OptiBiotix® HEALTH PLC

BETTER SCIENCE, BETTER HEALTH

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Company Number: 05880755

Contents

Company Information

For the year ended 31 December 2024

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Chairman's Report

For the year ended 31 December 2024

This has been a year of strong sales growth and good strategic progress, delivering against the major objectives we set ourselves for 2024: increasing our number of partners and sales in our key target markets of the USA and Asia, growing our direct-to-consumer sales through investment in e-commerce channels, and increasing sales of both final branded and white label products containing our ingredients so as to deliver a dual income stream.

Strategy and business development

From its inception, the business has had a clear strategic focus on developing unique products with proven functional benefits in high growth markets around the world, and balancing risk and reward by building sales of its first-generation products while developing more innovative second-generation products with even greater potential.

Heightened industry and consumer awareness of the importance of reducing hunger in achieving weight management has driven growing appreciation of the benefits of our key first-generation product SlimBiome®, whose effectiveness in reducing hunger and food cravings has been proven in multiple human studies. These have allowed us to gain regulatory approval in many territories worldwide that permit us to make on-pack health claims that distinguish SlimBiome® from competing products. This in turn is helping us to attract stronger business partners who are willing to make investments in marketing to drive sales growth, laying the foundations for a substantial global business in the years ahead.

At the same time, we have progressed discussions with a number of major partners to bring our second-generation products to market, presenting opportunities that are potentially transformational for the Company and shareholders alike. We remain confident that these discussions will lead to a successful outcome.

Results

The strong sales momentum re-established after our management change early in 2023 continued into 2024 with orders increasing by 56% to £1,004k and delivered sales up by 35% to £870k. Selling costs have increased to £651k (2023: £125k). Fixed operating costs remain flat for the year at £1,605k (2023: £1,662k) and should reduce through 2025 with actions already taken to reduce in PR, Broker and staff costs.

Selling costs increased as planned due to investments in sales and marketing in India with Morepen, setting up cost for Amazon India, and online sales in China and Europe. These investments have led to increased revenue growth across all parts of the business. As we continue to grow sales and improve margins whilst reducing fixed costs (PR, Broker, R&D, staff), and our continued investment in marketing, all parts of the business and the Group should become profitable.

We continue to enjoy a strong balance sheet, with gross assets at the year-end of £9m (2023: £9.4m) and cash of £739k (2023: £635k).

The Board

David Blain was appointed to the Board as Finance Director and Company Secretary on 7 January 2025. He brings to us extensive financial, commercial and board experience with a range of private and public companies including Iksuda Therapeutics Ltd, Applied Graphene Materials plc, Nanoco Group plc and Inspired Capital plc. In his part-time role with us he will focus on enhancing our divisional P&L accounting and improving the control of costs throughout the Group, with the aim of moving each division and ultimately the Group to profitability. David joined the Company on 1 November 2024, prior to Graham Myers' retirement from the Board on 30 November 2024. Graham joined us in the part-time role of Finance Director a year earlier, and had resigned due to other commitments. We are grateful to Graham for his contribution to the business and wish him well for the future.

Outlook

We made a very strong start to the new financial year, with our order book for Q1 2025 surpassing the sales we achieved in H1 2024. We are beginning to see returns from the investments we have made to grow our business in India, the USA, Asia and Ecommerce with growing sales in all parts of the business. Having sales and manufacturing in multiple territories helps mitigate risk from country specific tariffs or regional disputes which have become more common in recent times. Building our ecommerce channels has demanded a significant initial investment in marketing to build awareness and brand recognition and create interest and drive sales growth. As we convert an increasing proportion of our ecommerce customers to subscribers, marketing expenditure is expected to decrease and we believe that we can look forward to all parts of the business becoming profitable and generating positive cashflow.

R C N Davidson

Chairman

27 June 2025

Chief Executive's Report

For the year ended 31 December 2024

We have made excellent commercial progress during 2025, with our investments in the key strategic markets of India, the USA and Asia delivering larger partners who are investing in marketing our products, leading to strong sales and early repeat orders. Our key first-generation products are well positioned to benefit from growing industry and consumer interest in the suppression of hunger and appetite as a route to managing weight with on-pack health claims that give us a key point of difference. The clearance of a substantial stock overhang during the year has eliminated a significant drag on our reported sales and we entered 2025 with a strong order pipeline. Our focus is now on improving margins and reducing costs to bring the business to profitability, while we continue to develop the huge potential of SlimBiome in managing hunger in a market with strong consumer interest, WellBiome in improving gut health, and our second-generation product portfolio.

Strategic overview

OptiBiotix Health (AIM: OPTI) is a life sciences business focused on the development of products which reduce hunger and food cravings, enhance the gut microbiome, and provide a healthy substitute for sugar.

Our strategic approach has been designed to reduce risk and maximise opportunities for investors by recognising the challenges inherent in bringing new technologies and products to a naturally conservative global food market, where consistency and risk avoidance are key and the acceptance of new products is notoriously slow.

Since our inception we have developed an extensive portfolio of microbiome assets including not just prebiotic products like SlimBiome®, WellBiome®, SweetBiotix® and Microbiome modulators within our core OPTI business, but also skincare through SkinBioTherapeutics PLC (SBTX) and probiotics through ProBiotix Health plc (PBX). Together these create a diverse portfolio of tangible assets in an emerging area of healthcare that is of growing interest in consumer markets throughout the world. We are pleased to note strong commercial progress made by both SBTX and PBX during the year, and we see considerable potential for further growth in both these companies in the future. As sales continue to grow and these companies reach profitability we expect their value to increase. This gives us the potential to realise value through the sale of shares, so as to reduce our need to fundraise in a volatile market, or to return cash to our shareholders through an ad hoc dividend.

Within OptiBiotix, our strategy is to focus on global markets with exceptional growth potential and to target these with a diverse portfolio of highly differentiated, clinically proven and patented products. These products have been developed to anticipate and align with global megatrends and growing market needs as illustrated by the following market reports:

- Proven scientific and clinical efficacy is a key consumer requirement in purchasing health products: The top wellness trends in 2024 | McKinsey
- Natural weight management/appetite suppressants like SlimBiome®: https://www.verifiedmarketreports.com/product/appetite-suppressants-market/
- Digestive Health and the Microbiome (WellBiome®, Microbiome modulators): Ten Key Health and Nutrition Trends for 2024 - KHNI (kerry.com)
- Sugar reduction (SweetBiotix®): Ten Key Health and Nutrition Trends for 2024 - KHNI (kerry.com)

The years we have spent undertaking clinical studies to establish robust health claims for our first-generation products mean that SlimBiome® has now achieved scientific credibility and acceptance by major partners and consumers as a proven aid to weight management. This has allowed us to gain regulatory approval in multiple international territories across Europe, North America, Asia and Australasia for on-pack health claims which are key to differentiating our product from competitors in a large but crowded marketplace. We note that one of the USA's biggest weight management brands has placed an order to include SlimBiome in their products with on pack reference to studies showing a 73% and 82% reduction in hunger. This partner intends to launch products in Walmart stores. We have also successfully extended our technology into new channels such as sports nutrition with LeanBiome® already incorporated into two of the world's leading sports nutrition brands, Myprotein and MuscleTech, and into new product areas such as gut and digestive health with WellBiome®.

The last year has seen a significant change in industry and consumer awareness of the impact of reducing hunger and cravings on weight management, something OptiBiotix first reported in consumer studies on its SlimBiome® product as long ago as 2016 (announced: 6 September 2016). This interest in bringing functionality, like reducing hunger and cravings, into weight management has meant that traditional brands like Slimfast and Weightwatchers who haven't focused on these areas have lost market share and opened up new opportunities for functional products. Confirmation of the ability of SlimBiome® to reduce hunger and cravings through a series of independent human studies, published in peer reviewed journals, is enabling us to attract international partners, who are willing to invest significant amounts in advertising to quickly grow their market share and so increase the potential for strong sales growth.

Throughout the world, increasing governmental, medical, scientific, media and consumer interest in the growing challenge of obesity has helped OptiBiotix in raising awareness of the potential for our clinically proven product, SlimBiome®, which works in a similar way to injectable weight loss GLP-1 agonists like Semaglutide, marketed as Ozempic and Wegovy, in reducing hunger and cravings to support weight loss in overweight individuals by reducing hunger and cravings – but in a totally natural, non-invasive way, and without any adverse side effects.

News releases from Universities highlighting the potential for SlimBiome® as a natural alternative to Ozempic and Wegovy helped us to secure a number of interviews with specialist journalists and a notable article appeared in the August 2024 issue of *Nutrition Industry Executive (NIE)*, a publication widely read by industry decision-makers in the USA.

While OptiBiotix's commercial focus has been on overweight individuals, recent work with dieticians at a speciality London obesity clinic has indicated that SlimBiome® may have potential as an adjunct to treatment with Ozempic/Wegovy.

Reports suggest that patients taking anti-obesity drugs often experience a decreasing effect over time, despite increasing their dose. To counter this, a small number of patients were given SlimBiome® with patients reporting an enhanced appetite suppressant effect. Work is ongoing to explore whether SlimBiome® combined with Ozempic may help to reduce drug dosage (and cost) and enhance or prolong the appetite suppressant effect of these anti-obesity drugs.

The high market valuations attached to potentially effective weight management products was underlined in March 2025 by the collaboration agreement signed between the Swiss drug manufacturer Roche and Zealand Pharma of Denmark for the development of Zealand's drug Petrelintide, worth up to US$5.3 billion: https://www.reuters.com/business/healthcare-pharmaceuticals/roche-develop-commercialize-obesity-drug-with-zealand-pharma-2025-03-12/.

The Group now has approved health claims, a broad IP portfolio, a network of manufacturing and distribution partners, and is growing its brands in multiple markets around the world. Whilst building sales in diverse international markets takes longer than just building sales in home markets, it reduces the risk of our products being copied in other territories and builds multiple revenue streams. This creates the foundations for a substantial global business in the years ahead.

The Group is at a significant point with its second-generation products, with discussions ongoing with a number of major partners, including two well-known brands of popular beverages, which we hope will lead to material news flow in the near future. These brands are interested in a range of our products which cross over different parts of their businesses. We are pleased to report that our SweetBiotix® products have now been tested by an independent expert tasting panel and in a range of branded drinks, dairy products and as a bulk product and have shown significant taste advantages over sugar. Partner testing has shown similar results.

We are continuing to work with DSM-Firmenich and a manufacturer who supplies products to major corporates like Unilever which uses 10,000 metric tonnes of sugar per annum in addition to a number of other companies looking to incorporate SweetBiotix® into their products.

The substitution of sugar with SweetBiotix® in partner products is a complex process requiring input from multiple teams within large companies (R&D, regulatory, product innovation/ development, IP/legal, manufacturing, commercial etc) often with conflicting priorities. Whilst frustrated by the length of time this process is taking, we are pleased at the level of engagement and the steady progress being made, and we are confident of a successful outcome. A number of these partners are global brands and have strict confidentiality conditions in place and regularly screen for use of their names in chat rooms and other media forums. We ask investors to understand our need to respect our commitment to our confidentiality agreements to protect their interests and avoid damaging our commercial relationships.

We also continue to see very significant further potential for revenue growth and value creation through the development of microbiome modulators, which apply our unique patented technologies to precision engineer the human microbiome to enhance those microbes that deliver health benefits. This is an emerging field of research and development for both the food and pharmaceutical industries, which we believe offers the opportunity to transform healthcare.

Scientific overview

Our recent R&D activities have focused on the following areas:

SlimBiome®

Double blind, controlled human intervention studies on the impact of a single dose of SlimBiome® intake on glycaemic and insulin response, and measures of fullness and hunger over a 2.5 hour period have been completed in:

- 16 healthy weight adults (University of Roehampton): showing a significant impact on insulin response, a significant reduction in hunger and an increase in fulness. This has been accepted for publication in the European Journal of Clinical Nutrition, one of the leading journals in its field.
- 20 overweight adults (Brunel University of London): showing a significant reduction in hunger. We are submitting this study for publication in the Journal of Functional Foods.

The first study has been accepted for a presentation by Prof. Adle Constabile at the International Prebiotic Association conference in June 2025. We are awaiting the outcome of the second study which was submitted for a presentation at the Nutrition Society summer meeting in 2025. These studies, presentations, and publications are important in marketing and to substantiate health claims by regulatory bodies.

WellBiome®

We have undertaken a study on the impact of WellBiome® in a novel in vitro model of the human gut. The main aims of the study focus on:

- The impact of WellBiome® on microbiome composition and short chain fatty acid production in conditions simulating the three parts of the human large intestine.
- The impact of WellBiome® fibres (XOS, inulin) individually on the above-mentioned parameters to demonstrate the superior performance of WellBiome®.

Result analysis is ongoing. Data shared to date show a superior impact of WellBiome® compared to Inulin and XOS:

- It supports gut microbiome stability in all gut areas.
- It supports beneficial bacteria (bifidobacteria) in all gut areas.
- It reduces potentially pathogenic bacteria.
- It increases short chain fatty acid synthesis in all gut areas.

This study has been accepted for poster presentation at the International Prebiotic Association conference in June 2025.

On the basis of the above preliminary outcomes, we have been approached by the MiGut research group in the University of Leeds to support a grant application looking into the impact of WellBiome® in promoting gut microbiome resilience and stability during antibiotic intake. We will be investigating both a prophylactic and a treatment effect in gut models. The global antibiotic-associated diarrhoea (AAD) treatment market is projected to grow from $1.43 billion in 2024 to $4.62 billion by 2034, with a compound annual growth rate (CAGR) of 12.4% (FactMR, 2025).

Additionally, we are submitting a further BBSRC/MRC grant application for a clinical study looking at the impact of WellBiome® intake eight weeks prior to open heart surgery in patients. This study has NHS ethics approval and was delayed due to change in universities from the principal investigator. It would be a double-blind placebo control and primary outcomes will be relevant to time in ICU, post operative recovery, and complication occurrence among others. Data will additionally be correlated to a very large NHS database of past operations whereby we can patient match for outcomes. If positive, this could be a very high impact study for WellBiome®.

Consumer Health and Ecommerce

We made significant investments in our Ecommerce business during 2024 to drive direct-to- consumer sales as a strategic move to reduce reliance on retail partners and increase profit margins. The Consumer Health division has the advantage of receiving online sales income immediately and allows more control over the Company's brands, IP and messaging whilst reducing reliance on distributors to grow our brands.

This investment drove a 108% increase in total Ecommerce sales during the year to £387k (2023: £186k). The largest single area of growth was Amazon, where our sales increased by 156%. Sales in China grew by 28% and direct sales through our own website by 5%. In terms of profitability, our own website was profitable every month and overall in 2024 due to its low marketing spend; China was profitable for seven out of the twelve months and recorded a small overall loss for the year; while Amazon was loss-making every month due to the significant investment in marketing needed to grow the customer base.

As we grow our subscriber base and increase sales from repeat purchases, marketing costs should reduce as a percentage of sales which should lead us to profitability on Amazon. The Company has successfully moved to the Fulfilment By Amazon model ('FBA') which allows customers to receive faster delivery through Prime accounts. This has helped Amazon subscriptions increase from 82 to 320 (a 290% increase) with subscriptions now making up just under 30% of our overall Amazon sales and SlimBiome® consistently ranked among Amazon's top best sellers for anti-appetite-suppressants.

North America

We have made good progress towards our strategic goals of increasing our number of partners and growing our sales within the USA, the world's largest economy.

At the beginning of the year we were pleased to announce the launch of LeanBiome® in MuscleTech's Nitro Tech Ripped range, a premium protein powder designed to support athletes who want to lose fat and build lean muscle. MuscleTech defines itself as the No.1 selling Bodybuilding Supplement Brand in America - https://www.muscletech.ca/research/ - and the inclusion of LeanBiome® in this leading global sports brand is a significant endorsement of our product.

This means that LeanBiome® is now included in two leading sports nutrition brands, Myprotein and MuscleTech, a global market worth $45.2bn in 2023 and expected to grow at a CAGR of 7.5% per annum to 2030 (Grand View Research, 2023).

In Q4 we received our first order of just under one metric tonne of SlimBiome® from Daily Nouri, a well-regarded US brand known for its science-backed, clinically supported probiotic and prebiotic solutions impacting on gut health. These are sold through its own online store, Amazon and major retailers including Walmart and Albertsons. This order was in preparation for the launch in February 2025 of a new FeelFull prebiotic lemonade drink containing SlimBiome®, with on-pack health claims which state daily use supports 'reduced appetite and cravings' and a 'feeling of fulness' supported by our own multiple clinical studies.

We are also working with two additional partners in the USA who expect to launch in 2025. One is a NASDAQ listed USA e-commerce and direct selling company to which we supply a tomato soup final product containing SlimBiome®, and the other is one of the largest players in the US weight management market. The launch of products with either partner will increase brand awareness of SlimBiome® in the USA and drive further partner interest.

Discussions are also ongoing with a number of large US partners to commercialise our second-generation SweetBiotix® sugar substitute and microbiome modulators.

As we grow our sales in the USA, particularly in the light of constantly changing tariffs, we will need to warehouse stock and set up a USA subsidiary to support the short lead times required by retailers and ecommerce partners. We believe our North America business has taken a significant step forward in 2024 and we expect it to be profitable in 2025 and making a material contribution to overall profitability going forward in subsequent years.

OptiBiotix Health India

India is already the most populous nation on Earth, with 1.4bn consumers, a growing middle class population and an obesity prevalence of more than 40%, presenting a huge area of opportunity for weight management products.

Our business took a material step forward with the announcement in March 2024 of a major new partnership with Morepen to sell products containing SlimBiome® under the Dr Morepen brand, which is an established, well-known and trusted brand in the Indian market. In December we were pleased to announce the launch of Dr Morepen's newly developed LightLife brand, initially comprising six products containing SlimBiome®, supported by a comprehensive marketing plan with a shared budget of over £1.5m with OptiBiotix's contribution linked to receipt of orders. LightLife is being positioned as India's first 360° weight management plan and is being sold through Morepen's own website, all major ecommerce platforms in India, and will be available in more than 5,000 pharmacies across all the key cities in the country by late 2025.

We believe that our agreement with Morepen and the upcoming launch of more products under the Dr Morepen brand, plus other partner launches and the reorder of products by Apollo Pharmacies, could generate significant revenues.

During the year we have enjoyed continued steady growth in revenues with our partners in Vietnam, Thailand, Indonesia, Malaysia and Singapore, engaging customers who are launching new products in the region.

Australia

We have cleared the substantial stock overhang held in Australia by our former distribution partner Maxum and secured a new partnership agreement with a larger company, Brenntag, a €9.2bn specialist ingredient and pharmaceutical supplier. We have continued to grow sales of our OptiBiome® prebiotic fibre (an alternative trademark to SlimBiome®) to our partner Optipharm in their Optislim and Optiman ranges, and are actively seeking additional partners in Australia to reduce the risk always associated with reliance on a single major partner in any market.

Results

Our order book and delivered sales grew strongly throughout the year, with total revenues increasing by 35% to £870k (2023: £644k). Orders increased at an even faster rate, growing by 56% to £1,004k with £134k of orders carried forward for delivery in 2025.

Just under half our total revenues during the year were generated by Ecommerce, with India and business-to-business ingredient sales in Europe and Asia making up just under 40%. Licence fees received accounted for over 10% of revenues, with only a small sales contribution from the USA.

During the year we finally cleared a large overhang which at one stage reached 64 metric tonnes of SlimBiome® stock purchased during the Covid years of 2020/2021 by our partners Maxum in Australia and Cambridge Commodities in the UK. This overhang meant that sales from these partners to their customers were not fully recognised in our 2024 accounts, while our gross margins were impacted by our repurchase of some of this stock at its original sale price for supply to other customers in Asia, Europe and the USA at a slightly higher price. We anticipate margin to recover in H2 2025 now that this stock overhang has been cleared,

Selling costs increased as planned due to investments in sales and marketing in India with Morepen, setting up cost for Amazon India, and online sales in China and Europe. As a result of these investments, we are seeing revenue growth accelerate into 2025 across all parts of the business.

Other operating costs remain flat for the year at £1,605k (2023: £1,662k) despite now carrying full cost for employees previously shared with ProBiotix Health plc. We anticipate fixed costs to reduce in 2025 through actions initiated earlier in the year to lower PR, Broker and staff costs. The Company has a small team considering we have products in numerous geographies. Currently it stands at two non executive directors, eight full time employees, and a part time Finance director, who all work from home, significantly reducing infrastructure costs. Staff costs will reduce further in July 2025 as we remove the need for an inhouse regulatory employee.

As we continue to grow sales and improve margins whilst reducing fixed costs (PR, Broker, R&D, staff), and investment in marketing all parts of the business and the Group should become profitable.

The Company remains in robust financial health with the balance sheet showing gross assets of £9m (2023: £9.4m), no debt and net cash at the year-end of £739k (2023: £635k). Since the year-end the Company has sold 2,248,389 SBTX shares at an average price of 22p, generating gross proceeds of just over £500k and raised a further £750k in May 2025 via a placing.

Outlook

The current financial year has started strongly, fuelled by continued consumer demand in our ecommerce channels, and new orders and reorders from India, the USA and Asia.

Last year's strong sales growth in Ecommerce has continued to date and is expected to accelerate with the recent launch of products on Amazon India, where we are focusing on building awareness to generate sales, gain reviews and ultimately win subscriptions. We are also broadening our offer to consumers with the launch of a new raspberry SnackSmart SlimBiome® Indulgence bar, which tasting suggest will be our most popular product yet. Such product launches maintain consumer interest through the normal, seasonal dips and troughs in the weight management market, and help to drive an increase in average order value. We believe that further investment in Ecommerce will accelerate revenue growth through this channel.

In North America, the initial launch through Daily Nouri's own online store and Amazon USA of FeelFull prebiotic lemonade drink has generated excellent consumer reviews and further orders for SlimBiome®.

We were pleased to announce on 15 April 2025 that we had received our first order for SlimBiome® from a leading US weight management brand, following more than 18 months of work with the brand on human studies that allow it to make scientifically substantiated health claims of hunger control on its products in the USA. These provide it with a key point of difference from other products on the market. The company intends to launch in Walmart in H2, which if successful they claim is likely to require the delivery of 4metric tonnes of SlimBiome per month. If successful, this is another agreement which has the potential to make a material change to OptiBiotix's revenues in years ahead.

Post period we have progressed the establishment of a new subsidiary in the USA and warehousing allowing us to meet the forecast volumes and short lead times required by retailers and ecommerce partners. We expect to launch products containing SlimBiome® with other US partners and continue discussions with a number of partners on the commercialisation of SweetBiotix® and microbiome modulators.

We continue to make good progress in the key strategic market of India, following a multichannel approach that embraces both business-to-business sales and direct sales to consumers through multiple channels and partners. Our partnership with Morepen continues to grow with the launch of their LightLife product range containing SlimBiome® proving successful and leading to reorders in Q1 2025. Since the beginning of the year our wholly owned subsidiary OptiBiotix India has announced the launch on Amazon India of a range of meal replacement and flavoured shot products containing SlimBiome® under the GoFigure® brand. We believe that with the right investment Amazon India offers huge potential and this launch is an important step forward in building a presence for the Company's products in this key market. At the same time, we have repackaged and relaunched the GoFigure® range sold through Apollo Pharmacies across India to give added prominence to Tata Chemicals' proprietary Fossence® ingredient, which is well known and respected by Indian consumers, under the partnership agreement we signed with Tata in 2023.

Clearance of the substantial SlimBiome® stock overhang during 2024 should see an increase in sales revenues and gross margins from sale of this product to our partners during the current year. We are also pleased that Brenntag, a €9.2bn specialist ingredient and pharmaceutical supplier, has now replaced our former partner Maxum as our SlimBiome® distributor in Australia, and is actively looking for new partners in this region.

Our new partnerships in the USA and with Morepen in India both have the potential to generate multimillion pound revenues. With the launch of sales through Amazon India, and more launches with other partners anticipated in the USA, we expect our businesses in both the USA and India to grow rapidly in 2025 and beyond. The removal of the substantial SlimBiome® stock overhang, which has impacted our reported sales from 2021/2022 has already led to a 6 metric ton order from Brenntag in 2025. We are seeing good early sales growth in Asia, albeit from a low base, and we hope the launch of our raspberry Indulgence bar and other products throughout our ecommerce sites should contribute to further growth in 2025 and beyond.

The global weight management market is undergoing radical change due to the huge rise in popularity of weight loss drugs: a shift underlined by WeightWatchers preparing to file for bankruptcy and Glanbia looking to offload its SlimFast brand. Whilst UK sales through retailers are a relatively small part of our business, and are expected to reduce further as a proportion going forward, investors should expect to see our UK retail customers rebranding and relaunching their white label products containing our ingredients in response to these market trends. Given the strong and differentiated health claims we can make, we regard this as a growth opportunity for OptiBiotix.

We also expect to benefit from the global shift in the weight management market away from meal replacement products and towards appetite-suppressing drinks, where we have a unique proposition in SlimBiome® and can earn significantly higher margins. We are seeing strong interest in both our first- and second-generation products from major beverage companies which are looking to enter and gain positions through the acquisition of new ingredients and/or companies in the fast-growing prebiotic soda market – see: The Rise of Prebiotic Sodas | Insights from FedUp Foods. This has seen companies like Pepsico acquire Poppi https://www.benzinga.com/news/large-cap/25/03/44358047/pepsico-bets-big-on-prebiotic-sodas-with-1-95-billion-poppi-acquisition-details# and Coca-Cola respond with its own brand, called Simply Pop: see https://www.cnbc.com/2025/02/18/coca-cola-launches-simply-pop-prebiotic-sodato-to-rival-olipop-poppi.html and https://www.tridge.com/stories/coca-cola-entersthe-prebiotic-soda-market-with-simply-pop-challenging-olipop-and-poppiprebiotic-soda-market-with-simply-pop-challenging-olipop-and-poppi.

The addition of functional ingredients to traditional foods and beverages is a growing trend and one in which OptiBiotix, with its strong history of science and clinical studies supporting its products, is well placed.

We are pleased by the high level of corporate interest in our second-generation products but frustrated by the time it is taking to progress to the launch of an application containing these products. However, we recognise the more innovative the product the more cautious large brands can be in being first mover in a very conservative food industry, but are confident of success.

Given the high customer ratings our products enjoy, and our unique position in being able to make evidence-based health claims for reducing hunger and food cravings, we have the potential to build a very successful and profitable business with our first-generation products, with our potentially even more exciting second-generation products still to come.

Growing volatility in the world with regional disputes and tariffs means shipping companies are taking longer to fill cargoes and there are long customs delays at USA ports which have the potential to impact on lead times and delay some orders, particularly to the USA. This is compounded in the USA as we have a growing number of ecommerce (e.g Nouri) and major brands who supply retail partners (e.g Walmart) who require a 2-3 lead time for orders. To mitigate this risk we are leasing a US warehousing and logistics facility who can warehouse 5-10 metric tonnes of SlimBiome in the USA and support the leads times required. The Company also believes having sales and manufacturing in multiple territories helps mitigate risk from country specific tariffs or regional disputes which have become more common in recent times.

With our sales growing strongly, and significant further product opportunities still before us, we are confident that OptiBiotix has the potential to deliver substantial growth in shareholder value in the years ahead.

Stephen O'Hara

Chief Executive

27 June 2025

REVIEW OF BUSINESS

A review of the business of the Group, together with comments on future developments is given in the Chairman's and Chief Executive's Reports on pages 3 to 9.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Technology and products

The Group is involved in the discovery and development of microbiome modulation products. 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.

Technologies used within the food, beverage and healthcare marketplace are constantly evolving and improving. There is a risk that the Group'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 the Group is working with industry key opinion leaders, attends international conferences and has developed a research and development department which will keep up with the latest developments in the industry.

Intellectual Property

The Group is focused on protecting its IP and seeking to avoid infringing on third parties' IP. To protect its products, the Group is building and securing patents to protect its key products. However, there remains the risk that the Group may face opposition from third parties to patents that it seeks to have granted and that the outstanding patent applications are not granted. The Group engages legal advisers to mitigate the risk of patent infringement and to assist with the protection of the Group's IP.

FINANCIAL AND CAPITAL RISK MANAGEMENT

The directors constantly monitor the financial risks and uncertainties facing the Group with particular reference to the exposure of credit risk and liquidity risk. They are confident that suitable policies are in place and that all material financial risks have been considered. The financial risk management objectives and policies can be found within note 22 of the financial statements.

The Board's objective is to maintain a balance sheet that is both efficient and delivers long term shareholder value. The Group had cash balances of £739,000 as at 31 December 2024 and had no borrowings. The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Principal Risks And Uncertainties

Market Risks	Impact	Mitigation
Economic uncertainty caused by changes in US policy	Ongoing uncertainty in trade relations following the change in the US administration.	The Group is not directly affected by the uncertainty caused by changes in US policy but continue to monitor the situation.
Economic uncertainty caused by war in Ukraine	Ongoing economic uncertainty, recession or an escalation of the war in Ukraine may impact market confidence, demand and prices.	The Group is not directly affected by the war in Ukraine but the Board monitor the general economic environment and consider economic forecasts when taking key decisions.
Technology	The Group's platform is currently unique. Rapid technological advances could see competitor products being launched.	The Group has product development plans in place for improved technology as well as for a wider product portfolio that includes additional innovative solutions for the targeted consumer groups.

Financial Risks	Impact	Mitigation
Future funding requirements	Our current funding covers current requirements. Potential as yet unidentified opportunities may not be pursued with the existing funding.	Management will analyse major opportunities and present them in additional business cases when warranted. The Company is able to sell its listed investments and raise further equity.

Legal Risks	Impact	Mitigation
Intellectual Property litigation	Any claim brought against us would detract the Company from its business and incur potentially significant costs in defending its IP.	The Group engages with IP specialists to ensure we have a strong position. To our knowledge we do not infringe on any patents.

Operational Risks	Impact	Mitigation
Loss of key personnel	Material adverse impact on the Group's financial condition and prospects.	Competitive remuneration packages, nil cost options to reduce market volatility. The remuneration committee oversees the level of remuneration to ensure it remains competitive.
Technology	The Group is commercialising its technology to launch new products in the consumer market.	The Group has identified a need and responded to consumer demand.
Commercialisation	The Group continues to grow to a full commercial organisation. Manufacturing set-up and learning curve could delay sales or could impact our rate of growth.	The Group recruited experienced management and consultants to manage the process and negotiate contracts. The manufacturing is outsourced.
Cyber attacks	Cyber-attacks could delay or impair operations as which would have financial implications.	Training, anti-virus software, all users have multifactor authorisation for accounts, weekly review of attempts.

KEY PERFORMANCE INDICATORS

Financial

	Year to 31 December 2024 £'000	Year to 31 December 2023 £'000
Revenue	870	644
Operating Loss	(2,266)	(1,695)
Loss for the period	(1,805)	(2,039)
Cash as at 31 December	739	635

During the year to 31 December 2024 the company has achieved a number of key objectives to build shareholder value, these are laid out in the Chairman and Chief Executive statements on pages 3 to 9.

Non-financial

The Board recognises the importance of KPI's in driving appropriate behaviour and enabling improvement of Group performance. For the year to 31 December 2024 the primary KPI's were the completion of commercial agreements. The Group intends to review the following non-financial KPI's going forward:

1. Number of Customers
2. Number of IP and trademark registrations
3. Rate of staff turnover

DIVIDENDS

No dividends are distributed for the year to 31 December 2024 (2023: nil).

FUTURE DEVELOPMENTS

The Chairman's and Chief Executive Statement on pages 3 - 9 gives information on the outlook of the Group.

Corporate Governance

Executive Management:

The Group's current executive team comprises:

S O'Hara	Executive Director and CEO; with overall responsibility for all Group activities.
Dr S Kolyda	Executive Director – Research and Development Director
D Blain	Executive Director – Finance Director

Corporate Responsibility

The Board takes regular account of the significance of social, environmental and ethical matters affecting the Group wherever it operates. It has developed a specific set of policies on corporate social responsibility, which seek to protect the interests of all of its stakeholders through ethical and transparent actions and include anti-corruption and code of conduct policies.

Corporate Governance:

The Group is committed to high standards of corporate governance and seeks to continually evaluate its policies, procedures and structures to ensure that they are fit for purpose.

In order to protect the interests of its shareholders and other stakeholders the Board has chosen to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code for Small and mid-size Quoted Companies (the "QCA Code"), and the Directors are always prepared, where practicable, to enter into dialogue with all such parties to promote a mutual understanding of objectives.

By complying with this code the Company ensured compliance with the new AIM Rules regarding Corporate Governance introduced September 2018.

Full details of the Company's policy on Corporate Governance can be found on the website under:

https://www.optibiotix-ir.com/content/investors/corporate-governance

Composition of the Board of Directors

The Board of Directors is currently comprised of the Chairman, Chief Executive Officer, the Research and development Director, the Finance Director and one Non-Executive Director.

Role of the Board:

The role of the Board is to agree the Group's long-term strategy and direction and to monitor achievement of its business objectives. The Board meets several times per annum, either by teleconference or in person. Furthermore, it holds additional meetings as are necessary to transact ongoing business.

Board Committees:

Remuneration Committee

The Remuneration Committee is made up of Neil Davidson, as Chairman with Sean Christie as a member and Stephen O'Hara and David Blain attending by invitation and has access to external expertise should that be required. This committee is responsible for the scale and structure of the remuneration of the Chief Executive, the Executive Directors and reports to the Chief Executive. The recommendations of the committee must be approved by the Board of Directors. No director or manager shall be involved in decisions relating to his/her own remuneration.

AIM Rules Compliance Committee

The AIM Rules Compliance Committee is chaired by Neil Davidson. This committee is charged with ensuring that the Group has sufficient procedures, resources and controls in place to ensure compliance with the AIM rules for companies. Among other things, the committee shall ensure that an Executive Director is at all times able to respond to requests for information from the Nominated Adviser and that all Directors and employees are aware of their obligations with regards to the disclosure of any trading in the Group's shares.

Audit Committee

The Audit Committee is chaired by Sean Christie with Neil Davidson as the other member. This committee is required to monitor the integrity of the financial statements of the Group, including the interim and annual reports. The committee also reviews financial returns to regulators and any financial information contained in announcements of a price sensitive nature. The committee shall also consider and make recommendations to the Board regarding resolutions to be put to shareholders for approval at the Annual General Meeting with respect to the appointment or re-appointment of the Group's external auditors. The Audit Committee, together with the external auditors, are responsible for determining the scope of the annual audit.

Nomination Committee

The Company does not currently have a nomination committee as the Board does not consider it appropriate to establish such a committee at this stage of the Company's development. Decisions which would usually be taken by the nomination committee are taken by the Board as a whole.

Employees

The Group engages its employees in all aspects of the business and seeks to remunerate them fairly. The Group gives full and fair consideration to applications for employment regardless of age, gender, colour, ethnicity, disability, nationality, religious beliefs or sexual orientation. The Board takes employees' interest into account when making decisions. Any suggestions from employees aimed at improving the Group's performance are welcomed.

Suppliers and Contractors

The Group recognises that the goodwill of its contractors, consultants and suppliers is crucial to the success of its business and seeks to build and maintain this goodwill through fair and transparent business practices. The Group aims to settle genuine liabilities in accordance with contractual obligations.

Health and Safety

The Board recognises that it has a responsibility to provide strategic leadership and direction in the development and maintenance of the Group's health and safety strategy in order to protect all of its stakeholders.

Section 172 Statement

Under s172 of the Companies Act 2006 the Directors have a duty to act in good faith in a way that is most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the likely consequences of decisions for the long term, the interests of the Company's employees, the need to foster relationships with other key stakeholders, the impact on the community and the environment, maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the Company.

Key decisions made by the Board during 2024 were related primarily to:

- Active Management of existing accounts;
- Increasing the number of partners particularly in the USA and India; and
- Investing in ecommerce channels

Employee engagement

As a very small company in terms of staff, Board members have multiple points of contact with staff; through Board meeting feedback, participation in regular management meetings involving all staff, and ad hoc interactions in relation to specific matters. These forums provide staff with an opportunity to give their views which can then be taken into account in making decisions likely to affect their interests. Specific matters of concern to them as employees are dealt with in management meetings and by email. Corporate developments and Company performance are discussed in regular management meetings. All staff are eligible for the Group's share option scheme and this encourages involvement in the Company's performance.

Stakeholder Engagement

The Group has a small number of major suppliers and distributors that support its delivery of strategy and corporate goals. The selection of, relationships with, and execution of, contracted work by these parties is considered regularly by the Executive Directors and at each Board meeting by all Directors.

Our stakeholders include customers, employees, suppliers, investors, regulators, and the wider community. During the year, the Board actively engaged with each group through various initiatives:

- Customers – We continue to invest in scientific research and product innovation to uphold our promise of uncompromised safety and efficacy in microbiome health solutions. Market trends, customer feedback mechanisms and collaborations with leading institutions guide our development.
- Employees – The wellbeing and development of our employees remain central to our strategy. Initiatives such as involvement in strategic development, a flat management structure, freedom to plan securing a healthy work/life balance, training programs and employee engagement forums foster a positive workplace culture.
- Suppliers – Ethical sourcing and sustainability remain priorities. We work closely with supplier partnerships to ensure high-quality ingredients and sustainable supply chains, fostering long-term partnerships.
- Investors – Transparent communication and long-term value creation define our investor relations approach. Regular reporting and investor engagements demonstrate our strategic vision.
- Regulators – We adhere to the highest regulatory and compliance standards, ensuring product safety and scientific integrity. Active engagement with regulatory bodies including AIM enables alignment with evolving industry standards and listing rules.

Long-Term Value and Sustainability

Recognising the importance of sustainability, we continue to integrate environmental and social responsibility into our business. Initiatives such as ethical research practices support our long-term commitment to the health of people and the planet.

Board Decision-Making and Governance

The Board considers the interests of stakeholders in its decision-making processes. This includes evaluating risks, strategic opportunities, and industry developments to ensure resilient growth while maintaining ethical leadership.

We remain committed to upholding the principles of Section 172, ensuring that our actions contribute positively to society, safeguard stakeholder interests, and support sustainable long-term business success.

ON BEHALF OF THE BOARD

S P O'Hara

27 June 2025

Directors' Report

For the year ended 31 December 2024

The Directors present their report and the audited financial statements of the Group for the year to 31 December 2024.

PRINCIPAL ACTIVITY

The principal activity of the Group is that of identifying and developing microbial strains, compounds and formulations for use in food ingredients, supplements and active compounds that can impact on human physiology, deriving potential health benefits.

DIRECTORS

The directors who served the Company during the year and up to the date of this report were as follows:

Executive Directors

S P O'Hara
S Kolyda
G Myers (resigned 30th November 2024)
D J Blain (appointed 7th January 2025)

Non-executive Directors

R C N Davidson
M S Christie

Directors' Remuneration

The directors are entitled to receive relevant fees, as detailed in the directors' remuneration in Note 4.

Directors and their interests

The directors of the Company held the following beneficial interests in the shares and share options of Optibiotix at 31 December 2024:

	Issued Share Capital		Share Warrants		Share Options	
	Ordinary shares of £0.02 each	Percentage Held	Ordinary shares of £0.02 each	Warrant exercise price	Ordinary shares of £0.02 each	Option exercise price
S P O'Hara	10,212,986	10.43%	–	–	6,099,135	£0.16
R C N Davidson	503,000	0.51%	–	–	192,500	£0.02
M S Christie	150,000	0.15%	–	–	50,000	£0.02
S Kolyda	–	–	–	–	82,500	£0.02
S Kolyda	–	–	–	–	358,722	£0.20

The share options held by S P O'Hara were granted on 17 December 2024, they vest on 17 December 2025 and are exercisable at £0.16 at any time up 17 December 2034.

The share options held by R C N Davidson were granted on 22 February 2022 and are exercisable at £0.02 at any time up to 12 March 2032. The options vest as follows:-

- 64,167 on 22 February 2023;
- 64,167 on 22 February 2024 and
- 64,166 on 22 February 2025.

The share options held by M S Christie were granted on 22 February 2022 and are exercisable at £0.02 at any time up to 6 January 2032, subject to vesting conditions The options vest as follows:-

- 16,667 on 22 February 2023;
- 16,667 on 22 February 2024 and
- 16,666 on 22 February 2025.

The 82,500 share options held by S Kolyda were granted on 22 February 2022 and are exercisable at £0.02 at any time up to 12 March 2032, subject to vesting conditions. The options vest as follows:-

- 8,250 on 22 February 2023;
- 12,375 on 22 February 2024;
- 21,125 on 22 February 2025;
- 16,500 on a share price trigger of 34p per share;
- 8,250 for £100k turnover for products containing oligosaccharide;
- 8,250 for £100k turnover for products containing Sweetbiotix
- 8,250 for £100k turnover for products containing a mixture of a preobiotixc and an optimised prebiotic.

The 358,772 share options held by S Kolyda were granted on 10 March 2015 and are exercisable at £0.20 at any time up 10 March 2025, subject to vesting conditions.

The options vested as follows:

- 179,386 on a share price trigger of 40p per share;
- 89,693 on completion of the cholesterol human studies
- 89,693 on completion of the cholesterol human studies and release of the results for a product containing a novel sugar

The options lapsed on 10 March 2025.

SUBSTANTIAL SHAREHOLDINGS

Substantial shareholdings include directors as at 24 June 2025 were as follows:

	% of shares issued
Stephen O'Hara	9.89%
Finance Yorkshire Seedcorn LP	4.56%
Alumni Capital (USA)	3.10%

The share price per share at 31/12/2024 was £0.18 (31/12/2023: £0.27).

FINANCIAL INSTRUMENTS

The Group's exposure to financial risk is set out in Note 22 to the financial statements.

RESEARCH AND DEVELOPMENT

The Chairman's and Chief Executive's Report on pages 3 – 9 gives information on the Group's research and development activities.

DIRECTORS' INDEMNITY INSURANCE

The Group holds a Directors' and Officers' policy managed by CFC Underwriting Limited on behalf of Lloyds Syndicates with a limit of liability in the aggregate of £1,000,000.

EVENTS AFTER THE REPORTING PERIOD

Refer to Note 23 to the financial statements for further details.

PUBLICATION OF ACCOUNTS ON GROUP WEBSITE

Financial statements are published on the Group's website. The maintenance and integrity of the website is the responsibility of the Directors. The Directors' responsibilities also extend to the financial statements contained therein.

GOING CONCERN

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have reviewed the cash at bank available at the date of this report and the cashflow forecast for the next 12 months from the date of this report and are satisfied that the Group should be able to meet its liabilities as they fall due. Results to date in 2025 indicate that revenue is likely to come through as anticipated for the year. In the unlikely event that there is a decline in revenue during the remainder of the year there are a number of mitigating actions that could be taken by the Board to ensure that the Group and Company continue as a going concern. To clarify, these mitigation actions are considered as part of worst-case downside scenario assessments by the Board noting no issues with regards to the going concern assessment hence the Directors believe that the Group and the Company are a going concern.

After assessing the possible downside scenarios, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable laws and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have, as required by the AIM Rules for Companies of the London Stock Exchange, elected to prepare financial statements in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether the Group and parent company financial statements have been prepared in accordance with UK adopted International Accounting Standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors confirm that the financial statements comply with the above requirements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the parent company transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of the information.

AUDITOR

Gerald Edelman LLP has indicated that it is willing to seek re-appointment as the Company's auditor at the Annual General Meeting. A resolution to appoint Gerald Edelman as the Company's auditor will be proposed at the Annual General Meeting.

STRATEGIC REPORT

In accordance with section 414C(11) of the Companies Act 2006 the Group chooses to report the future outlook and the risks and uncertainties faced by the Group in the Strategic Report on page 14.

ON BEHALF OF THE BOARD
S P O'Hara
27 June 2025

Independent Auditor's Report to the Members of OptiBiotix Health Plc

For the year ended 31 December 2024

Opinion

We have audited the financial statements of Optibiotix Health PLC (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2024 which comprise the consolidated statement of comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated and company statement of cash flows, and notes to the consolidated and company financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Adopted International Accounting Standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with UK adopted International Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included reviews of cash reserves and critical review of forecasts for a period of at least 12 months from when the financial statements are authorised for issue.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters	1. Carrying value of intangible assets (development cost and patents) 2. Carrying value of parent company's investments The key audit matters have remained unchanged year on year with the exception that in the prior year, capitalisation of intangible assets was also a key audit matter which is not applicable this year.
Materiality	Group financial statements as a whole £91,000 (94,200) based on 1% of gross assets. Company financial statements as a whole £72,800 (£70,700) based on 80% of Group materiality.
Coverage	100% of Group profit before tax 100% of Group total assets

An overview of the scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgments, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Company, Optibiotix Health India Private Limited and OptiBiotix Limited were assessed as significant components therefore subject to full scope audit procedures by the Group audit team. There were no non-significant components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on, the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matters as key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Carrying value of intangible assets (development cost and patents) The group carries material development costs and patents on the balance sheet with regards to its IP Portfolio of products recognized as an intangible asset. As explained in Note 2 of the consolidated financial statements, there were significant estimates and judgements made with regards to impairment indicators assessment and detailed impairment reviews carried out by management to supporting the carrying value of the intangible assets. There is a risk, which is a key audit matter, that the impairment assessment carried out by management was not appropriate potentially resulting in a risk of misstatement with regards to carrying value of intangible assets on the balance sheet.	We have performed the following audit procedures: • We evaluated the Directors' and Management's impairment review for the intangible assets. • We critically challenged the considerations made regarding indicators of impairment in accordance with the relevant accounting standards by performing the following procedures: o We assessed the Directors' and Management's impairment indicator review to establish whether it was performed in accordance with the requirements of the relevant accounting standards. o We obtained and inspected third party documents relating to the patent status and to check legal title of the patents. • We challenged management on their judgement and estimates with regards to the recoverable value of the intangible asset balances as at 31 December 2024; as part of this, we challenged underlying cash flows used in impairment assessment for appropriateness. • We assessed the adequacy and reasonableness of disclosures in the financial statement in this regard. **Key observations:** Based on the audit work performed, we are satisfied with the carrying value of intangible assets as at year ended 31 December 2024 is not impaired.
Recovery of the Parent Company's investment Directors are responsible to assess whether or not investments in associate and subsidiaries require impairment. As with intangibles, there is a level of inherent uncertainty involved in forecasting and discounting future cashflows. Given the significance of the Parent company's statement of financial position and significant management judgements and estimates involved in this area, we consider this a key audit matter.	We have performed the following procedures: • We evaluated the Directors' and Management's impairment review for the investments. • Conducted a review of board minutes to see if any information has come to light which might indicate the need for impairment; • We challenged management on their judgement and estimates with regards to the impairment assessment conducted for investment balances as at 31 December 2024. **Key observations:** Based on the audit work performed, we are satisfied with the carrying value of investments as at year ended 31 December 2024 is not impaired.

Our application of materiality

Materiality is assessed as the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole. Materiality provides a basis for determining the nature and extent of our audit procedures.

Based on our professional judgment, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	£91,000 (£94,200; 2023)	£72,800 (£70,700; 2023)
How we determined it	1% of gross assets (1%; 2023)	Representing 80% (75%; 2023) of the Group financial statements materiality
Rationale for benchmark applied	We believe that gross assets is a primary measure used by shareholders in assessing the performance of the Group	We believe that gross assets is a primary measure used by shareholders in performance of the Company as the holding company within the Group
Performance materiality	£59,000 (£56,500; 2023)	£47,320 (£42,400; 2023)
Basis for determining performance materiality	65% (60%; 2023) of materiality. In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's control environment and management's attitude towards proposed adjustments.	65% (60%; 2023) of materiality. In reaching our conclusion on the level of performance materiality to be applied we considered a number of factors including the expected total value of known and likely misstatements (based on past experience), our knowledge of the Group's control environment and management's attitude towards proposed adjustments.

-Component materiality

For each component in the scope of our Group audit, we allocated a materiality that is equal to or less than our overall Group materiality. The range of materiality allocated across components is ranged from £27,300 to £72,800. We set materiality for each significant component of the Group based on a percentage of between 30% and 80% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. In the audit of each component, we further applied performance materiality levels of 65% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £4,500 for the Group and £3,640 for the Company audit as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Group and Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group and Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' responsibilities statement set out on page 24, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit, in respect to fraud are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatements due to fraud, through designing and implementing appropriate responses; and to respond appropriately to fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Our audit procedures were primarily directed towards testing the accounting systems in operation upon which we have based our assessment of the financial statements for the period ended 31 December 2024.

We planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements resulting from irregularities, fraud or non-compliance with law or regulations.

The extent to which the audit was considered capable of detecting irregularities including fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-

compliance with laws and regulations, our procedures included the following:

- The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- Enquiring of management of whether they are aware of any non-compliance with laws and regulations.
- Enquiring of management whether they have knowledge of any actual, suspected or alleged fraud.

- Enquiring of management their internal controls established to mitigate risk related to fraud or non-compliance with laws and regulations.
- Discussions amongst the engagement team on how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, we identified potential for fraud in posting of unusual journals.
- Obtaining understanding of the legal and regulatory framework the company operates in focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations. The key laws and regulations we considered in this context included UK Companies Act, tax legislation, employment law, Health and Safety, Data Protection Act, Anti-Bribery Act, Money Laundering Act and AIM listing rules.

Audit response to risks identified

Fraud due to management override

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships.
- Audited the risk of management override of controls, including through testing journal entries for appropriateness.
- Investigated the rationale behind significant or unusual transactions.
- Performed testing on impairment assessment of intangible assets and parent company investments, which are the key accounting estimates requiring judgement from management.

Irregularities and non-compliance with laws and regulations

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures

which included, but are not limited to:

- Agreeing financial statements disclosures to underlying supporting documentation.
- Enquiring of management as to actual and potential litigation claims.
- Reviewing legal and professional fees for indications of non-compliance with laws and regulations.

The test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system, mean that there is an unavoidable risk that even some material misstatements in respect of irregularities may remain undiscovered even though the audit is properly planned and performed in accordance with ISAs (UK). Furthermore, the more removed that laws and regulations are from financial transactions, the less likely that we would become aware of non-compliance. Our examination should therefore not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance that might exist. The responsibility for safeguarding the assets of the company and for the prevention and detection of fraud, error and non-compliance with law or regulations rests with the directors.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities.

This description forms part of our auditor's report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Talha Farrukh FCCA ACA (Senior Statutory Auditor)
For and on behalf of
Gerald Edelman LLP

Statutory Auditors
73 Cornhill
London
EC3V 3QQ

Date: 27 June 2025

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Revenue from contracts with customers	3	870	644
Cost of sales		(539)	(324)
Gross profit		331	320
Selling Costs		651	125
R&D and patent costs		294	223
Share based payments		47	6
Other operating costs		1,605	1,662
Total administrative expenses		(2,597)	(2,016)
Operating loss	6	(2,266)	(1,696)
Finance income	5	1	1
		1	1
Share of loss from associate	11	(350)	(323)
Gain/(loss) on investments	11	486	(513)
Profit on disposal of investments		263	488
Profit/(Loss) before tax		(1,866)	(2,043)
Taxation	7	61	4
Total comprehensive income for the period		(1,805)	(2,039)
Total comprehensive income attributable to:			
Owners of the company		(1,805)	(2,039)
Earnings per share from continued operations			
Basic loss per share	8	(1.84)p	(2.24)p

All activities relate to continuing operations.

The notes on pages 32 to 55 form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	As at 31 December 2024 £'000	As at 31 December 2023 £'000
ASSETS			
Non-current assets			
Intangibles	9	1,117	1,331
Investments	11	4,049	3,887
Investment in associate	11	2,456	2,806
		7,622	8,024
CURRENT ASSETS			
Inventories	12	230	188
Trade and other receivables	13	433	460
Current tax asset	7	21	97
Cash and cash equivalents	14	739	635
		1,423	1,380
TOTAL ASSETS		9,045	9,404
EQUITY			
Shareholders' Equity			
Called up share capital	15	1,959	1,824
Share premium	15	4,107	2,958
Share based payment reserve	21	247	772
Merger relief reserve	16	1,500	1,500
Retained Earnings	16	585	1,818
Total Equity		8,398	8,872
LIABILITIES			
Current liabilities			
Trade and other payables	17	368	180
		368	180
Non-current liabilities			
Deferred tax liability	18	279	352
		279	352
TOTAL LIABILITIES		647	532
TOTAL EQUITY AND LIABILITIES		9,045	9,404

These financial statements were approved and authorised for issue by the Board of Directors on 27 June 2025 and were signed on its behalf by:

S P O'Hara

Director

Company Registration no. 05880755

The notes on pages 32 to 55 form part of these financial statement

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Called up Share capital £'000	Retained Earnings £'000	Share Premium £'000	Share-based Payment reserve £'000	Merger Relief Reserve £'000	Total equity £'000
Balance at 31 December 2022	1,824	3,684	2,958	939	1,500	10,905
Loss for the year	–	(2,039)	–	–	–	(2,039)
Movement on reserves	–	173	–	(173)	–	–
Share options and warrants	–	–	–	6	–	6
Balance at 31 December 2023	1,824	1,818	2,958	772	1,500	8,872
Loss for the year	–	(1,805)	–	–	–	(1,805)
Movement on reserves	–	572	–	(572)	–	–
Share Options and warrants	–	–	–	47	–	47
Issue of shares during the year	135	–	1,215	–	–	1,350
Fundraising commission	–	–	(66)	–	–	(66)
Balance at 31 December 2024	**1,959**	**585**	**4,107**	**247**	**1,500**	**8,398**

The notes on pages 32 to 55 form part of these financial statements.

Notes to the Consolidated Statement of Cash Flows
For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Opening Cash		635	1,052
Operating activities			
Operating loss		(2,266)	(1,695)
Amortisation		209	205
Impairment of patents		4	4
Share based payments		47	6
Movement on inventory		(41)	(10)
Decrease in receivables		31	61
Increase in payables		184	(98)
Tax received		64	–
Net cashflow from operating activities		(1,768)	(1,527)
Investing activities			
Proceeds on disposal of investments		587	1,110
Net cash inflow from investing activities		587	1,110
Financing activities			
Net proceeds from share issues		1,285	–
Net cash inflow from financing activities		1,285	–
Total movement		104	(417)
Cash and cash equivalents at end of period	1	739	635

The notes on pages 32 to 55 form part of these financial statements.

Notes to the Consolidated Statement of Cash Flows

For the year ended 31 December 2024

1. Cash and Cash Equivalents

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Cash and cash equivalents	739	635

The notes on pages 32 to 55 form part of these financial statements.

Company Statement of Financial Position

As at 31 December 2024

	Notes	As at 31 December 2024 £'000	As at 31 December 2023 £'000
ASSETS			
Non-current assets			
Investments	11	6,020	5,858
Investment in associate	11	3,212	3,212
		9,232	9,070
CURRENT ASSETS			
Trade and other receivables	13	17	32
Cash and cash equivalents	14	577	434
		594	466
TOTAL ASSETS		9,826	9,536
EQUITY			
Shareholders' Equity			
Called up share capital	15	1,959	1,824
Share premium	15	4,107	2,958
Merger relief reserve	16	1,500	1,500
Share based payment reserve	16	247	772
Accumulated profit	16	1,933	2,400
Total Equity		9,746	9,454
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	80	82
TOTAL LIABILITIES		80	82
TOTAL EQUITY AND LIABILITIES		9,826	9,536

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company income statement.

The loss for the Company for the year was £1.039m (2023: loss of £1.579m).

These financial statements were approved and authorised for issue by the Board of Directors on 27 June 2025 and were signed on its behalf by:

S P O'Hara

Director

Company Registration no. 05880755

The notes on pages 32 to 55 form part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2024

	Called up Share capital £'000	Share Premium £'000	Merger Relief Reserve £'000	Share-based Payment reserve £'000	Retained Earnings £'000	Total equity £'000
Balance at 31 December 2022	1,824	2,958	1,500	939	3,806	11,027
Loss for the year	–	–	–	–	(1,579)	(1,579)
Movement on reserves	–	–	–	(173)	173	–
Share options and warrants	–	–	–	6	–	6
Balance at 31 December 2023	1,824	2,958	1,500	772	2,400	9,454
Loss for the year	–	–	–	–	(1,039)	(1,039)
Movement on reserves	–	–	–	(572)	572	–
Share Options and warrants	–	–	–	47	–	47
Issue of shares during the year	135	1,215	–	–	–	1,350
Fundraising commission	–	(66)	–	–	–	(66)
Balance at 31 December 2024	**1,959**	**4,107**	**1,500**	**247**	**1,933**	**9,746**

The notes on pages 32 to 55 form part of these financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2024

	Notes	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Opening Cash		434	865
Operating activities			
Operating loss		(862)	(1,541)
Share based payments		47	6
Loan conversion to management charge		–	14
Increase in receivables		(136)	(7)
Decrease in payables		(2)	–
Release of loan to subsidiary		777	901
Net Proceeds for operating activities		(176)	(627)
Investing activities			
Net cash advances to subsidiary		(1,554)	(915)
Proceeds on disposal of investments		587	1,110
Net cash flow from investing activities		(967)	195
Financing activities			
Net proceeds of Share issues		1,285	–
Interest income		1	1
Net cash inflow from financing activities		1,286	1
Total movement		143	(431)
Cash and cash equivalents at end of period	1	577	434

The notes on pages 32 to 55 form part of these financial statements.

Notes to the Company Statement of Cash Flows

For the year ended 31 December 2024

1. Cash and Cash Equivalents

	As at 31 December 2024 £'000	As at 31 December 2023 £'000
Cash and cash equivalents	577	434

The notes on page 32 to 55 form part of these financial statements.

1. General Information

OptiBiotix Health plc is a Public Limited Company limited by shares, incorporated and domiciled in England and Wales. Details of the registered office, the officers and advisers to the Company are presented on the company information page at the start of this report. The Company's offices are at Innovation Centre, Innovation Way, Heslington, York, YO10 5DG. The Company is listed on the AIM market of the London Stock Exchange (ticker: OPTI).

The principal activity is that of identifying and developing microbial strains, compounds, and formulations for use in food ingredients, supplements and active compounds that can impact on human physiology, deriving potential health benefits.

These financial statements present the results and balances of the Company and its subsidiaries (together, the 'Group') for the year ended 31 December 2024.

2. Accounting Policies

Statement of compliance

The consolidated and parent company financial statements of Optibiotix Health Plc have been prepared in accordance with UK adopted international accounting standards and the Companies Act 2006 applicable to companies reporting under UK adopted international accounting standards.

Basis of preparation

The financial statements have been prepared under the historical cost convention. The functional currency is GBP.

The principal accounting policies are summarised below. They have all been applied consistently throughout the period under review. The results are rounded to the nearest thousand.

Going concern

The financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have reviewed the cash at bank available at the date of this report and the cashflow forecast for the next 12 months from the date of this report and are satisfied that the Group should be able meet its liabilities as they fall due. Results to date in 2025 indicate that revenue is likely to come through as anticipated for the year. In the unlikely event that there is a decline in revenue during the remainder of the year there are a number of mitigating actions that could be taken by the Board to ensure that the Group and Company continue as a going concern. To clarify, these mitigation actions are considered as part of worst-case downside scenario assessments by the Board noting no issues with regards to the going concern assessment hence the Directors believe that the Group and the Company are a going concern.

After assessing the possible downside scenarios, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt a going concern basis in preparing the annual report and financial statements.

2. Accounting Policies (continued)

Standards, amendments and interpretations effective and adopted in 2024

The accounting policies adopted are consistent with those of the previous financial year.

The Group has not early adopted any standards, amendments, or interpretations that were issued but not yet effective as of 31 December 2024. These include the amendments to IAS 21, The Effects of Changes in Foreign Exchange Rates, regarding lack of exchangeability, effective from 1 January 2025. Also issued but not yet effective as at that date are IFRS 18 Presentation and Disclosure in Financial Statements, IFRS 19 Subsidiaries without Public Accountability: Disclosures, and various amendments to IFRS 9 and IFRS 7.

New standards and interpretations not yet adopted

The International Accounting Standards Board (IASB) has issued the following standards, amendments and interpretations with an effective date after the date of these consolidated financial statements. These are effective for annual reporting periods beginning on or after the date indicated:

Standard/ amendment	When issued	Effective date (early application is possible unless otherwise noted)	Standards/ Interpretations amended	Standard withdrawn
IFRS 18 Presentation and Disclosure in Financial Statements	April 2024	01 January 2027	IFRS 1, IFRS 3, IFRS 5, IFRS 6, IFRS 7, IFRS 8, IFRS 9, IFRS 12, IFRS 13, IFRS 14, IFRS 15, IFRS 16, IFRS 17, IAS 2, IAS 7, IAS 8, IAS 10, IAS 12, IAS 16, IAS 19, IAS 20, IAS 21, IAS 24, IAS 28, IAS 29, IAS 32, IAS 33, IAS 34, IAS 38, IAS 40, IAS 41, IFRIC 1, IFRIC 14, IFRIC 17, IFRIC 19, IFRIC 23, SIC-32	IAS 1
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 2024	01 January 2027	IFRS 1, IFRS 5, IFRS 13, IFRS 17, IFRS 18, IAS 32, IAS 34, IFRIC 14	
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	May 2024	01 January 2026	IFRS 7, IFRS 9, IFRS 19	
Annual Improvements to IFRS Accounting Standards—Volume 11	July 2024	01 January 2026	IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7	
Contracts referencing Nature-dependent Electricity Amendments to IFRS 9 and IFRS 7	December 2024	01 January 2026	IFRS 7, IFRS 9	

The Group is assessing the impact of these new standards and the Group's financial reporting will be presented in accordance with these standards from the effective date.

There are no other standard interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Accounting Policies (continued)

The Directors anticipate that the adoption of these standards and the interpretations in future period will have no material impact on the financial statements of the company.

2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the group are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

2. Accounting Policies (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2.2 Revenue recognition

Revenue is measured at the fair value of sales of goods and services less returns and sales taxes. The Group has analysed its business activities and applied the five-step model prescribed by IFRS 15 to each material line of business, as outlined below:

2.2.1 Sale of products

The contract to provide a product is established when the customer places a purchase order. The performance obligation is to provide the product requested by an agreed date, and the transaction price is the value of the product as stated in our order acknowledgement. The performance obligation is typically met when the product is dispatched and so revenue is primarily recognised for each product when dispatching takes place. In some limited situations when the product is complete but the customer is unable to take delivery the performance obligation is met when the customer formally accepts transfer of risk and control even though the product has not been dispatched.

2.2.2 License arrangements

Revenue is recognised when the customer obtains control of the rights to use the IP. The performance obligations are considered to be distinct from any ongoing distribution arrangements which are treated in line with sales of products.

2.2.3 Milestone payments

Where the transaction price includes consideration that is contingent upon a future event or circumstance, the contingent amount is allocated entirely to that performance obligation if certain criteria are met. Revenue is recognised at the point of time of the performance obligation being satisfied.

2.3 Investments in associates

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for under the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

2.4 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.

2. Accounting Policies (continued)

2.5 Employee Benefits

The Group operates a defined contribution pension scheme. Contributions payable by the Group's pension scheme are charged to the income statement in the period in which they relate.

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 statements 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 differenced and the carrying forward or 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 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 the group becomes a party to the contractual provisions of the instrument.

2.8 **Loans and receivables** are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2.9 **Equity investments** comprise investments which do have a fixed maturity and are classified as non current assets if they are intended to be held for the medium to long term. They are measured at fair value through profit or loss.

2.10 **Trade receivables** are initially measured at fair value and are subsequently measured at amortised cost less appropriate provisions for credit losses. Such provisions are recognised in the income statement.

2. Accounting Policies (continued)

2.11 **Cash and cash equivalents** comprise cash in hand and demand deposits and other short-term highly liquid investments with maturities of three months or less at inception that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.12 **Trade payables** are not interest-bearing and are initially valued at their fair value and are subsequently measured at amortised cost.

2.13 **Equity instruments** are recorded at fair value, being the proceeds received, net of direct issue costs.

2.14 **Share Capital** – Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of taxation, from the proceeds.

2.15 **Financial instruments** require classification of fair value as determined by reference to the source of inputs used to derive the fair value. This classification uses the following three-level hierarchy:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 — inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.16 Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.17 Impairment of non-financial assets

At each statement of financial position date, the Group 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.

2. Accounting Policies (continued)

2.18 Capital management

Capital is made up of stated capital, premium, other reserves and retained earnings. The objective of the Group'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 Group 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 31 December 2024.

2.19 Share-based compensation

The fair value of the employee and suppliers' services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each statement of financial position date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

The fair value of share-based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

2.20 Property, plant and equipment

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Computer equipment	30%

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss in the year in which the asset is derecognised.

2.21 Intangibles – Patents and trademarks

Patents acquired by way of the fair value uplift by way of the reverse merger in 2014 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 these acquired patents over their estimated useful life of twenty years once the patents have been granted.

2. Accounting Policies (continued)

Development costs for new patents and trademarks since 2014 that have been capitalized in line with the recognition criteria of IAS38 have been estimated to have a useful economic life of 10 years

2.22 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 the Company is expected to benefit.

2.23 Merger relief reserve

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

2.24 Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions concerning the future that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods.

The resulting accounting estimates will, by definition, differ from the related actual results.

- Share based payments

  The fair value of share based payments recognised in the income statement is measured by use of the Black Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted; based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The share price volatility percentage factor used in the calculation is based on management's best estimate of future share price behaviour and is selected based on past experience, future expectations and benchmarked against peer companies in the industry.

- Useful life of intangible assets

  Management have estimated that the useful life of the fair value uplift of the patents acquired by way of the reverse merger in 2014 to be 20 years. Development costs of patents and trademarks since 2014 that have been capitalized in line with the recognition criteria of IAS38 have been estimated to have a useful economic life of 10 years. These estimates will be reviewed annually and revised if the useful life is deemed to be lower based on the trading business or any changes to patent law. The net book value of intangible assets at the year-end was £1.117m, (2023: £1.331m)

- Impairment reviews

  IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters. Assets under consideration are intangible assets on a Group level and investments on a Company level.

2. Accounting Policies (continued)

- **Recognition and measurement of the investment in Probiotix Health plc**

  Management has reviewed the nature of the relationship with Probiotix Health plc in line with the Group's interest moving from 100% to 44% by 31 March 2022. Management has had regard to the requirements of IFRS 10 to consider the facts and circumstances of the relationship between Optibiotix and Probiotix and not just the shareholding interest. In taking account of a range of factors, including Optibiotix's minority representation on the Probiotix board and the terms of a relationship agreement entered into between the parties, management has concluded that Optibiotix has significant influence over Probiotix but not control. This remains under continuing review as facts and circumstances change.

  As a result of the recognition of the Group's remaining 44% interest at 31 March 2022 at fair value the Group and Company balance sheet report material investment holdings in Probiotix Health plc. Following the issue of shares in September 2024 the Group's holding in associate decreased from 44% to 33.85%. As an associate, the Group's investment is equity accounted and the Group's 33.85% share of loss was deducted from this carrying value.

  The Directors have had regard to potential impairment of this asset. The Directors believe there are no indicators which point to a potential adverse impact on the asset.

3. Segmental Reporting

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

Revenue analysed by geographical market

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
UK	330	221
US	141	202
India	171	–
China	133	75
Rest of world	95	146
	870	644

During the reporting period one customer represented £121k (13.9%) of Group revenues. (2023: one customer generated £104k representing 14.9% of Group revenues).

4. Employees and Directors

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Wages and salaries	274	375
Directors' remuneration	445	272
Social security costs	80	54
Pension costs	30	19
	829	720

4. Employees and Directors (continued)

Within salaries and wages there is a charge of NIL (2023: £153k for termination payments made to R Kamminga.)

All directors' salaries were reduced by 20% in 2023.

In addition to the costs disclosed above a further £89k (2023: £177k) of employee costs have been recharged to Probiotix Health Plc under a shared services agreement.

	Year ended 31 December 2024 No.	Year ended 31 December 2023 No.
The average monthly number of employees during the period was as follows:		
Group		
Directors	5	5
Selling, General and Administration	5	5
	10	10
Company		
Directors	5	5
	5	5

Directors' remuneration was as follows:

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Directors' remuneration	414	272
Directors' share based payments	45	–
Benefits in kind	5	5
Bonus	25	–
Pension	11	7
Total emoluments	500	284
Emoluments paid to the highest paid director:		
Remuneration for qualifying services	235	138
Company pension contributions to defined pension scheme	8	5
	243	143

4. Employees and Directors (continued)

Directors' remuneration

Details of emoluments received by Directors and key management of the Company for the year ended 31 December 2024 are as follows:

Directors

	Remuneration and fees £'000	Share based payments £'000	Pension Costs £'000	Benefits in Kind £'000	Total £'000	Total 2023 £'000
S P O'Hara	235	39	8	4	286	147
M S Christie	29	–	–	–	29	20
R C N Davidson	66	–	–	–	66	44
S Kolyda	65	6	3	1	75	47
C Brinsmead	–	–	–	–	–	11
S Hammond	–	–	–	–	–	11
G Myers	44	–	–	–	44	4
Total	439	45	11	5	500	284

Benefits in kind relate to medical insurance. The number of directors to whom retirement benefits were accruing was 2 (2023: 2).

5. Net Finance Income

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Finance Income:		
Bank Interest	1	1
Net Finance Income	1	1

6. Operating loss

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Operating loss is stated after charging/(crediting):		
Auditor remuneration – audit fees (Group and Company accounts)	55	58
(Gain)/loss on disposal of fixed asset investments	(486)	513
Amortisation of intangible assets (see note 9)	209	206
Impairment of intangible assets (see note 9)	–	(1)
Staff costs (see note 5)	829	720
Foreign exchange (gains)/losses	(8)	–
Research and development expense	108	40
Share-based payments	47	6

7. Corporation Tax

Corporation Tax

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Corporation tax credit	(11)	17
Deferred tax movement	72	(13)
Total taxation	61	4

7. Corporation Tax (continued)

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2024 nor for the year ended 31 December 2023.

	Year ended 31 December 2024 £'000	Year ended 31 December 2023 £'000
Loss on ordinary activities before income tax	(1,866)	(2,043)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 25% (2023 – 23.5%)	(467)	(480)
Effects of:		
Disallowables	273	171
Income not taxable	(380)	(63)
Amortisation	35	31
Unused tax losses carried forward	528	358
Tax (charge)/credit	(11)	17

The Group has estimated losses of £9.1m (2023: £7.6m) in respect of which a deferred tax asset of £2.2m (2023: £1.9m) has not been recognised due to the uncertainty of future taxable profits. The unrecognised deferred tax asset has been assessed by reference to a rate of 25% which is the UK headline corporation tax rate from 1 April 2023.

The Group submits claims for R&D tax credits in respect of its research and development activities in respect of microbiome modulators and similar products relating to the exploitation of its patent portfolio and potential new patents arising from scientific research performed by Group employees and its partners. Whilst the Board is confident of recovery of the estimated R&D tax credit, there is no certainty that the receivable will be recoverable until HMRC have approved the claim and the enquiry window is closed. However, based on the Group's history of successful claims over a number of years, the Board are satisfied that the tax receivable is recoverable and appropriately recorded.

8. Earnings 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 period.

Reconciliations are set out below:

Basic and diluted EPS	Earnings £'000	2024 Weighted average Number of shares No.	Profit per-share Pence
Basic EPS	(1,805)	97,902,046	(1.84)p

	Earnings £'000	2023 Weighted average Number of shares £	Profit per-share Pence
Basic EPS	(2,038)	90,190,661	(2.24)p

Diluted earnings per share is the basic earnings per share adjusted for the effect of the conversion into fully paid shares of the weighted average number of share options outstanding during the year. The Group was loss making for the years ended 31 December 2023 and 31 December 2024; therefore, the dilutive effect of share options has not been disclosed since this would decrease the loss per share for each of the years reported.

As at 31 December 2024 there were 7,207,907 (2023: 7,082,907) outstanding share options.

9. Intangible assets

Group	Development Costs and Patents £'000
Cost	
At 31 December 2022	2,541
Impairment	(4)
At 31 December 2023	2,537
Impairment	(5)
At 31 December 2024	2,532

9. Intangible assets (continued)

Group	Development Costs and Patents £'000
Amortisation	
At 31 December 2022	1,001
Amortisation charge for the year	206
Amortisation eliminated on impairment	(1)
At 31 December 2023	1,206
Amortisation charge for the year	209
At 31 December 2024	**1,415**
Carrying amount	
At 31 December 2024	**1,117**
At 31 December 2023	1,331

The Company had no intangible assets during the reporting period.

Development costs and patents represent cost capitalised in respect of the Group's intellectual property portfolio and includes the costs of registering and maintaining patents as well as capitalised development costs. All intangible assets relate to the Group's principal activities.

10. Property, plant and equipment

Group	£'000
Cost	
At 31 December 2022	8
Additions	–
Disposals	–
At 31 December 2023	8
Additions	–
Disposals	–
At 31 December 2024	8
Depreciation	
At 31 December 2022	8
Charge for the year	–
At 31 December 2023	8
Charge for the year	
At 31 December 2024	8
Carrying amount	
At 31 December 2024	–
At 31 December 2023	–

The Company had no fixed assets during the reporting period.

11. Investments

Group

Set out below is the investment in Skinbiotherapeutics PLC. The investment was treated as an associate of the Group until 2 November 2020, after which time the shareholding dropped to 24.65% and recalculated as an equity investment. The Group records its investment in Skinbiotherapeutics plc at fair value and is remeasured by reference to its closing price on AIM at each reporting date. The share price at 31 December 2024 was 18.5p.

During the year, 3,606,250 were disposed to generate gross proceeds of £587k with original cost of £324k. At 31 December 2024 the holding stood at 9.58%

	2024 £'000	2023 £'000
Investments		
At the beginning of the period	3,887	5,022
Revaluations	486	–
(Loss)/Gain on investments	–	(513)
Disposal of shares during year	(324)	(622)
At 31 December	4,049	3,887

11. Investments (continued)

Investment in Associate

On 31 March 2022, ProBiotix Health Plc ("PBX") the parent company of ProBiotix Limited listed on the AQSE Growth Market. The listing of PBX on AQSE, together with the issue of a dividend in specie and issue of new shares, means that PBX is now considered an associate for accounting purposes with its revenues and costs removed post listing and only OptiBiotix's (44%) proportion of its profit and loss included in the Group's accounts under the equity method of accounting. The step-down from being a subsidiary to an associate resulted in the revaluation of the remaining interest held in PBX at the listing price and a gain on disposal of a subsidiary recognised in the income statement. A gain of £21.647m was recorded in the income statement.

An assessment was undertaken to assess whether the Company had defacto control over PBX during the period considering Board representation, financing arrangements, the Relationship agreement and the other shareholdings in PBX. Based on the assessment it was concluded that the Company only had significant influence and that PBX was an associate in the period. The Relationship agreement sets out costs that are being incurred by the Group that are being recharged to PBX.

At 31 March 2022 the Group held 53,533,333 shares in Probiotix Health plc, valued at the IPO price of 21p resulting in a deemed cost of investment in associate of £11.24m.

Following the issue of shares in September 2024 the Group's holding in associate decreased from 44% to 33.85%. As an associate, the Group's investment is equity accounted and the Group's 33.85% share of loss was deducted from this carrying value.

Investment in Associate	2024 £'000	2023 £'000
Investments		
At the beginning of the period	2,806	3,129
Share of result for the period (see below)	(350)	(323)
At 31 December	2,456	2,806

PBX is registered in United Kingdom and is in the Health food sector.

Set out below is financial information on PBX set out in its IFRS financial statements for the year to 31 December 2024.

	2024 £'000	2023 £'000
Revenue	1,883	1,673
Loss from continuing operations	(852)	(729)
Total comprehensive loss	(847)	(735)
Current assets	1,934	1,871
Current Liabilities	(194)	(566)
Non-current liabilities	(60)	(97)
Share of total comprehensive loss	(350)	(323)

11. Investments (continued)

Company Investments

	2024 £'000	2023 £'000
Listed Investments		
At the beginning of the period	3,887	5,022
Revaluations	486	(513)
Disposal of shares during year	(324)	(622)
	4,049	3,887
Investment in subsidiaries		
At the beginning of the period	1,971	1,986
Impairment	–	(15)
	1,971	1,971
At 31 December	6,020	5,858

Company Investment in Associate

	2024 £'000	2023 £'000
At the beginning of the period	3,212	3,212
At 31 December	3,212	3,212

The Company holds listed investments at fair value, and investments in subsidiaries and associates at cost less impairment. The fair value of the Company's investment in Probiotix Health plc upon losing control was set as deemed cost.

The Directors have had regard to potential impairment of the Group's investment in Probiotix. The Directors believe there are no indicators which point to a potential adverse impact on the asset.

The entities listed below have share capital consisting solely of ordinary shares, which are held by the Group. The country of incorporation is also the principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

11. Investments (continued)

As at 31 December 2024 the Company directly held the following subsidiaries:

Name and Registered office address of company	Nature of Business	Active/ Dormant	Country of incorporation and place of business	Proportion of equity interest
OptiBiotix Limited Innovation Centre Innovation Way, Heslington, York, YO10 5DG	Research & Development	Active	United Kingdom	100% of ordinary shares
Optibiotix Health India Private Limited House NO.243, Mcd Colony, Vivekanand Puri Sarai Rohilla City, Delhi CITY, DELHI, North Delhi, Delhi, India, 110007	Health foods	Active	India	100% of ordinary shares

The Healthy Weight Loss Company Limited was dissolved on 19 December 2023.

12. Inventories

	Group		Company	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
Finished goods	189	188	–	–
Raw Materials	41	–	–	–
	230	188	–	–

During the period £358k (2023: £334k) has been expensed to the income statement.

13. Trade and other Receivables

	Group		Company	
	2024	2023	2024	2023
Current	£'000	£'000	£'000	£'000
Accounts receivable	314	345	9	18
Other receivables	110	97	8	12
Prepayments and accrued income	9	18	–	2
	433	460	17	32

During the year Optibiotix Health PLC recharged Probiotix Health PLC £30,000, (2023 £15,000) for Directors' fees the balance owing at the year end was £7,500 (2023: £15,000).

During the year Optibiotix Health PLC loaned Optibiotix Limited £1,400,000, (2023 £1,223,340) to finance working capital costs. Optibiotix Limited recharged Optibiotix Health PLC £623,247, (2023: £327,927) for salary costs. The balance at the year end of £776,753(2023: £895,381) was cancelled. There was no interest charged during the year. This does not impact on the consolidated Group accounts.

13. Trade and other Receivables (continued)

During the year Optibiotix Health PLC loaned OptiBiotix India £150k for marketing expenses. The balance at the year end was cancelled.

During the year Optibiotix Limited recharged Probiotix Health PLC £NIL, (2022: £44,799) for directors' fees. The balance at the year end was £NIL, (2023 £NIL). There was no interest charged during the year.

During the year Optibiotix Limited transactions with Probiotix Limited were as follows: -

- £171,733 (2023: £490,786) for salaries and administration costs;
- £NIL (2023: £67,700) income received on behalf of Probiotix limited; and
- £202,948 (2023: £425,639) repayments received.

There was no interest charged during the year. The remaining balance of £3,770 (2023: £27,617) was received after the year end.

14. Cash and Cash Equivalents

	Group		Company	
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Cash and bank balances	739	635	577	434

All cash is held in demand deposits with large UK and Indian banks.

15. Called Up Share Capital

	2024 £'000	2023 £'000
Allotted, called up and fully paid share capital	1,959	1,824

	2024	2023
Shares in issue		
Opening balance 1 January	91,190,661	91,190,661
Share issue	6,752,500	–
Closing balance at 31 December	97,943,161	91,190,661

	2024 £'000	2023 £'000
Share Capital		
Opening balance 1 January	1,824	1,824
Share issue	135	–
Closing balance at 31 December	1,959	1,824

	2024 £'000	2023 £'000
Share Premium		
Opening balance 1 January	2,958	2,958
Share issue	1,149	–
Closing balance at 31 December	4,107	2,958

On 28th March 2024 6,752,500 ordinary shares of £0.02 were issued at 20p per share in respect of a placing and subscription.

16. Reserves

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

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

Retained earnings represents the cumulative profits and losses of the Group attributable to the owners of the company net of distributions paid.

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

17. Trade and other payables

	Group		Company	
	2024	2023	2024	2023
Current:	£'000	£'000	£'000	£'000
Accounts payable	270	56	17	7
Accrued expenses	63	75	63	67
Other payables	35	49	–	8
Total trade and other payables	368	180	80	82

18. 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 25% (2023: 25%).

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

	2024 £'000	2023 £'000
At 31 December	352	365
Movement in the period	(73)	(13)
At 31 December	279	352

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 over the timing of future taxable profits. Further details of available losses are set out in note 7.

19. Related Party Disclosures

Transactions and balances with Probiotix Health Plc are set out in note 13. Directors' remuneration has been fully disclosed in note 4

20. Ultimate Controlling Party

The Board considers that there is no overall controlling party.

21. Share Based payment Transactions

(i) Share options

The Company has a share option programme to grant share options as an incentive for employees of the subsidiaries.

Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option and the Company has no legal obligation to repurchase or settle the options in cash. The options carry neither rights to dividends nor voting rights prior to the date on which the options are exercised. Options may be exercised at any time from the date of vesting to the date of expiry.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Number of options		Average exercise price	
	2024	2023	2024	2023
	No.	No.	£	£
Outstanding at the beginning of the period	6,857,907	7,182,907	0.08	0.092
Granted during the period	6,449,135	–	–	–
Forfeited/cancelled during the year	(6,099,135)	(325,000)	0.08	0.52
Outstanding at the end of the period	7,207,907	6,857,907	0.1562	0.08

Of the options in issue, 358,772 were issued at an exercise price of 20p per share and are fully vesteded at the balance sheet date. These options expired on 10 March 2025.

The options vested as follows: -

- 179,386 on a share price trigger of 40p per share;
- 89,693 on completion of the cholesterol human studies
- 89,693 on completion of the cholesterol human studies and release of the results for a product containing a novel sugar

For share options issued in 2022 The Company agreed with a number of option holders to surrender their existing options in return for Nominal Value Options over half the number of shares of their existing options, which are subject to a combination of performance and time-based vesting criteria. This ensures a continued focus on commercial revenues and shareholder value creation. New options will be granted on a similar basis going forward. Options granted to non-executive directors will be subject to time-based vesting.

Share options issued in 2024 vest as follows:-

- 6,099,135 vest on the 17 December 2025 being the first anniversary of grant;
- 35,000 vest on 13 September 2025;
- 52,500 vest on 13 September 2026;
- 87500 vest on 13 September 2027;
- 35,000 vest if turnover from products including Slimbiome exceed £1m in a 12 month period;
- 52,500 vest if turnover from products including Slimbiome exceed £2.5m in a 12 month period;
- 87,500 vest if turnover from products including Slimbiome exceed £5m in a 12 month period.

The share options outstanding at the period end had a weighted average remaining contractual life of 3,398 days (2023: 475 days) and the maximum term is 10 years.

The share price per share at 31/12/24 was £0.18 (31/12/2023: £0.27)

21. Share Based payment Transactions (continued)

Where share options were cancelled and replaced with share options with revised terms, the Board have considered this set of transactions as a modification of share based payment arrangements and have therefore considered whether any incremental value arises as a result of the grant of modified awards. Having performed an assessment the Board have concluded that no incremental value fair is required and therefore no charge has been recognised. In respect of replacement options and new options issued in 2024 which include market based vesting conditions in respect of revenue targets, the Board have determined that the value of this proportion of shares have immaterial value in light of the Group's results for the 2024 accounting period in which they were granted.

(ii) Warrants

There were no warrants in issue at 31 December 2024.

22. Financial Risk Management Objectives and Policies

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

The main risks the Group faces in respect of its financial statements are liquidity risk and credit risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Group's policies for managing these risks are summarised below and have been applied throughout the period.

Interest risk

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

The Group's financial assets do not bear interest.

Credit Risk

The Group try to limit the credit risk by dealing with larger companies and also asking new smaller customers to provide a deposit with the purchase order.

Management have regard to credit exposures when entering into new contracts and seek to agree settlement terms on all contracts. Credit exposure is regularly monitored by management and any overdue debts are followed up as part of the Group's credit control procedures. Where a debt becomes significantly overdue, management have regard to credit loss provisions to reflect the existence of expected credit losses, taking account of forward looking information as well as the pattern of cash collections for that category of customer.

The Board consider a default to have occurred when a receivable passes 60 days beyond agreed credit terms, at which point regard is had to the specific characteristics of the debtor in assessing exposure to material credit risk and therefore the requirement to create a loss provision.

Liquidity risk

Liquidity risk is the risk that Group 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 Group has not utilised any borrowing facilities.

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

Capital risk

The Group'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.

23. Post Balance Sheet Events

On 7 January 2025 David Blain was appointed Director.

On 15 May 2025 the Group incorporated a new wholly owned subsidiary named OptiBiotix Health USA Inc. The subsidiary was incorporated in the USA and its registered office is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of Newcastle, State of Delaware 19801. The new subsidiary is located in Harris County, Texas and its activities will involve supplying the Group's products to customers in the USA.

On 23 May 2025 the Company issued and allotted 5,357,143 shares of 2 pence per share exercised at a price of 14 pence per share in the capital of the company. As part of the Placing, the Company has issued one warrant for every two new Ordinary Shares subscribed for (2,678,571 warrants), exercisable at a price of 21 pence per share for a period of 3 years from the date of admission.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of OptiBiotix Health PLC (the "Company") will be held at the offices of Walbrook PR, 75 King William St, London, EC4N 7BE on 6 August 2025 at 12:00 p.m. for the following purposes:

1. To receive the Company's Report and Accounts for the year ended 31 December 2024.
2. To elect David Blain as a Director.
3. To re-appoint Gerald Edelman LLP as auditors of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider and, if thought fit, to pass the following resolutions as to the resolution numbered 4 as an Ordinary Resolution and as to the resolution numbered 5 as a Special Resolution:

4. **THAT** the Directors be and they are hereby authorised generally and unconditionally for the purposes of Section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot shares in the Company or to grant rights to subscribe for, or to convert any security into, shares in the Company (such shares and/or rights being "Relevant Securities") up to an aggregate nominal amount of £688,668.69 being one third of the current issued share capital, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date being the earlier of the date 15 months after the passing of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2026, save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted and the Directors may allot Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

   This authority shall be in substitution for and shall replace any existing authority pursuant to Section 551 of the Act to the extent not utilised at the date this resolution is passed.

5. **THAT**, subject to and conditional upon the passing of resolution 4, the Directors be and they are hereby generally empowered pursuant to Section 570 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to the authority conferred under Resolution 4 above as if sub-section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with a rights issue or any pre-emptive offer in favour of holders of ordinary shares in the Company where the equity securities attributable to the respective interests of such holders are proportionate (as nearly as maybe) to the respective numbers of ordinary shares held by them on the record date for such allotment subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with fractional entitlements or any legal or practical difficulties under the laws of, or the requirements of, any regulatory body or stock exchange of any overseas territory or otherwise;

   (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £619,801.82 being 30% of the current issued share capital;

   and shall expire on the date being the earlier of the date 15 months after the passing of this Resolution and the conclusion of the Annual General Meeting of the Company to be held in 2026, provided that the Company may before such expiry make an offer or agreement which would require equity securities to be allotted in pursuance of such offer or agreement as if the power conferred hereby had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier power given to directors.

By Order of the Board

Stephen O'Hara
27 June 2025

Registered Office:
Innovation Centre
Innovation Way
Heslington
York
YO10 5DG

Explanatory Notes to the Notice of Annual General Meeting

Notes:

1. A member of the Company is entitled to appoint a proxy or proxies to attend, speak and vote at the meeting in his stead. A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to any one share. A proxy does not need to be a member of the Company.

2. To be effective Forms of Proxy can be registered as follows:

   - by visiting www.shareregistrars.uk.com, clicking on the "Proxy Vote" button and then following the on-screen instructions;
   - by post or by hand to Share Registrars Limited, 3 The Millennium Centre, Crosby Way, Farnham, Surrey GU9 7XX using the proxy form accompanying this notice;
   - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out in note 5 below.

   In order for a proxy appointment to be valid the proxy must be received by Share Registrars Limited by 12:00 p.m. on 4 August 2025.

3. To change your proxy instructions simply submit a new proxy appointment using the methods set out above and in the notes to the Form of Proxy. Note that the cut-off times for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

4. To be entitled to vote at the meeting (and for the purpose of the determination by Company of the number of votes they may cast), members must be entered in the Register of members at 12:00 p.m. on 4 August 2025 ("the specified time"). If the meeting is adjourned to a time not more than 48 hours after the specified time applicable to the original meeting, that time will also apply for the purpose of determining the entitlement of members to attend and vote (and for the purpose of determining the number of votes they may cast) at the adjourned meeting. If however the meeting is adjourned for a longer period then, to be so entitled, members must be entered on the Company's Register of Members at the time which is not less than 48 hours before the time fixed for the adjourned meeting or, if the Company gives notice of the adjourned meeting, at the time specified in that notice.

5. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with CRESTCO Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent 7RA36 by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

   CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Resolution 1

The Directors are required by law to present to the meeting the Audited Accounts and Directors' Report for the period ended 31 December 2024.

Resolution 2

The Company's Director listed in this resolution offers himself up for appointment under the terms of the Company's articles of association which state that each director must offer himself or herself up for appointment at the first AGM after their appointment.

Resolution 3

The Auditors are required to be re-appointed at each Annual General Meeting at which the Company's Audited Accounts are presented.

Resolution 4

Under the Act, the Directors may only allot shares if authorised to do so. Whilst the current authority has not yet expired, it is customary to grant a new authority at each Annual General Meeting. Accordingly, this resolution will be proposed as an ordinary resolution to grant a new authority to allot or grant rights over up to £688,668.69 in nominal value of the Company's unissued share capital. If given, this authority will expire at the Company's next annual general meeting following the date of the resolution. Although the Directors currently have no present intention of exercising this authority, passing this resolution will allow the Directors flexibility to act in the best interests of the Company's shareholders when opportunities arise.

Resolution 5

The Directors require additional authority from the Company's shareholders to allot shares where they propose to do so for cash and otherwise than to the Company's shareholders pro rata to their holdings. This resolution will give the Directors power to issue new ordinary shares for cash other than to the Company's shareholders on a pro rata basis:

(i) by way of a rights or similar issue or

(ii) with a nominal value of up to £619,801.82. This resolution will be proposed as a special resolution.

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