

## BioGaia sets up subsidiary for the development of probiotic drugs

**BioGaia establishes a subsidiary, BioGaia Pharma AB, to take advantage of the opportunities to develop drugs identified in the research and development conducted in the company's normal operations.**

Since the foundation of BioGaia the company has focused its development efforts on the regulatory categories dietary supplements and food for special medical purposes. For certain target segments, these categories are limiting and in some cases BioGaia also lacks distribution channels for pipeline products. For this reason, the Board has decided to also develop probiotic drugs through BioGaia Pharma.

Drug candidates will primarily be developed to be licensed to appropriate partners at relatively early stages and BioGaia's capital commitment is therefore initially limited. If capital requirements were to increase significantly, the assessment is that external funding is possible.

In 2013 BioGaia started its subsidiary Infant Bacterial Therapeutics (IBT) to develop a drug for premature infants. IBT was distributed to BioGaia's shareholders in March 2016 and is now an independently listed company on First North Premier.

Since 2014 BioGaia is also a partner in the microbiome company MetaboGen. In recent years, the interest in probiotics and the so-called microbiome, as well as the possibility of developing drugs from probiotic bacterial strains or its metabolites, has increased strongly, and pharmaceutical and nutrition companies are already investing heavily in the field. BioGaia wishes, through its solid knowledge in the field of probiotics, to take advantage of the commercial opportunities that arise.

Nigel Titford, today responsible for BioGaia's business development, will become BioGaia Pharma's CEO. He also owns four percent of the newly started company. The Board consists of Peter Costantino, Professor of Neurosurgery, Hofstra-Northwell School of Medicine, New York, Peter Rothschild (Chairman), Group President BioGaia, Thomas Schnitzer, Professor of Physical Medicine and Rehabilitation and Rheumatology, Feinberg School of Medicine, Chicago, Axel Sjöblad, Managing Director BioGaia and Staffan Strömberg, CEO IBT.

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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 contact person set out above, at 3.00 PM CET on 21 June 2017.

*BioGaia is an innovative Swedish healthcare company that develops, markets and sells probiotic products with documented health benefits. The products are sold through local distribution partners in around 90 countries worldwide. The class B share of the Parent Company BioGaia AB is quoted on the Mid Cap list of Nasdaq OMX Nordic Exchange Stockholm. [biogaia.com](http://biogaia.com)*

