

BioGaia AB

Interim Management Statement

January – September 2023



Q3 2023

THIRD QUARTER 2023

Figures in parentheses refer to the corresponding period last year, unless otherwise specified.

Net sales amounted to SEK 317.7 million (257.7), an increase of SEK 60.0 million, or 23% (excluding foreign exchange effects, 17%).

Net sales in the Paediatrics segment amounted to SEK 255.8 million (205.7), a change of 24% (excluding foreign exchange effects an increase of 18%).

Net sales in the Adult Health segment amounted to SEK 59.2 million (50.5), an increase of 17% (excluding foreign exchange effects, an increase of 11%).

Operating expenses amounted to SEK 116.3 million (92.0), an increase of SEK 24.3 million (26%). Operating expenses, excluding items affecting comparability, increased by 26% to SEK 116.3 million (92.0).

Operating profit increased by 28% to SEK 119.5 million (93.7), which corresponds to an operating margin of 38% (36%).

Adjusted operating profit increased by 28% to SEK 119.5 million (93.7), which corresponds to an adjusted operating margin of 38% (36%).

Profit after tax amounted to SEK 101.5 million (79.5), an increase of 28%.

Earnings per share amounted to SEK 1.01 (0.79) before and after dilution.¹⁾

Cash flow amounted to SEK 88.4 million (37.3).

Cash and cash equivalents at 30 September 2023 amounted to SEK 1,452.5 million (1,402.4 at 30 September 2022).

Key events in the third quarter of 2023

5 July. A clinical study with Protectis was shown to increase SARS-CoV-2 antibody titres when 28 days or more had elapsed from vaccination.

2 August. BioGaia's Board of Directors announced that Theresa Agnew had been appointed as the new Chief Executive Officer (CEO).

7 August. A paper written by a team of researchers from the University of Gothenburg and BioGaia published in the journal Nature reported a novel method to overcome oxygen sensitivity to beneficial resident bacteria in the human gut, which are significantly reduced in metabolic conditions and cardiovascular disease.

25 September. Theresa Agnew began as CEO.

JANUARY - SEPTEMBER 2023

Figures in parentheses refer to the corresponding period last year, unless otherwise specified.

Net sales amounted to SEK 998.7 million (829.7), an increase of SEK 169.1 million, or 20% (excluding foreign exchange effects, 13%).

Net sales in the Paediatrics segment amounted to SEK 793.5 million (661.0), an increase of 20% (excluding foreign exchange effects, 12%).

Net sales in the Adult Health segment amounted to SEK 198.8 million (165.5), an increase of 20% (excluding foreign exchange effects, an increase of 13%).

Operating expenses amounted to SEK 362.2 million (303.6), an increase of SEK 58.6 million (19%). Operating expenses, excluding items affecting comparability, increased by 20% to SEK 361.1 million (300.3).

Operating profit increased by 25% to SEK 362.6 million (290.3), which corresponds to an operating margin of 36% (35%).

Adjusted operating profit increased by 24% to SEK 363.7 million (293.6), which corresponds to an adjusted operating margin of 36% (35%).

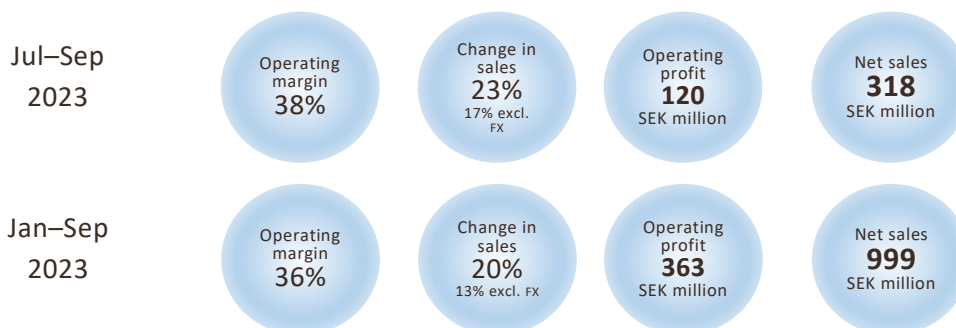
Profit after tax amounted to SEK 298.0 million (234.3), an increase of 27%.

Earnings per share amounted to SEK 2.95 (2.32) before and after dilution.¹⁾

Cash flow amounted to SEK -33.6 million (-101.8). Cash flow includes dividends of SEK 292.8 million (301.3).

Key events after the end of the third quarter

16 October. BioGaia announced that results for the third quarter exceeded market expectations.



	Jul-Sep 2023	Jul-Sep 2022
Net sales, SEK 000s	317,694	257,733
Growth in net sales	23%	48%
Operating profit, SEK 000s	119,538	93,735
Operating margin	38%	36%
Profit after tax, SEK 000s	101,501	79,503
Number of shares, thousands	100,982	100,982
Earnings per share, before and after dilution, SEK ¹⁾	1.01	0.79

1) 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 20 October 2023.

BioGaia AB (publ.) Interim Management Statement 2023

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

CEO's comments

When this strong financial report is published, I will have held the role as BioGaia's CEO for a month. In this short time, I have gained a positive feeling for the professionalism and passionate corporate culture that characterises the company – which is ultimately confirmed by this financial report.

During the quarter, we increased net sales by 23% compared to the corresponding quarter last year. Operating profit increased by 28% to SEK 120 million and the operating margin was 38%. Sales grew in all market regions. In EMEA, sales grew by 25% in the quarter, partly due to quarterly variations for individual orders. In APAC, sales grew by 17% mainly due to strong demand in China, a recovery in Japan and the favourable performance of other markets, such as Korea and Vietnam. In the Americas, sales grew by 25% due to good performance in the US and Canada (our direct markets), but also due to strong demand in South and Latin America. In the US and Canada, growth is driven by online sales, where Amazon continues to be an important sales channel. In general, we see that direct sales through our subsidiaries have proven to be successful. In these markets, we can focus more intently on our own products, launch a broader selection of our product portfolio and further strengthen the BioGaia brand. At the same time, our partnerships with our distributors are extremely valuable to us and during the quarter, we expanded our partnership with our distributor Abbott to also include the Middle East. We have had positive experiences with Abbott as a collaborative partner in several other markets, and the Middle East is a growing and attractive region for BioGaia.

The Paediatric segment increased by 24% and the Adult segment increased by 17%. Despite the uncertain global outlook, high inflation, and weak economic development, we see resilience for our Protectis drops and our other products. During the quarter, we launched several products from our existing product portfolio in order to expand our market. For example, we launched Prodentis Kids on the Swedish market, a product that is already available on the US market and where we have seen growing demand for oral health products such as this.

During the quarter, we reached an important and exciting milestone in the development of next-generation probiotics. In an article published in the journal Nature, a team of researchers from BioGaia and the University of Gothenburg reported a novel method to overcome oxygen sensitivity to beneficial resident bacteria in the human gut, which are significantly reduced in metabolic conditions and cardiovascular disease. We will continue to develop next-generation probiotics to replace missing bacteria in individuals with an increased risk of developing these diseases.

BioGaia's continued double-digit growth demonstrates one of the company's strengths, and was one of the reasons why I accepted the role as CEO. With my background of leading life science and consumer health brands, I hope that I can contribute to BioGaia's continued success based on the company's existing strategy and future opportunities. It is exciting to lead a company where the focus is on sustainable growth through high-quality science, research and development. This will help us to achieve BioGaia's vision to become the most trusted probiotic brand in the world.



I look forward to continuing BioGaia's growth journey in the global context where more and more people are prioritising their own and their children's health.

Theresa Agnew
CEO and President, BioGaia
20 October 2023



Teleconference: Investors, analysts, and the media are invited to take part in a teleconference on the interim management statement to be held today, 20 October 2023, at 09:30 a.m. CEST with CEO Theresa Agnew and CFO Alexander Kotsinas. More information about the teleconference is available here <https://financialhearings.com/event/46022>.

Q3 2023

Revenue

SEKm	Jul-Sep 2023	Jul-Sep 2022	Change
Paediatrics	255.8	205.7	24%
Adult Health	59.2	50.5	17%
Other	2.7	1.5	78%
Total	317.7	257.7	23%

SEKm	Jul-Sep 2023	Jul-Sep 2022	Change
EMEA	128.9	103.1	25%
APAC	61.7	52.8	17%
Americas	127.1	101.8	25%
Total	317.7	257.7	23%

	Jan-Sep 2023	Jan-Sep 2022	Change
	793.5	661.0	20%
	198.8	165.5	20%
	6.5	3.3	99%
Total	998.7	829.7	20%

	Jan-Sep 2023	Jan-Sep 2022	Change
	400.1	383.1	4%
	207.9	163.0	28%
	390.7	283.6	38%
Total	998.7	829.7	20%

SALES THIRD QUARTER

Consolidated net sales amounted to SEK 317.7 million (257.7), which is an increase of SEK 60.0 million, or 23% (excluding foreign exchange effects, 17%).

Sales in EMEA amounted to SEK 128.9 million (103.1), an increase of 25%, which was due to higher sales in the Paediatrics segment while the Adult Health segment decreased slightly. Sales increased mainly in Eastern Europe, Turkey, and Spain. Sales were positively affected by quarterly variations for individual orders.

Sales in APAC amounted to SEK 61.7 million (52.8), an increase of 17%, which was due to higher sales in both the Paediatrics and Adult Health segments. Sales increased mainly in Japan, Korea, and Vietnam.

Sales in Americas totalled SEK 127.1 million (101.8), up 25% due to increased sales in both the Paediatrics and Adult Health segments. Sales mainly increased in BioGaia USA, Brazil and Canada.

Net sales bridge third quarter

SEKm		Change
2022	257.7	
Foreign exchange	16.8	7%
Organic growth	43.2	17%
2023	317.7	23%

SALES JANUARY-SEPTEMBER

Consolidated net sales amounted to SEK 998.7 million (829.7), which is an increase of SEK 169.1 million, or 20% (excluding foreign exchange effects, 13%). Over the past 12-month period, sales rose 23%.

Sales in EMEA amounted to SEK 400.1 million (383.1), an increase of 4%, which was due to higher sales in the Paediatrics segment and the Adult Health segment. Sales in EMEA increased mainly in Eastern Europe and Turkey while sales declined mainly in Italy and France.

Sales in APAC totalled SEK 207.9 million (163.0), up 28% due to increased sales in both the Paediatrics and Adult Health segments. Sales increased primarily in China, Korea, and Hong Kong.

Sales in Americas totalled SEK 390.7 million (283.6), up 38% due to increased sales in both the Paediatrics and Adult Health segments. Sales mainly increased in BioGaia USA, Canada and Brazil.

Net sales bridge January-September

SEKm		Change
2022	829.7	
Foreign exchange	63.9	8%
Organic growth	105.1	13%
2023	998.7	20%

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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	Jul-Sep 2023	Jul-Sep 2022	Change
Paediatrics	255.8	205.7	24%

Jan-Sep 2023	Jan-Sep 2022	Change
793.5	661.0	20%

SALES THIRD QUARTER

Sales in the Paediatrics segment amounted to SEK 255.8 million (205.7), an increase of 24% (excluding foreign exchange effects 18%).

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales increased in all regions, mainly in BioGaia USA, Canada and Turkey.

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

SALES JANUARY-SEPTEMBER

Sales in the Paediatrics segment amounted to SEK 793.5 million (661.0), an increase of 20% (excluding foreign exchange effects, 12%). Over the past 12-month period, sales rose 23%.

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

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

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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 Osortis, as well as cultures as an ingredient in a licensee's dairy products and Nutraceutics' own products.

SEKm	Jul-Sep 2023	Jul-Sep 2022	Change
Adult Health	59.2	50.5	17%

Jan-Sep 2023	Jan-Sep 2022	Change
198.8	165.5	20%

SALES THIRD QUARTER

Sales in the Adult Health segment amounted to SEK 59.2 million (50.5), an increase of 17% (excluding foreign exchange effects, 11%).

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

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in EMEA and Americas, mainly in the USA.

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 JANUARY-SEPTEMBER

Sales in the Adult Health segment amounted to SEK 198.8 million (165.5), an increase of 20% (excluding foreign exchange effects, 13%). Over the past 12-month period, sales rose 19%.

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

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 increased in APAC and Americas, mainly in Japan and the USA.

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Earnings

Third quarter

Gross margin

The total gross margin amounted to 74% (72%).

The gross margin for the Paediatrics segment amounted to 75% (74%) and for the Adult Health segment to 68% (64%).

Operating expenses and operating profit

Operating expenses amounted to SEK 116.3 million (92.0), an increase of SEK 24.3 million (26%). Operating expenses, excluding items affecting comparability, increased by 26% to SEK 116.3 million (92.0).

Selling expenses amounted to SEK 88.1 million (77.0), an increase of 14%, mainly due to higher costs for sales and marketing activities.

R&D expenses amounted to SEK 20.6 million (22.6), a decrease of 9%.

Administrative expenses amounted to SEK 7.9 million (7.6), an increase of 5%.

Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -0.3 million (-15.1).

Operating profit amounted to SEK 119.5 million (93.7), an increase of 28%. The operating margin was 38% (36%).

Adjusted operating profit amounted to SEK 119.5 million (93.7), an increase of 28%. The adjusted operating margin was 38% (36%).

Net financial items amounted to SEK 8.5 million (5.1). The increase was due to higher interest income.

Profit after tax and earnings per share

Profit after tax amounted to SEK 101.5 million (79.5), an increase of 28%. The effective tax rate was 21% (20%).

Earnings per share amounted to SEK 1.01 (0.79). There are no dilutive effects.

January-September

Gross margin

The total gross margin amounted to 73% (72%).

The gross margin for the Paediatrics segment amounted to 74% (73%) and for the Adult Health segment to 66% (64%).

Operating expenses and operating profit

Operating expenses amounted to SEK 362.2 million (303.6), an increase of SEK 58.6 million (19%). Operating expenses, excluding items affecting comparability, increased by 20% to SEK 361.1 million (300.3). 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 265.9 million (232.3), an increase of 14%, mainly due to higher costs for sales and marketing activities.

R&D expenses amounted to SEK 78.1 million (75.4), an increase of 4%. The increase in R&D expenses was mainly attributable to higher study expenses during the period.

Administrative expenses amounted to SEK 29.1 million (26.4), an increase of 10%. The increase 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 -10.8 million (-30.4).

Operating profit amounted to SEK 362.6 million (290.3), an increase of 25%. The operating margin was 36% (35%).

Adjusted operating profit amounted to SEK 363.7 million (293.6), an increase of 24%. The adjusted operating margin was 36% (35%).

Net financial items amounted to SEK 18.1 million (4.8). The increase was due to higher interest income.

Profit after tax and earnings per share

Profit after tax amounted to SEK 298.0 million (234.3), an increase of 27%. The effective tax rate was 22% (21%).

Earnings per share amounted to SEK 2.95 (2.32). There are no dilutive effects.

Q3 2023

Balance sheet and cash flow

Balance sheet 30 September 2023

Total assets amounted to SEK 2,304.3 million (2,161.4) at 30 September 2023.

Goodwill from the acquisition of Nutraceuticals was adjusted for currency translation. 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.

During the quarter the lease agreement for the Group headquarters was renewed, thereby increasing right-of use assets and liabilities by SEK 26.4 million respectively.

Cash and cash equivalents at 30 September 2023 amounted to SEK 1,452.5 million (SEK 1,488.4 million at 31 December 2022).

Cash flow third quarter

Cash flow amounted to SEK 88.4 million (37.3).

Cash flow from operating activities amounted to SEK 99.0 million (47.3). The increase in cash flow in operations compared with the year-earlier period was mainly due to higher operating profit and interest received despite a negative change in working capital.

Investments in property, plant and equipment amounted to SEK 8.9 million (4.5). The increase was primarily attributable to investments in production capacity in BioGaia Production.

Cash flow January-September

Cash flow amounted to SEK -33.6 million (-101.8). The cash flow includes a dividend payment of SEK 292.8 million (301.3).

Cash flow from operating activities amounted to SEK 304.2 million (227.6). The increase in cash flow in operations compared with the year-earlier period was mainly due to higher operating profit and interest received despite a negative change in working capital.

Investments in property, plant and equipment amounted to SEK 34.7 million (18.4).

Other disclosures

Employees

The number of employees in the Group at 30 September 2023 totalled 213 (195 at 30 September 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 its 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 September 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 Nutraceuticals 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.

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Key events in the third quarter of 2023

Launches in the third quarter of 2023

Distributor	Country	Product
BioGaia	Sweden	BioGaia Prodentis Kids
Nestlé	Colombia, Peru	NanCare Protectis minipack, NanCare B.lactis drops 5 ml
Agefinsa	Guatemala, El Salvador, Honduras	BioGaia drops vitamin D 5 ml, BioGaia tablets vitamin D
Delta Medical	Kyrgyzstan	BioGaia Protectis drops 5 ml
Ewopharma	Poland	BioGaia Protectis drops easydropper 5ml
BioGaia	Canada	BioGaia Prodentis mint and apple
BioGaia	Ireland	BioGaia Protectis tablets Strawberry, BioGaia Pharax 5 ml
HealthExport	Tunisia	BioGaia Prodentis drops 5 ml
Grace	Korea	BioGaia Protectis minipack
Abbott Singapore	Singapore	BioGaia Protectis easydropper 5 ml
Axero	Sri Lanka	BioGaia Protectis minipack
Lenus Med	Mongolia	BioGaia Prodentis drops 5 ml
Biowelltech	Hong Kong	BioGaia Prodentis apple

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.

BioGaia appoints Theresa Agnew as new CEO. On 2 August, BioGaia's Board of Directors announced that Theresa P. Agnew had been appointed as the new Chief Executive Officer (CEO). Theresa Agnew is a global business leader with consumer healthcare, OTC, and medical device experience from leading companies such as GlaxoSmithKline (GSK), Essilor and Johnson & Johnson.

BioGaia and University of Gothenburg reach an important milestone towards next-generation probiotics. On 7 August, BioGaia announced that in a paper published in the journal Nature, a team of researchers from the University of Gothenburg and BioGaia reported a novel method to overcome oxygen sensitivity to beneficial resident bacteria in the human gut, which are significantly reduced in metabolic conditions and cardiovascular disease.

BioGaia announces that Theresa Agnew begins her role as CEO. On September 25, BioGaia announced that Theresa Agnew had begun her role as the CEO of BioGaia.

Key events after the end of the third quarter of 2023

BioGaia announced third quarter results. On October 16, BioGaia announced that results for the third quarter exceeded market expectations.

Accounting policies

This interim management statement was prepared in all material respects in accordance with Nasdaq OMX Stockholm's guidance for preparing interim management statements. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim management statement. The accounting policies applied in the consolidated income statement and balance sheet are consistent with the accounting policies applied in preparation of the most recent annual report. The financial accounts and segment information correspond to the statements used in interim financial reporting prepared in accordance with IAS 34 to provide comparability in the presentation between quarters. The interim management statement includes a Message from the CEO, even if this is not a requirement of Nasdaq Stockholm's guidance. The information is nevertheless deemed important in satisfying user needs.

New accounting standards

Management's assessment is that new and amended standards and interpretations that came into force in 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

Q3 2023

Summary consolidated statements of comprehensive income

(Amounts in SEK 000s)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Oct 2022– Sep 2023	Oct 2021– Sep 2022
Net sales (Note 1)	317,694	257,733	998,732	829,674	1,103,957	1,273,015	1,035,837
Cost of sales	-81,847	-71,952	-273,935	-235,737	-302,028	-340,226	-282,866
<i>Gross profit</i>	235,847	185,781	724,797	593,937	801,929	932,789	752,971
Selling expenses	-88,068	-77,003	-265,859	-232,260	-320,798	-354,397	-298,865
Administrative expenses	-7,934	-7,575	-29,075	-26,395	-39,818	-42,498	-38,552
Research and development expenses	-20,630	-22,557	-78,130	-75,374	-106,805	-109,561	-105,853
Other operating income/expenses	323	15,089	10,840	30,425	26,951	7,366	33,723
<i>Operating profit</i>	119,538	93,735	362,573	290,333	361,459	433,699	343,424
Financial income	10,733	5,266	20,664	10,112	91,540	102,092	10,155
Financial expenses	-2,249	-200	-2,594	-5,281	-5,386	-2,699	-5,780
<i>Profit before tax</i>	128,022	98,801	380,643	295,164	447,613	533,092	347,799
Tax	-26,521	-19,298	-82,650	-60,819	-73,840	-95,671	-75,178
Profit for the period	101,501	79,503	297,993	234,345	373,773	437,421	272,621
Gains/losses arising on translation of the statements of foreign operations	-35	22,709	12,526	41,568	25,722	-3,320	42,312
Comprehensive income for the period	101,466	102,212	310,519	275,913	399,495	434,101	314,933
Profit for the period attributable to: Owners of the Parent Company	101,501	79,503	297,993	234,345	373,773	437,421	272,621
Non-controlling interests	-	-	-	-	-	-	-
	101,501	79,503	297,993	234,345	373,773	437,421	272,621
Comprehensive income for the period attributable to: Owners of the Parent Company	101,466	102,212	310,519	275,913	399,495	434,101	314,933
Non-controlling interests	-	-	-	-	-	-	-
	101,466	102,212	310,519	275,913	399,495	434,101	314,933
Earnings per share							
Earnings per share before dilution, (SEK) *)	1.01	0.79	2.95	2.32	3.70	4.33	2.70
Earnings per share after dilution, (SEK) *)	1.01	0.79	2.95	2.32	3.70	4.33	2.70
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.

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Consolidated balance sheets

Summary (amounts in SEK 000s)	30 Sep 2023	30 Sep 2022	31 Dec 2022
Assets			
R&D projects in progress	46,172	46,409	46,075
Goodwill	177,906	182,343	171,517
Right-of-use assets	40,479	14,174	13,557
Property, plant and equipment	168,297	149,147	144,168
Financial assets	28,013	25,793	25,793
Deferred tax assets	8,804	15,154	15,325
Deposits	52	52	50
Total non-current assets	469,723	433,072	416,485
Current assets excl. cash and cash equivalents	382,002	325,890	309,115
Cash and cash equivalents	1,452,528	1,402,409	1,488,366
Total current assets	1,834,530	1,728,299	1,797,481
Total assets	2,304,253	2,161,371	2,213,966
Equity and liabilities			
Equity attributable to owners of the Parent Company	1,985,271	1,848,841	1,972,416
Non-controlling interests	2	2	2
Total equity (Note 2)	1,985,273	1,848,843	1,972,418
Deferred tax liability	13,274	14,166	12,552
Non-current liabilities	88,218	124,995	64,005
Current liabilities	217,488	173,367	164,991
Total liabilities and equity	2,304,253	2,161,371	2,213,966

Q3 2023

Consolidated cash flow statements

<i>Summary (amounts in SEK 000s)</i>	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating activities					
Operating profit	119,538	93,735	362,573	290,333	361,459
Depreciation/amortisation	5,250	5,119	18,218	17,250	23,890
Other non-cash items	3,568	582	-1,551	-12,048	-9,103
Paid tax	-17,200	-20,727	-72,729	-56,670	-54,910
Interest received and paid	10,653	2,179	20,238	-2,889	2,248
Cash flow from operating activities before changes in working capital	121,809	80,888	326,749	235,976	323,584
Changes in working capital	-22,831	-33,619	-22,565	-8,352	-4,641
Cash flow from operating activities	98,978	47,269	304,184	227,624	318,943
Purchase of property, plant and equipment	-8,899	-4,537	-34,706	-18,433	-17,916
Purchase of intangible assets	-18	-	-97	-	-225
Purchase of financial assets	-	-	-2,221	-	-
Cash flow from investing activities	-8,917	-4,537	-37,024	-18,433	-18,141
Dividend	-	-	-292,849	-301,331	-301,331
Repayment of lease liability	-1,695	-2,536	-7,529	-6,540	-9,143
Provision to Foundation to Prevent Antibiotic Resistance	-	-2,900	-	-2,900	-2,900
Repurchase of warrants	-	-	-417	-206	-214
Cash flow from financing activities	-1,695	-5,436	-300,795	-310,977	-313,588
Cash flow for the period	88,366	37,296	-33,635	-101,786	-12,786
Cash and cash equivalents at the beginning of the period	1,369,566	1,356,344	1,488,366	1,484,680	1,484,680
Exchange difference in cash and cash equivalents	-5,404	8,769	-2,203	19,515	16,472
Cash and cash equivalents at the end of the period	1,452,528	1,402,409	1,452,528	1,402,409	1,488,366

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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)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Oct 2022– Sep 2023	Oct 2021– Sep 2022
Revenue by segment							
Paediatrics	255,805	205,730	793,486	660,965	868,355	1,000,876	811,073
Adult Health	59,216	50,502	198,782	165,456	230,205	263,530	220,616
Other	2,672	1,501	6,465	3,253	5,398	8,609	4,148
Total	317,694	257,733	998,732	829,674	1,103,957	1,273,016	1,035,836
Gross profit by segment							
Paediatrics	193,116	152,207	588,328	484,549	643,607	747,387	602,747
Adult Health	40,059	32,183	130,832	106,385	153,298	177,745	146,380
Other	2,672	1,391	5,637	3,003	5,025	7,659	3,843
Total	235,847	185,781	724,797	593,937	801,929	932,789	752,970
Selling, administrative, R&D expenses	-116,632	-107,135	-373,064	-	-467,421	-506,456	-443,270
Other operating expenses/income	323	15,089	10,840	30,425	26,951	7,366	33,723
Operating profit	119,538	93,734	362,573	290,333	361,459	433,700	343,424
Net financial items	8,484	5,066	18,070	4,831	86,154	99,393	4,375
Profit before tax	128,022	98,800	380,643	295,164	447,613	533,093	347,799
Sales by geographical market							
APAC							
Paediatrics	37,559	34,890	117,681	90,675	118,684	145,689	123,458
Adult Health	21,773	16,806	85,853	69,742	100,226	116,336	109,708
Other	2,356	1,118	4,412	2,572	4,074	5,914	3,123
Total APAC	61,688	52,813	207,946	162,989	222,983	267,940	236,288
EMEA							
Paediatrics	113,495	87,533	351,190	337,197	450,159	464,153	411,286
Adult Health	15,105	15,314	47,702	45,346	60,190	62,546	55,963
Other	311	301	1,191	517	1,126	1,799	786
Total EMEA	128,910	103,149	400,083	383,060	511,475	528,498	468,035
Americas							
Paediatrics	104,752	83,307	324,614	233,092	299,512	391,035	276,328
Adult Health	22,338	18,382	65,227	50,368	69,788	84,648	54,945
Other	6	82	862	165	198	896	239
Total Americas	127,096	101,771	390,703	283,625	369,499	476,578	331,513
Total	317,694	257,733	998,732	829,674	1,103,957	1,273,016	1,035,836

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Date of recognition	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Performance obligations met on specific date (Product sales)					
Paediatrics	255,805	205,731	793,486	660,113	867,503
Adult Health	56,462	48,658	191,731	150,908	213,360
Other	2,377	1,247	5,437	2,858	4,488
Total	314,645	255,636	990,653	813,879	1,085,352
Performance obligations met over time (Royalty)					
Paediatrics	-	-	-	852	852
Adult Health	2,754	1,844	7,051	14,548	16,844
Other	295	253	1,028	395	909
Total	3,049	2,097	8,079	15,795	18,606
Total	317,694	257,733	998,732	829,674	1,103,957

Note 2. Summary consolidated statement of changes in equity

(Amounts in SEK 000s)	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 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	310,519	275,913	399,495
Closing balance	1,985,273	1,848,843	1,972,418

Note 3. Largest shareholders at 30 September 2023 (source: Vantage by Euroclear)

	A shares	B shares	Share capital	No. of votes	Capital	Votes
1 Anwall & Rothschild Investments AB	3,703,340	500,000	840,668	37,533,400	4.16%	27.94%
2 EQT		11,164,630	2,232,926	11,164,630	11.06%	8.31%
3 Fjärde AP-fonden		7,750,182	1,550,036	7,750,182	7.67%	5.77%
4 Premier Miton Investors		5,042,053	1,008,411	5,042,053	4.99%	3.75%
5 Cargill Inc		3,000,000	600,000	3,000,000	2.97%	2.23%
6 TIN Fonder		3,000,000	600,000	3,000,000	2.97%	2.23%
7 Handelsbanken Fonder AB		2,663,261	532,652	2,663,261	2.64%	1.98%
8 AMF Fonder & Pension		2,395,985	479,197	2,395,985	2.37%	1.78%
9 Tredje AP-fonden		2,037,716	407,543	2,037,716	2.02%	1.52%
10 Juno Investment Partners		1,977,135	395,427	1,977,135	1.96%	1.47%
Other shareholders		57,748,008	11,549,602	57,748,008	57.19%	43.00%
Total	3,703,340	97,278,970	20,196,462	134,312,370	100%	100%

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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 third quarter of 2023 and BioGaia's best assessment of fair value of the financial liability related to the additional purchase price at 30 September 2023 was therefore adjusted to SEK 37.1 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 2.2 million during the nine-month period. The weighted average cost of capital (WACC) amounted to 11.65% (11.21% at 31 December 2022).

(Amounts in SEK 000s)	Jan-Sep 2023	Jan-Dec 2022
Opening balance	33,627	100,591
Value adjustment	2,167	-80,013
Exchange differences	1,344	13,049
Closing balance	37,138	33,627

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.

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Consolidated key ratios

	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales, SEK 000s	998,732	829,674	1,103,957
Growth of net sales	20%	43%	41%
Operating profit, SEK 000s	362,573	290,333	361,459
Adjusted operating profit, SEK 000s	363,717	293,602	366,526
Profit after tax, SEK 000s	297,993	234,345	373,773
Return on equity	15%	13%	19%
Return on capital employed	19%	16%	23%
Capital employed, SEK 000s	1,998,547	1,863,009	1,984,779
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⁾	2.95	2.32	3.70
Earnings per share after dilution, SEK ¹⁾	2.95	2.32	3.70
Equity per share, SEK	19.66	18.31	19.53
Equity/assets ratio	86%	86%	89%
Operating margin	36%	35%	33%
Adjusted operating margin	36%	35%	33%
Profit margin	38%	36%	41%
Average number of employees	214	193	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
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.
Adjusted operating margin	Adjusted operating margin excluding items affecting comparability.	The adjusted measure provides enhanced understanding of the performance of operations.
Adjusted operating profit	Operating profit (earnings before financial items and tax) excluding items affecting comparability.	The adjusted measure provides enhanced understanding of the performance of operations.
Items affecting comparability	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.
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 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.

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Key ratio

	Jan–Sep 2023	Jan–Sep 2022	Jan–Dec 2022
Return on equity, SEK 000s			
Profit attributable to owners of the Parent Company (A)	297,993	234,345	373,773
Equity attributable to owners of the Parent Company	1,985,271	1,848,841	1,972,416
Average equity attributable to owners of the Parent Company (B)	1,978,844	1,863,103	1,924,891
Return on equity (A/B)	15%	13%	19%
Return on capital employed			
Operating profit	362,573	290,333	361,459
Financial income	20,664	10,112	91,540
Profit before net financial items + financial income (A)	383,237	300,445	452,999
Total assets	2,304,253	2,161,371	2,213,966
Interest-free liabilities	-305,706	-298,362	-229,187
Capital employed	1,998,547	1,863,009	1,984,779
Average capital employed (B)	1,991,663	1,877,308	1,938,193
Return on capital employed (A/B)	19%	16%	23%

Key ratio

(Amounts in SEK 000s)	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity/assets ratio			
Equity (A)	1,985,273	1,848,843	1,972,418
Total assets (B)	2,304,253	2,161,371	2,213,966
Equity/assets ratio (A/B)	86%	86%	89%
Operating margin			
Operating profit (A)	362,573	290,333	361,459
Net sales (B)	998,732	829,674	1,103,957
Operating margin (A/B)	36%	35%	33%
Profit margin			
Profit before tax (A)	380,643	295,164	447,613
Net sales (B)	998,732	829,674	1,103,957
Profit margin (A/B)	38%	36%	41%
Equity per share			
Equity attributable to owners of the Parent Company (A)	1,985,271	1,848,841	1,972,416
Average number of shares (B)	100,982	100,982	100,982
Equity per share (A/B)	19.66	18.31	19.53

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

(Amounts in SEK 000s)	Paediatrics		Adult Health		Other		Total	
	Jul–Sep 2023	Jan–Sep 2023	Jul–Sep 2023	Jan–Sep 2023	Jul–Sep 2023	Jan–Sep 2023	Jul–Sep 2023	Jan–Sep 2023
Description								
A Previous year's net sales according to the average rate	205,730	660,965	50,502	165,456	1,501	3,253	257,733	829,674
B Net sales for the year according to the average rate	255,805	793,486	59,216	198,782	2,672	6,465	317,694	998,732
C Recognised change (B-A)	50,075	132,521	8,714	33,326	1,172	3,211	59,961	169,058
Percentage change (C/A)	24%	20%	17%	20%	78%	99%	23%	20%
Net sales for the year according to the previous year's average rate	242,129	742,159	56,083	186,189	2,673	6,465	300,885	934,813
E Foreign exchange effects (B-D)	13,676	51,326	3,133	12,592	-	-	16,809	63,919
Percentage change (E/A)	7%	8%	6%	8%	0%	0%	7%	8%
F Organic change (C-E)	36,399	81,194	5,581	20,733	1,172	3,211	43,152	105,139
Organic change, % (F/A)	18%	12%	11%	13%	78%	99%	17%	13%

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Average key exchange rates	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
EUR	11.77	10.58	11.42	10.46	10.58
USD	10.76	10.43	10.54	9.82	10.03
JPY	0.0747	0.0758	0.0767	0.0775	0.0771

Closing date key exchange rates	30 Sep 2023	30 Sep 2022	31 Dec 2022
EUR	11.49	10.92	11.13
USD	10.84	11.12	10.44
JPY	0.0729	0.0771	0.0792

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

Adjusted operating profit	Group				
(Amounts in SEK 000s)	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Operating profit	119,538	93,735	362,573	290,333	361,459
Adjustments	-	-	1,144	3,269	5,067
Adjusted operating profit	119,538	93,735	363,717	293,602	366,526

Q3 2023

Financial calendar



Stockholm, 19 October 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

Theresa Agnew
CEO

This interim management statement has not been audited.

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
- Immune modulation in adults

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