, an offer to the public within the meaning of sections 85 and 102B of FSMA. Therefore, this Document is not an approved prospectus for the purposes of and as defined in section 85 of FSMA, has not been prepared in accordance with the Prospectus Regulation Rules and its contents have not been approved by the Financial Conduct Authority ("FCA") or any other competent authority. Further, the contents of this Document have not been approved by an authorised person for the purposes of section 21 of FSMA. This Document will not be filed with, or approved by, the FCA or any other government or regulatory authority in the UK.

The Directors of the Company, whose names are set out on page 11 of this Document, accept full responsibility, collectively and individually, for the information contained in this Document, including the Company's compliance with the AQSE Rules. To the best of the knowledge of the Directors, having taken all reasonable care to ensure that such is the case, the information in this Document is in accordance with the facts and contains no omission likely to affect its import.



## **ProBiotix Health plc**

*(Incorporated in England and Wales under the Companies Act 2006 with registration number 13723211)*

### **Placing and Subscription of 11,904,762 new Ordinary Shares at 21p per share Admission to trading on the AQSE Growth Market**

**AQSE Corporate Adviser and Broker  
Peterhouse Capital Limited**



---

The share capital of the Company is not presently listed or dealt in on any stock exchange. Application has been made for the issued and to be issued ordinary share capital of the Company to be traded on the Access Segment of the AQSE Growth Market. It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence on 31 March 2022.

**The AQSE Growth Market, which is operated by Aquis Stock Exchange Limited ("Aquis Stock Exchange"), a recognised investment exchange under Part XVIII of FSMA, is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.**

**It is not classified as a regulated market under Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, and AQSE Growth Market securities are not admitted to the official list of the UK Listing Authority. Investment in an unlisted company is speculative and tends to involve a higher degree of risk than an investment in a listed company. The value of investments can go down as well as up and investors may not get back the full amount originally invested. An investment should therefore only be considered by those persons who are prepared to sustain a loss on their investment. A prospective investor should be aware of the risks of investing in AQSE Growth Market securities and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities.**

**ProBiotix Health plc is required by the Aquis Stock Exchange to appoint an AQSE Corporate Adviser to apply on its behalf for admission to the AQSE Growth Market and must retain an AQSE Corporate Adviser at all times. The requirements for an AQSE Corporate Adviser are set out in the AQSE Corporate Adviser Handbook, and the AQSE Corporate Adviser is required to make a declaration to the Aquis Stock Exchange in the form prescribed by Appendix B to the AQSE Corporate Adviser Handbook.**

**This Admission Document has not been approved or reviewed by Aquis Stock Exchange or the Financial Conduct Authority.**

Peterhouse Capital Limited, which is authorised and regulated by the FCA, is the Company's AQSE Corporate Adviser for the purposes of Admission. Peterhouse Capital Limited has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this Document, or for the omission of any material information, for which the Directors are solely responsible. Peterhouse Capital Limited is acting for the Company and no one else in relation to the arrangements proposed in this Document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person on the content of this Document.

**The whole text of this Document should be read. An investment in the Company involves a high degree of risk and, may not be suitable for all recipients of this Document. Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.**

#### **OVERSEAS SHAREHOLDERS**

This Document does not constitute an offer to sell, or a solicitation to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Document is not, subject to certain exceptions, for distribution in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been nor will be registered under the United States Securities Act of 1933, as amended, nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities laws or regulations. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered or sold directly or indirectly in or into the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan or to any national, citizen or resident of the United States, Canada, Australia, the Republic of South Africa, the Republic of Ireland or Japan.

The distribution of this Document in certain jurisdictions may be restricted by law. No action has been taken by the Company or Peterhouse Capital Limited that would permit a public offer of Ordinary Shares or possession or distribution of this Document where action for that purpose is required. Persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. Holding Ordinary Shares may have implications for overseas Shareholders under the laws of the relevant overseas jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

#### **FORWARD-LOOKING STATEMENTS**

This Document contains forward-looking statements. These statements relate to the Group's future prospects, developments and business strategies.

Forward-looking statements are identified by their use of terms and phrases such as "believe", "could", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those variations or comparable expressions, including references to assumptions. These statements are primarily contained in Part I of this Document.

The forward-looking statements in this Document are based on current expectations and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by those statements. Certain risks to and uncertainties for the Group are specifically described in Part II of this Document headed "Risk Factors". If one or more of these risks or uncertainties materialises, or if underlying assumptions prove incorrect, the Group's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements.

These forward-looking statements are made only as at the date of this Document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or Risk Factors other than as required by law or the AQSE Rules whether as a result of new information, future events or otherwise. However, nothing in this Document shall be effective to limit or exclude liability for fraud or which, by law or regulation, cannot otherwise be so limited or excluded.

#### **THIRD PARTY INFORMATION**

To the extent that information in this Document has been sourced from a third party, this information has been accurately reproduced and, so far as the Directors and the Company are aware and able to ascertain from information published by that third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

#### **INFORMATION ON THE COMPANY'S WEBSITE**

The information on the Company's website does not form part of this Document unless that information is specifically incorporated by reference into this Document.

## CONTENTS

DEFINITIONS	5
GLOSSARY OF TECHNICAL TERMS	9
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	10
ADMISSION AND TRADING INFORMATION	10
DIRECTORS, SECRETARY AND ADVISERS	11
PART I            INFORMATION ON THE COMPANY	12
PART II           RISK FACTORS	24
PART III          REPORT ON THE COMPANY'S INTELLECTUAL PROPERTY	29
PART IV          HISTORICAL FINANCIAL INFORMATION ON PROBIOTIX HEALTH	33
PART V          HISTORICAL FINANCIAL INFORMATION ON PROBIOTIX	41
PART VI          PRO FORMA STATEMENT OF NET ASSETS	66
PART VII        ADDITIONAL INFORMATION	68

## DEFINITIONS

The following definitions apply throughout this Document, unless the context requires otherwise:

<b>“Act”</b>	the Companies Act 2006, as amended
<b>“Admission”</b>	admission of the entire issued ordinary share capital of the Company to trading on the AQSE Growth Market becoming effective in accordance with the AQSE Rules
<b>“AIM”</b>	the AIM market of London Stock Exchange plc
<b>“Articles” or “Articles of Association”</b>	the articles of association of the Company from time to time
<b>“Aquis Stock Exchange”</b>	Aquis Stock Exchange Limited, a recognised investment exchange under section 290 of FSMA
<b>“AQSE Growth Market”</b>	the AQSE Growth Market operated by Aquis Stock Exchange
<b>“AQSE Rules”</b>	the rules contained in the AQSE Growth Market Access Rulebook, which set out the admission requirements and continuing obligations of companies seeking admission to and whose shares are admitted to trading on the Access Segment of the AQSE Growth Market issued by Aquis Exchange
<b>“Board” or “Directors”</b>	the directors of the Company, whose names are set out on page 11 of this Document
<b>“Business Day”</b>	a day other than Saturday or Sunday or a public holiday in England and Wales
<b>“CholBiome®”</b>	a range of own label branded product containing LP-LDL® formulated to reduce the risk of cardiovascular disease
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“CLNs”</b>	the £1,025,000 floating rate convertible loan notes issued by ProBiotix
<b>“CLN Shares”</b>	the 9,761,904 new Ordinary Shares to be issued on the conversion of the CLNs on Admission, details of which are set out at paragraph 11 of Part I of this Document
<b>“Company” or “ProBiotix Health”</b>	ProBiotix Health plc, a company registered in England and Wales with company number 13723211 and whose registered office is at Cavalier Suite, The Barracks, Wakefield Road, Pontefract, WF8 4HH
<b>“CREST”</b>	the computerised settlement system (as defined in the CREST Regulations) to facilitate the transfer of title in shares and the holding of shares in uncertificated form which is operated by Euroclear UK & International Limited
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time)
<b>“Document”</b>	this document and its contents

<b>“EIS”</b>	the Enterprise Investment Scheme as set out in Part 5 of the Income Tax Act 2007 and sections 150A-150C and Schedule 5B to the Taxation of Chargeable Gains Act 1992
<b>“Existing Ordinary Shares”</b>	the 100,000,000 Ordinary Shares in issue as at the date of this Document
<b>“FCA”</b>	the United Kingdom Financial Conduct Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Fundraising”</b>	the Placing and the Subscription
<b>“Fundraising Price”</b>	21p per new Ordinary Share
<b>“Fundraising Shares”</b>	the 11,904,762 new Ordinary Shares to be issued pursuant to the Placing and the Subscription
<b>“Group”</b>	the Company and its subsidiary, Probiotix Limited
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“IP”</b>	intellectual property
<b>“Intellectual Property Rights” or “IPR”</b>	intellectual property rights
<b>“Issued Share Capital”</b>	the Existing Ordinary Shares, together with the CLN Shares and the Fundraising Shares, being the issued ordinary share capital of the Company immediately following Admission
<b>“LP-LDL®”</b>	<i>Lactobacillus plantarum</i> ECGC13110402, ProBiotix’s cholesterol reducing probiotic
<b>“Lock-In Agreements”</b>	the lock-in agreements between the Company, Peterhouse and each of the Locked-In Parties (respectively), further details of which are set out in paragraph 9.4 of Part VII of this Document
<b>“Locked-In Directors”</b>	those Directors who hold Ordinary Shares or who will acquire or receive Ordinary Shares during the Lock-In Period (being all of the Directors with the exception of Marco Caspani)
<b>“Lock-In Period”</b>	in the case of the Locked-In Directors and OptiBiotix, the period of 12 months following Admission, and, in the case of the Nominee, the period of 9 months following Admission
<b>“Locked-In Parties”</b>	the Locked-In Directors, OptiBiotix and the Nominee
<b>“MAR” or “Market Abuse Regulation”</b>	the UK version of Regulation (EU) 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended and supplemented from time to time including by the Market Abuse (Amendment) (EU Exit) Regulations 2019

<b>“New Ordinary Shares”</b>	the CLN Shares and the Fundraising Shares
<b>“Nominee”</b>	Global Prime Partners Nominees Ltd, being the nominee recipient of the OptiBiotix Dividend Shares
<b>“Official List”</b>	the Official List of the FCA
<b>“OptiBiotix”</b>	OptiBiotix Health plc
<b>“OptiBiotix Dividend”</b>	the dividend in specie declared by OptiBiotix on 25 March 2022 comprising the transfer of the OptiBiotix Dividend Shares to the Nominee (to be held on trust for the benefit of the OptiBiotix Shareholders)
<b>“OptiBiotix Dividend Shares”</b>	the 48,847,619 Existing Ordinary Shares to be distributed by OptiBiotix to the Nominee (as nominee for the OptiBiotix Shareholders) pursuant to the OptiBiotix Dividend
<b>“OptiBiotix Shareholders”</b>	the holders of ordinary shares of 2p each in OptiBiotix on the register of members of OptiBiotix as at the close of business on 25 March 2022
<b>“Option Scheme”</b>	the ProBiotix Share Incentive Plan 2022
<b>“Options”</b>	options to subscribe for Ordinary Shares
<b>“Ordinary Shares”</b>	ordinary shares of 0.05 pence each in the capital of the Company
<b>“Panel”</b>	The Panel on Takeovers and Mergers
<b>“Persons Discharging Managerial Responsibility” or “PDMRs”</b>	as defined in MAR, as may be amended from time to time, and refers to any person fulfilling such function for the Company or any of its subsidiaries from time to time and as at the date of this Document and, for the purposes of this Document, the PDMRs comprise the Directors and Mark Collingbourne
<b>“Peterhouse”</b>	Peterhouse Capital Limited, AQSE Corporate Adviser and Broker to the Company, which is authorised and regulated by the FCA
<b>“Placing”</b>	the conditional placing by Peterhouse on behalf of the Company of the Placing Shares at the Fundraising Price
<b>“Placing Agreement”</b>	the conditional agreement dated 31 March 2022 between the Company, the Directors, OptiBiotix and Peterhouse relating to the Placing, details of which are set out at paragraph 9.6 of Part VII of this Document
<b>“Placing Shares”</b>	the 11,619,048 New Ordinary Shares to be issued pursuant to the Placing
<b>“ProBiotix”</b>	ProBiotix Limited, the Company’s wholly owned subsidiary, which is a company registered in England and Wales with company number 11330264 and whose registered office is at Cavalier Suite, The Barracks, Wakefield Road, Pontefract, WF8 4HH

<b>“Prospectus Regulation Rules”</b>	the prospectus regulation rules made by the FCA pursuant to part VI of the FSMA from time to time
<b>“QCA Code”</b>	the Corporate Governance Code for Small and Mid-sized Quoted Companies 2018, published in April 2018 by the Quoted Companies Alliance
<b>“Shareholders”</b>	the persons who are registered as the holders of Ordinary Shares from time to time
<b>“Subscription”</b>	the conditional subscription of the Subscription Shares at the Fundraising Price
<b>“Subscription Shares”</b>	the 285,714 New Ordinary Shares to be issued pursuant to the Subscription
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“UK Legislation”</b>	the laws that are in force in England and Wales, Scotland and Northern Ireland from time to time
<b>“uncertificated” or “in uncertificated form”</b>	recorded on the register of Ordinary Shares as being held in uncertificated form in CREST, entitlement to which by virtue of the CREST Regulations may be transferred by means of CREST
<b>“US”, “USA” or “United States”</b>	the United States of America, its territories and possessions, any states of the United States of America and the District of Columbia and all other areas subject to its jurisdiction
<b>“Warrants”</b>	warrants to subscribe for Ordinary Shares, further details of which are set out in paragraph 9.2 of Part VII of this Document
<b>“Warrant Instrument”</b>	the instrument dated 31 March 2022 made by the Company, details of which are set out at paragraph 9.2 of Part VII of this Document.

## GLOSSARY OF TECHNICAL TERMS

The following table provides an explanation of certain technical terms and abbreviations used in this Document. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

<b>“Apolipo protein B”</b>	A protein that is involved in the metabolism of lipids and is the main protein constituent of lipoproteins such as LDL cholesterol.
<b>“Cardiovascular Disease”</b>	Cardiovascular disease includes all the diseases of the heart and circulation including coronary heart disease (angina and heart attack), heart failure, congenital heart disease and stroke. It is also known as heart and circulatory disease.
<b>“GRAS”</b>	Generally recognised as safe.
<b>“HDL cholesterol”</b>	High-density lipoproteins. Often called "good" cholesterol, because it carries cholesterol from other parts of your body back to your liver which removes it from the body.
<b>“Human Microbiome”</b>	The collective genetic material of the microbes (e.g., bacteria, fungi) in or on the human body.
<b>“Hypercholestorolemic”</b>	Having elevated levels of cholesterol.
<b>“LDL cholesterol”</b>	Low-density lipoproteins. Often called "bad" cholesterol, because a high LDL level leads to a build-up of cholesterol in the arteries.
<b>“Microbe”</b>	An organism that is too small to be seen by the unaided eye such as a virus, bacterium, or fungus.
<b>“Microbiome” or “Microbiota”</b>	The combined genetic material of microorganisms living at a particular body site.
<b>“Microbiome modulator”</b>	Compounds which change the types and relative proportions of microbes in the human microbiome to achieve a health benefit.
<b>“mmol</b>	Millimoles per litre.
<b>“Obesity”</b>	Abnormal or excessive fat accumulation that may impair health.
<b>“Probiotic”</b>	Live microbes that, when ingested, can alter the composition of the microbiome and improve human health.
<b>“Statins”</b>	A class of drugs used to lower cholesterol levels by inhibiting the enzyme HMG-CoA reductase, which plays a central role in the production of cholesterol in the liver.
<b>“Strain”</b>	A microbe which has descended from a particular species that possesses minor differences in its characteristics though still remain distinguishable. For example, two bacteria may be the same species, but one may have a health benefit whilst the other does not.
<b>“Tight junctions”</b>	A specialised connection of two adjacent cell membranes preventing the passage of toxins, molecules and ions through these spaces.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this Document	31 March 2022
Admission to trading on the AQSE Growth Market becomes effective and commencement of trading in the Ordinary Shares	8:00 a.m. on 31 March 2022
Ordinary Shares credited to CREST accounts (where applicable)	31 March 2022
Dispatch of share certificates (where applicable)	7 April 2022

Each of the times and dates set out above and mentioned elsewhere in this Document may be subject to change at the absolute discretion of the Company. All times are London times unless stated otherwise.

## ADMISSION AND TRADING INFORMATION

Number of Existing Ordinary Shares	100,000,000
Number of CLN Shares to be issued	9,761,904
Number of Fundraising Shares to be issued	11,904,762
Fundraising Shares as a percentage of the Issued Share Capital	9.8%
Fundraising Price	21p per share
Gross proceeds of the Fundraising	£2.5 million
Issued Share Capital on Admission	121,666,666
Market capitalisation on Admission at the Fundraising Price	£25.5 million
AQSE Growth Market symbol (TIDM)	PBX
ISIN Number	GB00BLNBFR86
LEI	98450048683CF0388C30

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	Adam Reynolds ( <i>Non-executive Chairman</i> ) Stephen O'Hara ( <i>Chief Executive Officer</i> ) Mikkel Hvid-Hansen ( <i>Commercial Director</i> ) Marco Caspani ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	Mark Collingbourne, FCCA
<b>Registered Office</b>	Cavalier Suite The Barracks Wakefield Road Pontefract WF8 4HH
<b>AQSE Corporate Adviser and Broker</b>	<b>Peterhouse Capital Limited</b> 3rd Floor, 80 Cheapside London EC2V 6EE
<b>Legal Advisers to the Company</b>	<b>Brabners LLP</b> 55 King Street Manchester M2 4EQ
<b>Intellectual Property Solicitors</b>	<b>Appleyard Lees IP LLP</b> The Lexicon Mount Street Manchester M2 5NT
<b>Reporting Accountants and Auditors</b>	<b>Jeffreys Henry LLP</b> Finsgate 5-7 Cranwood Street London EC1V 9EE
<b>Public Relations</b>	<b>Walbrook PR</b> 4 Lombard Street London EC3V 9HD
<b>Registrars</b>	<b>Share Registrars Limited</b> Molex House The Millennium Centre Crosby Way Farnham Surrey GU9 7XX
<b>Website</b>	<a href="http://www.probiotixhealth.com">www.probiotixhealth.com</a>

## **PART I**

### **INFORMATION ON THE COMPANY**

#### **1. Introduction**

ProBiotix Health was incorporated on 4 November 2021 under the name ProBiotix Limited with registered number 13723211 under the Companies Act 2006. The Company was renamed ProBiotix Health Limited on 14 February 2022 and re-registered as a public limited company on 22 March 2022. ProBiotix Health plc is the holding company of ProBiotix Limited, which it acquired on 7 February 2022.

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, OptiBiotix, with its subsidiary ProBiotix, has become a global leader in microbiome modulating compounds for use in functional foods and supplements.

Human volunteer studies<sup>1</sup> 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. Since launching its CholBiome® products containing LP-LDL® in May 2017, ProBiotix has signed over 38 agreements and its products are now being commercialised in over 60 countries.

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.

In the six months ended 30 June 2021, revenues at ProBiotix increased 57 per cent to £536,225.

The Directors believe that an investment in the Company represents an opportunity to invest in an innovative technology that is underpinned by a significant portfolio of Intellectual Property Rights, supported by an experienced board, and applicable to a range of markets.

#### **2. Probiotics and the Human Microbiome**

The human body contains on and within it, roughly 10 times more bacterial cells than human cells. The genetic content of all the bacteria in and on our bodies is called the human microbiome. Our microbiome contains roughly 1,000,000 genes, whereas humans possess around 23,000 genes. The microbiome therefore has a huge potential to be able to change the way the body functions.

The human gut microbiota has been the subject of extensive research. As changes to gut microbiome are often associated with disease, this has led to the idea that manipulating the gut microbiome through the ingestion of probiotics may be associated with a return to health.

Probiotics are live micro-organisms which, when administered in adequate amounts, confer a health benefit on the host. They are usually members of the gut microbiota where they are well known for their positive effects. In the gut, probiotics have been used to treat or prevent a number of disorders ranging from travellers' diarrhoea to chronic inflammatory conditions, like ulcerative colitis. Although the mechanisms by which probiotics act in the gut are unclear, a number of scientific publications<sup>2</sup> suggest that probiotics can:

---

<sup>1</sup> The cholesterol-lowering efficacy of *Lactobacillus plantarum* 2022

<sup>2</sup> Benefaction of probiotics for human health: A review

- increase the gut's barrier integrity by enhancing the formation of multi-protein complexes called 'tight junctions'. Tight junctions seal the space between adjacent gut cells to prevent the passage of toxins, molecules and ions through these spaces;
- protect the gut from infection by outcompeting harmful pathogens;
- modulate the immune responses of the human body; and
- increase the rate of intestinal healing in response to injury.

Probiotics therefore play an important role in preventive healthcare, as they may help to prevent the occurrence of diseases by strengthening the immune system. The Directors believe that rising awareness of the importance of preventive healthcare will provide significant growth opportunities for the Group.

### **3. Overview of the Probiotics Market**

The global probiotics market is estimated to be valued at USD 61.1 billion in 2021 and is projected to reach USD 91.1 billion by 2026<sup>3</sup>. The growth is expected to be driven by the increasing consumer inclination towards preventive healthcare in conjunction with the development of safe and effective probiotic strains.

Preventive healthcare includes a healthy lifestyle and dietary choices that help prevent the occurrence of diseases. Awareness regarding preventive healthcare is on the rise due to various factors, such as increasing disposable income, higher standards of living, and growth in the aging population. Easy availability of information pertaining to preventive healthcare on the internet is also contributing to this rising awareness.

The COVID-19 pandemic resulted in a huge spike in global demand for immunity-boosting food products and supplements, such as probiotics. According to a survey conducted by Natural Marketing Institute in May 2020<sup>4</sup>, probiotic consumption witnessed a significant surge in 2020, with the number of consumers taking probiotics increasing by 66 per cent in the US, 188 per cent in Italy and 108 per cent in China over a 6-month period.

In the United States, the probiotic market is characterised by the presence of demographic-specific probiotics, such as for geriatrics and genders. Continuing high demand for probiotic-based food and beverage products, as well as dietary supplements, is expected to drive the US market over the next few years.

In the next few years, the Asia Pacific region is expected to be the fastest-growing market for probiotic consumption, driven by rising disposable incomes, urbanisation and increased demand for nutritional food products. Asia Pacific led the global probiotic market in 2020, with a revenue share of over 40 per cent.

### **4. History of the Group**

OptiBiotix Limited, a subsidiary of AIM listed OptiBiotix. was formed in March 2012 by Stephen O'Hara, the Company's Chief Executive, to develop compounds which modify the human microbiome to prevent and manage human disease.

<sup>3</sup> <https://www.globenewswire.com/news-release/2021/07/20/2265430/0/en/The-global-probiotics-market-is-estimated-to-be-valued-at-USD-61-1-billion-in-2021-and-is-projected-to-reach-USD-91-1-billion-by-2026-at-a-CAGR-of-8-3.html>

<sup>4</sup> <https://www.grandviewresearch.com/industry-analysis/probiotics-market> 14 M

OptiBiotix has established a pipeline of microbiome modulators that can impact on lipid and cholesterol management, energy harvest and appetite suppression. The development pipeline is fuelled by its proprietary OptiScreen® and OptiBiotic® platform technologies, designed to identify metabolic pathways and compounds that impact on human physiology and bring potential health benefits. The Directors believe that these platforms are applicable across a wider range of other human diseases.

OptiBiotix has a strategy of bringing its divisions to maturity, through scientific development, to create self-sustaining commercial entities with the potential for an exit or public listing.

In support of this strategy, OptiBiotix established ProBiotix in 2018, recognising that its probiotics business had achieved sufficient scientific and commercial maturity, with rapidly growing revenue streams, to justify a standalone commercial operation.

On 7 February 2022, ProBiotix Health acquired ProBiotix in a share for share exchange.

## **5. ProBiotix and its Products**

ProBiotix has made considerable progress since it was established and has successfully transitioned from a research and development specialist into a profitable commercial organisation. ProBiotix is increasing its revenues and achieving global sales and recognition for its technologies and products, to the extent that ProBiotix has now signed over 38 agreements and its products are being commercialised in over 60 countries.

ProBiotix commercialises LP-LDL® as an ingredient and in a range of white label (e.g., Ezimega 3) and own label products under its CholBiome® range. It also receives milestone payments from a US partner, which is funding the development of LP-LDL® as a drug biotherapeutic.

### **LP-LDL®**

*Lactobacillus plantarum* LP-LDL® is a next-generation probiotic that aids elements of cardiovascular health and wellbeing. LP-LDL® is able to improve blood lipid profiles and blood pressure and provide a non-pharmaceutical solution. Whereas high levels of cholesterol are commonly addressed with statins, which are drugs known to be associated with a host of undesirable side effects, LP-LDL® offers a natural, scientifically founded alternative with no reported side effects.

LP-LDL® harnesses the microbiome-liver axis to positively impact upon the gut microbiome, using a naturally occurring strain of the bacterial species *Lactobacillus plantarum*, which demonstrates an exceptional capacity to modulate the metabolism of bile acids. This activity is important to bacterial survival in the intestine's hostile environment and aids conditions such as high blood pressure and high cholesterol, as well as physiological processes including vitamin metabolism, glucose regulation and liver function.

LP-LDL® was developed in conjunction with leading academics and, in a double blind, randomised, placebo controlled, study run by Reading University, it was found that LP-LDL® reduced total cholesterol by up to 36.7 per cent, lowered LDL cholesterol by up to 13.9 per cent and increased HDL cholesterol by up to 4.5 per cent. In addition to this cholesterol lowering effect, LP-LDL® was also found to reduce blood pressure levels by up to 5.1 per cent.

A similar study conducted in 2022 with the University of Roehampton, focused on hypercholesterolemic individuals, with total cholesterol levels >6mmol. Such individuals have a high level of cardiovascular risk and are most likely to benefit from cholesterol reduction. The study demonstrated that LP-LDL® produces statistically significant changes to clinically important cardiovascular risk within 6 weeks, including a 34.6

per cent reduction in total cholesterol and a 28.4 per cent reduction in LDL cholesterol. These levels of reductions are more commonly associated with pharmaceutical products, like statins and bempodoic acid. LP-LDL®'s stability in processing makes it suitable for a broad array of functional food products and supplements in consumer and pharmaceutical health care. It has excellent survival and metabolic activity in high concentrations of bile salts and conditions in the intestine and has shown excellent survival to freeze-drying and stability at 25°C and 5°C over 24 months.

LP-LDL® is manufactured in pharmaceutical GMP-certified facilities and protected worldwide by in the region of 5 patent families, comprising 27 patents and pending patent applications, and 22 trademarks.

In February 2019, LP-LDL® was designated Generally Recognized As Safe ("GRAS") by an independent Expert GRAS Panel in the United States, 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.

A recent example of ProBiotix's product commercialisation progress has been in the US, where one of its partners, Seed Health ("Seed"), has received FDA authorisation for an Investigational New Drug ("IND") application for DS-01™, a multi-strain probiotic that contains the patented LP-LDL® from ProBiotix. This regulatory acceptance enables DS-01™ to enter a phase II randomised, triple-blind, and placebo-controlled clinical trial to investigate the role of the gut microbiome in patients with Irritable Bowel Syndrome ("IBS") and the impact of DS-01™ on intestinal microbial communities. The strong scientific and clinical evidence is one of the reasons for validating LP-LDL® as a potential pharmaceutical product.

#### **CholBiome®**

The CholBiome® portfolio currently comprises 4 products, which can either be sold under the CholBiome® brand or private label:

- **CholBiome®**  
Contains LP-LDL® as the only active ingredient, to focus on healthy cholesterol maintenance and deliver tangible health benefits.
- **CholBiome®<sub>X3</sub>**  
A cholesterol-reducing formula that combines three targeted ingredients into a triple-layer tablet. It consists of LP-LDL®, Monacolin K from red yeast rice, and Vitamin B3 (niacin) to deliver a tri-factor approach that utilises synergistic mechanisms of action to reduce cholesterol and aid overall cardiovascular health.
- **CholBiome®<sub>BP</sub>**  
A blood pressure reducing formula that combines four science-backed natural ingredients, LP-LDL®, Thiamine (Vitamin B1), L-arginine and CoEnzyme Q10, to provide a multi-targeted mechanism approach for aiding hypertension and improving cardiovascular health.
- **CholBiome®<sub>VH</sub>**  
A vascular health formula that combines three specialised ingredients in a triple layer tablet. Consisting of LP-LDL®, Thiamine and Vitamin K2 Vital (from Kappa Bioscience) to provide a multi-targeted mechanism to work against the build-up of lipid and calcium deposits in the blood vessels.

In June 2018, ProBiotix signed an agreement with ALFASIGMA S.p.A., a multinational pharmaceutical company with 2020 turnover of €989m and around 2,900 employees globally, to exclusively commercialise food supplements containing the Company's cholesterol and blood pressure reducing LP-LDL® strain in Italy. Pursuant to this agreement, Ezimega 3 was launched in January 2020 into the high value GP, hospital and pharmacy markets.

In July 2020, ProBiotix entered into a non-exclusive distribution agreement with Actial Farmaceutica Srl ("Actial") for the distribution of CholBiome® and CholBiome®<sub>x3</sub> into the Asia Pacific region as a cardiovascular extension to Actial's VSL#3® brand, widely regarded as one of the world's best known probiotic brands.

In October 2020, ProBiotix extended its partner agreement with United Italian Trading Corporation (Pte) Ltd in Singapore, to exclusively distribute CholBiome®<sub>x3</sub> in Singapore, as part of the Group's growth strategy into Asia.

In February 2022, ProBiotix conducted a study of consumers who had purchased CholBiome® products. The study indicated that:

- 96 per cent of consumers who had taken CholBiome®<sub>x3</sub> and who had measured their total cholesterol levels, reported that their cholesterol levels had reduced. Of these:
  - 17 per cent reported reductions in total cholesterol of more than 30 per cent
  - 50 per cent reported reductions in total cholesterol of between 16 and 30 per cent
  - 29 per cent reported reductions in total cholesterol of between 1 and 15 per cent
- 88 per cent of consumers stated that their LDL-cholesterol had been reduced (with 8 per cent not knowing their LDL cholesterol levels)
- This level of reduction was sustained with 93 per cent of users who took the product for more than 1 year reporting reduced levels of total and LDL cholesterol.
- No consumers taking CholBiome®<sub>x3</sub> reported any side effects or tolerance issues.

These results build upon a consumer study on CholBiome®<sub>x3</sub> carried out in December 2019, in which 95 per cent of consumers stated that the product was effective and 90 per cent reported they would recommend the product to family and friends.

## **6. The Group's Strategy**

The Group's strategy is to develop next-generation microbiome solutions for a wide range of health conditions and to deliver commercially successful products supported by a strong scientific evidence base.

The Group's strategic aim is to partner with health and wellbeing and/or pharmaceutical companies which are active in the probiotics sector and encompass all areas of the value chain – manufacturers, formulators and distributors. These partners are expected to be a mix of smaller, quick to market partners, and larger partners (with more than \$1bn of turnover) in key strategic markets, such as India, Asia and the USA, which the Directors believe can deliver higher sales volumes, international reach and enhanced brand credibility. Over time, the Directors intend to have 8 – 10 large national or international partners.

The Group will continue to extend its product range into new application areas, such as dairy and functional foods, and new areas of health, including stress, anxiety, sleep disorders, and allergies, and into new territories, and move to sell more final product solutions. The Group's overriding strategy is to secure multiple deals with multiple partners – manufacturer, formulators and distributors – allowing the Group to control the complete value chain for the products it develops.

The Directors believe that investor and consumer interest in probiotics and the human microbiome is growing, presenting a significant market opportunity. The Group intends to capitalise on this opportunity

by continuing to develop products with a strong scientific and clinical evidence base which demonstrate clear product differentiation and the potential for high commercial interest.

In this way, the Directors intend to continue to develop the Group's business in an area of science which they believe has the potential to improve the future of healthcare.

## **7. Intellectual Property**

ProBiotix currently has 27 registered patents to its name and will continue to expand its IP portfolio as it expands its application areas and territories.

The Group's IP strategy is to develop its IP portfolio through ongoing research. The applied for portfolio, which has been built on several years of research, is focussed on the potential of probiotics, underpins the commercial strategy of the Group and supports its market proposition.

All disclosures and publications made by ProBiotix are submitted to the Company's patent attorney (Appleyard Lees IP LLP) for consideration and review. It is also a policy of the Group to avoid the use of third-party proprietary technology in developing its products in order to mitigate the risk of patent infringement.

A report on the Group's IPR by Appleyard Lees IP LLP is set out in Part III of this Document.

## **8. Historical Financial Information**

The Company was incorporated on 4 November 2021 and has not traded. Financial information on the Company from incorporation to 4 March 2022 is set out in Part IV of this Document. This information does not constitute statutory accounts and the first set of statutory accounts of the Company are required to be made up to 31 December 2021.

Financial Information on ProBiotix for the periods ended 31 December 2018 and 2019, the year ended 31 December 2020 and for the six months ended 30 June 2021 is set out in Part V of this Document. The summary information below has been extracted without material adjustment from that Part V.

	7 Months Period ended 31 December 2018	13 Months Period ended 31 December 2019	Year ended 31 December 2020	6 months ended 30 June 2021
	£	£	£	£
Revenue	-	397,831	821,125	537,262
Gross profit	-	289,396	508,308	258,855
(Loss)/Profit from operations and before tax	-	(528,026)	(13,281)	46,629

On 28 February 2022, OptiBiotix announced that preliminary unaudited results for ProBiotix for the year ended 31 December 2021, indicated total sales of £1.1 million. A pro forma statement of net assets of the Company is set out in Part VI of this Document.

## **9. Directors and Key Management**

### **Directors**

The Directors of the Company are as follows:

***Adam Reynolds – Non-executive Chairman (aged 59)***

Adam began his career in the City in 1980 and in 2000 established his own PR/IR/Corporate finance firm which listed on AIM in November 2000 and was then later sold in 2004 via a reverse takeover.

He was approached in 2005 to become non-executive Chairman of International Brand Licensing Plc (“IBL”). The company at this time had substantial debt and the remit was to turn it around. Following the sale of a number of global sports IP assets, IBL became a cash shell. In 2009 Adam introduced David Evans and Julian Baines, two leading diagnostic specialists in the UK, to the company and the Plc changed direction. That business is today called EKF Diagnostic Holdings Plc, and Adam remains a non-executive director and shareholder.

In November 2012, Adam launched a successful agreed bid for the trading assets and business of Autoclenz Plc alongside its management team. Adam remains a director and shareholder.

In addition, Adam is currently non-executive Chairman of AIM-quoted Belluscura plc, Yourgene Health Plc and MyHealthChecked Plc, and a non-executive director of Sosandar Plc.

***Stephen O’Hara – Chief Executive Officer (aged 61)***

Stephen trained as a microbiologist and has over 50 publications, 70 plus patents, and chapters in a number of books. Whilst a scientist by training, Stephen is at heart an entrepreneur with a track record of success in identifying opportunities, raising finance, commercialising products and taking companies to exit by IPO or trade sale. Stephen has built several businesses and was a founder of Acolyte Biomedica which he exited to 3M Healthcare in 2007 (at a 32x multiple) whereupon he became Director of Healthcare at 3M.

Stephen has been a director of an investment company and is frequently asked to advise on potential investments by institutional investors.

Stephen founded OptiBiotix in May 2012, SkinBiotherapeutics plc in 2015 (initially as a joint venture with the University of Manchester) and ProBiotix in 2018, to commercialise opportunities in the immature but evolving microbiome field. Stephen listed OptiBiotix on AIM in August 2014 and SkinBiotherapeutics plc in April 2017.

***Mikkel Hvid-Hansen – Commercial Director (aged 53)***

Prior to joining ProBiotix, Mikkel was International Sales Manager for Cell Biotech Int., a Korean probiotic company selling bulk ingredients and finished products internationally.

Mikkel previously spent six years as International Sales Manager at Bifodan, where he had responsibility for the sales of several probiotic OTC drugs. Previously, Mikkel also worked for Lallemand, the world's third largest probiotic company (1998-2006) and Eraco (1995-1998). Mikkel has extensive experience of commercialising probiotics products and technologies, a wide network of industry contacts, and a strong track record of rapidly growing sales.

***Marco Caspani – Independent Non-executive Director (aged 47)***

Marco has been working in the health ingredients industry for more than 18 years. With a degree in food science, he has covered several roles in different companies until he joined Centro Sperimentale Del Latte S.R.L. in 2012, a company that has, since 1948 studied, developed and produced probiotic strains for the food and pharmaceutical Industries.

**Key Management**

The Group’s finance function will be the responsibility of Mark Collingbourne, who is currently the Chief Finance Officer at OptiBiotix.

### **Mark Collingbourne – Chief Finance Officer**

Mark is a qualified accountant with significant experience in financial management, particularly in the area of publicly quoted companies. He is currently Chief Finance Officer at OptiBiotix and Intuitive Investments Group plc. He has dealt with all aspects of PLC development from bringing small companies to flotation to supervising the on-going accountancy and ensuring the good governance of international businesses. During his ten-year tenure with ViaLogix plc (now Yourgene Health plc), Mark was a key member of the team that arranged its transformation from a private US organisation to an AIM company, via a merger with Original Investments PLC. He also played a major part in arranging the financial details of ViaLogix's restructuring. Previously, after periods with ITV Network Centre and Mechanical Copyright Protection Society Limited, Mark was appointed Finance Director of Curtis Brown Group Limited, one of the UK's leading literary agencies, in 1996, where he managed the financial implications of the management buyout in 2001.

## **10. Information on the Fundraising**

Pursuant to the Placing and the Subscription, the Company, has issued 11,904,762 New Ordinary Shares at the Fundraising Price of 21p per new Ordinary Share, raising proceeds of £2.2 million (net of expenses). The Fundraising Shares will be registered with ISIN GB00BLNBFR86 and SEDOL code BLNBFR8 .

The funds available to the Company on Admission are expected to be applied over the next 30 months as follows:

- £600,000 as working and development capital to increase product marketing, particularly to clinicians, and progress the Company's current and future product pipeline;
- £180,000 to further develop and protect the Company's IP;
- £1.3 million to expand the commercial and business development teams; and
- £320,000 for general working capital purpose, including repaying loans of £196,000 outstanding to OptiBiotix.

## **11. The CLNs**

On 11 December 2018, ProBiotix issued £1,025,000 of CLNs to OptiBiotix and other investors to raise working capital. The CLNs will automatically convert into 9,761,904 New Ordinary Shares on Admission.

## **12. Reasons for Admission to the AQSE Growth Market**

The Directors believe that Admission will offer the following benefits to the Group:

- **access to funding:** Admission will enable the Company to access working capital at later dates more effectively than if it were an unquoted company;
- **increased corporate profile:** the status of being a company whose shares are traded publicly could benefit the Company's business by increasing its profile; and
- **the ability to attract and retain key staff:** the ability to motivate personnel through the future grant of share options will assist the Group in attracting, retaining and motivating high calibre personnel.

### **13. Relationship Agreement**

On Admission, OptiBiotix will control the exercise of voting rights in respect of approximately 44 per cent of the Issued Share Capital. Accordingly, a relationship agreement has been entered into between OptiBiotix, the Company, Stephen O'Hara and Peterhouse, to ensure that the Company is able to carry on its business independently of OptiBiotix and to regulate the relationship between the Company and OptiBiotix on an arm's length and normal commercial basis.

Further details of the relationship agreement are set out in paragraph 9.5 of Part VII of this Document.

### **14. Lock-In Agreements and Orderly Market Arrangements**

Pursuant to the terms of the Lock-in Agreements, the Locked-In Directors and OptiBiotix have agreed that, save for certain customary exceptions, they will not dispose of any interest in the Ordinary Shares held by them for a period of 12 months following Admission and the Nominee has agreed that, save for certain customary exceptions, it will not dispose of any interest in the Ordinary Shares held by it for a period of 9 months following Admission.

OptiBiotix has, however, agreed with Peterhouse that it will make Ordinary Shares available for sale, representing up to 10 per cent of the Ordinary Shares held by it on Admission, if that is required to maintain an orderly market in the Ordinary Shares.

Further details of the Lock-in Agreements are set out in paragraph 9.4 of Part VII of this Document.

### **15. Dividend Policy**

Following Admission, when it is commercially prudent to do so and subject to the availability of distributable reserves, the Directors may approve the payment of dividends. However, at present, the Directors consider that it is more prudent to retain cash to fund the development of the ProBiotix technology and, as a result, feel it is inappropriate to give an indication of the likely level or timing of any future dividend payments.

### **16. Corporate Governance**

The Directors are committed to maintaining high standards of corporate governance, and propose, so far as is practicable given the Company's size and nature, to comply with the QCA Code.

The Company has established an audit committee, a remuneration committee and an AQSE Rules compliance committee with formally delegated duties and responsibilities. The audit committee will, on Admission, comprise Marco Caspani and Adam Reynolds, with Marco Caspani as chairman, and the remuneration committee will, on Admission, comprise Adam Reynolds and Marco Caspani, with Adam Reynolds as chairman. The AQSE Rules compliance committee will, on Admission, comprise Adam Reynolds and Marco Caspani, with Adam Reynolds as chairman.

The composition of these committees may change over time as the composition of the Board changes.

**Audit Committee:** the audit committee will determine the terms of engagement of the Company's auditors and will determine, in consultation with the auditors, the scope of the audit. The audit committee will receive and review reports from management and the Company's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The audit committee will have unrestricted access to the Company's auditors.

**Remuneration Committee:** the remuneration committee will determine the scale and structure of the executive Directors' and senior employees' remuneration and the terms of their respective service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive Directors will be set by the Chairman and executive members of the Board.

**AQSE Rules Compliance Committee:** the AQSE Rules compliance committee will ensure that procedures, resources and controls are in place to ensure that AQSE Rules compliance by the Company is operating effectively at all times and that the executive Directors are communicating effectively with the Company's corporate adviser regarding the Company's ongoing compliance with the AQSE Rules and in relation to all announcements and notifications and potential transactions.

The Company has adopted a share dealing code for dealings in securities of the Company by the Directors and Persons Discharging Managerial Responsibility which is appropriate for a company whose shares are traded on the AQSE Growth Market. This will constitute the Company's share dealing policy for the purpose of compliance with UK Legislation including the Market Abuse Regulation. It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

The Group has implemented an anti-bribery and corruption policy and also implemented appropriate procedures to ensure that the Board, employees and consultants comply with the UK Bribery Act 2010.

The Directors have established financial controls and reporting procedures, which are considered appropriate given the size of and structure of the Group.

## **17. Share Options**

As soon as reasonably practicable following Admission, the Company will implement option arrangements to incentivise certain of the Directors of the Company and to align their interests with the interests of the Shareholders.

Further details of the Options to be granted following Admission and the Option Scheme are set out in paragraphs 4 and 8 of Part VII of this Document.

## **18. The City Code**

The City Code, which is issued and administered by the Panel on Takeovers and Mergers, applies to all takeover and merger transactions, however effected, where the offeree company is, inter alia, a company resident in the UK, the Channel Islands or the Isle of Man, the securities of which are admitted to trading on a regulated market or a multilateral trading facility (such as the AQSE Growth Market) in the United Kingdom or on any stock exchange in the Channel Islands or the Isle of Man.

Ordinarily, under rule 9 of the City Code ("Rule 9"), where (i) any person acquires an interest in shares which, when taken together with shares in which persons acting in concert with them are interested, carry 30 per cent or more of the voting rights of a company subject to the City Code or (ii) any person who, together with persons acting in concert with them, is interested in shares which in aggregate carry not less than 30 per cent but not more than 50 per cent of the voting rights of a company and such person, or persons acting in concert with them, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which they are interested, that person is normally obliged to make a general offer to all shareholders to purchase, in cash, that company's shares at the highest price paid by them, or any person acting in concert with them, within the preceding 12 months.

Under the City Code, a concert party arises when persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company. Under the City Code, control means a holding, or aggregate holding, of shares carrying 30 per cent or more of the voting rights of a company, irrespective of whether the holding or holdings gives de facto control.

Following Admission, certain Shareholders will be presumed to be acting in concert for the purposes of the City Code in relation to their shareholdings in the Company, namely (1) OptiBiotix; (2) Stephen O'Hara; (3) John O'Hara and (4) Thomas O'Hara (the "OptiBiotix Concert Party"). The members of the OptiBiotix Concert Party are deemed to be acting in concert by virtue of their family relationships and positions as directors and/or shareholders of OptiBiotix.

On Admission, the OptiBiotix Concert Party will between them be interested in 63,246,684 Ordinary Shares, representing 51.98 per cent of the Issued Share Capital and will have Options over a further 3,000,000 Ordinary Shares. The table below shows the holdings of the members of the OptiBiotix Concert Party and their maximum potential interest in the voting rights of the Company:

OptiBiotix Concert Party member	Interest in Ordinary Shares on Admission <sup>1</sup>	Percentage of Issued Share Capital	Options to be granted	Percentage of fully diluted share capital <sup>2</sup>
OptiBiotix	53,533,333	43.99%	-	42.94%
Stephen O'Hara	6,132,990	5.04%	3,000,000	7.33%
John O'Hara	3,333,776	2.74%	-	2.67%
Thomas O'Hara	246,585	0.20%	-	0.19%

<sup>1</sup>Including OptiBiotix Dividend Shares

<sup>2</sup>Assuming exercise of the Options by the members of the OptiBiotix Concert Party

**For so long as the OptiBiotix Concert Party hold more than 50 per cent of the Company's voting rights and its members are presumed to be acting in concert by the Panel, they may increase their aggregate interests in the Ordinary Shares in the Company without incurring any obligation under Rule 9 to make a general offer for the remaining shares, although individual members of the OptiBiotix Concert Party would not be able to increase their percentage interest in the Ordinary Shares through, or between, a Rule 9 threshold without the consent of the Panel.**

## **19. Application to the AQSE Growth Market**

Application has been made for the Issued Share Capital to be admitted to trading on the Access segment of the AQSE Growth Market. Dealings in the Ordinary Shares are expected to commence on 31 March 2022.

The New Ordinary Shares will, on Admission, rank pari passu in all respects with the existing Ordinary Shares and will rank in full for all dividends and other distributions hereafter declared, paid or made on the ordinary share capital of the Company.

## **20. CREST**

The Company's Articles of Association are consistent with the transfer of Ordinary Shares in dematerialised form in CREST under the CREST Regulations. Application has been made for the Ordinary Shares to be admitted to CREST on Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if relevant Shareholders so wish. CREST is a voluntary system and Shareholders who wish to receive and retain certificates in respect of their Ordinary Shares will be able to do so.

## **21. Taxation**

Information regarding UK taxation in relation to the Ordinary Shares is set out in paragraph 12 of Part VII of this Document. These details are, however intended only as a general guide to the current tax position under UK taxation law, which may be subject to change in the future. If you are in any doubt as to your tax position, you should consult your own independent financial adviser immediately.

Investors subject to tax in other jurisdictions are strongly urged to contact their tax advisers about the tax consequences of holding Ordinary Shares.

The Company has received provisional notification from HMRC that the New Ordinary Shares to be issued pursuant to the Fundraising will rank as “eligible shares” for the purposes of the EIS. However, neither the Company nor the Directors nor any of the Company’s advisers give any warranties or undertakings that such relief will continue to be available and are not withdrawn at a later date. Further, it should be noted that the advance assurance referred to above is based on certain assumptions and does not cover all aspects of the EIS.

## **22. Further Information and Risk Factors**

You should read the whole of this Document which provides additional information on the Group and not rely on summaries or individual parts only. Your attention is drawn to the further information in this Document and particularly to the Risk Factors set out in Part II of this Document. Potential investors should carefully consider the risks described in Part II before deciding to invest in the Company.

## **PART II**

### **RISK FACTORS**

An investment in the Ordinary Shares involves a high degree of risk. Accordingly, prospective investors should carefully consider the specific risks set out below in addition to all of the other information set out in this Document before investing in the Ordinary Shares. The investment offered in this Document may not be suitable for all of its recipients. Before making any final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under FSMA who specialises in advising on the acquisition of shares and other securities in the UK or another appropriate financial adviser in the jurisdiction in which such investor is located who specialises in advising on the acquisition of shares and other securities. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his or her personal circumstances and the financial resources available to him or her.

The Board believes the following risks to be the most significant for potential investors. Additional risks and uncertainties not currently known to the Board, or which the Board currently deems immaterial, may also have an adverse effect on the Company and the information set out below does not purport to be an exhaustive summary of the risks affecting the Group. In particular, the Group's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements.

If any of the following risks were to materialise, the Group's business, financial condition, results or future operations could be materially adversely affected. In such cases, the market price of the Ordinary Shares could decline, and an investor may lose part or all of his or her investment.

#### **RISKS RELATING TO THE GROUP**

##### **Dependence on key personnel**

The Company and ProBiotix each have a small management team and the success of the Group, in common with other businesses of a similar size, will be highly dependent on the expertise and experience of the Directors. However, the retention of such key personnel cannot be guaranteed. The loss of any key personnel or the inability to attract appropriate personnel could materially and adversely impact the Group's business, prospects, financial condition or results of operations.

##### **Research and development risk**

ProBiotix operates in the life sciences sector and looks to exploit opportunities in that sector. ProBiotix is involved in complex scientific research, and industry experience indicates that there may be a high incidence of delay or failure to produce results. Any such research may demonstrate that ProBiotix's products are of limited or indeed no commercial value, and/or cannot be used in the manner anticipated or at all. Accordingly, ProBiotix may not be able to develop new products or to identify specific market needs that can be addressed by technology solutions developed by ProBiotix. The ability of ProBiotix to develop new products may rely, in part, on the recruitment of appropriately qualified staff as ProBiotix's business grows. ProBiotix may be unable to find a sufficient number of appropriately highly trained individuals to satisfy its growth rate which could affect its ability to develop as planned.

##### **Technology and products**

ProBiotix is a microbiome modulation products discovery, development and commercialisation company. The development and commercialisation of its intellectual property and future products will require human nutritional studies and there is a risk that products may not perform as expected. This risk is common to all new products developed for human consumption.

**Technology risks**

Technologies used within the food, beverage and healthcare marketplace are constantly evolving and improving. There is a risk that the ProBiotix's products may become outdated or their commercial value decrease as improvements in technology are made and competitors launch competing products. To mitigate this risk, ProBiotix is working with industry key opinion leaders, will attend international conferences and intends to develop a research and development department which will keep up with the latest developments in the industry.

**Product risks**

There is a risk that product development could take longer than presently expected by the Directors. If such delays occur the Group may require further working capital. The Board shall seek to minimise the risk of delays by careful management of projects.

As ProBiotix is a developer and distributor of products, ProBiotix could be subject to recall or return of its products for a variety of reasons, including product defects, such as contamination, unintended harmful side effect or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure.

If any of the products produced by ProBiotix are recalled due to an alleged product defect or for any other reason, ProBiotix could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. ProBiotix may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all.

In addition, a product recall may require significant management attention. Although ProBiotix should have detailed procedures in place for testing finished products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or litigation.

Furthermore, if a product produced by ProBiotix was subject to recall, the image of that product and the Group could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for products produced by ProBiotix and could have a material adverse effect on the results of operations and financial condition of the Group.

As ProBiotix is a developer and distributor of products designed to be ingested by humans, ProBiotix will face an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury.

ProBiotix may be subject to various product liability claims, including, among others, that products produced by ProBiotix caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances.

A product liability claim or regulatory action against ProBiotix could result in increased costs, adversely affect ProBiotix's reputation with its clients and consumers generally, and have a material adverse effect on the business, financial condition and operating results of the Group. There can be no assurances that ProBiotix will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or otherwise protect against potential product liability claims could prevent or inhibit the commercialisation of products.

**The success of new products and new variants of existing products is inherently uncertain**

Product innovation is a significant part of future growth. However, the launch of new products and new

variants of existing products is an inherently uncertain process. The profitable lifespan of those products is also uncertain and it largely depends on the consumer reaction to such products. For example, an unsuccessful launch of a new product may give rise to inventory write-offs and have an adverse impact on consumer perception of other more established brands of ProBiotix, just as the success of a new product could reduce revenue from other existing ProBiotix brands. In addition, ProBiotix cannot guarantee that it will continuously develop successful new products or new variants of existing products, nor predict how consumers will react to new products. Failure to launch new products and/or new variants of existing products successfully could hinder ProBiotix's growth potential and cause ProBiotix to lose market share.

### **Intellectual property**

The Group is focused on protecting its Intellectual Property Rights and seeking to avoid infringing on third parties' IPR. ProBiotix secures patents to protect its key products. However, there remains the risk that ProBiotix may face opposition from third parties to patents that it seeks to have granted and that outstanding patent applications are not granted. ProBiotix engages legal advisers to mitigate the risk of patent infringement and to assist with the protection of ProBiotix's IPR. ProBiotix's success will depend in part on its ability to maintain adequate protection of its intellectual property portfolio. The IPR on which ProBiotix's business is based is a combination of granted patents, pending patent applications and confidential know-how. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that any patents will be granted on a timely basis, that the scope of any patent protection will exclude competitors or provide competitive advantages to ProBiotix, that any of the ProBiotix's patents will be held valid if challenged, or that third parties will not claim rights in, or ownership of, the patents and other proprietary rights held by ProBiotix. There is a risk that certain objections may be raised by patent offices in relation to on-going patent applications which have been filed by ProBiotix. These may result in revised applications or prevent those patent applications from being granted. If the patent applications are not granted, the consequence is that the techniques and processes described in the patent applications would not be protected and would be in the public domain. ProBiotix would then continue to rely on the confidential know-how it has developed.

Once granted, a patent can be challenged both in the relevant patent office and in the courts by third parties. Third parties can bring material and arguments which the patent office granting the patent may not have seen. Therefore, granted patents may be found by a court of law or by the patent office to be invalid or unenforceable or in need of further restriction. Unless and until ProBiotix's patents are granted, ProBiotix is unable to take action to protect its proprietary processes. A substantial cost may be incurred if ProBiotix is required to assert its Intellectual Property Rights, including any patents, against third parties. Patent litigation is costly and time consuming and there can be no assurance that the Group will have, or will be able to devote, sufficient resources to pursue such litigation. Potentially unfavourable outcomes in such proceedings could limit ProBiotix's Intellectual Property Rights and activities. There is no assurance that obligations to maintain ProBiotix's know-how would not be breached or otherwise become known in a manner which would provide the Group with no recourse. Any claims made against ProBiotix's Intellectual Property Rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Group's resources. A third-party asserting infringement claims against ProBiotix and its customers could require ProBiotix to cease the infringing activity and/or require ProBiotix to enter into licensing and royalty arrangements. In addition, ProBiotix may be required to develop alternative non-infringing solutions that may require significant time and substantial unanticipated resources. There can be no assurance that such claims would not have a material adverse effect on the Group's business, financial condition or results. No assurance can be given that third parties will not in the future claim rights in or ownership of the patents and other proprietary rights from time to time held by the Group. As further detailed above, substantial costs (both financially and in management time) may be incurred if the Group is required to defend its intellectual property.

**General legal and regulatory issues**

The Group's operations are subject to laws, regulatory approvals and certain governmental directives, recommendations and guidelines relating to, amongst other things, product health claims, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury, environmental protection and human nutritional studies. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Group.

**RISKS RELATING TO FINANCIAL MATTERS****Financing risks and requirements for further funds**

It is likely that the Company will be required to seek further equity financing. The Company's ability to raise further funds will depend on the success of the Group's strategy and operations. The Company may not be successful in procuring the requisite funds on terms that are acceptable to it, or at all. If such funding is unavailable, the Group may be required to reduce the scope of its operations and investments or anticipated expansion, abandon its strategy, forfeit its interest in some or all of its assets, incur financial penalties or miss certain acquisition opportunities.

**RISKS RELATING TO TAXATION****The Company may not be able to maintain its EIS status**

ProBiotix Health obtained EIS advance assurance from HMRC on 23 February 2022 and it is the Directors' intention that the Company will continue to meet the requirements to be considered to be a qualifying company for EIS purposes. However, no certainty can be provided that the Company will meet or continue to meet the conditions relevant to the scheme following the date of issue of the new Ordinary Shares, such that relief may be denied or withdrawn, although there are no current planned changes in the Group's activities that would give rise to such a breach or denial.

**RISKS RELATING TO THE ORDINARY SHARES AND TRADING ON THE AQSE GROWTH MARKET****Fluctuations in the price of Ordinary Shares**

The market price of Ordinary Shares may be subject to fluctuations in response to many factors, including variations in the operating results of the Group, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Group's industry or target markets, additions or departures of the Group's management and/or key personnel and factors outside the Company's control, including, but not limited to, general economic conditions, the performance of the overall stock market, other Shareholders buying or selling large numbers of Ordinary Shares and changes in legislations or regulations.

Stock markets have from time-to-time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for Ordinary Shares.

The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than, or lose all of, their original investment.

**Dilution of Shareholders' interests as a result of additional equity fundraising**

Whilst it is the opinion of the Directors that the Group's working capital is sufficient for its present requirements, further funding may be required by the Group to develop its business model and commercial activities. If additional funds are raised through the issue of new equity or equity-linked securities of the Company other than on a pro rata basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced. Shareholders may experience subsequent

dilution and/or such securities may have preferred rights, options and pre-emption rights senior to Ordinary Shares. The Company may issue Ordinary Shares as consideration for acquisitions or investments, which would result in a dilution of Shareholders' respective shareholdings. Equity issues may result in a change of control of the Company.

#### **Realisation of investment**

The market price of the Ordinary Shares may not reflect the underlying value of the Group's net assets. Potential investors should be aware that the value of Ordinary Shares can rise or fall and that there may not be proper information available for determining the market value of an investment in the Company at all times.

The Fundraising Price may not be indicative of the market price of the Ordinary Shares following Admission. The market price of the Ordinary Shares following Admission may be significantly different from the Fundraising Price. Shareholders may be unable to dispose of their shareholdings at or above the Fundraising Price.

Admission should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the Ordinary Shares may be difficult to realise.

#### **Investment in Unlisted Securities**

Investments in shares traded on the AQSE Growth Market are perceived as involving a higher degree of risk and of being less liquid than investments in those companies admitted to trading on the Main Market or AIM, both of the London Stock Exchange. There may be little or no trading in the Ordinary Shares, which may result in Shareholders being unable to dispose of their shareholdings at or above the Placing Price or at all.

The value of Ordinary Shares may go down as well as up. Investors may therefore realise less than, or lose all of, their original investment.

#### **Market risks**

Continued admission to the AQSE Growth Market is entirely at the discretion of Aquis Stock Exchange. Any changes to the regulatory environment, in particular to the AQSE Rules could, for example, affect the ability of the Company to maintain a trading facility on the AQSE Growth Market.

## PART III

### REPORT ON THE COMPANY'S INTELLECTUAL PROPERTY



The Lexicon  
Mount Street  
Manchester, M2 5NT  
United Kingdom

T : +44 (0) 161 835 9655  
F : +44 (0) 161 835 9654  
E : [Ip@appleyardlees.com](mailto:Ip@appleyardlees.com)  
W : [www.appleyardlees.com](http://www.appleyardlees.com)

4 March 2022

The Directors  
ProBiotix Health plc  
Cavalier Suite  
The Barracks  
Wakefield Road  
Pontefract  
WF8 4HH

The Directors  
Peterhouse Capital Limited  
3rd Floor  
80 Cheapside  
London  
EC2V 6EE

Dear Sirs

#### **Statement on the Intellectual Property of ProBiotix Health plc**

##### **Admission Document - Probiotix Health plc - Intellectual Property**

We have been requested to prepare this statement on behalf of the Directors of Probiotix Health plc (herein after referred to as the "Company") for inclusion in the Admission Document which is to be issued by the Company in connection with the placing and the admission of the Company to trading on the AQSE Growth Market (AQSE). The statement has been prepared, covering certain aspects of the Intellectual Property Rights of the Group, pursuant to the AQSE Rules. We have taken all reasonable care to ensure that the information contained in this statement is, to the best of our knowledge, accurate and contains no omissions likely to affect its inclusion.

##### **Patent and Trade Marks for the Group**

The Group understands the importance of IPR for the defence and exploitation of its existing and future technologies. ProBiotix Limited has applied for both patents and trade marks.

*Patents:* The Company is a subsidiary of OptiBiotix Health Plc. The patent portfolio was developed by OptiBiotix Health Plc and assigned to ProBiotix Limited, (herein after referred to as "ProBiotix"), the Company's wholly owned subsidiary, in 2019. The portfolio comprises 5 patent families which include 12 granted patents and 15 pending patent applications.

---

Appleyard Lees is the trading name of Appleyard Lees IP LLP. Appleyard Lees IP LLP is a limited liability partnership, registered in England and Wales, with the registration number OC402854 and its registered office at 15 Clare Road, Halifax, HX1 2HY. A list of members is available for inspection at the registered office. Appleyard Lees IP LLP uses the word partner to refer to a member of the LLP or an employee or consultant with equivalent standing and qualifications.

Regulated by IPReg - [www.ipreg.org.uk](http://www.ipreg.org.uk)

The patent applications and patents are directed towards a number of products which are currently being developed and exploited in the area of novel probiotics, and prebiotics and probiotic combinations, for treating high cholesterol, heart disease, diabetes, obesity and high blood pressure. It is the strategy of the Group to continue to file patent applications for improvements and novel formulations which are still under development. We understand that the inventors for the patent applications have either assigned their rights in the inventions to ProBiotix or are under a contractual obligation to do so. ProBiotix will therefore have full title in the inventions and patent applications. All patent families are now in the national and regional phases, conferring international protection in those territories of interest to the Group. We have advised ProBiotix on patent strategy and it is envisaged that further patent applications will be filed for new inventions over the course of the next year or so to protect the ongoing research and development expenditure of the Group. The patent families are summarised as follows:

*Family based on International Patent Application PCT/GB2014/053301 (WO2015/067947)*

This family consists of: patents granted in Australia, Europe, Japan and USA; and a pending patent application in Canada, which is now proceeding to grant. These patents and patent applications cover a number of proprietary *Lactobacillus* strains for use as a food supplement, nutraceutical or therapy to treat high cholesterol, heart disease, diabetes or obesity. The claims include *Lactobacillus plantarum* 2830 (ECGC 13110402) the strain commercialised by ProBiotix and trademarked LPLDL.

*Family based on International Patent Application PCT/GB2014/053302 (WO2015/067948)*

This family consists of: patents granted in Australia, Canada, Europe and Japan; and a pending patent application in USA. These patents and patent applications cover a proprietary *Lactobacillus* strain in combination with a prebiotic for use as a food supplement, nutraceutical or therapy to treat high cholesterol, heart disease, diabetes or obesity. The European patent is currently under opposition before the European Patent Office. The claims include *Lactobacillus plantarum* 2830 (ECGC 13110402) the strain commercialised by ProBiotix and trademarked LPLDL.

*Family based on International Patent Application PCT/GB2016/053389 (WO2017/077285)*

This family consists of: patents granted in Europe, USA; and pending patent applications in Australia, Canada, India and Japan. These patents and patent applications cover a proprietary *Lactobacillus* strain (*Lactobacillus plantarum* 2830 (ECGC 13110402) (marketed under the LPLDL trade mark)) for use as a food supplement, nutraceutical or therapy to treat elevated low density lipoprotein cholesterol (LDL-C).

*Family based on International Patent Application PCT/GB2016/053390 (WO2017/077286)*

This family consists of: patents granted in Europe and Japan; and pending patent applications in Australia, Canada, India and USA. These patents and patent applications cover a proprietary strain (*Lactobacillus plantarum* 2830 (ECGC 13110402) (marketed under the LPLDL trade mark)) for use as a food supplement, nutraceutical or therapy to treat hypertension.

*Family based on International Patent Application PCT/GB2017/051993 (WO/2018007820)*

This family consists of: pending patent applications in Australia, Canada, Europe, Mexico and USA. These patent applications cover general *Lactobacillus* strains in combination with other active ingredients for use as a food supplement, nutraceutical or therapy to treat hypertension.

*Trade Marks:*

ProBiotix has filed for and obtained trade mark registrations for “LPLDL” (device), “Better Science LP LDL Better Health” (device), and “Cholbiome” (word). The registrations will protect against other parties applying these trade marks to similar goods and services offered by ProBiotix in those territories where protection has been sought.

### Other IPRs

In addition to the patent and trade mark applications which have been filed, ProBiotix also has confidential know-how and trade secrets which, at this stage, are unlikely to form the basis of patent applications due to difficulty in obtaining protection and/or commercial sensitivity. However, these are important to ProBiotix as they relate to the implementation of the technology and products being developed. Examples of other IPRs owned by ProBiotix include a number of unique probiotic strains which meet the necessary industry safety standards.

### Patent Searching

As some products are still under development, it is difficult to undertake meaningful Freedom to Operate (“FTO”) patent searches to minimise risks associated with future product launches. These types of searches are best conducted when products are in their final state prior to launch and the geographical footprint of the product launch has been decided. ProBiotix will therefore look at undertaking FTO searches at a later stage, prior to product launch. ProBiotix has also conducted patent landscape searches prior to instructing patent applications to be drafted and filed so as to help identify relevant third-party patents and prior art.

No challenge on the basis of third-party patents have been made against the Group in respect of any of their current products.

### Intellectual Property Rights

IPRs are important to the Group and part of its success will depend, in part, to its ability to obtain valid and worthwhile protection for its probiotic and/or prebiotic formulations and ensuring know-how and trade secrets are kept confidential. The patents granted already afford the Group robust protection for the products they are commercialising in addition to those in development. The patent applications which are currently pending are progressing well and it is envisaged that once granted, these patents will further strengthen the position of the Group and safeguard their products. However, it should be noted that there can be no guarantee that any current or future patent applications will result in a granted patent, that any patent will be granted quickly, that any granted patent will provide adequate protection to prevent competitors offering similar or identical products or services, that any patent will be held valid if challenged, or that any third party will not claim rights in or ownership in any invention, know-how or trade secret held by the Group.

The scope of protection sought by the patent applications may be restricted during the official search and examination process in response to objections raised by the UK Intellectual Property Office and other patent offices where applicable. This may result in no or limited patent protection for certain products and services offered by the Group and details of the inventions being freely available in the public domain. Should this be the case, the Group may still rely on their confidential know-how and trade secrets to provide a competitive edge and ProBiotix will continue to file patent applications for improvements to existing products and inventions and for newly developed inventions where appropriate.

After a patent application has been granted, its validity can be challenged by third parties. The third parties may submit new information and arguments which could be material to the validity of the patent. As a result, if challenged after grant, a patent may be restricted or revoked at the discretion of a patent office or a court.

Title or rights to the IPRs currently owned by ProBiotix may be put at issue by a third party at any time either before a patent office or a court. Dealing with such issues may be expensive and time consuming and may result in rights to the IPRs being restricted, ProBiotix having to obtain a licence and/or the payment of royalties or a financial settlement. If title in any IPRs transfers to a third party as the result of

an unfavourable decision by a patent office or court, ProBiotix may ultimately be prevented from selling one or more of its products or services.

Should ProBiotix be required to enforce its IPRs, this is likely to be expensive and time consuming. Such enforcement may ultimately result in the validity of the IPR being put at issue and a patent or trade mark being restricted or revoked. Any breach of confidentiality of confidential know-how and/or trade secrets may result in this information entering the public domain, with little or no recourse and may preclude any valid patent protection being obtained for such information.

Should a third party assert an infringement action against ProBiotix, the defence of such a claim is likely to be expensive and time consuming. Such infringement action may result in ProBiotix having to obtain a licence and pay royalties to a third party and additionally a financial settlement. Such infringement action may ultimately result in ProBiotix being prevented from selling one or more of its products or services and the payment of damages and costs in respect of any infringing activity. There are no guarantees that any such action would not have an adverse material effect on the business and finances of the Group.

Yours faithfully,

Simon Bradbury  
Partner

## PART IV

### HISTORICAL FINANCIAL INFORMATION ON PROBIOTIX HEALTH

31 March 2022

The Directors  
ProBiotix Health Plc  
Cavalier Suite The Barracks,  
Wakefield Road  
Pontefract  
WF8 4HH



and

The Directors  
Peterhouse Capital Limited  
3<sup>rd</sup> Floor  
80 Cheapside  
London  
EC2V 6EE

Dear Sirs,

**ProBiotix Health Plc (“ProBiotix Health” or the “Company”) and its subsidiary ProBiotix Limited (“ProBiotix”)'s placing, subscription and admission to Access Segment of the AQSE Growth Market**

#### Introduction

We report on the financial information for the Company for the period from incorporation on 4 November 2021 to 4 March 2022 (“Financial Information”) set out in this Part IV on pages 33 to 40.

#### Opinion

In our opinion, the Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 4 March 2022 and of its results, cash flows and changes in equity for the period from incorporation on 4 November 2021 to 4 March 2022 in accordance with the UK adopted International Financial Reporting Standards (“IFRS”).

#### Responsibilities

The directors of the Company (the “Directors”) are responsible for preparing Financial Information in accordance with the UK adopted IFRS.

It is our responsibility to form an opinion on the Financial Information as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraphs 6 to 6.1.7 of Table A contained within Appendix I of the AQSE Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraphs 6 to 6.1.7 of Table A contained within Appendix I of the AQSE Rules, consenting to its inclusion in the Admission Document.

#### Basis of preparation

This historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the historical financial information.

This report is required by paragraphs 6 to 6.1.7 of Table A contained within Appendix I to the Aquis Stock Exchange Growth Market – Access Rulebook (the “AQSE Rules”) and is given for the purpose of complying with that requirement and for no other purpose.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the Company’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Company’s Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Conclusions Relating to Going Concern**

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our report.

We have not identified a material uncertainty related to events or conditions that, individually or collectively, may cast doubt on the ability of the Company to continue as a going concern for a period of at least twelve months from 4 March 2022. We therefore conclude that the Directors’ use of the going concern basis of accounting in the preparation of the financial information is appropriate.

### **Declaration**

For the purposes of paragraph 6 of Table A contained within the Appendix I of the AQSE Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully,



**Jeffreys Henry LLP**  
**Chartered Accountants**

Finsgate  
5-7 Cranwood Street  
London EC1V 9EE  
020 7309 2222  
london@jeffreys-henry.com  
[www.jeffreys-henry.com](http://www.jeffreys-henry.com)



## **1. Accounting Convention and general information**

ProBiotix Health Plc (previously ProBiotix Limited) is a public limited company limited by shares. The Company was incorporated as limited company in England on 4 November 2021 under the Companies Act 2006 and re-registered as a public limited company on 22 March 2022. The Company's registered office is Cavalier Suite The Barracks, Wakefield Road, Pontefract, WF8 4HH. The principal activity of the Company is that of the holding company.

## **2. Accounting policies**

The principal accounting policies applied in the preparation of these financial information are set out below. The policies have been consistently applied throughout the period, unless otherwise stated.

### **2.1 Basis of preparation**

The financial information are prepared in accordance with applicable UK adopted International Financial Reporting Standards ("IFRS") including standards and interpretations issued by the International Accounting Board.

The Company has adopted IFRS since incorporation for the basis of preparing these financial information.

The financial information have been prepared under the historical cost convention.

The financial information are prepared in the functional currency of the entity which is considered to be Pounds Sterling ("£").

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company Health's accounting policies.

### **2.2 Going Concern**

These financial information have been prepared on the assumption that the Company is a going concern.

When assessing the foreseeable future, the Directors have looked at a period of at least twelve months from the date of approval of this report and the working capital requirements of the Company and its subsidiary, ProBiotix Limited ((together "the Group").

After making enquiries, the Directors firmly believe that together with their support the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial information.

### **2.3 New Standards, amendments and interpretations issued but not effective**

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2021 and have not been early adopted:

Amendments to IAS 1, Presentation of financial information' on classification of liabilities	1 January 2022
A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16	1 January 2022

The Directors anticipate that the adoption of these standard and the interpretations in future period will have no material impact on the financial information of the Company.

## **2.4 Significant accounting policies**

### **(a) Investments at fair value**

Equity investments are held at fair value at the balance sheet date with any profit or loss for the year being taken to the Income statement. The value of listed investments being calculated at the closing price on the balance sheet date.

### **(b) Investments in subsidiaries**

The Company's investment in its subsidiaries is carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these would be based upon future cash flow forecasts and these forecasts would be based upon management judgement.

### **(c) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### **(d) Financial assets and liabilities**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets and financial liabilities are offset if there is a legally enforceable right to set off the recognised amounts and interests and it is intended to settle on a net basis.

### **(e) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

### **(f) Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **(g) Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### **(i) Current tax**

Current taxes are based on the results shown in the financial information and are calculated according to local tax rules using tax rates enacted or substantially enacted by the statement of financial position date.

Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

#### **(ii) Deferred tax**

Deferred tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carrying forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

#### **(h) Impairment of non-financial assets**

At each statement of financial position date, the Company reviews the carrying amounts of its investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### **(i) Capital management**

Capital is made up of stated capital, premium, other reserves and retained earnings. The objective of the Company's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The Company manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the Company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the period ended 4 March 2022.

#### **Critical accounting estimates and judgments**

The Company makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates are continually evaluated and

are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, which are described above, the Directors do not believe that they have had to make any assumptions or judgements that would have a material effect on the amounts recognised in the financial information.

#### **(j) Convertible Loans**

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amount.

#### **Financial risk management**

The Company's exposure to various types of risks, such as market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk, is very limited if none.

##### *Interest risk*

The Company is not exposed to significant interest rate risk as it has limited interest bearing liabilities at the period end.

##### *Credit risk*

The Company is not exposed to significant credit risk as it did not make any credit sales during the period.

##### *Liquidity risk*

Liquidity risk is the risk that Company will encounter difficulty in meeting these obligations associated with financial liabilities.

The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the Group's short term and long-term funding risks management requirements.

During the period under review, the Company has not utilised any borrowing facilities.

The Company manages liquidity risks by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

##### *Capital risk*

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

### 3. Statement of Financial Position

	Notes	Audited As at 4 March 2022 £
<b>Assets</b>		
<b>Non-Curent Assets</b>		
Investments in subsidiary	5.1	49,999
<b>Curent Assets</b>		
Other debtors		1
<b>Total Assets</b>		<u>50,000</u>
<b>Capital and reserves</b>		
<b>Allotted called up and fully paid</b>		
100,000,000 Ordinary shares of £0.0005 each	5.2	50,000
<b>Total equity attributable to shareholders</b>		<u>50,000</u>

### 4. Statement of Changes in Equity

	Ordinary Share Capital £	Retained earnings £	Total £
As at incorporation 4 November 2021	1	-	1
Shares issued during the period	49,999	-	49,999
Profit/(Loss) for the period	-	-	-
<b>As at 4 March 2022</b>	<u>50,000</u>	<u>-</u>	<u>50,000</u>

Share Capital                      Amount subscribed for shares at nominal value  
Retained earnings                Cumulative surplus of the Company attributable to equity shareholders

The Company did not have any income, expenses or cashflows in the period to 4 March 2022.

## 5. Notes to the Financial Information

### 5.1 Investment in subsidiaries

	As at 4 March 2022 £
Investment in ProBiotix Limited	49,999

As at 4 March 2022, the Company held 100% of the share capital in subsidiary undertaking ProBiotix Limited, a company registered in the UK and with a registered office as that of the Company.

### 5.2 Share capital

	As at 4 March 2022 £
100,000,000 Ordinary shares of £0.0005 each	50,000

On incorporation, the Company issued 1 Ordinary Shares of £1 par value.

On 7 February 2022, the Company undertook a subdivision of its 1 Ordinary Share of £1 into 2,000 ordinary shares of £0.0005 each.

On 7 February 2022, OptiBiotix and the Company entered into a share exchange agreement pursuant to which OptiBiotix agreed to sell and the Company agreed to purchase the entire issued share capital of ProBiotix in consideration of the issue by the Company to OptiBiotix of 99,998,000 Ordinary Shares. Following the transaction, the Company became a wholly owned subsidiary of OptiBiotix and ProBiotix became a wholly owned subsidiary of the Company (thereby resulting in the creation of the Group).

### 5.3 Contingent liabilities and unrecognised contractual commitments

As at 4 March 2022, the Company did not have any contingent liabilities nor off-balance sheet commitments.

### 5.4 Subsequent events

On 8 March 2022, the 1,025,000 floating rate convertible loan notes ("CLN") instrument which was issued by ProBiotix on 11 December 2018 was varied by way of a deed of variation to recognise the creation of the Group following the entry into the share exchange agreement.

1,025,000 CLNs are to be converted into CLN Shares on Admission.

On 31 March 2022, the Company executed a warrant instrument to create and issue warrants to Peterhouse to subscribe for, an aggregate, of 112,857 Ordinary Shares. The warrants will be exercisable at any time from Admission for a period of ten years from Admission at the Fundraising Price.

On Admission, the Company will issue 285,714 Subscription Shares and 11,619,048 Placing Shares and raise a gross amount of £2.5 million.

### 5.5 Ultimate controlling party

At the date of Admission there was no one controlling party.

### 5.6 Nature of the financial information

The financial information presented above does not constitute statutory financial information for the period under review.

## PART V

### HISTORICAL FINANCIAL INFORMATION ON PROBIOTIX

#### (A) AUDITED RESULTS OF PROBIOTIX TO 31 DECEMBER 2020

31 March 2022

The Directors  
ProBiotix Health Plc  
Cavalier Suite The Barracks,  
Wakefield Road  
Pontefract  
WF8 4HH



AWARD-WINNING  
ACCOUNTANTS

and

The Directors  
Peterhouse Capital Limited  
3<sup>rd</sup> Floor  
80 Cheapside  
London  
EC2V 6EE

Dear Sirs,

**ProBiotix Health Plc (“ProBiotix Health” or the “Company”) and its subsidiary, ProBiotix Limited (“ProBiotix”)’s placing, subscription and admission to Access Segment of the AQSE Growth Market**

#### Introduction

We report on the financial information for ProBiotix Limited (“ProBiotix”) for the 7 months period from incorporation on 26 April 2018 to 30 November 2018, 13 months period ended 31 December 2019 and year ended 31 December 2020 (“Financial Information”) set out in this Part V on pages 41 to 65.

#### Opinion

In our opinion, the Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of ProBiotix as at 30 November 2018, 31 December 2019 and 31 December 2020 and of its results, cash flows and changes in equity for the 7 months period from incorporation on 26 April 2018 to 30 November 2018, 13 months period ended 31 December 2019 and year ended 31 December 2020 in accordance with the UK adopted International Financial Reporting Standards (“IFRS”).

#### Responsibilities

The directors of ProBiotix (the “Directors”) are responsible for preparing Financial Information in accordance with the UK adopted IFRS.

It is our responsibility to form an opinion on the Financial Information as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraphs 6 to 6.1.7 of Table A contained within Appendix I of the AQSE Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person other than the addressees of this letter for any loss suffered by any such person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraphs 6 to 6.1.7 of Table A contained within Appendix I of the AQSE Rules, consenting to its inclusion in the Admission Document.

## Basis of preparation

This historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out in note 2 to the historical financial information.

This report is required by paragraphs 6 to 6.1.7 of Table A contained within Appendix I to the Aquis Stock Exchange Growth Market – Access Rulebook (the “AQSE Rules”) and is given for the purpose of complying with that requirement and for no other purpose.

## Basis of Opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to ProBiotix’s circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that ProBiotix’s Financial Information is free from material misstatement, whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

## Conclusions Relating to Going Concern

We are responsible for concluding on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on ProBiotix’s ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our report.

We have not identified a material uncertainty related to events or conditions that, individually or collectively, may cast doubt on the ability of ProBiotix to continue as a going concern for a period of at least twelve months from 31 December 2020. We therefore conclude that the Directors’ use of the going concern basis of accounting in the preparation of the financial information is appropriate.

## Declaration

For the purposes of paragraph 6 of Table A contained within the Appendix I of the AQSE Rules, we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

Yours faithfully,



**Jeffreys Henry LLP**  
**Chartered Accountants**

Finsgate  
5-7 Cranwood Street  
London EC1V 9EE  
020 7309 2222  
london@jeffreyshenry.com  
[www.jeffreyshenry.com](http://www.jeffreyshenry.com)



## **1. Accounting Convention and general information**

Probiotix Limited (previously ProBiotix Health Limited) is a private limited company limited by shares. ProBiotix was incorporated in England on 26 April 2018 under the Companies Act 2006. ProBiotix's registered office is Cavalier Suite The Barracks, Wakefield Road, Pontefract, WF8 4HH. The principal activity of ProBiotix is that of the retail and wholesale trade of specialized health foods.

## **2. Accounting policies**

The principal accounting policies applied in the preparation of these financial information are set out below. The policies have been consistently applied throughout the year, unless otherwise stated.

### **2.1 Basis of preparation**

The financial information are prepared in accordance with applicable UK adopted International Financial Reporting Standards ("IFRS") including standards and interpretations issued by the International Accounting Board.

ProBiotix has adopted IFRS since incorporation for the basis of preparing these financial information.

The financial information have been prepared under the historical cost convention.

The financial information are prepared in the functional currency of the entity which is considered to be Pounds Sterling ("£").

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying ProBiotix's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in Note 2.11.

The comparative figures for the period ended 31 December 2019 are for a period of 13 months and for the period ended 30 November 2018 are for a period of 7 months.

### **2.2 Going Concern**

These financial information have been prepared on the assumption that ProBiotix is a going concern.

Management have considered its forecast cash requirements reflecting contracted and anticipated future revenue and the resulting net cash outflows. Management have not yet seen a material disruption to the business as a result of the COVID-19 outbreak, however events are rapidly evolving and at this stage, it is difficult to assess reliably whether there will be any material disruption in the future which could adversely impact its forecast. The financial information do not include any adjustments that would result if the above support was withdrawn.

### **2.3 New Standards, amendments and interpretations issued but not effective**

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial period beginning 1 January 2020 and have not been early adopted:

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions	1 June 2020
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to IAS 1, Presentation of financial information' on classification of liabilities	1 January 2022

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 1 January 2022

The Directors anticipate that the adoption of these standard and the interpretations in future period will have no material impact on the financial information of ProBiotix.

## **2.4 Revenue recognition**

Revenue arises mainly from the sale of goods. Revenue is recognised either at a point in time (on dispatch of goods to the customer) or over time, when (or as) ProBiotix satisfies performance obligations by transferring the promised goods or services to its customers. Revenue is recognised to the extent that it is probable that the economic benefits will flow to ProBiotix and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and sales taxes or duty.

## **2.5 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

## **2.6 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### **(i) Current tax**

Current taxes are based on the results shown in the financial information and are calculated according to local tax rules using tax rates enacted or substantially enacted by the statement of financial position date.

Income tax is recognised in the income statement or in equity if it relates to items that are recognised in the same or a different period, directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

### **(ii) Deferred tax**

Deferred tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carrying forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

## **2.7 Financial Instruments**

Financial assets and financial liabilities are recognised when ProBiotix becomes a party to the contractual provisions of the instrument.

### **Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, trade and receivables are measured at amortized cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

### **Cash and cash equivalents**

Cash and cash equivalents comprised of cash at bank and in hand.

### **Fair values**

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of ProBiotix at the statement of financial position date approximated their fair values, due to relatively short-term nature of these financial instruments.

### **Trade and other payables**

Trade and other payables are initially recognised at fair value and thereafter stated in amortized cost, except where the payables are interest free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

### **Capital management**

Capital is made up of stated capital, premium and retained earnings. The objective of the ProBiotix's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximized.

ProBiotix manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, ProBiotix may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders.

## **2.8 Equity instruments**

Equity instruments issued by ProBiotix are recorded at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

## **2.9 Convertible Loans**

Compound financial instruments issued by ProBiotix comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amount.

## 2.10 Segmental Reporting

In the opinion of the directors, ProBiotix has one class of business, in three geographical areas being that of identifying and developing microbial strains, compounds and formulations for use in the nutraceutical industry. ProBiotix sells into three highly interconnected markets, all costs assets and liabilities are derived from the UK location.

Revenue analysed by geographical

	Period ended 30 November 2018	Period ended 31 December 2019	Year ended 31 December 2020
		£	£
UK	-	-	2,627
US	-	172,352	497,416
International	-	225,479	321,082
	-	397,831	821,125

During the reporting period one customer represented £482,963 (58.9%) of company revenues. (2019: one customer generated £221,539 representing 55.7% of Group revenues)

## 2.11 Accounting estimates and judgments

The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying ProBiotix's accounting policies. The nature of estimation means that actual outcomes could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are stated below.

### Deferred tax assets

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits.

### Intangibles – Patents

Patents are shown at historical cost. Patents have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the patents over their estimated useful life of twenty years once the patents have been granted.

### Research and Development

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the Directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the 10 years during which ProBiotix is expected to benefit.

### Convertible Loans

Compound financial instruments issued by ProBiotix comprise convertible notes that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

Some judgment has been applied in estimating the split between the liability and equity components of a compound financial instrument. This has involved estimating an appropriate discount rate for a similar instrument that is not convertible into shares. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

### 3. Statement of Comprehensive Income

	Notes	Audited Period ended 30 November 2018	Audited Period ended 31 December 2019	Audited Year ended 31 December 2020
			£	£
Revenue from contracts with customers	7.1	-	397,831	821,125
Cost of sales		-	(108,435)	(312,817)
Gross profit		-	289,396	508,308
Administrative expenses	7.4	-	(758,612)	(462,135)
		-	(469,216)	46,173
Finance income		-	-	-
Finance costs	7.3	-	(58,810)	(59,454)
<b>Loss from operations and before tax</b>		-	<b>(528,026)</b>	<b>(13,281)</b>
Taxation	7.6	-	(38,800)	-
<b>Loss and comprehensive loss for the period</b>		-	<b>(566,826)</b>	<b>(13,281)</b>
<b>Loss per share (expressed in pence per share)</b>	7.5	-	566.83	13.28

#### 4. Statement of Financial Position

	Notes	Audited As at 30 November 2018	Audited As at 31 December 2019 £	Audited As at 31 December 2020 £
<b>Assets</b>				
<b>Non-Current Assets</b>				
Intangibles	7.7	-	362,129	362,572
			<b>362,129</b>	<b>362,572</b>
<b>Current Assets</b>				
Trade and other receivables	7.8	199,000	353,859	478,584
Cash and cash equivalents	7.9	-	179,908	138,608
		<b>199,000</b>	<b>533,767</b>	<b>617,192</b>
<b>Total Assets</b>		<b>199,000</b>	<b>895,896</b>	<b>979,764</b>
<b>Equity</b>				
Issued capital	7.10	1,000	1,000	1,000
Convertible loan note equity		-	122,617	122,617
Accumulated deficit		-	(566,826)	(580,107)
<b>Total Equity</b>		<b>1,000</b>	<b>(443,209)</b>	<b>(456,490)</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and other payables	7.11	198,000	305,627	343,322
<b>Non- Current Liabilities</b>				
Deferred tax liability	7.13	-	72,235	72,235
Convertible Loan Notes	7.12	-	961,243	1,020,697
		-	1,033,478	1,092,932
<b>Total Liabilities</b>		<b>198,000</b>	<b>1,339,105</b>	<b>1,436,254</b>
<b>Total Equity and Liabilities</b>		<b>199,000</b>	<b>895,896</b>	<b>979,764</b>

## 5. Statement of Cash Flows

	Audited Period ended 30 November 2018	Audited Period ended 31 December 2019 £	Audited Year ended 31 December 2020 £
<b>Cash flows from operating activities</b>			
Loss before taxation	-	(528,026)	(13,281)
Adjustments for:			
Add finance expenses	-	58,810	59,454
Add depreciation & amortisation	-	33,811	41,674
(Increase)/decrease in receivables	(199,000)	(121,424)	(124,725)
Increase/(decrease) in payables	198,000	107,627	37,695
<b>Cash consumed by operations</b>	<b>(1,000)</b>	<b>(449,202)</b>	<b>817</b>
Taxation	-	-	-
<b>Net cash outflow from operating activities</b>	<b>(1,000)</b>	<b>(449,202)</b>	<b>817</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	-	(145,940)	(42,117)
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(145,940)</b>	<b>(42,117)</b>
<b>Cash flows from financing activities</b>			
Shares issues	1,000	-	-
Issue of loan notes	-	775,050	-
<b>Net cash inflow from financing activities</b>	<b>1,000</b>	<b>775,050</b>	<b>-</b>
Net increase in cash and cash equivalents	-	179,908	(41,300)
Cash and cash equivalents at the beginning of the period	-	-	179,908
<b>Cash and cash equivalents at the period end</b>	<b>-</b>	<b>179,908</b>	<b>136,608</b>

## 6. Statement of Changes in Equity

	Share Capital £	Convertible loan notes £	Accumulated deficit £	Total £
As at incorporation 26 April 2018	-	-	-	-
Shares issued during the period	1,000	-	-	1,000
Loss for the period	-	-	-	-
<b>As at 30 November 2018</b>	<b>1,000</b>	<b>-</b>	<b>-</b>	<b>1,000</b>
Convertible Loan Notes	-	122,617	-	122,617
Loss for the period	-	-	(566,826)	(566,826)
<b>As at 31 December 2019</b>	<b>1,000</b>	<b>122,617</b>	<b>(566,826)</b>	<b>(443,209)</b>
Loss for the period	-	-	(13,281)	(13,281)
<b>As at 31 December 2020</b>	<b>1,000</b>	<b>122,617</b>	<b>(580,107)</b>	<b>(456,490)</b>

Share Capital		Amount subscribed for shares at nominal value
Convertible Loan note reserve		Equity component of the convertible loan notes that have been issued
Accumulated deficit		Cumulative surplus of ProBiotix attributable to equity shareholders

## 7. Notes to the Financial Information

7.1 Turnover	Period ended 30 November 2018 £	Period ended 31 December 2019 £	Year ended 31 December 2020 £
Sales	-	397,831	821,125

7.2 Employees (including directors)	Period ended 30 November 2018 £	Period ended 31 December 2019 £	Year ended 31 December 2020 £
Salaries	-	173,407	238,767
Social security costs	-	155	3,923
Pension Costs	-	4,416	10,480
	-	177,978	253,170

The average number of employees during the year was as follows:

	Number	Number	Number
Directors	3	2	2
	3	2	2

	Period ended 30 November 2018 £	Period Ended 31 December 2019 £	Year Ended 31 December 2020 £
Directors' remuneration	-	146,132	185,211
Bonus	-	-	7,500
Pension	-	-	9,173
Total Emoluments	-	146,132	201,884
Emoluments paid to the highest paid director	-	116,967	89,126

### Directors' remuneration

Details of emoluments received by Directors of ProBiotix for the period ended 31 December 2020 are as follows:

	Remuneration and fees £	Bonus £	Pension Costs £	Total £
A Reynolds	24,996	-	-	24,996
S Prescott	82,777	-	4,985	87,762
M Hvid-Hansen	77,438	7,500	4,188	89,126
Total	185,211	7,500	9,173	201,884

<b>7.3 Net Finance Income / (Costs)</b>	<b>Period ended 30 November 2018 £</b>	<b>Period Ended 31 December 2019 £</b>	<b>Year Ended 31 December 2020 £</b>
Finance Income:			
Interest receivable	-	-	-
Finance cost:			
Interest payable to group companies	-	(14,343)	(14,500)
Loan note interest	-	(44,467)	(44,954)
Net Finance Income / (Costs)	<u>-</u>	<u>(58,810)</u>	<u>(59,454)</u>

<b>7.4 Expenses – analysis by nature</b>	<b>Period ended 30 November 2018 £</b>	<b>Period Ended 31 December 2019 £</b>	<b>Year Ended 31 December 2020 £</b>
Research and development	-	194,907	4,682
Directors' fees & remuneration (Note 4)	-	146,132	201,884
Auditor remuneration – audit fees	-	6,000	10,250
Amortisation of patents and development costs	-	33,811	41,673
Patent and IP costs	-	20,582	44,297
Consultancy fees	-	176,836	12,095
Advertising and PR	-	26,068	23,103
Legal and professional fees	-	9,444	1,200
Other expenses	-	144,832	122,951
Total administrative expenses	<u>-</u>	<u>758,612</u>	<u>462,135</u>

### 7.5 Loss per share

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the year. Reconciliations are set out below:

	<b>Period ended 30 November 2018</b>	<b>Period Ended 31 December 2019</b>	<b>Year Ended 31 December 2020</b>
Losses attributable to ordinary shareholders	-	(566,826)	(13,281)
Weighted average number of shares	100,000	100,000	100,000
Basic and diluted loss per share (pence)	<u>-</u>	<u>566.83</u>	<u>13.28</u>

<b>7.6 Taxation</b>	<b>Period ended 30 November 2018 £</b>	<b>Period ended 31 December 2019 £</b>	<b>Year ended 31 December 2020 £</b>
Domestic current year tax			
U.K. corporation tax credit	-	33,435	-
Deferred tax movement	-	(72,235)	-
Total current tax credit for the year	<u>-</u>	<u>(38,800)</u>	<u>-</u>
Factors affecting the tax charge for the year			
Loss on ordinary activities before taxation	<u>-</u>	<u>(528,026)</u>	<u>(13,281)</u>

Loss on ordinary activities before taxation multiplied by standard UK corporation of tax of 19% (2019: 19%)	-	(100,325)	(2,524)
Effects of:			
Non-deductible expenses for tax purposes	-	11,216	-
Amortisation	-	5,790	7,918
Losses surrendered	-	(9,119)	-
R&D enhanced deductions	-	(25,313)	(8,002)
R&D tax credit claimed	-	(33,435)	-
Timing difference: Intangible assets	-	72,235	-
Tax losses created in the period	-	117,751	2,608
Current tax charge for the year	-	38,800	-

ProBiotix has estimated losses of £461,000 (2019: £385,000, 2018:£nil) available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset at 19% of approximately £87,590 (2019: £65,450 2018:£nil) which has not been recognised as it is uncertain whether future taxable profits will be sufficient to utilise the losses.

## 7.7 Intangible assets

	Development cost & patents £
<b>Cost</b>	
<b>At 30 November 2018</b>	-
Additions	145,940
Transfers	250,000
<b>As at 31 December 2019</b>	<b>395,940</b>
Additions	42,117
<b>As at 31 December 2020</b>	<b>438,057</b>
<b>Accumulated Depreciation</b>	
<b>At 30 November 2018</b>	-
Charge for the period	33,811
<b>As at 31 December 2019</b>	<b>33,811</b>
Charge for the period	41,674
<b>As at 31 December 2020</b>	<b>75,485</b>
<b>Carrying amount</b>	
As at 31 December 2020	362,572
As at 31 December 2019	362,129
As at 30 November 2018	-

## 7.8 Trade and other receivables

	30 November 2018	31 December 2019	31 December 2020
	£	£	£
Trade Receivable	-	304,234	411,754
VAT recoverable	-	14,107	30,751
Corporation Tax Recoverable	-	33,435	33,435
Prepayments	-	2,083	2,644
Other receivables	199,000	-	-
	<u>199,000</u>	<u>353,859</u>	<u>478,584</u>

## 7.9 Cash and cash equivalents

	30 November 2018	31 December 2019	31 December 2020
	£	£	£
Cash and cash equivalents	-	179,908	138,608
	<u>-</u>	<u>179,908</u>	<u>138,608</u>

## 7.10 Called up share capital

	30 November 2018	31 December 2019	31 December 2020
	£	£	£
<b>Issued share capital fully paid</b>			
100,000 ordinary shares of £0.01 each	1,000	1,000	1,000

Ordinary shares, which have a par value of £0.01, carry .01 vote per share and carry a right to dividends.

Upon incorporation ProBiotix issued 100 ordinary shares of £0.01 each. 99,900 ordinary shares were issued at par value on 27 April 2018.

## 7.11 Trade and other payables

	30 November 2018	31 December 2019	31 December 2020
	£	£	£
Trade payables	-	243,984	150,679
Accruals	-	57,973	39,202
Amounts payable to group undertakings	-	3,670	153,441
Other payables	198,000	-	-
	<u>198,000</u>	<u>305,627</u>	<u>343,322</u>

## 7.12 Convertible loan notes

ProBiotix Limited issued 1,025,000 floating rate convertible loan notes (CLN) for £1,025,000 on 11 December 2018. The notes are convertible into ordinary shares of ProBiotix and converted into shares immediately prior to the occurrence of a listing of ProBiotix, or repayable in December 2023. The conversion rate is 1 share for each note held at an amount which is equal to 50% of the listing price.

OptiBiotix Health Plc, parent undertaking, has subscribed 250,000 of the CLN for £250,000.

The convertible notes are presented in the statement of financial position as follows:

	30 November 2018	31 December 2019	31 December 2020
		£	£
Face value of the convertible loan notes in issue as at the year end	-	1,025,050	1,083,860
Equity element	-	(122,617)	(122,617)
Liability component on initial recognition	-	902,433	961,243
Interest charged at effective interest rate	-	58,810	59,454
Non-current liability	-	961,243	1,020,697

Interest expense is calculated by applying the effective interest rate of 6% to the liability component.

### 7.13 Deferred tax

Deferred tax is provided, using the liability method, on temporary differences at the statement of financial position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19% (2019: 17%).

The movement on the deferred tax account is as shown below:

	30 November 2018	31 December 2019	31 December 2020
	£	£	£
Opening balance	-	-	72,235
Movement in the year	-	72,235	-
Closing Balance	-	72,235	72,235

Deferred tax assets have not been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets as the directors believe there is uncertainty whether the assets are recoverable.

### 7.14 Financial Risk Management Objectives and Policies

ProBiotix's financial instruments comprise cash balances and receivables and payables that arise directly from its operations.

The main risks ProBiotix faces are liquidity risk and capital risk.

The Board regularly reviews and agrees policies for managing each of these risks. ProBiotix's policies for managing these risks are summarised below and have been applied throughout the period. The numerical disclosures exclude short-term debtors and their carrying amount is considered to be a reasonable approximation of their fair value.

#### Interest risk

ProBiotix is not exposed to significant interest rate risk as it has limited interest bearing liabilities at the year end.

**Credit risk**

ProBiotix is not exposed to significant credit risk as it did not make any credit sales during the year.

**Liquidity risk**

Liquidity risk is the risk that Company will encounter difficulty in meeting these obligations associated with financial liabilities.

The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the Group's short term and long-term funding risks management requirements.

During the period under review, ProBiotix has not utilised any borrowing facilities.

ProBiotix manages liquidity risks by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Capital risk**

ProBiotix's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

**7.15 Ultimate parent company and controlling party**

On incorporation 26 April 2018 ProBiotix became a subsidiary of OptiBiotix Health Plc, which is the ultimate parent company and prepares consolidated accounts.

There is no one ultimate controlling party.

**7.16 Related Party Transactions**

During the year to 31 December 2020 £82,777 (2019: £116,966, 2018: £NIL) was paid to Stephen Prescott in respect of Director's services provided.

During the year to 31 December 2020 £24,996 (2019: £29,165 2018: £NIL) was paid to Reyco Limited for the services of Adam Reynolds as Director of ProBiotix Limited

During the year to 31 December 2020 £84,938 (2019: £29,165, 2018: £NIL) was paid to Balin Sagal for the services of M Hvid-Hansen as Director of ProBiotix Limited

At the year end, ProBiotix owes Optibiotix Limited £73,322 (2019: £3,670, 2018: £NIL) which is also a subsidiary of the parent company, OptiBiotix Health Plc.

At the year end, ProBiotix owes £248,938 (2019: £234,438, 2018: £NIL) to Optibiotix Health Plc, parent company, in respect of the convertible loan notes issued to that entity as described in note 7.12.

At the year end, ProBiotix owes £80,119 (2019: £NIL) to Optibiotix Health Plc, parent company, in respect of the loans made during the year.

**7.17 Subsequent events**

During the period from 1 January 2021 to the date of this report, the ProBiotix incurred administrative expenses of £186,340 which was charged by OptiBiotix Limited. ProBiotix also recharge to OptiBiotix Limited £54,312 in respect of the e-commerce sales through OptiBiotix Limited.

On 28 January 2022, OptiBiotix Health plc provided additional loan funding of £150,000 to ProBiotix.

On 7 February 2022 OptiBiotix and ProBiotix Health entered into a share exchange agreement pursuant to which OptiBiotix agreed to sell and ProBiotix Health agreed to purchase the entire issued share capital of ProBiotix in consideration of the issue by ProBiotix Health to OptiBiotix of 99,998,000 Ordinary Shares. Following the transaction, ProBiotix Health became a wholly owned subsidiary of OptiBiotix and ProBiotix became a wholly owned subsidiary of ProBiotix Health (thereby resulting in the creation of the Group).

On 8 March 2022, the convertible loan notes (CLN) instrument was varied by way of a deed of variation to recognise the creation of the Group following the entry into the share exchange agreement.

On 15 March 2022, ProBiotix repaid £110,000 to OptiBiotix Health plc and £110,000 to OptiBiotix Limited in respect of the loans provided.

1,025,000 CLNs are to be converted into CLN Shares on Admission.

#### **7.18 Nature of the financial information**

The financial information presented above does not constitute statutory financial information for the period under review

**(B) UNAUDITED INTERIM RESULTS OF PROBIOTIX FOR THE SIX MONTHS ENDED 30 JUNE 2021****Statement of Comprehensive Income**

	<b>Unaudited 6 months 30-Jun-21 £</b>	<b>Unaudited 6 months 30-Jun-20 £</b>
Revenues	537,262	341,859
Cost of Sales	(278,407)	(192,770)
<b>Gross Profit</b>	<b>258,855</b>	<b>149,089</b>
Depreciation and amortisation	(23,225)	(20,443)
Administrative expenses	(153,512)	(244,517)
<b>Operating profit/(loss)</b>	<b>82,118</b>	<b>(115,871)</b>
Finance income/(costs)	(30,748)	(29,727)
Foreign currency losses	(4,740)	(2,059)
<b>Profit/(Loss) before Income tax</b>	<b>46,629</b>	<b>(147,657)</b>
Income tax	(6,316)	(231)
<b>Profit/(Loss) and comprehensive profit/(loss) for the period</b>	<b>40,313</b>	<b>(147,888)</b>
Earnings/(Loss) per share (pence)	40.31	(147.89)

## Statement of Financial Position

	Unaudited As at 30-Jun-21 £	Unaudited As at 30-Jun-20 £
<b>Assets</b>		
<b>Non-Current assets</b>		
Intangibles	370,908	359,640
<b>Current Assets</b>		
Inventories	20,415	-
Trade and other receivables	631,853	136,583
Cash and cash equivalents	196,982	158,935
	<u>849,250</u>	<u>295,518</u>
<b>Total assets</b>	<u><u>1,220,158</u></u>	<u><u>655,158</u></u>
<b>Equity</b>		
Issued capital	1,000	1,000
Convertible loan note equity	122,617	122,617
Accumulated deficit	(539,793)	(714,713)
Total Equity	<u>(416,176)</u>	<u>(591,096)</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	506,338	180,530
<b>Non-Current Liabilities</b>		
Deferred tax liability	78,551	74,755
Convertible loan notes	1,051,445	990,970
	<u>1,129,996</u>	<u>1,065,725</u>
<b>Total Liabilities</b>	<u>1,636,334</u>	<u>1,246,254</u>
<b>Total Equity and Liabilities</b>	<u><u>1,220,158</u></u>	<u><u>655,158</u></u>

## Statement of Cash Flows

	Unaudited 6 months 30-Jun-21 £	Unaudited 6 months 30-Jun-20 £
<b>Cash flows from operating activities</b>		
Loss before taxation	46,629	(147,657)
Adjustments for:		
Add finance expenses	30,748	29,727
Add depreciation & amortisation	23,225	20,443
(Increase)/decrease in inventories	(20,415)	-
(Increase)/decrease in receivables	(153,269)	217,276
Increase/(decrease) in payables	163,017	(125,097)
<b>Cash consumed by operations</b>	<b>89,935</b>	<b>(5,308)</b>
Taxation	-	2,289
<b>Net cash outflow from operating activities</b>	<b>89,935</b>	<b>(3,019)</b>
<b>Cash flows from investing activities</b>		
Purchase of intangible assets	(31,561)	(17,954)
<b>Net cash outflow from investing activities</b>	<b>(31,561)</b>	<b>(17,954)</b>
<b>Cash flows from financing activities</b>		
Interest paid	-	-
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>	<b>58,374</b>	<b>(20,973)</b>
Cash and cash equivalents at the beginning of the period	138,608	179,908
<b>Cash and cash equivalents at the period end</b>	<b>196,982</b>	<b>158,935</b>

## Statement of Changes in Equity

	Share Capital £	Convertible Loan Notes £	Accumulated Deficit £	Total £
<b>Balance at 31 December 2019</b>	1,000	122,617	(566,825)	(443,208)
Loss for the period	-	-	(147,888)	(147,888)
<b>Balance at 30 June 2020</b>	1,000	122,617	(714,713)	(591,096)
Loss for the period	-	-	134,607	134,607
<b>Balance at 31 December 2020</b>	1,000	122,617	(580,106)	(456,489)
Profit/(Loss) for the period	-	-	40,313	40,313
<b>Balance at 30 June 2021</b>	1,000	122,617	(539,793)	(416,176)
Share Capital	Amount subscribed for shares at nominal value			
Convertible Loan note reserve	Equity component of the convertible loan notes that have been issued			
Accumulated deficit	Cumulative surplus of ProBiotix attributable to equity shareholders			

## 1. Accounting convention and general information

ProBiotix Limited (previously ProBiotix Health Limited) is a private limited company limited by shares. ProBiotix was incorporated in England on 26 April 2018 under the Companies Act 2006. ProBiotix's registered office is Cavalier Suite The Barracks, Wakefield Road, Pontefract, WF8 4HH. The principal activity of ProBiotix is that of the retail and wholesale trade of specialized health foods.

## 2. Basis of preparation and significant accounting policies

This 6 months interim financial information to 30 June 2021 has been prepared using the historical cost convention, on a going concern basis and in accordance with UK-adopted International Financial Reporting Standards ("IFRS").

The interim financial statements have been prepared in accordance with the accounting policies set out in the Annual Report and Accounts for the year ended 31 December 2020.

## 3. Segmental reporting

In the opinion of the directors, ProBiotix has one class of business, in three geographical areas being that of identifying and developing microbial strains, compounds and formulations for use in the nutraceutical industry. ProBiotix sells into three highly interconnected markets, all costs assets and liabilities are derived from the UK location.

	<b>Unaudited 6 months 30 June 2021</b>	<b>Unaudited 6 months 30 June 2020</b>
	£	£
UK	49,357	27,873
US	412,649	114,351
International	75,256	199,635
	<u>537,262</u>	<u>341,859</u>

During the reporting period one customer represented £408,506 (76%) of company revenues. (2020: one customer generated £114,351 representing 33% of Group revenues).

## 4. Earnings/(loss) per share

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the year. Reconciliations are set out below:

	<b>Unaudited 6 months 30 June 2021</b>	<b>Unaudited 6 months 30 June 2020</b>
Earnings/(losses) attributable to ordinary shareholders (£)	40,313	(147,888)
Weighted average number of shares	100,000	100,000
Basic and diluted earnings/(loss) per share (pence)	<u>40.31</u>	<u>(147.89)</u>

## 5. Intangible assets

	Development cost & patents £
<b>Cost</b>	
<b>As at 31 December 2019</b>	<b>395,940</b>
Additions	17,954
<b>As at 30 June 2020</b>	<b>413,894</b>
Additions	24,163
<b>As at 31 December 2020</b>	<b>438,057</b>
Additions	31,561
<b>As at 30 June 2021</b>	<b>469,619</b>
<b>Accumulated Depreciation</b>	
<b>As at 31 December 2019</b>	<b>33,811</b>
Charge for the period	20,443
<b>As at 30 June 2020</b>	<b>54,254</b>
Charge for the period	21,232
<b>As at 31 December 2020</b>	<b>75,486</b>
Charge for the period	23,225
<b>As at 30 June 2021</b>	<b>98,711</b>
<b>Carrying amount</b>	
As at 30 June 2021	370,908
As at 31 December 2020	362,572
As at 30 June 2020	359,640
As at 31 December 2019	362,129

## 6. Called up share capital

	30 June 2021 £	30 June 2020 £
<b>Issued share capital fully paid</b>		
100,000 ordinary shares of £0.01 each	1,000	1,000

Ordinary shares, which have a par value of £0.01, carry .01 vote per share and carry a right to dividends.

Upon incorporation ProBiotix issued 100 ordinary shares of £0.01 each. 99,900 ordinary shares were issued at par value on 27 April 2018.

## 7. Convertible loan notes

ProBiotix issued 1,025,000 floating rate convertible loan notes (CLN) for £1,025,000 on 11 December 2018. The notes are convertible into ordinary shares of ProBiotix and converted into shares immediately prior to the occurrence of a listing of ProBiotix, or repayable in December 2023. The conversion rate is 1 share for each note held at an amount which is equal to 50% of the listing price.

OptiBiotix Health Plc, parent undertaking, has subscribed 250,000 of the CLN for £250,000.

The convertible notes are presented in the statement of financial position as follows:

	30 June 2021 £	30 June 2020 £
Face value of the convertible loan notes in issue as at the period end	1,143,314	1,083,860
Equity element	(122,617)	(122,617)
Liability component on initial recognition	1,020,697	961,243
Interest charged at effective interest rate	30,748	29,727
Non-current liability	<u>1,051,445</u>	<u>990,970</u>

Interest expense is calculated by applying the effective interest rate of 6% to the liability component.

## 8. Related party transactions

During the 6 months period to 30 June 2021, £12,500 (2020: £10,417) was paid to Reyco Limited for the services of Adam Reynolds as Director of ProBiotix Limited.

During the 6 months period to 30 June 2021, £96,540 (2020: nil) was paid to Balin Sagal for the services of M Hvid-Hansen as Director of ProBiotix Limited

During the 6 months period to 30 June 2021, £nil (2020: £121,575) was paid to Stephen Prescott in respect of Director's services provided.

At 30 June 2021, ProBiotix owes Optibiotix Limited £146,297 (2020: £47,165) which is also a subsidiary of the parent company, OptiBiotix Health Plc.

At 30 June 2021, ProBiotix owes £256,438 (2020: £241,688) to Optibiotix Health Plc, parent company, in respect of the convertible loan notes issued to that entity as described in note 7.

At 30 June 2021, ProBiotix owes £66,460 (2020: £24,000) to Optibiotix Health Plc, parent company, in respect of the loans made during the year.

## 9. Subsequent events

During the period from 1 July 2021 to the date of this report, the ProBiotix incurred administrative expenses of £94,191 which was charged by OptiBiotix Limited. ProBiotix also recharge to OptiBiotix Limited £35,139 in respect of the e-commerce sales through OptioBiotix Limited.

On 28 January 2022, OptiBiotix Health plc provided additional loan funding of £150,000 to the Company.

On 7 February 2022 OptiBiotix and ProBiotix Health entered into a share exchange agreement pursuant to which OptiBiotix agreed to sell and ProBiotix Health agreed to purchase the entire issued share capital of ProBiotix in consideration of the issue by ProBiotix Health to OptiBiotix of 99,998,000 Ordinary Shares. Following the transaction, ProBiotix Health became a wholly owned subsidiary of OptiBiotix and ProBiotix became a wholly owned subsidiary of ProBiotix Health (thereby resulting in the creation of the Group).

On 8 March 2022, the convertible loan notes (CLN) instrument was varied by way of a deed of variation to recognise the creation of the Group following the entry into the share exchange agreement.

1,025,000 CLNs are to be converted into the CLN Shares on Admission.

#### **10. Nature of the financial information**

The financial information presented above does not constitute statutory financial information for the period under review.

## PART VI

### UNAUDITED PRO FORMA STATEMENT OF NET ASSETS

Set out below is an unaudited pro forma statement of net assets. This unaudited pro forma statement of net assets is provided for illustrative purposes only to show the effect of the conversion of the CLNs and the Fundraising as if it had occurred on 4 March 2022.

Because of the nature of pro forma information, this information addresses a hypothetical situation and does not therefore represent the actual financial position or results of the Group.

The statement of pro forma net assets set out below is based on the audited balance sheets of the Company as at 4 March 2022 and unaudited interim financial information of ProBiotix at 30 June 2021 (as extracted without material adjustment from the financial information in Part IV and Part V of this Document respectively, and adjustments on the basis described in the notes below.

	Net Assets ProBiotix Health	Net Assets ProBiotix	Conversion of CLNs	Fundraising net of expenses	Consolidation	Total pro forma
	04-Mar-22	30-Jun-21				04-Mar-22
Notes	£ 1	£ 2	£ 3	£ 4	£ 5	£
<b>Non-current assets</b>						
Goodwill	-	-	-	-	466,175	466,175
Investment in subsidiary	49,999	-	-	-	(49,999)	-
Intangible assets	-	370,908	-	-	-	370,908
	49,999	370,908	-	-	416,176	837,083
<b>Current assets</b>						
Trade and other receivables	1	631,853	-	-	-	631,854
Inventories	-	20,415	-	-	-	20,415
Cash and cash equivalents	-	196,982	-	2,200,000	-	2,396,982
	1	849,250	-	2,200,000	-	3,049,251
<b>Total assets</b>	<b>50,000</b>	<b>1,220,158</b>	<b>-</b>	<b>2,200,000</b>	<b>416,176</b>	<b>3,886,334</b>
<b>Liabilities</b>						
<b>Non current liabilities</b>						
Deferred tax liability	-	(78,551)	-	-	-	(78,551)
Convertible loan notes	-	(1,051,445)	1,051,445	-	-	-
	-	(1,129,996)	1,051,445	-	-	(78,551)
<b>Current liabilities</b>						
Trade and other payables	-	(506,338)	-	-	-	(506,339)
	-	(496,589)	-	-	-	(506,339)
<b>Total liabilities</b>	<b>-</b>	<b>(1,636,334)</b>	<b>1,051,445</b>	<b>-</b>	<b>-</b>	<b>(584,890)</b>
<b>Net Assets/(Liabilities)</b>	<b>50,000</b>	<b>(416,176)</b>	<b>1,051,445</b>	<b>2,200,000</b>	<b>416,176</b>	<b>3,301,445</b>

#### Notes:

- 1 The financial information in respect of the Company as at 4 March 2022 has been extracted, without material adjustment, from the audited report, set out in Part IV of this Document.

2 The financial information in respect of ProBiotix as at 30 June 2021 has been extracted, without material adjustment, from the unaudited interim financial information as at 30 June 2021, set out in Part V (B) of this Document.

3 On 8 March 2022 , the CLNs' instrument was varied by way of a deed of variation to recognise the creation of the Group following the entry into the share exchange agreement.

1,025,000 CLNs are to be converted into the CLN Shares on Admission.

4 The Fundraising receipts are estimated at £2.5 million. The cash expenses of Admission, payable by the Company, are expected to total £0.3 million.

5 The consolidation of the Company and its subsidiary, ProBiotix will result in the elimination of the Company's investment in ProBiotix, and the recognition of goodwill.

6 The pro forma financial information does not constitute statutory accounts within the meaning of section 434 of the Act.

## PART VII

### ADDITIONAL INFORMATION

#### 1. The Company

- 1.1 The Company was incorporated in England and Wales, where it remains domiciled, as a private limited company on 4 November 2021 under the name ProBiotix Limited. It changed its name on 14 February 2022 and was re-registered as a public limited company on 22 March 2022 under the Companies Act 2006 under the name ProBiotix Health plc with registered number 13723211.
- 1.2 The Company is a public limited company and accordingly the liability of its members is limited. The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.
- 1.3 The registered office of the Company is Cavalier Suite, The Barracks, Wakefield Road, Pontefract, WF8 4HH. The Company's telephone number is + 44 (0) 20 7933 8786.
- 1.4 The Company has one wholly owned subsidiary, ProBiotix Limited, which was incorporated in England and Wales as a private limited company on 26 April 2018 under the name ProBiotix Health Limited with registered number 11330264. It changed its name to ProBiotix Limited on 14 February 2022.
- 1.5 The accounting reference date of the Company is currently 31 December.

#### 2. Share Capital of the Company

- 2.1 Since incorporation, the Company has subdivided its existing £1 share into 2,000 ordinary shares of £0.0005 each.
- 2.2 The issued and fully paid share capital of the Company at the date of this Document and as it will be on Admission, are as follows:

	<b>Number of Ordinary Shares</b>	<b>Aggregate Nominal Value of Ordinary Shares</b>
Current	100,000,000	£50,000
On Admission	121,666,666	£60,833

- 2.3 Prior to and on Admission, the Company's share capital consists of one class of Ordinary Shares with equal voting rights (subject to the Articles) and the Ordinary Shares are freely transferrable in both certificated and uncertificated form. No Shareholder has any different voting rights from any other Shareholder. The same rights will apply to the Company's Issued Share Capital following Admission.
- 2.4 The CLNs will automatically convert into 9,761,904 New Ordinary Shares to be issued by the Company on Admission.
- 2.5 On 25 March 2022, the OptiBiotix Dividend was declared, pursuant to which 48,847,619 Existing Ordinary Shares were transferred to the Nominee (to be held on trust on a pro rata basis for the benefit of the OptiBiotix Shareholders).
- 2.6 By resolutions passed on 25 March 2022:

- 2.6.1 new articles of association of the Company were adopted with effect from Admission;
- 2.6.2 the Directors were generally and unconditionally authorised in accordance with section 551 of the Act to exercise all the powers of the Company to allot shares in the Company and/or grant rights to subscribe for or convert any securities into such shares up to an aggregate nominal amount of ££14,139.76 in connection with the issue of the Placing Shares, the Subscription Shares, the CLN Shares, the Ordinary Shares to be issued on exercise of the Warrants and the Ordinary Shares to be issued on exercise of the Options, such authority to expire on the earlier of immediately following Admission and 30 April 2022, save that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require the allotment of shares or the grant of rights to subscribe for or to convert any securities into shares in pursuance of such an offer or agreement as if such authority had not expired; and
- 2.6.3 the Directors were generally empowered (pursuant to section 570 of the Act) to allot equity securities pursuant to the authority referred to in paragraph 2.6.2 above as if rights of pre-emption under the Articles did not apply to any such allotment.
- 2.7 In accordance with the authorities referred to in paragraphs 2.6.2 and 2.6.3 above, the New Ordinary Shares were allotted pursuant to a resolution of the Board passed on 25 March 2022, conditional upon Admission.

### **3. Summary of the Articles of Association of the Company**

Pursuant to section 31 of the Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law. The Articles, which were adopted by resolution passed at the general meeting of the Company held on 25 March 2022, contain, inter alia, provisions to the following effect:

- 3.1 *Voting rights*  
At general meetings of the Company, on a show of hands every member holding Ordinary Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, unless the proxy (in either case) or the representative is himself a member entitled to vote, shall have one vote and on a poll every member shall have one vote for every share held by him.
- 3.2 *Variation of rights*  
Subject to the provisions of the Act, if the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated (a) in such manner as may be provided by such rights or (b) in the absence of any such provision with the written consent of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class.
- 3.3 *Transfer of shares*  
All transfers of certificated shares may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Directors. All transfers of uncertificated shares shall be made in accordance with and be subject to the Uncertificated Securities Regulations 2001 and the facilities and requirements of the Relevant System concerned and subject thereto in accordance with any arrangements made by the Board.
- 3.4 *Return of capital on a winding up*  
On a winding up, the liquidator may, with the sanction of a special resolution and any other

sanction required by law, divide among the members in specie the whole or any part of the assets of the Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds and for such purpose may set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between members or classes of members as the liquidator determines.

3.5 *Restrictions on shares*

If the Board is satisfied that a member or any person appearing to be interested in shares in the Company has been duly served with a notice under section 793 of the Act and is in default in supplying to the Company the information thereby required within a prescribed period after the service of such notice, the Board may serve on such member or on any such person a notice ("a direction notice") in respect of the shares in relation to which the default occurred ("default shares") directing that a member shall not be entitled to vote at any general meeting or class meeting of the Company. Where default shares represent at least 0.25 per cent of the class of shares concerned the direction notice may in addition direct that any dividend (including shares issued in lieu of a dividend) which would otherwise be payable on such shares shall be retained by the Company without liability to pay interest and no transfer of any of the shares held by the member shall be registered unless it is a transfer on sale to a bona fide unconnected third party, or by the acceptance of a take-over offer or through a sale through a recognised investment exchange as defined in the FSMA.

3.6 *Pre-emption*

Subject to the provisions of the Act and any resolution of the Company relating thereto or relating to any authority to allot any shares in the Company or grant any right to subscribe for or convert any securities into any shares of the Company, the Directors may allot (with or without conferring a right of renunciation), grant options over offer or otherwise deal with or dispose of shares of the Company to or in favour of such persons on such terms and conditions at a premium or at par and at such times as the Directors think fit.

3.7 *Share capital*

The Company may from time to time by ordinary resolution (a) consolidate and divide all or any of its shares into shares of larger amount; or (b) sub-divide all or any of its shares into shares of smaller amount.

The Company may by special resolution reduce its share capital, any capital redemption reserve and any share premium account in any manner authorised and subject to the provisions of the Act.

3.8 *Purchases and redemption*

Subject to the provisions of the Act, the Company may purchase its own shares (including redeemable shares).

3.9 *Borrowing powers*

Subject to the provisions of the Act, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future), including its uncalled capital, and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

3.10 *Dividends and other distributions*

Subject to the provisions of the Act, the Company may by ordinary resolution in general meeting declare dividends in accordance with the respective rights of the members, but no dividend shall

exceed the amount recommended by the Board. The Board may pay interim dividends if it appears to them that the profits available for distribution justify the payment.

All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

Any dividends or other sums payable on or in respect of a share unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. Any dividend unclaimed after a period of twelve years from the date on which it became due for payment shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution of the Company in general meeting, offer members the right to elect to receive Ordinary Shares credited as fully paid up instead of cash, in respect of the whole (or some part, to be determined by the Board) of any dividend specified by the ordinary resolution.

### 3.11 *Directors*

At every annual general meeting any Directors:

- (a) who have been appointed by the Directors since the last annual general meeting; or
- (b) who were not appointed or reappointed at one of the preceding two annual general meetings

must retire from office and may offer themselves for reappointment by the members.

The Directors may resolve to authorise a matter proposed to them which would otherwise result in a Director infringing his duty under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest.

The Directors who do not hold executive office shall be paid by way of fees for their services as directors such sums as the Board may from time to time determine.

Each Director shall be entitled to any reasonable expenses as he may properly incur, including in attending meetings of the Board, committees of the Board, general meetings or separate meetings of any class of shares or of debentures of the Company.

Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be less than two but is not subject to any maximum (unless determined by ordinary resolution). A Director shall not be required to hold any shares in the Company by way of qualification.

The Company may purchase and maintain for any Director, Secretary or other officer of the Company insurance against any liability which would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

### 3.12 *Authorisation and Notification of interests*

The Board may authorise a matter in respect of any situation in which a Director has, or can have, a direct or indirect interest that conflicts with the interests of the Company, provided that:

- (a) the Director has declared the full nature and extent of the situation to the board; and
- (b) the Directors (other than the conflicted Director who shall not be counted in the quorum at any meeting of the Directors and shall not vote on any resolution of the Directors in relation to such authorisation) may resolve to authorise the conflict and determine the continuing performance by the Director of his duties in relation to such matter.

### 3.13 *Overseas members*

A member who (having no registered address in the UK) has not supplied to the Company an address for the service of notice within the UK at which notices may be given to him or an address to which notices may be sent using electronic communications shall not be entitled to receive notices from the Company.

### 3.14 *Meetings of Shareholders*

Subject to the requirement to convene and hold annual general meetings in accordance with the requirements of the Act, the Board may call general meetings whenever and at such times and places as it shall determine and, on the requisition of members pursuant to the provisions of the Act, shall forthwith proceed to convene a general meeting in accordance with the requirements of the Act. An annual general meeting shall be called by at least 21 days' notice. All general meetings shall be called by at least 14 days' notice. Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the members, the Directors and the auditors for the time being of the Company. The notice shall specify the time and place of the meeting. The accidental omission to give notice of a meeting, or to send a form of proxy with a notice where required by the Articles, to any person entitled to receive the same, or the non-receipt of a notice of meeting or form of proxy by any person, shall not invalidate the proceedings of that meeting. The appointment of a proxy shall be executed by or on behalf of the appointer. Delivery of a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned. A member may appoint more than one proxy to attend on the same occasion. A corporation which is a member of the Company may authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any separate meeting of the holders of any class of shares.

### 3.15 *CREST*

The Articles are consistent with CREST membership and, inter alia, allow for the holding and transfer of securities of the Company in uncertificated form. Application will be made for the admission of the Ordinary Shares into CREST with effect from Admission.

## 4. **PDMRs' Interests**

- 4.1 On Admission, the interests of the PDMRs and their immediate families and, so far as they are aware having made due and careful enquiries, of persons connected with them (all of which are beneficial, unless otherwise stated) (so far as is known to the Directors, or could with reasonable diligence be ascertained by them) (within the meaning of sections 252 to 254 of the UK Companies Act 2006), in the Issued Share Capital will be as follows:

<b>Name</b>	<b>Number of Ordinary Shares</b>	<b>% of Issued Share Capital</b>
Adam Reynolds	142,857	0.12
Stephen O'Hara	6,132,990	5.04
Mikkel Hvid-Hansen	476,191	0.39

Marco Caspani	-	-
Mark Collingbourne	-	-

- 4.2 Shortly following Admission, Options will be granted under the Option Scheme to PDMRs as follows:

Name	Number of Ordinary Shares under Option
Adam Reynolds	1,000,000
Stephen O'Hara	3,000,000
Mikkel Hvid-Hansen	1,000,000
Marco Caspani	500,000
Mark Collingbourne	1,000,000

- 4.3 Save as regards the shareholding of OptiBiotix set out in paragraph 5 below, the Company and the Directors are not aware of any arrangements or operations which may, at a subsequent date, result in or prevent a change in control of the Company, nor are they aware that the Company is owned or controlled directly or indirectly by any entity.
- 4.4 Save as disclosed in paragraph 5 below, as at the date of this Document, the Directors are not aware of any interest which will immediately following Admission represent 5 per cent or more of the Issued Share Capital or voting rights of the Company or of any person who, directly or indirectly, jointly or severally, exercises or could exercise control of the Company.
- 4.5 There are no outstanding loans granted or guarantees provided by the Company or ProBiotix to or for the benefit of any of the Directors.
- 4.6 No Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group taken as a whole and which was effected by the Company or ProBiotix during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

## 5. Significant Shareholders

As at 31 March 2022 (being the date of this Document) the Company has been notified or is aware of the following holdings which will, following Admission, represent more than 5 per cent of the Issued Share Capital or voting rights of the Company:

Name	Number of Ordinary Shares	% of Issued Share Capital
OptiBiotix	53,533,333	43.99
Nominee	48,847,619*	40.15

\* Including 5,666,323 Ordinary Shares held by Stephen O'Hara and disclosed at paragraph 4.1 above

## 6. Directors' Terms of Appointment

- 6.1 The Group has entered into service agreements and letters of appointment as follows:

- 6.1.1 an agreement between Stephen O'Hara and ProBiotix dated 31 March 2022, pursuant to which Mr O'Hara agreed to act as Chief Executive Officer of ProBiotix on a part time basis committing a minimum of 18½ hours per week. In the absence of breach, the appointment is terminable on six months' notice on either side. The salary payable to Mr O'Hara is £106,000 per annum. Mr O'Hara has agreed to post termination restrictions on competing activity, which commence on termination of the appointment (such that no period of gardening leave shall be counted as part of the restricted period). Mr O'Hara previously carried out duties for ProBiotix as part of shared services with OptiBiotix;
- 6.1.2 an agreement between Mikkel Hvid-Hansen and ProBiotix dated 31 March 2022, pursuant to which Mr Hvid-Hansen agreed to act as Commercial Director of ProBiotix. In the absence of breach, the appointment is terminable on three months' notice on either side. The salary payable to Mr Hvid-Hansen is €175,000 per annum. Mr Hvid-Hansen has agreed to post termination restrictions on competing activity, which commence on termination (such that no period of gardening leave shall be counted as part of the restricted period). Mr Hvid-Hansen's continuous employment with ProBiotix commenced on 3 February 2020 (which employment was governed under a prior service agreement, as has been replaced and superseded by the 31 March 2022 agreement);
- 6.1.3 a letter of appointment between the Company and Adam Reynolds dated 31 March 2022, pursuant to which Mr Reynolds was appointed as a non-executive Director and chairman of the Company for an annual fee of £30,000, payable monthly in arrears. Mr Reynolds is required to devote such time as is necessary for the carrying out of his duties as a non-executive Director of the Company. The appointment is terminable on 3 months' notice on either side, save that Mr Reynolds cannot terminate on notice at any time within the first 12 months of the appointment. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Reynolds is in material breach of the terms of the appointment. The appointment letter supersedes and replaces a letter of appointment made between Mr Reynolds and ProBiotix dated 21 September 2018 as related to Mr Reynolds' appointment as a non-executive director of ProBiotix;
- 6.1.4 a letter of appointment between the Company and Marco Caspani dated 31 March 2022, pursuant to which Mr Caspani was appointed as a non-executive Director of the Company for an annual fee of £20,000, payable monthly in arrears. Mr Caspani is required to devote such time as is necessary for the carrying out of his duties as a non-executive Director of the Company. The appointment is terminable on 3 months' notice on either side, save that Caspani cannot terminate on notice at any time within the first 12 months of the appointment. No compensation is payable for loss of office and the appointment may be terminated immediately if, among other things, Mr Caspani is in material breach of the terms of the appointment.
- 6.2 Save as referred to above, there are no service agreements or letters of appointment in existence between any of the Directors and the Group.
- 6.3 The aggregate remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to the PDMRs by the Company and ProBiotix during the financial period ended 31 December 2021 was £177,000.

## 7. Additional Information on the Directors

- 7.1 In addition to directorships of the Company, the Directors hold or have held the following directorships (including directorships of companies registered outside England and Wales) or have been partners in the following partnerships within the five years prior to the date of this Document:

Director	Current Directorships/Partnerships	Past Directorships/Partnerships
Adam Reynolds	Belluscura Plc New Image Valeting Ltd New Image Smart Repair Ltd New Image Holdings Ltd New Image Car Care Ltd MyHealthChecked Plc The British Inspiration Trust Yourgene Health Plc Autoclenz Group Ltd Reyco Limited Sosandar Plc	EFK Diagnostics Holdings Plc Big Sofa Technologies Group Ltd OptiBiotix Health Plc
Stephen O'Hara	OptiBiotix Health Plc OptiBiotix Limited The Healthy Weight Loss Company Limited	Intelligent Biotech Limited
Mikkel Hvid-Hansen	MH-H Aps Balin Sagl	Silmarillion Aps
Marco Caspani	CSL Asia Pacific Probiofuture Spa Synbiotec Srl ProbioEtna	-

- 7.2 Adam Reynolds was appointed as a director of Wilton International Marketing Limited on 10 June 2005. The company entered a members' voluntary liquidation on 1 May 2014. The liquidator's receipt and payments accounts approved in general meeting on 22 April 2014 declared a surplus of £404,805.17.
- 7.3 Marlwood PLC was put into voluntary creditors' liquidation on 7 February 2012. On 10 July 2009 Adam Reynolds resigned from the company.
- 7.4 Adam Reynolds was appointed as a director of Greenhills plc on 22 December 1994. He resigned on 24 January 1996. Greenhills plc was put into receivership on 8 August 1996, and an order to wind up was made on 19 February 1997. The receiver's abstract of receipts and payments to 6 July 1998 showed a creditor shortfall of £216,877.32. Greenhills plc was subsequently dissolved on 2 January 2001.
- 7.5 Adam Reynolds was appointed as a director of Wallgate Group plc on 3 July 2008. Wallgate Group plc was put into administration on 12 December 2008 and became subject to creditors' voluntary liquidation on 15 December 2009. The liquidator's statement of receipts and payments to 25 February 2011 showed a creditor shortfall of £419,782.12. Wallgate Group plc was subsequently dissolved on 1 June 2011.
- 7.6 Save as set out above, none of the PDMRs has:

- 7.6.1 had any previous names;
  - 7.6.2 any convictions in relation to fraudulent offences;
  - 7.6.3 had any bankruptcy order made against him or entered into any voluntary arrangements;
  - 7.6.4 been a director of a company which has been placed in receivership, insolvent liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
  - 7.6.5 been a partner in any partnership which has been placed in insolvent liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 7.6.6 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
  - 7.6.7 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
  - 7.6.8 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 7.7 No PDMR has, or has had, any conflict of interest between any duties to the Company and their private interests or any other duties they owe.

## **8. Option Scheme**

The Company intends to adopt a share option scheme shortly following Admission and anticipates that its principal rules will include the following:

- 8.1 *Grant of options*  
No option can be transferred, assigned or charged. No amount is payable on grant of an option.
- 8.2 *Subscription price*  
The price per share to be paid on exercise of an option will be the market value at the time of the grant.
- 8.3 *Exercise of options*  
Options may be exercised in whole or part in accordance with the rules and any objective exercise conditions imposed by the Company. Earlier exercise may be permitted notwithstanding that performance conditions have not been met if the option holder dies (where exercise is permitted by his personal representatives for 12 months). For persons who leave the employment of the Group by reason of injury, disability, redundancy or retirement, options may be exercised up to 90 days after their leaving date to the extent that they have vested. Where the grantee becomes bankrupt or otherwise deprived of legal or beneficial ownership of the option, the option will lapse.

8.4 *Takeovers*

The grantee will be notified of any bid and may exercise any options that have vested within 90 days of an offer becoming unconditional, after which period, the option will lapse. The grantee may agree with an acquiring company to release his rights in exchange for a new option whereby the market value of the shares at the date of grant is the same as for the shares under the old option and will be treated as having been granted at the date of the old option.

8.5 *Liquidation*

The Board must immediately notify the grantee and options may be exercised to the extent they have vested in the period between the date on which notice is given and the passing of any resolution for the winding-up of the Company. The shares will be deemed to have been issued prior to the passing of such a resolution.

8.6 *Adjustment of options*

If a reorganisation of the Company is affected, the number of shares subject to option and the exercise price may be adjusted as the Company may determine and may be confirmed to be reasonable by the Company's auditors.

8.7 *Costs*

Costs of administration of the scheme are to be borne by the Company.

8.8 *Termination*

If the scheme is terminated the existing options will remain in full force. The share option scheme is not intended to form any contract of employment and individuals who participate will not have any rights to damages for any loss, or potential loss of benefit, in the event of termination of office.

9. **Material Contracts**

9.1 ***Peterhouse Engagement Letter***

ProBiotix entered into an engagement letter with Peterhouse on 21 September 2021 (in respect of which ProBiotix's rights and obligations were novated to the Company on 13 December 2021) pursuant to which the Company has agreed to pay to Peterhouse on Admission a fee of £80,000 (plus VAT) for its transaction services in connection with Admission together with a commission calculated at the rate of 5 per cent of the gross amount raised and received from the Placing from investors introduced by Peterhouse and a commission calculated at a rate of 1 per cent of the gross amount raised and received from the Placing from investors identified and introduced to Peterhouse by the Company.

9.2 ***Peterhouse Warrant Instrument***

On 31 March 2022, the Company executed a warrant instrument to create and issue warrants to Peterhouse to subscribe for, an aggregate, of 112,857 Ordinary Shares. The warrants will be exercisable at any time from Admission for a period of ten years from Admission at the Placing Price. The Ordinary Shares to be allotted and issued on the exercise of any or all of the warrants will rank for all dividends and other distributions declared after the date of the allotment of such shares but not before such date and otherwise pari passu in all respects with the Ordinary Shares in issue on the date of such exercise allotment. The Warrant Instrument contains provisions for appropriate adjustment of the number of Ordinary Shares and the subscription price upon a capitalisation of reserves, on sub-division or consolidation or reduction of the share capital of the Company. The warrants are transferable to Peterhouse's group companies and any of its directors, partners or employees.

9.3 ***Peterhouse Corporate Adviser Agreement***

The Company entered into an agreement with Peterhouse on 31 March 2022 pursuant to which the Company appointed Peterhouse to act as corporate adviser to the Company following Admission. The Company has agreed to pay to Peterhouse an annual retainer of £25,000 (plus VAT) and, in relation to any fundraising undertaken by the Company, Peterhouse will be entitled to commission of an amount equal to 5 per cent of the gross amount of any funds raised by Peterhouse and 1 per cent of the gross amount of any funds raised by the Company or third parties. Peterhouse's appointment as corporate adviser commenced on the date of the agreement and, following an initial term of 12 months, may be terminated thereafter by either party giving the other three months' written notice.

9.4 ***Lock-In Agreements***

On 31 March 2022, the Locked-In Directors and OptiBiotix entered into lock-in agreements with the Company and Peterhouse pursuant to which they have agreed to be subject to a twelve-month lock-in period. On 31 March 2022, the Nominee entered into a lock-in agreement with the Company and Peterhouse pursuant to which it has agreed to be subject to a nine-month lock-in period. During the Lock-In Period, subject to certain exceptions, none of the Locked-In Parties may issue, offer, sell or contract to sell, or otherwise dispose of any Ordinary Shares or enter into any transaction with the same economic effect as the foregoing (each a "Disposal"). OptiBiotix has, however, agreed with Peterhouse that it will make Ordinary Shares available for sale within that twelve-month period if such a Disposal is required to maintain an orderly market in the Ordinary Shares. In addition, the Locked-In Parties, other than the Nominee, have also agreed that any Disposal made by them in the subsequent twelve-month period will be undertaken, save in certain circumstances, only following Peterhouse's agreement and if brokered through the Company's broker.

9.5 ***Relationship agreement***

On 31 March 2022, OptiBiotix, the Company, Stephen O'Hara and Peterhouse entered into a relationship agreement governing the relationship between the Company and OptiBiotix as its significant shareholder. Under the terms of the agreement OptiBiotix covenants to carry on its business independently of, and not in competition with, the Group's business and to ensure that all transactions between OptiBiotix and the Group are carried out on arm's length terms.

9.6 ***Placing Agreement***

Pursuant to the Placing Agreement, Peterhouse has, subject to certain conditions, agreed to use its reasonable endeavours to procure subscribers for Placing Shares pursuant to the Placing. The Placing Agreement may be terminated by Peterhouse in certain customary circumstances prior to Admission. The obligation of Peterhouse to use its reasonable endeavours to procure subscribers for Placing Shares is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, inter alia: (i) Admission occurring and becoming effective by 8.00 a.m. London time on or prior to 31 March 2022 (or such later time and/or date, not being later than 30 April 2022, as the Company and Peterhouse may agree); and (ii) the Placing Agreement not having been terminated in accordance with its terms. For its services in connection with the Placing and provided that the Placing Agreement becomes wholly unconditional and is not terminated, Peterhouse will be entitled to (a) commission of an amount equal to 5 per cent of the gross aggregate value of the Placing Shares placed by it from its own introductions and 1 per cent of the gross aggregate value of the Placing Shares placed by it from introductions made by the Company and (b) to be granted Warrants to acquire 112,857 Ordinary Shares. The Company, the Directors and OptiBiotix have given warranties to Peterhouse, and the Company has given an indemnity, concerning, inter alia, the accuracy of the information contained in this Document. The warranties and indemnities given by such parties are standard for an agreement of this nature.

**9.7 Subscription letters**

The Company has entered into commitments with various subscribers pursuant to which those subscribers, conditionally, have undertaken to subscribe for the Subscription Shares at the Fundraising Price. The commitments are conditional upon Admission having occurred on or before 31 March 2022 or such later date as the Company may agree (not being later than 30 April 2022). If Admission does not occur by the relevant long stop date, the Company will need to agree an extension with each subscriber. There is no guarantee that such extension will be forthcoming.

**9.8 Share exchange agreement**

On 7 February 2022, OptiBiotix and the Company entered into a share exchange agreement pursuant to which OptiBiotix agreed to sell and the Company agreed to purchase the entire issued share capital of ProBiotix in consideration of the issue by the Company to OptiBiotix of 99,998,000 Ordinary Shares. Following the transaction, the Company became a wholly owned subsidiary of OptiBiotix and ProBiotix became a wholly owned subsidiary of the Company (thereby resulting in the creation of the Group).

**9.9 Loan note instrument**

ProBiotix entered into a loan note instrument on 11 December 2018 pursuant to which it constituted £1,250,000 'Floating Rate Convertible Loan Notes 2023' of which 1,025,000 of such notes (being the CLNs) were issued by ProBiotix to various subscribers (including OptiBiotix) on the same date. The instrument was varied by way of a deed of variation as approved by an extraordinary resolution of the noteholders dated 8 March 2022, to recognise the creation of the Group following the entry into the share exchange agreement (and to retain the commercial integrity of the terms of the instrument affected by that transaction). Under the loan note instrument, the CLNs accrue interest at 3% per annum above the annual base rate above the Bank of England. The CLNs are capable of being redeemed by ProBiotix at any time after 11 December 2021 but must be redeemed on 11 December 2026. The CLNs are subject to automatic conversion rights as more particularly described in paragraph 11 of Part I of this Document.

**10. Related Party Transactions**

Save as disclosed in paragraph 9 of this Part VII, there are no material related party transactions required to be disclosed under the accounting standards applicable to the Company, to which the Company was a party during the period of twelve months preceding the date of this Document.

**11. Litigation**

The Group is not involved in any legal, governmental or arbitration proceedings which may have or have had since incorporation a significant effect on the Group's financial position or profitability and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Group.

**12. United Kingdom Taxation**

**General**

The following summary is intended as a general guide for UK tax resident Shareholders as to their tax position under current UK tax legislation and HMRC practice as at the date of this Document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time. The Company is at the date of this Document resident for tax purposes in the United Kingdom and the following is based on that status. It should be noted that a number of the UK tax treatments referred to below relate to unquoted shares as shares quoted on the AQSE Growth

Market are generally treated as unquoted for these purposes.

This summary is not a complete and exhaustive analysis of all the potential UK tax consequences for holders of Ordinary Shares. It addresses certain limited aspects of the UK taxation position applicable to Shareholders resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatment of non-UK residents) and who are absolute beneficial owners of their Ordinary Shares and who hold their Ordinary Shares as an investment. This summary does not address the position of certain classes of Shareholders who (together with associates) have a 5 per cent or greater interest in the Company, or, such as dealers in securities, market makers, brokers, intermediaries, collective investment schemes, pension funds, charities or UK insurance companies or whose shares are held under a personal equity plan or an individual savings account or are "employment related securities" as defined in section 421B of the Income Tax (Earnings and Pensions) Act 2003. Any person who is in any doubt as to his tax position or who is subject to taxation in a jurisdiction other than the UK should consult his professional advisers immediately as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares.

This summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could affect the taxation consequences described below.

## **Taxation of dividends**

### ***United Kingdom resident shareholders***

UK resident individuals are entitled to a £2,000 annual dividend allowance. Dividends received and not exceeding this allowance will not be subject to income tax. Dividends received in excess of this allowance will be taxed at 7.5 per cent up to the limit of the basic rate income tax band. Dividends received in excess of the basic rate income tax band will be taxed at 32.5 per cent up to the limit of the higher rate income tax band. Where dividends are received in excess of the higher rate income tax band, then the excess will be taxed at 38.1 per cent being at the additional rate of income tax.

Dividends received by the trustees of discretionary or accumulation trusts and not exceeding the first band will be taxed at 7.5 per cent. The first band is established by taking £1,000 and dividing this amount by the number of settlements formed by the settlor up to a maximum of 5. The minimum first band is £200. Any dividends received by such trusts in excess of the first band will be taxed at 38.1 per cent. If the shareholder is in doubt as to the amount of the first band, then independent professional advice should be sought. It is worth noting that the dividend rates are expected to increase by 1.25% with effect from 1<sup>st</sup> April 2022.

United Kingdom pension funds and charities are generally exempt from tax on dividends which they receive.

### ***Companies***

Subject to UK dividend exemption rules, a corporate Shareholder resident in the UK (for tax purposes) should generally not be subject to corporation tax or income tax on dividend payments received from the Company.

### ***Non-residents***

Non-UK resident shareholders may be liable to tax on the dividend income under the tax law of their jurisdiction of residence and should consult their own tax advisers in respect of their liabilities on dividend payments.

## **Taxation of chargeable gains**

### ***United Kingdom resident shareholders***

A disposal of Ordinary Shares by a Shareholder, who is resident for tax purposes in the UK, will in general be subject to UK taxation on the chargeable gain arising on a disposal of Ordinary Shares.

UK resident individuals are entitled to an annual allowance to be deducted from any chargeable gain that would otherwise be taxable in the relevant tax year. The annual allowance for the tax year to 5 April 2022 is £12,300. Generally speaking, where the individual's taxable chargeable gains exceed the allowance, then these gains will be taxed at 10 per cent, but only to the extent that the individual's taxable income and chargeable gains do not exceed the basic rate income tax band. Where the individual's taxable income and chargeable gains exceeds the basic rate income tax band and then the remaining chargeable gain will be taxed at 20 per cent.

The trustees of discretionary or accumulation trusts may be able to claim an annual allowance being one-half of the allowance available to individuals. For the tax year ended 5 April 2022 the allowance is £6,150. Independent professional advice should be sought before claiming this allowance. Where the allowance is claimed then chargeable gains in excess of this amount will be liable to tax at 20 per cent. Where the allowance is not claimed then the whole chargeable gain will be liable to tax at 20 per cent.

### ***Non-residents***

A Shareholder who is not resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation through such permanent establishment, branch or agency (as appropriate) will be subject to UK tax on capital gains on the disposal of Ordinary Shares.

In addition, any holders of Ordinary Shares who are individuals and who dispose of shares while they are temporarily non-resident may be treated as disposing of them in the tax year in which they again become resident in the UK.

All non-resident or non-domiciled shareholders should seek professional advice before considering a transaction which be considered a chargeable gain.

### ***Companies***

For UK corporates, chargeable gains are currently chargeable at the rate of 19 per cent subject to indexation which may apply to reduce any such gain, although indexation cannot create or increase a capital loss. Other reliefs may be relevant.

## **Stamp Duty and Stamp Duty Reserve Tax ("SDRT")**

The statements below (which apply whether or not a Shareholder is resident or domiciled in the UK) summarise the current position and are intended as a general guide only to stamp duty and SDRT. Certain categories of person are not liable to stamp duty or SDRT, and special rules apply to agreements made by broker dealers and market makers in the ordinary course of their business and to certain categories of person (such as depositaries and clearance services) who may be liable to stamp duty or SDRT at a higher rate or who may, although not primarily liable for tax, be required to notify and account for SDRT under the Stamp Duty Reserve Tax Regulations 1986.

The AQSE Growth Market is a designated a Recognised Growth Market by HMRC which means that trades executed in UK companies on this market are exempt from UK Stamp Duty and Stamp Duty Reserve Tax.

### **Inheritance tax**

Shareholders, regardless of their tax status, should seek independent professional advice when considering any event which may give rise to an inheritance tax charge.

Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK); although the availability of exemptions and reliefs may mean that in some circumstances there is no actual tax liability. A lifetime transfer of assets to another individual or trust may also be subject to UK inheritance tax based on the loss of value to the donor, although again exemptions and reliefs may be relevant. Particular rules apply to gifts where the donor reserves or retains some benefit.

The above is a summary of certain aspects of current law and practice in the UK, which does not constitute legal advice. Therefore, a Shareholder who is in any doubt as to his tax position, or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser immediately.

### **13. Compulsory acquisition rules relating to Ordinary Shares**

- 13.1 Other than as provided by the City Code (in respect of which see paragraph 18 of Part I of this Document) and Chapter 28 of the Act, there are no rules or provisions relating to mandatory bids and/or squeeze-out and sell-out rules that apply to the Ordinary Shares.
- 13.2 Under the Act, if a “takeover offer” (as defined in section 974 of the Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent in value of the Ordinary Shares to which the offer relates and not less than 90 per cent of the voting rights carried by the Ordinary Shares to which the offer relates, it could, within three months of the last day on which its takeover offer can be accepted, compulsorily acquire the remaining 10 per cent. The offeror would do so by sending a notice to outstanding members telling them that it will compulsorily acquire their Ordinary Shares and then, six weeks later, it would execute a transfer of the outstanding Ordinary Shares in its favour and pay the consideration for the outstanding Ordinary Shares to the Company, which would hold the consideration on trust for outstanding members. The consideration offered to the minority shareholder whose shares are compulsorily acquired must, in general, be the same as the consideration that was available under the original offer unless a member can show that the offer value is unfair.
- 13.3 The Act also gives minority members a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the Ordinary Shares and, at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90 per cent in value of the Ordinary Shares and not less than 90 per cent of the voting rights carried by the Ordinary Shares, any holder of Ordinary Shares to which the offer related who had not accepted the offer could by a written communication to the offeror require it to acquire those Ordinary Shares. The offeror is required to give any member notice of its right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority members to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three

months from the date on which notice is served on members notifying them of their sell-out rights. If a member exercises its rights, the offeror is entitled and bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

#### **14. General**

- 14.1 The total costs and expenses in relation to Admission payable by the Company are estimated to amount to approximately £0.3 million.
- 14.2 Except as disclosed in this Document, , excluding fees incurred in the normal course of business and for the advisers named on page 11 of this Document, no person has received, directly or indirectly, from the Company during the twelve months preceding the date of this Document or has entered into any contractual arrangements to receive, directly or indirectly, from the Company on or after the start of trading on the AQSE Growth Market, fees totalling £10,000 or more or securities in the Company with a value of £10,000 or more (calculated by reference to the price) or any other benefit to a value of £10,000 or more.
- 14.3 Except as disclosed in this Document, there has been no significant change in the financial position or financial performance of the Company since 4 March 2022, the date to which the financial information on the Company in Part IV of this Document was prepared.
- 14.4 Except as disclosed in this Document, there has been no significant change in the financial position or financial performance of ProBiotix since 30 June 2021, the date to which the financial information in Parts V (C) of this Document was prepared
- 14.5 Jeffreys Henry LLP have been appointed as the auditors of the Company for the financial year ending 31 December 2022. Jeffreys Henry LLP are registered to carry out audit work by the Institute of Chartered Accountants in England and Wales. Jeffreys Henry LLP's business address is at 5-7 Cranwood Street, London EC1V 9EE.
- 14.6 Jeffreys Henry LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of their reports as set out in Parts IV and V of this Document and the references thereto. Jeffreys Henry LLP also accepts responsibility for its reports.
- 14.7 Appleyard Lees IP LLP has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of their report as set out in Part III of this Document and the references thereto. Appleyard Lees IP LLP also accepts responsibility for its reports.
- 14.8 Peterhouse, which is authorised and regulated by the FCA, has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which they appear. Peterhouse Capital Limited is registered in England and Wales under company number: 02075091 and with registered address at 3rd Floor, 80 Cheapside, London EC2V 6EE.
- 14.9 There are no investments in progress and there are no future investments in respect of which the Directors have already made firm commitments which are significant to the Company.
- 14.10 No financial information contained in this Document is intended by the Company to represent nor constitute a forecast of profits by the Company nor constitute publication of accounts by it.
- 14.11 The Directors accept responsibility for the financial information contained in Parts IV, V and VI of this Document, which has been prepared in accordance with the law applicable to the Company.

- 14.12 On Admission, the Company will have cash resources of approximately £2.4 million after expenses. These funds are sufficient to fund the proposed uses stated in Part I of this Document.
- 14.13 Except as set out in this Document, there are no patents or intellectual property rights, licenses or particular contracts, which are of material importance to the Group's business or profitability.
- 14.14 Save as disclosed in this Document, as far as the Directors are aware there are no environmental issues that may affect Company's utilisation of any tangible fixed assets.
- 14.15 The Ordinary Shares have not been sold, nor are they available, in whole or in part, to the public in connection with the application for Admission.

**15. Working Capital**

The Directors are of the opinion, having made due and careful enquiry, that the working capital available to the Group on Admission will be sufficient for the present requirements of the Group, that is, for the period of twelve months following Admission.

**16. Availability of this Document**

Copies of this Document will be available free of charge to the public during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Company and from the offices of Peterhouse and shall remain available for at least one month after the date of Admission. The Document is also available on the Company's website ([www.probiotixhealth.com](http://www.probiotixhealth.com)). Please note that information on the website does not form part of this Document unless that information is expressly incorporated by reference into this Document.

Dated: 31 March 2022