28 June 2023

ProBiotix Health plc
("ProBiotix" or the "Company" or the "Group")

Final results

ProBiotix Health plc (AQSE: PBX), a life sciences business developing probiotics to tackle cardiovascular disease and other lifestyle conditions, announces its audited results for the period ended 31 December 2022, the Company's inaugural results as a separately listed public company following its flotation on the AQSE Growth Market on 31 March 2022.

Highlights

- The Company continues to achieve rapid growth with revenue of £1.3m, a 19% increase on FY 2021 (£1.1m*)
- Cash balance of £1.74m as on 31 December 2022
- Financially robust with no debt and a strong balance sheet
- Successful flotation on the AQSE Growth Market on 31 March 2022, raising £2.5m for future development of the Group
- Third human volunteer study confirming safety and efficacy of LP_{LDL}®
- Research and clinical study agreements with two UK and one Italian university to examine the role of LP_{LDL}® to improve sleep, and reduce stress and anxiety
- The appointment of Steen Andersen as Chief Executive Officer of ProBiotix
- Appointment of Nutraconnect Pte Ltd, based in Singapore, as a new commercialisation partner to develop strategies to expand sales opportunities for both LP_{LDL}® and CholBiome®
- New customers gained in China, Israel, Hong Kong and Belgium

Post period

- Strong order pipeline in 2023 with confirmed orders to first week of June 2023 of £1.1m
- Launch of $Cholbiome_{CH}$ a dual action bilayer tablet containing phytosterols and LP_{LDL}® to increase opportunities in the US market
- An enhanced strategy focusing on turnkey solutions and new line extensions

**2021 revenues of £1.1m for ProBiotix Limited, the Company's principal operating subsidiary*

Steen Andersen, CEO of ProBiotix, commented: *"Since I became CEO in January 2023, I have developed a strategy which focuses the business on becoming a solutions provider of finished probiotic products in consumer formats, both under our own brands and partner private labels, with the objective of building ProBiotix into a £10m turnover company in the years ahead. Although the markets are challenging, we have a strong balance sheet with no debt, good sales growth and a healthy cash reserve.*

"Given the scale of the market opportunity, the proven efficacy of our existing products, the substantial scope for expansion of our product range and geography and the financial strength of the Company, we look to the future with enthusiasm and high confidence in building a valuable company for shareholders".

For further information, please contact:

ProBiotix Health plc	https://probiotixhealth-ir.com/
Steen Andersen, Chief Executive	*Contact via Walbrook below*
Peterhouse Capital Ltd (**AQSE Corporate Adviser and Broker)**	Tel: 020 7220 9797
Mark Anwyl	Tel: 020 7469 0930
Duncan Vasey	
Brefo Gyasi	
Walbrook PR Ltd	probiotix@walbrookpr.com
Anna Dunphy	Mob: 07876 741 001

Chairman and Chief Executive's Report

This annual report presents the Company's inaugural results as a separately listed public company, following its flotation on the AQSE Growth Market on 31 March 2022. The Company can demonstrate good scientific and commercial progress with strong sales growth in a difficult economic global environment. This is a testimony to the quality and uniqueness of our products as highlighted by our clinical studies, excellent customer reviews, and high customer retention rates and creates the potential for strong future growth, particularly as economic conditions improve. The Company remains financially robust with no debt with a strong balance sheet. Whilst investors may have concerns over the current market capitalisation the board are confident that this is a reflection of current public markets and comparisons with similar probiotic companies suggest the stock is undervalued with potential for a substantive uplift if stock market conditions improve.

In January 2023 Steen Andersen joined the business as CEO. He has developed a strategic plan to focus the business on becoming a solutions provider of finished probiotic products in consumer formats, both under our own brands and partner private labels, with the objective of building ProBiotix into a £10m turnover company by 2028.

Strategic overview

ProBiotix is a life sciences business developing probiotics to tackle cardiovascular disease and other lifestyle conditions.

The market opportunity
The global probiotics market is forecast to reach $94.48 billion by 2027, at a CAGR of 7.9%, of which approximately 85% is in food and beverages with a strong consumer trend towards use of dietary supplements, driven by an increasing consumer awareness towards healthy living and disease prevention e.g. within the cardiovascular, and a growing trend for using clinically proven probiotics as a natural replacement for pharmaceutical solutions (Fortune Business insights, 2022).

ProBiotix's strategy is to develop next-generation microbiome solutions for a wide range of health conditions and to deliver commercially successful products supported by a strong scientific and clinical evidence base. We aim to partner with scientifically driven dietary supplement companies, pharmaceutical consumer health companies globally who have a strong strategic focus on human microbiome and the use of probiotics in disease prevention and wellbeing.

Since its creation, ProBiotix has made considerable progress and has successfully transitioned from a research and development specialist into a commercial structure with products already commercialised around the world.

The Company has now completed three independent clinical studies with human volunteers which consistently show that ProBiotix's principal product, *Lactobacillus plantarum* ECGC13110402 (LP_{LDL}®) can 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. We now have eight conference poster presentations on LP_{LDL}®'s safety, efficacy, and mechanisms of action and three peer reviewed publications have shown LP_{LDL}® to be safe and well-tolerated, as well as showcasing statistically significant reductions in multiple cardiovascular disease risk biomarkers within six weeks. Independent peer review publications are critical to support regulatory approval for health claims in international markets and increasingly a prerequisite to attract the interest of large partners.

The fact that 50 percent of all deaths globally can be related to cardiovascular disease, and 80percent are believed to be preventable, underlines the scale of the opportunity for LP_{LDL}®.

The CholBiome® portfolio

ProBiotix commercialises LP_{LDL}® in a unique range of patented and proprietary food supplements under the CholBiome® brand and as private label. The CholBiome® portfolio in 2022 comprised four products, which can either be sold under the CholBiome® brand or customers' private labels:

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

The CholBiome® product portfolio provides a platform allowing us to create different formulations targeting individual customer needs and open the widest possible range of international markets. This is important because regulatory conditions vary widely around the world. For example, Monacolin K is used extensively across Asia but is prohibited in food supplements in North America and subject to restrictions on dosage in Europe. Our CholBiome® product range has been developed to meet existing and anticipated regulatory requirements in all key potential markets, and has been further extended in 2023 with the launch of CholBiome®$_{CH}$, a new dual-action cholesterol-reducing bi-layer tablet containing both LP_{LDL}® and Plant Sterols / Stanols (PSS), also known as phytosterols, with health claims which will support our continued growth in both Europe and the US.

Public listing and its benefits

ProBiotix floated on the AQSE Growth Market on 31 March 2022, raising £2.5m through a placing and subscription of shares to accelerate the future development of the Group. Prior to this date it was a wholly-owned subsidiary of AIM-listed OptiBiotix Health plc ("OptiBiotix"). OptiBiotix has retained a 44% shareholding in the Company following its flotation.

We believe that the separate listing of the Company will enhance recognition of the value of the probiotics opportunity by allowing investors to perceive and evaluate ProBiotix as a standalone business in way that was not previously realised within its former parent company. The listing also improves our access to funding, enabling the Company to meet its working capital needs more effectively than it could either as an unquoted company or as a division competing for resources within a broader quoted group.

The enhanced status of the Company through the public trading of its shares offers significant benefits in raising its corporate profile and improving its ability to attract and retain key staff. The appointment of an industry-leading figure such as Steen Dannemann Andersen as CEO, announced in June 2022, is unlikely to have been possible in the absence of a public listing. The ability to attract personnel through the future grant of share options will be of great value in securing, retaining and motivating high calibre personnel.

The Company believes that the scale of the opportunities available to ProBiotix are greater than those previously being exploited within OptiBiotix, where there was competition for available resource across many parts of the business. A separate listing, and the ability to fundraise independently, will enhance the Company's ability to further explore the potential of LP_{LDL}® as discussed in the outlook. These developments have the potential for substantial future value enhancement.

Commercial and scientific overview

During 2022 we announced:

- Publication of a third human volunteer study on the medical efficacy of LP_{LDL}®, demonstrating through a placebo-controlled trial that LP_{LDL}® delivered large and statistically significant reductions in total cholesterol, LDL-C (bad) cholesterol and Apolipoprotein B (widely accepted as the most important causal agent of atherosclerotic cardiovascular disease), with no compliance, tolerance or safety issues. The results of this and other studies suggest efficacy similar to many statins and other treatments more typically associated with pharmaceuticals, suggesting considerable potential in high value pharmacy and consumer health markets for the use of LP_{LDL}® in individuals who are unwilling or unable to tolerate other treatments.

- Publication of a consumer study undertaken among customers from our e-commerce website of CholBiome^{x3}, our proprietary food supplement containing LP_{LDL}®, which confirmed its effectiveness in reducing cholesterol with no reports of side-effects or any tolerance issues.

- The appointment of Steen Andersen as Chief Executive Officer of ProBiotix Health, discussed in more detail below.

- The launch by our partner Granja Pocha in Uruguay of a new probiotic functional yoghurt brand, Yo-Life®, containing ProBiotix's patented cholesterol-reducing Lactobacillus plantarum strain (LP_{LDL}®). Granja Pocha is one of Uruguay's largest and most respected dairy producers. Since the launch of Yo-Life® we have seen increased use of LP_{LDL}® in other dairy products, with the launch of a spreadable cream, a drinking yogurt and Greek yogurt starter culture in the USA, and a creamy herb cheese in Canada.

- Entry into an agreement with the University of Southampton, University of Leeds and Fondazione Edmund Mach – Centro Ricerca e Innovazione ("FEM"), based in Trento, Italy to examine the role of LP_{LDL}® to improve sleep, stress, and anxiety. Sleep aids and stress management products are the fastest growing category within healthcare (Goldstein Market Intelligence, 2020) and this is another step in extending the range of applications for our products into large growing markets where there is an unmet clinical need.

- The appointment in September of Nutraconnect Pte Ltd, based in Singapore, as a new commercialisation partner to develop strategies to expand sales opportunities for both LP_{LDL}® as an ingredient and Cholbiome® finished products across the Asia Pacific region.

The pace of our entry into new geographical areas reflects the fact that ProBiotix is dependent on its partners' thorough and successful registration in each territory of our LP_{LDL}® ingredient or CholBiome® finished products as dietary supplements. Whilst such regulatory approvals are time-consuming and costly, they represent a significant barrier to entry to many companies, reducing the competitive landscape and creating the potential for long term recurrent revenues for the Company.

Results

The subsidiary consolidated in these Group accounts was acquired via a group re-organisation and as such merger accounting principles have been applied. The subsidiaries financial figures are included for the period from the date the Company took control of it (31st March 2022).

It is not possible under accounting principles to compare with previous years as this group does not have a comparative period.

Sales for the period were £1.3m with a gross profit of £739k. After total administrative costs including listing fees are taken into account there was a loss before tax of £215K.

Following the raising of £2.5m through a placing and subscription of new shares as part of the listing, the Group ended the year in a very strong financial position with cash balances totalling £1.74m.

Board and management

The appointment of Steen Dannemann Andersen as Chief Executive Officer ("CEO") was announced in June 2022. Steen joined the Company in January 2023, after completion of his notice period with his previous employer. This appointment was part of a long-planned strategy to appoint an experienced industry business leader to the Company to drive sales and profitability, allowing Stephen O'Hara, who led ProBiotix in 2022, to focus on finding and developing new technologies that will provide the pipeline of new products and applications to ensure future growth for both ProBiotix and OptiBiotix.

Steen has brought to ProBiotix more than 30 years' experience in building businesses in the Probiotics industry, having been President of Deerland Probiotics and Enzymes, President and CEO of Bifodan, President and CEO of Fluxome, and Vice President of Human Health at Chr. Hansen. Deerland is a market leading turnkey probiotic solution provider acquired by ADM in November 2021 to help ADM meet the $775 billion global demand in health and wellness. Prior to joining Deerland, Steen was President and CEO of Bifodan, a leading provider of ready to market probiotic dietary supplements and over the counter (OTC) pharma products. Bifodan was acquired by Deerland in November 2019. Steen was integral in building these businesses, increasing global reach, revenues, and profitability. Prior to this he worked as CEO and President at Fluxome, a young biotechnology company, and Vice President of Chr. Hansen's Health and Nutrition unit where he built an organisation and position in the market allowing the company to become a leading provider of probiotic solutions within the dietary supplement space.

Steen brings experience of selling high value turnkey probiotic solutions as supplements and OTC solutions in international markets, building strategy and organisations, a wealth of industry contacts, and is well respected within the probiotic industry. He has a strong track record of rapidly growing sales and profitability and has been involved in a number of acquisitions and takeovers in support of accelerating business growth. His experience in the Probiotics industry will help build ProBiotix's business in its next phase of growth, as it moves from selling ingredients to delivering high value turnkey solutions.

The Company has also benefited from a number of board level senior appointments which bring both industry and public market expertise to the business. These include Adam Reynolds as Chairman, and Marco Caspani as Non executive Director, and Mikkel Hvid-Hansen as Commercial Director. Stephen

O'Hara will continue in the near term as a director to support the transition.

The Company anticipates further changes to the board, management, and Commercial team as ProBiotix progresses its independence from OptiBiotix and focuses more on its strategy of becoming a solutions provider of finished probiotic products to capitalise on the opportunities created by our growing pipeline of final products.

Outlook

ProBiotix has traded strongly since the beginning of the new financial year and has a strong order book from existing and new customers.

Our CEO Steen Dannemann Andersen is already leveraging his industry-leading contacts to introduce ProBiotix to new customers, some of which – including SymbioPharm one of the top three probiotic brands in Germany – have already placed a significant order. We are also enjoying continued strong growth in e-commerce sales direct to consumers albeit ongoing issues with our supply chain has impacted on the availability of our best-selling product CholBiome$_{X3}$. The Company identified a new manufacturer in 2022 and first orders were supplied in H1 2023.

We have recently made an addition to our CholBiome® product portfolio, with the launch at Vitafoods Europe in May of CholBiome®$_{CH}$, a dual-action cholesterol reducing bi-layer tablet containing both our patented and proven cholesterol-reducing ingredient LP$_{LDL}$® and Plant Sterols / Stanols (PSS). These have different mechanisms of action which combine synergistically to support the reduction of the cholesterol the body makes with LP$_{LDL}$®, and dietary cholesterol through stanols and sterols. The introduction of CholBiome®$_{CH}$ provides us with an opportunity for growth in the US market, where the use of Monacolin K found in CholBiome$_{X3}$ in food supplements has been banned by the FDA since 1998.

In the first three months after joining the Company in January 2023, our new CEO undertook a comprehensive initiation programme to develop a full understanding of our business and its people. He has now set out a strategy to focus the business on becoming a solutions provider of finished probiotic products in consumer formats, both under our own brands and partner private labels. Moving towards final product formats allows us to strengthen our value proposition by de-bottlenecking the challenges for our customers to handle sensitive probiotics in their own manufacturing thereby increasing customer loyalty which eventually will lead to higher revenue and profitability potential for ProBiotix as well as support building strong entry barriers around the business.

We will focus initially on developing turnkey consumer solutions and growing our business with existing customers by moving from sales of bulk ingredients to finished formats, and the introduction of line extensions. In the first phase of implementation of this strategy, we will concentrate on expanding our sales structure in Europe and the Middle East, and building a platform for growth in North America, before moving in the medium term to explore the potential of additional markets in the Asia Pacific region, South America and South Africa. We will also seek to prove the potential for direct-to-consumer sales, focusing initially on the UK. This is likely to be through the OptiBiotix online platform with OptiBiotix acting as an agent of ProBiotix online products.

As part of our focus on finished products, we will expand our range by developing new dosage formats such as sticks and chewable tablets, in addition to our existing capsules and tablets, and develop new and improved packaging formats to extend shelf-life. In research and development, we will develop or in-license new probiotic strains to expand our product offering and sustain the robustness of our heart health claims based on LP$_{LDL}$®, while diversifying into new indications within the area of metabolic health.

This strategy presents a clear five-year pathway for ProBiotix Health to build annual sales of £10 million while shifting the balance of the business from deriving 85% of turnover from bulk sales of LP_{LDL}® in 2022 to making 85% of sales from finished products.

To support this new strategic focus and ensure the delivery of the expected results we will need to make changes to the internal structure of the business and recruit additional personnel, including a sales director for Europe and the Middle East and new sales manager for North America, together with an operations manager and a development scientist to add impetus to our product development. Recruitment and additional staffing costs mean that whilst we expect sales to grow in 2023 the additional investment will impact on profitability in 2023, but will form a much stronger platform to deliver growth and shareholder value in the medium and longer term.

We will continue to work with AQUIS and explore opportunities on other markets, including AIM, to increase liquidity in ProBiotix shares.

The Company sees 2023 as a year of opportunity and continued growth with a focus on commercialising final products and building the Company sales team and supporting structure to drive future growth. This will be supported by a developing product pipeline with new probiotic strains extending the applications and use of LP_{LDL}® into new areas, all supported by strong science and human studies.

The scale of the market opportunity in probiotics, the proven efficacy of our existing products, the substantial scope for expansion of our range and geography, the significant benefits of public listing, the quality of our leadership, the clarity and distinctiveness of our future strategy and the financial strength of the Company, all allow us to look to the future with confidence and enthusiasm.

A Reynolds
Chairman

23 June 2023

S Andersen
Director

23 June 2023

Consolidated statement of comprehensive income

	Notes	Period from 4 November 2021 to 31 December 2022 £'000
Revenue from contracts with customers	**3**	1,309
Cost of sales		(570)
Gross Profit		**739**
Depreciation and amortisation		(37)
Listing costs		(166)
Other administrative costs		(798)
Total administrative expenses	**6**	(1,001)
Operating loss		**(262)**
Finance cost	**5**	-
Finance income	**5**	59
		59
Loss before tax		(203)
Taxation	**7**	(12)
Loss for the period		(215)
Other comprehensive income		-
Total comprehensive loss for the period		(215)
Total comprehensive loss attributable to:		
Owners of the company		(215)
Earnings per share from continued operations		
Basic profit/(loss) per share - pence	**8**	0.0024
Diluted profit/(loss) per share - pence		0.0024

All activities relate to continuing operations

Consolidated Statement of Financial Position

	Notes	As at 31 December 2022 £'000
ASSETS		
Non-current assets		
Intangibles	**9**	358
		358
CURRENT ASSETS		
Inventories	**11**	49
Trade and other receivables	**12**	496
Cash and cash equivalents	**13**	1,740
		2,285
TOTAL ASSETS		**2,643**
EQUITY		
Shareholders' Equity		
Called up share capital	**14**	61
Share premium	**15**	3,338
Share based payment reserve	**15**	8
Group reorganisation reserve	**15**	(945)
Retained earnings	**15**	(215)
Total Equity		**2,247**
LIABILITIES		
Current liabilities		
Trade and other payables	**16**	307
		307
Non - current liabilities		
Deferred tax liability	**17**	89
		89
TOTAL LIABILITIES		**396**
TOTAL EQUITY AND LIABILITIES		**2,643**

These financial statements were approved and authorised for issue by the Board of Directors on 23 June 2023 and were signed on its behalf by: S Andersen, Director

Consolidated Statement of Changes in Equity

	Called up Share capital	Share Premium	Share-based Payment Reserve	Group Reorganisation Reserve	Retained Earnings	Total equity
	£'000	£'000	£,000	£'000	£'000	£'000
At 4 November 2021	-	-	-	-	-	-
Group reorganisation	-	-	-	(945)	-	(945)
Loss for the period	-	-	-	-	(215)	(215)
Share issue	61	3,514	-	-	-	3,575
Share issue costs	-	(176)	-	-	-	(176)
Share based payments	-	-	8	-	-	8
Balance at 31 December 2022	61	3,338	8	(945)	(215)	2,247

Consolidated Statement of Cash Flows

	Notes	Period ended 31 December 2022 £
Cash flows from operating activities		
Cash utilised by operations	**1**	(720)
Net cash outflow from operating activities		(720)
Cash flows from investing activities		
Purchase of intangible assets		(52)
Cash acquired on acquisition of subsidiary		188
Net cash outflow from investing activities		136
Cash flows from financing activities		
Share issues net of issue costs		2,324
Net cash inflow from financing activities		2,324
Increase/(decrease) in cash and equivalents		1,740
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	**2**	1,740

Notes to the Consolidated Statement of Cash Flows

1. Reconciliation of loss before income tax to cash outflow from operations

	Period ended 31 December 2022 £'000
Operating loss	(262)
Decrease/(Increase) in inventories	(49)
(Increase) in trade and other receivables	(497)
Increase/ (Decrease) in trade and other payables	307
Amortisation of patents and development costs	37
Adjustment for net working capital required on common control transaction	(256)
Net cash outflow from operations	(720)

2. Cash and Cash Equivalents

	Period ended 31 December 2022 £
Cash and cash equivalents	1,740

Company Statement of Financial Position

	Notes	As at 31 December 2022 £'000
ASSETS		
Non-current assets		
Investments	**10**	50
Other receivables	**12**	-
		50
CURRENT ASSETS		
Trade and other receivables	**12**	79
Cash and cash equivalents	**13**	1,449
		1,528
TOTAL ASSETS		**1,578**
EQUITY		
Shareholders' Equity		
Called up share capital	**14**	61
Share premium	**15**	3,338
Share based payment reserve	**15**	8
Retained earnings	**15**	(1,871)
Total Equity		**1,536**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	**16**	42
TOTAL LIABILITIES		**42**
TOTAL EQUITY AND LIABILITIES		**1,578**

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

The loss for the parent Company for the period was £1.87m.

These financial statements were approved and authorised for issue by the Board of Directors on 23 June 2023 and were signed on its behalf by:

S Andersen, Director

Company Statement of Changes in Equity

	Called up Share capital £'000	Retained Earnings £'000	Share Premium £'000	Share-based Payment reserve £'000	Total equity £'000
As at incorporation 4 November 2021	-	-	-	-	-
Loss for the year	-	(1,871)	-	-	(1,871)
Issues of shares during the year	61	-	3,514	-	3,575
Share issue costs	-	-	(176)	-	(176)
Share based payments	-	-	-	8	8
Balance at 31 December 2022	61	(1,871)	3,338	8	1,536

Company Statement of Cash Flows

	Notes	Period ended 31 December 2022 £'000
Cash flows from operating activities		
Cash utilised by operations	**1**	(492)
Net cash outflow from operating activities		(492)
Cash flows from financing activities		
Share issues net of issue costs		2,324
Net cash inflow from financing activities		2,324
Cash flows from investing activities		
Net amounts advanced to subsidiary		(383)
Net cash inflow from investing activities		(383)
Increase/(decrease) in cash and equivalents		1,449
Cash and cash equivalents at beginning of period		-
Cash and cash equivalents at end of period	**2**	1,449

Notes to the Company Statement of Cash Flows

1. Reconciliation of loss before income tax to cash generated from operations

	Period ended 31 December 2022 £'000
Operating (loss)/Profit	(1,871)
(Decrease) in trade and other receivables	(79)
Loan to subsidiary written off	1,416
(Decrease)/Increase in trade and other payables	42
Net cash outflow from operations	(492)

2. Cash and Cash Equivalents

	As at 31 December 2022 £'000
Cash and cash equivalents	1,449

Notes to the Financial Statements

1. General Information

ProBiotix 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 First Floor Zucchi Suite, Nostell Business Estate, Wakefield, England, WF4 1AB. The Company is listed on the AQSE Growth Market .

The principal activity is that of developing probiotics to tackle cardiovascular disease and other lifestyle conditions which are affecting growing numbers of people across the world.

The Company was incorporated on 4 November 2021 and these financial statements cover the period from 4 November 2021 to 31 December 2022. Being the first period since incorporation, no comparatives are presented.

2. Accounting Policies

Statement of compliance

The consolidated financial statements of Probiotix Health Plc have been prepared in accordance with UK adopted international accounting standards (IFRSs), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. These are the first financial statements prepared 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.

On 7 February 2022 the Company acquired 100% of the share capital of Probiotix Limited. At that time, the Company was a subsidiary of Optibiotix Health plc and so the acquisition represented a common control transaction outside the scope of IFRS 3.

Therefore the Board have determined 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 AQSE Growth. 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.

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 looked at the budget for the next 12 months from the date of this report, the cash at bank available as at the date of approval of these financial statements and are satisfied that the group should be able to cover its forecast maintenance costs, other administrative expenses and its ongoing research and development expenditure.

Management have considered its forecast of the group's cash requirements reflecting contracted and anticipated future revenue and the resulting net cash outflows. Management have not seen a material disruption to the business as a result of the current political crises in Europe. Management will keep events under constant review, and remedial action will be taken if the situation demands it.

After making enquiries, the Directors have a reasonable expectation that the Group has 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

Standards, amendments and interpretations effective and adopted in 2022

These are the group's first financial statements since incorporation and therefore the first set of accounts prepared in compliance with UK-adopted IFRS. The group therefore adopted all existing IFRS standards as of 4 November 2021.

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.

2.1 Business combinations

Subsidiaries are all entities which the Group has control. The subsidiary consolidated in these Group accounts was acquired via group re-organisation and as such merger accounting principles have been applied. The subsidiary’s results are consoidated for the period from the date the company took control of it.

This is a business combination involving entities under common control Therefore, the assets and liabilities of Probiotix Limited have been recognised and measured in these consolidated financial statements at their pre combination carrying values.

The retained earnings and other equity balances recognised in these consolidated financial statements are the retained earnings and other equity balances of the Company and subsidiary. The equity structure appearing in these consolidated financial statements (the number and the type of equity instruments issued) reflect the equity structure of the Company including equity instruments issued by the Company to affect the consolidation.

The difference between consideration given and net assets of PL at the date of acquisition is included in a Group reorganisation reserve. Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated during the consolidation process.

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.

2.3 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.

2.4 Financial instruments

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

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

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost less appropriate provisions for estimated irrecoverable amounts. Such provisions are recognised in the statement of income.

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.

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

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

2.6 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.

2.7 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.

2.8 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.

2.9 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 issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the period ended 31 December 2022.

2.10 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.

2.11 Intangibles – Patents

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

2.12 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.

2.13 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 period.

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.

- **Amortisation**
  Management have estimated that the useful life of the fair value of the patents acquired on the acquisition to be 20 years. Research and developments that have been capitalised 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.

- **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.

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.

Revenue analysed by geographical market

	Period ended 31 December 2022 £'000
UK	43
US	934
Rest of world	332
	1,309

During the reporting period one customer represented £0.921m (70%) of Group revenues.

4. Employees and Directors

	Period ended 31 December 2022 £'000
Wages and salaries	106
Directors' remuneration	125
Directors' fees	187
Social security costs	25
Pension costs	14
	457

Wages and salaries represent a recharge of salaries from Optibiotix Health for employees who are under employment contracts with Optibiotix and recharged under a share services agreement.

	Period ended 31 December 2022 No.
The average monthly number of employees during the period was as follows:	
Group	
Directors	3
Research and development	2

	5

Company	
Directors	3
	3

	Period ended 31 December 2022 £
Directors' remuneration	233
Directors' share based payments	-
Bonus	70
Pension	9
Total emoluments	312
Emoluments paid to the highest paid director	132

There are no key management personnel other than the directors of the company.

The number of directors to whom defined contribution pension benefits accrue is 2. No directors exercised share options in the period. Of the £70k bonus £60k bonus relates to shares issues in respect of the IPO with further details given in Note 18.

Directors' remuneration

Details of emoluments received by Directors of the Group for the period ended 31 December 2022 are as follows:

	Remuneration and fees	**Bonuses**	**Share based payments**	**Pension Costs**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
A Reynolds*	22	30	-	-	52
S P O'Hara*	90	30	-	3	123
M Caspani*	15	-	-	-	15
M Hvid-Hansen*	106	10	-	6	122
Total	233	70	-	9	312

*For disclosure in relation to directors' fees please refer to Note 18.

5. Net Finance Income / (Costs)

	Period ended 31 December 2022 £'000
Finance Income:	

Interest on convertible loan notes waived on conversion	59
Finance Cost:	-
Net Finance Income / (Costs)	59

6. Expenses – analysis by nature

	Period ended 31 December 2022 £'000
Research and development	4
Directors' fees & remuneration (Note 4)*	312
Salaries	106
Auditor remuneration - audit fees (Group and Company accounts	7
Auditor remuneration - audit fees (Subsidiary accounts)	14
Auditor remuneration – non audit fees (reporting accountant on AQSE listing)	12
Auditor remuneration – non audit fees (tax compliance)	2
Brokers & Advisors	106
Listing costs	166
Advertising & marketing	68
Share based payments charge	8
Amortisation	37
Legal and professional fees	32
Travel costs	6
Other expenses	96
Total administrative expenses	976

7. Corporation Tax

	Period ended 31 December 2022 £'000
Deferred tax movement	(12)
Total taxation	(12)

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the period ended 31 December 2022.

	Period ended 31 December 2022 £'000
Profit (Loss) on ordinary activities before income tax	(203)
Loss on ordinary activities multiplied by the standard rate of corporation tax in UK of 19%	(39)
Effects of:	
Disallowables	303
Income not taxable	(265)
Amortisation	9
Losses utilised	(66)
Unused tax losses carried forward	58
Tax credit	-

The Group has estimated losses of £0.28m which can be carried forward to be utilised against future profits.

The tax losses have resulted in a deferred tax asset at 25% of approximately £0.07m which has not been recognized as it is uncertain whether future taxable profits will be sufficient to utilise the losses.

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**	**2022 Weighted average Number of shares No.**	**Profit per-share Pence**
Basic EPS	(215)	90,398,559	(0.0024)
Diluted EPS	(215)	90,398,559	(0.0024)

As at 31 December 2022 there were 6,500,000 outstanding share options. These are non-dilutive due to the losses incurred in the year.

9. Intangible assets

Group	Development Costs and Patents £'000
Cost	
At 4 November 2021	
Acquired in Probiotix Ltd acquisition	475
Additions	53
Disposals	-
At 31 December 2022	528
Amortisation	
At 4 November 2021	-
Acquired in Probiotix Ltd acquisition	133
Amortisation charge for the year	37
At 31 December 2022	170
Carrying amount	
At 31 December 2022	358

All intangible assets relate to the group's principal activities.

The company had no intangible assets

10. Investments

	2022 £'000
Investments	
At the beginning of the period	-
Additions	50
At 31 December	50

As at 31 December 2022 the Company directly held the following subsidiaries:

Name of company	Principal activities	Country of incorporation and place of business	Proportion of equity interest
Probiotix Limited	Health Foods	United Kingdom	100% of ordinary shares

The registered office of Probiotix Limited is the same as the company.

The Company acquired its 100% interest in Probiotix Limited in the period by way of a share for share exchange

11. Inventories

	Group	Company
	2022	2022
	£'000	£
Finished goods	11	
Work in progress	38	
Finished goods	49	-

During the period £0.570m has been expensed to the income statement.

12. Trade and other Receivables

	Group	Company
	2022	2022
	£'000	£'000
Accounts receivable	397	-
Other receivables	90	70
Prepayments	9	9
	496	79

See note 21 in respect of the group's credit risk assessment.

13. Cash and Cash Equivalents

	Group	Company
	2022	2022
	£'000	£'000
Cash and bank balances	1,740	1,449

14. Called Up Share Capital

Issued share capital comprises:	2022 £
Ordinary shares of 0.0005p each – 121,666,666	60,833
	60,833

On 4 November 2021 the Company was incorporated with 1 share of £1

On 7 February 2022 the £1 share capital was converted into 2,000 Ordinary shares of £0.0005 each.

On 4 March 2022 99,998,000 Ordinary shares of £0.0005 were issued to acquire the whole share capital of Probiotix Limited.

On 31 March 2022 9,761,904 Ordinary shares of £0.0005 were issued in settlement of convertible loan notes which automatically converted to shares on IPO at a conversion rate based on 50% of the IPO price.

On 31 March 2022 11,904,762 Ordinary shares of £0.0005 were used at 21p a share in respect of a placing and subscription.

15. 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.

Group reorganisation reserve arises from the 100% acquisition of ProBiotix Limited on 31 March 2022 whereby the excess of the nominal value of the issued ordinary share capital issued over the net liabilities acquired is transferred to this reserve.

At 31 March 2022 Probiotix Health Plc investment in Probiotix Limited was £50k and the net liabilities acquired were £995K, resulting in the recognition of a group reorganisation reserve of £945k.

Retained earnings represents the cumulative profits and losses of the group attributable to the owners of the company.

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

No dividends are proposed in respect of the period

16. Trade and other payables

Current:

	Group	Company
	2022	**2022**
	£'000	**£'000**
Accounts Payable	179	4
Accrued expenses	75	15
Other payables	53	23
Total trade and other payables	307	42

All payables are due within 12 months

17. 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%.

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

	2022
	£'000
At 4 November 2021	-
Acquired in common control transaction	78
Movement in the period	11
At 31 December 2022	89

The deferred tax liability relates to timing differences in respect of tax treatment of intangible assets.

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

18. Related Party Disclosures

Group

On 31 March 2022, Stephen O Hara and Adam Reynolds each received 142,857 shares in settlement of a bonus of £30,000 each relating to the group's IPO.

During the period to 31 December 2022 £52,500 was paid to Reyco Limited for the services of Adam Reynolds as Director of ProBiotix Health Plc. The year end balance was NIL

During the period to 31 December 2022 £15,000 was paid to Marco Caspani for his the services of Marco Caspani as Director of ProBiotix Health plc. The year end balance was NIL

During the period to 31 December 2022 £90,000 was paid to Optibiotix Health Plc for the services of Stephen O'Hara as Director of ProBiotix Health Plc. The year end balance was NIL

During the period 1 January 2022 to 31 March 2022 Optibiotix Health Plc loaned Probiotix Limited £150,000 to finance working capital costs in the period up to the listing of Probiotix Health Group Plc. During the year £203,835 was repaid. The balance due to Probiotix Limited at 31 December 2022 of £10,137 (2021 owing: £53,835) was repaid post year end. There was no interest charged during the year.

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

- £440,663 for salaries and administration costs;
- £60,676 income received on behalf of Probiotix limited; and
- £544,177 repayments received.

There was no interest charged during the year. The remaining balance of £30,146 was received after the year end.

During the period 31 March to 31 December 2022 the Group purchased LPLDL stock to the value of £490,001 from Centro Sperimentale del Latte srl, a company in which Marco Capsani is a director. At 31 December 2022 there was balance owing to Centro Sperimentale del Latte srl of £146,135.12, which was paid after the year end.

During the year Optibiotix Limited recharged Probiotix Health Plc £23,139 for directors' fees. Optibiotix Limited received a recharge from Probiotix Health Plc for admin costs of £148. The balance at the year end of £22,991 owing to Optibiotix Limited was paid after the year end. There was no interest charged during the year.

Company

During the year to 31 December 2022 £126,065 was paid to Balin S.a.g.l for the services of Mikkel Hvid-Hansen as Director of ProBiotix Health Plc.

During the year Probiotix Health PLC loaned Probiotix limited £1,543,948 of which £147,837 was repaid. The balance at the 31 December 2022 of £1,396,111 was cancelled. This does not impact on the consolidated Group accounts.

19. Ultimate Controlling Party

The Board consider that there is no overall controlling party.

20. Share Based payment Transactions

(i) Share options

The Company had introduced a share option programme to grant share options as an incentive for employees.

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.

The remaining life of all options is 9.25 years.

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

	Number of options 2022	**Average exercise price**
	No.	**£**
Outstanding at the beginning of the period	-	-
Granted during the period	6,500,000	0.21
Forfeited/cancelled during the year	-	-
Exercised during the period	-	-
Outstanding at the end of the period	6,500,000	0.21

In respect of options which include market based vesting conditions in respect of revenue and share price 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 2022 accounting period in which they were granted.

No share options were exercisable at 31 December 2022.

(i) Warrants

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

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

	Number of warrants	Average exercise price
	2022	2022
	No.	£
Outstanding at the beginning of the period	-	
Granted during the period	112,857	0.21
Outstanding at the end of the period	112,857	0.21

A charge of £7,900 has been recognised during the year for the share based payments over the vesting period.

The warrants were issued to the company's broker in respect of shares issues on IPO and so the fair value has been deducted from share premium.

21. 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 are liquidity risk and capital 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. The numerical disclosures exclude short-term debtors and their carrying amount is considered to be a reasonable approximation of their fair value.

Interest risk

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

Credit risk

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.

On 31 March 2022 as part of the common control transaction the group acquired £345k of credit-impaired receivables against which full provision had been made prior to that date.

Whilst the group has continued efforts to collect these receivables, none of these amounts were collected at 31 December 2022. No additional credit loss provision has raised after having regard to cash collections on other receivables.

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 and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Capital risk

The 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.

22. Post Balance Sheet Events

Steen Andersen joined the Group as CEO on 1 January 2023.