

Interim Management Statement

JANUARY – MARCH 2022





FIRST QUARTER 2022

Net sales amounted to SEK 283.9 million (202.0), an increase of SEK 81.9 million, or 41% (excluding foreign exchange effects, 32%) of which the acquisition of Nutraceutics accounted for an increase of SEK 15.8 million (8%). Organic growth was 24%.

Net sales in the Paediatrics segment amounted to SEK 222.5 million (161.6), an increase of 38% (excluding foreign exchange effects, 29%).

Net sales in the Adult Health segment amounted to SEK 60.8 million (38.7), an increase of 57% (excluding foreign exchange effects, 47%).

Operating expenses amounted to SEK 106.9 million (81.0), an increase of SEK 26 million, or 32%, of which the acquisition of Nutraceutics accounted for an increase of SEK 20.5 million (25%). Operating expenses included costs of evaluation of acquisition candidates of SEK 0.8 million (2.5) and restructuring costs of SEK 3.9 million (7.5). Excluding these costs, operating expenses amounted to SEK 102.2 million (71.0), an increase of 44%.

Operating profit increased by 48% to SEK 95.3 million (64.2), which corresponds to an operating margin of 34% (32%).

Profit after tax amounted to SEK 76.3 million (50.4), an increase of 51%.

Earnings per share amounted to SEK 3.78 (2.50) before and after dilution.

Cash flow amounted to SEK 85.8 million (17.2).
Cash and cash equivalents at 31 March 2022 amounted to SEK 1,571.7 million (1,486.8).

Key events in the first quarter of 2022

On 3 February, BioGaia announced that BioGaia's probiotic reduces inflammation in patients with diverticulitis.

Key events after the end of the first quarter

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



	Jan-Mar 2022	Jan-Mar 2021
Net sales, SEK 000s	283,855	201,975
Growth in net sales	41%	10%
Operating profit, SEK 000s	95,295	64,245
Operating margin	34%	32%
Profit after tax, SEK 000s	76,297	50,443
Number of shares, thousands	20,196	20,196
Earnings per share, before and after dilution, SEK ¹⁾	3.78	2.50

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

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 8:00 a.m. CEST on 6 May 2022.

**BioGaia AB (publ.) interim management statement 2022**

The Board of Directors and the CEO of BioGaia AB hereby present the interim management statement for the period 1 January – 31 March 2022.

CEO'S COMMENTS

Following on from a good 2021, we had a very robust start to the year with an increase in our sales by 41% compared with last year's first quarter. I am pleased to see that the Paediatrics segment (+38%) and the Adult Health segment (+57%) have grown globally, entirely according to our target. The excellent result was driven by a few factors. First and foremost were eased or lifted Covid-restrictions in Europe, which have allowed our partners to actively revisit healthcare workers and pharmacies and for consumers to return to a normal life. This has meant that consumers were more exposed to infections, such as the common cold, which has increased demand for BioGaia's products and led to outstanding sales growth of 60% in EMEA, mainly in Italy, Spain and Eastern Europe. In Italy, which was a problem child during the pandemic, sales have returned to almost pre-pandemic levels. Our Italian distributors have adapted their way of working during the pandemic and, in addition to medical marketing, have increased their online expertise, which means they are also regaining market shares from competitors.

Secondly, our initiative with direct markets is working better than expected. USA is producing good results due to the successful integration of our distributor Everidis, now BioGaia USA, and its omnichannel strategy. On the basis of medical and consumer marketing, we have quickly launched our latest innovations (Prodentis Kids and Pharax) with record quarters on both Amazon and Walmart. In Finland, we have established BioGaia in 543 of 800 pharmacies since the launch of the BioGaia brand in September 2021. We are gradually increasing our retail sales and launching new products, such as Gastrus, using TV campaigns. Progress in the UK is better than planned, especially at pharmacies. We are broadly investing in campaigns on social media via influencers to drive traffic to our own online store and pharmacies. Our operation targeting dentists in Japan has been negatively impacted by pandemic restrictions but we have partly offset this through our own online store. In Sweden, our sales are increasing at pharmacies both online and in retail outlets.

Latin America has continued to perform well and we are particularly satisfied that our latest market, Argentina, met its entire budget for 2022 in a single quarter.

In APAC, the quarter was positive, driven by our new omnichannel distributors in South Korea, a recovery in Hong Kong compared with poor results last year and by good sales in Vietnam. However, China is suffering from Covid restrictions with many cities in lockdown. Our distributor is reducing risks by opening new warehouses to ensure properly functioning logistics.

Commercial success is not possible without a firm scientific foundation. In Paediatrics, we are rolling out one of our new key products, Pharax, for upper respiratory tract infections based on the successful randomised placebo-controlled clinical study published in 2021 that showed a combination of two reuteri strains can significantly reduce the duration and severity of clinical symptoms in children with tonsillitis and pharyngitis. We are evaluating the opportunity to develop another adult product based on two positive studies on a new strain.

Our marketing department has never been more active, particularly on social media with #supportingyourinvisibleheroes and in supporting the global launch of Pharax and Prodentis Kids with adequate materials for healthcare personnel, influencers and consumers.

We are working hard to implement our sustainability strategy, have received an A rating from MSCI and are planning to introduce science-based target tracking to limit our impact on the environment. Last, but by no means least, we are conducting quarterly employee surveys to ensure that we offer a healthy and attractive workplace. Feel free to read our first sustainability report in accordance with GRI.

The very strong first quarter means we are optimistic about 2022. We are controlling costs to keep these at a healthy level relative to sales, which has helped to improve operating profit by 48%. The current high level of inflation may, however, affect the purchasing power of our target group and there is a risk that the zero-tolerance policy towards Covid in China may impact sales in one of our focus markets.

I would like to thank all of our employees, from St Louis in the USA, to Hiroshima in Japan via South Africa, the UK, Finland, Singapore and Sweden. Thank you to our 70 partners across the globe. Together, we will achieve our vision "To be the most trusted probiotic brand in the world."

Isabelle Ducellier
President and CEO BioGaia
6 May 2022



Teleconference: Investors, analysts and the media are invited to take part in a teleconference on the interim management statement to be held today, 6 May 2022, at 9:30 a.m. CEST with CEO Isabelle Ducellier and CFO Alexander Kotsinas. To participate in the teleconference, please call +46 8 505 583 58. More information about the teleconference is available here: <https://financialhearings.com/event/43468>





Revenue

SEKm	Jan–Mar 2022	Jan–Mar 2021	Change
Paediatrics	222.5	161.6	38%
Adult Health	60.8	38.7	57%
Other	0.6	1.6	-65%
Total	283.9	202.0	41%

SEKm	Jan–Mar 2022	Jan–Mar 2021	Change
EMEA	150.4	94.2	60%
APAC	46.9	42.4	11%
Americas	86.6	65.4	32%
Total	283.9	202.0	41%

SALES FIRST QUARTER

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 283.9 million (202.0), an increase of SEK 81.9 million, or 41% (excluding foreign exchange effects, 32%) of which the acquisition of Nutraceuticals accounted for an increase of SEK 15.8 million (8%). Over the past 12-month period, sales rose 13%.

Sales in EMEA totalled SEK 150.4 million (94.2), up 60% due to increased sales in both the Paediatrics and Adult Health segments. Sales in EMEA increased mainly in Italy, Spain and Eastern Europe.

Sales in APAC amounted to SEK 46.9 million (42.4), an increase of 11%. The increase was attributable to the Adult Health segment, mainly in Hong Kong and South Korea. In the Paediatrics segment, sales decreased primarily in China and Taiwan. The decrease in China was due to accruals related to individual orders.

Sales in the Americas amounted to SEK 86.6 million (65.4), an increase of 32%. The increase was mainly attributable to the Adult Health segment, though sales within Paediatrics also increased. Sales growth was strongest in the USA and Chile. Sales in Nutraceuticals (now BioGaia USA) rose by 9% in local currency.

NET SALES BRIDGE FIRST QUARTER

SEKm		Change
2021	202.0	
Foreign exchange	17.7	9%
Acquisitions	15.8	8%
Organic growth	48.4	24%
2022	283.9	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	Jan–Mar 2022	Jan–Mar 2021	Change
Paediatrics	222.5	161.6	38%

SALES FIRST QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 222.5 million (161.6), an increase of 38% (excluding foreign exchange effects, 29%). Over the past 12-month period, sales rose 10%.

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales in EMEA increased mainly in Italy, Spain and Eastern Europe but also in the Americas in Chile. Sales decreased in APAC, in China this was 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 the Americas, primarily in the USA, and decreased in EMEA and APAC, mainly in Eastern Europe and Taiwan.



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	Jan–Mar 2022	Jan–Mar 2021	Change
Adult Health	60.8	38.7	57%

SALES FIRST QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 60.8 million (38.7), an increase of 57% (excluding foreign exchange effects, 47%). Over the past 12-month period, sales rose 25%.

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased in all regions, mainly in Hong Kong, Eastern Europe and Italy, which was partly offset by a decrease in sales in Japan.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in the Americas, primarily in the USA, Chile and Mexico and decreased in APAC and EMEA, mainly in China and France.

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 and Germany.



Earnings

FIRST QUARTER

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the quarter amounted to 71% (72%). The gross margin for the Paediatrics segment amounted to 73% (75%). The gross margin for the Adult Health segment was positively impacted by product mix effects and amounted to 65% (60%).

Operating expenses and operating profit

Operating expenses amounted to SEK 106.9 million (81.0), an increase of SEK 26.0 million, or 32%, of which the acquisition of Nutraceuticals accounted for an increase of SEK 20.5 million (25%). Excluding other operating expenses (exchange losses/gains) operating expenses increased by 25%. Operating expenses included costs of evaluation of acquisition candidates of SEK 0.8 million (2.5), restructuring costs (relating to personnel) of SEK 3.9 million (2.4) and the impairment of right-of-use assets linked to a rental contract for premises in Lund of SEK 0.0 million (5.1).

Excluding costs for the evaluation of acquisition candidates, restructuring costs and the revaluation of right-of-use assets linked to a rental contract for premises in Lund, operating expenses totalled SEK 102.2 million (71.0), an increase of SEK 31.3 million (44%). Excluding Nutraceuticals (now BioGaia USA), operating expenses increased SEK 5.5 million (7%).

Selling expenses amounted to SEK 72.0 million (43.2), an increase of 67%, 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 24.9 million (27.2), a decrease of 8%.

R&D expenses included costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 4.8 million (5.9). 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.

Personnel costs linked to restructuring amounted to SEK 1.9 million (0.0).

Administrative expenses amounted to SEK 11.1 million (15.7), a decrease of 30%. The reduction in administrative expenses is attributable to decreased costs for evaluation of acquisition candidates of SEK 0.8 million (2.5), impairment of right-of-use assets linked to a rental contract for premises in Lund of SEK 0.0 million (5.1). Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -1.1 million (-5.2).

Operating profit amounted to SEK 95.3 million (64.2), an increase of 48%. The operating margin was 34% (32%).

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 100.0 million (74.2), an increase of SEK 25.7 million (35%). The operating margin excluding costs for the evaluation of acquisition candidates, restructuring costs and the impairment of right-of-use assets linked to a rental contract totalled 35% (37%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 76.3 million (50.4), an increase of 51%. The effective tax rate was 22% (21%).

Earnings per share amounted to SEK 3.78 (2.50). There are no dilutive effects.



Balance sheet and cash flow

BALANCE SHEET 31 MARCH 2022

Total assets amounted to SEK 2,230.2 million (1,946.1). 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 have increased while inventories and trade payables have decreased.

During the quarter, BioGaia has repurchased subscription warrants, which resulted in a decrease in equity by SEK 0.2 million.

CASH FLOW FIRST QUARTER

Cash flow amounted to SEK 85.8 million (17.2).

Cash flow from operating activities amounted to SEK 93.1 million (41.9). 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 5.1 million (1.0).

Cash and cash equivalents at 31 March 2022 amounted to SEK 1,571.7 million (1,486.8).

2022 except for the impact of Russia's invasion of Ukraine 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.

RELATED PARTY TRANSACTIONS

The Parent Company owns 100% of the shares in 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 740,668 class A shares and 100,000 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 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 150,000 in accordance with the decision of the Annual General Meeting and the Board of Directors.

During the quarter, 2,000 subscription warrants relating to management were repurchased.

Other disclosures

EMPLOYEES

The number of employees in the Group at 31 March 2022 totalled 189 (160 at 31 March 2021).

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.

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 31 March

KEY EVENTS IN THE FIRST QUARTER OF 2022

Launches in the first quarter of 2022

Distributor	Country	Product
Aché	Brazil	Minipack
BioGaia	Sweden	BioGaia Protectis drops, Easy dropper
BioGaia	Sweden	BioGaia Protectis drops, Easy dropper with vitamin D
Dr. Mums	China	BioGaia Protectis capsules

BioGaia's probiotic reduces inflammation in patients with diverticulitis. On 3 February, BioGaia announced that a randomised, double-blind, placebo-controlled study with BioGaia's probiotic strain *Limosilactobacillus reuteri* ATCC PTA 4659 reduced inflammation significantly more than placebo in patients with acute uncomplicated diverticulitis. Moreover, as hospitalisation time was shorter in the probiotic group, the probiotic supplementation also had economic benefits.

KEY EVENTS AFTER THE END OF THE FIRST QUARTER OF 2022

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



Accounting policies

This interim management statement was prepared in all material respects in accordance with Nasdaq OMX Stockholm's guidance for preparing interim management statements. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim management statement. The accounting policies applied in the consolidated income statement and balance sheet are consistent with the accounting policies applied in preparation of the most recent annual report.

The financial accounts and segment information correspond to the statements used in interim financial reporting prepared in accordance with IAS 34 to provide comparability in the presentation between quarters. The interim management statement includes a Message from the CEO, even if this is not a requirements of Nasdaq Stockholm's guidance for preparing interim management statements. The information is nevertheless deemed important in satisfying user needs.

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

<i>(Amounts in SEK 000s)</i>	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Net sales (Note 1)	283,855	201,975	785,110	866,990	766,244
Cost of sales	-81,647	-56,775	-202,161	-227,033	-207,132
<i>Gross profit</i>	<i>202,208</i>	<i>145,200</i>	<i>582,949</i>	<i>639,957</i>	<i>559,112</i>
Selling expenses	-72,035	-43,248	-192,437	-221,223	-170,307
Administrative expenses	-11,063	-15,695	-42,546	-37,914	-34,554
Research and development expenses	-24,904	-27,179	-105,467	-103,192	-103,594
Other operating expenses/income	1,089	5,167	11,238	7,160	-13,881
<i>Operating profit</i>	<i>95,295</i>	<i>64,245</i>	<i>253,737</i>	<i>284,788</i>	<i>236,776</i>
Financial income	3,769	22	107	3,854	161
Financial expenses	-1,697	-219	-1,132	-2,610	-739
<i>Profit before tax</i>	<i>97,367</i>	<i>64,048</i>	<i>252,712</i>	<i>286,032</i>	<i>236,198</i>
Tax	-21,070	-13,605	-56,439	-63,904	-47,773
Profit for the period	76,297	50,443	196,273	222,128	188,425
Items that may be subsequently reclassified to profit or loss					
Gains/losses arising on translation of the statements of foreign operations	3,188	952	1,994	4,230	-249
Comprehensive income for the period	79,485	51,395	198,267	226,358	188,176
Profit for the period attributable to:					
Owners of the Parent Company	76,297	50,443	196,273	222,128	188,425
Non-controlling interests	–	–	–	–	–
	76,297	50,443	196,273	222,128	188,425
Comprehensive income for the period attributable to:					
Owners of the Parent Company	79,485	51,395	198,267	226,358	188,176
Non-controlling interests	–	–	–	–	–
	79,485	51,395	198,267	226,358	188,176
Earnings per share					
Earnings per share before dilution, (SEK) *)	3.78	2.50	9.72	11.00	9.43
Earnings per share after dilution, (SEK) *)	3.78	2.50	9.72	11.00	9.43
Number of shares (thousands)	20,196	20,196	20,196	20,196	20,196
Average number of shares before dilution, (thousands) *)	20,196	20,196	20,196	20,196	19,991
Average number of shares after dilution, (thousands) *)	20,196	20,196	20,196	20,196	19,991

*) 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.



CONSOLIDATED BALANCE SHEETS

<i>Summary (amounts in SEK 000s)</i>	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS			
Property, plant and equipment	140,186	131,601	138,555
R&D projects in progress	47,713	49,763	48,086
Goodwill	152,730	5,300	149,227
Right-of-use assets	13,075	19,980	15,080
Financial assets	22,229	22,229	22,229
Deferred tax assets	4,970	5,759	2,757
Other non-current receivables	44	42	43
Total non-current assets	380,947	234,674	375,977
Current assets excl. cash and cash equivalents	277,522	224,704	267,397
Cash and cash equivalents	1,571,693	1,486,770	1,484,680
Total current assets	1,849,215	1,711,474	1,752,077
TOTAL ASSETS	2,230,162	1,946,148	2,128,054
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,956,644	1,797,638	1,877,365
Non-controlling interests	2	2	2
Total equity (Note 2)	1,956,646	1,797,640	1,877,367
Deferred tax liability	14,190	11,218	14,240
Non-current liabilities	106,308	16,632	109,493
Current liabilities	153,018	120,658	126,954
TOTAL LIABILITIES AND EQUITY	2,230,162	1,946,148	2,128,054

CONSOLIDATED CASH FLOW STATEMENTS

<i>Summary (amounts in SEK 000s)</i>	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Operating activities			
Operating profit	95,295	64,245	253,737
Depreciation/amortisation	6,049	10,363	27,241
Unrealised gains/losses on forward contracts	–	1,532	2,403
Other non-cash items	-1,136	-1,721	-2,356
Paid tax	-17,512	-17,196	-55,934
Interest received and paid	-1,698	-196	-1,068
Cash flow from operating activities before changes in working capital	80,998	57,027	224,023
Changes in working capital	12,067	-15,135	-2,148
Cash flow from operating activities	93,065	41,892	221,875
Purchase of property, plant and equipment	-5,081	-1,040	-6,379
Purchase of intangible assets	–	–	–
Purchase of financial assets	–	-22,229	-22,229
Acquisitions of subsidiaries	–	–	-98,359
Cash flow from investing activities	-5,081	-23,269	-126,967
Dividend	–	–	-68,870
Repayment of loans from subsidiaries	–	–	-7,174
Repayment of lease liability	-2,005	-1,400	-7,527
Provision to Foundation to Prevent Antibiotic Resistance	–	–	-2,800
New issue, net	-206	–	4,525
Cash flow from financing activities	-2,211	-1,400	-81,846
Cash flow for the period	85,773	17,223	13,062
Cash and cash equivalents at the beginning of the period	1,484,680	1,467,883	1,467,883
Exchange difference in cash and cash equivalents	1,240	1,664	3,735
Cash and cash equivalents at the end of the period	1,571,693	1,486,770	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, Nutraceuticals' 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.

(Amounts in SEK 000s)	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021	Apr 2021– Mar 2022	Apr 2020– Mar 2021
Revenue by segment					
Paediatrics	222,520	161,609	603,689	664,601	602,230
Adult Health	60,756	38,720	176,855	198,890	159,726
Other	579	1,646	4,566	3,499	4,289
Total	283,855	201,975	785,110	866,990	766,244
Gross profit by segment					
Paediatrics	161,837	120,404	458,480	499,913	447,601
Adult Health	39,792	23,150	119,958	136,600	107,481
Other	579	1,646	4,511	3,444	4,029
Total	202,208	145,200	582,949	639,957	559,112
Selling, administrative, R&D expenses	-108,002	-86,122	-340,450	-362,629	-308,455
Other operating expenses/income	1,089	5,167	11,238	7,160	-13,881
Operating profit	95,295	64,245	253,737	284,788	236,776
Net financial items	2,072	-197	-1,025	1,244	-578
Profit before tax	97,367	64,048	252,712	286,032	236,196
Sales by geographical market					
APAC					
Paediatrics	17,343	19,621	101,469	99,191	85,384
Adult Health	29,014	22,482	110,892	117,423	93,641
Other	507	251	2,092	2,349	1,619
Total APAC	46,864	42,354	214,453	218,963	180,644
EMEA					
Paediatrics	135,390	80,525	288,383	343,249	296,392
Adult Health	14,976	12,303	45,103	47,775	49,919
Other	35	1,360	2,318	993	2,472
Total EMEA	150,401	94,188	335,804	392,017	348,783
Americas					
Paediatrics	69,787	61,463	213,837	222,161	220,454
Adult Health	16,766	3,935	20,860	33,691	16,165
Other	37	35	156	158	199
Total Americas	86,590	65,433	234,853	256,010	236,818
Total	283,855	201,975	785,110	866,990	766,245



<i>Date of recognition Performance obligations met on specific date (Product sales)</i>	Jan–Mar	Jan–Mar	Jan–Dec
	2022	2021	2021
Paediatrics	221,668	160,024	595,361
Adult Health	57,900	36,161	155,355
Other	587	646	2,748
Total	280,155	196,831	753,464
<i>Performance obligations met over time (Royalty)</i>			
Paediatrics	852	1,585	8,329
Adult Health	2,856	2,559	21,500
Other	-8	1,000	1,817
Total	3,700	5,144	31,646
Total	283,855	201,975	785,110

NOTE 2 SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in SEK 000s)</i>	Jan–Mar	Jan–Mar	Jan–Dec
	2022	2021	2021
Opening balance	1,877,367	1,746,245	1,746,245
New issue and repurchase of warrants	-206	–	4,525
Dividend	–	–	-68,870
Provision to Foundation to Prevent Antibiotic Resistance	–	–	-2,800
Comprehensive income for the period	79,485	51,395	198,267
Closing balance	1,956,646	1,797,640	1,877,367

NOTE 3 LARGEST SHAREHOLDERS AT 31 MARCH 2022 (SOURCE: MONITOR)

	A shares	B shares	Share capital	No. of votes	Capital	Votes
1 Anwall & Rothschild Investments AB	740,668	100,000	840,668	7,506,680	4.2%	27.9%
2 EQT		2,232,926	2,232,926	2,232,926	11.1%	8.3%
3 Fjärde AP-fonden		1,624,000	1,624,000	1,624,000	8.0%	6.0%
4 Premier Miton Investors		1,335,044	1,335,044	1,335,044	6.6%	5.0%
5 Handelsbanken Fonder		844,278	844,278	844,278	4.2%	3.1%
6 TIN Fonder		628,835	628,835	628,835	3.1%	2.3%
7 Cargill Inc		600,000	600,000	600,000	3.0%	2.2%
8 Tredje AP-fonden		467,909	467,909	467,909	2.3%	1.7%
9 AMF Pension & Fonder		455,197	455,197	455,197	2.3%	1.7%
10 Juno Investment Partners		371,038	371,038	371,038	1.8%	1.4%
Other shareholders		10,796,567	10,796,567	10,796,567	53.5%	40.2%
Total	740,668	19,455,794	20,196,462	26,862,474	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 BioGaia USA (formerly 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 31 March 2022 amounted to SEK 99.3 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 3.8 million.

<i>(Amounts in SEK 000s)</i>	Jan–Mar 2022	Jan–Dec 2021
Opening balance	100,591	–
Value adjustment	-3,769	–
Exchange differences	2,484	–
Closing balance	99,306	100,591

Financial assets

BioGaia owns shares in the companies Boneprox AB and Skinome AB through BioGaia Invest at a value 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, no additional transactions have occurred in these companies to indicate a change in value. Fair value of these financial assets 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–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Net sales, SEK 000s	283,855	201,975	785,110
Growth of net sales	41%	10%	5%
Operating profit, SEK 000s	95,295	64,245	253,737
Profit after tax, SEK 000s	76,297	50,443	196,274
Return on equity	4%	3%	11%
Return on capital employed	5%	4%	14%
Capital employed, SEK 000s	1,970,836	1,808,858	1,891,607
Number of shares, thousands	20,196	20,196	20,196
Average number of shares before dilution, thousands ¹⁾	20,196	20,196	20,196
Average number of shares after dilution, thousands ¹⁾	20,196	20,196	20,196
Earnings per share before dilution, SEK ¹⁾	3.78	2.50	9.72
Earnings per share after dilution, SEK ¹⁾	3.78	2.50	9.72
Equity per share, SEK ¹⁾	96.88	89.01	92.96
Equity/assets ratio	88%	92%	88%
Operating margin	34%	32%	32%
Profit margin	34%	32%	32%
Average number of employees	189	160	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–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
Return on equity			
Profit attributable to owners of the Parent Company (A)	76,297	50,443	196,273
Equity attributable to owners of the Parent Company	1,956,644	1,797,638	1,877,365
Average equity attributable to owners of the Parent Company (B)	1,917,005	1,771,941	1,811,804
Return on equity (A/B)	4%	3%	11%
Return on capital employed			
Operating profit	95,295	64,245	253,737
Financial income	3,769	22	107
Profit before net financial items + financial income (A)	99,064	64,267	253,844
Total assets	2,230,162	1,946,148	2,128,054
Interest-free liabilities	-259,326	-137,290	-236,447
Capital employed	1,970,836	1,808,858	1,891,607
Average capital employed (B)	1,931,222	1,783,208	1,824,582
Return on capital employed (A/B)	5%	4%	14%

KEY RATIO

(Amounts in SEK 000s)

	31 Mar 2022	31 Mar 2021	31 Dec 2021
Equity/assets ratio			
Equity (A)	1,956,646	1,797,640	1,877,367
Total assets (B)	2,230,162	1,946,148	2,128,054
Equity/assets ratio (A/B)	88%	92%	88%
Operating margin			
Operating profit (A)	95,295	64,245	253,737
Net sales (B)	283,855	201,975	785,110
Operating margin (A/B)	34%	32%	32%
Profit margin			
Profit before tax (A)	97,367	64,048	252,712
Net sales (B)	283,855	201,975	785,110
Profit margin (A/B)	34%	32%	32%
Equity per share			
Equity attributable to owners of the Parent Company (A)	1,956,644	1,797,638	1,877,365
Average number of shares (B)	20,196	20,196	20,196
Equity per share (A/B)	96.88	89.01	92.96


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

	Paediatrics	Adult Health	Other	Total
	Jan–Mar 2022	Jan–Mar 2022	Jan–Mar 2022	Jan–Mar 2022
<i>(Amounts in SEK 000s)</i>				
Description				
A Previous year's net sales according to the average rate	161,609	38,720	1,646	201,975
B Net sales for the year according to the average rate	222,520	60,756	579	283,855
C Recognised change (B-A)	60,911	22,036	-1,067	81,880
Percentage change (C/A)	38%	57%	-65%	41%
D Net sales for the year according to the previous year's average rate	208,639	56,976	579	266,195
E Foreign exchange effects (B-D)	13,881	3,780	0	17,660
Percentage change (E/A)	9%	10%	0%	9%
G Change acquisitions (excl. foreign exchange effects)	6,710	9,061	0	15,771
Percentage change (G/A)	4%	23%	0%	8%
F Organic change (C-E-G)	40,320	9,195	-1,067	48,449
Organic change, % (F/A)	25%	24%	-65%	24%









Average key exchange rates	Jan–Mar 2022	Jan–Mar 2021	Jan–Dec 2021
EUR	10.44	10.10	10.13
USD	9.32	8.32	8.49
JPY	0.0804	0.0792	0.0781

Closing date key exchange rates	31 Mar 2022	31 Mar 2021	31 Dec 2021
EUR	10.34	10.24	10.23
USD	9.26	8.72	9.04
JPY	0.0763	0.0788	0.0785

Pledged assets and contingent liabilities	GROUP		
	31 Mar 2022	31 Mar 2021	31 Dec 2021
<i>(Amounts in SEK 000s)</i>			
Floating charges	0	0	0
Contingent liabilities	None	None	None



Financial calendar

- | | | | |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p>6 MAY
2022</p> |  Annual General Meeting 2021 |  <p>22 JUL
2022</p> |  8:00 a.m. CEST Interim Report 1 January – 30 June 2022 |
|  <p>6 MAY
2022</p> |  9:30 a.m. CEST Teleconference with CEO Isabelle Ducellier and CFO Alexander Kotsinas. To participate in the teleconference, please call +46 8 505 583 58. You can also follow the teleconference here: https://financialhearings.com/event/43468 . |  <p>21 OCT
2022</p> |  8:00 a.m. CEST Interim management statement 1 January – 30 September 2022 |

Stockholm, 6 May 2022

Isabelle Ducellier
CEO

This interim management statement has not been audited.



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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