RNS Number : 4299G
OptiBiotix Health PLC
19 July 2023

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

SweetBiotix® overview

OptiBiotix Health plc (AIM: OPTI), a life sciences business developing compounds to tackle obesity, high cholesterol, diabetes and skincare, provides an overview of its SweetBiotix® product range in the light of recent news interest in sweeteners.

Market need

The sugar substitutes market is projected to grow from USD 18.8 billion in 2023 to USD 24.3 billion by 2028, growing at a compound annual growth rate of 5.2% (Research and Markets, April 2023). Sugar substitutes taste sweet but do not contain sugar. They have fewer calories than sugar or no calories at all and fall into three categories: artificial sweeteners (e.g aspartame, sucralose, saccharin), sugar alcohols (e.g. erythritol, xylitol, sorbitol) and novel or natural sweeteners (e.g stevia, monk fruit). Key factors driving the industry growth are the changing consumer preference for healthier and low-calorie foods which do not increase blood sugar and contain low or no calories reducing the risk of obesity related lifestyle disorders such as diabetes and cardiovascular diseases. There is also a market for direct sugar replacement with high fructose corn syrup due to its lower costs, better stability, and its availability in liquid form which makes it a preferred choice in processed foods (https://www.fortunebusinessinsights.com/high-fructose-corn-syrup-market-103273).

There is no ideal sweetener for all applications and use varies widely by geography and application type. A number of widely used sugar substitutes have been linked to health concerns including increased blood sugar levels and the risk of diabetes (sucralose and saccharin https://www.diabetes.co.uk/news/2022/aug/popular-artificial-sweeteners-found-to-raise-blood-sugar.html), cellular DNA damage (sucralose: see Common artificial sweetener may cause DNA damage, cancer (medicalnewstoday.com), and as possible carcinogens (aspartame: https://www.bbc.co.uk/news/health-66057216).

This suggests there is an unmet market need for a safe, low calorie, healthy alternative to sugar and sugar substitutes. The SweetBiotix® product portfolio has been developed to meet that need.

Meeting the market need

OptiBiotix has developed a portfolio of novel, patented, zero or low calorie sweet dietary fibres, called SweetBiotix®. They are unique in that they do not have the health concerns associated with sugar, corn syrup, or sweeteners and importantly, from a health and nutritional labelling perspective, are classified as dietary fibres. In addition to the benefits of increasing fibre intake, SweetBiotix® fibres have been shown to have a prebiotic effect (RNS: 20.02.19) by increasing the production of short chain fatty acids ("SCFA"). SCFAs are widely known for their importance in gut health, immunity and how energy is metabolised in the body and are one of the main ways in which the gut microbiome contributes to better health. This creates a clear differentiator to other products on the market and an opportunity to replace unhealthy sugars with healthy fibres in a range of food and beverage products and as an ingredient in its own right.

The SweetBiotix® portfolio contains a range of products which human studies have shown have high (240X the sweetness of sugar) to moderate levels of sweetness (3X) to meet the needs of a wide range of application including fizzy drinks, snacks, bakery products, dairy products and cereals. As a general guide, the high-level sweet products could be considered a replacement for existing sweeteners whilst the moderate level sweetness products as bulk sugar replacement products. The strategy is designed to create multiple opportunities which offer added value and

use for a wide range of product applications. Whist taking longer, this reduces the commercial risk which would exist with a single product approach whilst increasing the scale of the opportunity.

Product developments

OptiBiotix's products are differentiated from other natural sweeteners and sugar substitutes on the market in that they have been developed: -

i. To be classified on packaging as dietary fibres providing no contribution to sugar intake and enhancing product nutritional labels.
ii. Have a low glycemic index (reducing the risk of developing diabetes).
iii. Enhance the gut microbiome providing additional potential health benefits.
iv. Have intense sweetness (High Intensity Sweeteners) or sweetness similar to sugar (depending on product).

The Company is not aware from patent searches and partner meetings of any other products currently available which have these characteristics.

Partner agreements

The Company has been working with a wide range of industry partners since 2020 and has Material Transfer Agreements ("MTA"), and/or Non-Disclosure Agreements ("NDA"), and/or Open innovation arrangements with well-known consumer brands like Kellogg's, Nestle, Coca Cola, Cargill and more specialised sweetener and fibre groups like Tereos, Givaudan, Sudzucker, Puratos and Firmench. These agreements allow us to share information and products whilst protecting our intellectual property and partners to receive information and different SweetBiotix® products to test within their product ranges. This allows them to assess texture, taste, stability, and how they would incorporate Sweetbiotix® into their product manufacturing processes.

We developed SweetBiotix® in the laboratory and have been working on novel methods to scale up the manufacturing process to produce at industrial scale to supply large partners whilst having the same structural, prebiotic function, and taste and texture. We have been doing this through two different agreements for two different types of SweetBiotix®. These are:-

1. A manufacturing agreement signed with a US partner in September 2020. They are paying OptiBiotix a six figure annual milestone in H2 every year during scale up plus a six figure launch milestone payment with royalties of 5% on all sales and a further 5% on sales to 11 named companies (Kelloggs, Nestle, Coca Cola , Firmenich, Tereos, Cargill, Arla ,Tate and Lyle, Agropur, Givaudan, Tata) reflecting the development work ongoing with these partners before we signed the agreement.

2. An agreement was signed with Firmenich in July 2022 to optimise scale up and development of another type of SweetBiotix®. They will pay OptiBiotix a six figure payment per market approval (USA/Europe/Asia) plus royalties and additional milestones on sales. As previously disclosed, Firmenich are one of the world leaders in taste and the world's largest stevia supplier. Their turnover is around £3.6bn per year which has risen to US $11.4bn annual turnover following their merger with DSM, and are now known as DSM Firmenich. They are experts in their field and chose SweetBiotix® after an 18 month due diligence process. This agreement with one of the leaders in the field after extensive due diligence of the science, taste, and intellectual property, is a substantial validation of the SweetBiotix® science and commercial potential.

Our products are also tested by different academic groups providing an independent assessment of their taste and prebiotic functionality. The most recent peer reviewed publication (see Prebiotic Potential of a New Sweetener Based on Galactooligosaccharides and Modified Mogrosides - PubMed (nih.gov)) in a respected industry journal concluded '*These substrates could be considered as novel candidate prebiotic sweeteners, foreseeing a feasible and innovative approach targeting the sucrose content reduction in food. This new ingredient could provide health benefits when evaluated in human studies by combining sweetness and prebiotic fibre functionality*'.

The combination of a major industry partner with specialist expertise investing in manufacturing scale up and verification of novelty and health potential in a number of academic publications should give investors confidence in the science and potential of the SweetBiotix® product range.

Current position

Both product types are at the end stage of manufacturing scale up with ongoing testing of samples with both partners. This is a complex and rigorous process. Typically, global partners with established brands require

confirmation of a robust supply chain for all ingredients (ethically and responsibly sourced) from two different suppliers, low waste streams, humans studies/taste tests and structural and functional analysis on liquid and freeze-dried products from three different production runs to show there is no batch to batch variability. In addition, most require two year shelf life of SweetBiotix® as an ingredient and in their final products with no observable effect on appearance, taste, or texture or functionality.

We are pleased to report significant progress by both partners in the commercial scale production of SweetBiotix®, with final product taste tested and accepted by our US partner. Liquid and freeze-dried products are undergoing independent structural analysis and expert panel taste testing to determine sweetness, off tastes, aftertastes etc when compared to sucrose and other products. This will determine the type of product suitable for each type of SweetBiotix® product and the regulatory pathway before progressing to a launch. We anticipate most results should be returned over the summer when we can start partner application development and launch plans.

Stephen O'Hara, CEO of OptiBiotix, commented: *"The development of a unique product concept within an industry is high risk, particularly in the food industry where you are competing in an industry dominated by a small number of large global players with demanding requirements. OptiBiotix has looked to overcome these challenges by working closely with partners during the product development process and believes it has created a product portfolio of sweet prebiotic fibres, called SweetBiotix®, which meet a large and growing unmet industry and consumer need. SweetBiotix® are unique in being classified as dietary fibres creating the opportunity to replace unhealthy calorific and cariogenic sugars with healthy fibres in a wide range of food and beverage products or as an ingredient in its own right.*

"With growing industry and consumer health concerns over traditional sugars and sweeteners, the approaching commercialisation of the SweetBiotix® family of products offers shareholders the potential for a significant enhancement in the value of the Company."

For further information, please contact:

OptiBiotix Health plc www.optibiotix.com
Neil Davidson, Chairman Contact via Walbrook below
Stephen O'Hara, Chief Executive

Peterhouse Capital Limited (Broker) Tel: 020 7220 9797
Duncan Vasey / Lucy Williams

Walbrook PR Ltd Mob: 07876 741 001
Anna Dunphy

About OptiBiotix - www.optibiotix.com

OptiBiotix Health plc (AIM: OPTI), which was formed in March 2012, brings science to the development of compounds which modify the human microbiome - the collective genome of the microbes in the body - in order to prevent and manage human disease and promote wellness.

OptiBiotix has an extensive R&D programme working with leading academics in the development of microbial strains, compounds, and formulations which are used as active ingredients and supplements. More than twenty international food and healthcare supplement companies have signed agreements with OptiBiotix to incorporate their human microbiome modulators into a wide range of food products and drinks.

OptiBiotix is also developing its own range of consumer supplements and health products. The Company's current areas of focus include obesity, cardiovascular health, and diabetes.

Forward-Looking Statements

Certain statements made in this announcement are forward-looking statements. These forward-looking statements are not historical facts but rather are based on the Company's current expectations, estimates, and projections about its industry; its beliefs; and assumptions. Words such as 'anticipates,' 'expects,' 'intends,' 'plans,' 'believes,' 'seeks,' 'estimates,' and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the Company's control, are difficult to predict, and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. The Company cautions security holders and prospective security holders not

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