

For immediate release



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The staged acquisition of Phagenesis by Nestlé Health Science will benefit patients with dysphagia

Manchester, 1 September 2016 – Nestlé Health Science (NHSc) and Phagenesis announced today that NHSc is entering into a staged, milestone-based acquisition of Phagenesis, a medical device company that has developed a new treatment for dysphagia.

Under the terms of the agreement, NHSc will make an upfront payment, followed by milestone-based funding, while Phagenesis completes the clinical evaluation of Phagenyx®*. The staged acquisition will be based upon successful completion of European and US development programs anticipated by 2019. Financial terms have not been disclosed.

Reinhard Krickl, CEO of Phagenesis, said: *“Nestlé Health Science is the leading global player in dysphagia with capabilities and reach to enable Phagenesis to accelerate the development and deployment of Phagenyx® to patients around the world.”*

Dysphagia, the inability to swallow safely, is a condition with high prevalence as well as high clinical and health economic burden. Dysphagia occurs in around 29% to 55% of stroke patients¹, with 15 million people worldwide suffering a stroke² every year. It is also a common consequence of numerous other diseases, and is often under-diagnosed in various patient populations, e.g. in the ICU. Dysphagia is a debilitating condition that frequently leads to life-threatening complications, including aspiration pneumonia, malnutrition and dehydration. Furthermore, patients with dysphagia experience a dramatic reduction in Quality-of-Life³.

Oern Stuge, Chairman of Phagenesis, said: *“Nestlé Health Science’ investment positions the company well to address this immense unmet medical need.”*

Currently, the management of neurogenic dysphagia is complex. Available options can improve the status and the symptoms, but few are treating the cause. Phagenesis has developed Phagenyx®, a novel medical device designed to restore the neurological control of swallowing. Phagenyx is based on ground breaking research that establishes a mechanism of action of delivering Pharyngeal Electrical Stimulation (PES) to treat the neurological cause of dysphagia.

Gunnar Weikert, Director of Phagenesis and Founder of Inventages Venture Capital, commented: *“As a long-term investor in Phagenesis we are pleased about this significant investment by Nestlé Health Science.”*

Greg Behar, CEO of Nestlé Health Science, stated: *“Dysphagia is a strategic focus for Nestlé Health Science. This innovation can bring a new dimension to swallowing rehabilitation that can be transformational from a patient and healthcare professional perspective.”*

* Phagenyx® is CE marked in Europe. In the United States, Phagenyx® is currently not available for sales.

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Notes to Editors

About Phagenyx®

Phagenyx is an innovative product using pharyngeal electrical stimulation (PES) that delivers an electrical signal optimised for each patient to the back of the patient's throat (oropharynx). The treatment, which restores the neurological control of swallowing by 'kick-starting' the re-organisation of the brain, is the result of more than 20 years research on the mechanism of action and its clinical application.

About Phagenesis®

Phagenesis is headquartered in Manchester, UK, and focuses on the treatment of dysphagia. It was formed in 2007 to translate the research of Prof. Shaheen Hamdy from the University of Manchester, UK, into a non-invasive technology suitable for standard clinical practice in hospitals. Phagenesis' mission is to transform the lives of people with dysphagia, using revolutionary treatments developed through a commitment to scientific and clinical excellence. It has developed the only treatment for neurogenic dysphagia based on PES that treats its cause.

Phagenesis' investors include Inventages Venture Capital (London) and Anglo Scientific (London).

For more information, please visit: www.phagenesis.com.

About Nestlé Health Science

Nestlé Health Science, a wholly-owned subsidiary of Nestlé, is a health-science company engaged in advancing the role of nutritional therapy to change the course of health for consumers, patients and our partners in healthcare. Its portfolio of nutrition solutions, diagnostics, devices and drugs, targets a number of health areas, such as inborn errors of metabolism, paediatric and acute care, obesity care, healthy aging as well as gastrointestinal and brain health. Through investing in innovation and leveraging leading edge science, we bring forward innovative nutritional therapies with proven clinical, health economic value and quality of life benefits. Nestlé Health Science employs around 3,000 people worldwide and is headquartered in Epalinges (near Lausanne), Switzerland. More information on: www.nestlehealthscience.com.

About Inventages Venture Capital

Inventages is one of the world's largest life-sciences, nutrition and wellness focused venture capital fund managers, with offices in London, Nassau (Bahamas) and Hong Kong. Inventages adds value by supporting its portfolio companies with their strategy development, assisting in major financial transactions, recruiting key executives and having access to valuable exit opportunities. Inventages has close ties with top tier pharmaceutical and nutrition companies as well as private equity groups and investment banks.

Glossary of terms

Dysphagia [dis-fa'jah] = difficulty in swallowing, also known as aphagia.

Neurogenic dysphagia = neurological oropharyngeal dysphagia is a difficulty in swallowing, caused by several neurological conditions such as stroke.

Bibliography

- 1 Martino, R., Foley N., Bhogal S. et al. Dysphagia after stroke: incidence, diagnosis, and pulmonary complications. *Stroke* 2005; 36, 2756–2763.
- 2 <http://www.world-heart-federation.org/cardiovascular-health/stroke/>
- 3 Marik P et al. Aspiration Pneumonia and Dysphagia in the Elderly. *Chest* 2003.124;328-336.

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Forward-Looking Statements

This news release may contain forward-looking statements based on current assumptions and forecasts made by Nestlé Health Science and Phagenesis management. Various known and unknown risks, uncertainties and other factors could lead to differences between the actual, future results, financial situation, development or performance of the company and the estimates given here. These factors include those discussed in Nestlé Health Science' and Phagenesis' public reports. The company assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.