



Half Yearly Report

For the six months ended 30 June 2024

probiotixhealth.com



Chief Executive Officer's Overview

STRATEGIC OVERVIEW

The strategic aspiration of reaching a revenue of £10 million by 2028 with an estimated 20% EBITDA margin remains the key driver for the Company. The execution continues to take off, which is set out in a number of strategic pillars and KPI's derived from the overall strategy plan:

- Grow business through existing products by focusing on acquisition of new regional/global customers in the dietary supplement space
- Expand commercial reach through completion of a strong commercial platform in Europe and North America in combination with establishing a structure in Asia Pacific
- Expand commercial opportunities by stepwise expanding the health indication focus from cholesterol through to embracing cardiometabolic health and, eventually, healthy aging, this being the fastest moving consumer mega trend in the supplement industry today
- Increase customer value and competitive entry barriers through providing finished format turnkey solutions rather than LPLDL as an ingredient
- Provide customers with innovative new dosage formats like the InstaMelt stick offering entry opportunity into new markets, differentiation and growth opportunities
- Add new clinically documented strains to the portfolio to expand product offering and secure long term sustainable growth
- Support our commercial activities by expanding our science network and exploring into new indication areas with clinical trials
- Increase profitability by consolidating business with selected strategic contract manufacturing partners in Europe and North America

PROGRESS UPDATE

Commercial

We have made substantial progress in expanding the sales pipeline in North America and Europe as well as progressing the distribution activities in Australia and New Zealand and conducting partnership negotiations with a leading South Korean brand in the supplement/probiotic space.

The partnership with one of the Company's key partners in North America continued to develop positively, with growth of the existing business as well as line extensions linked to the publication of clinical data supporting the efficacy of the partner's hero product, with LPLDL, in the area of IBS and antibiotic recovery. Both indications having significant market potential and present an excellent fit with the Company's value proposition and product offerings within probiotics.

A number of new promising agreements with European partners progressed to late-stage negotiations holding the potential for completion by the end 2024 or early 2025, with launches in additional European countries where the Company is not currently present with commercial products on the market.

Post period end, we signed an agreement with Chinese consumer brand DanCare, focusing on import and cross-border sales of high quality European manufactured supplements into China, which successfully progressed to last phase negotiations with an anticipated launch in late 2024. This will be the first launch of the Company's new direct dose InstaMelt stick which has an extraordinarily high appeal to Chinese consumers. The project presents a key milestone in opening the opportunities within the vast Chinese market

Operations

The strategic partnership discussions with a North American based contract manufacturing organisation ("CMO") entered into late-stage negotiations for bulk strains and finished formats. The partnership is intended to provide and strengthen the supply chain platform supporting the Company's North American activities as well as provide a driver for long-term cost optimisation. As part of the agreement, the CMO will also obtain distribution rights for Canada and will be supporting the Company's strategic efforts to obtain Health Canada approval for its LPLDL strain. Approval by Health Canada will, if received, help pave the way for entry into a number of Asian countries, the Health Canada accreditation being a well-recognised quality stamp globally.

RESEARCH & DEVELOPMENT

The Company approved the plan for initiation of a new clinical trial measuring the impact of LPLDL intake on sleep, anxiety and stress. The study will be investigated in a double-blinded, placebo-controlled, randomised study in adults suffering from mild stress. The study protocol has been approved by the UK Health Research Authority and will be conducted in the Universities of Southampton and Leeds in the UK. The study will aim to build on promising pre-clinical data and link the intake of LPLDL with sleep/stress and anxiety markers, impact on gut microbiome composition and metabolite changes.

The decision to engage in this study is part of the Company's strategic plan to further diversify into the healthy aging segment. Sleep and anxiety are two key factors playing a pivotal role in maintaining health throughout our lifespan and have shown to be core concerns among consumers as they age. The study will allow the Company to retain its pioneer position in the category and will pose a novel growth and differentiation opportunity.

RESULTS

Sales for the period showed an increase of 84% to £1.01m (2023: £0.55m) with a gross profit of £0.564m (2023: £0.264m). Gross profit percentage remains strong at 55% (2023: 48%). Net loss for the period had improved by 49% to £0.261m (2023: £0.512m), driven by the strong increase in sales and modest increase in costs associated with the new sales team put in place in the second half of last year.

The Group ended the period with cash balances totalling £0.865m. (2023 year end: £1.5m).

BOARD AND MANAGEMENT

The separation process from OptiBiotix Health continued during the first half of 2024 with termination of the final remaining shared service agreements and establishment of independent IT systems and structures. The process is anticipated to be completed at the latest by end of 2024 after which the two companies will have fully separate organisations and systems.

To further fuel the commercial activities in the European sales organisation, a local sales manager responsible for Europe, Middle-East and Africa, was recruited. In phase one, the new resource will be focussing on growing the portfolio in the United Kingdom, Benelux and Spain, which the Company believes to hold significant growth potential. Current customer platform as well as Eastern European sales activities will be maintained by the Company's existing resources. Later in 2024, sales resources in North America will be expanded further by hiring of a local Sales Manager to increase commercial reach there as well.

OUTLOOK

Management maintains the positive outlook for the full year driven by the solid commercial performance for the first six months and a cardiometabolic health supplement market continuing to track attractive growth rates of around 8%, combined with the excellent progress made to move several projects in the pipeline significantly forward. The mega consumer trend in the healthy ageing space is projected to continue for a number of years, thus creating increasing opportunities for the Company's value proposition and expanded product offering based on the core LPLDL® strain in combination with other ingredients and novel strains.

The very positive customer feedback which the Company received on its new innovative LPLDL® InstaMelt stick dosage format following the introduction at Vitafoods in Geneva in May 2024 gives high expectations that this dosage format will play a pivotal role in supporting the Company in meeting the growth ambitions for this and the following years.

The new clinical initiatives focusing on the healthy ageing category allows the Company to broaden the scope to additional attractive indication areas outside the core of cholesterol and cardiometabolic health. This is anticipated to cater for an even more rapid expansion of the product offering and thus further driving positive sales growth in the medium and long term.

Our efforts to increase liquidity in ProBiotix shares through working with AQUIS and exploring opportunities within other markets, including AIM, as well as improving investor communication, will continue.

The performance of the first six months of the year and the increasing market opportunity allows the Board to remain confident and filled with enthusiasm when it comes to the short as well as the long term potential for creating value and return for the Company and its investors.

Consolidated Statement of Comprehensive Income

For the 6 months to 30 June 2024

	Notes	6 months to 30 June 2024 Unaudited £'000	Period to 30 June 2023 Unaudited £'000	Year to 31 December 2023 Audited £'000
CONTINUING OPERATIONS				
Revenue		1,006	552	1,673
Cost of sales		(442)	(288)	(801)
Gross Profit		564	264	872
Share based payments		(10)	(80)	(31)
Depreciation and amortisation		(26)	(28)	(53)
Other administrative costs		(796)	(668)	(1,550)
Total administrative expenses		(832)	(776)	(1,634)
Operating (loss)/profit		(268)	(512)	(762)
Finance income/(costs)		–	–	–
Profit/(Loss) before Income tax		(268)	(512)	(762)
Income tax		7	–	15
Profit/(Loss) for the period		(261)	(512)	(747)
Other Comprehensive Income		–	–	–
Total comprehensive income for the period		(261)	(512)	(747)
Total comprehensive income attributable to the owners of the Group		(261)	(512)	(747)
Earnings/(loss) per share		(261)	(512)	(747)
Basic & Diluted – pence	4	(0.21)p	(0.42)p	(0.61)p

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 Unaudited £'000	As at 30 June 2023 Unaudited £'000	As at 31 December 2023 Audited £'000
ASSETS				
Non-current assets				
Intangibles		275	359	301
		275	359	301
CURRENT ASSETS				
Inventories		95	77	103
Trade and other receivables		631	101	266
Cash and cash equivalents		865	1,948	1,502
		1,591	2,126	1,871
TOTAL ASSETS		1,866	2,485	2,172
EQUITY				
Shareholders' Equity				
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		67	88	57
Retained Earnings		(1,241)	(727)	(980)
Total Equity		1,280	1,815	1,531
LIABILITIES				
Current liabilities				
Trade and other payables		520	581	566
		520	581	566
Non-current liabilities				
Deferred tax liability		66	89	75
		66	89	75
TOTAL LIABILITIES		586	670	641
TOTAL EQUITY AND LIABILITIES		1,866	2,485	2,172

Consolidated Statement of Changes in Equity

For six months to 30 June 2024

	Called up Share capital £'000	Share premium £'000	Group Reorganisation reserve £'000	Share-based Payment reserve £'000	Retained Earnings £'000	Total equity £'000
Balance at 31 December 2022	61	3,338	(945)	8	(215)	2,247
Prior Period adjustment	–	–	–	18	(18)	–
As at 21 January 2023 (restated)	61	3,338	(945)	26	(233)	2,247
Loss for the period	–	–	–	–	(432)	(432)
Share based payments	–	–	–	–	–	–
Balance at 30 June 2023	61	3,338	(945)	26	(665)	1,815
Loss for the period	–	–	–	–	(315)	(315)
Share based payments	–	–	–	31	–	31
Balance at 31 December 2023	61	3,338	(945)	57	(980)	1,531
Loss for the period	–	–	–	–	(261)	(261)
Share based payments	–	–	–	10	–	10
Balance at 30 June 2024	61	3,338	(945)	67	(1,241)	1,280

Consolidated Statement of Cash Flows

For six months to 30 June 2024

	6 months to 30 June 2024 Unaudited £'000	Period to 30 June 2023 Unaudited £'000	Year to 31 December 2023 Audited £'000
Reconciliation of loss before income tax to cash outflow from operations			
Operating (loss)/profit	(268)	(512)	(762)
Decrease/(Increase) in inventories	8	(28)	(53)
(Increase)/decrease in trade and other receivables	(366)	395	231
(Decrease)/increase in trade and other payables	(46)	275	260
Share based payments	10	80	33
Depreciation and amortisation	26	28	53
Net Fx Difference	(1)	(1)	–
Net cash outflow from operations	(637)	237	(238)
Tax received	–	–	–
Net cash (outflow)/inflow from operating activities	(637)	237	(238)
Cash flows from investing activities			
Purchase of intangible assets	–	(29)	–
Net cash (outflow)/inflow from investing activities	(637)	(29)	–
Cash flows from financing activities			
Share issues	–	–	–
Net cash inflow from financing activities	–	–	–
Increase/(decrease) in cash and equivalents	(637)	208	(238)
Cash and cash equivalents at beginning of period	1,502	1,740	1,740
Cash and cash equivalents at end of period	865	1,948	1,502

Notes to the Results

For the three months to 30 June 2024

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 2023 were prepared under UK – adopted International Financial Reporting Standards ("IFRS").

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 locations in the UK and Denmark.

Revenue analysed by geographical market

	6 months 30 June 2024 £'000	Period to 30 June 2023 £'000	Year to 31 December 2023 £'000
UK	14	28	65
US	749	350	1,008
International	243	174	600
	1,006	552	1,673

During the reporting period one customer represented £749k, 74.5% (2023: £342k, 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 2024 Unaudited £	Period to 30 June 2023 Unaudited £	Year to 31 December 2023 Audited £
Basic & Diluted			
Earnings attributable to ordinary shareholders	(261,064)	(512,452)	(747,189)
Weighted average number of shares	121,666,666	121,666,666	121,666,666
Earnings/(Loss) per-share – pence	(0.21)p	(0.42)p	(0.61)p

As at 30 June 2024 there were 5,500,000 (2023:6,500,000) 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 2024 Unaudited £	Period to 30 June 2023 Unaudited £	Year to 31 December 2023 Audited £
Ordinary shares of 0.05p each 121,666,666	60,833	60,833	60,833
	60,833	60,833	60,833

6. Post balance sheet events

No post balance sheet events.



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To find out more please contact ProBiotix on:
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