

# BioGaia AB

## Interim Report

January – June 2023



# Q2 2023

## SECOND QUARTER 2023

Figures in parentheses refer to the corresponding period last year, unless otherwise specified.  
 Net sales amounted to SEK 315.2 million (288.1), an increase of SEK 27.1 million, or 9% (excluding foreign exchange effects, 2%).  
 Net sales in the Paediatrics segment amounted to SEK 231.7 million (232.7), a change of 0% (excluding foreign exchange effects a decrease of 7%).  
 Net sales in the Adult Health segment amounted to SEK 83.0 million (54.2), an increase of 53% (excluding foreign exchange effects, an increase of 43%).  
 Operating expenses amounted to SEK 131.4 million (104.6), an increase of SEK 26.8 million (26%). Operating expenses, excluding items affecting comparability, increased by 25% to SEK 132.7 million (106.0).

Operating profit declined by 6% to SEK 95.0 million (101.3), which corresponds to an operating margin of 30% (35%).  
 Adjusted operating profit declined by 6% to SEK 93.8 million (99.9), which corresponds to an adjusted operating margin of 30% (35%).  
 Profit after tax amounted to SEK 80.5 million (78.5), an increase of 3%.  
 Earnings per share amounted to SEK 0.80 (0.78) before and after dilution.<sup>1)</sup>  
 Cash flow amounted to SEK -215.7 million (-224.9). Cash flow includes dividends of SEK 292.8 million (301.3).  
 Cash and cash equivalents at 30 June 2023 amounted to SEK 1,369.6 million (1,356.3 at 30 June 2022).

### Key events in the second quarter of 2023

On 26 April, BioGaia presented the preliminary results for the first quarter of 2023.

On 27 April, BioGaia announced that the company is launching the Prenatal Care product for expecting mothers as well as women planning to conceive.

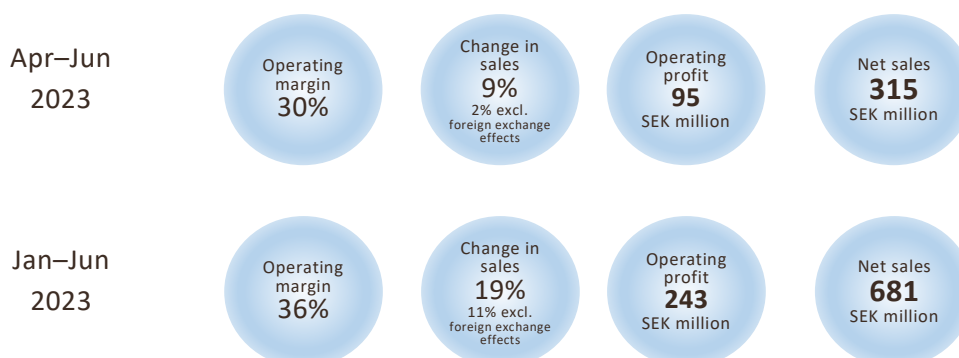
## FIRST HALF 2023

Figures in parentheses refer to the corresponding period last year, unless otherwise specified.  
 Net sales amounted to SEK 681.0 million (571.9), an increase of SEK 109.1 million, or 19% (excluding foreign exchange effects, 11%).  
 Net sales in the Paediatrics segment amounted to SEK 537.7 million (455.2), an increase of 18% (excluding foreign exchange effects, 10%).  
 Net sales in the Adult Health segment amounted to SEK 139.6 million (115.0), an increase of 21% (excluding foreign exchange effects, an increase of 13%).  
 Operating expenses amounted to SEK 245.9 million (211.6), an increase of SEK 34.4 million (16%). Operating expenses, excluding items affecting comparability, increased by 18% to SEK 244.8 million (208.3).

Operating profit increased by 24% to SEK 243.0 million (196.6), which corresponds to an operating margin of 36% (34%).  
 Adjusted operating profit increased by 22% to SEK 244.2 million (199.9), which corresponds to an adjusted operating margin of 36% (35%).  
 Profit after tax amounted to SEK 196.5 million (154.8), an increase of 27%.  
 Earnings per share amounted to SEK 1.95 (1.53) before and after dilution.<sup>1)</sup>  
 Cash flow amounted to SEK -122.0 million (-139.1). Cash flow includes dividends of SEK 292.8 million (301.3).

### Key events after the end of the second quarter

On 5 July, BioGaia announced that the company's probiotic Protectis increases SARS-CoV-2 antibody response in adults.



	Apr-Jun 2023	Apr-Jun 2022
Net sales, SEK 000s	315,217	288,086
Growth in net sales	9%	42%
Operating profit, SEK 000s	95,037	101,303
Operating margin	30%	35%
Profit after tax, SEK 000s	80,547	78,545
Number of shares, thousands	100,982	100,982
Earnings per share, before and after dilution, SEK <sup>1) 2)</sup>	0.80	0.78

- 1) 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.
- 2) Key ratio defined according to IFRS. For definitions of other key ratios, see page 16.

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 July 2023.

## BioGaia AB (publ.) Interim Report 2023

The Board of Directors and the CEO of BioGaia AB hereby present the interim report for the period 1 January – 30 June 2023.

### CEO's comments

BioGaia's net sales for the quarter increased 9% compared with the year-earlier quarter, and the operating margin amounted to 30%. Sale growth for the quarter was lower than in prior quarters due to normally occurring quarterly fluctuations in order intake in our three regions. In this case, it was also due to the timing of when the various market areas lifted pandemic restrictions and replenished stocks. In APAC, which is still recovering following the easing of Covid restrictions, we are seeing strong growth. Sales in EMEA declined, while Americas continued its positive performance.

To gain a better overview of results, we should look at the first half of the year. Net sales for the first half of 2023 amounted to SEK 681 million, an increase of 19% compared with the year-earlier period. This was driven by the impressive performance in APAC, up +33%, driven by China after Covid restrictions were lifted and South Korea with the successful online initiatives conducted there. We also need to add Americas, where our subsidiaries in the USA and Canada are continuing to make strong progress, and Brazil with its focus on our Protectis products. After a successful 2022 for EMEA with sales growth of 52%, our sales growth for the first half of 2023 was lower, primarily due to weak results in France, Italy and Spain following a very strong comeback last year after Covid restrictions were eased. The sales trend to our consumers remains strong.

Highlights in the quarter worth mentioning:

- Our efforts to increase the visibility and sales of our products on Amazon generated healthy results in all seven of our market areas. Three major local influencers in Japan promoted our oral health product BioGaia Prodentis, which had a direct positive effect on our sales via Amazon in Japan. This meant that in Japan we can now see that our well-established oral health products are now being sold online after having previously mainly been available via dental clinics. This should be seen as another clear example of the strength of our omnichannel strategy.
- We have just obtained IQVIA data (life science market data) in Finland, and BioGaia Protectis drops have achieved a market share of 31% after only 18 months of sales directly on the Finnish market and now under our own brand name. This is the result of the robust sales efforts of our local team and the trust shown in the product by Finnish pharmacists, who only recommend probiotics with published clinical evidence.

- We ended a study into whether Protectis increased SARS-CoV-2 antibody response in adults. The results suggested that Protectis may improve long-term protection against breakthrough infections after vaccination. The same type of antibodies that are increased by our probiotics in this study have previously been shown to be protective against other breakthrough infections. The study was recently published online in the scientific journal Gut Microbes.

This is my final quarterly report before I leave BioGaia. I would therefore like to thank all of my colleagues for the fantastic journey that we embarked on in 2018, taking us from being a business-to-business company to a business-to-consumer company. I would also like to thank our shareholders for their confidence in our company. BioGaia has some of the best clinically proven probiotic products and one of the strongest global brands in the industry, if not the strongest. And not to mention an effective team of highly talented and motivated employees. Furthermore, we have several ongoing research projects and studies that are opening up new areas for probiotics. Based on these internal and external factors, I am convinced that this is only the beginning of BioGaia's journey. I am proud to have played a part in better positioning BioGaia so that the company can continue to increase its market share in the probiotics market.



Isabelle Ducellier  
President and CEO BioGaia  
21 July 2023



Teleconference: Investors, analysts and the media are invited to take part in a teleconference on the interim report to be held today, 21 July 2023, at 09:30 a.m. CEST with CEO Isabelle Ducellier and CFO Alexander Kotsinas. More information about the teleconference is available here <https://financialhearings.com/event/46021>.

# Q2 2023

## Revenue

SEKm	Apr–Jun 2023	Apr–Jun 2022	Change
Paediatrics	231.7	232.7	0%
Adult Health	83.0	54.2	53%
Other	0.5	1.2	-54%
<b>Total</b>	<b>315.2</b>	<b>288.1</b>	<b>9%</b>

SEKm	Apr–Jun 2023	Apr–Jun 2022	Change
EMEA	127.8	129.5	-1%
APAC	65.5	63.3	3%
Americas	121.9	95.3	28%
<b>Total</b>	<b>315.2</b>	<b>288.1</b>	<b>9%</b>

SEKm	Jan–Jun 2023	Jan–Jun 2022	Change
Paediatrics	537.7	455.2	18%
Adult Health	139.6	115.0	21%
Other	3.8	1.8	116%
<b>Total</b>	<b>681.0</b>	<b>571.9</b>	<b>19%</b>

SEKm	Jan–Jun 2023	Jan–Jun 2022	Change
EMEA	271.2	279.9	-3%
APAC	146.3	110.2	33%
Americas	263.6	181.9	45%
<b>Total</b>	<b>681.0</b>	<b>571.9</b>	<b>19%</b>

## SALES SECOND QUARTER

Consolidated net sales amounted to SEK 315.2 million (288.1), which is an increase of SEK 27.1 million, or 9% (excluding foreign exchange effects, 2%).

Sales in EMEA amounted to SEK 127.8 million (129.5), a decrease of 1%, which was due to lower sales in the Paediatrics segment while sales in the Adult Health segment increased. Sales in EMEA declined mainly in Italy, France and Turkey. The decline in sales was partially due to high comparative figures and inventory accumulation among some distributors during the fourth quarter of 2022.

Sales in APAC amounted to SEK 65.5 million (63.3), an increase of 3%. The Adult Health segment increased while Paediatrics declined. Sales for the quarter were negatively impacted by quarterly variations for individual orders in China.

Sales in Americas totalled SEK 121.9 million (95.3), up 28% due to increased sales in both the Paediatrics and Adult Health segments. Sales mainly increased in BioGaia USA, Canada and Mexico.

### Net sales bridge second quarter

SEKm		Change
2022	288.1	
Foreign exchange	20.0	7%
Organic growth	7.1	2%
<b>2023</b>	<b>315.2</b>	<b>9%</b>

## SALES FIRST HALF-YEAR

Consolidated net sales amounted to SEK 681.0 million (571.9), which is an increase of SEK 109.1 million, or 19% (excluding foreign exchange effects, 11%).

Sales in EMEA amounted to SEK 271.2 million (279.9), a decrease of 3%, which was due to lower sales in the Paediatrics segment while sales in the Adult Health segment increased. Sales in EMEA declined mainly in Italy, France and Spain. The decline in sales was partially due to high comparative figures and inventory accumulation among some distributors during the fourth quarter of 2022.

Sales in APAC totalled SEK 146.3 million (110.2), up 33% due to increased sales in both the Paediatrics and Adult Health segments. Sales increased primarily in China as restrictions attributable to the pandemic were removed.

Sales in Americas totalled SEK 263.6 million (181.9), up 45% due to increased sales in both the Paediatrics and Adult Health segments. Sales mainly increased in BioGaia USA, Canada and Brazil.

### Net sales bridge first half-year

SEKm		Change
2022	571.9	
Foreign exchange	47.1	8%
Organic growth	62.0	11%
<b>2023</b>	<b>681.0</b>	<b>19%</b>

# Q2 2023

## Paediatrics



The Paediatrics segment accounts for approximately 80% of BioGaia's total sales. BioGaia Protectis drops remain the most sold product and are sold in more than 100 countries. Other key products within the Paediatrics segment include Protectis tablets, oral rehydration solution as well as cultures to be used as ingredients in licensee products.

SEKm	Apr–Jun 2023	Apr–Jun 2022	Change
Paediatrics	231.7	232.7	0%

Jan–Jun 2023	Jan–Jun 2022	Change
537.7	455.2	18%

### SALES SECOND QUARTER

Sales in the Paediatrics segment amounted to SEK 231.7 million (232.7), a change of 0% (excluding foreign exchange effects a decrease of 7%).

Sales of BioGaia Protectis drops decreased compared to the corresponding period last year. Sales in EMEA and APAC declined, mainly in Italy, France and China. Sales increased in Americas, mainly in Mexico and Canada.

Sales of BioGaia Protectis tablets within Paediatrics increased compared to the corresponding period last year. Sales increased in all regions. Sales increased mainly in Canada and South Africa.

### SALES FIRST HALF-YEAR

Sales in the Paediatrics segment amounted to SEK 537.7 million (455.2), an increase of 18% (excluding foreign exchange effects, 10%). Over the past 12-month period, sales rose 29%.

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales increased in the Americas, primarily in the USA and Canada, but also in APAC, mainly in China. Sales decreased slightly in EMEA, mainly in Italy.

Sales of BioGaia Protectis tablets within Paediatrics increased compared to the corresponding period last year. Sales increased in Americas and APAC but decreased slightly in EMEA. Sales increased mainly in Brazil and Canada.

# Q2 2023

## Adult Health



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

SEKm	Apr–Jun 2023	Apr–Jun 2022	Change
Adult Health	83.0	54.2	53%

Jan–Jun 2023	Jan–Jun 2022	Change
139.6	115.0	21%

### SALES SECOND QUARTER

Sales in the Adult Health segment amounted to SEK 83.0 million (54.2), an increase of 53% (excluding foreign exchange effects, 43%).

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased in EMEA and APAC, mainly in South Africa and Hong Kong.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in all regions, mainly in the USA and China.

Sales of BioGaia Prodentis increased compared to the corresponding period last year. Sales increased in APAC and Americas, mainly in Japan and the USA.

### SALES FIRST HALF-YEAR

Sales in the Adult Health segment amounted to SEK 139.6 million (115.0), an increase of 21% (excluding foreign exchange effects, 13%). Over the past 12-month period, sales rose 20%.

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased in EMEA and APAC, mainly in South Africa and Hong Kong.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in all regions, mainly in the USA and China.

Sales of BioGaia Prodentis increased compared to the corresponding period last year. Sales increased in APAC and Americas, mainly in Japan and the USA.

# Q2 2023

## Earnings

### Second quarter

#### Gross margin

The total gross margin amounted to 72% (71%). The gross margin is still adversely affected by rising purchase prices. BioGaia intends to continue to raise prices on an ongoing basis to offset higher costs and to defend its gross margin.

The gross margin for the Paediatrics segment amounted to 74% (73%) and for the Adult Health segment to 67% (63%).

#### Operating expenses and operating profit

Operating expenses amounted to SEK 131.4 million (104.6), an increase of SEK 26.8 million (26%). Operating expenses, excluding items affecting comparability, increased by 25% to SEK 132.7 million (106.0). Items affecting comparability in the quarter primarily include costs related to terminating rental premises in Lund.

Selling expenses amounted to SEK 89.7 million (83.2), an increase of 8%, mainly due to higher costs for sales and marketing activities.

R&D expenses amounted to SEK 38.8 million (27.9), an increase of 39%. The increase in R&D expenses was mainly attributable to higher study expenses during the period.

Administrative expenses amounted to SEK 11.4 million (7.8), an increase of 47%. The increases in administrative expenses was primarily due to costs related to terminating rental premises in Lund.

Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -8.5 million (-14.2).

Operating profit amounted to SEK 95.0 million (101.3), a decrease of 6%. The operating margin was 30% (35%).

Adjusted operating profit amounted to SEK 93.8 million (99.9), a decrease of 6%. The adjusted operating margin was 30% (35%).

Net financial items amounted to SEK 7.0 million (-2.3). The increase was due to higher interest income.

#### Profit after tax and earnings per share

Profit after tax amounted to SEK 80.5 million (78.5), an increase of 3%. The effective tax rate was 21% (21%).

Earnings per share amounted to SEK 0.80 (0.78). There are no dilutive effects.

### First half-year

#### Gross margin

The total gross margin amounted to 72% (71%). The gross margin is still adversely affected by rising purchase prices. BioGaia intends to continue to raise prices on an ongoing basis to offset higher costs and to defend its gross margin.

The gross margin for the Paediatrics segment amounted to 74% (73%) and for the Adult Health segment to 65% (65%).

#### Operating expenses and operating profit

Operating expenses amounted to SEK 245.9 million (211.6), an increase of SEK 34.4 million (16%). Operating expenses, excluding items affecting comparability, increased by 18% to SEK 244.8 million (208.3). Items affecting comparability in the quarter primarily include restructuring costs for personnel and costs related to terminating rental premises in Lund.

Selling expenses amounted to SEK 177.8 million (155.3), an increase of 15%, mainly due to higher costs for sales and marketing activities.

R&D expenses amounted to SEK 57.5 million (52.8), an increase of 9%. The increase in R&D expenses was mainly attributable to higher study expenses during the period.

Administrative expenses amounted to SEK 21.1 million (18.8), an increase of 12%. The increases in administrative expenses was primarily due to costs related to terminating rental premises in Lund.

Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -10.5 million (-15.3).

Operating profit amounted to SEK 243.0 million (196.6), an increase of 24%. The operating margin was 36% (34%).

Adjusted operating profit amounted to SEK 244.2 million (199.9), an increase of 22%. The adjusted operating margin was 36% (35%).

Net financial items amounted to SEK 9.6 million (-0.2). The increase was due to higher interest income.

#### Profit after tax and earnings per share

Profit after tax amounted to SEK 196.5 million (154.8), an increase of 27%. The effective tax rate was 22% (21%).

Earnings per share amounted to SEK 1.95 (1.53). There are no dilutive effects.

#### Parent Company

The Parent Company's net sales amounted to SEK 517.6 million (501.4) and profit before tax was SEK 217.7 million (188.9). The financial performance of the Parent Company is in all material respects aligned with that of the Group.

# Q2 2023

## Balance sheet and cash flow

### Balance sheet 30 June 2023

Total assets amounted to SEK 2,157.1 million (2,082.7) at 30 June 2023.

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. Compared with the preceding year, trade receivables, trade payables and inventories increased.

Cash and cash equivalents at 30 June 2023 amounted to SEK 1,369.6 million (SEK 1,488.4 million at 31 December 2022).

### Cash flow second quarter

Cash flow amounted to SEK -215.7 million (-224.9). Cash flow includes dividends of SEK 292.8 million (301.3).

Cash flow from operating activities amounted to SEK 104.6 million (87.3). The increase in cash flow in operations compared with the year-earlier period was due to increased interest income and a large positive effect from the change in working capital.

Investments in property, plant and equipment amounted to SEK 24.5 million (8.8). The increase was primarily attributable to investments in production capacity in BioGaia Production.

### Cash flow first half-year

Cash flow amounted to SEK -122.0 million (-139.1).

Cash flow from operating activities amounted to SEK 203.0 million (180.4). The increase in cash flow in operations compared with the year-earlier period was mainly due to higher operating profit despite a negative change in working capital.

Investments in property, plant and equipment amounted to SEK 25.8 million (13.9).

## Other disclosures

### Employees

The number of employees in the Group at 30 June 2023 totalled 215 (195 at 30 June 2022).

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 Group excluding non-recurring items.

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 key markets for BioGaia, 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 2022 on pages 92 and 93 and in Notes 27 and 28. No significant changes in these risks and uncertainties are assessed to have taken place at 30 June 2023.

### 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 730,000 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 second quarter of 2023

#### Launches in the second quarter of 2023

Distributor	Country	Product
Minapharm	Egypt	BioGaia Protectis drops
Abbott	Colombia	BioGaia Protectis tablets with vitamin D
Agefinsa	Guatemala/El Salvador/Honduras	BioGaia Protectis drops with vitamin D
Abbott	Paraguay	BioGaia Gastrus

**BioGaia presents preliminary results.** On 26 April, BioGaia presented the preliminary results for the first quarter of 2023.

**BioGaia launches food supplement for women before and during pregnancy.** On 27 April, BioGaia announced that the company is launching the Prenatal Care product, a probiotic food supplement for expectant mothers and women who are planning to conceive.

### Key events after the end of the second quarter of 2023

**BioGaia's probiotic Protectis increases SARS-CoV-2 antibody response in adults.** On 5 July, BioGaia announced that a randomised, triple-blinded, placebo-controlled study with Protectis was shown to increase SARS-CoV-2 antibody titres in healthy volunteers when 28 days or more had elapsed from vaccination. It suggests that probiotic supplementation may enhance the long-term protection against breakthrough infections.

### Accounting policies

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



## Q2 2023

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

### New accounting standards

Management's assessment is that new and amended standards and interpretations that came into force in 2023 have not had a material effect on the Group's financial statements. Management's assessment is that new and amended standards and interpretations that have not yet come into effect will not have a material effect on the Group's financial statements for the period of initial application.

## Summary consolidated statements of comprehensive income

(Amounts in SEK 000s)	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022	Jul 2022– Jun 2023	Jul 2021– Jun 2022
Net sales (Note 1)	315,217	288,086	681,038	571,941	1,103,957	1,213,054	951,945
Cost of sales	-88,779	-82,138	-192,088	-163,785	-302,028	-330,331	-256,889
<i>Gross profit</i>	<i>226,438</i>	<i>205,948</i>	<i>488,950</i>	<i>408,156</i>	<i>801,929</i>	<i>882,723</i>	<i>695,056</i>
Selling expenses	-89,677	-83,222	-177,791	-155,257	-320,798	-343,332	-260,418
Administrative expenses	-11,368	-7,757	-21,141	-18,820	-39,818	-42,139	-37,988
Research and development expenses	-38,816	-27,913	-57,500	-52,817	-106,805	-111,488	-103,014
Other operating income/expenses	8,460	14,247	10,517	15,336	26,951	22,132	23,232
<i>Operating profit</i>	<i>95,037</i>	<i>101,303</i>	<i>243,035</i>	<i>196,598</i>	<i>361,459</i>	<i>407,896</i>	<i>316,868</i>
Financial income	7,173	1,077	9,931	4,846	91,540	96,625	4,890
Financial expenses	-150	-3,384	-345	-5,081	-5,386	-650	-5,819
<i>Profit before tax</i>	<i>102,060</i>	<i>98,996</i>	<i>252,621</i>	<i>196,363</i>	<i>447,613</i>	<i>503,871</i>	<i>315,939</i>
Tax	-21,513	-20,451	-56,129	-41,521	-73,840	-88,448	-69,977
<b>Profit for the period</b>	<b>80,547</b>	<b>78,545</b>	<b>196,492</b>	<b>154,842</b>	<b>373,773</b>	<b>415,423</b>	<b>245,962</b>
Gains/losses arising on translation of the statements of foreign operations	13,640	15,671	12,561	18,859	25,722	19,424	20,568
<b>Comprehensive income for the period</b>	<b>94,187</b>	<b>94,216</b>	<b>209,053</b>	<b>173,701</b>	<b>399,495</b>	<b>434,847</b>	<b>266,530</b>
<b>Profit for the period attributable to:</b> Owners of the Parent Company	80,547	78,545	196,492	154,842	373,773	415,423	245,962
Non-controlling interests	-	-	-	-	-	-	-
	<b>80,547</b>	<b>78,545</b>	<b>196,492</b>	<b>154,842</b>	<b>373,773</b>	<b>415,423</b>	<b>245,962</b>
<b>Comprehensive income for the period attributable to:</b> Owners of the Parent Company	94,187	94,216	209,053	173,701	399,495	434,847	266,530
Non-controlling interests	-	-	-	-	-	-	-
	<b>94,187</b>	<b>94,216</b>	<b>209,053</b>	<b>173,701</b>	<b>399,495</b>	<b>434,847</b>	<b>266,530</b>
<b>Earnings per share</b>							
Earnings per share before dilution, (SEK) *)	0.80	0.78	1.95	1.53	3.70	4.11	2.44
Earnings per share after dilution, (SEK) *)	0.80	0.78	1.95	1.53	3.70	4.11	2.44
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	100,982
Average number of shares after dilution, (thousands) *)	100,982	100,982	100,982	100,982	100,982	100,982	100,982

\*) 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.

# Q2 2023

## Consolidated balance sheets

Summary (amounts in SEK 000s)	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Assets</b>			
R&D projects in progress	46,154	46,968	46,075
Goodwill	178,059	168,014	171,517
Right-of-use assets	14,942	17,126	13,557
Property, plant and equipment	163,149	147,111	144,168
Financial assets	28,013	25,793	25,793
Deferred tax assets	7,982	16,031	15,325
Deposits	52	49	50
<b>Total non-current assets</b>	<b>438,351</b>	<b>421,092</b>	<b>416,485</b>
Current assets excl. cash and cash equivalents	349,159	305,261	309,115
Cash and cash equivalents	1,369,566	1,356,344	1,488,366
<b>Total current assets</b>	<b>1,718,725</b>	<b>1,661,605</b>	<b>1,797,481</b>
<b>Total assets</b>	<b>2,157,076</b>	<b>2,082,697</b>	<b>2,213,966</b>
<b>Equity and liabilities</b>			
Equity attributable to owners of the Parent Company	1,883,805	1,746,629	1,972,416
Non-controlling interests	2	2	2
<b>Total equity (Note 2)</b>	<b>1,883,807</b>	<b>1,746,631</b>	<b>1,972,418</b>
Deferred tax liability	13,290	13,344	12,552
Non-current liabilities	42,215	119,507	64,005
Current liabilities	217,764	203,215	164,991
<b>Total liabilities and equity</b>	<b>2,157,076</b>	<b>2,082,697</b>	<b>2,213,966</b>

# Q2 2023

## Consolidated cash flow statements

<i>Summary (amounts in SEK 000s)</i>	<b>Apr–Jun 2023</b>	Apr–Jun 2022	<b>Jan–Jun 2023</b>	Jan–Jun 2022	Jan–Dec 2022
<b>Operating activities</b>					
Operating profit	95,037	101,303	243,035	196,598	361,459
Depreciation/amortisation	6,449	6,082	12,968	12,131	23,890
Other non-cash items	-5,075	-11,494	-5,119	-12,630	-9,103
Paid tax	-20,534	-18,431	-55,529	-35,943	-54,910
Interest received and paid	7,023	-3,370	9,585	-5,068	2,248
<b>Cash flow from operating activities before changes in working capital</b>	<b>82,900</b>	<b>74,090</b>	<b>204,940</b>	<b>155,088</b>	<b>323,584</b>
Changes in working capital	21,651	13,200	-1,955	25,267	-4,641
<b>Cash flow from operating activities</b>	<b>104,551</b>	<b>87,290</b>	<b>202,985</b>	<b>180,355</b>	<b>318,943</b>
Purchase of property, plant and equipment	-24,528	-8,815	-25,807	-13,896	-17,916
Purchase of intangible assets	-26	–	-79	–	-225
<b>Cash flow from investing activities</b>	<b>-24,554</b>	<b>-8,815</b>	<b>-25,886</b>	<b>-13,896</b>	<b>-18,141</b>
Dividend	-292,849	-301,331	-292,849	-301,331	-301,331
Repayment of lease liability	-2,891	-1,999	-5,834	-4,004	-9,143
Provision to Foundation to Prevent Antibiotic Resistance	–	–	–	–	-2,900
Repurchase of warrants	–	–	-417	-206	-214
<b>Cash flow from financing activities</b>	<b>-295,740</b>	<b>-303,330</b>	<b>-299,100</b>	<b>-305,541</b>	<b>-313,588</b>
<b>Cash flow for the period</b>	<b>-215,743</b>	<b>-224,855</b>	<b>-122,001</b>	<b>-139,082</b>	<b>-12,786</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,580,822</b>	<b>1,571,693</b>	<b>1,488,366</b>	<b>1,484,680</b>	<b>1,484,680</b>
Exchange difference in cash and cash equivalents	4,487	9,506	3,201	10,746	16,472
<b>Cash and cash equivalents at the end of the period</b>	<b>1,369,566</b>	<b>1,356,344</b>	<b>1,369,566</b>	<b>1,356,344</b>	<b>1,488,366</b>

# Q2 2023

## 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).

- **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)	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022	Jul 2022– Jun 2023	Jul 2021– Jun 2022
<b>Revenue by segment</b>							
Paediatrics	231,723	232,715	537,680	455,235	868,355	950,801	736,174
Adult Health	82,953	54,198	139,566	114,954	230,205	254,816	212,203
Other	542	1,173	3,793	1,752	5,398	7,438	3,568
<b>Total</b>	<b>315,217</b>	<b>288,086</b>	<b>681,038</b>	<b>571,941</b>	<b>1,103,957</b>	<b>1,213,054</b>	<b>951,945</b>
<b>Gross profit by segment</b>							
Paediatrics	170,810	170,505	395,212	332,341	643,607	706,477	549,096
Adult Health	55,238	34,411	90,773	74,203	153,298	169,869	142,587
Other	390	1,033	2,964	1,612	5,025	6,378	3,374
<b>Total</b>	<b>226,438</b>	<b>205,948</b>	<b>488,950</b>	<b>408,156</b>	<b>801,929</b>	<b>882,724</b>	<b>695,056</b>
Selling, administrative, R&D expenses	-139,861	-118,892	-256,432	-226,894	-467,421	-496,959	-401,420
Other operating expenses/income	8,460	14,247	10,517	15,336	26,951	22,132	23,242
Operating profit	95,036	101,303	243,034	196,598	361,459	407,896	316,868
Net financial items	7,023	-2,307	9,586	-235	86,154	95,975	-929
<b>Profit before tax</b>	<b>102,059</b>	<b>98,996</b>	<b>252,620</b>	<b>196,363</b>	<b>447,613</b>	<b>503,871</b>	<b>315,939</b>
<b>Sales by geographical market</b>							
<b>APAC</b>							
Paediatrics	28,989	38,442	80,121	55,785	118,684	143,020	110,287
Adult Health	36,742	23,923	64,080	52,937	100,226	111,369	114,523
Other	-242	947	2,057	1,454	4,074	4,676	2,664
<b>Total APAC</b>	<b>65,489</b>	<b>63,312</b>	<b>146,258</b>	<b>110,176</b>	<b>222,983</b>	<b>259,065</b>	<b>227,474</b>
<b>EMEA</b>							
Paediatrics	104,944	114,274	237,696	249,664	450,159	438,191	397,078
Adult Health	22,454	15,055	32,597	30,031	60,190	62,755	54,033
Other	446	181	880	216	1,126	1,790	725
<b>Total EMEA</b>	<b>127,844</b>	<b>129,510</b>	<b>271,173</b>	<b>279,911</b>	<b>511,475</b>	<b>502,736</b>	<b>451,836</b>
<b>Americas</b>							
Paediatrics	97,790	79,998	219,863	149,785	299,512	369,590	228,808
Adult Health	23,757	15,220	42,889	31,986	69,788	80,692	43,647
Other	338	46	856	83	198	971	180
<b>Total Americas</b>	<b>121,885</b>	<b>95,264</b>	<b>263,607</b>	<b>181,854</b>	<b>369,499</b>	<b>451,253</b>	<b>272,635</b>
<b>Total</b>	<b>315,217</b>	<b>288,086</b>	<b>681,038</b>	<b>571,941</b>	<b>1,103,957</b>	<b>1,213,054</b>	<b>951,945</b>

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Date of recognition	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
Performance obligations met on specific date (Product sales)	2023	2022	2023	2022	2022
Paediatrics	231,723	232,714	537,680	454,382	867,503
Adult Health	80,507	44,350	135,269	102,250	213,360
Other	173	1,024	3,060	1,611	4,488
<b>Total</b>	<b>312,402</b>	<b>278,088</b>	<b>676,008</b>	<b>558,243</b>	<b>1,085,352</b>
<b>Performance obligations met over time (Royalty)</b>					
Paediatrics	–	–	–	852	852
Adult Health	2,446	9,848	4,297	12,704	16,844
Other	369	150	733	142	909
<b>Total</b>	<b>2,815</b>	<b>9,998</b>	<b>5,030</b>	<b>13,698</b>	<b>18,606</b>
<b>Total</b>	<b>315,217</b>	<b>288,086</b>	<b>681,038</b>	<b>571,941</b>	<b>1,103,957</b>

## Note 2 Summary consolidated statement of changes in equity

(Amounts in SEK 000s)	Jan–Jun	Jan–Jun	Jan–Dec
	2023	2022	2022
Opening balance	1,972,418	1,877,367	1,877,367
New issue and repurchase of warrants	-417	-206	-214
Dividend	-292,849	-301,331	-301,331
Provision to Foundation to Prevent Antibiotic Resistance	-4,400	-2,900	-2,900
Comprehensive income for the period	209,053	173,701	399,495
Closing balance	1,883,807	1,746,631	1,972,418

## Note 3 Largest shareholders at 30 June 2023 (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		7,750,182	1,550,036	7,750,182	7.7%	5.8%
4 Premier Miton Investors		5,048,743	1,009,749	5,048,743	5.0%	3.8%
5 TIN Fonder		3,000,000	600,000	3,000,000	3.0%	2.2%
6 Cargill Inc		3,000,000	600,000	3,000,000	3.0%	2.2%
7 Handelsbanken Fonder		2,636,335	527,267	2,636,335	2.6%	2.0%
8 AMF Pension & Fonder		2,395,985	479,197	2,395,985	2.4%	1.8%
9 Tredje AP-fonden		2,037,716	407,543	2,037,716	2.0%	1.5%
10 Juno Investment Partners		1,977,135	395,427	1,977,135	2.0%	1.5%
Other shareholders		57,768,244	11,553,649	57,768,244	57.2%	43.0%
<b>Total</b>	<b>3,703,340</b>	<b>97,278,970</b>	<b>20,196,462</b>	<b>134,312,370</b>	<b>100%</b>	<b>100%</b>

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## Note 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.

Revaluation took place during the second quarter of 2023 and BioGaia's best assessment of fair value of the financial liability related to the additional purchase price at 30 June 2023 was therefore adjusted to SEK 37.0 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 is recognised as a financial expense of SEK 1.9 million in the first half-year. The weighted average cost of capital (WACC) amounted to 11.14% (11.21% at 31 December 2022).

(Amounts in SEK 000s)	Jan–Jun 2023	Jan–Dec 2022
Opening balance	33,627	100,591
Value adjustment	1,948	- 80,013
Exchange differences	1,393	13,049
<b>Closing balance</b>	<b>36,968</b>	<b>33,627</b>

### Financial assets

BioGaia owns shares in the companies Boneprox AB and Skinome AB through BioGaia Invest. 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.

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.

# Q2 2023

## Consolidated key ratios

	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Net sales, SEK 000s	681,038	571,941	1,103,957
Growth of net sales	19%	41%	41%
Operating profit, SEK 000s	243,035	196,598	361,459
Adjusted operating profit, SEK 000s	244,179	199,867	366,526
Profit after tax, SEK 000s	196,492	154,842	373,773
Return on equity	10%	9%	19%
Return on capital employed	13%	11%	23%
Capital employed, SEK 000s	1,897,097	1,759,975	1,984,779
Number of shares, thousands	100,982	100,982	100,982
Average number of shares before dilution, thousands <sup>1)</sup>	100,982	100,982	100,982
Average number of shares after dilution, thousands <sup>1)</sup>	100,982	100,982	100,982
Earnings per share before dilution, SEK <sup>1)</sup>	1.95	1.53	3.70
Earnings per share after dilution, SEK <sup>1)</sup>	1.95	1.53	3.70
Equity per share, SEK	18.65	17.30	19.53
Equity/assets ratio	87%	84%	89%
Operating margin	36%	34%	33%
Adjusted operating margin	36%	35%	33%
Profit margin	37%	34%	41%
Average number of employees	213	184	203

1) Key ratio defined according to IFRS.

A list of definitions of key ratios reported in the consolidated financial statements is provided on page 121 of BioGaia's annual report for 2022. 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. 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.



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Key ratio	Definition/calculation	Purpose
<b>Return on equity</b>	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.
<b>Return on capital employed</b>	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.
<b>Gross margin</b>	Gross profit as a percentage of net sales.	The gross margin is used to measure profitability.
<b>Equity per share</b>	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.
<b>Average number of shares</b>	Time-weighted number of outstanding shares during the year taking bonus issue elements into account.	Used to calculate equity and earnings per share.
<b>Adjusted operating margin</b>	Adjusted operating margin excluding items affecting comparability.	The adjusted measure provides enhanced understanding of the performance of operations.
<b>Adjusted operating profit</b>	Operating profit (earnings before financial items and tax) excluding items affecting comparability.	The adjusted measure provides enhanced understanding of the performance of operations.
<b>Items affecting comparability</b>	Expenses in conjunction with restructuring, impairment, changes in provisions for share-based long-term incentive programmes and other items of a nature that affect comparability.	The separate recognition of items that affect comparability between different periods provides enhanced understanding of the company's financial performance.
<b>Earnings per share</b>	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.
<b>Operating margin (EBIT margin)</b>	Operating profit expressed as a percentage of net sales.	The operating margin is used to measure operational profitability.
<b>Equity/assets ratio</b>	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.
<b>Capital employed</b>	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.
<b>Growth</b>	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.
<b>Profit margin</b>	Profit before tax as a percentage of net sales.	This key ratio makes it possible to compare profitability regardless of the corporate income tax.

# Q2 2023

## Key ratio

	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Return on equity, SEK 000s			
Profit attributable to owners of the Parent Company (A)	196,492	154,842	373,773
Equity attributable to owners of the Parent Company	1,883,805	1,746,629	1,972,416
Average equity attributable to owners of the Parent Company (B)	1,930,311	1,811,997	1,924,891
Return on equity (A/B)	10%	9%	19%
Return on capital employed			
Operating profit	243,035	196,598	361,459
Financial income	9,931	4,846	91,540
Profit before net financial items + financial income (A)	252,966	201,444	452,999
Total assets	2,157,076	2,082,697	2,213,966
Interest-free liabilities	-259,979	-322,722	-229,187
Capital employed	1,897,097	1,759,975	1,984,779
Average capital employed (B)	1,940,938	1,825,791	1,938,193
Return on capital employed (A/B)	13%	11%	23%

## Key ratio

(Amounts in SEK 000s)	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>Equity/assets ratio</b>			
Equity (A)	1,883,807	1,746,631	1,972,418
Total assets (B)	2,157,076	2,082,697	2,213,966
Equity/assets ratio (A/B)	87%	84%	89%
<b>Operating margin</b>			
Operating profit (A)	243,035	196,598	361,459
Net sales (B)	681,038	571,941	1,103,957
Operating margin (A/B)	36%	34%	33%
<b>Profit margin</b>			
Profit before tax (A)	252,621	196,363	447,613
Net sales (B)	681,038	571,941	1,103,957
Profit margin (A/B)	37%	34%	41%
<b>Equity per share</b>			
Equity attributable to owners of the Parent Company (A)	1,883,805	1,746,629	1,972,416
Average number of shares (B)	100,982	100,982	100,982
Equity per share (A/B)	18.65	17.30	19.53

## Change in sales by segment (including and excluding foreign exchange effects)

(Amounts in SEK 000s)	Paediatrics		Adult Health		Other		Total	
	Apr–Jun 2023	Jan–Jun 2023	Apr–Jun 2023	Jan–Jun 2023	Apr–Jun 2023	Jan–Jun 2023	Apr–Jun 2023	Jan–Jun 2023
<b>Description</b>								
A Previous year's net sales according to the average rate	232,715	455,235	54,198	114,954	1,173	1,752	288,086	571,941
B Net sales for the year according to the average	231,723	537,680	82,953	139,566	541	3,792	315,217	681,038
C Recognised change (B-A)	-991	82,446	28,755	24,612	-632	2,039	27,132	109,097
<b>Percentage change (C/A)</b>	0%	18%	53%	21%	-54%	116%	9%	19%
D Net sales for the year according to the previous year's average rate	216,981	500,030	77,687	130,106	541	3,792	295,210	633,928
E Foreign exchange effects (B-D)	14,742	37,650	5,265	9,459	0	0	20,007	47,110
<b>Percentage change (E/A)</b>	6%	8%	10%	8%	0%	0%	7%	8%
F Organic change (C-E)	-15,733	44,795	23,489	15,152	-632	2,039	7,125	61,987
<b>Organic change, % (F/A)</b>	-7%	10%	43%	13%	-54%	116%	2%	11%

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Average key exchange rates	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
	2023	2022	2023	2022	2022
EUR	11.39	10.41	11.25	10.43	10.58
USD	10.47	9.69	10.44	9.51	10.03
JPY	0.0772	0.0769	0.0778	0.0782	0.0771

Closing date key exchange rates	30 Jun	30 Jun	31 Dec
	2023	2022	2022
EUR	11.79	10.68	11.13
USD	10.85	10.22	10.44
JPY	0.0750	0.0751	0.0792

Pledged assets and contingent liabilities	Group		
	30 Jun	30 Jun	31 Dec
(Amounts in SEK 000s)	2023	2022	2022
Floating charges	0	0	0
Contingent liabilities	None	None	None

Adjusted operating profit	Group				
	Apr–Jun	Apr–Jun	Jan–Jun	Jan–Jun	Jan–Dec
(Amounts in SEK 000s)	2023	2022	2023	2022	2022
Operating profit	95,037	101,303	243,035	196,598	361,459
Adjustments	-1,258	-1,395	1,144	3,269	5,067
Adjusted operating profit	93,779	99,908	244,179	199,867	366,526

# Q2 2023

## Summary statements of comprehensive income – Parent Company

### Parent Company income statement

(Amounts in SEK 000s)	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Net sales	517,622	501,422	945,327
Cost of sales	-215,363	-172,520	-327,060
Gross profit	302,259	328,902	618,267
Selling expenses	-86,130	-88,107	-178,974
Administrative expenses	-20,032	-17,757	-37,562
Research and development expenses	-49,429	-45,382	-89,792
Other operating income/expenses	10,528	15,841	27,314
Operating profit	157,196	193,497	339,253
Impairment loss on shares in subsidiaries	–	–	-27,540
Dividend	50,000	–	–
Net financial items	10,467	-4,646	4,321
Profit before tax	217,663	188,851	316,034
Tax	-32,743	-38,155	-67,871
Profit for the period	184,920	150,696	248,163

### Parent Company balance sheet

Summary (amounts in SEK 000s)	30 Jun 2023	30 Jun 2022	31 Dec 2022
<b>ASSETS</b>			
Property, plant and equipment	2,615	6,452	3,315
Intangible assets	304	1,118	225
Shares in Group companies	335,575	334,951	328,808
Non-current receivables from subsidiaries	0	10,835	0
Total non-current assets	338,494	353,356	332,348
Current assets excl. cash and cash equivalents	262,287	238,843	285,783
Cash and cash equivalents	1,145,166	1,141,072	1,280,710
Total current assets	1,407,452	1,379,915	1,566,493
<b>TOTAL ASSETS</b>	<b>1,745,947</b>	<b>1,733,271</b>	<b>1,898,841</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	1,546,972	1,562,260	1,659,718
Non-current liabilities	0	2,535	0
Interest-free current liabilities	198,975	168,476	239,123
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,745,947</b>	<b>1,733,271</b>	<b>1,898,841</b>

# Q2 2023

## Parent Company cash flow statement

	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
Summary (amounts in SEK 000s)			
<b>Operating activities</b>			
Operating profit	157,196	193,497	339,253
Depreciation/amortisation	700	1,836	3,667
Other non-cash items	-7,401	-7,962	-11,999
Paid tax	-38,991	-29,991	-39,284
Interest received and paid	10,467	-4,646	4,320
<b>Cash flow from operating activities before changes in working capital</b>	<b>121,971</b>	<b>152,734</b>	<b>295,957</b>
Changes in working capital	-12,268	-44,402	-55,573
<b>Cash flow from operating activities</b>	<b>109,703</b>	<b>108,332</b>	<b>240,384</b>
Purchase of intangible assets	-79	-	-225
Purchase of property, plant and equipment	-	-2,424	-
Sale of property, plant and equipment	-	-	-
Purchase of financial assets	-6,767	-3,142	-9,117
Sale of financial assets	-	-	-
Repayment of loans from subsidiaries	-	-	10,835
Dividend received	50,000	-	-
<b>Cash flow from investing activities</b>	<b>43,154</b>	<b>-5,566</b>	<b>1,493</b>
Dividend	-292,849	-301,331	-301,331
Provision to Foundation to Prevent Antibiotic Resistance	-	-	-2,900
Repurchase of warrants	-417	-206	-214
<b>Cash flow from financing activities</b>	<b>-293,266</b>	<b>-301,537</b>	<b>-304,445</b>
<b>Cash flow for the period</b>	<b>-140,409</b>	<b>-198,771</b>	<b>-62,568</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,280,710</b>	<b>1,333,570</b>	<b>1,333,570</b>
Exchange difference in cash and cash equivalents	4,865	6,273	9,709
<b>Cash and cash equivalents at the end of the period</b>	<b>1,145,166</b>	<b>1,141,072</b>	<b>1,280,710</b>

## Summary Parent Company statement of changes in equity

	Jan–Jun 2023	Jan–Jun 2022	Jan–Dec 2022
(amounts in SEK 000s)			
Opening balance	1,659,718	1,716,000	1,716,000
Dividend	-292,849	-301,331	-301,331
Provision to Foundation to Prevent Antibiotic Resistance	-4,400	-2,900	-2,900
New issue warrants	-417	-206	-214
Comprehensive income for the period	184,920	150,696	248,163
<b>Closing balance</b>	<b>1,546,972</b>	<b>1,562,260</b>	<b>1,659,718</b>

# Q2 2023

## Financial calendar



🕒 8:00 a.m. CEST Interim management statement 1 January – 30 September 2023

Stockholm, 20 July 2023

**Peter Rothschild**  
Board Chairman

**David Dangoor**  
Board Vice Chairman

**Outi Armstrong**  
Member of the Board

**Bénédicte Flambard**  
Member of the Board

**Barbro Fridén**  
Member of the Board

**Anthon Jahreskog**  
Member of the Board

**Vesa Koskinen**  
Member of the Board

**Vanessa Rothschild**  
Member of the Board

**Isabelle Ducellier**  
CEO

# Q2 2023

## Auditor's review report

### Introduction

We have reviewed the interim report of BioGaia AB (publ), for the period 1 January – 30 June 2023. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Scope of review

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

### Conclusion

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

**Stockholm, 20 July 2023**

**Deloitte AB**

**Jenny Holmgren**

**Authorised Public Accountant**

## BioGaia AB



### The company

BioGaia is a Swedish world-leading probiotic company that has been at the forefront of microbiome research for more than 30 years with a vision of becoming the world's most trusted probiotic brand. BioGaia develops, markets and sells probiotic products for gut, oral and bone health with documented health effects. The products are primarily based on different strains of the lactic acid bacterium *Limosilactobacillus reuteri* (formerly *Lactobacillus*).

The class B shares of the Parent Company BioGaia AB are quoted on the Mid Cap List of Nasdaq Stockholm.

### Business model

BioGaia stands on two strategic legs – sales through distribution partners and direct distribution to end consumers. The 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 in more than 100 countries through distribution partnerships with nutrition and pharmaceutical companies and through direct distribution. BioGaia's direct distribution extends across six countries (Sweden, Finland, the UK, USA, Canada and Japan).

BioGaia holds patents for the use of certain strains of *L. reuteri* and certain packaging solutions in all major markets. At the end of 2022, BioGaia held more than 600 approved patents for various bacteria strains.

### The BioGaia brand

BioGaia launched its own consumer brand in 2006. Today, a number of BioGaia's distribution partners sell finished products under the BioGaia brand in a number of markets. One important element of BioGaia's brand strategy is to increase the percentage of sales under the BioGaia brand. Of products (drops, tablets for gut and oral health, oral rehydration, etc.) sold in 2022, 86% (81%) 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 strains of *L. reuteri* are among the most studied in the world, in particular studies in young children, with strong pre-clinical and clinical evidence. As of December 2022, over 250 clinical studies with BioGaia's various strains of *L. reuteri* have been performed. These studies involved more than 21,000 individuals of all ages in total.

#### During the year, BioGaia has performed studies in the following areas:

- Colic and constipation in infants
- Preventing infections in infants and adults
- Functional abdominal pain in children
- Antibiotic-associated diarrhoea (AAD)
- Acute diarrhoea
- Gingivitis (inflammation of the gums)
- Periodontal disease
- General health
- *Helicobacter pylori*
- Osteopenia
- Autism spectrum condition
- Depression
- Bone health
- Urinary tract infections

BioGaia AB Box 3242 SE-103 64 STOCKHOLM  
Street address: Kungsbrogatan 3, Stockholm  
Telephone: +46 8 555 293 00, Corporate identity no. 556380-8723, [www.biogaia.com](http://www.biogaia.com)