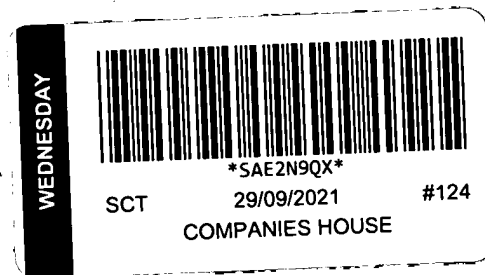


Company number: 07992608

**OPTIBIOTIX LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



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**29 SEP 2021**

EDINBURGH MAILBOX

# OPTIBIOTIX LIMITED

## COMPANY INFORMATION

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**Directors** S P O'Hara  
R Kamminga (Appointed 23 March 2021)  
J Wennstrom (Resigned 1 January 2021)  
F Narbel

**Company Number** 07992608 (England and Wales)

**Registered Office** Innovation Centre  
Innovation Way  
Heslington  
York  
Yorkshire  
YO10 5DG

**Auditors** Jeffreys Henry LLP  
Finsgate  
5-7 Cranwood Street  
London EC1V 9EE

# **OPTIBIOTIX LIMITED**

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# **OPTIBIOTIX LIMITED**

## **DIRECTORS' REPORT**

For the year ended 31 December 2020

The directors present their annual report and the audited financial statements for the year ended 31 December 2020. The Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006 in the preparation of the Directors' Report and from the requirement to prepare a strategic report.

### **Directors**

The following directors have held office since 1 January 2020

S P O'Hara

J Wennstrom (resigned 1 January 2021)

F Narbel

R Kamminga (appointed 23 March 2021)

### **Principal activity**

The principal activity of the company is that of research and development into pre, pro and symbiotics.

The company was incorporated on 15 March 2012.

### **Dividend**

No dividend is proposed.

### **Going concern**

The directors have considered the applicability of the going concern basis in the preparation of these financial statements. This included the review of internal budgets and financial results.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis of preparation for its financial statements. Refer to section 2.3 of the accounting policies for more detail on the use of the going concern basis.

### **Research and development**

During the period under review it incurred £81,021 (31 December 2019: £158,409) of expenditure on research and development of pre, pro and symbiotics.

### **Events after the reporting period**

There were no subsequent events.

# **OPTIBIOTIX LIMITED**

## **DIRECTORS' REPORT (continued...)**

**For the year ended 31 December 2020**

### **Auditors**

The auditors, Jeffreys Henry LLP, have indicated their willingness to continue in office in accordance with the provisions of Section 485 of the Companies Act 2006.

### **Statement of directors' responsibilities**

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

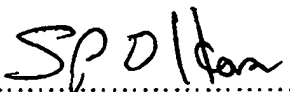
- select suitable accounting policies and then apply them consistently;
- state whether the company financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice subject to any material departures disclosed and explained in the financial statements;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors' report which complies with the Companies Act 2006.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



**S P O'Hara**  
**Director**

29 September 2021

# **OPTIBIOTIX LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

**For the year ended 31 December 2020**

**Otibiotix Limited**

## **INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF OPTIOBIOTIX LIMITED**

We have audited the financial statements of Optibiotix Limited for the year ended 31 December 2020 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

#### **Other information**

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

## **OPTIBIOTIX LIMITED**

### **INDEPENDENT AUDITORS' REPORT**

**For the year ended 31 December 2020**

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

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

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

#### **Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Director's Report and take advantage of the small companies exemption from the requirement to prepare a Strategic Report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## OPTIBIOTIX LIMITED

### INDEPENDENT AUDITORS' REPORT

**For the year ended 31 December 2020**

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including Companies Act 2006, taxation legislation, data protection, employment, health and safety legislation and anti-money laundering regulations.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries with specific attributes to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2.11 of the financial statements were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- review of legal expenditure incurred during the year;
- reviewing correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

[www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



# **OPTIBIOTIX LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

**For the year ended 31 December 2020**

### **Use of this report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Sachin Ramaiya**  
Senior Statutory Auditor



For and on behalf of  
**Jeffreys Henry LLP (Statutory Auditors)**  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

29 September 2021

**OPTIBIOTIX LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

**For the year ended 31 December 2020**

	Notes	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Revenue from contracts with customers	3	702,122	348,327
Cost of sales		(336,244)	(243,606)
Gross profit		365,878	104,721
Loan from Parent waived	15	6,301,667	-
Administrative expenses		(949,015)	(1,219,035)
		5,718,530	(1,114,314)
Finance income	5	52	62
Finance costs	5	-	(291,750)
		52	(291,688)
<b>Profit/(Loss) from operations and before tax</b>		5,718,582	(1,406,002)
Taxation	7	69,041	151,280
<b>Profit/(Loss) for the period</b>		5,787,623	(1,254,722)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised profits and losses other than those passing through the profit and loss account and the profit stated above is also the comprehensive profit.

The notes on pages 10 to 21 are an integral part of these financial statements.

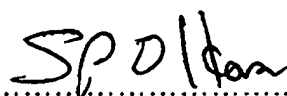
**OPTIBIOTIX LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2020**

	Note	As at 31 December 2020	As at 31 December 2019 £
<b>Assets</b>			
<b>Non-Current Assets</b>			
Intangible assets	8	791,491	585,905
Property, plant and equipment	9	-	393
		<u>791,491</u>	<u>586,298</u>
<b>Current Assets</b>			
Inventories	10	184,236	62,761
Trade and other receivables	11	186,643	514,509
Current tax asset		277,000	157,000
Cash and cash equivalents	12	190,621	133,314
		<u>838,500</u>	<u>867,584</u>
<b>Total Assets</b>		<u>1,629,991</u>	<u>1,453,882</u>
<b>Equity</b>			
Issued capital	13	29	29
Share premium		539,983	539,983
Accumulated surplus/(deficit)		673,407	(5,114,216)
<b>Total Equity</b>		<u>1,213,419</u>	<u>(4,574,204)</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	14	266,189	221,560
<b>Non - current liabilities</b>			
Borrowings	15	-	5,706,922
Deferred tax liability	16	150,383	99,604
		<u>150,383</u>	<u>5,806,526</u>
<b>Total Liabilities</b>		<u>416,572</u>	<u>6,028,086</u>
<b>Total Equity and Liabilities</b>		<u>1,629,991</u>	<u>1,453,882</u>

These financial statements were approved and authorised for issue by the Board of Directors on 29 September 2021 and were signed on its behalf by:

  
 .....  
**S P O'Hara**  
 Director

**Company Registration No. 07992608**

The notes on pages 10 to 21 are an integral part of these financial statements.

**OPTIBIOTIX LIMITED****STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2020**

	<b>Share Capital £</b>	<b>Share premium £</b>	<b>Accumulated deficit £</b>	<b>Total £</b>
As at 30 November 2018	29	539,983	(3,859,494)	(3,319,482)
Loss for the year	-	-	(1,254,722)	(1,254,722)
As at 31 December 2019	29	539,983	(5,114,216)	(4,574,204)
Profit for the year	-	-	5,787,623	5,787,623
As at 31 December 2020	29	539,983	673,407	1,213,419

Share capital	Amount subscribed for shares at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Accumulated deficit	Cumulative surplus of the company attributable to equity shareholders.

The notes on pages 10 to 21 are an integral part of these financial statements.

# **OPTIBIOTIX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended 31 December 2020**

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

Optibiotix Limited is a private limited company limited by shares. The company incorporated in England and Wales on 15 March 2012 under the Companies Act 2006. 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 principal activity is that of identifying and developing microbial strains, compounds, and formulations for use in food ingredients, supplements and active compounds that can impact on human physiology, deriving potential health benefits. On 5 August 2014 the company was acquired by Optibiotix Health Plc.

### **2. Accounting policies**

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

#### **2.1 Basis of preparation**

The Company financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework. There were no material amendments for all periods presented on the adoption of FRS 101, following the transition from IFRS to FRS 101.

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

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

#### **2.2 Disclosure exemptions adopted**

In preparing these financial statements the Company has taken advantage of all disclosure exemptions available under FRS 101. Therefore, these financial statements do not include:

- The requirements of IFRS 7 Financial Instruments: Disclosures, as equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
  - paragraph 73 of IAS 16 Property, Plant and Equipment; and
  - paragraph 118 of IAS 38 Intangible Assets.
- The requirements of paragraphs 10(d) and 111 (statement of cash flows), 134 to 136 (managing capital), and 16 (statement of compliance with IFRS) of IAS 1 Presentation of Financial Statements.
- The requirements of IAS 7 Statement of Cash Flows and related notes.
- The requirements of paragraph 17 of IAS 24 Related Party Disclosures.
- The requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- The requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated.
- The effects of future accounting standards not adopted.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers

# **OPTIBIOTIX LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**For the year ended 31 December 2020**

### **New and amended standards adopted by the company**

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the company

### **2.3 Going Concern**

These financial statements have been prepared on the assumption that the company is a going concern.

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 COVID-19 outbreak, however events are being kept under constant review, and remedial action will be taken if the situation demands it.

The parent company, Optibiotix Health Plc, have confirmed that they will continue to support the Company whilst in its development stage. This will enable the Company to trade in the foreseeable future.

The financial statements do not include any adjustments that would result if the above support was withdrawn.

### **2.4 Revenue recognition**

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

#### **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.

#### **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.

#### **Milestone payments**

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

## **OPTIBIOTIX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**For the year ended 31 December 2020**

#### **2.5 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 amortized over the period during which the company is expected to benefit.

#### **2.6 Taxes**

Current tax assets and liabilities are measured at the amount expected to be recovered or paid based on UK taxes rates and UK laws enacted at the year end.

Deferred tax is provided, using the liability method, on material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

#### **2.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

#### **2.8 Financial Instruments**

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

##### **Trade and other receivables**

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

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

##### **Cash and cash equivalents**

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

##### **Fair values**

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

## **OPTIBIOTIX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**For the year ended 31 December 2020**

#### **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.

#### **Trade and other payables**

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

#### **Capital management**

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

The company manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the year ended 31 December 2020.

### **2.9 Equity instruments**

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

### **2.10 Property, plant and equipment**

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

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

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

Computer equipment	30%
--------------------	-----

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

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



# OPTIBIOTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued...)

For the year ended 31 December 2020

### 2.11 Accounting estimates and judgments

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

#### Deferred tax assets

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

#### Intangibles – Patents

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

#### Research and development

Management judgement is required to determine whether any of the company's individual research and development projects reached the development stage during the year in accordance with IAS 38 and whether any amounts should be capitalized as intangible assets based on management's assessment of the technical, commercial and financial viability of the individual projects.

### 3. Segmental Reporting

In the opinion of the directors, the company 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 company sells into three highly interconnected markets, all costs assets and liabilities are derived from the UK location.

Revenue analysed by geographical

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
UK	369,892	197,969
US	154,464	-
International	177,766	149,083
	<hr/> 702,122 <hr/>	<hr/> 347,052 <hr/>

During the reporting period one customer represented £246,750 (35.1%) of company revenues. (2019: one customer generated £114,832 representing 33.1% of Group revenues)

**OPTIBIOTIX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**For the year ended 31 December 2020**

<b>4. Operating profit/(loss)</b>	<b>Year ended 31 December 2020 £</b>	<b>Period ended 31 December 2019 £</b>
Operating loss is stated after charging / (crediting):		
Research and development	81,021	158,409
Lease rentals	1,122	3,046
Auditors' remuneration – audit fees	15,881	13,660
Loan waived	(6,301,666)	-
Finance income: Bank interest	(52)	(62)
	<u>                    </u>	<u>                    </u>

**5. Net Finance Income / (Costs)**

	<b>Year ended 31 December 2020 £</b>	<b>Period ended 31 December 2019 £</b>
Finance Income:		
Bank Interest	52	62
Finance Costs	-	(291,750)
	<u>                    </u>	<u>                    </u>
Net Finance Income / (Costs)	<u>                    </u> 52	<u>                    </u> (291,688)

**6. Employees (including directors)**

	<b>Year ended 31 December 2020 £</b>	<b>Period ended 31 December 2019 £</b>
Salaries	52,260	37,628
Directors remuneration	573,944	572,565
Social security costs	49,759	67,134
Pension costs	24,669	24,106
	<u>                    </u>	<u>                    </u>
	700,632	701,433
	<u>                    </u>	<u>                    </u>
The average number of employees during the year was as follows:	<b>Number</b>	<b>Number</b>
Directors	5	5
Administrative and management	2	1
	<u>                    </u>	<u>                    </u>
	7	6

Key management personnel received £573,944 (2019: £572,565) in short term employee benefits in the year.

Included in directors' wages is £573,944 (2019: £248,000) paid to employees who are directors of the parent company Optibiotix Health Plc.

The highest paid director during the year was £218,000 (2019: £248,707)

**OPTIBIOTIX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**For the year ended 31 December 2020**

<b>7. Taxation</b>	<b>Year ended 31 December 2020 £</b>	<b>Period ended 31 December 2019 £</b>
Domestic current year tax		
U.K. corporation tax credit	120,000	157,000
Adjustment to prior year tax credit	-	9,221
Deferred tax movement	(50,779)	(14,941)
Overseas tax suffered	(180)	-
Total current tax credit for the year	<u>69,041</u>	<u>151,280</u>
Factors affecting the tax charge for the year		
Profit/(Loss) on ordinary activities before taxation	5,718,582	(1,406,002)
Loss on ordinary activities before taxation multiplied by standard UK corporation of tax of 19% (2019:19%)	<u>1,086,531</u>	<u>(267,140)</u>
Effects of:		
Non-deductible expenses for tax purposes	19,576	12,291
Income not taxable	(1,197,327)	-
Effect of research & development tax credit	(120,000)	(166,221)
Tax losses created	403,743	452,919
Tax losses surrendered	(162,256)	(43,757)
Revenue items capitalised	(58,563)	(35,511)
R&D enhanced deductions	(91,704)	(118,802)
Overseas tax suffered	180	-
Timing differences: Intangible assets	50,779	14,941
Current tax charge for the year	<u>(69,041)</u>	<u>(151,280)</u>

The company has estimated losses of £3,747,000 (2019: £3,483,578) available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset at future tax rate of 19% (2019 – 17%) of approximately £711,930 (2019: £592,210) which has not been recognised as it is uncertain whether future taxable profits will be sufficient to utilise the losses.

	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
<b>Current tax asset</b>		
Research & development tax credit claimed	<u>277,000</u>	<u>166,221</u>

**OPTIBIOTIX LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued...)****For the year ended 31 December 2020****8. Intangible Assets**

	<b>£</b>
<b>Cost</b>	
As at 31 December 2019	638,844
Additions	308,228
	<hr/>
As at 31 December 2020	947,072
	<hr/> <hr/>
<b>Accumulated Depreciation</b>	
As at 31 December 2019	52,939
Charge for the period	102,642
	<hr/>
As at 31 December 2020	155,581
	<hr/> <hr/>
<b>Carrying amount</b>	
As at 31 December 2020	741,491
As at 31 December 2019	585,905
	<hr/> <hr/>

**OPTIBIOTIX LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**For the year ended 31 December 2020**

**9. Property, plant and equipment**

	<b>Computer Equipment £</b>
<b>Cost</b>	
As at 31 December 2019	8,461
Additions	-
	<hr/>
As at 31 December 2020	8,461
<b>Accumulated Depreciation</b>	
As at 31 December 2019	8,068
Charge for the period	393
	<hr/>
As at 31 December 2020	8,461
<b>Carrying amount</b>	
As at 31 December 2020	-
As at 31 December 2019	393
	<hr/> <hr/>

<b>10. Inventories</b>	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
Finished goods	184,236	62,761
	<hr/>	<hr/>
	184,236	62,761
	<hr/> <hr/>	<hr/> <hr/>

<b>11. Trade and other receivables</b>	<b>31 December 2020 £</b>	<b>31 December 2019 £</b>
Trade receivables	100,683	206,262
Other receivables	83,992	29,051
Prepayments	1,968	29,196
Amounts receivable from parent undertaking	-	250,000
	<hr/>	<hr/>
	186,643	514,509
	<hr/> <hr/>	<hr/> <hr/>

# OPTIBIOTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued...)

For the year ended 31 December 2020

12. Cash and cash equivalents	31 December 2020 £	31 December 2019 £
Cash and cash equivalents	190,621	133,314
	<u>190,621</u>	<u>133,314</u>

13. Called up share capital	31 December 2020 £	31 December 2019 £
<b>Issued share capital fully paid</b>		
2,918 ordinary shares of £0.01 each	29	29
	<u>29</u>	<u>29</u>

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

14. Trade and other payables	31 December 2020 £	31 December 2019 £
Trade payables	168,466	101,840
Accruals	97,723	95,856
Social security and other taxes	-	23,675
Amount due to Director	-	189
	<u>266,189</u>	<u>221,560</u>

15. Borrowings	31 December 2020 £	31 December 2019 £
Loan from parent company	-	5,706,922
	<u>-</u>	<u>5,706,922</u>

The balance of the loan from the parent company at 31 December 2020 was £6,301,667, which was subsequently waived by the parent company.

## 16. Deferred Tax

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

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

# OPTIBIOTIX LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued...)

### For the year ended 31 December 2020

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

	31 December 2020 £	31 December 2019 £
At 31 December 2019	99,604	84,663
Movement in the year	50,779	14,941
At 31 December 2020	<u>150,383</u>	<u>99,604</u>

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.

#### 17. Financial commitments

The company had no unrecognised financial commitments as at the year end.

#### 18. Financial Risk Management Objectives and Policies

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

The main risks the Company faces are liquidity risk and capital risk.

The Board regularly reviews and agrees policies for managing each of these risks. The Company'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 Company is not exposed to significant interest rate risk as it has limited interest bearing liabilities at the year end.

##### Credit risk

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

##### Liquidity risk

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

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

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

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

## **OPTIBIOTIX LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (continued...)**

**For the year ended 31 December 2020**

#### **18 Financial Risk Management Objectives and Policies (continued...)**

##### **Capital risk**

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

#### **19. Ultimate parent company and controlling party**

The company is a wholly owned subsidiary of OptiBiotix Health plc, which is the ultimate parent company and prepares consolidated accounts. Copies of the group financial statements may be obtained from the company's registered office as detailed on the company information page.

There is no one ultimate controlling party.

#### **20. Subsequent events**

There were no subsequent events.