

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

SweetBiotix® Update

OptiBiotix Health plc (AIM: OPTI), a life sciences business developing compounds to tackle obesity, high cholesterol, diabetes and skincare, provides an update to its SweetBiotix® product range following its overview in 2023 (RNS Reach: 19 July 2023).

Market update

The Company reported in 2023 that the sugar substitutes market is projected to grow from USD18.8 billion in 2023 to USD24.3 billion by 2028 and of the health concerns associated with a number of sugar substitutes. These health concerns included increased blood sugar levels and the risk of diabetes with sucralose and saccharin (<https://www.diabetes.co.uk/news/2022/aug/popular-artificial-sweeteners-found-to-raise-blood-sugar.html>), cellular DNA damage with sucralose ([Common artificial sweetener may cause DNA damage, cancer \(medicalnewstoday.com\)](https://www.medicalnewstoday.com/articles/366057)), and aspartame as a possible carcinogen (<https://www.bbc.co.uk/news/health-66057216>). More recent studies have shown a link between artificial sweeteners and a 9% increased risk of cardiovascular disease (including heart attacks) and 18% greater risk of stroke ([Sugar substitutes: New cardiovascular concerns? - Harvard Health](https://www.harvardhealth.org/blog/2023/07/18/sugar-substitutes-new-cardiovascular-concerns-39888)).

Health concerns over sugar substitutes have been known to the scientific community for a number of years (see 2011 report [Sugar substitutes: Health controversy over perceived benefits - PMC \(nih.gov\)](https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3111111/)) and the lack of safe alternatives were the motivation behind the development of the SweetBiotix® portfolio. However, these concerns did not impact materially on consumer choice until the publication of reports by the World Health Organisation (WHO) and others in 2023. This created widespread media interest and brought the health issues associated with sugar substitutes to the attention of mass consumers around the world. This has led many companies to start to implement new approaches to their products ([PepsiCo Nutrition Philosophy | PepsiCo Health and Nutrition \(pepsicohealthandnutritionsciences.com\)](https://www.pepsicohealthandnutrition.com/en/pepsico-nutrition-philosophy)).

In the last six months, there have been consumer concerns over sugar substitutes which has translated into existing and potentially new industry partners (including PepsiCo) discussing the use of natural, safe sugar substitutes like SweetBiotix® for both new and existing products. In anticipation of this need, OptiBiotix initiated development of its own finished product brands containing natural sugar substitutes and flavourings in mid-2023. The Company believes that natural products will be an increasingly common requirement throughout 2024 both in existing and new products. In recent months, products have been developed and successfully taste-tested with natural sweeteners for a large US company and a large Indian pharmaceutical company.

This has heightened commercial interest in the SweetBiotix® product range as a safe, low calorie, healthy alternative to sugar and sugar substitutes.

Current position

The Company has developed SweetBiotix® products to meet the needs of a number of industry partners and well-known global consumer brands. These products have been tested by academic groups who have published their findings in peer reviewed journals providing an authoritative and independent assessment of SweetBiotix's® taste and prebiotic functionality (see [Prebiotic Potential of a New Sweetener Based on Galactooligosaccharides and Modified Mogrosides - PubMed \(nih.gov\)](https://pubmed.ncbi.nlm.nih.gov/366057/)). The remaining challenge was developing approaches to scale up laboratory methods to an industrial scale without impacting on function, taste, and texture. This was actioned for two different types of SweetBiotix® with a US partner in September 2020 and Firmenich in July 2022. The agreement with Firmenich, one of the world leaders in taste and the world's largest stevia supplier, was particularly encouraging as it followed extensive due diligence of the Company's IP, science, the products taste and texture and commercial potential by a partner who specialises and leads in this field. Industry validation by a partner specialist in this field and product verification by scientific experts in peer reviewed journals should give investors confidence in the commercial potential of these products.

The Company can report significant progress by both partners in the commercial scale production of SweetBiotix®, in line with the Company's hopes and expectations, with final product taste tested and accepted by our US partner. Expert panel testing of the scale manufactured product has shown comparable taste and texture when compared to the laboratory product. Manufacturing scale up with Firmenich slowed during and after their merger with DSM, as anticipated, but resumed in late autumn 2023 as Firmenich moved manufacturing scale up from its contract manufacturer to DSM's in-house manufacturing facilities. Ongoing discussions indicate strong partner support on increasing the anticipated scale of production and supply given the enlarged group, DSM-Firmenich, now have access to global manufacturing and distribution capability.

Given recent progress, the Company's focus has moved on from manufacturing scale up to engaging with commercial partners to launch products. Discussions are ongoing but are likely to involve a phased introduction of SweetBiotix® products as a direct bulk sugar substitute and then introduced into OptiBiotix's and partners consumer products across an increasing range of applications. With growing consumer and industry concerns over traditional sugars and sweeteners, the Company is in a strong position to exploit its low calorie, high fibre SweetBiotix® products as a safe, natural and healthy alternative to sugar and sugar substitutes.

Stephen O'Hara, CEO of OptiBiotix, commented: "Consumer concerns over sugar and the safety of several sugar substitutes have materialised into companies reformulating existing and/or launching new products containing natural, safe, and healthy alternatives. The Company believes its sweet, high fibre, low calorie, prebiotic fibre SweetBiotix® products are ideally positioned to launch at a time when many companies are actively looking for a natural alternative to meet this need. SweetBiotix® are unique in being classified as dietary fibres creating the opportunity to replace unhealthy calorific and cariogenic sugars, or sugar substitutes with healthy fibres in a wide range of food and beverage products or as a sugar replacement in its own right.

"The Company has developed novel science, protected its commercial interests with a broad IP portfolio, has SweetBiotix®'s taste and texture and/or health potential confirmed independently by industry partners and in academic publications, and formed partnerships with a number of industry partners. These include DSM-Firmenich who have specialist expertise in taste and texture, manufacturing capability, and a global distribution network. Our US partner has shown SweetBiotix® can be manufactured to scale. Given the size of the challenge and considering the food industry is dominated by large global players with significant R&D capabilities this is a significant achievement for OptiBiotix. The focus now is on leveraging this position to fully exploit the market opportunity open to us and bring products containing SweetBiotix® to market. This is the focus of 2024."

For further information, please contact:

OptiBiotix Health plc

Neil Davidson, Chairman

Stephen O'Hara, Chief Executive

www.optibiotix.com

Contact via Walbrook below

Peterhouse Capital Limited (Broker)

Duncan Vasey / Lucy Williams

Tel: 020 7220 9797

Walbrook PR Ltd

Anna Dunphy

Mob: 07876 741 001

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 to place undue reliance on these forward-looking statements, which reflect the view of the Company only as of the date of this announcement. The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made. The Company will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances, or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

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