

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000 if you are in the UK or, if not, another appropriately authorised and independent financial adviser.**

If you have recently sold or transferred all of your shares in OptiBiotix Health plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the stockbroker, bank or other agent who arranged the sale or transfer so they can pass these documents to the person who now holds the shares. If you have sold or transferred only part of your holding of shares in OptiBiotix Health plc, please contact the stockbroker, bank or other agent who arranged the sale or transfer as soon as possible.

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# OPTIBIOTIX HEALTH PLC

*Incorporated in England and Wales under the Companies Act 1985 with registered number 05880755*

## **Proposed Capital Reduction and Notice of General Meeting**

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The Directors (whose names appear on page 5 of this document) and the Company (whose registered office appears on page 5 of this document) accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

**This document should be read in its entirety. Your attention is drawn to the letter from the Chairman of OptiBiotix Health plc set out on pages 5 to 7 of this document, which confirms that the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting referred to below.**

**Notice convening a General Meeting of the Company to be held at 11.00 a.m. on 25 January 2018 at the offices of Jeffreys Henry LLP, Finsgate, 5-7 Cranwood Street, London EC1V 9EE is set out at the end of this document. All Shareholders are urged to complete, sign and return the enclosed Form of Proxy, whether or not they intend to be present at the General Meeting, in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event, in order to be valid, so as to be received by no later than 11.00 a.m. on 23 January 2018, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting (excluding non-working days). The completion and return of a Form of Proxy will not preclude a Shareholder from attending and voting in person at the General Meeting should they wish to do so.**

**Shareholders who hold their shares in uncertificated form in CREST may appoint a proxy or proxies by utilising the CREST electronic proxy appointment service in accordance with the procedures described in the CREST Manual as set out in the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Share Registrars Limited (ID 7RA36) no later than 11.00 a.m. on 23 January 2018, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting (excluding non-working days). The appointment of a proxy using the CREST electronic proxy appointment service will not preclude a Shareholder from attending and voting in person at the General Meeting should they wish to do so.**

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### EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2018</i>
Publication of this document	8 January
Latest time and date for receipt of Forms of Proxy for the General Meeting	11.00 a.m. on 23 January
Time and date of General Meeting	11.00 a.m. on 25 January
Expected date for the Court Hearing to confirm the Capital Reduction	27 February
Expected Effective Date of the Capital Reduction	5 March

Notes:

- (1) All references in this document to time are to London time.
- (2) If any of the above times or dates should change, the revised times and/or dates will be notified to Shareholders by announcement through a regulatory information service.
- (3) All events in the above timetable following the holding of the General Meeting are conditional upon: (i) the passing of the Resolution; (ii) confirmation of the Capital Reduction by the High Court; and (iii) registration of the Court Order by the Registrar of Companies.
- (4) The date of the Court Hearing is subject to change by the High Court and, in certain circumstances, the Company.
- (5) The Effective Date is subject to change. Any change will be notified to Shareholders by announcement through a regulatory information service.

## DEFINITIONS

The following definitions apply throughout this document (including the Notice of General Meeting) and in the accompanying Form of Proxy, unless the context requires otherwise:

<b>“Articles”</b>	the articles of association of the Company;
<b>“Board” or “Directors”</b>	the directors of the Company, as at the date of this document, whose names are set out on page 5 of this document;
<b>“Capital Reduction”</b>	the proposed reduction of the share capital of the Company under section 641 of the Act, involving the cancellation of the Share Premium Account;
<b>“Company” or “OptiBiotix”</b>	OptiBiotix Health plc, a company incorporated in England and Wales with registered number 05880755 whose registered office is at Innovation Centre, Innovation Way, Heslington, York YO10 5DG;
<b>“Companies Act” or “Act”</b>	the Companies Act 2006;
<b>“Court Hearing”</b>	the hearing by the High Court of the claim form to confirm the Capital Reduction under section 648 of the Act;
<b>“Court Order”</b>	the order of the High Court confirming the Capital Reduction;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in those regulations);
<b>“CREST Manual”</b>	the CREST Manual referred to in agreements entered into by Euroclear and available at <a href="http://www.euroclear.com/CREST">www.euroclear.com/CREST</a> ;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (S.I. 2001 No. 3755);
<b>“Effective Date”</b>	expected to be 5 March 2018;
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited;
<b>“Form of Proxy”</b>	the form of proxy which accompanies this document for use by Shareholders in connection with the General Meeting;
<b>“General Meeting”</b>	the general meeting of the Company convened to be held at 11.00 a.m. on 25 January 2018 and any adjournment thereof, to consider and, if thought fit, pass the Resolution, notice of which is set out at the end of this document;
<b>“High Court”</b>	the High Court of Justice in England and Wales;
<b>“Notice of General Meeting” or “Notice”</b>	the notice of the General Meeting set out at the end of this document;
<b>“Ordinary Shares”</b>	ordinary shares of 2 pence each in the capital of the Company;
<b>“Registrar of Companies”</b>	the Registrar of Companies in England and Wales, within the meaning of the Act;
<b>“Resolution”</b>	the special resolution set out in the Notice of General Meeting;

<b>“Shareholders”</b>	holders of Ordinary Shares in the Company from time to time;
<b>“Share Premium Account”</b>	the share premium account of the Company;
<b>“uncertificated form” or “in uncertificated form”</b>	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; and
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland.

## LETTER FROM THE CHAIRMAN OF OPTIBIOTIX HEALTH PLC



BETTER SCIENCE, BETTER HEALTH

# OPTIBIOTIX HEALTH PLC

*Incorporated in England and Wales under the Companies Act 1985 with registered number 05880755*

*Directors:*

Neil Davidson CBE (*Chairman*)  
Stephen O'Hara (*CEO*)  
Per Rehne (*Commercial Director*)  
Christina Wood (*Sales and Marketing Director*)  
Dr Gareth Barker (*Non-executive Director*)  
Jan (Peter) Wennstrom (*Non-executive Director*)

*Registered office:*

Innovation Centre  
Innovation Way  
Heslington  
York YO10 5DG

8 January 2018

Dear Shareholder

### **Proposed Capital Reduction and Notice of General Meeting**

#### **1. Introduction**

On 28 November 2017, OptiBiotix announced that it intended to convene a general meeting to seek approval from Shareholders to undertake a share capital re-organisation to allow the Company to make future dividend payments. I am writing to you now to set out details of your Board's proposal to effect the Capital Reduction which will involve the cancellation of the Share Premium Account.

The purpose of this document is to provide you with details of the Capital Reduction and the Resolution to be proposed to Shareholders at the forthcoming General Meeting. The formal Notice of General Meeting is set out at the end of this document and a Form of Proxy is also enclosed for you to complete, sign and return.

#### **2. Background to, and reasons for, the Capital Reduction**

As at 31 May 2017, the Company had retained losses of £4,911,617.54 which included an unrealised gain on valuations of investments of £3,823,200. On 23 October 2017, the High Court sanctioned a capital reduction pursuant to which all of the issued A deferred shares of 19 pence each, all of the issued B deferred shares of 0.9 pence each and all of the issued C deferred shares of 0.09 pence each in the capital of the Company were cancelled and extinguished. This capital reduction resulted in the capital of the Company being reduced by £5,632,724.62 from £7,203,590.98 to £1,570,866.36 and this amount was written off against retained losses. The unrealised gain on valuation of investments of £3,823,200 is not deemed to be distributable, hence the Company continues to have a negative distributable reserves position meaning that it is unable to declare dividends or make distributions to Shareholders.

The Company has, however, built up a substantial Share Premium Account through the issue of shares for cash at values in excess of the nominal value of those shares. As at the date of this document, the balance standing to the credit of the Share Premium Account is £6,279,722.06. This share premium account constitutes a non-distributable reserve for the purposes of the Act. The Company is therefore seeking the approval of Shareholders to cancel the Share Premium Account in its entirety which, subject to the confirmation of the High Court, will enable the Company to eliminate the retained losses and create distributable reserves.

The distributable reserves will be available for the Directors to use for the purposes of paying dividends, either in cash or 'in specie', should circumstances in the future make it desirable to do so. The ability to make dividend payments provides the flexibility to consider paying a "dividend in specie" to Shareholders of shares the Company holds in SkinBioTherapeutics plc, should it be appropriate to do so. This is part of the Company's strategy of building value across OptiBiotix divisions and where possible releasing value back to Shareholders.

Further details of the Capital Reduction are set out in paragraphs 3, 4 and 5 below.

### **3. Capital Reduction – Share Premium Account**

Share premium is treated as part of the capital of a company and arises on the issue by a company of shares at a premium to their nominal value. The premium element is credited to the share premium account.

The share premium account is a non-distributable capital reserve and a company's ability to use any amount credited to that reserve is limited by the Companies Act. However, with the approval of its shareholders by way of a special resolution and subsequent confirmation by the High Court, a company may reduce or cancel its share premium account and in certain circumstances either return all or part of the sum arising to shareholders as a return of capital, or credit some or all of such sum arising to its profit and loss account.

To the extent that the release of such a sum from the share premium account creates or increases a credit on the profit and loss account, that sum represents a company's distributable reserves.

As mentioned above, the cancellation of the Share Premium Account will eliminate the Company's retained losses and create distributable reserves equal to the balance.

### **4. Capital Reduction – Procedure**

In order to effect the Capital Reduction, the Company firstly requires the authority of its Shareholders by the passing of the Resolution at the General Meeting to approve the cancellation of the Share Premium Account.

Secondly, the Capital Reduction must be confirmed by the High Court, to which the Company will make an application if the Resolution is passed. The Court Hearing to confirm the Capital Reduction is expected to be held on 27 February 2018. Shareholders will have the right to attend the Court Hearing in person or through counsel or other suitably qualified persons to support or oppose the sanction of the Capital Reduction.

The Capital Reduction will then take effect when the Court Order confirming it, and a statement of capital approved by the High Court, have been delivered to and registered by the Registrar of Companies. The Effective Date of the Capital Reduction is currently expected to be 5 March 2018. That date is likely to be within a few working days after the Court Hearing, which is currently expected to be on or around 27 February 2018.

In order to approve the Capital Reduction, the High Court will need to be satisfied that the interests of the Company's creditors will not be prejudiced by the Capital Reduction. The Company will have to give such undertakings or other forms of creditor protection as the High Court may require (if any) for the benefit of the Company's creditors at the date on which the Capital Reduction becomes effective. These may include seeking the consent of the creditors to the cancellation of the Share Premium Account or the provision by the Company to the High Court of an undertaking to deposit a sum of money into a blocked account created for the purposes of discharging creditors of the Company.

The Board reserves the right (where necessary by application to the High Court) to abandon, discontinue or adjourn any application to the High Court for confirmation of the Capital Reduction, and hence the Capital Reduction itself, if the Board believes that the terms required to obtain confirmation are unsatisfactory to the Company or if as the result of any material unforeseen event the Board considers that to continue with the Capital Reduction is inappropriate or inadvisable.

## **5. Effect of the Capital Reduction**

If approved by Shareholders and confirmed by the High Court, the Capital Reduction will result in the creation of distributable reserves which will allow the Company to pay dividends in due course, should it be appropriate or desirable to do so. The Capital Reduction will not affect the number of Ordinary Shares in issue, the nominal value per Ordinary Share or the voting or dividend rights of any Shareholder.

## **6. The General Meeting**

Set out at the end of this document is a notice convening the General Meeting to be held on 25 January 2018 at the offices of Jeffrey Henry LLP, Finsgate, 5-7 Cranwood Street, London EC1V 9EE at 11.00 a.m., at which the Resolution will be proposed for the purposes of approving the Capital Reduction.

The Resolution, which will be proposed as a special resolution, is to cancel the total amount standing to the credit of the Share Premium Account of the Company, being £6,279,722.06 as at the date of this document. As a special resolution, the Resolution requires votes in favour representing 75 per cent. or more of the votes cast (in person or by proxy) at the General Meeting in order to be passed.

## **7. Action to be taken**

**A Form of Proxy for use in connection with the General Meeting accompanies this document. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions thereon to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, as soon as possible, but in any event so as to be received by no later than 11.00 a.m. on 23 January 2018, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting (excluding non-working days).**

**If you hold your shares in uncertificated form in CREST, you may appoint a proxy or proxies by utilising the CREST electronic proxy appointment service in accordance with the procedures described in the CREST Manual as set out in the Notice of General Meeting at the end of this document. Proxies submitted via CREST must be received by Share Registrars Limited (ID 7RA36) no later than 11.00 a.m. on 23 January 2018, or, in the event of an adjournment of the meeting, 48 hours before the adjourned meeting (excluding non-working days). The appointment of a proxy using the CREST electronic proxy appointment service will not preclude a Shareholder from attending and voting in person at the General Meeting should they wish to do so.**

## **8. Recommendation**

The Directors consider that all the proposals to be considered at the General Meeting are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting as they intend to do in respect of their own beneficial holdings currently amounting to 12.7 per cent. of the issued share capital of the Company.

Yours faithfully

**Neil Davidson CBE**  
*Chairman*

## NOTICE OF GENERAL MEETING

# OPTIBIOTIX HEALTH PLC

*Incorporated in England and Wales under the Companies Act 1985 with registered number 05880755*

Notice is hereby given that a general meeting ("**General Meeting**") of OptiBiotix Health plc ("**Company**") will be held at the offices of Jeffrey's Henry LLP, Finsgate, 5-7 Cranwood Street, London EC1V 9EE on 25 January 2018 at 11.00 a.m.

You will be asked to consider and vote on the resolution below which will be proposed as a special resolution.

### **SPECIAL RESOLUTION**

**THAT**, subject to the confirmation of the Court, the share premium account of the Company be and is cancelled.

Dated: 8 January 2018

*Registered office:*

Innovation Centre  
Innovation Way  
Heslington  
York YO10 5DG

*By order of the Board:*

**International Registrars Limited**  
Company secretary

*Registered number: 05880755*

## Notes to the Notice of General Meeting

1. Only those shareholders registered in the Company's register of members at:
  - 11.00 a.m. on 23 January 2018; or,
  - if the General Meeting is adjourned, at 11.00 a.m. on the day two days prior to the adjourned meeting (excluding non-working days),

shall be entitled to attend, speak and vote at the General Meeting. Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.

2. If you are a shareholder who is entitled to attend and vote at the General Meeting, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a Form of Proxy with this Notice of General Meeting. A proxy does not need to be a shareholder of the Company but must attend the General Meeting to represent you. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.
3. You may appoint more than one proxy provided each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. To appoint more than one proxy, you can obtain additional Forms of Proxy from the Company's registrars, Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, tel: +44 (0) 1252 821390. Alternatively, the Form of Proxy may be photocopied prior to completion. You will need to state clearly on each Form of Proxy the number of shares in relation to which the proxy is appointed. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the chairman) and give your instructions directly to them.

4. Shareholders can:
  - Appoint a proxy or proxies and give proxy instructions by returning the enclosed Form of Proxy by post (see note 6).
  - If a CREST member, register their proxy appointment by utilising the CREST electronic proxy appointment service (see note 7).

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

6. The notes to the Form of Proxy explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the Form of Proxy, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR; and
- received by Share Registrars Limited no later than 11.00 a.m. on **23 January 2018**.

In the case of a shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

If you have not received a Form of Proxy and believe that you should have one, or if you require additional Forms of Proxy, please contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, tel: +44 (0) 1252 821390.

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) of it by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

For a proxy appointment or instructions made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Share Registrars Limited (ID 7RA36) no later than 11.00 a.m. on 23 January 2018, or, in the event of an adjournment of the General Meeting, 48 hours before the adjourned meeting (excluding non-working days). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
9. Shareholders may change proxy instructions by submitting a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy Form of Proxy and would like to change the instructions using another hard-copy Form of Proxy, please contact Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, tel: +44 (0) 1252 821390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

10. A shareholder may change a proxy instruction but to do so you will need to inform the Company in writing by sending a signed hard-copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR. In the case of a shareholder which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Share Registrars Limited no later than 11.00 a.m. on 23 January 2018.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, your original proxy appointment will remain valid unless you attend the General Meeting and vote in person.

Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.

11. A corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a shareholder provided that no more than one corporate representative exercises powers over the same share.
12. As at 6.00 p.m. on 7 January 2018, which is the latest practicable date before publication of this notice, the Company's issued share capital comprised 79,331,550 ordinary shares of 2 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 7 January 2018 is 79,331,550.
13. Except as provided above, shareholders who wish to communicate with the Company in relation to the General Meeting should do so by writing to the Company's registrars, Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR.

No other methods of communication will be accepted.

