

Interim Report

JANUARY – JUNE 2022





SECOND QUARTER 2022

Net sales amounted to SEK 288.1 million (203.1), an increase of SEK 85.0 million, or 42% (excluding foreign exchange effects, 33%) of which the acquisition of Nutraceutics accounted for an increase of SEK 13.6 million (7%). Organic growth was 26%.

Net sales in the Paediatrics segment amounted to SEK 232.7 million (161.1), an increase of 44% (excluding foreign exchange effects, 34%).

Net sales in the Adult Health segment amounted to SEK 54.2 million (40.9), an increase of 33% (excluding foreign exchange effects, 24%).

Operating expenses amounted to SEK 104.6 million (81.6), an increase of SEK 23.0 million, (28%), of which the acquisition of Nutraceutics accounted for an increase of SEK 22.3 million (27%). Operating expenses included costs for evaluating acquisition candidates of SEK 0.3 million (0.0) and the reversal of previous impairment of right-of-use assets linked to a rental contract for premises of SEK -1.7 million (0.0). Excluding these items, operating expenses amounted to SEK 106.0 million (81.6), an increase of 30%.

Operating profit increased by 46% to SEK 101.3 million (69.2), which corresponds to an operating margin of 35% (34%).

Profit after tax amounted to SEK 78.5 million (54.7), an increase of 44%.

Earnings per share amounted to SEK 0.78 (0.54) before and after dilution.²⁾

Cash flow amounted to SEK -224.9 million (-16.2). Cash flow includes dividends of SEK 301.3 million (68.9).

Cash and cash equivalents at 30 June 2022 amounted to SEK 1,356.3 million (1,468.9).

Key events in the second quarter of 2022

On 25 April, BioGaia announced that the company's result for the first quarter exceeded market expectations. On 6 May, BioGaia's Annual General Meeting resolved on a split of the company's shares whereupon each share, regardless of series, will be divided in to five new shares.

On 17 May, BioGaia announced that it will begin selling its products under its own management in Canada starting in 2023.

On 31 May, BioGaia announced that the number of shares and votes in BioGaia had increased during May due to the share split resolved by BioGaia's Annual General Meeting on 6 May 2022.

On 8 June, BioGaia announced that it had extended its collaboration with Grace International, giving the company exclusive rights to market and sell its probiotic drops for infants in South Korea.

FIRST HALF 2022

Net sales amounted to SEK 571.9 million (405.1), an increase of SEK 166.8 million, or 41% (excluding foreign exchange effects, 32%) of which the acquisition of Nutraceutics accounted for an increase of SEK 29.4 million (7%). Organic growth was 25%.

Net sales in the Paediatrics segment amounted to SEK 455.2 million (322.8), an increase of 41% (excluding foreign exchange effects, 32%).

Net sales in the Adult Health segment amounted to SEK 115.0 million (79.6), an increase of 44% (excluding foreign exchange effects, 35%).

Operating expenses amounted to SEK 211.6 million (162.6), an increase of SEK 49.0 million (30%), of which the acquisition of Nutraceutics accounted for an increase of SEK 43.3 million (27%).

Operating expenses included costs of evaluation of acquisition candidates of SEK 1.1 million (2.5), restructuring costs (relating to personnel) of SEK 3.9 million (2.4) and the reversal of previous impairment of right-of-use assets linked to a rental contract for premises of SEK -1.7 million (5.1). Excluding these items, operating expenses amounted to SEK 208.3 million (152.6), an increase of 37%.

Operating profit increased by 47% to SEK 196.6 million (133.5), which corresponds to an operating margin of 34% (33%).

Profit after tax amounted to SEK 154.8 million (105.1), an increase of 47%.

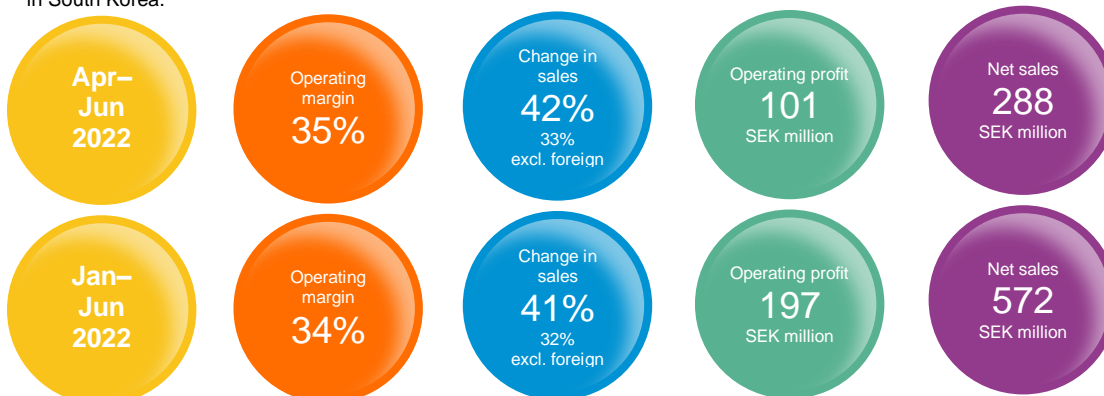
Earnings per share amounted to SEK 1.53 (1.04) before and after dilution.²⁾

Cash flow amounted to SEK -139.1 million (1.1). Cash flow includes dividends of SEK 301.3 million (68.9).

Key events after the end of the second quarter

On 1 July, BioGaia announced that the company had launched BioGaia Pharax in the USA. BioGaia Pharax aims to strengthen the immune system and support children's upper respiratory health.

On 14 July, BioGaia announced that results for the second quarter will exceed market expectations.



	Apr-Jun 2022	Apr-Jun 2021
Net sales, SEK 000s	288,086	203,131
Growth in net sales	42%	-17%
Operating profit, SEK 000s	101,303	69,223
Operating margin	35%	34%
Profit after tax, SEK 000s	78,545	54,711
Number of shares, thousands	100,982	100,982
Earnings per share, before and after dilution, SEK ^{1) 2)}	0.78	0.54

1) Key ratio defined according to IFRS. For definitions of other key ratios, see page 15.

2) In view of the 5:1 share split, which took place in May 2022, historical key ratios based on the number of shares have been restated.

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 agency of the CEO, at 08.00 a.m. CEST on 22 July 2022.



BioGaia AB (publ.) Interim Report 1 January – 30 June 2022

The Board of Directors and the CEO of BioGaia AB hereby present the interim report for the period 1 January – 30 June 2022.

CEO'S COMMENTS

Following a very strong first quarter, I am pleased to present yet another very strong quarter with sales up +42% and an operating margin of 35% due to good cost control.

This successful quarter is a reflection of the recovery in Europe, EMEA grew +86%, where BioGaia has historically had its strongest base. In markets such as Italy or Spain, where our marketing is mainly to doctors and pharmacies, we have triple-digit sales growth. As travel increases and there is a return to a more normal life, the risk of disease is also increasing as is the need for probiotics together with antibiotics, which is driving consumers back to doctors and pharmacies. Our omnichannel strategy is yielding results both through our own e-commerce solutions such as in the UK and Sweden, where the proportion of subscribers is higher than expected, and through our pragmatic approach to market places. By complementing our listing on Amazon Sweden and UK, we are now listed on Amazon Germany together with our partner Infectopharm. This commercial hybrid solution offers the best of both worlds: leveraging our distributor expertise in medical marketing and our consumer expertise in digital sales.

In the Americas, which grew +21%, BioGaia USA has continued to impress with its expertise in medical and consumer marketing, which explains the success of the latest launch of Prodentis Kids that is recommended by paediatricians and dentists and is widely available with good reviews on market places. BioGaia USA's sales fell slightly during the quarter, mainly due to strong comparative figures. During the second quarter of 2021, Nutraceuticals' (now BioGaia USA) sales were positively affected by campaigns. Together with BioGaia USA, we are organising the opening of BioGaia Canada in January 2023 to supplement coverage in North America. The rate of growth in Latin America remains in double digits driven by excellent work targetting HCP in Colombia, Peru and Chile, and that our launch in Argentina was more successful than expected.

Last, but by no means least, APAC, which reported growth of 16%, is meeting our expectations where almost all of our markets are performing well, particularly our omnichannel masters in region: South Korea and Indonesia. We can even see some signs of recovery in China with logistics that are working better and cities that are reopening after strict Covid-restrictions. Japan is still struggling with its dental clinics that were negatively affected by Covid-19 but is offsetting sales lost from dental clinics through e-commerce solutions and direct sales.

The macroeconomic situation (inflation, disruption in the logistics chain, pandemic and war) is forcing us to remain cautious as the impact on disposable income should not be ignored. However, we are convinced that consumers will continue to focus on their health and the probiotic category will demonstrate its resilience.

I am also pleased to receive continuing confirmation of the strong commitment to our revised strategy, internally and in our distribution channels, that combines science and brand marketing. We are striving hard to achieve our goal to become the best probiotic brand in the world.

Isabelle Ducellier
President and CEO BioGaia
22 July 2022



Teleconference: Investors, analysts and the media are invited to take part in a teleconference on the interim report to be held today, 22 July 2022, at 9:30 a.m. CEST with CEO Isabelle Ducellier and CFO Alexander Kotsinas. More information about the teleconference is available here: <https://financialhearings.com/event/43469>



Revenue

	Apr–Jun 2022	Apr–Jun 2021	Change
Paediatrics	232.7	161.1	44%
Adult Health	54.2	40.9	33%
Other	1.2	1.1	6%
Total	288.1	203.1	42%

	Apr–Jun 2022	Apr–Jun 2021	Change
EMEA	129.5	69.7	86%
APAC	63.3	54.8	16%
AMERICAS	95.3	78.6	21%
Total	288.1	203.1	42%

	Jan–Jun 2022	Jan–Jun 2021	Change
Paediatrics	455.2	322.8	41%
Adult Health	115.0	79.6	44%
Other	1.8	2.7	-36%
Total	571.9	405.1	41%

	Jan–Jun 2022	Jan–Jun 2021	Change
EMEA	279.9	163.9	71%
APAC	110.2	97.2	13%
AMERICAS	181.9	144.1	26%
Total	571.9	405.1	41%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 288.1 million (203.1), an increase of SEK 85.0 million, or 42% (excluding foreign exchange effects, 33%) of which the acquisition of Nutraceuticals accounted for an increase of SEK 13.6 million (7%).

Sales in EMEA totalled SEK 129.5 million (69.7), up 86% due to increased sales in both the Paediatrics and Adult Health segments. Sales in EMEA increased mainly in Italy and France.

Sales in APAC amounted to SEK 63.3 million (54.8), an increase of 16%. The increase was attributable to the Paediatrics segment while sales within Adult Health decreased. Sales increased primarily in China and South Korea.

Sales in the Americas amounted to SEK 95.3 million (78.6), an increase of 21%. The increase was mainly attributable to the Adult Health segment, though sales within Paediatrics also increased. Sales increased mainly in the USA and Canada, which was partly offset by lower sales in Brazil. The decrease in Brazil was due to accruals related to individual orders. Sales in Nutraceuticals fell by 6% in local currency.

NET SALES BRIDGE SECOND QUARTER

SEKm	Change	
2021	203.1	
Foreign exchange	19.2	9%
Acquisitions	13.6	7%
Organic growth	52.1	26%
2022	288.1	42%

SALES FIRST HALF-YEAR

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 571.9 million (405.1), an increase of SEK 166.8 million, or 41% (excluding foreign exchange effects, 32%) of which the acquisition of Nutraceuticals accounted for an increase of SEK 29.4 million (7%). Over the past 12-month period, sales rose 31%.

Sales in EMEA totalled SEK 279.9 million (163.9), up 71% due to increased sales in both the Paediatrics and Adult Health segments. Sales in EMEA increased mainly in Italy and France.

Sales in APAC totalled SEK 110.2 million (97.2), up 13% due to increased sales in both the Paediatrics and Adult Health segments. Sales increased mainly in South Korea and Hong Kong, which was partly offset by lower sales in Japan.

Sales in Americas totalled SEK 181.9 million (144.1), up 26% due to increased sales in both the Paediatrics and Adult Health segments. Sales increased mainly in the USA and Chile, which was partly offset by lower sales in Brazil. The decrease in Brazil was due to accruals related to individual orders. Sales in Nutraceuticals rose by 1% in local currency.

NET SALES BRIDGE FIRST HALF-YEAR

SEKm	Change	
2021	405.1	
Foreign exchange	36.9	9%
Acquisitions	29.4	7%
Organic growth	100.6	25%
2022	571.9	41%



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 2022	Apr–Jun 2021	Change
Total Paediatrics	232.7	161.1	44%

SEKm	Jan–Jun 2022	Jan–Jun 2021	Change
Total Paediatrics	455.2	322.8	41%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 232.7 million (161.1), an increase of 44% (excluding foreign exchange effects, 34%).

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales increased in EMEA mainly in Italy and France but also in China and the USA.

Sales of BioGaia Protectis tablets increased within Paediatrics compared to the corresponding period last year. Sales increased in all regions, mainly in the USA.

SALES FIRST HALF-YEAR

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 455.2 million (322.8), an increase of 41% (excluding foreign exchange effects, 32%). Over the past 12-month period, sales rose 30%.

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales increased in EMEA mainly in Italy and France but also in Americas in USA. Sales decreased in Brazil, due to accruals related to individual orders.

Sales of BioGaia Protectis tablets increased within Paediatrics compared to the corresponding period last year. Sales increased in all regions, mainly in the USA.



Adult Health



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

SEKm	Apr–Jun 2022	Apr–Jun 2021	Change
Total Adult Health	54.2	40.9	33%

Jan–Jun 2022	Jan–Jun 2021	Change
115.0	79.6	44%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 54.2 million (40.9), an increase of 33% (excluding foreign exchange effects, 24%).

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased in EMEA primarily in Italy, but decreased in APAC and the Americas, mainly in Hong Kong and the USA.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in EMEA and the Americas, primarily in Spain and the USA, but decreased in APAC, mainly in Thailand.

Sales of BioGaia Prodentis increased compared to the corresponding period last year. Sales of BioGaia Prodentis increased in EMEA and the Americas but declined in APAC compared to the corresponding period last year, mainly due to reduced sales in Japan. Sales increased mainly in the USA and Eastern Europe.

SALES FIRST HALF-YEAR

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 115.0 million (79.6), an increase of 44% (excluding foreign exchange effects, 35%). Over the past 12-month period, sales rose 36%.

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased primarily in Italy and Hong Kong, but decreased in the Americas, mainly in the USA.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in EMEA and the Americas, primarily in the USA and Spain, but decreased in APAC, mainly in Thailand.

Sales of BioGaia Prodentis increased compared to the corresponding period last year. Sales of BioGaia Prodentis increased in the Americas and APAC but declined in EMEA compared to the corresponding period last year. Sales increased mainly in the USA and South Korea, which was partly offset by lower sales in Japan.



Earnings

SECOND QUARTER

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the quarter amounted to 71% (74%). The gross margin for the Paediatrics segment amounted to 73% (75%). The gross margin for the Adult Health segment was negatively impacted by product mix effects and campaigns and amounted to 63% (70%).

Operating expenses and operating profit

Operating expenses amounted to SEK 104.6 million (81.6), an increase of SEK 23.0 million, (28%), of which the acquisition of Nutraceuticals accounted for an increase of SEK 22.3 million (27%). Excluding other operating expenses (exchange losses/gains) operating expenses increased by 49%. Operating expenses included costs for evaluating acquisition candidates of SEK 0.3 million (0.0) and revenue from the reversal of previous impairment of right-of-use assets linked to a rental contract for premises in Lund of SEK -1.7 million (0.0).

Excluding costs for the evaluation of acquisition candidates and the reversal of previous impairment of right-of-use assets linked to a rental contract for premises in Lund, operating expenses totalled SEK 106.0 million (81.6), an increase of SEK 24.4 million (30%). Excluding Nutraceuticals (now BioGaia USA), operating expenses increased SEK 0.7 million (1%).

Selling expenses amounted to SEK 83.2 million (44.0), an increase of 89%, mainly due to the acquisition of Nutraceuticals and increased costs for sales and marketing activities.

R&D expenses amounted to SEK 27.9 million (28.1), a decrease of 1%.

R&D expenses include costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 4.6 million (6.8).

Administrative expenses amounted to SEK 7.8 million (7.7), an increase of 1%. Administrative expenses included costs for evaluating acquisition candidates of SEK 0.3 million (0.0) and the reversal of previous impairment of right-of-use assets linked to a rental contract for premises in Lund of SEK -1.7 million (0.0). Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -14.2 million (1.8).

Operating profit amounted to SEK 101.3 million (69.2), an increase of 46%. The operating margin was 35% (34%).

Operating profit excluding costs for the evaluation of acquisition candidates, restructuring costs and the revaluation of right-of-use assets linked to a rental contract totalled SEK 99.9 million (69.2), an increase of SEK 30.7 million (44%). The operating margin excluding costs for the evaluation of acquisition candidates, restructuring costs and the reversal of previous impairment of right-of-use assets linked to a rental contract totalled 35% (34%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 78.5 million (54.7), an increase of 44%. The effective tax rate was 21% (21%).

Earnings per share amounted to SEK 0.78 (0.54). There are no dilutive effects.

FIRST HALF-YEAR

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin amounted to 71% (73%). The gross margin for the Paediatrics segment amounted to 73% (75%). The gross margin for the Adult Health segment amounted to 65% (65%).

Operating expenses and operating profit

Operating expenses amounted to SEK 211.6 million (162.6), an increase of SEK 49.0 million, (30%), of which the acquisition of Nutraceuticals accounted for an increase of SEK 43.3 million (27%). Excluding other operating expenses (exchange losses/gains), operating expenses increased by 37%. Operating expenses included costs of evaluation of acquisition candidates of SEK 1.1 million (2.5), restructuring costs (relating to personnel) of SEK 3.9 million (2.4) and the reversal of previous impairment of right-of-use assets linked to a rental contract for premises in Lund of SEK -1.7 million (5.1). Excluding costs for the evaluation of acquisition candidates and restructuring as well as the reversal of previous impairment of right-of-use assets linked to a rental contract for premises in Lund, operating expenses totalled SEK 208.3 million (152.6), an increase of SEK 55.7 million (37%). Excluding Nutraceuticals, operating expenses increased SEK 5.7 million (4%).

Selling expenses amounted to SEK 155.3 million (87.3), an increase of 78%, mainly due to the acquisition of Nutraceuticals and increased costs for sales and marketing activities. Personnel costs linked to restructuring amounted to SEK 1.9 million (2.4).

R&D expenses amounted to SEK 52.8 million (55.3), a decrease of 4%. Personnel costs linked to restructuring amounted to SEK 1.9 million (0.0).

R&D expenses include costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 9.4 million (12.7). The decrease in R&D expenses excluding costs for MetaboGen AB and BioGaia Pharma AB are mainly attributable to lower study expenses during the period. Administrative expenses amounted to SEK 18.8 million (23.4), a decrease of 19%. The reduction in administrative expenses is attributable to decreased costs for evaluation of acquisition candidates of SEK 1.1 million (2.5) and the reversal of previous impairment of right-of-use assets linked to a rental contract for premises in Lund of SEK -1.7 million (5.1). Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -15.3 million (-3.3).

Operating profit amounted to SEK 196.6 million (133.5), an increase of 47%. The operating margin was 34% (33%).

Operating profit excluding costs for the evaluation of acquisition candidates, restructuring costs and the reversal of previous impairment of right-of-use assets linked to a rental contract totalled SEK 199.9 million (143.5), an increase of SEK 56.4 million (39%). The operating margin excluding costs for the evaluation of acquisition candidates, restructuring costs and the reversal of previous impairment of right-of-use assets linked to a rental contract totalled 35% (35%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 154.8 million (105.2), an increase of 47%. The effective tax rate was 21% (21%).

Earnings per share amounted to SEK 1.53 (1.04). There are no dilutive effects.

Parent Company

The Parent Company's net sales amounted to SEK 501.4 million (378.4) and profit before tax was SEK 188.9 million (109.0). 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 2022

Total assets amounted to SEK 2,082.7 million (1,935.8). The increase is mainly explained by the acquisition of Nutraceutics carried out in the fourth quarter of 2021.

Goodwill from the acquisition of Nutraceutics was adjusted for foreign exchange, and amortisation has begun for other surplus values identified in the acquisition. The financial liability for the additional purchase price was value adjusted. For more information, see Note 4. Since year-end, trade receivables and inventories have increased while trade payables have decreased.

CASH FLOW SECOND QUARTER

Cash flow amounted to SEK -224.9 million (-16.2). Cash flow includes dividends of SEK 301.3 million (68.9).

Cash flow from operating activities amounted to SEK 87.3 million (55.8). The increase in cash flow in operations compared with the year-earlier period is due to higher operating profit and a positive change in working capital.

Cash and cash equivalents at 30 June 2022 amounted to SEK 1,356.3 million (1,468.9).

CASH FLOW FIRST HALF-YEAR

Cash flow amounted to SEK -139.1 million (1.1).

Cash flow from operating activities amounted to SEK 180.3 million (97.7). The increase in cash flow in operations compared with the year-earlier period is due to higher operating profit and a positive change in working capital.

Investments in property, plant and equipment amounted to SEK 13.9 million (1.8). Investments in financial assets of SEK 0.0 million (22.2) relate to acquisition in the preceding period of shares in Boneprox AB and Skinome AB in conjunction with the establishment of BioGaia Invest AB.

SIGNIFICANT RISKS AND UNCERTAINTIES GROUP AND PARENT COMPANY

Significant risks and uncertainties are described in the administration report of the annual report for 2021 on pages 47 and 48 and in Notes 27 and 28. No significant changes in these risks and uncertainties are assessed to have taken place at 30 June 2022 except for the impact of Russia's invasion of Ukraine and the general macroeconomic situation as set out below.

There is uncertainty about how and the extent to which BioGaia's operations will be affected by the current conflict in Ukraine. BioGaia has no operations in Ukraine or Russia and no suppliers in these countries. In addition, there is uncertainty over the general macroeconomic situation with higher interest rates, inflation and cost increases.

RELATED PARTY TRANSACTIONS

The Parent Company owns 100% of the shares in BioGaia Probiotics Canada Inc, BioGaia UK Ltd, BioGaia Finland Oy, BioGaia Invest AB, MetaboGen AB, 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 80% of the shares in Nutraceutics Inc.

Annwall & Rothschild Investment AB owns 3,703,340 class A shares and 500,000 class B shares, corresponding to 4.2% of the share capital and 27.9% 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 705,000 per year. During the quarter, Peter Rothschild received additional remuneration for significant working duties, in addition to his assignment on the Board, of SEK 150,000 in accordance with the decision of the Annual General Meeting and the Board of Directors.

Other disclosures

EMPLOYEES

The number of employees in the Group at 30 June 2022 totalled 195 (157).

The company has an incentive programme for all employees based partly on the company's sales and profit and partly on qualitative targets. The maximum bonus is equal to 12% of annual salary. In addition to this programme BioGaia has also implemented a subscription warrants programme as resolved by the 2021 Annual General Meeting.

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, online sales, 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 50% of profit after tax in the Parent Company.

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 a strong distribution network that covers a large share of the key markets, BioGaia's future outlook remains bright.



KEY EVENTS IN THE SECOND QUARTER OF 2022

Launches in the second quarter of 2022

Distributor	Country	Product
Abbott	Ecuador	BioGaia Protectis drops with vitamin D
Abbott	Ecuador	BioGaia Protectis tablets with vitamin D
Ethical Nutrition	Argentina	BioGaia Protectis drops
Ethical Nutrition	Argentina	BioGaia Protectis tablets
Interbat	Indonesia	BioGaia Protectis tablets with vitamin D
Denomics	South Korea	BioGaia Prodentis Kids
Unilab	Philippines	BioGaia Minipack
Dr Mums	China	BioGaia Pharax
BG Distribution	Hungary	BioGaia Prodentis tablets

BioGaia's result for first quarter exceeds market expectations. On 25 April, BioGaia announced that the company's result for the first quarter exceeded market expectations.

Record date for share split set to 19 May 2022. On 6 May, BioGaia's Annual General Meeting resolved on a split of the company's shares whereupon each share, regardless of series, will be divided in to five new shares. The record date for split will be 19 May 2022.

BioGaia starts its own distribution Canada. On 17 May, BioGaia announced that it will begin selling probiotics under its own management in Canada starting in 2023.

Change to number of shares and votes. On 31 May, BioGaia announced that the number of shares and votes in BioGaia had increased during May due to the share split resolved by BioGaia's Annual General Meeting on 6 May 2022. As of 31 May 2022, the total number of shares in BioGaia amounts to 100,982,310 (previously 20,196,462 shares), whereof 3,703,340 A shares, with ten votes each, and 97,278,970 B shares, with one vote each, corresponding to in total 134,312,370 votes. The share capital is unchanged and amounts to SEK 20,196,462.

BioGaia signs exclusive agreement in South Korea for the baby gut health range. On 8 June, BioGaia announced that it had extended its collaboration with Grace International, giving the company exclusive rights to market and sell its probiotic drops for infants in South Korea.

KEY EVENTS AFTER THE END OF THE SECOND QUARTER OF 2022

BioGaia launches probiotic product to support children's respiratory health. On 1 July, BioGaia announced that the company had launched BioGaia Pharax in the USA. BioGaia Pharax aims to strengthen the immune system and support children's upper respiratory health.

BioGaia's result exceeds market expectations.

On 14 July, BioGaia announced that results for the second quarter will exceed market expectations.

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.

NEW ACCOUNTING STANDARDS

Management's assessment is that new and amended standards and interpretations that came into force in 2022 have not had a material effect on the Group's financial statements. Management's assessment is that new and amended standards and interpretations that have not yet come into effect will not have a material effect on the Group's financial statements for the period of initial application.


SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in SEK 000s)

	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021	Jul 2021– Jun 2022	Jul 2020– Jun 2021
Net sales (Note 1)	288,086	203,131	571,941	405,106	785,110	951,945	724,677
Cost of sales	-82,138	-52,282	-163,785	-109,057	-202,161	-256,889	-199,161
Gross profit	205,948	150,849	408,156	296,049	582,949	695,056	525,516
Selling expenses	-83,222	-44,027	-155,257	-87,275	-192,437	-260,418	-169,859
Administrative expenses	-7,757	-7,683	-18,820	-23,378	-42,546	-37,988	-36,040
Research and development expenses	-27,913	-28,091	-52,817	-55,270	-105,467	-103,014	-104,680
Other operating expenses/operating income	14,247	-1,825	15,336	3,342	11,238	23,232	-9,177
Operating profit	101,303	69,223	196,598	133,468	253,737	316,868	205,760
Financial income	1,077	41	4,846	63	107	4,890	146
Financial expenses	-3,384	-175	-5,081	-394	-1,132	-5,819	-735
Profit before tax	98,996	69,089	196,363	133,137	252,712	315,939	205,171
Tax	-20,451	-14,378	-41,521	-27,983	-56,439	-69,977	-41,067
Profit for the period	78,545	54,711	154,842	105,154	196,273	245,962	164,104
Items that may be subsequently reclassified to profit or loss							
Gains/losses arising on translation of the statements of foreign operations	15,671	-667	18,859	285	1,994	20,568	-318
Comprehensive income for the period	94,216	54,044	173,701	105,439	198,267	266,530	163,786
Profit for the period attributable to:							
Owners of the Parent Company	78,545	54,711	154,842	105,154	196,273	245,962	164,104
Non-controlling interests	–	–	–	–	–	–	–
	78,545	54,711	154,842	105,154	196,273	245,962	164,104
Comprehensive income for the period attributable to:							
Owners of the Parent Company	94,216	54,044	173,701	105,439	198,267	266,530	163,786
Non-controlling interests	–	–	–	–	–	–	–
	94,216	54,044	173,701	105,439	198,267	266,530	163,786
Earnings per share							
Earnings per share before dilution, (SEK) *)	0.78	0.54	1.53	1.04	1.94	2.44	1.71
Earnings per share after dilution, (SEK) *)	0.78	0.54	1.53	1.04	1.94	2.44	1.71
Number of shares (thousands)	100,982	100,982	100,982	100,982	100,982	100,982	100,982
Average number of shares before dilution, (thousands) *)	100,982	100,982	100,982	100,982	100,982	100,982	96,080
Average number of shares after dilution, (thousands) *)	100,982	100,982	100,982	100,982	100,982	100,982	96,080

*) A bonus issue element from the 2020 new issue has been taken into account in the calculation of earnings per share before and after dilution, which means that comparative figures have been recalculated. There are no other dilutive effects. In view of the 5:1 share split, which took place in May 2022, historical key ratios based on the number of shares have been restated.



CONSOLIDATED BALANCE SHEETS

Summary (amounts in SEK 000s)	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Property, plant and equipment	147,111	129,022	138,555
R&D projects in progress	46,968	49,204	48,086
Goodwill	168,014	5,300	149,227
Right-of-use assets	17,126	19,054	15,080
Financial assets	25,793	22,229	22,229
Deferred tax assets	16,031	5,309	2,757
Other non-current receivables	49	41	43
Total non-current assets	421,092	230,159	375,977
Current assets excl. cash and cash equivalents	305,261	236,753	267,397
Cash and cash equivalents	1,356,344	1,468,935	1,484,680
Total current assets	1,661,605	1,705,688	1,752,077
TOTAL ASSETS	2,082,697	1,935,847	2,128,054
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,746,629	1,785,001	1,877,365
Non-controlling interests	2	2	2
Total equity (Note 2)	1,746,631	1,785,003	1,877,367
Deferred tax liability	13,344	11,218	14,240
Non-current liabilities	119,507	16,032	109,493
Current liabilities	203,215	123,594	126,954
TOTAL LIABILITIES AND EQUITY	2,082,697	1,935,847	2,128,054

CONSOLIDATED CASH FLOW STATEMENTS

Summary (amounts in SEK 000s)	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Operating activities					
Operating profit	101,303	69,223	196,598	133,468	253,737
Depreciation/amortisation	6,082	5,492	12,131	15,855	27,241
Unrealised gains/losses on forward contracts	–	575	–	2,107	2,403
Other non-cash items	-11,494	1,028	-12,630	-693	-2,356
Paid tax	-18,431	-18,684	-35,943	-35,880	-55,934
Interest received and paid	-3,370	-135	-5,068	-331	-1,068
Cash flow from operating activities before changes in working capital	74,090	57,499	155,088	114,526	224,023
Changes in working capital	13,200	-1,736	25,267	-16,871	-2,148
Cash flow from operating activities	87,290	55,763	180,355	97,655	221,875
Purchase of property, plant and equipment	-8,815	-772	-13,896	-1,812	-6,379
Purchase of intangible assets	–	–	–	–	–
Purchase of financial assets	–	–	–	-22,229	-22,229
Acquisitions of subsidiaries	–	–	–	–	-98,359
Cash flow from investing activities	-8,815	-772	-13,896	-24,041	-126,967
Dividend	-301,331	-68,870	-301,331	-68,870	-68,870
Repayment of loans from subsidiaries	–	–	–	–	-7,174
Repayment of lease liability	-1,999	-1,619	-4,004	-3,019	-7,527
Provision to Foundation to Prevent Antibiotic Resistance	–	-2,800	–	-2,800	-2,800
New issue of warrants	–	–	-206	–	4,525
Ongoing issue of warrants	–	2,138	–	2,138	–
Cash flow from financing activities	-303,330	-71,151	-305,541	-72,551	-81,846
Cash flow for the period	-224,855	-16,160	-139,082	1,063	13,062
Cash and cash equivalents at the beginning of the period	1,571,693	1,486,770	1,484,680	1,467,883	1,467,883
Exchange difference in cash and cash equivalents	9,506	-1,675	10,746	-11	3,735
Cash and cash equivalents at the end of the period	1,356,344	1,468,935	1,356,344	1,468,935	1,484,680


NOTE 1 REPORTING BY SEGMENT – GROUP

Executive Management has analysed the Group's internal reporting and determined that the Group's operations are monitored 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, Nutraceutics' own products as well as royalty revenues for Adult Health products).
- **Other segment** (smaller segments such as royalty 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 and liabilities against the segments' assets.

<i>(Amounts in SEK 000s)</i>	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021	Jul 2021– Jun 2022	Jul 2020– Jun 2021
Revenue by segment							
Paediatrics	232,715	161,142	455,235	322,750	603,689	736,174	564,218
Adult Health	54,198	40,885	114,954	79,606	176,855	212,203	156,256
Other	1,173	1,104	1,752	2,750	4,566	3,568	4,203
Total	288,086	203,131	571,941	405,106	785,110	951,945	724,677
Gross profit by segment							
Paediatrics	170,505	121,321	332,341	241,726	458,480	549,096	415,780
Adult Health	34,411	28,423	74,203	51,573	119,958	142,587	105,604
Other	1,033	1,104	1,612	2,750	4,511	3,374	4,133
Total	205,948	150,848	408,156	296,048	582,949	695,056	525,516
Selling, administrative, R&D expenses	-118,892	-79,801	-226,894	-165,923	-340,450	-401,420	-310,579
Other operating expenses/income	14,247	-1,825	15,336	3,342	11,238	23,232	-9,177
Operating profit	101,303	69,223	196,598	133,468	253,737	316,868	205,760
Net financial items	-2,307	-134	-235	-331	-1,025	-929	-589
Profit before tax	98,996	69,089	196,363	133,137	252,712	315,939	205,171
Sales by geographical market							
APAC							
Paediatrics	38,442	27,346	55,785	46,967	101,469	110,287	79,447
Adult Health	23,923	26,824	52,937	49,306	110,892	114,523	98,873
Other	947	631	1,454	882	2,092	2,664	1,761
Total APAC	63,312	54,801	110,176	97,155	214,453	227,474	180,081
EMEA							
Paediatrics	114,274	60,444	249,664	140,969	288,383	397,078	260,612
Adult Health	15,055	8,798	30,031	21,101	45,103	54,033	42,137
Other	181	449	216	1,809	2,318	725	2,340
Total EMEA	129,510	69,691	279,911	163,879	335,804	451,836	305,090
Americas							
Paediatrics	79,998	73,351	149,785	134,814	213,837	228,808	224,161
Adult Health	15,220	5,264	31,986	9,199	20,860	43,647	15,245
Other	46	24	83	59	156	180	100
Total Americas	95,264	78,639	181,854	144,072	234,853	272,635	239,506
Total	288,086	203,131	571,941	405,106	785,110	951,945	724,677



<i>Date of recognition Performance obligations met on specific date (Product sales)</i>	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
	2022	2021	2022	2021	2021
Paediatrics	232,714	158,694	454,382	318,718	595,361
Adult Health	44,350	30,103	102,250	66,264	155,355
Other	1,024	698	1,611	1,344	2,748
Total	278,088	189,495	558,243	386,326	753,464
<i>Performance obligations met over time (Royalty)</i>					
Paediatrics	0	2,447	852	4,032	8,329
Adult Health	9,848	10,783	12,704	13,342	21,500
Other	150	406	142	1,406	1,817
Total	9,998	13,636	13,698	18,780	31,646
Total	288,086	203,131	571,941	405,106	785,110

NOTE 2 SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in SEK 000s)</i>	Jan–Jun	Jan–Jun	Jan–Dec
	2022	2021	2021
Opening balance	1,877,367	1,746,245	1,746,245
New issue and repurchase of warrants	-206	4,989	4,525
Dividend	-301,331	-68,870	-68,870
Provision to Foundation to Prevent Antibiotic Resistance	-2,900	-2,800	-2,800
Comprehensive income for the period	173,701	105,439	198,267
Closing balance	1,746,631	1,785,003	1,877,367

NOTE 3 LARGEST SHAREHOLDERS AT 30 JUNE 2022 (SOURCE: MONITOR)

	A shares	B shares	Share capital	No. of votes	Capital	Votes
1 Annwall & Rothschild Investments AB	3,703,340	500,000	840,668	37,533,400	4.2%	27.9%
2 EQT		11,164,630	2,232,926	11,164,630	11.1%	8.3%
3 Fjärde AP-fonden		8,070,000	1,614,000	8,070,000	8.0%	6.0%
4 Premier Miton Investors		6,675,220	1,335,044	6,675,220	6.6%	5.0%
5 TIN Fonder		3,144,175	628,835	3,144,175	3.1%	2.3%
6 Cargill Inc		3,000,000	600,000	3,000,000	3.0%	2.2%
7 Handelsbanken Fonder		2,810,287	562,057	2,810,287	2.8%	2.1%
8 Tredje AP-fonden		2,309,545	461,909	2,309,545	2.3%	1.7%
9 AMF Pension & Fonder		2,275,985	455,197	2,275,985	2.3%	1.7%
10 Nordea Fonder		2,267,275	453,455	2,267,275	2.2%	1.7%
Other shareholders		55,061,853	11,012,371	55,061,853	54.5%	41.0%
Total	3,703,340	97,278,970	20,196,462	134,312,370	100%	100%



NOT 4 FAIR VALUE

Financial liabilities

BioGaia has a financial liability relating to the additional purchase price in business acquisitions that is measured at fair value through profit or loss. The additional purchase price is due to the acquisition of Nutraceutics and is based on sales in Nutraceutics in 2026 or 2027. The amount, which will be settled in April 2027 or 2028, may also be adjusted if the agreed budget for marketing costs is exceeded.

BioGaia's best assessment of fair value at 30 June 2022 amounted to SEK 112.4 million. Estimates of fair value are based on Level 3 of the hierarchy for fair value, which means fair value is determined using valuation models where significant inputs are based on unobservable data. The measurement was based on anticipated future cash flows discounted with a market-based interest rate. The value adjustment compared with previous periods is attributable to a changed WACC due to an adjustment in the risk-free interest rate and also the time value. The value adjustment is recognised as financial income of SEK 1.3 million.

<i>(Amounts in SEK 000s)</i>	Jan–Jun 2022	Jan–Dec 2021
Opening balance	100,591	–
Value adjustment	-1,260	–
Exchange differences	13,057	–
Closing balance	112,368	100,591

Financial assets

BioGaia owns shares in the companies Boneprox AB and Skinome AB through BioGaia Invest at a cost of SEK 22.2 million. These financial assets are measured at fair value through profit or loss. Estimates of fair value are based on Level 3 of the hierarchy for fair value, which means fair value is determined using valuation models where significant inputs are based on unobservable data.

During the period, Skinome AB completed a new issue and shares were revalued in an amount of SEK 3.6 million based on the subscription price. The revaluation is recognised as financial income of SEK 3.6 million. During the period, no additional transactions occurred in Boneprox AB to indicate a change in value. The fair value of this financial asset therefore corresponds to cost.

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 maturities.



Consolidated key ratios

	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Net sales, SEK 000s	571,941	405,106	785,110
Growth of net sales	41%	-5%	5%
Operating profit, SEK 000s	196,598	133,468	253,737
Profit after tax, SEK 000s	154,842	105,154	196,274
Return on equity	9%	6%	11%
Return on capital employed	11%	8%	14%
Capital employed, SEK 000s	1,759,975	1,796,221	1,891,607
Number of shares, thousands	100,982	100,982	100,982
Average number of shares before dilution, thousands ¹⁾	100,982	100,982	100,982
Average number of shares after dilution, thousands ¹⁾	100,982	100,982	100,982
Earnings per share before dilution, SEK ¹⁾	1.53	1.04	1.94
Earnings per share after dilution, SEK ¹⁾	1.53	1.04	1.94
Equity per share, SEK ¹⁾	17.30	17.68	18.59
Equity/assets ratio	84%	92%	88%
Operating margin	34%	33%	32%
Profit margin	34%	33%	32%
Average number of employees	184	158	161

1) Key ratio defined according to IFRS.

A list of definitions of key ratios reported in the consolidated financial statements is provided on page 60 of BioGaia's annual report for 2021. In this report, BioGaia reports information used by Executive Management to assess the Group's development. Some of the key ratios presented are not defined according to IFRS. The company is of the opinion that these metrics provide valuable complementary information to stakeholders and the company's management since they contribute to evaluation of relevant trends and the company's performance. Since not all companies calculate key ratios in the same manner, these are not always comparable to metrics used by other companies. These key ratios should therefore not be seen as a replacement for metrics defined according to IFRS. With effect from 3 July 2016, ESMA's guidelines on alternative performance measures are applied which means extended disclosure requirements regarding key ratios not defined according to IFRS. A reconciliation of key ratios that BioGaia considers relevant according to these guidelines is provided below.

DEFINITIONS OF KEY RATIOS

Key ratio	Definition/calculation	Purpose
Return on equity	Profit attributable to the owners of the Parent Company divided by 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.
Gross margin	Gross profit as a percentage of net sales.	The gross margin is used to measure profitability.
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.
Average number of shares	Time-weighted number of outstanding shares during the year taking bonus issue elements into account.	Used to calculate equity and earnings per share.
Earnings per share	Profit for the period attributable to owners of the Parent Company divided by the average number of shares (definition according to IFRS).	EPS measures how much of net profit is available for payment to the shareholders as dividends per share.
Operating margin (EBIT margin)	Operating profit expressed as a percentage of net sales.	The operating profit margin is used to measure operational profitability.
Equity/assets ratio	Shareholders' equity at the end of the period as a percentage of total assets.	A traditional metric 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 year-earlier period divided by sales for the year-earlier period. Breakdown by foreign exchange, organic growth and acquisitions.	Shows the company's realised sales growth over time.
Profit margin	Profit before tax as a percentage of net sales.	This key ratio makes it possible to compare profitability regardless of the corporate income tax.



KEY RATIO

(Amounts in SEK 000s)

	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Return on equity			
Profit attributable to owners of the Parent Company (A)	154,842	105,154	196,273
Equity attributable to owners of the Parent Company	1,746,629	1,785,001	1,877,365
Average equity attributable to owners of the Parent Company (B)	1,811,997	1,765,622	1,811,804
Return on equity (A/B)	9%	6%	11%
Return on capital employed			
Operating profit	196,598	133,468	253,737
Financial income	4,846	63	107
Profit before net financial items + financial income (A)	201,444	133,531	253,844
Total assets	2,082,697	1,935,847	2,128,054
Interest-free liabilities	-322,722	-139,626	-236,447
Capital employed	1,759,975	1,796,221	1,891,607
Average capital employed (B)	1,825,791	1,776,889	1,824,582
Return on capital employed (A/B)	11%	8%	14%

KEY RATIO

(Amounts in SEK 000s)

	30 Jun 2022	30 Jun 2021	31 Dec 2021
Equity/assets ratio			
Equity (A)	1,746,631	1,785,003	1,877,367
Total assets (B)	2,082,697	1,935,847	2,128,054
Equity/assets ratio (A/B)	84%	92%	88%
Operating margin			
Operating profit (A)	196,598	133,468	253,737
Net sales (B)	571,941	405,106	785,110
Operating margin (A/B)	34%	33%	32%
Profit margin			
Profit before tax (A)	196,363	133,137	252,712
Net sales (B)	571,941	405,106	785,110
Profit margin (A/B)	34%	33%	32%
Equity per share			
Equity attributable to owners of the Parent Company (A)	1,746,629	1,785,001	1,877,365
Average number of shares (B)	100,982	100,982	100,982
Equity per share (A/B)	17.30	17.68	18.59


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

	Paediatrics		Adult Health		Other	Total		
	Apr–Jun 2022	Jan–Jun 2022	Apr–Jun 2022	Jan–Jun 2022	Apr–Jun 2022	Jan–Jun 2022	Apr–Jun 2022	Jan–Jun 2022
<i>(Amounts in SEK 000s)</i>								
Description								
A Previous year's net sales according to the average rate	161,142	322,751	40,885	79,605	1,104	2,750	203,131	405,106
B Net sales for the year according to the average rate	232,714	455,234	54,198	114,954	1,173	1,753	288,085	571,941
C Recognised change (B-A)	71,572	132,484	13,313	35,349	69	-997	84,954	166,835
Percentage change (C/A)	44%	41%	33%	44%	6%	-36%	42%	41%
D Net sales for the year according to the previous year's average rate	217,134	425,773	50,588	107,563	1,173	1,753	268,894	535,089
E Foreign exchange effects (B–D)	15,580	29,462	3,610	7,391	0	0	19,191	36,852
Percentage change (E/A)	10%	9%	9%	9%	0%	0%	9%	9%
G Change acquisitions (excl. foreign exchange effects)	6,946	13,657	6,684	15,745	0	0	13,630	29,401
Percentage change (G/A)	4%	4%	16%	20%	0%	0%	7%	7%
F Organic change (C–E–G)	49,046	89,366	3,019	12,213	69	-997	52,133	100,582
Organic change, % (F/A)	30%	28%	7%	15%	6%	-36%	26%	25%

Average key exchange rates	Apr–Jun 2022	Apr–Jun 2021	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
EUR	10.41	10.16	10.43	10.12	10.13
USD	9.69	8.40	9.51	8.36	8.49
JPY	0.0769	0.0770	0.0782	0.0780	0.0781

Closing date key exchange rates	30 Jun 2022	30 Jun 2021	31 Dec 2021
EUR	10.68	10.12	10.23
USD	10.22	8.51	9.04
JPY	0.0751	0.0770	0.0785

Pledged assets and contingent liabilities	GROUP		
	30 Jun 2022	30 Jun 2021	31 Dec 2021
<i>(Amounts in SEK 000s)</i>			
Floating charges	0	0	0
Contingent liabilities	None	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
	2022	2021	2021
Net sales	501,422	378,391	732,009
Cost of sales	-172,520	-134,768	-256,210
<i>Gross profit</i>	<i>328,902</i>	<i>243,623</i>	<i>475,799</i>
Selling expenses	-88,107	-69,958	-163,189
Administrative expenses	-17,757	-22,524	-34,630
Research and development expenses	-45,382	-45,809	-85,563
Other operating expenses/operating income	15,841	3,580	11,506
<i>Operating profit</i>	<i>193,497</i>	<i>108,912</i>	<i>203,923</i>
Impairment loss on shares in subsidiaries	–	–	-18,708
<i>Net financial items</i>	<i>-4,646</i>	<i>75</i>	<i>688</i>
<i>Profit before tax</i>	<i>188,851</i>	<i>108,987</i>	<i>185,903</i>
Tax	-38,155	-20,700	-39,344
Profit for the period	150,696	88,287	146,559

PARENT COMPANY BALANCE SHEET

<i>Summary (amounts in SEK 000s)</i>	30 Jun	30 Jun	31 Dec
	2022	2021	2021
ASSETS			
Property, plant and equipment	6,452	5,488	4,747
Intangible assets	1,118	3,354	2,236
Participations in group companies	334,951	179,724	331,809
Non-current receivables from subsidiaries	10,835	10,835	10,835
<i>Total non-current assets</i>	<i>353,356</i>	<i>199,401</i>	<i>349,627</i>
Current assets excl. cash and cash equivalents	238,843	234,358	197,525
Cash and cash equivalents	1,141,072	1,371,234	1,333,570
Total current assets	1,379,915	1,605,592	1,531,095
TOTAL ASSETS	1,733,271	1,804,993	1,880,722
EQUITY AND LIABILITIES			
Equity	1,562,260	1,658,192	1,716,000
Non-current liabilities	2,535	4,225	3,380
Interest-free current liabilities	168,476	142,576	161,342
TOTAL LIABILITIES AND EQUITY	1,733,271	1,804,993	1,880,722



PARENT COMPANY CASH FLOW STATEMENT

<i>Summary (amounts in SEK 000s)</i>	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Operating activities			
Operating profit	193,497	108,912	203,923
Depreciation/amortisation	1,836	1,876	3,736
Other non-cash items	-7,962	-675	1,693
Forward exchange contracts	–	2,107	2,403
Paid tax	-29,991	-29,991	-46,786
Interest received and paid	-4,646	75	688
Cash flow from operating activities before changes in working capital	152,734	82,304	165,657
Changes in working capital	-44,402	-34,382	-5,872
Cash flow from operating activities	108,332	47,922	159,784
Purchase of intangible assets	–	–	–
Purchase of property, plant and equipment	-2,424	–	–
Sale of property, plant and equipment	–	–	–
Purchase of financial assets	-3,142	-22,229	-167,920
Sale of financial assets	–	22,229	22,229
Repayment of loans from subsidiaries	–	–	–
Cash flow from investing activities	-5,566	0	-145,691
Dividend	-301,331	-68,870	-68,870
Provision to Foundation to Prevent Antibiotic Resistance	–	-2,800	-2,800
Shareholder contribution provided	–	-25,052	-31,444
New issue, net	–	–	–
Repurchase of warrants	-206	–	-464
Cash flow from financing activities	-301,537	-96,722	-103,578
Cash flow for the period	-198,771	-48,800	-89,484
Cash and cash equivalents at the beginning of the period	1,333,570	1,419,361	1,419,361
Exchange difference in cash and cash equivalents	6,273	673	3,693
Cash and cash equivalents at the end of the period	1,141,072	1,371,234	1,333,570

SUMMARY PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in SEK 000s)</i>	Jan–Jun 2022	Jan–Jun 2021	Jan–Dec 2021
Opening balance	1,716,000	1,636,587	1,636,587
Dividend	-301,331	-68,870	-68,870
Provision to Foundation to Prevent Antibiotic Resistance	-2,900	-2,800	-2,800
New issue, net	–	–	–
New issue warrants	-206	4,989	4,525
Comprehensive income for the period	150,696	88,287	146,559
Closing balance	1,562,260	1,658,192	1,716,000



Financial calendar

21 OCT 2022 ⌚ 8:00 a.m. CEST Interim management statement 1
January – 30 September 2022

Stockholm, 22 July 2022

Peter Rothschild
Board Chairman

David Dangoor
Vice Chairman

Ewa Björling
Member of the Board

Christian Bubenheim
Member of the Board

Peter Elving
Member of the Board

Bénédicte Flambard
Member of the Board

Anthoñ Jahreskog
Member of the Board

Niklas Ringby
Member of the Board

Vanessa Rothschild
Member of the Board

Isabelle Ducellier
CEO

AUDITOR'S REVIEW REPORT

Introduction

We have reviewed the interim report of BioGaia AB (publ), for the period 1 January – 30 June 2022. 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, 22 July 2022

Deloitte AB

Jenny Holmgren
Authorised Public Accountant



BioGaia AB

THE COMPANY

BioGaia is an innovative Swedish healthcare company and has been a world-leader in food supplements with probiotics for more than 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 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.

BioGaia holds patents for the use of certain strains of *L. reuteri* and certain packaging solutions in all major 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 central part of BioGaia's strategy is to increase the proportion of sales consisting of BioGaia-branded products. Of products (drops, tablets for gut and oral health, oral rehydration, etc.) sold in 2021, 81% (77%) 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 *L. 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.

RESEARCH AND CLINICAL STUDIES

BioGaia's *L. reuteri* strains are among the most studied probiotics in the world, especially in young children. To date, over 230 clinical studies with BioGaia's *L. reuteri* strains have been performed on more than 18,000 individuals of all ages.

Studies have been performed on:

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

* Previously *Lactobacillus*.

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