

Interim Management Statement

JANUARY – SEPTEMBER 2022





THIRD QUARTER 2022

Net sales amounted to SEK 257.7 million (173.8), an increase of SEK 83.9 million, or 48% (excluding foreign exchange effects, 33%) of which the acquisition of Nutraceutics accounted for an increase of SEK 20.8 million (12%). Organic growth was 21%.

Net sales in the Paediatrics segment amounted to SEK 205.7 million (130.8), an increase of 57% (excluding foreign exchange effects, 41%).

Net sales in the Adult Health segment amounted to SEK 50.5 million (42.1), an increase of 20% (excluding foreign exchange effects, 7%).

Operating expenses amounted to SEK 92.0 million (60.7), an increase of SEK 31.4 million, (52%), of which the acquisition of Nutraceutics accounted for an increase of SEK 24.2 million (40%). Operating expenses included costs for evaluating acquisition candidates of SEK 0.0 million (0.1).

Operating profit increased by 40% to SEK 93.7 million (67.2), which corresponds to an operating margin of 36% (39%).

Profit after tax amounted to SEK 79.5 million (52.8), an increase of 50%.

Earnings per share amounted to SEK 0.79 (0.52) before and after dilution.²⁾

Cash flow amounted to SEK 37.3 million (55.6).

Cash and cash equivalents at 30 September 2022 amounted to SEK 1,402.4 million (1,529.7).

Key events in the third quarter of 2022

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

On 29 August, BioGaia announced that it has built a pilot plant in Eslöv, Sweden, together with the subsidiary MetaboGen. The facility handles manufacturing of bacteria with different requirements during fermentation, both traditional lactobacilli as well as new, extremely oxygen-sensitive strains

On 22 September, BioGaia announced that BioGaia and Skinome have collaborated on the research and development of a product with live bacteria that can improve skin health in a natural way by supporting the skin microbiome.

JANUARY – SEPTEMBER 2022

Net sales amounted to SEK 829.7 million (578.9), an increase of SEK 250.7 million, or 43% (excluding foreign exchange effects, 32%) of which the acquisition of Nutraceutics accounted for an increase of SEK 50.2 million (9%). Organic growth was 24%.

Net sales in the Paediatrics segment amounted to SEK 661.0 million (453.6), an increase of 46% (excluding foreign exchange effects, 34%).

Net sales in the Adult Health segment amounted to SEK 165.5 million (121.7), an increase of 36% (excluding foreign exchange effects, 26%).

Operating expenses amounted to SEK 303.6 million (223.2), an increase of SEK 80.3 million (36%), of which the acquisition of Nutraceutics accounted for an increase of SEK 67.6 million (30%).

Operating expenses included costs of evaluation of acquisition candidates of SEK 1.1 million (2.6), 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 300.3 million (213.2), an increase of 41%.

Operating profit increased by 45% to SEK 290.3 million (200.6), which corresponds to an operating margin of 35% (35%).

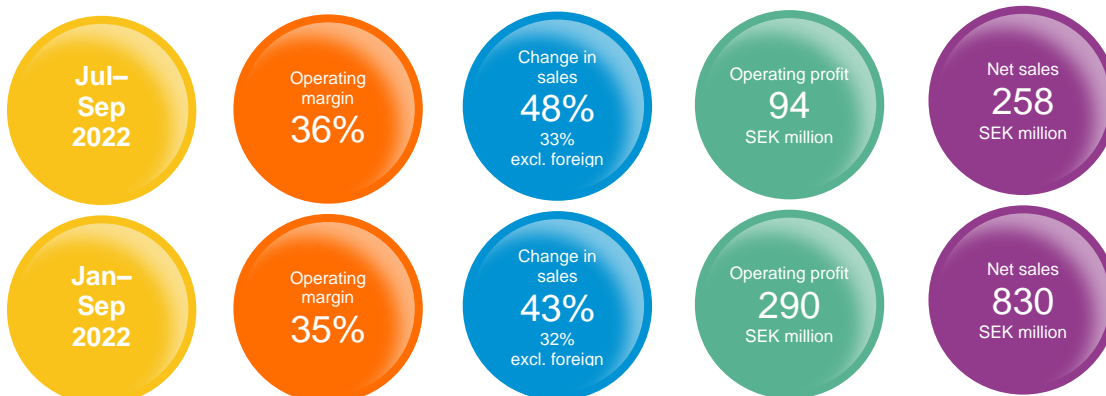
Profit after tax amounted to SEK 234.3 million (158.0), an increase of 48%.

Earnings per share amounted to SEK 2.32 (1.56) before and after dilution.²⁾

Cash flow amounted to SEK -101.8 million (56.7).

Key events after the end of the third quarter

On 17 October, BioGaia announced that profit for the third quarter exceeded market expectations.



	Jul-Sep 2022	Jul-Sep 2021
Net sales, SEK 000s	257,733	173,841
Growth in net sales	48%	32%
Operating profit, SEK 000s	93,735	67,179
Operating margin	36%	39%
Profit after tax, SEK 000s	79,503	52,844
Number of shares, thousands	100,982	100,982
Earnings per share, before and after dilution, SEK ^{1) 2)}	0.79	0.52

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 21 October 2022.



BioGaia AB (publ.) Interim management statement 1 January – 30 September 2022

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

CEO'S COMMENTS

It is very gratifying to present another strong quarter, which is the fifth consecutive quarter with double-digit growth. BioGaia increased net sales by 48% compared with the year-earlier quarter with an operating margin of 36%. The Paediatrics segment increased 57% and the Adult Health segment by 20%. This was despite an uncertain business environment, driven by high inflation and geopolitical concerns. Demand will probably remain strong for our Protectis drops for infants with colic regardless of the economic situation, while our products in the Adult Health segment for well-being may be affected by tougher economic times.

In our Americas market area, we can see that inflation is beginning to impact purchasing power in the USA. This mainly concerns sales of our products in retail, while e-commerce sales, primarily through Amazon, but also through Target and Walmart, are rising. After the summer break, when children and adults returned to their daily routines, we noted rising demand for our products for a better immune system and oral health. Extensive work is underway in Canada, where we will soon launch under own management, to ensure that we can take full advantage of valuable synergies with our USA operations. In Latin America, we saw excellent growth thanks to Brazil, Peru, Chile and Costa Rica, which all reported triple-digit sales growth. This is where we launched Gastrus, our product for more severe stomach problems, which was well received by gastroenterologists.

In EMEA, France, Italy and Spain are performing beyond expectations. To increase awareness of BioGaia in the UK, which is an important and relatively new market for us, we have an ongoing digital marketing campaign with the country's largest website for parents, Mumsnet. In parallel, we are continuing to invest in medical marketing, which includes participation in the PPPP Congress (Probiotics, Prebiotics, Postbiotics in Pediatrics), with the aim of continuing to build important relationships in the health profession. In Sweden, we are launching, in time for the common cold season, Pharax, which strengthens the immune system and supports children's upper respiratory health. In Finland, we are growing our presence in pharmacy chains and we have also secured a hospital tender for our Protectis drops.

APAC reported double-digit sales growth in China despite the ongoing Covid-restrictions. High infection rates in Japan are preventing visits to dentists, which normally represent a strong sales channel for us. Instead, we can see in both countries rising sales via e-commerce as a result of successful digital marketing on social platforms. In South Korea and Vietnam, we also noted triple-digit growth because of our digital presence.

As part of our strategy to control our entire value chain, we started a pilot fermentation plant where we will test the manufacturing of bacteria strains that are extremely oxygen-sensitive.

As we look back on another strong quarter, we feel well prepared to get through the very uncertain times ahead. We are continuing our prioritised strategy to selectively increase our marketing to consumers.

People will always prioritise good health and we remain optimistic about the future. Together, we are creating an innovative workplace where employees are enthusiastic and strive towards the same vision: to become the world's most trusted probiotic brand.



Isabelle Ducellier
CEO BioGaia
21 October 2022



Teleconference: Investors, analysts and the media are invited to take part in a teleconference on the interim management statement to be held today, 21 October 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/43470>



Revenue

	Jul-Sep 2022	Jul-Sep 2021	Change
Paediatrics	205.7	130.8	57%
Adult Health	50.5	42.1	20%
Other	1.5	0.9	63%
Total	257.7	173.8	48%

	Jul-Sep 2022	Jul-Sep 2021	Change
EMEA	103.1	87.0	19%
APAC	52.8	44.0	20%
AMERICAS	101.8	42.9	137%
Total	257.7	173.8	48%

	Jan-Sep 2022	Jan-Sep 2021	Change
Paediatrics	661.0	453.6	46%
Adult Health	165.5	121.7	36%
Other	3.3	3.7	-11%
Total	829.7	578.9	43%

	Jan-Sep 2022	Jan-Sep 2021	Change
EMEA	383.1	250.8	53%
APAC	163.0	141.2	15%
AMERICAS	283.6	187.0	52%
Total	829.7	578.9	43%

SALES THIRD QUARTER

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 257.7 million (173.8), an increase of SEK 83.9 million, or 48% (excluding foreign exchange effects, 33%) of which the acquisition of Nutraceuticals accounted for an increase of SEK 20.8 million (12%).

Sales in EMEA totalled SEK 103.1 million (87.0), up 19% due to increased sales in both the Paediatrics and Adult Health segments. Sales in EMEA increased mainly in France and Eastern Europe.

Sales in APAC amounted to SEK 52.8 million (44.0), an increase of 20%. The increase was attributable to the Paediatrics segment while sales within Adult Health decreased. Sales increased primarily in China, Taiwan and South Korea.

Sales in Americas totalled SEK 101.8 million (42.9), up 137% due to increased sales in both the Paediatrics and Adult Health segments. Sales growth was strongest in the USA and Brazil. Sales in Nutraceuticals rose by 8% in local currency.

SALES JANUARY–SEPTEMBER

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 829.7 million (578.9), an increase of SEK 250.7 million, or 43% (excluding foreign exchange effects, 32%) of which the acquisition of Nutraceuticals accounted for an increase of SEK 50.2 million (9%). Over the past 12-month period, sales rose 35%.

Sales in EMEA totalled SEK 383.1 million (250.8), up 53% 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 163.0 million (141.2), up 15% due to increased sales in the Paediatrics segment while the Adult Health segment decreased slightly. Sales increased mainly in South Korea and China, which was partly offset by lower sales in Japan.

Sales in Americas totalled SEK 283.6 million (187.0), up 52% due to increased sales in both the Paediatrics and Adult Health segments. Sales growth was strongest in the USA and Chile. Sales in Nutraceuticals rose by 3% in local currency.

NET SALES BRIDGE THIRD QUARTER

SEKm		Change
2021	173.8	
Foreign exchange	26.9	15%
Acquisitions	20.8	12%
Organic growth	36.2	21%
2022	257.7	48%

NET SALES BRIDGE JANUARY–SEPTEMBER

SEKm		Change
2021	578.9	
Foreign exchange	63.8	11%
Acquisitions	50.2	9%
Organic growth	136.8	24%
2022	829.7	43%



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	Jul-Sep 2022	Jul-Sep 2021	Change
Total Paediatrics	205.7	130.8	57%

Jan-Sep 2022	Jan-Sep 2021	Change
661.0	453.6	46%

SALES THIRD QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 205.7 million (130.8), an increase of 57% (excluding foreign exchange effects, 41%).

Sales increased in all regions. In Americas, sales increased mainly in Brazil and the USA, in EMEA mainly in France and Eastern Europe and in Asia mainly in China and South Korea.

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

SALES JANUARY–SEPTEMBER

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 661.0 million (453.6), an increase of 46% (excluding foreign exchange effects, 34%). Over the past 12-month period, sales rose 37%.

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 of BioGaia Protectis tablets within Paediatrics increased 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 Nutraceutics' own products.

SEKm	Jul-Sep 2022	Jul-Sep 2021	Change
Total Adult Health	50.5	42.1	20%

Jan-Sep 2022	Jan-Sep 2021	Change
165.5	121.7	36%

SALES THIRD QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 50.5 million (42.1), an increase of 20% (excluding foreign exchange effects, 7%).

Sales of BioGaia Protectis tablets decreased 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 APAC and the Americas, but decreased in EMEA. Sales increased mainly in the USA and Hong Kong.

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 and China. Sales increased mainly in the USA and Germany.

SALES JANUARY–SEPTEMBER

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 165.5 million (121.7), an increase of 36% (excluding foreign exchange effects, 26%). Over the past 12-month period, sales rose 31%.

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 all regions, mainly in the USA.

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

THIRD QUARTER

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the quarter amounted to 72% (74%). The gross margin was negatively impacted by rising purchase prices. BioGaia has already initiated price increases to offset the higher purchase prices.

The gross margin for the Paediatrics segment amounted to 74% (75%) and for the Adult Health segment to 64% (67%).

Operating expenses and operating profit

Operating expenses amounted to SEK 92.0 million (60.7), an increase of SEK 31.4 million, (52%), of which the acquisition of Nutraceuticals accounted for an increase of SEK 24.2 million (40%). Excluding other operating expenses (exchange losses/gains) operating expenses increased by 64%. Operating expenses included costs for evaluating acquisition candidates of SEK 0.0 million (0.1). Excluding Nutraceuticals (now BioGaia USA), operating expenses increased SEK 7.2 million (12%).

Selling expenses amounted to SEK 77.0 million (38.6), an increase of 100%, mainly due to the acquisition of Nutraceuticals and increased costs for sales and marketing activities.

R&D expenses amounted to SEK 22.6 million (19.7), an increase of 14%.

R&D expenses include costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 3.6 million (4.3). The increase in R&D expenses excluding costs for MetaboGen AB and BioGaia Pharma AB are mainly attributable to higher study expenses during the period. Administrative expenses amounted to SEK 7.6 million (7.0), an increase of 8%. Administrative expenses included costs for evaluating acquisition candidates of SEK 0.0 million (0.1). Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -15.1 million (-4.6).

Operating profit amounted to SEK 93.7 million (67.2), an increase of 40%. The operating margin was 36% (39%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 79.5 million (52.8), an increase of 50%. The effective tax rate was 20% (21%).

Earnings per share amounted to SEK 0.79 (0.52). There are no dilutive effects.

JANUARY–SEPTEMBER

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin amounted to 72% (73%). The gross margin for the Paediatrics segment amounted to 73% (75%) and for the Adult Health segment to 64% (66%).

Operating expenses and operating profit

Operating expenses amounted to SEK 303.6 million (223.3), an increase of SEK 80.3 million, (36%), of which the acquisition of Nutraceuticals accounted for an increase of SEK 67.6 million (30%). Excluding other operating expenses (exchange losses/gains) operating expenses increased by 44%. Operating expenses included costs of evaluation of acquisition candidates of SEK 1.1 million (2.6), 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 300.3 million (213.2), an increase of SEK 87.1 million (41%). Excluding Nutraceuticals, operating expenses increased SEK 12.8 million (6%).

Selling expenses amounted to SEK 232.3 million (125.8), an increase of 85%, 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 75.4 million (75.0), an increase of 1%. 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 13.0 million (17.0).

Administrative expenses amounted to SEK 26.4 million (30.4), a decrease of 13%. 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 -30.4 million (-7.9).

Operating profit amounted to SEK 290.3 million (200.6), an increase of 45%. The operating margin was 35% (35%).

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 293.6 million (210.7), an increase of SEK 82.9 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% (36%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 234.3 million (158.0), an increase of 48%. The effective tax rate was 21% (21%).

Earnings per share amounted to SEK 2.32 (1.56). There are no dilutive effects.



Balance sheet and cash flow

BALANCE SHEET 30 SEPTEMBER 2022

Total assets amounted to SEK 2,161.4 million (1,967.7). 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 currency translation, and amortisation of 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, inventories have increased while trade payables have decreased.

CASH FLOW THIRD QUARTER

Cash flow amounted to SEK 37.3 million (55.6).

Cash flow from operating activities amounted to SEK 47.3 million (68.0). The decrease in cash flow in operations compared with the year-earlier period is due to a negative change in working capital which is mainly related to increased trade receivables as a result of increased sales and lower trade payables compared with the preceding period.

Cash and cash equivalents at 30 September 2022 amounted to SEK 1,402.4 million (1,529.7).

CASH FLOW JANUARY–SEPTEMBER

Cash flow amounted to SEK -101.8 million (56.7). Cash flow includes dividends of SEK 301.3 million (68.9).

Cash flow from operating activities amounted to SEK 227.6 million (165.6). The increase in cash flow in operations compared with the year-earlier period is due to higher operating profit that was offset by a slightly negative change in working capital.

Investments in property, plant and equipment amounted to SEK 18.4 million (3.2). Investments in financial assets of SEK 0.0 million (22.2) relate to acquisitions in the preceding period of shares in Bonepro AB and Skinome AB in conjunction with the establishment of BioGaia Invest AB.

Other disclosures

EMPLOYEES

The number of employees in the Group at 30 September 2022 totalled 195 (159).

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 30 September 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, and it cannot be ruled out that BioGaia's revenues and costs could be affected by this.

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.



KEY EVENTS IN THE THIRD QUARTER OF 2022

Launches in the third quarter of 2022

Distributor	Country	Product
BioGaia	Sweden	BioGaia Pharax drops
Abbott	Costa Rica	BioGaia Gastrus tablets
Abbott	Panama	BioGaia Gastrus tablets
Phillips Therapeutics	Nigeria	BioGaia Protectis drops
Phillips Therapeutics	Nigeria	BioGaia Protectis tablets
BG Distribution	Hungary	BioGaia Pharax drops with vitamin D
Jaba Recordati	Portugal	BioGaia Protectis Easydroppar
Casen Recordati	Spain	BioGaia Protectis tablets with new flavour (strawberry)
Interbat	Indonesia	BioGaia Prodentis Kids lozenges
Nestlé	Brazil	B.Lactis drops with vitamin D

BioGaia's result for second quarter exceeds market expectations. On 14 July, BioGaia announced that results for the second quarter exceeded market expectations.

MetaboGen and BioGaia start pilot plant for new bacteria strains. On 29 August, BioGaia announced that it has built a pilot plant in Eslöv together with the subsidiary MetaboGen. The facility handles manufacturing of bacteria with different requirements during fermentation, both traditional lactobacilli as well as new, extremely oxygen-sensitive strains

Skinome launches pioneering skincare probiotic following collaboration with BioGaia. On 22 September, BioGaia announced that BioGaia and Skinome have collaborated on the research and development of a product with live bacteria that can improve skin health in a natural way by supporting the skin microbiome. The first product, Skinome Probiotic Concentrate, will be available to consumers in Sweden from September 2022.

KEY EVENTS AFTER THE END OF THE THIRD QUARTER OF 2022

BioGaia's profit for third quarter exceeds market expectations. On 17 October, BioGaia announced that profit for the third quarter exceeded market expectations.

Accounting policies

In all material respects, this interim management statement has been prepared in accordance with Nasdaq OMX Stockholm's Guidelines 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 statements of comprehensive income and financial position 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 contains, among other things, comments from the CEO, although this is not required according to Nasdaq OMX Stockholm's Guidelines for preparing interim management statements. This information is nonetheless considered important in meeting the users' 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>	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021	Oct 2021– Sep 2022	Oct 2020– Sep 2021
Net sales (Note 1)	257,733	173,841	829,674	578,947	785,110	1,035,837	766,557
Cost of sales	-71,952	-45,975	-235,737	-155,032	-202,161	-282,866	-202,678
Gross profit	185,781	127,866	593,937	423,915	582,949	752,971	563,879
Selling expenses	-77,003	-38,556	-232,260	-125,831	-192,437	-298,865	-175,504
Administrative expenses	-7,575	-7,011	-26,395	-30,389	-42,546	-38,552	-37,616
Research and development expenses	-22,557	-19,718	-75,374	-74,988	-105,467	-105,853	-104,622
Other operating expenses/operating income	15,089	4,598	30,425	7,940	11,238	33,723	-240
Operating profit	93,735	67,179	290,333	200,647	253,737	343,424	245,897
Financial income	5,266	1	10,112	64	107	10,155	110
Financial expenses	-200	-239	-5,281	-633	-1,132	-5,780	-793
Profit before tax	98,801	66,941	295,164	200,078	252,712	347,799	245,214
Tax	-19,298	-14,097	-60,819	-42,080	-56,439	-75,178	-48,749
Profit for the period	79,503	52,844	234,345	157,998	196,273	272,621	196,465
Items that may be subsequently reclassified to profit or loss							
Gains/losses arising on translation of the statements of foreign operations	22,709	965	41,568	1,250	1,994	42,312	958
Comprehensive income for the period	102,212	53,809	275,913	159,248	198,267	314,933	197,423
Profit for the period attributable to:							
Owners of the Parent Company	79,503	52,844	234,345	157,998	196,273	272,621	196,465
Non-controlling interests	–	–	–	–	–	–	–
	79,503	52,844	234,345	157,998	196,273	272,621	196,465
Comprehensive income for the period attributable to:							
Owners of the Parent Company	102,212	53,809	275,913	159,248	198,267	314,933	197,423
Non-controlling interests	–	–	–	–	–	–	–
	102,212	53,809	275,913	159,248	198,267	314,933	197,423
Earnings per share							
Earnings per share before dilution, (SEK) *)	0.79	0.52	2.32	1.56	1.94	2.70	1.97
Earnings per share after dilution, (SEK) *)	0.79	0.52	2.32	1.56	1.94	2.70	1.97
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	99,483
Average number of shares after dilution, (thousands) *)	100,982	100,982	100,982	100,982	100,982	100,982	99,483

*) 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 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Property, plant and equipment	149,147	127,121	138,555
R&D projects in progress	46,409	48,645	48,086
Goodwill	182,343	5,300	149,227
Right-of-use assets	14,174	16,599	15,080
Financial assets	25,793	22,229	22,229
Deferred tax assets	15,154	4,944	2,757
Other non-current receivables	52	42	43
Total non-current assets	433,072	224,880	375,977
Current assets excl. cash and cash equivalents	325,890	213,072	267,397
Cash and cash equivalents	1,402,409	1,529,736	1,484,680
Total current assets	1,728,299	1,742,808	1,752,077
TOTAL ASSETS	2,161,371	1,967,688	2,128,054
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,848,841	1,838,810	1,877,365
Non-controlling interests	2	2	2
Total equity (Note 2)	1,848,843	1,838,812	1,877,367
Deferred tax liability	14,166	11,218	14,240
Non-current liabilities	124,995	13,601	109,493
Current liabilities	173,367	104,057	126,954
TOTAL LIABILITIES AND EQUITY	2,161,371	1,967,688	2,128,054

CONSOLIDATED CASH FLOW STATEMENTS

Summary (amounts in SEK 000s)	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Operating activities					
Operating profit	93,735	67,179	290,333	200,647	253,737
Depreciation/amortisation	5,119	6,251	17,250	22,106	27,241
Unrealised gains/losses on forward contracts	–	296	–	2,403	2,403
Other non-cash items	582	-4,496	-12,048	-5,189	-2,356
Paid tax	-20,727	-16,851	-56,670	-52,731	-55,934
Interest received and paid	2,179	-238	-2,889	-569	-1,068
Cash flow from operating activities before changes in working capital	80,888	52,141	235,976	166,667	224,023
Changes in working capital	-33,619	15,814	-8,352	-1,057	-2,148
Cash flow from operating activities	47,269	67,955	227,624	165,610	221,875
Purchase of property, plant and equipment	-4,537	-1,383	-18,433	-3,195	-6,379
Purchase of intangible assets	–	–	–	–	–
Purchase of financial assets	–	–	–	-22,229	-22,229
Acquisitions of subsidiaries	–	-11,441	–	-11,441	-98,359
Cash flow from investing activities	-4,537	-12,824	-18,433	-36,865	-126,967
Dividend	–	–	-301,331	-68,870	-68,870
Repayment of loans from subsidiaries	–	–	–	–	-7,174
Repayment of lease liability	-2,536	-2,370	-6,540	-5,389	-7,527
Provision to Foundation to Prevent Antibiotic Resistance	-2,900	–	-2,900	-2,800	-2,800
New issue of warrants	–	2,851	–	4,989	4,989
Repurchase of warrants	–	–	-206	–	-464
Cash flow from financing activities	-5,436	481	-310,977	-72,070	-81,846
Cash flow for the period	37,296	55,612	-101,786	56,675	13,062
Cash and cash equivalents at the beginning of the period	1,356,344	1,468,935	1,484,680	1,467,883	1,467,883
Exchange difference in cash and cash equivalents	8,769	5,189	19,515	5,178	3,735
Cash and cash equivalents at the end of the period	1,402,409	1,529,736	1,402,409	1,529,736	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.

<i>(Amounts in SEK 000s)</i>	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Jan–Dec 2021	Oct 2021– Sep 2022	Oct 2020– Sep 2021
Revenue by segment							
Paediatrics	205,730	130,830	660,965	453,581	603,689	811,073	593,195
Adult Health	50,502	42,089	165,456	121,694	176,855	220,616	169,003
Other	1,501	922	3,253	3,672	4,566	4,148	4,359
Total	257,733	173,841	829,674	578,947	785,110	1,035,836	766,557
Gross profit by segment							
Paediatrics	152,207	98,556	484,549	340,280	458,480	602,747	446,725
Adult Health	32,183	28,389	106,385	79,963	119,958	146,380	112,866
Other	1,391	921	3,003	3,672	4,511	3,843	4,288
Total	185,781	127,866	593,937	423,915	582,949	752,970	563,879
Selling, administrative, R&D expenses	-107,135	-65,285	-334,029	-231,208	-340,450	-443,270	-317,742
Other operating expenses/income	15,089	4,598	30,425	7,940	11,238	33,723	-240
Operating profit	93,734	67,179	290,333	200,647	253,737	343,424	245,897
Net financial items	5,066	-238	4,831	-569	-1,025	4,375	-683
Profit before tax	98,800	66,941	295,164	200,078	252,712	347,799	245,214
Sales by geographical market							
APAC							
Paediatrics	34,890	21,719	90,675	68,686	101,469	123,458	91,681
Adult Health	16,806	21,620	69,742	70,926	110,892	109,708	101,689
Other	1,118	659	2,572	1,541	2,092	3,123	1,991
Total APAC	52,813	43,998	162,989	141,153	214,453	236,288	195,361
EMEA							
Paediatrics	87,533	73,325	337,197	214,294	288,383	411,286	285,044
Adult Health	15,314	13,385	45,346	34,486	45,103	55,963	47,003
Other	301	240	517	2,049	2,318	786	2,270
Total EMEA	103,149	86,950	383,060	250,829	335,804	468,035	334,317
Americas							
Paediatrics	83,307	35,787	233,092	170,601	213,837	276,328	216,470
Adult Health	18,382	7,084	50,368	16,283	20,860	54,945	20,312
Other	82	22	165	81	156	239	97
Total Americas	101,771	42,893	283,625	186,965	234,853	331,513	236,879
Total	257,733	173,841	829,674	578,947	785,110	1,035,836	766,557



<i>Date of recognition Performance obligations met on specific date (Product sales)</i>	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
	2022	2021	2022	2021	2021
Paediatrics	205,731	128,927	660,113	447,646	595,361
Adult Health	48,658	39,220	150,908	105,483	155,355
Other	1,247	713	2,858	2,057	2,748
Total	255,636	168,860	813,879	555,186	753,464
<i>Performance obligations met over time (Royalty)</i>					
Paediatrics	0	1,903	852	5,935	8,329
Adult Health	1,844	2,869	14,548	16,211	21,500
Other	253	209	395	1,615	1,817
Total	2,097	4,981	15,795	23,761	31,646
Total	257,733	173,841	829,674	578,947	785,110

NOTE 2 SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in SEK 000s)</i>	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 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	275,913	159,248	198,267
Closing balance	1,848,843	1,838,812	1,877,367

NOTE 3 LARGEST SHAREHOLDERS AT 30 SEPTEMBER 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		6,215,183	1,243,037	6,215,183	6.2%	4.6%
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		2,672,087	534,417	2,672,087	2.6%	2.0%
8 Tredje AP-fonden		2,519,716	503,943	2,519,716	2.5%	1.9%
9 AMF Pension & Fonder		2,275,985	455,197	2,275,985	2.3%	1.7%
10 Juno Investment Partners		1,977,135	395,427	1,977,135	2.0%	1.5%
Other shareholders		55,740,059	11,148,012	55,740,059	55.2%	41.5%
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 September 2022 amounted to SEK 119.3 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 4.0 million.

<i>(Amounts in SEK 000s)</i>	Jan–Sep 2022	Jan–Dec 2021
Opening balance	100,591	–
Value adjustment	-3,995	–
Exchange differences	22,662	–
Closing balance	119,258	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 second quarter of 2022, 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 was recognised as financial income of SEK 3.6 million in the second quarter. During the period, no additional transactions occurred in Boneprox AB or Skinome AB to indicate a change in value. Fair value of these financial assets therefore corresponds to cost for Boneprox AB and value adjustment value for Skinome AB.

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–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Net sales, SEK 000s	829,674	578,947	785,110
Growth of net sales	43%	3%	5%
Operating profit, SEK 000s	290,333	200,647	253,737
Profit after tax, SEK 000s	234,345	157,998	196,274
Return on equity	13%	9%	11%
Return on capital employed	16%	11%	14%
Capital employed, SEK 000s	1,863,009	1,850,030	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⁾	2.32	1.56	1.94
Earnings per share after dilution, SEK ¹⁾	2.32	1.56	1.94
Equity per share, SEK ¹⁾	18.31	18.21	18.59
Equity/assets ratio	86%	93%	88%
Operating margin	35%	35%	32%
Profit margin	36%	35%	32%
Average number of employees	193	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–Sep 2022	Jan–Sep 2021	Jan–Dec 2021
Return on equity			
Profit attributable to owners of the Parent Company (A)	234,345	157,998	196,273
Equity attributable to owners of the Parent Company	1,848,841	1,838,810	1,877,365
Average equity attributable to owners of the Parent Company (B)	1,863,103	1,792,527	1,811,804
Return on equity (A/B)	13%	9%	11%
Return on capital employed			
Operating profit	290,333	200,647	253,737
Financial income	10,112	64	107
Profit before net financial items + financial income (A)	300,445	200,711	253,844
Total assets	2,161,371	1,967,688	2,128,054
Interest-free liabilities	-298,362	-117,658	-236,447
Capital employed	1,863,009	1,850,030	1,891,607
Average capital employed (B)	1,877,308	1,803,794	1,824,582
Return on capital employed (A/B)	16%	11%	14%

KEY RATIO
(Amounts in SEK 000s)

	30 Sep 2022	30 Sep 2021	31 Dec 2021
Equity/assets ratio			
Equity (A)	1,848,843	1,838,812	1,877,367
Total assets (B)	2,161,371	1,967,688	2,128,054
Equity/assets ratio (A/B)	86%	93%	88%
Operating margin			
Operating profit (A)	290,333	200,647	253,737
Net sales (B)	829,674	578,947	785,110
Operating margin (A/B)	35%	35%	32%
Profit margin			
Profit before tax (A)	295,164	200,078	252,712
Net sales (B)	829,674	578,947	785,110
Profit margin (A/B)	36%	35%	32%
Equity per share			
Equity attributable to owners of the Parent Company (A)	1,848,841	1,838,810	1,877,365
Average number of shares (B)	100,982	20,196	100,982
Equity per share (A/B)	18.31	91.05	18.59


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

	Paediatrics		Adult Health		Other	Total		
	Jul-Sep 2022	Jan-Sep 2022	Jul-Sep 2022	Jan-Sep 2022	Jul-Sep 2022	Jan-Sep 2022	Jul-Sep 2022	Jan-Sep 2022
<i>(Amounts in SEK 000s)</i>								
Description								
A Previous year's net sales according to the average rate	130,830	453,581	42,089	121,694	922	3,672	173,841	578,947
B Net sales for the year according to the average rate	205,730	660,964	50,502	165,456	1,501	3,254	257,733	829,674
C Recognised change (B-A)	74,899	207,383	8,413	43,762	579	-418	83,892	250,727
Percentage change (C/A)	57%	46%	20%	36%	63%	-11%	48%	43%
D Net sales for the year according to the previous year's average rate	184,075	609,848	45,225	152,788	1,501	3,254	230,801	765,890
E Foreign exchange effects (B-D)	21,655	51,116	5,277	12,668	0	0	26,932	63,784
Percentage change (E/A)	17%	11%	13%	10%	0%	0%	15%	11%
G Change acquisitions (excl. foreign exchange effects)	13,919	27,576	6,851	22,595	0	0	20,770	50,171
Percentage change (G/A)	11%	6%	16%	19%	0%	0%	12%	9%
F Organic change (C-E-G)	39,325	128,691	-3,715	8,499	579	-418	36,190	136,772
Organic change, % (F/A)	30%	28%	-9%	7%	63%	-11%	21%	24%







Average key exchange rates	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
EUR	10.58	10.16	10.46	10.14	10.13
USD	10.43	8.56	9.82	8.41	8.49
JPY	0.0758	0.0788	0.0775	0.0782	0.0781

Closing date key exchange rates	30 Sep 2022	30 Sep 2021	31 Dec 2021
EUR	10.92	10.20	10.23
USD	11.12	8.79	9.04
JPY	0.0771	0.0786	0.0785

Pledged assets and contingent liabilities	GROUP		
	30 Sep 2022	30 Sep 2021	31 Dec 2021
<i>(Amounts in SEK 000s)</i>			
Floating charges	0	0	0
Contingent liabilities	None	None	None



Financial calendar

 3 FEB 2023	🕒 Year-end report 2023	 5 MAY 2023	🕒 8:00 a.m. CET Interim management statement 1 January–31 March 2023
 MAR 2023	🕒 Annual Report 2023	 21 JUL 2023	🕒 8:00 a.m. CET Interim Report 1 January–30 June 2023
 5 MAY 2023	🕒 Annual General Meeting 2023	 20 OCT 2023	🕒 8:00 a.m. CEST Interim management statement 1 January – 30 September 2023

Stockholm, 21 October 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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