

BioGaia enters new, extended agreement with Nestlé

In February 2012 BioGaia sold the rights for the use of *Lactobacillus reuteri* Protectis in infant formula to Nestle for the remainder of the patent lifetime. BioGaia received EUR 40 million up-front and a commitment to a further EUR 10.8 million during the period 2014 to 2017 upon achievement of certain milestones. The first milestone payment of EUR 3.6 million was received in February this year.

Nestlé and BioGaia wish to broaden and strengthen the cooperation and have therefore entered into a supplementary agreement to the original from February 2012.

The agreement will provide BioGaia with royalties of around SEK 92 million (approximately EUR 10.4 million) over a three-year period, starting during the second quarter of 2014, for which BioGaia will carry out specific clinical studies in the paediatric area. In addition BioGaia will develop new products for Nestlé in new areas. The development will include both pre-clinical and clinical studies as well as product development. If the development is successful, these products will be produced by BioGaia and sold to Nestlé.

Since BioGaia had already planned to carry out some of the studies considered here, the new agreement will have a positive effect on profits during this three-year period. It is difficult at this point to assess the effect on profits, but the company estimates this to be significant. Beyond this effect on profits, there will be an eventual income from sales of future products.

Furthermore, the agreement means that BioGaia will immediately receive the remaining milestone payments totalling EUR 7.2 million from the 2012 agreement. These payments as well as the milestone payment already received will be entered as income for the current quarter.

“We are of course very satisfied with this agreement, which gives us additional financial resources, improved profits and a great opportunity for us to develop a number of interesting products for Nestlé”, comments Peter Rothschild, President BioGaia.

BioGaia is a healthcare company that develops, markets and sells probiotic products with documented health benefits. The products are primarily based on the lactic acid bacterium *Lactobacillus reuteri* which has probiotic, health-enhancing effects. The class B share of the Parent Company BioGaia AB is quoted on the Mid Cap list of the NASDAQ OMX Nordic Exchange Stockholm. www.biogaia.com



Press Release 12 March 2014

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BioGaia has published this information in accordance with the Swedish Securities Market Act. The information was issued for publication on 12 March 2014, 8:00 a.m. CET.

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