

Interim Management Statement

JANUARY – MARCH 2021





FIRST QUARTER 2021

Net sales amounted to SEK 202.0 million (182.8), an increase of 10% (excluding foreign exchange effects, 21%). Product sales, net sales excluding royalty revenues, amounted to SEK 196.8 million (177.0), an increase of 11% (excluding foreign exchange effects, 22%).

Net sales in the Paediatrics segment reached SEK 161.6 million (142.5), an increase of 13%. Product sales within Paediatrics amounted to SEK 160.0 million (139.3), an increase of 15%.

Net sales in the Adult Health segment amounted to SEK 38.7 million (40.2), a decrease of 4%. Product sales within Adult Health amounted to SEK 36.2 million (37.5), a decrease of 4%.

Operating expenses amounted to SEK 81.0 million (77.4), an increase of 5%. Operating expenses included costs for evaluation of acquisition candidates of SEK 2.5 million and costs for restructuring of SEK 7.5 million. Excluding these costs, operating expenses amounted to SEK 71.0 million, a decrease of 9%.

Operating profit increased by 16% to SEK 64.2 million (55.6), which corresponds to an operating margin of 32% (30%).

Profit after tax was SEK 50.4 million (41.7), an increase of 21%.

Earnings per share amounted to SEK 2.50 (2.39). No dilutive effects arose.

Cash flow amounted to SEK 17.2 million (67.4) and cash and cash equivalents at 31 March 2021 amounted to SEK 1,486.8 million (284.1 at 31 March 2020).

Key events in the first quarter of 2021

On 27 January, BioGaia announced that the products Osfortis and Prodentis have been launched in Sweden and that BioGaia's entire Adult Health portfolio is now available in the domestic market.

On 3 February, BioGaia announced that the Board of Directors of BioGaia has chosen to revise the dividend policy so that 50% (previously 40%) of profit after tax in the Parent Company will be distributed to shareholders.

On 12 February, BioGaia announced that the subsidiary MetaboGen has received approval from the Ethics Committee to start a new clinical study to include people with prediabetes.

On 17 March, BioGaia announced that a separate entity, BioGaia Invest, has been established. The focus for BioGaia Invest will be to invest in small companies that promote BioGaia's growth. A total of SEK 150 million has been allocated to enable investments of between SEK 5 and 15 million.

Key events after the end of the first quarter

On 8 April, BioGaia announced that the company has signed an agreement with Minapharm Pharmaceuticals for exclusive rights to sell BioGaia Protectis drops in Egypt.

On 13 April, BioGaia announced that a randomised, double-blind, placebo-controlled study in children showed that a supplement of two *L. reuteri* strains significantly reduced fever and pain in children with upper respiratory tract infections.



	Jan-Mar 2021	Jan-Mar 2020
Net sales, SEK 000s	201,975	182,808
Growth in net sales	10%	7%
Operating profit, SEK 000s	64,245	55,619
Operating margin	32%	30%
Profit after tax, SEK 000s	50,443	41,748
Number of shares, thousands	20,196	17,336
Earnings per share, SEK ^{1) 2)}	2.50	2.39

- 1) A bonus issue element from the 2020 new issue has been taken into account in the calculation of earnings per share before and after dilutive effects, which means that comparative figures have been recalculated. There are no other dilutive effects.
- 2) Key ratio defined according to IFRS.

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 CEO, on 6 May 2021, at 08.00 CET.

**BioGaia AB (publ.) Interim Management Statement 1 January – 31 March 2021**

The Board of Directors and the CEO of BioGaia AB hereby present the interim management statement for the period 1 January – 31 March 2021.

CEO'S COMMENTS

As expected, the pandemic continued to hold the world in its grip in Q1 and will probably continue to do so until a large proportion of the global population has been vaccinated. This situation continues to prevent us from working in the way we and our partners are used to. The increased focus on online sales adopted earlier has now even greater significance and benefits BioGaia, above all in the USA and China. We are therefore giving high priority to increasing our online distribution in several markets and expect that this will further strengthen our sales development even when we can return to more "normal" times.

Following the two first, very strong quarters of 2020, sales decreased in the second half of the year, particularly in some of our more mature markets. It is difficult to predict when the return to more favourable conditions can be expected and it is therefore satisfactory to be able to deliver a sales increase of 10% (an organic growth of 21%) compared to the first quarter of last year. We therefore see a good increase in sales despite the fact that we have lower sales in two large and traditionally strong markets, Finland and Italy. We remain cautious, however, in our assessment of sales growth until the global situation has normalised.

We are working hard to strengthen our marketing and omnichannel strategy through recruitment of new employees who are specialised in this field. We are also increasing the investments behind our strong brand with plans that include introducing the BioGaia brand in Finland where so far our products have been sold under our partner's brand.

We have upped the pace of our digital route to the market in terms of both digital marketing and e-commerce initiatives via marketplaces such as Amazon, local webshops and online pharmacies. The goal is to be in all the places where our consumers are. Our long-term investment in the American market combined with a focus on digital marketplaces has contributed to the USA being BioGaia's largest market today in which the majority of sales take place online.

Finally, we have been very active with launches of both new products and our existing portfolio. With the high demand for immune products as a driving force, we have developed a new BioGaia range strengthened with vitamin D called Immune Boost to meet the strong demand for this type of product. First out with the launch of these products is the USA. By taking advantage of our strong position in paediatrics, we will also launch BioGaia Prodentis Kids in the USA. And thanks to our good reputation among baby products, we are launching Protectis Mum in capsules in the USA, a vegan "free from" product with pregnant women as the target group. Protectis Mum contributes to the development of the child's digestive and immune systems at the same time as also supporting the mother's gastrointestinal and immune systems.

The American market is a perfect example of how to create brand awareness with our scientific medical marketing as a base and how this is strengthened by expertise within online retail broadening the reach among consumers. This has been possible due to a fantastic collaboration between BioGaia as brand owner and our motivated and professional local distributors.

We are accelerating the launch of Osfortis, our probiotic that reduces bone loss. Our colleagues at BioGaia Japan are preparing to launch Osfortis. More than 25% of the Japanese population is over 65 years old and approximately 40% of postmenopausal women will suffer problems due to skeletal fragility. Combined with a high level of income, this makes Japan the perfect market for success with Osfortis.

I am grateful for our distributors' efforts in conjunction with the launch of Gastrus in several markets. The first results are highly encouraging, particularly in France and Latin America, due to both medical marketing aimed at gastroenterologists and marketing in social media.

Once again, I would like to thank all my BioGaia colleagues for your efforts during this difficult time and our distributors who have tried to find new ways to do business going forward.



Isabelle Ducellier
President and CEO of BioGaia
6 May 2021



Teleconference: Investors, analysts and the media are invited to take part in a teleconference on the interim management statement to be held today 6 May 2021 at 09:30 CET with CEO Isabelle Ducellier and CFO Alexander Kotsinas. To participate in the teleconference, please see [Financialhearings.com](https://www.financialhearings.com) for telephone numbers. The teleconference can also be followed [here](#).



Revenue

SEKm

	Jan-Mar 2021	Jan-Mar 2020	Change
Paediatrics	161.6	142.5	13%
Adult Health	38.7	40.2	-4%
Other	1.6	0.1	1101%
Total	202.0	182.8	10%

SEKm

	Jan-Mar 2021	Jan-Mar 2020	Change
EMEA	94.2	118.0	-20%
APAC	42.4	32.5	30%
Americas	65.4	32.4	102%
Total	202.0	182.8	10%

SALES FIRST QUARTER

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 202.0 million (182.8) which is an increase of SEK 19.2 million (10%) (excluding foreign exchange effects, 21%) compared to the first quarter of last year. Product sales rose 11% (excluding foreign exchange effects, 22%). Sales in the quarter were affected positively by accrual of several orders. In the past 12-month period, sales decreased by 2%.

Sales in EMEA amounted to SEK 94.2 million (118.0), a decrease of 20%, mainly due to lower sales in the Adult Health segment. Sales in the EMEA decreased primarily in Italy, Spain and Belgium.

Sales in APAC amounted to SEK 42.4 million (32.5), an increase of 30%. The increase was attributable to both the Adult Health and Paediatrics segments. Sales increased primarily in Japan, Taiwan, Australia and China.

Sales in the Americas totalled SEK 65.4 million (32.4), an increase of 102%. The increase was mainly attributable to the Paediatrics segment but Adult Health also increased. Sales mainly increased in the USA, Brazil and Guatemala.

NET SALES BRIDGE FIRST QUARTER

	SEKm	Change
2020	182.8	
Foreign exchange	-19.3	-11%
Organic growth	38.5	21%
2021	202.0	10%



Paediatrics



The Paediatrics segment accounts for approximately 80% of BioGaia's total sales. BioGaia Protectis drops remain the largest product with sales in some 90 countries. Other key products within Paediatrics include BioGaia Protectis drops with vitamin D, oral rehydration solution and tablets as well as cultures to be used as ingredients in licensee products (such as infant formula) and royalty revenues for paediatric products.

SEMM

	Jan-Mar 2021	Jan-Mar 2020	Change
Products	160.0	139.3	15%
Royalties	1.6	3.2	-50%
Total Paediatrics	161.6	142.5	13%

SALES FIRST QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 161.6 million (142.5) an increase of 13% (excluding foreign exchange effects, 24%). Product sales in Paediatrics amounted to SEK 160.0 million (139.3), an increase of 15%. Sales in the quarter were affected positively by accrual of several orders. For the past 12-month period, sales decreased by 1%.

Sales of BioGaia Protectis drops increased compared to the corresponding period last year. Sales increased in APAC and the Americas and decreased in EMEA. Sales in APAC increased mainly in Taiwan and Australia and in the Americas, sales increased primarily in the USA, Brazil and Guatemala. In EMEA, sales decreased primarily in Italy, Spain, Germany, Belgium and Hungary.

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased in APAC, the Americas and EMEA. Sales in APAC increased mainly in Taiwan and South Korea and in the Americas, sales increased mainly in Brazil. In EMEA, sales increased mainly in France, South Africa, Ukraine and Slovakia.



Adult Health



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

SEKm	Jan-Mar 2021	Jan-Mar 2020	Change
Products	36.2	37.5	-4%
Royalties	2.6	2.7	-5%
Total Adult Health	38.7	40.2	-4%

SALES FIRST QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 38.7 million (40.2) a decrease of 4% (excluding foreign exchange effects, +6%). Product sales amounted to SEK 36.2 million (37.5), a decrease of 4%. In the past 12-month period, sales decreased by 6%.

Sales of BioGaia Protectis tablets decreased compared to the corresponding period last year. Sales decreased in EMEA, primarily in Italy, Finland and Belgium, while they increased in APAC and the Americas. In APAC, sales increased mainly in Japan, China and Australia. In the Americas, sales increased mainly in the USA.

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales rose in EMEA, APAC and the Americas. In EMEA, sales increased mainly in France and in the Americas sales increased primarily in the USA and Mexico. In APAC, sales increased mainly in Japan and China.

Sales of BioGaia Prodentis increased compared to the corresponding period last year. Sales increased in APAC and EMEA, while they decreased in the Americas, primarily in the USA. In EMEA; sales increased primarily in France and Spain and in APAC sales mainly increased in Japan and China.



Earnings

FIRST QUARTER

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the quarter was 72% (73%). The gross margin for the Paediatrics segment amounted to 75% (73%). The gross margin for the Adult Health segment was negatively affected by mix effects and campaigns and amounted to 60% for the quarter (70%).

Operating expenses and operating profit

Operating expenses amounted to SEK 81.0 million (77.4), an increase of SEK 3.6 million. Excluding other operating expenses (exchange losses/gains) operating expenses increased by 8%. Operating expenses included costs for evaluation of acquisition candidates of SEK 2.5 million and costs for restructuring of SEK 7.5 million. The restructuring costs relate to impairment of right-of-use asset linked to a rental contract for premises in Lund (SEK 5.1 million) and personnel (SEK 2.4 million).

Selling expenses amounted to SEK 43.2 million (44.6), a decrease of 3%. The decrease is partly due to lower travel expenses due to Covid-19 and lower costs in Japan which were partly offset by higher personnel costs linked to restructuring (SEK 2.4 million). R&D expenses amounted to SEK 27.2 million (28.2), a decrease of 4%. R&D expenses included costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 5.9 million (5.8). The decrease in R&D expenses, excluding costs for MetaboGen AB and BioGaia Pharma AB, are mainly attributable to lower personnel and travel costs.

Administrative expenses amounted to SEK 15.7 million (7.3), an increase of 116%. The increase in administrative expenses is attributable to increased costs for evaluation of acquisition candidates (SEK 2.5 million) as well as impairment of right-of-use assets linked to a rental contract for premises in Lund (SEK 5.1 million).

Other operating expenses/operating income relates to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK 5.2 million (2.7).

Operating profit amounted to SEK 64.2 million (55.6), an increase of 16%. The operating margin amounted to 32% (30%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 50.4 million (41.7) an increase of 21%. The effective tax rate was 21% (25%) Earnings per share amounted to SEK 2.50 (2.39). No dilutive effects arose.

Balance sheet and cash flow

BALANCE SHEET 31 MARCH 2021

Total assets amounted to SEK 1,946.1 million (717.4). The increase compared to the same period last year is mainly due to the new issue carried out in 2020.

Since year-end 2020, current assets increased slightly while current liabilities decreased. The termination of the rental contract in Lund affected right-of-use assets during the quarter and also affected non-current liabilities.

CASH FLOW FIRST QUARTER

Cash flow amounted to SEK 17.2 million (67.4). The lower cash flow was partly due to a negative change in working capital of SEK -15.1 million (25.6). A lower inventory level had a positive impact while increased trade receivables and decreased trade payables made a negative contribution.

Investments in property, plant and equipment amounted to SEK 1.0 million (4.3). Depreciation and impairment amounted to SEK 10.4 million (4.7). Investments in financial assets of SEK 22.2 million relate to acquisition of shares in Boneprox and Skinome in conjunction with the establishment of BioGaia Invest.

Cash and cash equivalents at 31 March 2021 amounted to SEK 1,486.8 million (284.1 at 31 March 2020).



Other disclosures

EMPLOYEES

The number of employees in the Group totalled 160 at 31 March 2021 (158 at 31 March 2020).

The company has an incentive programme for all employees based on the company's sales and profit and qualitative targets. The maximum bonus is equal to 12% of salary.

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 view of the company's strong portfolio consisting of an increased number of innovative products that are sold predominantly under the BioGaia brand to an increasing extent through online sales, successful clinical trials and an expanding distribution network that covers a large share of the key markets, BioGaia's future outlook remains bright.

SIGNIFICANT RISKS AND UNCERTAINTIES GROUP AND PARENT COMPANY

Significant risks and uncertainties are described in the administration report of the annual report for 2020 on pages 52 and 53 and in Notes 27 and 28. No significant changes in these risks and uncertainties are assessed to have taken place at 31 March 2021 except for the impact of the Covid-19 pandemic which is set out below.

The first quarter of 2021 continued to be marked by the Covid-19 pandemic and its impact on the world at large and on BioGaia. In several of our largest markets, such as Italy and Spain, we saw reduced sales during the quarter. In these countries, as in most other countries in which BioGaia operates, medical marketing is still the main business model. Due to the Covid-19 situation, our distributors' sales forces have not been able to visit doctors and pharmacy staff, which are our key target groups for medical marketing, to the same extent as previously. Furthermore, long-term lockdowns in many countries have meant that consumers have had limited opportunities to visit the principal sales channels for our products – physical pharmacies, hospitals and, in Japan, dental surgeries.

BioGaia has adapted to the current situation and changed how the company works with marketing and sales. For example, BioGaia has not been able to take part in international fairs and symposia, since these have been cancelled, but has instead focused on supporting its partners with marketing material that can be used online. Furthermore, BioGaia's employees have not been able to visit customers face-to-face but have used telephone and video meetings. BioGaia has not carried out any staff reductions or layoffs due to the pandemic. Nor has BioGaia taken part in any support programme with the exception of a government stimulus programme in Japan.

BioGaia has a strong financial position but a prolonged pandemic can even have a negative impact on a stable company such as BioGaia. A deterioration in the financial position and ability to pay of our distribution partners can lead to longer payment times but also credit losses. Furthermore, disruptions in BioGaia's production and at external suppliers or in logistics can result in BioGaia being unable to deliver products with an ensuing loss of revenue. Depending on how drawn-out this pandemic becomes, there is a risk of continued challenges in 2021.

RELATED PARTY TRANSACTIONS

The Parent Company owns 100% of the shares in 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 92% of the shares in MetaboGen AB .

Annwall & Rothschild Investment AB owns 740,668 class A shares and 100,000 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 670,000 per year. During the quarter, Peter Rothschild received additional remuneration for significant working duties, in addition to his assignment on the Board, of SEK 225,000 in accordance with the decision of the Annual General Meeting and the Board of Directors.

KEY EVENTS IN THE FIRST QUARTER OF 2021

Launches in the first quarter of 2021

Distributor	Country	Product
Allergycare	Switzerland	BioGaia Osfortis
BioGaia Sverige	Sweden	BioGaia Prodentis
Abbott	Costa Rica	BioGaia Protectis drops with vitamin D
Abbott	Panama	BioGaia Protectis drops with vitamin D
Abbott	Paraguay	BioGaia Protectis drops with vitamin D
PediAct	France	BioGaia Protectis capsules
Ewopharma	Czech Republic	BioGaia Protectis tablets D3+

BioGaia launches entire Adult Health portfolio in Sweden. On 27 January, BioGaia announced that Osfortis and Prodentis have been launched in Sweden and that BioGaia's entire Adult Health portfolio is therefore available in the domestic market.

BioGaia revises dividend policy. On 3 February, BioGaia announced that the Board of Directors of BioGaia has chosen to revise the dividend policy so that 50% of profit after tax in the Parent Company will be distributed to shareholders..

MetaboGen reaches new key milestone in its development of novel probiotic products. On 12 February, BioGaia announced that MetaboGen after positive results in the initial clinical study with the strains *Faecalibacterium prausnitzii* (DSM 32379) and *Desulfovibrio piger* (DSM 32187) has now received approval from the Ethics Committee to start its next clinical study. The study will include people with prediabetes.

BioGaia Invest established. On 17 March, BioGaia announced that a separate entity, BioGaia Invest, has been established. The focus of BioGaia Invest will be to identify and invest in small companies focusing on ground-breaking technologies, services and products that will support BioGaia's growth. A total of SEK 150 million has been allocated to enable investments of between SEK 5 and 15 million.



KEY EVENTS AFTER THE END OF THE FIRST QUARTER OF 2021

Agreement for Egypt. On 8 April, BioGaia announced that the company has signed an agreement with Minapharm Pharmaceuticals for exclusive rights to sell BioGaia Protectis drops in Egypt.

New study for respiratory tract infections. On 13 April, BioGaia announced that a randomised, double-blind, placebo-controlled study in children showed that a supplement of the probiotic strains *L. reuteri* ATCC PTA 5289 and *L. reuteri* DSM 17938 significantly reduced fever and pain in children with upper respiratory tract infections.

Accounting policies

In all material respects, this interim management statement has been prepared in accordance with Nasdaq OMX Stockholm's Guidelines for preparing interim management statements. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim management statement. The accounting policies applied in the consolidated statements of comprehensive income and financial position are consistent with the accounting policies applied in preparation of the most recent annual report.

The financial statements and segment information are consistent with the presentation used in the interim reports presented in compliance with IAS 34, in order to achieve comparability in presentation between quarters. The interim management statement contains, among other things, comments from the CEO, although this is not required according to Nasdaq OMX Stockholm's Guidelines for preparing interim management statements. This information is nonetheless considered important in meeting the users' needs.

NEW ACCOUNTING STANDARDS

Management's assessment is that new and amended standards and interpretations will not have a material effect on the Group's financial statements for the period of initial application.


SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(Amounts in SEK 000s)</i>	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr 2020 - Mar 2021	Apr 2019 - Mar 2020
Net sales (Note 1)	201,975	182,808	747,077	766,244	779,898
Cost of sales	-56,775	-49,802	-200,159	-207,132	-207,306
<i>Gross profit</i>	145,200	133,006	546,918	559,112	572,592
Selling expenses	-43,248	-44,575	-171,634	-170,307	-188,223
Administrative expenses	-15,695	-7,269	-26,128	-34,554	-25,238
Research and development expenses	-27,179	-28,248	-104,663	-103,594	-106,388
Other operating expenses/income	5,167	2,705	-16,343	-13,881	-1,052
<i>Operating profit</i>	64,245	55,619	228,150	236,776	251,691
Financial income	22	16	155	161	314
Financial expenses	-219	-202	-722	-739	-627
<i>Profit before tax</i>	64,048	55,433	227,583	236,198	251,378
Tax	-13,605	-13,685	-47,853	-47,773	-57,962
Profit for the period	50,443	41,748	179,730	188,425	193,416
Items that may be subsequently reclassified to profit or loss					
Gains/losses arising on translation of the statements of foreign operations	952	-2,858	-4,059	-249	-2,221
Comprehensive income for the period	51,395	38,890	175,671	188,176	191,195
Profit for the period attributable to:					
Owners of the Parent Company	50,443	41,748	179,730	188,425	193,481
Non-controlling interests	-	-	-	-	-65
	50,443	41,748	179,730	188,425	193,416
Comprehensive income for the period attributable to:					
Owners of the Parent Company	51,395	38,890	175,671	188,176	191,260
Non-controlling interests	-	-	-	-	-65
	51,395	38,890	175,671	188,176	191,195
Earnings per share					
Earnings per share (SEK) *)	2.50	2.39	10.07	10.17	11.07
Number of shares (thousands)	20,196	17,336	20,196	17,336	17,336
Average number of shares (thousands)	20,196	17,474	17,855	18,535	17,474

*) A bonus issue element from the 2020 new issue has been taken into account in the calculation of earnings per share before and after dilutive effects, which means that comparative figures have been recalculated. There are no other dilutive effects.



CONSOLIDATED BALANCE SHEETS

<i>Summary (Amounts in SEK 000s)</i>	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Property, plant and equipment	131,601	130,769	133,904
R&D projects in progress	49,763	51,999	50,322
Goodwill	5,300	5,300	5,300
Right-of-use assets	19,980	18,515	28,861
Financial assets	22,229	-	-
Deferred tax assets	5,759	6,684	5,279
Other non-current receivables	42	48	39
Total non-current assets	234,674	213,315	223,705
Current assets excl. cash and cash equivalents	224,704	219,954	221,694
Cash and cash equivalents	1,486,770	284,135	1,467,883
Total current assets	1,711,474	504,089	1,689,577
TOTAL ASSETS	1,946,148	717,404	1,913,282
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,797,638	546,762	1,746,243
Non-controlling interests	2	2	2
Total equity (Note 2)	1,797,640	546,764	1,746,245
Deferred tax liability	11,218	10,339	11,312
Non-current liabilities	16,632	21,347	20,663
Current liabilities	120,658	138,954	135,062
TOTAL LIABILITIES AND EQUITY	1,946,148	717,404	1,913,282

Other current liabilities include forward exchange contracts with a fair value of SEK 0.9 million on the balance sheet date (in the corresponding period in the previous year forward exchange contracts were included in current liabilities at SEK 9.7 million). All forward exchange contracts are attributable to level 2 of the fair value hierarchy. No changed assumptions with regard to measurement have taken place compared to the 2020 Annual Report. 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 maturity.

CONSOLIDATED CASH FLOW STATEMENTS

<i>Summary (Amounts in SEK 000s)</i>	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Operating activities			
Operating profit	64,245	55,619	228,150
Depreciation/amortisation	10,363	4,720	20,530
Unrealised gains/losses on forward contracts	1,532	7,217	-4,876
Other non-cash items	-1,721	-2,107	1,167
Paid tax	-17,196	-17,406	-72,092
Interest received and paid	-196	-186	-646
Cash flow from operating activities before changes in working capital	57,027	47,857	172,233
Changes in working capital	-15,135	25,601	49,023
Cash flow from operating activities	41,892	73,458	221,256
Acquisition of property, plant and equipment	-1,040	-4,337	-16,075
Acquisition of intangible assets	-22,229	-	-
Cash flow from investing activities	-23,269	-4,337	-16,075
Dividend	-	-	-65,012
Repayment of lease liability	-1,400	-1,747	-7,632
Provision to the Foundation to Prevent Antibiotic Resistance	-	-	-2,800
New issue, net	-	-	1,126,840
Cash flow from financing activities	-1,400	-1,747	1,051,396
Cash flow for the period	17,223	67,374	1,256,577
Cash and cash equivalents at the beginning of the period	1,467,883	213,831	213,831
Exchange differences in cash and cash equivalents	1,664	2,930	-2,525
Cash and cash equivalents at the end of the period	1,486,770	284,135	1,467,883


NOTE 1 REPORTING BY SEGMENT – GROUP

Executive Management has analysed the Group's internal reporting system and established that the Group's operations are governed and evaluated based on the following segments:

- **Paediatrics segment** (drops, gut health tablets, oral rehydration solution (ORS) and cultures to be used as ingredients in licensee products (such as infant formula) as well as royalty revenues for paediatric products.)
- **Adult Health segment** (gut health tablets, oral health lozenges and cultures as an ingredient in a licensee's dairy products as well as royalty revenues for Adult Health products).
- **Other segment** (smaller segments such as revenue 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 against the segments' assets.

Revenue by segment	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020	Apr 2020 - Mar 2021	Apr 2019 – Mar 2020
Paediatrics	161,609	142,491	583,111	602,230	608,969
Adult Health	38,720	40,181	161,186	159,726	169,857
Other	1,646	137	2,780	4,289	1,074
Total	201,975	182,808	747,077	766,245	779,899
Gross profit by segment					
Paediatrics	120,404	104,613	431,810	447,601	452,103
Adult Health	23,150	28,257	112,588	107,481	119,416
Other	1,646	137	2,521	4,029	1,074
Total	145,200	133,007	546,918	559,112	572,593
Selling, administrative and R&D expenses	-86,122	-80,092	-302,425	-308,455	-319,849
Other operating expenses	5,167	2,705	-16,343	-13,881	-1,052
Operating profit	64,245	55,619	228,150	236,776	251,692
Net financial items	-197	-186	-567	-578	-313
Profit before tax	64,048	55,433	227,583	236,196	251,379
Sales by geographical market					
APAC					
Paediatrics	19,621	16,927	82,689	85,384	75,901
Adult Health	22,482	15,465	86,625	93,641	98,680
Other	251	64	1,432	1,619	193
Total APAC	42,354	32,456	170,746	180,644	174,774
EMEA					
Paediatrics	80,525	96,653	312,520	296,392	355,729
Adult Health	12,303	21,279	58,894	49,919	57,549
Other	1,360	57	1,169	2,472	864
Total EMEA	94,188	117,989	372,583	348,783	414,142
Americas					
Paediatrics	61,463	28,911	187,902	220,454	177,338
Adult Health	3,935	3,437	15,667	16,165	13,627
Other	35	16	179	199	16
Total Americas	65,433	32,364	203,748	236,818	190,981
Total	201,975	182,808	747,077	766,245	779,898



Date of recognition Performance obligations met on specific date (Product sales)	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Paediatrics	160,024	139,329	570,829
Adult Health	36,161	37,499	148,635
Other	646	137	2,027
Total	196,831	176,965	721,491
Performance obligations met over time (Royalty)			
Paediatrics	1,585	3,162	12,282
Adult Health	2,559	2,682	12,551
Other	1,000	-	753
Total	5,144	5,844	25,586
Total	201,975	182,808	747,077

NOTE 2 SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in SEK 000s)	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Opening balance	1 746 245	507 874	507 874
New issue, net	-	-	1 130 512
Dividend	-	-	-65 012
Provision to the Foundation to Prevent Antibiotic Resistance	-	-	-2 800
Comprehensive income for the period	51 395	38 890	175 671
Closing balance	1 797 640	546 764	1 746 245

LARGEST SHAREHOLDERS AT 31 MARCH 2021 (SOURCE: MONITOR)

	A shares	B shares	Share capital	No. of votes	Capital	Votes
1 Peter Rothschild & Jan Annwall	740,668	100,000	840,668	7,506,680	4.2%	27.9%
2 EQT		1,625,000	1,625,000	1,625,000	8.0%	6.0%
3 Fjärde AP-Fonden		1,521,584	1,521,584	1,521,584	7.5%	5.7%
4 Swedbank Robur Fonder		1,029,489	1,029,489	1,029,489	5.1%	3.8%
5 Miton Asset Management		818,990	818,990	818,990	4.1%	3.0%
6 Cargill Inc		600,000	600,000	600,000	3.0%	2.2%
7 TIN Fonder		531,835	531,835	531,835	2.6%	2.0%
8 Tredje AP-fonden		373,263	373,263	373,263	1.8%	1.4%
9 Didner & Gerge Fonder		371,038	371,038	371,038	1.8%	1.4%
10 Juno Investment Partners		368,197	368,197	368,197	1.8%	1.4%
Other shareholders		12,116,398	12,116,398	12,116,398	60.0%	45.1%
Total	740,668	19,455,794	20,196,462	26,862,474	100.0%	100.0%



Consolidated key ratios

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Net sales, SEK 000s	201,975	182,808	747,077
Growth of net sales	10%	7%	-3%
Operating profit, SEK 000s	64,245	55,619	228,150
Profit after tax, SEK 000s	50,443	41,748	179,730
Return on average equity	3%	8%	16%
Return on average capital employed	4%	10%	20%
Capital employed, SEK 000s	1,808,858	557,103	1,757,557
Number of shares (thousands) ¹⁾	20,196	17,336	20,196
Average number of shares (thousands)	20,196	17,474	17,855
Earnings per share, SEK ^{1) 2)}	2.50	2.39	10.07
Equity per share, SEK ¹⁾	89.01	31.29	97.80
Equity/assets ratio	92%	76%	91%
Operating margin	32%	30%	31%
Profit margin	32%	30%	30%
Average number of employees	160	155	157

- 1) A bonus issue element from the 2020 new issue has been taken into account in the calculation of earnings per share before and after dilutive effects and equity per share, which means that comparative figures have been recalculated. There are no other dilutive effects.
 2) Key ratio defined according to IFRS.

A list of definitions of key ratios reported in the consolidated financial statements is provided on page 66 of BioGaia's annual report for 2020. In this report, BioGaia reports information used by Executive Management to assess the Group's development. Some of the key ratios presented are not defined according to IFRS. The company is of the opinion that these metrics provide valuable complementary information to stakeholders and the company's management since they contribute to evaluation of relevant trends and the company's performance. Since not all companies calculate key ratios in the same manner, these are not always comparable to metrics used by other companies. These key ratios should therefore not be seen as a replacement for metrics defined according to IFRS. With effect from 3 July 2016, ESMA's guidelines on alternative performance measures are applied which means extended disclosure requirements regarding key ratios not defined according to IFRS. A reconciliation of key ratios that BioGaia considers relevant according to these guidelines is provided below.

RECONCILIATION KEY RATIOS

(Amounts in SEK 000s)

	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
Return on equity			
Profit attributable to owners of the Parent Company (A)	50,443	41,748	179,730
Equity attributable to owners of the Parent Company	1,797,638	546,762	1,746,243
Average equity attributable to owners of the Parent Company (B)	1,771,941	527,317	1,127,058
Return on equity (A/B)	3%	8%	16%
Return on capital employed			
Operating profit	64,245	55,619	228,150
Financial income	22	16	155
Profit before net financial items + financial income (A)	64,267	55,635	228,306
Total assets	1,946,148	717,404	1,913,282
Interest-free liabilities	-137,290	-160,301	-155,725
Capital employed	1,808,858	557,103	1,757,557
Average capital employed (B)	1,783,208	537,658	1,137,885
Return on capital employed (A/B)	4%	10%	20%

DEFINITION OF KEY RATIOS, CONTINUED

(Amounts in SEK 000s)

	31 Mar 2021	31 Mar 2020	31 Dec 2020
Equity/assets ratio			
Equity (A)	1,797,640	546,764	1,746,245
Total assets (B)	1,946,148	717,404	1,913,282
Equity/assets ratio (A/B)	92%	76%	91%
Operating margin			
Operating profit (A)	64,245	55,619	228,150
Net sales (B)	201,975	182,808	747,077
Operating margin (A/B)	32%	30%	30%
Profit margin			
Profit before tax (A)	64,048	55,433	227,583
Net sales (B)	201,975	182,808	747,077
Profit margin (A/B)	32%	30%	30%



Equity per share			
Equity attributable to owners of the Parent Company (A)	1,797,638	546,762	1,746,243
Average number of shares (B)	20,196	17,474	17,855
Equity per share (A/B), SEK	89.01	31.29	97.80

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

<i>(Amounts in SEK 000s)</i>		Paediatrics Jan-Mar 2021	Adult Health Jan-Mar 2021	Other Jan-Mar 2021	Total Jan-Mar 2021
Description					
A	Previous year's net sales according to the average rate	142,491	40,181	137	182,808
B	Net sales for the year according to the average rate	161,609	38,720	1,646	201,975
C	Recognised change (B-A)	19,118	-1,461	1,509	19,167
	Percentage change (C/A)	13%	-4%	1101%	10%
D	Net sales for the year according to the previous year's average rate (D)	177,240	42,428	1,646	221,313
E	Foreign exchange effects (C-F)	-15,631	-3,707	0	-19,338
	Percentage change (E/A)	-11%	-9%	0%	-11%
F	Organic change (D-A)	34,749	2,247	1,509	38,505
	Organic change per cent (F/A)	24%	6%	1 101%	21%

Average key exchange rates	Jan-Mar 2021	Jan-Mar 2020	Jan-Dec 2020
EUR	10.10	10.66	10.54
USD	8.32	9.67	9.27
JPY	0.0792	0.0888	0.0862

Closing date key exchange rates	31 Mar 2021	31 Mar 2020	31 Dec 2020
EUR	10.24	11.08	10.04
USD	8.72	10.08	8.19
JPY	0.0788	0.0929	0.0792

Pledged assets and contingent liabilities <i>(Amounts in SEK 000s)</i>	GROUP	
	31 Mar 2021	31 Dec 2020
Floating charges	0	0
Contingent liabilities	None	None



Financial calendar



🕒 09:30 Teleconference with CEO Isabelle Ducellier and CFO Alexander Kotsinas. To participate in the teleconference, please see [Financialhearings.com](https://financialhearings.com) for telephone numbers. The teleconference can also be followed [here](#).



🕒 BioGaia Annual General Meeting.



🕒 08:00 Interim Report 1 January – 30 June 2021.



🕒 08:00 Interim Management Statement 1 January – 30 September 2021.

Stockholm, 6 May 2021

Isabelle Ducellier
CEO

This interim management statement has not been reviewed by the company's auditors.



BIOGAIA AB

THE COMPANY

BioGaia is a world-leading, Swedish probiotics company and has been at the frontline of microbiome research for more than 30 years. BioGaia develops, markets and sells probiotic products with documented health benefits. The company operates throughout the value chain both under its own auspices and through a global network of leading, independent researchers and specialists, experts within production and local distribution partners.

BioGaia's products contain different strains of the lactic acid bacterium *L. reuteri* (*Limosilactobacillus reuteri*, previously called *Lactobacillus reuteri*). Results from clinical studies with BioGaia's probiotic strains have been published in more than 200 articles in scientific journals, which show that they are effective and safe for children and adults. By developing and offering clinically-proven and user-friendly probiotic products, BioGaia wants to contribute to improved global health.

BioGaia has 160 employees, of whom 131 are based in Sweden (Stockholm, Lund, Eslöv and Gothenburg), two in the USA, three in Singapore and 24 in Japan. The class B shares of the Parent Company BioGaia AB are quoted on the Mid Cap list of Nasdaq OMX Nordic Exchange Stockholm.

BUSINESS MODEL

BioGaia's business model is based on long-term collaboration with international networks within research, production and distribution.

BioGaia's revenue comes mainly from the sale to distributors of drops, tablets and capsules for gut health, oral rehydration solution (ORS), lozenges for oral health and capsules for bone health. Revenue is also earned from the sale of bacterial cultures to be used in licensee products (such as infant formula and dairy products), as well as royalties for the use of *L. reuteri* in licensee products.

The products are sold through pharmaceutical and nutrition companies in over 100 countries.

BioGaia has patent protection for the use of specific strains of *L. reuteri* and certain packaging solutions in all significant markets.

THE BIOGAIA BRAND

BioGaia launched its own consumer brand at the beginning of 2006. Today a number of distribution partners sell finished products under the BioGaia brand in a large number of markets. One key part of BioGaia's strategy is to increase the share of sales consisting of BioGaia-branded products. Of products (drops, tablets for gut and oral health, oral rehydration, etc.) sold in 2020, 77% (71%) 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 some of the world's most well-researched probiotics, especially in studies involving young children.

Studies have been performed on:

- Infantile colic
- Antibiotic-associated diarrhoea (AAD)
- Acute diarrhoea
- Gingivitis (inflammation of the gums)
- Periodontal disease
- *Helicobacter pylori* (the gastric ulcer bacterium)
- Low bone density
- Functional abdominal pain
- Tonsillitis and pharyngitis (upper respiratory tract infection)

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