

08/01/2026

Dear Shareholders,

The Board of Directors would like to provide an update following a recent strategic review and to outline how the Company continues to position itself for long-term value creation.

As referenced in our update to shareholders late last year, the Company has been operating in a particularly challenging funding environment for unlisted biotechnology companies, especially those developing early-stage assets and emerging modalities. In that communication, we outlined the outcome of our engagement with institutional investors, the steps taken to preserve capital, and our intention to prioritise activities that offered the clearest near-term pathway to value while maintaining longer-term optionality across the portfolio.

Against this backdrop, the Board and executive team held a strategy discussion to assess the Company's priorities under a range of funding scenarios. The discussion included a review of the live biotherapeutic rheumatoid arthritis (LBP RA) clinical program. The Board and management remain confident in the scientific rationale, the quality of the data generated to date, and the robustness of the clinical strategy. This confidence is supported by the significant body of work completed across pharmacodynamics, formulation development and clinical trial design.

The Board also considered broader market conditions affecting the live biotherapeutic products (LBP) sector. While the scientific promise of the microbiome remains, investor appetite has softened materially in recent years due to sector-wide capital constraints and disappointing outcomes from third-party clinical trials. The Board views these conditions as cyclical and reflective of the current funding environment rather than a fundamental reassessment of the science itself.

Given these realities, the Board carefully evaluated the capital intensity, timelines and funding risk associated with progressing late-stage clinical trials required to support future partnering discussions.

In parallel, the Board reviewed the progress and outlook of the Biomiq business. As previously communicated to shareholders, Biomiq continues to demonstrate strong commercial momentum and represents a differentiated opportunity with a faster pathway to value creation, lower capital requirements and a more attractive near-term risk profile. Based on direct investor feedback and market engagement, the Board believes Biomiq is well aligned with current investment sentiment.



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In the event that capital availability requires prioritisation, the Board unanimously agreed that maintaining momentum in the Biomiq business would best support shareholder value in the near to medium term. This approach is consistent with the Company's stated strategy of managing a portfolio of assets with differing timelines and risk profiles, allowing flexibility as market conditions evolve.

The executive team also presented a streamlined operating model aligned with this focus, designed to preserve core capabilities in manufacturing, product release, sales and marketing, and essential corporate functions while responsibly managing cash resources. The Board reviewed updated cash-flow projections, including one-off restructuring costs, to ensure the Company remains as best positioned as possible operationally and financially.

Importantly, the Board wishes to reiterate that prioritising Biomiq does not mean the Company's LBP or engineered protein assets are being abandoned. Significant value has already been created through completed pharmacodynamic studies, formulation work and clinical trial planning. Subject to future funding availability and improved market conditions, the Board believes these programs can be reactivated, potentially through separately funded structures. The potential to leverage existing research into over-the-counter product opportunities is also being actively considered.

The Board remains confident in the quality of the Company's assets, the progress of the Biomiq business, and the strategic flexibility created by recent decisions. Our actions are focused on preserving value today while ensuring the Company is well placed to participate in future upside as market conditions improve.

We thank shareholders for their continued support and will continue to communicate openly as plans are finalised.

Yours sincerely,

Mr Hugh Alsop  
on behalf of the Servatus Board of Directors