

Interim Report

JANUARY – JUNE 2020





SECOND QUARTER 2020

Net sales amounted to SEK 244.7 million (222.3), an increase of 10% (excluding foreign exchange effects, 8%). Product sales, net sales excluding royalty revenues, amounted to SEK 238.2 million (218.4), an increase of 9% (excluding foreign exchange effects, 7%).

Net sales in the Paediatrics segment reached SEK 199.2 million (181.1), an increase of 10%.

Net sales in the Adult Health segment amounted to SEK 44.4 million (40.9), an increase of 8%.

Operating expenses amounted to SEK 84.2 million (84.9), a decrease of 1%.

Operating profit increased by 28% to SEK 100.2 million (78.5), which corresponds to an operating margin of 41% (35%)

Profit after tax was SEK 79.0 million (61.1), an increase of 29%.

Earnings per share amounted to SEK 4.56 (3.52). No dilutive effects arose.

Cash flow amounted to SEK -38.7 million (-155.7).

Cash and cash equivalents at 30 June 2020 amounted to SEK 242.5 million (160.1).

Key events in the second quarter of 2020

On 6 May, BioGaia announced that the company's Swedish partner Medhouse has launched BioGaia Protectis capsules. The capsules will initially be available through the Swedish online pharmacy Meds.se.

FIRST HALF 2020

Net sales amounted to SEK 427.5 million (393.6), an increase of 9% (excluding foreign exchange effects, 6%). Product sales, net sales excluding royalty revenues, amounted to SEK 415.1 million (382.9), an increase of 8% (excluding foreign exchange effects, 6%).

Net sales in the Paediatrics segment reached SEK 341.6 million (314.7), an increase of 9%.

Net sales in the Adult Health segment amounted to SEK 84.5 million (78.6), an increase of 8%.

Operating expenses amounted to SEK 161.6 million (162.9), a decrease of 1%.

Operating profit increased by 25% to SEK 155.9 million (125.0) which corresponds to an operating margin of 36% (32%).

Profit after tax was SEK 120.8 million (96.7), an increase of 25%.

Earnings per share amounted to SEK 6.97 (5.58). No dilutive effects arose.

Cash flow amounted to SEK 28.7 million (-126.5).

Key events after the end of the second quarter

No key events that are not mentioned in this interim report took place after the end of the six-month period.



	Apr-Jun 2020	Apr-Jun 2019
Net sales, SEK 000s	244,698	222,330
Growth in net sales	10%	11%
Operating profit, SEK 000s	100,239	78,513
Operating margin	41%	35%
Profit after tax, SEK 000s	79,032	61,060
Profit margin	41%	35%
Number of shares, thousands ¹⁾	17,336	17,336
Earnings per share, SEK ^{1) 2)}	4.56	3.52

1) No dilutive effects arose.

2) Key ratio defined according to IFRS. For definitions of other key ratios, see page 14.

This information is information that BioGaia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the CEO, on 13 August 2020, at 08.00 CET



BioGaia AB (publ.) Interim report 1 January – 30 June 2020

The Board of Directors and the CEO of BioGaia AB hereby present the interim report for the period 1 January – 30 June 2020.

CEO'S COMMENTS

The second quarter of 2020 was also marked by the Covid-19 pandemic. We continued our efforts to protect our employees and our business from possible negative consequences. We have maintained restrictions on travel and face-to-face meetings and employees who are able to work from home have done so. Like so many other companies we have gone over to digital meetings with both internal and external participants. In the spring, together with our partners we have arranged a large number of webinars throughout the world where researchers have presented various topics for thousands of healthcare professionals. At the end of June, we also arranged our very first own webinar, a scientific discussion chaired by BioGaia's chief scientific officer, which attracted doctors primarily from Europe and North and South America.

BioGaia had a good quarter in terms of both sales and profits. The Group's sales increased by 10% compared to the second quarter last year and the operating margin reached 41%.

Our strategy to gradually increase online sales has gained momentum from the prevailing situation resulting from Covid-19. During the period online sales increased sharply in several countries and partly compensated for the decrease noted in traditional sales channels, mainly due to lockdowns in many countries.

As a result of favourable online sales, in China, Indonesia and Vietnam, sales in APAC increased by 23%. Despite a strong sales increase in Eastern Europe, sales in EMEA rose by a modest 1% mainly due to lower sales in Italy. Sales in the Americas increased by 17% driven by higher online sales in the USA and Canada as well as increased sales in Mexico.

At product level, sales of our Protectis drops increased during the quarter, an increase that was especially noticeable for drops with vitamin D. On the oral health side, sales rose primarily in Germany and Spain but also in the USA. Sales of Gastrus increased due to a large number of new launches.

Regardless of how the Covid-19 pandemic develops in the future, the situation will require us to continually adapt during the year to counteract the challenges it entails. We are convinced that our products fulfil a key function particularly in these times and we are doing everything we can to ensure that possible negative effects of the pandemic on our business remain limited.



Isabelle Ducellier
President and CEO of BioGaia
13 August 2020



Teleconference: Investors, analysts and the media are invited to take part in a teleconference on the interim report to be held today 13 August 2020 at 09:30 CET with CEO Isabelle Ducellier and CFO Alexander Kotsinas. To participate in the teleconference, please see [Financialhearings.com](https://www.biogaia.com/financialhearings) for telephone numbers. The teleconference can also be followed [here](#).



Revenue

SEKm	Apr-Jun 2020	Apr-Jun 2019	Change
Paediatrics	199.2	181.1	10%
Adult Health	44.4	40.9	8%
Other	1.2	0.3	325%
Total	244.7	222.3	10%

SEKm	Apr-Jun 2020	Apr-Jun 2019	Change
EMEA	113.4	112.4	1%
APAC	55.4	45.2	23%
Americas	75.9	64.7	17%
Total	244.7	222.3	10%

SEKm	Jan-Jun 2020	Jan-Jun 2019	Change
Paediatrics	341.6	314.7	9%
Adult Health	84.5	78.6	8%
Other	1.3	0.3	374%
Total	427.5	393.6	9%

SEKm	Jan-Jun 2020	Jan-Jun 2019	Change
EMEA	231.4	215.9	7%
APAC	87.8	79.8	10%
Americas	108.3	97.9	11%
Total	427.5	393.6	9%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 244.7 million (222.3) which is an increase of SEK 22.4 million (10%) (excluding foreign exchange effects, 8%) compared to the second quarter of last year. Product sales increased by 9% (excluding foreign exchange effects, 7%) while royalty revenues increased by 64%.

Sales in EMEA amounted to SEK 113.4 million (112.4), an increase of 1%, which is mainly due to higher sales in the Adult Health segment while Paediatrics decreased. Sales within Adult Health increased primarily in Germany and Spain while the decrease in Paediatrics was mainly attributable to Italy and Turkey which was partly offset by higher sales in Rumania and Poland.

Sales in APAC amounted to SEK 55.4 million (45.2), an increase of 23%. The increase was attributable to the Paediatrics segment while Adult Health decreased. Sales within the Paediatric segment increased primarily in China and Vietnam. Sales in Adult Health decreased mainly in Hong Kong and South Korea.

Sales in the Americas totalled SEK 75.9 million (64.7), an increase of 17%, which was due to increased sales within the Paediatrics and Adult Health segments. The higher sales within both segments were primarily attributable to the USA and Mexico.

SALES FIRST HALF

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 427.5 million (393.6) which is an increase of SEK 33.9 million (9%) (excluding foreign exchange effects, 6%) compared to the same period last year. Product sales increased by 8% (excluding foreign exchange effects, 6%) while royalty revenues increased by 16%. Over the past 12-month period, sales increased by 3%.

Sales in EMEA amounted to SEK 231.4 million (215.9), an increase of 7%, due to increased sales in the Adult Health and Paediatrics segments. The higher sales within Paediatrics were mainly attributable to Rumania and Spain, which was counteracted by lower sales in Italy. Sales within Adult Health increased mainly in Italy and Germany.

Sales in APAC amounted to SEK 87.8 million (79.8), an increase of 10%. The increase was attributable to the Paediatrics segment while Adult Health decreased. Sales within the Paediatrics segment increased primarily in China and Vietnam. Sales in Adult Health decreased mainly in Japan and Hong Kong.

Sales in the Americas totalled SEK 108.3 million (97.9), an increase of 11%, which was due to increased sales within the Adult Health and Paediatrics segments. The increased sales within both segments were primarily attributable to the USA and Mexico which was partly counteracted by lower sales in Brazil.

NET SALES BRIDGE SECOND QUARTER

SEKm	Change	
2019	222.3	
Foreign exchange	5.5	2%
Organic growth	16.9	8%
2020	244.7	10%

NET SALES BRIDGE FIRST HALF 2020

SEKm	Change	
2019	393.6	
Foreign exchange	10.8	3%
Organic growth	23.1	6%
2020	427.5	9%



Paediatrics



The Paediatrics segment accounts for approximately 80% of BioGaia's total sales. BioGaia Protectis drops remain the largest product with sales in some 90 countries. Other key products within Paediatrics include BioGaia Protectis drops with vitamin D, oral rehydration solution and tablets as well as cultures to be used as ingredients in licensee products (such as infant formula) and royalty revenues for paediatric products.

SEKm	Apr-Jun 2020	Apr-Jun 2019	Change
Products	195.6	178.6	10%
Royalties	3.5	2.5	40%
Total	199.2	181.1	10%

	Jan-Jun 2020	Jan-Jun 2019	Change
	334.9	306.7	9%
	6.7	8.1	-17%
	341.6	314.7	9%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 199.2 million (181.1), an increase of 10% (excluding foreign exchange effects, 7%). Product sales in Paediatrics amounted to SEK 195.6 million (178.6), an increase of 10%.

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales rose in APAC and the Americas and fell in EMEA. In APAC, sales increased primarily in China and Vietnam and in the Americas sales increased primarily in the USA and Mexico. In EMEA, sales of drops decreased in Italy and Turkey which was partly offset by higher sales in Rumania and Spain.

Sales of BioGaia Protectis tablets within Paediatrics increased slightly compared to the corresponding period last year. The increase was mainly due to higher sales in EMEA and APAC, primarily in Spain and Singapore, which partly compensated for lower sales in the Americas, primarily in the USA.

SALES FIRST HALF

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 341.6 million (314.7), an increase of 9% (excluding foreign exchange effects, 6%). Product sales in Paediatrics amounted to SEK 334.9 million (306.7), an increase of 9%. For the past 12-month period, sales increased by 3%.

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales rose in APAC, the Americas and EMEA. In APAC, sales increased primarily in China and Vietnam and in the Americas sales increased primarily in the USA and Mexico. In EMEA, sales of drops increased mainly in Rumania and Poland which was partly counteracted by lower sales in Italy and Turkey.

Sales of BioGaia Protectis tablets within Paediatrics increased slightly compared to the corresponding period last year. The increase was mainly due to higher sales in APAC, primarily in Singapore, which was partly offset by lower sales in the Americas, mainly in the USA which was offset by higher sales in Brazil. In EMEA, sales increased slightly primarily in Rumania and Hungary.



Adult Health



The Adult Health segment accounts for approximately 20% of BioGaia’s total sales. Sales mainly comprise BioGaia Protectis, BioGaia Gastrus, BioGaia Prodentis and BioGaia Osfortis as well as cultures as an ingredient in a licensee’s dairy products.

SEKm	Apr-Jun 2020	Apr-Jun 2019	Change
Products	41.6	39.7	5%
Royalties	2.7	1.2	120%
Total	44.4	40.9	8%

	Jan-Jun 2020	Jan-Jun 2019	Change
	79.1	76.2	4%
	5.4	2.4	125%
	84.5	78.6	8%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 44.4 million (40.9), an increase of 8% (excluding foreign exchange effects, 6%). Product sales amounted to SEK 41.6 million (39.7), an increase of 5%.

Sales of BioGaia Protectis tablets decreased compared to the corresponding period last year. In APAC, sales decreased in Hong Kong and Australia which was partly offset by increased sales in Japan. In EMEA, sales decreased primarily in Finland and Italy. In the Americas, sales decreased primarily in Mexico.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in EMEA and the Americas and decreased in APAC. In EMEA, sales increased primarily in Poland and France and in the Americas sales increased primarily in the USA and Mexico. In APAC, sales decreased slightly primarily in Singapore.

Sales of BioGaia Prodentis increased compared to the corresponding period last year. Sales decreased in APAC mainly in Japan (partly due to Covid-19), while they increased in EMEA and the Americas. In EMEA, sales increased primarily in Germany and in the Americas primarily in the USA.

SALES FIRST HALF

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 84.5 million (78.6), an increase of 8% (excluding foreign exchange effects, 5%). Product sales amounted to SEK 79.1 million (76.2), an increase of 4%. In the past 12-month period, sales increased by 6%.

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased in EMEA while they decreased in APAC and the Americas. Sales in EMEA increased primarily in Italy and Belgium which was partly offset by lower sales in Finland. In APAC, sales mainly decreased in Hong Kong and Australia which was partly compensated by higher sales in Japan while sales in the Americas decreased slightly in Chile.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in EMEA and the Americas and decreased in APAC. In EMEA, sales increased primarily in Spain and Poland and in the Americas sales increased primarily in the USA and Mexico. In APAC, sales decreased primarily in China while increasing in Japan and Singapore.

Sales of BioGaia Prodentis decreased compared to the corresponding period last year. Sales decreased in APAC mainly in Japan, while they increased in EMEA and the Americas. In EMEA, sales increased primarily in Germany and Spain and in the Americas primarily in the USA.



Earnings

SECOND QUARTER

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the quarter amounted to 75% (74%). The gross margin for the Paediatrics segment amounted to 77% (74%). The gross margin for the Adult Health segment amounted to 68% (72%). The lower gross margin was due to higher shipping costs due to Covid-19.

Operating expenses and operating profit

Operating expenses amounted to SEK 84.2 million (84.9), a decrease of SEK 0.7 million. Excluding other operating expenses (exchange losses/gains) operating expenses decreased by 5%. Selling expenses amounted to SEK 44.5 million (48.8), a decrease of 9%, mainly due to reduced marketing activities due to Covid-19 which were partly offset by increased personnel costs resulting from a higher number of employees.

R&D expenses amounted to SEK 27.0 million (28.1), a decrease of 4%. R&D expenses include costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 7.0 million (4.3). The decrease in R&D expenses excluding costs for MetaboGen AB and BioGaia Pharma AB is mainly attributable to lower study and travel expenses due to Covid-19.

Administrative expenses amounted to SEK 6.2 million (5.0), an increase of 23%.

Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK 6.5 million (3.0).

Operating profit amounted to SEK 100.2 million (78.5), an increase of 28%. The operating margin was 41% (35%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 79.0 million (61.1) an increase of 29%. The effective tax rate was 21% (22%).

Earnings per share amounted to SEK 4.56 (3.52). No dilutive effects arose.

FIRST HALF

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the first half amounted to 74% (73%). The gross margin for the Paediatrics segment amounted to 75% (74%). The gross margin for the Adult Health segment amounted to 69% (71%).

Operating expenses and operating profit

Operating expenses amounted to SEK 161.6 million (162.9), a decrease of SEK 1.3 million. Excluding other operating expenses (exchange losses/gains) operating expenses increased by 1%. Selling expenses amounted to SEK 89.1 million (89.5), a decrease of 0.5%, mainly due to reduced marketing activities due to Covid-19 which were partly offset by increased personnel costs resulting from a higher number of employees.

R&D expenses amounted to SEK 55.3 million (55.0), an increase of 0.4%. R&D expenses include costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 12.8 million (9.1). The decrease in R&D expenses excluding costs for MetaboGen AB and BioGaia Pharma AB is mainly attributable to lower study and travel expenses due to Covid-19 which were partly offset by higher personnel costs. Administrative expenses amounted to SEK 13.5 million (11.7) an increase of 15%.

Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK 3.8 million (6.8).

Operating profit amounted to SEK 155.9 million (125.0), an increase of 25%. The operating margin was 36% (32%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 120.8 million (96.7) an increase of 25%. The effective tax rate was 22% (22%).

Earnings per share amounted to SEK 6.97 (5.58). No dilutive effects arose.

Parent Company

The Parent Company's net sales amounted to SEK 410.8 million (375.9) and profit before tax was SEK 141.3 million (108.2). The financial performance of the Parent Company is in all material respects in line with that of the Group.



Balance sheet and cash flow

BALANCE SHEET 30 JUNE 2020

Total assets amounted to SEK 710.3 million (596.6). Investments in both property, plant and equipment and intangible assets increased non-current assets compared to the previous period. Investments mainly related to BioGaia Production. Since year-end 2019, current assets, particularly trade receivables, increased while current liabilities decreased marginally.

CASH FLOW SECOND QUARTER

Cash flow amounted to SEK -38.7 million (-155.7). Cash flow includes a dividend of SEK 65.0 million (173.4) as well as a provision to the Foundation to Prevent Antibiotic Resistance of SEK 2.8 million (3.2).

The increase in operating cash flow is mainly due to improved operating profit while change in working capital made a negative contribution. This is explained by an increase in trade receivables and inventories as well as a decrease in current liabilities compared to March.

Investments in property, plant and equipment amounted to SEK 6.8 million (8.5). Depreciation amounted to SEK 5.1 million (3.8).

Cash and cash equivalents at 30 June 2020 amounted to SEK 242.5 million (160.1).

Other disclosures

EMPLOYEES

The number of employees in the Group totalled 157 at 30 June 2020 (152 at 30 June 2019).

The company has an incentive programme for all employees based on the company's sales and profit. The maximum bonus is equal to 12% of salary. Some of the bonus (a maximum of one-third) relates to a long-term incentive programme where the employee is required to reinvest the yearly paid-out compensation (after tax) in BioGaia class B shares and hold these for at least three years.

FUTURE OUTLOOK

BioGaia's goal is to create strong value growth and a good return for the shareholders. This will be achieved through a greater emphasis on the BioGaia brand, increased sales to both existing and new customers and a controlled cost level.

The long-term financial target is an operating margin (operating profit in relation to sales) of at least 34% with continued strong growth and increased investments in research, product development, brand building and the sales organisation.

BioGaia's dividend policy is to pay a shareholder dividend equal to 40% of profit after tax.

In view of the company's strong portfolio consisting of an increased number of innovative products that are sold predominantly under the BioGaia brand, successful clinical trials and an expanding distribution network that covers a large share of the key markets, BioGaia's future outlook remains bright.

SIGNIFICANT RISKS AND UNCERTAINTIES, GROUP AND PARENT COMPANY

Significant risks and uncertainties are described in the administration report of the annual report for 2019 on pages 43 and 44 and in Notes 27 and 28. No significant changes in these risks and uncertainties are assessed to have taken place at 30 June 2020 except for the impact of the Covid-19 pandemic which is set out below.

The second quarter of 2020 was also marked by the Covid-19 pandemic and its impact on the world at large and on BioGaia. So far, BioGaia's external suppliers have not experienced any major disruptions from the pandemic. BioGaia has a close and continuous dialogue with its distribution partners all over the world. BioGaia's products are mainly sold via pharmacies and online to consumers. So far, this distribution has functioned satisfactorily although there

are challenges with logistics. BioGaia has been forced to adapt to the current situation and to change how BioGaia works with marketing and sales. For example, BioGaia has not taken part in international fairs and symposia, since these have been cancelled, but has instead focused more on supporting its partners with marketing material that can be used online. Furthermore, BioGaia's employees have not been able to visit customers face-to-face but have used telephone and video meetings. BioGaia has not carried out any staff reductions or layoffs due to the pandemic. Nor has BioGaia taken part in any support programme with the exception of reduced employer contributions in Sweden.

BioGaia has a strong financial position but a prolonged pandemic can even have a negative impact on a stable company such as BioGaia. A deterioration in the financial position and ability to pay of our distribution partners can lead to longer payment times but also credit losses. Furthermore, disruptions in BioGaia's production and at external suppliers or in logistics can result in BioGaia being unable to deliver products with an ensuing loss of revenue. Depending on how drawn-out this pandemic becomes, there is a risk that 2020 will be a challenging year.

RELATED PARTY TRANSACTIONS

The Parent Company owns 100% of the shares in BioGaia Biologics Inc. USA, BioGaia Japan Inc, BioGaia Production AB, CapAble AB and Tripac AB. The Parent Company also owns 96% of the shares in BioGaia Pharma AB and 92% of the shares in MetaboGen AB.

Annwall & Rothschild Investment AB owns 740,668 class A shares and 229,332 class B shares, corresponding to 5.6% of the share capital and 31.8% of the voting rights in BioGaia AB. Annwall & Rothschild Investment AB is owned by Peter Rothschild and Jan Annwall. Peter Rothschild is Chairman of the Board of BioGaia AB and receives a director's fee of SEK 670,000 per year. During the quarter, Peter Rothschild received additional remuneration for significant working duties, in addition to his assignment on the Board, of SEK 230,000 in accordance with the decision of the Annual General Meeting and the Board of Directors. In addition, a dividend of SEK 3.75 per share was paid to Annwall & Rothschild Investment AB during the period.

KEY EVENTS IN THE SECOND QUARTER OF 2020

Launches in the second quarter of 2020

Distributor	Country	Product
Phillips Pharmaceuticals	Kenya	BioGaia Protectis drops with vitamin D
bWellness	Australia	BioGaia Gastrus
Dr Reddy's	India	BioGaia Protectis tablets with a new flavour (lemon)
Abbott	Colombia	BioGaia Protectis drops with vitamin D
Abbott	Colombia	BioGaia Gastrus
Grisi	Mexico	BioGaia Prodentis
Agefinsa	Guatemala	BioGaia Gastrus
Pemix	Malta	BioGaia Protectis drops
Pemix	Malta	BioGaia Protectis tablets with a new flavour (strawberry)

Launch of BioGaia Protectis capsules in Sweden. On 6 May, BioGaia announced that BioGaia's Swedish partner Medhouse has launched BioGaia Protectis capsules. The capsules will initially be available through the Swedish online pharmacy Meds.se.

KEY EVENTS AFTER THE SECOND QUARTER OF 2020

No key events that are not mentioned in this interim report took place after the end of the six-month period.



Accounting policies

This interim report has been prepared for the Group in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim report.

The consolidated financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations from the International Financial Reporting Interpretations Committee (IFRIC) that have been approved by the European Commission for application in the EU. The accounting policies applied by the Group and the Parent Company are consistent with the accounting policies applied in preparation of the most recent annual report. The Parent Company prepares its financial statements in accordance with RFR 2 Accounting for Legal Entities, and the Swedish Annual Accounts Act, and applies the same accounting policies and valuation methods as in the most recent annual report.


CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in SEK 000s)

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Jul 2019- Jun 2020	Jul 2018 - Jun 2019
Net sales (Note 1)	244,698	222,330	427,506	393,587	768,347	802,266	777,933
Cost of sales	-60,253	-58,897	-110,055	-105,742	-204,349	-208,662	-201,930
<i>Gross profit</i>	184,445	163,433	317,451	287,845	563,998	593,604	576,003
Selling expenses	-44,475	-48,780	-89,050	-89,459	-184,327	-183,918	-170,240
Administrative expenses	-6,197	-5,034	-13,466	-11,674	-24,609	-26,401	-24,747
Research and development expenses	-27,005	-28,099	-55,253	-55,010	-105,051	-105,294	-109,996
Share of profits of associates	-	-	-	-	-	-	-
Revaluation of former associate shareholding	-	-	-	-	-	-	-
Other operating expenses/operating income	-6,529	-3,007	-3,824	-6,750	-7,500	-4,574	-4,769
<i>Operating profit</i>	100,239	78,513	155,858	124,952	242,511	273,417	266,251
Interest income	56	-23	72	95	416	393	736
Financial expenses	-179	-185	-381	-428	-668	-621	-428
<i>Profit before tax</i>	100,116	78,305	155,549	124,619	242,259	273,189	266,559
Tax	-21,084	-17,245	-34,769	-27,969	-55,001	-61,801	-62,003
Profit for the period	79,032	61,060	120,780	96,650	187,258	211,388	204,556
Items that may be subsequently reclassified to profit or loss							
Gains/losses arising on translation of the statements of foreign operations	-598	27	-3,456	-195	415	-2,846	-64
Comprehensive income for the period	78,434	61,087	117,324	96,455	187,673	208,542	204,492
Profit for the period attributable to:							
Owners of the Parent Company	79,032	61,060	120,780	96,757	187,347	211,456	204,841
Non-controlling interests	-	0	-	-107	-89	-65	-285
	79,032	61,060	120,780	96,650	187,258	211,388	204,556
Comprehensive income for the period attributable to:							
Owners of the Parent Company	78,434	61,087	117,324	96,562	187,762	208,607	204,777
Non-controlling interests	-	0	-	-107	-89	-65	-285
	78,434	61,087	117,324	96,455	187,673	208,542	204,492
Earnings per share							
Earnings per share (SEK)	4.56	3.52	6.97	5.58	10.81	12.20	11.82
Number of shares (thousands)	17,336	17,336	17,336	17,336	17,336	17,336	17,336
Average number of shares (thousands)	17,336	17,336	17,336	17,336	17,336	17,336	17,336


CONSOLIDATED BALANCE SHEETS

<i>Summary (Amounts in SEK 000s)</i>	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS			
Property, plant and equipment	134,829	115,157	128,747
R&D projects in progress	51,440	49,080	52,558
Goodwill	5,300	5,300	5,300
Right-of-use assets	16,503	21,459	20,295
Deferred tax assets	5,682	7,616	6,518
Other non-current receivables	45	44	44
<i>Total non-current assets</i>	<i>213,799</i>	<i>198,656</i>	<i>213,462</i>
Current assets excl. cash and cash equivalents	253,940	237,856	238,607
Cash and cash equivalents	242,546	160,059	213,831
<i>Total current assets</i>	<i>496,486</i>	<i>397,915</i>	<i>452,438</i>
TOTAL ASSETS	710,285	596,571	665,900
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	557,384	416,568	507,872
Non-controlling interests	2	2	2
Total equity (Note 2)	557,386	416,570	507,874
Deferred tax liability	10,339	6,679	10,339
Non-current liabilities	19,229	25,350	22,887
Current liabilities	123,331	147,972	124,800
TOTAL LIABILITIES AND EQUITY	710,285	596,571	665,900

Other current liabilities include forward exchange contracts with a fair value of SEK 0.2 million (2.5). All forward exchange contracts are attributable to level 2 of the fair value hierarchy. No changes with regard to measurement have taken place compared to the 2019 Annual Report. The fair values of other receivables, cash and cash equivalents, trade payables and other liabilities are estimated to be equal to their carrying amounts (amortised cost) due to the short maturity.

CONSOLIDATED CASH FLOW STATEMENTS

<i>Summary (Amounts in SEK 000s)</i>	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating activities					
Operating profit	100,239	78,513	155,858	124,952	242,511
Depreciation/amortisation	5,072	3,812	9,792	7,558	15,593
Unrealised gains/losses on forward contracts	-9,485	-995	-2,268	2,454	5,085
Other non-cash items	1,919	-284	-188	-647	-2,010
Paid tax	-17,444	-13,288	-34,850	-36,299	-72,292
Interest received and paid	-123	-326	-309	-333	-253
Cash flow from operating activities before changes in working capital	80,178	67,432	128,035	97,685	188,634
Changes in working capital	-42,420	-33,258	-16,819	-27,607	-40,779
Cash flow from operating activities	37,758	34,174	111,216	70,078	147,855
Acquisition of property, plant and equipment	-6,769	-8,458	-11,106	-13,377	-32,316
Acquisition of intangible assets	-	-3,229	-	-3,229	-6,708
Cash flow from investing activities	-6,769	-11,687	-11,106	-16,606	-39,024
Dividend	-65,012	-173,365	-65,012	-173,365	-173,365
Repayment of lease liability	-1,882	-1,668	-3,629	-3,361	-4,525
Provision to the Foundation to Prevent Antibiotic Resistance	-2,800	-3,200	-2,800	-3,200	-3,200
Cash flow from financing activities	-69,694	-178,233	-71,441	-179,926	-181,090
Cash flow for the period	-38,705	-155,746	28,669	-126,454	-72,259
Cash and cash equivalents at the beginning of the period	284,135	315,121	213,831	284,962	284,962
Exchange differences in cash and cash equivalents	-2,884	684	46	1,551	1,128
Cash and cash equivalents at the end of the period	242,546	160,059	242,546	160,059	213,831


NOTE 1 REPORTING BY SEGMENT – GROUP

Executive Management has analysed the Group's internal reporting system and established that the Group's operations are governed and evaluated based on the following segments:

- **Paediatrics segment** (drops, gut health tablets, oral rehydration solution (ORS) and cultures to be used as ingredients in licensee products (such as infant formula) as well as royalty revenues for paediatric products.)
- **Adult Health segment** (gut health tablets, oral health lozenges and cultures as an ingredient in a licensee's dairy products as well as royalty revenues for Adult Health products).
- **Other segment** (smaller segments such as revenue from packaging solutions).

For the above segments BioGaia reports revenue and gross profit, which are monitored regularly by the CEO (who is regarded as the chief operating decision maker) together with the Executive Management. There is no monitoring of the company's total assets against the segments' assets.

(Amounts in SEK 000s)	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019	Jul 2019 - Jun 2020	Jul 2018 - Jun 2019
Revenue by segment							
Paediatrics	199,152	181,135	341,642	314,747	600,090	626,984	610,983
Adult Health	44,355	40,915	84,536	78,560	167,321	173,297	163,704
Other	1,191	280	1,328	280	937	1,985	3,246
Total	244,698	222,330	427,506	393,587	768,347	802,266	777,933
Gross profit by segment							
Paediatrics	153,141	133,889	257,754	232,075	445,676	471,355	456,386
Adult Health	30,300	29,264	58,556	55,490	117,385	120,451	116,524
Other	1,001	280	1,139	280	937	1,796	3,093
Total	184,442	163,433	317,449	287,845	563,998	593,601	576,003
Selling, administrative and R&D expenses	-77,677	-81,913	-157,769	-156,143	-313,987	-315,613	-304,983
Share of profits of associates	-	0	-	0	-	-	-
Revaluation of former associate shareholding	-	0	-	0	-	-	0
Other operating expenses	-6,529	-3,007	-3,824	-6,750	-7,500	-4,574	-4,769
Operating profit	100,239	78,513	155,856	124,952	242,511	273,415	266,251
Net financial items	-123	-208	-309	-333	-252	-228	308
Profit before tax	100,113	78,305	155,547	124,619	242,259	273,187	266,559
Sales by geographical market							
APAC							
Paediatrics	33,283	19,053	50,210	33,070	72,991	90,129	61,825
Adult Health	21,592	26,039	37,057	46,663	103,839	94,234	99,997
Other	489	68	553	68	129	614	142
Total APAC	55,364	45,160	87,820	79,801	176,960	184,978	161,964
EMEA							
Paediatrics	96,224	100,023	192,877	187,483	346,536	351,932	372,473
Adult Health	16,579	12,209	37,857	28,168	52,229	61,919	56,640
Other	581	212	638	212	807	1,234	3,104
Total EMEA	113,384	112,444	231,373	215,863	399,573	415,084	432,217
Americas							
Paediatrics	69,644	62,059	98,555	94,194	180,562	184,923	176,685
Adult Health	6,184	2,667	9,621	3,729	11,252	17,144	7,067
Other	122	0	138	0	0	138	-
Total Americas	75,950	64,726	108,314	97,923	191,814	202,204	183,752
Total	244,698	222,330	427,506	393,587	768,347	802,266	777,933



<i>Date of recognition performance obligations met on specific date (product sales)</i>	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
	2020	2019	2020	2019	2019
Paediatrics	195,616	178,607	334,945	306,670	585,090
Adult Health	41,636	39,680	79,135	76,155	157,811
Other	915	68	1,052	68	129
Total	238,167	218,355	415,132	382,893	743,030
<i>Performance obligations met over time (Royalty)</i>					
Paediatrics	3,536	2,528	6,698	8,077	15,000
Adult Health	2,719	1,235	5,401	2,405	9,509
Other	276	212	276	212	807
Total	6,531	3,975	12,374	10,694	25,317
Total	244,698	222,330	427,506	393,587	768,347

NOTE 2 SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in SEK 000s)</i>	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Opening balance	507,874	508,121	508,121
Dividend	-65,012	-173,365	-173,365
Provision to the Foundation to Prevent Antibiotic Resistance	-2,800	-3,200	-3,200
Non-controlling interests related to the acquisition of MetaboGen and CapAble	-	-	89
Transaction between owners related to further acquisition of shares in MetaboGen	-	-11,441	-11,444
Comprehensive income for the period	117,324	96,455	187,673
Closing balance	557,386	416,570	507,874

LARGEST SHAREHOLDERS AT 31 MARCH 2020 (SOURCE: EUROCLEAR)

	A shares	B shares	Share capital	No. of votes	Capital	Votes
1 Annwall & Rothschild	740,668	229,332	970,000	7,636,012	5.60%	31.81%
2 STATE STREET BANK AND TRUST CO, W9		1,483,521	1,483,521	1,483,521	8.56%	6.18%
3 FJÄRDE AP FONDEN		1,461,288	1,461,288	1,461,288	8.43%	6.09%
4 Swedbank Robur Fonder		1,257,861	1,257,861	1,257,861	7.26%	5.24%
5 ÖHMAN BANK S.A.		853,376	853,376	853,376	4.92%	3.56%
6 BNY MELLON SA/NV (FORMER BNY), W8IMY		782,840	782,840	782,840	4.52%	3.26%
7 Didner & Gerge Fonder Aktiefbolag		456,998	456,998	456,998	2.64%	1.90%
8 EUROCLEAR BANK S.A./N.V, W8-IMY		444,311	444,311	444,311	2.56%	1.85%
9 David Dangoor		414,918	414,918	414,918	2.39%	1.73%
10 BANQUE PICTET & CIE SA, W8IMY (WITHOUT P.R.)		406,025	406,025	406,025	2.34%	1.69%
Other shareholders		8,805,324	8,805,324	8,805,324	50.79%	36.69%
Total	740,668	16,595,794	17,336,462	24,002,474	100%	100%


Consolidated key ratios

	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Net sales, SEK 000s	427,506	393,587	768,347
Growth of net sales	9%	10%	4%
Operating profit, SEK 000s	155,858	124,952	242,511
Profit after tax, SEK 000s	120,780	96,650	187,258
Return on average equity	23%	21%	37%
Return on average capital employed	29%	27%	47%
Capital employed, SEK 000s	567,725	423,249	518,213
Number of shares (thousands) ¹⁾	17,336	17,336	17,336
Average number of shares (thousands)	17,336	17,336	17,336
Earnings per share, SEK ^{1) 2)}	6.97	5.58	10.81
Equity per share, SEK ¹⁾	32.15	24.03	29.30
Equity/assets ratio	78%	70%	76%
Operating margin	36%	32%	32%
Profit margin	36%	32%	32%
Average number of employees	156	148	149

1) No dilutive effects arose.

2) Key ratio defined according to IFRS.

DEFINITIONS OF KEY RATIOS

Key ratio	Definition/Calculation	Purpose
Return on equity	Profit attributable to the owners of the Parent Company in relation to average equity attributable to the owners of the Parent Company.	Return on equity is used to measure profit generation, over time, given the resources attributable to the owners of the Parent Company.
Return on capital employed	Profit before net financial items plus financial income as a percentage of average capital employed.	Return on capital employed is used to analyse profitability, based on the amount of capital used.
Equity per share	Equity attributable to the owners of the Parent Company divided by the average number of shares.	Equity per share measures the company's net value per share and indicates whether a company will increase the shareholders' wealth over time.
Earnings per share	Profit for the period attributable to the owners of the Parent Company divided by average number of shares outstanding (definition according to IFRS).	EPS measures how much of net profit is available for payment to shareholders as dividends per share.
Operating margin (EBIT margin)	Operating profit expressed as a percentage of net sales.	The operating margin is used to measure operational profitability.
Equity/assets ratio	Equity as a percentage of total assets.	A traditional measure to show financial risk expressed as the share of total assets financed by the shareholders. Shows the company's stability and ability to withstand losses.
Capital employed	Total assets less interest-free liabilities.	Capital employed measures the company's ability, in addition to cash and liquid assets, to meet the requirements of business operations.
Growth	Sales for the period less sales for the corresponding period of the previous year divided by sales for the previous period.	Shows the company's realised sales growth over time.
Profit margin	Profit before tax in relation to net sales.	This key ratio makes it possible to compare profitability regardless of corporate income tax rate.

DEFINITION OF KEY RATIOS, CONTINUED

(Amounts in SEK 000s)

	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Return on equity			
Profit attributable to owners of the Parent Company (A)	120,780	96,757	187,347
Equity attributable to owners of the Parent Company	557,384	416,568	507,872
Average equity attributable to owners of the Parent Company (B)	532,628	460,775	506,427
Return on equity (A/B)	23%	21%	37%
Return on capital employed			
Operating profit	155,858	124,952	242,511
Financial income	72	95	416
Profit before net financial items + financial income (A)	155,930	125,047	242,927
Total assets	710,285	596,571	665,900
Interest-free liabilities	-142,560	-173,332	-147,687
Capital employed	567,725	423,249	518,213
Average capital employed (B)	542,969	469,025	516,507
Return on capital employed (A/B)	29%	27%	47%



DEFINITION OF KEY RATIOS, CONTINUED

(Amounts in SEK 000s)

	30 Jun 2020	30 Jun 2019	31 Dec 2019
Equity/assets ratio			
Equity (A)	557,386	416,570	507,874
Total assets (B)	710,285	596,571	665,900
Equity/assets ratio (A/B)	78%	70%	76%
Operating margin			
Operating profit (A)	155,858	124,952	242,511
Net sales (B)	427,506	393,587	768,347
Operating margin (A/B)	36%	32%	32%
Profit margin			
Profit before tax (A)	155,549	124,619	242,259
Net sales (B)	427,506	393,587	768,347
Profit margin (A/B)	36%	32%	32%
Equity per share			
Equity attributable to owners of the Parent Company (A)	557,384	416,568	507,872
Average number of shares (B)	17,336	17,336	17,336
Equity per share (A/B)	32.15	24.03	29.30

CHANGE IN SALES BY SEGMENT (INCLUDING AND EXCLUDING FOREIGN EXCHANGE EFFECTS)

(Amounts in SEK 000s)

Description	Paediatrics		Adult Health		Other		Total	
	Apr-Jun 2020	Jan-Jun 2020	Apr-Jun 2020	Jan-Jun 2020	Apr-Jun 2020	Jan-Jun 2020	Apr-Jun 2020	Jan-Jun 2020
A Previous year's net sales according to the average rate	181,135	314,747	40,915	78,560	280	280	222,330	393,587
B Net sales for the year according to the average rate	199,152	341,643	44,355	84,536	1,191	1,328	244,698	427,506
C Recognised change (B-A)	18,017	26,896	3,440	5,976	911	1,048	22,366	33,918
Percentage change (C/A)	10%	9%	8%	8%	325%	374%	10%	9%
D Net sales for the year according to the previous year's average rate (D)	194,637	332,976	43,356	82,367	1,191	1,328	239,183	416,670
E Foreign exchange effects (C-F)	4,515	8,666	1,000	2,169	0	0	5,514	10,835
Percentage change (E/A)	2%	3%	2%	3%	0%	0%	2%	3%
F Organic change (D-A)	13,502	18,229	2,441	3,807	911	1,048	16,852	23,083
Organic change per cent (F/A)	7%	6%	6%	5%	325%	374%	8%	6%

Average key exchange rates

	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
EUR	10.67	10.62	10.66	10.51	10.59
USD	9.82	9.45	9.73	9.31	9.46
JPY	0.0901	0.0860	0.0894	0.0846	0.0868

Key exchange rates on closing date

	30 Jun 2020	30 Jun 2019	31 Dec 2019
EUR	10.48	10.56	10.43
USD	9.35	9.27	9.32
JPY	0.0868	0.0861	0.0853

GROUP

Pledged assets and contingent liabilities

(Amounts in SEK 000s)

	30 Jun 2020	31 Dec 2019
Floating charges	0	2,000
Contingent liabilities	None	None


SUMMARY STATEMENTS OF COMPREHENSIVE INCOME – PARENT COMPANY
PARENT COMPANY INCOME STATEMENT

<i>(Amounts in SEK 000s)</i>	Jan-Jun	Jan-Jun	Jan-Dec
	2020	2019	2019
Net sales	410,766	375,858	720,730
Cost of sales	-138,816	-128,113	-246,478
<i>Gross profit</i>	<i>271,950</i>	<i>247,745</i>	<i>474,252</i>
Selling expenses	-69,485	-72,349	-153,320
Administrative expenses	-12,486	-11,226	-23,523
R&D expenses	-45,331	-49,604	-90,920
Other operating expenses/operating income	-3,475	-6,754	-7,451
<i>Operating profit</i>	<i>141,173</i>	<i>107,812</i>	<i>199,038</i>
Impairment loss on shares in subsidiary	-	-	-1,297
<i>Net financial items</i>	<i>162</i>	<i>377</i>	<i>1,885</i>
<i>Profit before tax</i>	<i>141,335</i>	<i>108,189</i>	<i>199,626</i>
Tax	-28,399	-22,800	-36,948
Profit for the period	112,936	85,389	162,678

PARENT COMPANY BALANCE SHEET

<i>Summary (Amounts in SEK 000s)</i>	30 Jun	30 Jun	31 Dec
	2020	2019	2019
ASSETS			
Property, plant and equipment	6,903	7,557	6,949
Intangible assets	5,590	3,230	6,708
Shares in group companies	154,671	115,902	154,671
Non-current receivables from subsidiaries	10,835	35,835	35,835
<i>Total non-current assets</i>	<i>177,999</i>	<i>162,524</i>	<i>204,163</i>
Current assets excl. cash and cash equivalents	230,610	215,221	207,674
Cash and cash equivalents	206,313	105,610	153,217
<i>Total current assets</i>	<i>436,923</i>	<i>320,831</i>	<i>360,891</i>
TOTAL ASSETS	614,922	483,355	565,054
EQUITY AND LIABILITIES			
Equity	481,342	358,926	436,216
Interest-free current liabilities	133,580	124,429	128,838
TOTAL LIABILITIES AND EQUITY	614,922	483,355	565,054


PARENT COMPANY CASH FLOW STATEMENT

<i>Summary (Amounts in SEK 000s)</i>	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Operating activities			
Operating profit	141,173	107,812	199,038
Depreciation	1,870	732	1,458
Other non-cash items	-185	-647	-1,773
Forward exchange contracts	-2,268	2,454	5,085
Tax paid	-29,318	-33,453	-59,401
Interest received and paid	162	377	1,886
Cash flow from operating activities before changes in working capital	111,434	77,275	146,293
Changes in working capital	-15,007	-18,180	-26,822
Cash flow from operating activities	96,427	59,095	119,471
Acquisition of intangible assets	-	-3,229	-6,708
Acquisition of property, plant and equipment	-705	-3,071	-3,189
Sale of property, plant and equipment	-	-	-
Acquisition of financial assets	-	-6,000	-15,000
Repayment of loan from subsidiary	25,000	10,000	10,000
Cash flow from investing activities	24,295	-2,300	-14,897
Dividend	-65,012	-173,364	-173,364
Provision to Foundation to Prevent Antibiotic Resistance	-2,800	-3,200	-3,200
Cash flow from financing activities	-67,812	-176,564	-176,564
Cash flow for the period	52,910	-119,769	-71,990
Cash and cash equivalents at beginning of the period	153,217	224,732	224,732
Exchange rate differences in cash and cash equivalents	186	647	475
Cash and cash equivalents at the end of the period	206,313	105,610	153,217

SUMMARY STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

<i>(Amounts in SEK 000s)</i>	Jan-Jun 2020	Jan-Jun 2019	Jan-Dec 2019
Opening balance	436,215	450,102	450,102
Dividend	-65,012	-173,364	-173,365
Provision to Foundation to Prevent Antibiotic Resistance	-2,800	-3,200	-3,200
Comprehensive income for the period	112,936	85,389	162,678
Closing balance	481,342	358,926	436,215



Calendar

- | | |
|---|--|
| <p>23 OCT 2020 08:00 CET Interim Management Statement
1 January – 30 September 2020</p> <p>4 FEB 2021 Year-end report 2020</p> <p>MAR 2021 Annual Report 2020</p> <p>6 MAY 2021 Annual General Meeting 2020</p> | <p>6 MAY 2021 08:00 CET Interim Management Statement
1 January – 31 March 2021</p> <p>12 AUG 2021 08:00 CET Interim Report 1 January – 30 June 2021</p> <p>21 OCT 2021 08:00 CET Interim Management Statement
1 January – 30 September 2021</p> |
|---|--|

Stockholm, 13 August 2020

Peter Rothschild
Board Chairman

David Dangoor
Board Vice Chairman

Ewa Björling
Board member

Peter Elving
Board member

Maryam Ghahremani
Board member

Anthoñ Jahreskog
Board member

Vanessa Rothschild
Board member

Isabelle Ducellier
CEO

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the interim report of BioGaia AB (publ) for the period 1 January – 30 June 2020. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, 13 August 2020

Deloitte AB

Birgitta Lööf
Authorised Public Accountant



BIOGAIA AB

THE COMPANY

BioGaia is an innovative Swedish healthcare company and has been a world-leader in dietary supplements with probiotics for 30 years. BioGaia develops, markets and sells probiotic products with documented health benefits. The products are primarily based on different strains of the lactic acid bacterium *Limosilactobacillus* reuteri*.

The class B shares of the Parent Company BioGaia AB are quoted on the Mid Cap list of Nasdaq OMX Nordic Exchange Stockholm.

BUSINESS MODEL

BioGaia's business model is based on long-term collaboration with international networks within research, production and distribution.

BioGaia's revenue comes mainly from the sale to distributors of drops, tablets and capsules for gut health, oral rehydration solution (ORS), lozenges for oral health and capsules for bone health. Revenue is also earned from the sale of bacterial cultures to be used in licensee products (such as infant formula and dairy products), as well as royalties for the use of *L. reuteri* in licensee products

The products are sold through pharmaceutical and nutrition companies in over 100 countries worldwide.

BioGaia has patent protection for the use of specific strains of *L. reuteri* and certain packaging solutions in all significant markets.

THE BIOGAIA BRAND

BioGaia launched its own consumer brand at the beginning of 2006. Today a number of distribution partners sell finished products under the BioGaia brand in a large number of markets. One key part of BioGaia's strategy is to increase the share of sales consisting of BioGaia-branded products. Of products (drops, tablets for gut and oral health, oral rehydration, etc.) sold in 2019, 71% (69%) were sold under the BioGaia brand including co-branding.

Some of BioGaia's distributors sell finished consumer products under their own brand names. On these products, the BioGaia brand is shown on the consumer package since BioGaia is both the manufacturer and licensor.

BioGaia's licensees add reuteri culture to their products and sell these under their own brand names. On these products, the BioGaia brand is most often shown on the package as the licensor/patent holder.

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RESEARCH AND CLINICAL STUDIES

BioGaia's strains of *L. reuteri* are some of the world's most well researched probiotics, especially in young children. To date, some 220 clinical studies using BioGaia's strains of *L. reuteri* have been performed on more than 18,000 individuals of all ages.

Studies performed include:

- Infantile colic
- Antibiotic-associated diarrhoea
- Acute diarrhoea
- Gingivitis (inflammation of the gums)
- Periodontal disease
- *Helicobacter pylori* (the gastric ulcer bacterium)
- Low bone density

* Previously *Lactobacillus*.

BioGaia AB Box 3242 SE-103 64 STOCKHOLM
Street address: Kungsbrogatan 3, Stockholm
Telephone: +46 8 555 293 00, Corporate identity number 556380-8723, www.biogaia.com