

Global Manufacturing And Supply Agreement With Sacco S.R.L.

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OptiBiotix Health plc (AIM: OPTI), a life sciences business developing compounds to tackle obesity, high cholesterol, diabetes and skin care announces that, further to the European manufacturing and supply agreement with Sacco S.r.l., ('Sacco') announced on 8 March 2017, the Company has entered into a new agreement to cover the USA and the Rest Of the World ('ROW').

The agreement grants Sacco an exclusive licence to manufacture and supply OptiBiotix's cholesterol and blood pressure reducing LP® strain in the US and ROW, in return for 50% of the profit, with a guaranteed cost of manufacture and minimum sales price per kilogramme to secure against discounting. The agreement brings the following benefits:-

1. Access to the US, the worlds largest probiotic market, with an estimated retail value of \$7.1 billion per annum
2. Extension of LP® into dairy applications utilising Sacco's network in the dairy industry to develop commercial opportunities identified by them in the global \$35.5 billion probiotic dairy market
3. Economies of scale, significantly reducing the manufacturing cost of LP®, increasing OptiBiotix's profitability, and opening up new application opportunities
4. Long-term security of supply with Sacco's ability to produce at different locations from multiple facilities
5. A commitment from Sacco to support the funding of further developments of LP®, including marketing and human studies, to expand the commercialisation of LP® into new markets

This agreement is a strategic step to access the US probiotic supplement market, and to extend the opportunities offered by LP® into dairy applications, with one of the largest and internationally respected supplier of probiotic ingredients. The US is one of the largest and fastest growing probiotic markets in the world, with supplements alone accounting for \$2.06 billion sales, with a projected 55% growth to \$3.3 billion by 2021. Extension of LP® into dairy applications widens the commercial opportunity by accessing the \$35.5 billion probiotic dairy market.

Market data from 'TRENDS, INNOVATIONS AND OPPORTUNITIES DRIVING THE GLOBAL PROBIOTICS MARKET' (Euromonitor International June 2017).

Stephen O'Hara, CEO of OptiBiotix, commented: **'This new agreement with Sacco significantly extends the scale of the commercial opportunity open to LP® to new application areas and territories, and reflects growing confidence from both companies in LP®'s market potential. We chose Sacco as we have been impressed by their ability to introduce LP® to a global network of distributors and believe extending our partnership with them provides the best opportunity of quickly building revenues and developing LP® into a global brand. In addition, the ability to supply competitively priced ingredients from a single manufacturer across world markets simplifies the supply chain and contract negotiations with corporate partners.'**

About OptiBiotix - www.optibiotix.com

OptiBiotix was formed in March 2012 to develop compounds which modify the human microbiome - the collective genome of the microbes in the body - to prevent and manage human disease.

The aim of OptiBiotix is to discover and develop microbial strains, compounds and formulations, which modulate the human microbiome and can be used as food ingredients and supplements or active compounds for the prevention and management of human metabolic diseases, examples of which include obesity, cholesterol and lipid distribution and diabetes.

OptiBiotix has established a pipeline of microbiome modulators that can impact on lipid and cholesterol management, energy harvest and appetite suppression. The development pipeline is fuelled by its proprietary OptiScreen® and OptiBiotic® platform technologies designed to identify metabolic pathways and compounds that impact on human physiology and bring potential health benefits. These platforms are applicable across a wider range of other human diseases.

About Sacco

Sacco, founded in 1934, is one of Europe's leading probiotic manufacturers and supplies raw ingredients, including some of the world's bestselling probiotic strains, to over 2,500 businesses across Europe. Sacco will promote and expand the supply of LP® throughout US and Rest Of the World maximising returns for both companies.

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