



HALF YEARLY REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2023

# Chairman's and Chief Executive's Statement

Half Yearly Report for the six months ended 30 June 2023



We are pleased to present the Group's interim report, for the six months ended 30 June 2023.

## OVERVIEW

**ProBiotix Health plc is a life sciences company with the purpose of improving human health through development and marketing of probiotic product solutions to tackle metabolic related lifestyle conditions especially within the cardiovascular area.**

The global probiotics food and supplement market is forecast to reach \$94.5 billion by 2027, at a CAGR of 7.9% (Fortune Business insights, 2022). The Group's strategy is to develop next-generation science-based microbiome solutions for a broad range of lifestyle-related health conditions and to deliver commercially successful products supported by a strong scientific and clinical evidence base. We aim to partner with leading nutritional and pharmaceutical companies with a strategic vision to use probiotics in their offering of products within the area of prevention.

Clinical studies have shown the Group's principal bacteria strain, LPLDL® to be able to reduce key cardiovascular risk markers, such as total cholesterol, LDL (bad) cholesterol, and Apolipo protein B (biomarker of atherosclerosis), by up to 34.2 per cent, 28.4 per cent and 28.6 per cent, respectively. Six publications on LPLDL®'s mechanisms of action and three peer-reviewed publications have shown LPLDL® to be safe and well-tolerated, as well as showcasing statistically significant reductions in multiple cardiovascular disease risk biomarkers within six weeks. The fact that 50% of all deaths globally can be related to cardiovascular disease, and 80% are believed to be preventable, underlines the scale of the opportunity for LPLDL®.

The Group commercialises LPLDL® in a unique range of patented and proprietary turn-key food supplements as private label or under the CholBiome® brand. The portfolio currently comprises products in four indication categories

- Cholesterol maintenance
- Cholesterol reduction
- Blood pressure reduction
- Vascular health

## STRATEGY

The Group's strategic aim is to continue to mature the position as a leading global player within the use of probiotics for prevention in the cardio-metabolic supplement area. The long-term vision is to manifest the Company as a leading provider of probiotic-based metabolic solutions for a broader range of indication areas in the "Healthy Ageing" space such as weight management, sarcopenia and sleep disorders. We intend to continue to develop the Group's business in an area of science which we believe has the potential to revolutionise the future of preventive healthcare.

Our short- and medium-term focus will be on expanding the footprint in Europe as well as expanding the business into the North American continent specifically focusing on penetrating the second largest global probiotic market in USA. As part of the longer-term strategy, commercial activities will include the APAC region as well as South America. Our focus is to offer full turnkey business-to-business product solutions and work with leading global or regional brand owners within the supplement and OTC pharma area with a vested strategy in probiotics. The customer base will be expanded through a direct-to-market approach via own direct sales activities with the exception of the APAC region where we have assessed that a distributor approach for the time being is the most feasible path forward due to the complexity of the individual markets in the region.

## COMMERCIAL MILESTONES

Since the beginning of the financial year the following key milestones have been reached:

- Launch of a new five-year strategic growth plan focusing on developing the organisation, sale and marketing of business-to-business turnkey product solutions, establishing a direct sales structure in Europe and USA, strengthening of the value chain and our relationship to the CMOs (contract manufacturing organisations) used as well as an intensified focus on expanding the product portfolio into new indication areas.
- Onboarding of Steen Andersen as Chief Executive Officer of the Group as part of the strategy to appoint an experienced industry business leader leading the Company to the next level.
- Expanding the leadership team by hiring Niels Peter Bak as Head of Product Management. The position is of strategic importance and key in driving the development of new products, dosage format and expansion into additional indication areas. The function will also act as a cornerstone in the relationship to our contract manufacturers.
- Announcement of distributor partnership with TransChem, a leading distributor of products to the food and dietary supplement industry in Australia and New Zealand.

- Closing of long-term commercial agreement with third largest supplement brand in Germany. The agreement is aiming at launching CholBiome® CH – our newest product line extension – in Germany during Q4 this year. The launch will eventually be broadened to include Austria and Switzerland.
- Successful completion and publication of the second clinical study on the benefits of LPLDL® intake on cardiovascular disease biomarkers, and initiation of further clinical studies on CholBiome® CH to provide clinical evidence on key finished products as part of our strategy to move towards providing finished product solutions.
- Screening to identify probiotic strains that can benefit mental well-being. Our ongoing programme has demonstrated promising laboratory-based results for one of our proprietary strain deposits, which were presented in Probiota 2023. We will be testing its efficacy on improving sleep, stress and anxiety in a human intervention study in collaboration with the universities of Leeds and Southampton.

## BOARD & MANAGEMENT

The investment in the organisation and the management structure will continue through the addition of experienced industry profiles who can support successful execution of the growth strategy. The composition of the Board will be evaluated on an ongoing basis and required changes will be implemented as needed to ensure optimal support to management and strategy execution.

## RESULTS

The financial results for the half year are shown below. As the Group was listed on Aquis Growth Market on 30th March 2022, the accounts for the comparative period show the results from 31 March 2022 through to 30 June 2022.

During the first half of the financial year the Group received confirmed orders totalling £1.5m which is 16% greater than turnover for the period to 31 December 2022 of £1.31m. Of the orders received £552k (2021: £302k) had been completed and invoiced as at 30 June 2023. The 83% increase in sales for the first half of the year reflects strong development in new customer acquisition as well as growth from existing customers. Gross profit for the period amounted to £264k (2022: £154k).

Other administration costs have risen to £668k from £274k for the previous period. Remembering that the previous period contains only 3 months of administration costs, the remaining increase in costs approximately £140k, reflects the costs associated with building the organisation to support the growth of the Company.

The net loss for the half year stood at £512K (2021: Loss £251k). If the increase in non-cash expenses (share based payments charge and depreciation) are removed the net loss for the half year is £449k, which

is for a full six months whereas the loss of £251k for the 2022 comparative contains only three months results.

As of 30 June 2023, the Group presented a strong balance sheet with cash balances totalling £1.94m (2022: £2.49m).

## OUTLOOK

The Directors and Executives of the Company believe that the financial performance for the first six months of 2023 is satisfactory and reflects the positive momentum the Company has gained as a result of the strategic focus, increased commercial presence, internal competence-building and continued positive science linked to our proprietary probiotic strain, LPLDL®. We aim to continue capitalising on the benefits of our public listing, expanding our existing product portfolio into new geographical territories, increasing our business-to-business sale of finished turnkey products, and developing new technologies that offer enhanced potential for the future. We will continue to work with Aquis and explore opportunities on other markets, including AIM, to increase liquidity in the Company's share price.

The scale of the market opportunity in probiotics, the increasing consumer awareness towards preventive care, the proven efficacy of our existing products, the substantial scope for expansion of our range and geography, the significant benefits of our public listing and the financial strength of the Company all allow us to look to the future with confidence and positive aspirations.

**A Reynolds and S Andersen**  
27 September 2023

# Consolidated Statement of Comprehensive Income

For the 6 months to 30 June 2023

Continuing operations	Notes	6 months to 30 June 2023 Unaudited £'000	Period to 30 June 2022 Unaudited £'000	Period to 31 December 2022 Audited £'000
Revenue		552	302	1,309
Cost of sales		(288)	(148)	(570)
<b>Gross Profit</b>		<b>264</b>	<b>154</b>	<b>739</b>
Listing costs		–	(166)	(166)
Share based payments		(80)	–	(8)
Depreciation and amortisation		(28)	(24)	(37)
Other administrative costs		(668)	(274)	(790)
Administrative expenses		(776)	(464)	(1,001)
<b>Operating (loss)/profit</b>		<b>(512)</b>	<b>(310)</b>	<b>(262)</b>
Finance income/(costs)		–	59	59
<b>Profit/(Loss) before Income tax</b>		<b>(512)</b>	<b>(251)</b>	<b>(203)</b>
Income tax		–	–	(12)
<b>Profit/(Loss) for the period</b>		<b>(512)</b>	<b>(251)</b>	<b>(215)</b>
<b>Other Comprehensive Income</b>		<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income for the period</b>		<b>(512)</b>	<b>(251)</b>	<b>(215)</b>
Total comprehensive income attributable to the owners of the group		(512)	(251)	(215)
		(512)	(251)	(215)
<b>Earnings/(loss) per share</b>				
Basic & Diluted – pence	4	(0.42)p	(0.28)p	(0.24)p

# Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 Unaudited £'000	As at 30 June 2022 Unaudited £'000	As at 31 December 2022 Unaudited £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangibles		359	344	358
		<b>359</b>	<b>344</b>	<b>358</b>
<b>CURRENT ASSETS</b>				
Inventories		77	6	49
Trade and other receivables		101	48	496
Cash and cash equivalents		1,948	2,034	1,740
		<b>2,126</b>	<b>2,088</b>	<b>2,285</b>
<b>TOTAL ASSETS</b>		<b>2,485</b>	<b>2,432</b>	<b>2,643</b>
<b>EQUITY</b>				
<b>Shareholders' Equity</b>				
Called up share capital	5	61	61	61
Group reorganisation reserve		(945)	(945)	(945)
Share premium		3,338	3,338	3,338
Share based payment reserve		88	8	8
Retained Earnings		(727)	(251)	(215)
<b>Total Equity</b>		<b>1,815</b>	<b>2,211</b>	<b>2,247</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		581	142	307
		<b>581</b>	<b>142</b>	<b>307</b>
<b>Non – current liabilities</b>				
Deferred tax liability		89	79	89
		<b>89</b>	<b>79</b>	<b>89</b>
<b>TOTAL LIABILITIES</b>		<b>670</b>	<b>221</b>	<b>396</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,485</b>	<b>2,432</b>	<b>2,643</b>

# Consolidated Statement of Changes in Equity

For six months to 30 June 2023

	Called up Share Capital £'000	Share premium £'000	Group Reorganisation reserve £'000	Share-based Payment reserve £'000	Retained Earnings £'000	Total Equity £'000
<b>Balance at 04 November 2021</b>	–	–	–	–	–	–
Group reorganisation	–	–	(945)	–	–	(945)
Loss for the period	–	–	–	–	(251)	(251)
Share based payments	–	–	–	8	–	8
Share Issues	61	3,464	–	–	–	3,525
Share issue costs	–	(126)	–	–	–	(126)
<b>Balance at 30 June 2022</b>	61	3,338	(945)	8	(251)	2,211
Profit for the period	–	–	–	–	36	36
<b>Balance at 31 December 2022</b>	61	3,338	(945)	8	(215)	2,247
Loss for the period	–	–	–	80	(512)	(432)
<b>Balance at 30 June 2023</b>	61	3,338	(945)	88	(727)	1,815



# Consolidated Statement of Cash Flows

For the six months to 30 June 2023

Notes	6 months to 30 June 2023 Unaudited £'000	Period to 30 June 2022 Unaudited £'000	Period to 31 December 2022 Audited £'000
<b>Reconciliation of loss before income tax to cash outflow from operations</b>			
Operating (loss)/profit	(512)	(310)	(262)
Decrease/(Increase) in inventories	(28)	(6)	(49)
(Increase)/decrease in trade and other receivables	395	(48)	(497)
(Decrease)/increase in trade and other payables	275	142	307
Share based payments	80	–	–
Depreciation and amortisation	28	24	37
Adjustment for net working capital required on common control transaction	–	(256)	(256)
Net Fx Difference	(1)	(2)	–
<b>Net cash outflow from operations</b>	<b>237</b>	<b>(456)</b>	<b>(720)</b>
Tax received	–	–	–
<b>Net cash (outflow)/inflow from operating activities</b>	<b>237</b>	<b>(456)</b>	<b>(720)</b>
<b>Cash flows from investing activities</b>			
Purchase of intangible assets	(29)	(22)	(52)
Cash acquired on acquisition of subsidiary	–	188	188
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(29)</b>	<b>166</b>	<b>136</b>
<b>Cash flows from financing activities</b>			
Share issues	–	2,324	2,324
<b>Net cash inflow from financing activities</b>	<b>–</b>	<b>2,324</b>	<b>2,324</b>
<b>Increase/(decrease) in cash and equivalents</b>	<b>208</b>	<b>2,034</b>	<b>1,740</b>
Cash and cash equivalents at beginning of period	1,740	–	–
<b>Cash and cash equivalents at end of period</b>	<b>1,948</b>	<b>2,034</b>	<b>1,740</b>

# Notes to the results

For the three months to 30 June 2023

## 1. General Information

ProBiotix Health Plc is a company incorporated and domiciled in England and Wales. The Company's offices are in Wakefield. The Company is listed on the Aquis Growth Market (ticker: PBX).

The financial information set out in this report does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The Group's statutory financial statements for the period ended 31 December 2022 were prepared under UK-adopted International Financial Reporting Standards ("IFRS").

The interims for the period to 30 June 2022 have been restated following the Board's determination that the most appropriate accounting policy is to apply merger accounting prospectively from 31 March 2022 being the date of the Group's IPO on the Aquis Growth Market. The Group has consolidated ProBiotix Limited's assets and liabilities at book value at 31 March 2022, with the difference between the nominal value of shares issued and net liabilities acquired recorded in a reserve within equity.

Copies of the annual statutory accounts and the Half Yearly report can be found on the Company's website

<https://probiotixhealth-ir.com/financials/latest-results>

## 2. Basis of preparation and significant accounting policies

This report has been prepared using the historical cost convention, on a going concern basis and in accordance with UK-adopted International Financial Reporting Standards ("IFRS").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies and making any estimates. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Board of Directors believe that the underlying assumptions are appropriate and that the financial statements are fairly presented. The Board of Directors believes, that there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, and therefore, these financial statements have limited disclosures.

## 3. Segmental Reporting

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

Following the listing of Company on the Aquis Growth Market market only the turnover from ProBiotix Health Limited for the period 31 March 2022 to 30 June 2022 is included in the figures below.

Revenue analysed by geographical market

	6 months to 30 June 2023 £'000	Period to 30 June 2022 £'000	Year to 31 December 2022 £'000
UK	28	22	43
US	350	190	934
International	174	90	332
	552	302	1,309

During the reporting period one customer represented £342,530, 62.2% (2022: £190,356, 62.2%) of Group revenues.



#### 4. 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:

	6 months to 30 June 2023 £'000	Period to 30 June 2022 £'000	Year to 31 December 2022 £'000
<b>Basic &amp; Diluted</b>			
Earnings attributable to ordinary shareholders	(512,452)	(250,822)	(214,580)
Weighted average number of shares	121,666,666	90,398,559	90,398,559
<b>Earnings /(Loss) per-share – pence</b>	<b>(0.42)p</b>	<b>(0.28)p</b>	<b>(0.24)p</b>

As at 30 June 2022 there were 6,500,000 outstanding share options. These are non-dilutive due to the losses incurred in the year.

#### 5. Share Capital

Issued share capital comprises:

	6 months to 30 June 2023 Unaudited £	Period to 30 June 2022 Unaudited £	Year to 31 December 2022 Audited £
Ordinary shares of 0.05p each			
121,666,666	60,833	60,833	60,833
	<b>60,833</b>	<b>60,833</b>	<b>60,833</b>

#### 6. Post balance sheet events

No post balance sheet events.

**probiotixhealth-ir.com**



To find out more please contact ProBiotix on:

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