

Interim report

JANUARY – JUNE 2021





SECOND QUARTER 2021

Net sales amounted to SEK 203.1 million (244.7), a decrease of 17% (excluding foreign exchange effects, -8%). The change in sales was affected by higher comparative figures since the corresponding period last year was positively affected by Covid-19 related inventory build-up at many of our customers. Net sales in the Paediatrics segment reached SEK 161.1 million (199.2), a decrease of 19%. Net sales in the Adult Health segment amounted to SEK 40.9 million (44.4), a decrease of 8%. Operating expenses amounted to SEK 81.6 million (84.2), a decrease of 3%.

Operating profit decreased by 31% to SEK 69.2 million (100.2), which corresponds to an operating margin of 34% (41%). Profit after tax was SEK 54.7 million (79.0), a decrease of 31%. Earnings per share amounted to SEK 2.71 (4.52) before and after dilution. Cash flow for the period was SEK -16.2 million (-38.7). Cash and cash equivalents at 30 June 2021 amounted to SEK 1,468.9 million (242.5).

Key events in the second quarter of 2021

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.

On 20 May, the company announced that BioGaia's products will be sold under the BioGaia brand in Finland.

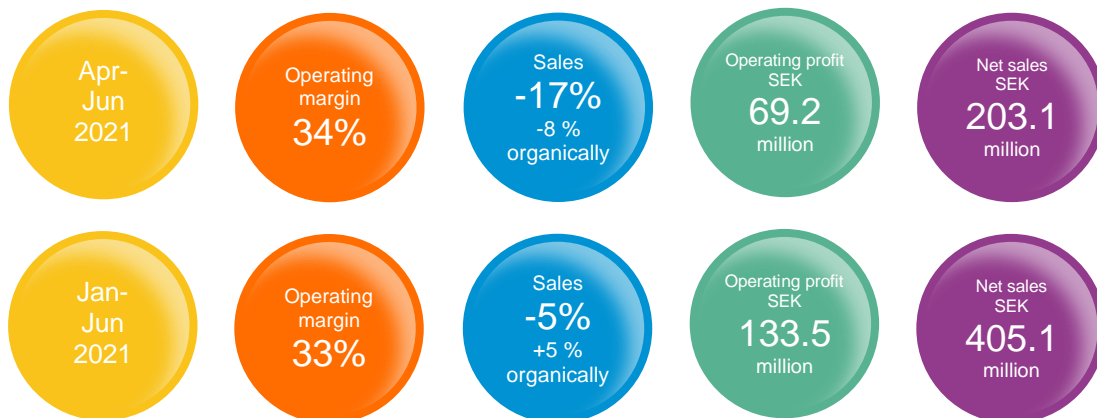
FIRST HALF 2021

Net sales amounted to SEK 405.1 million (427.5), a decrease of 5% (excluding foreign exchange effects, +5%). Net sales in the Paediatrics segment reached SEK 322.8 million (341.6), a decrease of 6%. Net sales in the Adult Health segment amounted to SEK 79.6 million (84.5), a decrease of 6%. Operating expenses amounted to SEK 162.6 million (161.6), an increase of 1%. Operating expenses included costs of evaluation of acquisition candidates of SEK 2.5 million and restructuring costs of SEK 7.5 million. Excluding these costs, operating expenses amounted to SEK 152.6 million, a decrease of 6%.

Operating profit decreased by 15% to SEK 133.5 million (155.9), which corresponds to an operating margin of 33% (36%). Profit after tax was SEK 105.1 million (120.8), a decrease of 13%. Earnings per share amounted to SEK 5.21 (6.91) before and after dilution. Cash flow for the period was SEK 1.1 million (28.7).

Key events after the end of the second quarter

On 2 July, BioGaia announced that the company had become the owner of 100% of the shares in MetaboGen. Previously, BioGaia owned 92% of the shares. The purchase price amounted to SEK 11.4 million and is recognised in the half-year financial statements as a current liability to be settled in July.



	Apr-Jun 2021	Apr-Jun 2020
Net sales, SEK 000s	203,131	244,698
Growth in net sales	-17%	10%
Operating profit, SEK 000s	69,223	100,239
Operating margin	34%	41%
Profit after tax, SEK 000s	54,711	79,032
Number of shares, thousands ¹⁾	20,196	17,474
Earnings per share, SEK ^{1) 2)}	2.71	4.52

- 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 dilution, which means that comparative figures have been recalculated. There are no other dilutive effects.
- 2) Key ratio defined according to IFRS. For definitions of other key ratios, see page 14.

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 12 August 2021, at 08.00 CET.



BioGaia AB (publ.) Interim Report 1 January – 30 June 2021

The Board of Directors and the CEO of BioGaia AB hereby present the interim report for the period 1 January – 30 June 2021.

CEO'S COMMENTS

Currently and for over a year now, the Covid-19 situation continues to impact our sales and earnings. During the first and especially the second quarter of last year many of our distributors built up inventories to avoid being affected by the anticipated delivery difficulties connected to the Covid-19 crisis. This has resulted in greater fluctuations than normal in our sales as well as between our regions. Furthermore, the still relatively strong Swedish krona has also affected our earnings.

In the second quarter of 2020 we therefore achieved sales of SEK 245 million, our best-ever quarter. Under previous normal conditions, we consider a quarter with sales in excess of SEK 200 million to be a good quarter. In the second quarter of this year we landed at SEK 203 million (a decrease of 17% and excluding foreign exchange effects, -8%) despite the fact that the first quarter this year was relatively strong with orders from China that were delivered in the final days of March instead of in the second quarter.

As usual and especially in view of the impact of the Covid situation on inventory and sales, the half-year figures are more relevant and here we see organic growth of 5%. We are not satisfied with this but at any rate it is heading in the right direction.

It is worth noting that our sales continued to show strong growth in the first six months of this year in all our regions except EMEA – Americas +33% of which LATAM grew by +24% and USA/Canada by +43%, APAC +11% while EMEA was -29%.

We have achieved fantastic results in the USA this year mainly due to the broadening of our distribution with online sales of our existing product portfolio on Amazon and Target as well as two new product launches: Prodentis Kids Tabs and Protectis Mum Capsules.

In Latin America, we continued to increase our market share despite a difficult Covid-19 situation in the region. For the first time, BioGaia succeeded in taking a market-leading position in Brazil and we are number two in Latin America. This was achieved through new product launches, including our Protectis vitamin D drops and Gastrus, as well as opening new markets (Uruguay, Ecuador and Argentina).

In EMEA, sales decreased in some of our mature markets such as Spain, Italy and Finland, both in the second quarter and accumulated this year. In Spain, the probiotics market fell by more than 35% while BioGaia retained its market share. Finally, in Finland as already announced we have terminated relations with our long-term partner and started sales under the BioGaia brand for the first time with our own distribution. In several countries we can once more see the start of increased sales to consumers and several of our partners have among other things implemented online launches and successful campaigns in social media. France has over delivered in the second quarter thanks to a highly successful launch of Gastrus.

APAC delivered a stable quarter and online sales in China are showing positive results.

Looking ahead, we will continue to implement our successful omnichannel strategy. In order to increase awareness of our brand and our market share we have recruited specialists and created a new division called BioGaia Digital. Combined with our Business-to-Consumer Marketing organisation, this gives us the strong foundation we need to increase our direct sales to consumers.

We will maintain a strong focus on science and marketing to the healthcare sector. After the successful establishment of the BioGaia Academy for paediatricians, we have launched BioGaia Oral Academy aimed at dentists. With our double focus on both consumers and healthcare professionals, we are strengthening BioGaia's brand globally among additional target groups.

As announced earlier, we have assumed full ownership of MetaboGen and continue to invest in development within the microbiome segment and new, promising probiotic strains, more specifically the next generation probiotics including strictly anaerobic bacterial strains which is challenge but where we consider we have made relatively good progress.

At the same time, our R&D department works with safety checks and pre-clinical testing of new strains so that we can extend our portfolio of probiotics and where we gain major benefits from our production and laboratory facilities in Eslöv, Sweden.

Overall I am optimistic about the coming quarter and I am convinced that our products will continue to be relevant for an increasingly large target group. Not least when we consider how discussions about preventive healthcare are likely to become increasingly relevant in most markets when the effects of the pandemic hopefully start to subside in the autumn.

Isabelle Ducellier
President and CEO BioGaia
12 August 2021



Teleconference: Investors, analysts and the media are invited to take part in a teleconference on the interim management statement to be held today 12 August 2021 at 09:30 CET with CEO Isabelle Ducellier and CFO Alexander Kotsinas. To participate in the teleconference, please see [Financialhearings.com](https://www.biogaia.com/financialhearings.com) for telephone numbers. The teleconference can also be followed [here](#).



Revenue

SEKm	Apr-Jun 2021	Apr-Jun 2020	Change
Paediatrics	161.1	199.2	-19%
Adult Health	40.9	44.4	-8%
Other	1.1	1.2	-7%
Total	203.1	244.7	-17%

SEKm	Apr-Jun 2021	Apr-Jun 2020	Change
EMEA	69.7	113.4	-39%
APAC	54.8	55.4	-1%
Americas	78.6	75.9	4%
Total	203.1	244.7	-17%

SEKm	Jan-Jun 2021	Jan-Jun 2020	Change
Paediatrics	322.8	341.6	-6%
Adult Health	79.6	84.5	-6%
Other	2.7	1.3	107%
Total	405.1	427.5	-5%

SEKm	Jan-Jun 2021	Jan-Jun 2020	Change
EMEA	163.9	231.4	-29%
APAC	97.2	87.8	11%
Americas	144.1	108.3	33%
Total	405.1	427.5	-5%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 203.1 million (244.7) which is a decrease of SEK 41.6 million (-17%) (excluding foreign exchange effects, -8%) compared to the second quarter of last year. The change in sales was affected by higher comparative figures since the corresponding period last year was positively affected by Covid-19 related inventory build-up by customers.

Product sales decreased by 20% (excluding foreign exchange effects, -11%) while royalty revenues increased by 109%. The increase was related to BioGaia Japan which received a royalty revenue of SEK 8.4 million.

Sales in EMEA amounted to SEK 69.7 million (113.4), a decrease of 39%, due to lower sales within the Adult Health and Paediatrics segments. Sales within Adult Health mainly decreased in Finland, Italy, Spain and Germany while the decline within Paediatrics was mainly attributable to Italy, Spain and Rumania, which was partly offset by higher sales in France, Russia and Hungary.

Sales in APAC amounted to SEK 54.8 million (55.4), a decrease of 1%. The decrease was attributable to the Paediatrics segment while sales within Adult Health increased. Within the Paediatrics segment sales decreased primarily in China and the Philippines, which was partly offset by higher sales in Vietnam and Australia. Sales within Adult Health decreased mainly in Hong Kong and Indonesia.

Sales in the Americas totalled SEK 78.6 million (75.9), an increase of 4% which was due to increased sales within the Paediatrics segment. The higher sales were mainly attributable to Brazil, Chile and Canada.

NET SALES BRIDGE SECOND QUARTER

SEKm		Change
2020	244.7	
Foreign exchange	-23.2	-9%
Organic growth	-18.4	-8%
2021	203.1	-17%

SALES FIRST HALF

Figures in parentheses refer to the corresponding period last year. Consolidated net sales amounted to SEK 405.1 million (427.5) which is a decrease of SEK 22.4 million (-5%) (excluding foreign exchange effects, +5%) compared to the first half of last year. Products sales decreased by 7% (excluding foreign exchange effects, +3%) while royalty revenues increased by 52%. Over the past 12-month period, sales decreased by 10% (excluding foreign exchange effects, -2%).

Sales in EMEA amounted to SEK 163.9 million (231.4), a decrease of 29%, due to lower sales within the Adult Health and Paediatrics segments. The lower sales within Paediatrics were attributable mainly to Italy, Spain and Rumania which was partly offset by higher sales in France. Sales within Adult Health decreased primarily in Italy, Finland and Belgium.

Sales in APAC amounted to SEK 97.2 million (87.8), an increase of 11%. The increase was attributable to the Adult Health segment while sales within Paediatrics decreased. In the Paediatrics segment, sales decreased primarily in China and the Philippines. Sales within Adult Health increased primarily in Japan, China and Australia.

Sales in the Americas totalled SEK 144.1 million (108.3), an increase of 33% due to increased sales within the Paediatrics segment. The higher sales within Paediatrics were attributable mainly to Brazil, Chile and the USA, which was partly counteracted by lower sales in Mexico.

NET SALES BRIDGE FIRST HALF

SEKm		Change
2020	427.5	
Foreign exchange	-42.5	-10%
Organic growth	20.1	5%
2021	405.1	-5%



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.

SEKm	Apr-Jun 2021	Apr-Jun 2020	Change
Products	158.7	195.6	-19%
Royalties	2.4	3.5	-31%
Total Paediatrics	161.1	199.2	-19%

	Jan-Jun 2021	Jan-Jun 2020	Change
	318.7	334.9	-5%
	4.0	6.7	-40%
	322.8	341.6	-6%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 161.1 million (199.2), a decrease of 19% (excluding foreign exchange effects, -10%). Product sales in Paediatrics amounted to SEK 158.7 million (195.6), a decrease of 19%. The change in sales was affected by higher comparative figures since the corresponding period last year was positively affected by Covid-19 related inventory build-up by customers.

Sales of BioGaia Protectis drops decreased compared to the corresponding period last year. Sales increased in the Americas and decreased in EMEA and APAC. In the Americas sales of drops increased mainly in Brazil, Chile and Canada. In EMEA; sales decreased mainly in Italy, Spain and Rumania. In APAC, sales decreased mainly in China and the Philippines.

Sales of BioGaia Protectis tablets within Paediatrics decreased compared to the corresponding period last year. The decrease was due to lower sales in EMEA, APAC and the Americas, primarily in Spain and Rumania.

SALES FIRST HALF

Figures in parentheses refer to the corresponding period last year. Sales in the Paediatrics segment amounted to SEK 322.8 million (341.6), a decrease of 6% (excluding foreign exchange effects, +4%). Product sales in Paediatrics amounted to SEK 318.7 million (334.9), a decrease of 5%. For the past 12-month period, sales decreased by 10% (excluding foreign exchange effects, -2%).

Sales of BioGaia Protectis drops decreased slightly compared to the corresponding period last year. Sales decreased in EMEA and APAC and increased in the Americas. In EMEA, sales of drops decreased mainly in Italy, Spain and Rumania. In APAC, sales decreased mainly in China and the Philippines. In the Americas, sales increased primarily in Brazil, Chile and the USA which was partly counteracted by lower sales in Mexico.

Sales of BioGaia Protectis tablets within Paediatrics decreased compared to the corresponding period last year. The decrease was due to lower sales in EMEA, APAC and the Americas, primarily in Spain and Rumania.



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	Apr-Jun 2021	Apr-Jun 2020	Change
Products	30.1	41.6	-28%
Royalties	10.8	2.7	297%
Total Adult Health	40.9	44.4	-8%

	Jan-Jun 2021	Jan-Jun 2020	Change
	66.3	79.1	-16%
	13.3	5.4	147%
	79.6	84.5	-6%

SALES SECOND QUARTER

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 40.9 million (44.4), a decrease of 8% (excluding foreign exchange effects, +3%). Product sales amounted to SEK 30.1 million (41.6), a decrease of 28%. The change in sales was affected by higher comparative figures since the corresponding period last year was positively affected by Covid-19 related inventory build-up by customers.

Sales of BioGaia Protectis tablets decreased compared to the corresponding period last year. In APAC, sales decreased in Japan and India which was partly offset by higher sales in Indonesia. In EMEA, sales decreased mainly in Italy, Finland and Belgium. In the Americas, sales increased mainly in the USA.

Sales of BioGaia Gastrus decreased compared to the corresponding period last year. Sales decreased in EMEA and the Americas and increased in APAC. In EMEA, sales decreased primarily in Poland and in the Americas sales decreased mainly in the USA and Mexico. In APAC, sales increased primarily in Thailand.

Sales of BioGaia Prodentis decreased compared to the corresponding period last year. Sales decreased in EMEA and APAC and increased in the Americas. In EMEA, sales decreased mainly in Germany and Spain and in APAC the main sales decrease was in Japan. In the Americas, sales increased primarily in Mexico and the USA.

SALES FIRST HALF

Figures in parentheses refer to the corresponding period last year. Sales in the Adult Health segment amounted to SEK 79.6 million (84.5), a decrease of 6% (excluding foreign exchange effects, +4%). Product sales amounted to SEK 66.3 million (79.1), a decrease of 16%. In the past 12-month period, sales decreased by 10% (excluding foreign exchange effects, -2%).

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

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

Sales of BioGaia Prodentis decreased compared to the corresponding period last year. Sales decreased in EMEA, the Americas and APAC. In EMEA, sales decreased mainly in Germany, in the Americas mainly in Canada and in APAC mainly in Japan, which was partly offset by increased sales in China.



Earnings

SECOND QUARTER

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the quarter amounted to 74% (75%). The gross margin for the Paediatrics segment amounted to 75% (77%). The gross margin for the Adult Health segment amounted to 70% (68%). The higher gross margin for the Adult Health segment was due to a royalty revenue in Japan of SEK 8.4 million..

Operating expenses and operating profit

Operating expenses amounted to SEK 81.6 million (84.2), a decrease of 3%. Excluding other operating expenses (exchange losses/gains) operating expenses increased by 3%.

Selling expenses amounted to SEK 44.0 million (44.5), a decrease of 1%.

R&D expenses amounted to SEK 28.1 million (27.0), an increase of 4%. R&D expenses include costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 6.8 million (7.0). The increase in R&D expenses excluding costs for MetaboGen AB and BioGaia Pharma AB are mainly attributable to higher study expenses. Administrative expenses amounted to SEK 7.7 million (6.2). The increase in administrative expenses in the second quarter is mainly attributable to higher personnel costs related to reorganisation.

Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK 1.8 million (6.5).

Operating profit amounted to SEK 69.1 million (100.2), a decrease of 31%. The operating margin was 34% (41%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 54.8 million (79.0) a decrease of 31%. The effective tax rate was 21% (21%). Earnings per share amounted to SEK 2.71 (4.52) before and after dilution.

FIRST HALF

Gross margin

Figures in parentheses refer to the corresponding period last year. The total gross margin for the first half amounted to 73% (74%). The gross margin for the Paediatrics segment amounted to 75% (75%). The gross margin for the Adult Health segment amounted to 65% (69%).

Operating expenses and operating profit

Operating expenses amounted to SEK 162.6 million (161.6), an increase of 1%. Excluding other operating expenses (exchange losses/gains) operating expenses increased by 5%. Operating expenses included costs of evaluation of acquisition candidates of SEK 2.5 million and restructuring costs of SEK 7.5 million. Excluding these costs, operating expenses amounted to SEK 152.6 million, a decrease of 6%. The restructuring costs relate to impairment of right-of-use assets linked to a rental contract for premises in Lund (SEK 5.1 million) and personnel (SEK 2.4 million).

Selling expenses amounted to SEK 87.3 million (89.1), a decrease of 2%. 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 55.3 million (55.3), unchanged compared to the corresponding period last year. R&D expenses included costs for the subsidiaries MetaboGen AB and BioGaia Pharma AB of SEK 12.7 million (12.8). Administrative expenses amounted to SEK 23.4 million (13.5), an increase of 74%. The increase in administrative expenses is mainly attributable to increased costs for evaluation of acquisition candidates (SEK 2.5 million), impairment of right-of-use assets linked to a rental contract for premises in Lund (SEK 5.1 million) and increased personnel costs related to reorganisation.

Other operating expenses/operating income relates to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK 3.3 million (3.8).

Operating profit amounted to SEK 133.5 million (155.9), a decrease of 14%. The operating margin amounted to 33% (36%).

Profit after tax and earnings per share

Profit after tax amounted to SEK 105.2 million (120.8) a decrease of 13%. The effective tax rate was 21% (22%). Earnings per share amounted to SEK 5.21 (6.91) before and after dilution.

Parent Company

The Parent Company's net sales amounted to SEK 378.4 million (410.8) and profit before tax was SEK 109.0 million (141.3). The financial performance of the Parent Company is in all material respects in line with that of the Group.



Balance sheet and cash flow

BALANCE SHEET 30 JUNE 2021

Total assets amounted to SEK 1,935.8 million (710.3). The increase is mainly explained by the new issue carried out in the fourth quarter of 2020. Since year-end 2020, trade receivables have increased while inventories have decreased. Current liabilities have seen a marginal decrease. Financial assets have increased in the six-month period due to the acquisition of shares in Boneprox AB and Skinome AB.

In accordance with a resolution at the Annual General Meeting, BioGaia has introduced an incentive programme and issued subscription warrants. Equity has thus increased by SEK 5.0 million.

CASH FLOW SECOND QUARTER

Cash flow amounted to SEK -16.2 million (-38.7). Cash flow includes a dividend of SEK 68.9 million (65.0) as well as a provision to the Foundation to Prevent Antibiotic Resistance of SEK 2.8 million (2.8). The increase in cash flow in operations is mainly due to a positive change in working capital compared to the same quarter last year while a lower operating profit makes a negative contribution.

Investments in property, plant and equipment amounted to SEK 0.8 million (6.8). Depreciation amounted to SEK 5.5 million (5.1). Cash and cash equivalents at 30 June 2021 amounted to SEK 1,468.9 million (242.5).

CASH FLOW FIRST HALF

Cash flow amounted to SEK 1.1 million (28.7). Cash flow includes a dividend of SEK 68.9 million (65.0) as well as a provision to the Foundation to Prevent Antibiotic Resistance of SEK 2.8 million (2.8). The decrease in cash flow in operations compared to the previous year is mainly due to a lower operating profit while change in working capital is unchanged compared to the same period in the previous year.

Investments in property, plant and equipment amounted to SEK 1.8 million (11.1). Depreciation and impairment amounted to SEK 15.9 million (9.8) and include an impairment of SEK 5.1 million relating to restructuring in the first quarter. Investments in financial assets of SEK 22.2 million relate to acquisition of shares in Boneprox AB and Skinome AB in conjunction with the establishment of BioGaia Invest AB.

Other disclosures

EMPLOYEES

The number of employees in the Group at 30 June 2021 totalled 157 (157 at 30 June 2020).

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 salary. In addition to this programme BioGaia has also implemented a subscription warrants programme as resolved by the 2021 Annual General Meeting. The programme involves the issue of a maximum of 365,000 warrants where each warrant shall entitle the holder during the period from 6 July 2024 through 6 November 2024 to subscribe for one new Class B share in BioGaia for a subscription price per share that amounts to SEK 578.2. The employees have been invited to purchase the warrants at an amount of SEK 55.6 which is the market value determined by an external valuation. A total of 89,730 warrants have been subscribed for which results in an additional equity of SEK 5.0 million and a possible dilution of existing shareholders of 0.4%. The programme also includes a stay-on bonus extending over a three-year period. For other terms and conditions relating to the programme, see the Board's proposal to the Annual General Meeting with appendices.

FUTURE OUTLOOK

BioGaia's goal is to create strong value growth and a good return for the shareholders. This will be achieved through a greater emphasis

on the BioGaia brand, online sales, increased sales to both existing and new customers and a controlled cost level.

The long-term financial target is an operating margin (operating profit in relation to sales) of at least 34% with continued strong growth and increased investments in research, product development, brand building and the sales organisation. BioGaia's dividend policy is to pay a shareholder dividend equal to 50% of profit after tax in the Parent Company.

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 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 30 June 2021 except for the impact of the Covid-19 pandemic as set out below.

The second 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 179,032 in accordance with the decision of the Annual General Meeting and the Board of Directors. In addition, a dividend of SEK 3.75 per share was paid to Annwall & Rothschild Investment AB during the period. Out of the total of 89,730 warrants subscribed in conjunction with the incentive programme described above, 84,750 were subscribed for by Executive Management including the CEO.



KEY EVENTS IN THE SECOND QUARTER OF 2021

Launches in the second quarter of 2021

Distributor	Country	Product
Pharmabest	Israel	BioGaia Gastrus
EthicalNutrition	Argentina	BioGaia Protectis drops with vitamin D
bWellness	Australia	BioGaia Prodentis lozenges
Nestlé	Australia	B-lactis drops
Nestlé	Australia	Protectis drops with vitamin D
Casen Recordati	Spain	BioGaia Protectis tablets with vitamin D
Casen Recordati	Spain	BioGaia Minipack
Ewopharma	Czech Republic	BioGaia Prodentis lozenges

BioGaia signs exclusive agreement in 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.

Combination of *L. reuteri* strains reduces symptoms in children with sore throats. 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.

BioGaia starts subsidiary in Finland. On 20 May, BioGaia announced that BioGaia's products will be sold under the BioGaia brand in Finland.

KEY EVENTS AFTER THE END OF THE SECOND QUARTER OF 2021

BioGaia owns 100% of the shares in MetaboGen. On 2 July, BioGaia announced that the company had become the owner of 100% of the shares in MetaboGen. Previously, BioGaia owned 92% of the shares. The purchase price amounted to SEK 11,441,439 and is recognised in the half-year financial statements as a current liability to be settled in July.

Accounting policies

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

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

NEW ACCOUNTING STANDARDS

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


SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in SEK 000s)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul 2020- Jun 2021	Jul 2019 - Jun 2020
Net sales (Note 1)	203,131	244,698	405,106	427,506	747,077	724,677	802,266
Cost of sales	-52,282	-60,253	-109,057	-110,055	-200,159	-199,161	-208,662
<i>Gross profit</i>	150,849	184,445	296,049	317,451	546,918	525,516	593,604
Selling expenses	-44,027	-44,475	-87,275	-89,050	-171,634	-169,859	-183,918
Administrative expenses	-7,683	-6,197	-23,378	-13,466	-26,128	-36,040	-26,401
Research and development expenses	-28,091	-27,005	-55,270	-55,253	-104,663	-104,680	-105,294
Other operating expenses/income	-1,825	-6,529	3,342	-3,824	-16,343	-9,177	-4,574
<i>Operating profit</i>	69,223	100,239	133,468	155,858	228,150	205,760	273,417
Financial income	41	56	63	72	155	146	393
Financial expenses	-175	-179	-394	-381	-722	-735	-621
<i>Profit before tax</i>	69,089	100,116	133,137	155,549	227,583	205,171	273,189
Tax	-14,378	-21,084	-27,983	-34,769	-47,853	-41,067	-61,801
Profit for the period	54,711	79,032	105,154	120,780	179,730	164,104	211,388
Items that may be subsequently reclassified to profit or loss							
Gains/losses arising on translation of the statements of foreign operations	-667	-598	285	-3,456	-4,059	-318	-2,846
Comprehensive income for the period	54,044	78,434	105,439	117,324	175,671	163,786	208,542
Profit for the period attributable to:							
Owners of the Parent Company	54,711	79,032	105,154	120,780	179,730	164,104	211,456
Non-controlling interests	-	-	-	-	-	-	-65
	54,711	79,032	105,154	120,780	179,730	164,104	211,388
Comprehensive income for the period attributable to:							
Owners of the Parent Company	54,044	78,434	105,439	117,324	175,671	163,786	208,607
Non-controlling interests	-	-	-	-	-	-	-65
	54,044	78,434	105,439	117,324	175,671	163,786	208,542
Earnings per share							
Earnings per share (SEK) *)	2.71	4.52	5.21	6.91	10.07	8.54	12.10
Number of shares (thousands)	20,196	17,336	20,196	17,336	20,196	20,196	17,336
Average number of shares (thousands) *)	20,196	17,474	20,196	17,474	17,855	19,216	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 dilution, which means that comparative figures have been recalculated. There are no other dilutive effects.


CONSOLIDATED BALANCE SHEETS

<i>Summary (Amounts in SEK 000s)</i>	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Property, plant and equipment	129,022	134,829	133,904
R&D projects in progress	49,204	51,440	50,322
Goodwill	5,300	5,300	5,300
Right-of-use assets	19,054	16,503	28,861
Financial assets	22,229	-	-
Deferred tax assets	5,309	5,682	5,279
Other non-current receivables	41	45	39
<i>Total non-current assets</i>	<i>230,159</i>	<i>213,799</i>	<i>223,705</i>
Current assets excl. cash and cash equivalents	236,753	253,940	221,694
Cash and cash equivalents	1,468,935	242,546	1,467,883
<i>Total current assets</i>	<i>1,705,688</i>	<i>496,486</i>	<i>1,689,577</i>
TOTAL ASSETS	1,935,847	710,285	1,913,282
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent Company	1,785,001	557,384	1,746,243
Non-controlling interests	2	2	2
Total equity (Note 2)	1,785,003	557,386	1,746,245
Deferred tax liability	11,218	10,339	11,312
Non-current liabilities	16,032	19,229	20,663
Current liabilities	123,594	123,331	135,062
TOTAL LIABILITIES AND EQUITY	1,935,847	710,285	1,913,282

Other current liabilities include forward exchange contracts with a fair value of SEK 0.3 million on the balance sheet date (in the corresponding period in the previous year forward exchange contracts were included in current liabilities at SEK 0.3 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>	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating activities					
Operating profit	69,223	100,239	133,468	155,858	228,150
Depreciation/amortisation	5,492	5,072	15,855	9,792	20,530
Unrealised gains/losses on forward contracts	575	-9,485	2,107	-2,268	-4,876
Other non-cash items	1,028	1,919	-693	-188	1,167
Paid tax	-18,684	-17,444	-35,880	-34,850	-72,092
Interest received and paid	-135	-123	-331	-309	-646
Cash flow from operating activities before changes in working capital	57,499	80,178	114,526	128,035	172,233
Changes in working capital	-1,736	-42,420	-16,871	-16,819	49,023
Cash flow from operating activities	55,763	37,758	97,655	111,216	221,256
Acquisition of property, plant and equipment	-772	-6,769	-1,812	-11,106	-16,075
Acquisition of financial assets	-	-	-22,229	-	-
Cash flow from investing activities	-772	-6,769	-24,041	-11,106	-16,075
Dividend	-68,870	-65,012	-68,870	-65,012	-65,012
Repayment of lease liability	-1,619	-1,882	-3,019	-3,629	-7,632
Provision to the Foundation to Prevent Antibiotic Resistance	-2,800	-2,800	-2,800	-2,800	-2,800
New issue, net	-	-	-	-	1,126,840
Ongoing issue of warrants	2,138	-	2,138	-	-
Cash flow from financing activities	-71,151	-69,694	-72,551	-71,441	1,051,396
Cash flow for the period	-16,160	-38,705	1,063	28,669	1,256,577
Cash and cash equivalents at the beginning of the period	1,486,770	284,135	1,467,883	213,831	213,831
Exchange differences in cash and cash equivalents	-1,675	-2,884	-11	46	-2,525
Cash and cash equivalents at the end of the period	1,468,935	242,546	1,468,935	242,546	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.

(Amounts in SEK 000s)	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Jul 2020 - Jun 2021	Jul 2019 - Jun 2020
Revenue by segment							
Paediatrics	161,142	199,152	322,750	341,642	583,111	564,218	626,984
Adult Health	40,885	44,355	79,606	84,536	161,186	156,256	173,297
Other	1,104	1,191	2,750	1,328	2,780	4,203	1,985
Total	203,131	244,698	405,106	427,506	747,077	724,677	802,266
Gross profit by segment							
Paediatrics	121,321	153,141	241,726	257,754	431,810	415,780	471,355
Adult Health	28,423	30,300	51,573	58,556	112,588	105,604	120,451
Other	1,104	1,001	2,750	1,139	2,521	4,133	1,796
Total	150,848	184,442	296,048	317,449	546,918	525,516	593,601
Selling, administrative and R&D expenses	-79,801	-77,677	-165,923	-157,769	-302,425	-310,579	-315,613
Other operating expenses	-1,825	-6,529	3,342	-3,824	-16,343	-9,177	-4,574
Operating profit	69,223	100,239	133,468	155,856	228,150	205,760	273,415
Net financial items	-134	-123	-331	-309	-567	-589	-228
Profit before tax	69,089	100,113	133,137	155,547	227,583	205,171	273,187
Sales by geographical market							
APAC							
Paediatrics	27,346	33,283	46,967	50,210	82,689	79,447	90,129
Adult Health	26,824	21,592	49,306	37,057	86,625	98,873	94,234
Other	631	489	882	553	1,432	1,761	614
Total APAC	54,801	55,364	97,155	87,820	170,746	180,081	184,978
EMEA							
Paediatrics	60,444	96,224	140,969	192,877	312,520	260,612	351,932
Adult Health	8,798	16,579	21,101	37,857	58,894	42,137	61,919
Other	449	581	1,809	638	1,169	2,340	1,234
Total EMEA	69,691	113,384	163,879	231,373	372,583	305,090	415,084
Americas							
Paediatrics	73,351	69,644	134,814	98,555	187,902	224,161	184,923
Adult Health	5,264	6,184	9,199	9,621	15,667	15,245	17,144
Other	24	122	59	138	179	100	138
Total Americas	78,639	75,950	144,072	108,314	203,748	239,506	202,204
Total	203,131	244,698	405,106	427,506	747,077	724,677	802,266



<i>Date of recognition Performance obligations met on specific date (Product sales)</i>	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Paediatrics	158,694	195,616	318,718	334,945	570,829
Adult Health	30,103	41,636	66,264	79,135	148,635
Other	698	915	1,344	1,052	2,027
Total	189,495	238,167	386,326	415,132	721,491
<i>Performance obligations met over time (Royalty)</i>					
Paediatrics	2,447	3,536	4,032	6,698	12,282
Adult Health	10,783	2,719	13,342	5,401	12,551
Other	406	276	1,406	276	753
Total	13,636	6,531	18,780	12,374	25,586
Total	203,131	244,698	405,106	427,506	747,077

NOTE 2 SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(Amounts in SEK 000s)</i>	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Opening balance	1,746,245	507,874	507,874
New issue, net	-	-	1,130,512
New issue warrants	4,989	-	-
Dividend	-68,870	-65,012	-65,012
Provision to the Foundation to Prevent Antibiotic Resistance	-2,800	-2,800	-2,800
Comprehensive income for the period	105,439	117,324	175,671
Closing balance	1,785,003	557,386	1,746,245

LARGEST SHAREHOLDERS AT 30 JUNE 2021 (SOURCE: MONITOR)

	A shares	B shares	Share capital	No. of votes	Holding (%)	Votes (%)
1 Peter Rothschild & Jan Annwall	740,668	100,000		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 Premier Miton Investors		1,105,960	1,105,960	1,105,960	5.5%	4.1%
5 Handelsbanken Fonder		1,091,659	1,091,659	1,091,659	5.4%	4.1%
6 TIN Fonder		668,835	668,835	668,835	3.3%	2.5%
7 Cargill Inc		600,000	600,000	600,000	3.0%	2.2%
8 Tredje AP-fonden		453,146	453,146	453,146	2.2%	1.7%
9 AMF Pension & Fonder		403,197	403,197	403,197	2.0%	1.5%
10 Juno Investment Partners		371,038	371,038	371,038	1.8%	1.4%
Other shareholders		11,515,375	11,515,375	11,515,375	57.0%	42.9%
Total	740,668	19,455,794	20,196,462	26,862,474	100.0%	100.0%



Consolidated key ratios

	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales, SEK 000s	405,106	427,506	747,077
Growth of net sales	-5%	9%	-3%
Operating profit, SEK 000s	133,468	155,858	228,150
Profit after tax, SEK 000s	105,154	120,780	179,730
Return on average equity	6%	23%	16%
Return on average capital employed	8%	29%	20%
Capital employed, SEK 000s	1,796,221	567,725	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)}	5.21	6.91	10.07
Equity per share, SEK ¹⁾	88.38	31.90	97.80
Equity/assets ratio	92%	78%	91%
Operating margin	33%	36%	31%
Profit margin	33%	36%	30%
Average number of employees	158	156	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 dilution 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-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Return on equity			
Profit attributable to owners of the Parent Company (A)	105,154	120,780	179,730
Equity attributable to owners of the Parent Company	1,785,001	557,384	1,746,243
Average equity attributable to owners of the Parent Company (B)	1,765,622	532,628	1,127,058
Return on equity (A/B)	6%	23%	16%
Return on capital employed			
Operating profit	133,468	155,858	228,150
Financial income	63	72	155
Profit before net financial items + financial income (A)	133,531	155,930	228,306
Total assets	1,935,847	710,285	1,913,282
Interest-free liabilities	-139,626	-142,560	-155,725
Capital employed	1,796,221	567,725	1,757,557
Average capital employed (B)	1,776,889	542,969	1,137,885
Return on capital employed (A/B)	8%	29%	20%

RECONCILIATION OF KEY RATIOS, CONTINUED

(Amounts in SEK 000s)

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Equity/assets ratio			
Equity (A)	1,785,003	557,386	1,746,245
Total assets (B)	1,935,847	710,285	1,913,282
Equity/assets ratio (A/B)	92%	78%	91%
Operating margin			
Operating profit (A)			
Net sales (B)	133,468	155,858	228,150
Operating margin (A/B)	405,106	427,506	747,077
Profit margin			
Profit before tax (A)	33%	36%	31%
Net sales (B)			
Profit margin (A/B)	133,137	155,549	227,583
Equity/assets ratio			
Equity (A)	405,106	427,506	747,077
Equity (A)	33%	36%	30%



Equity per share

Equity attributable to owners of the Parent Company (A)	1,785,001	557,384	1,746,243
Average number of shares (B)	20,196	17,474	17,855
Equity per share (A/B), SEK	88.38	31.90	97.80

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

Description	Paediatrics		Adult Health		Other		Total	
	Apr-Jun 2021	Jan-Jun 2021	Apr-Jun 2021	Jan-Jun 2021	Apr-Jun 2021	Jan-Jun 2021	Apr-Jun 2021	Jan-Jun 2021
<i>(Amounts in SEK 000s)</i>								
A Previous year's net sales according to the average rate	199,152	341,643	44,355	84,536	1,191	1,328	244,698	427,506
B Net sales for the year according to the average rate	161,142	322,751	40,885	79,605	1,104	2,750	203,131	405,106
C Recognised change (B-A)	-38,010	-18,892	-3,470	-4,931	-87	1,422	-41,567	-22,400
Percentage change (C/A)	-19%	-6%	-8%	-6%	-7%	107%	-17%	-5%
D Net sales for the year according to the previous year's average rate (D)	179,680	356,919	45,556	87,984	1,104	2,750	226,340	447,654
E Foreign exchange effects (C-F)	-18,538	-34,169	-4,671	-8,379	0	0	-23,209	-42,547
Percentage change (E/A)	-9%	-10%	-11%	-10%	0%	0%	-9%	-10%
F Organic change (D-A)	-19,472	15,277	1,201	3,448	-87	1,422	-18,358	20,148
Organic change per cent (F/A)	-10%	4%	3%	4%	-7%	107%	-8%	5%

Average key exchange rates

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
EUR	10.16	10.67	10.12	10.66	10.54
USD	8.40	9.82	8.36	9.73	9.27
JPY	0.0770	0.0901	0.0780	0.0894	0.0862

Closing date key exchange rates

	30 Jun 2021	30 Jun 2020	31 Dec 2020
EUR	10.12	10.48	10.04
USD	8.51	9.35	8.19
JPY	0.0770	0.0868	0.0792

Pledged assets and contingent liabilities

(Amounts in SEK 000s)

	GROUP	
	30 Jun 2021	31 Dec 2020
Floating charges	0	0
Contingent liabilities	None	None


SUMMARY STATEMENTS OF COMPREHENSIVE INCOME – PARENT COMPANY
PARENT COMPANY INCOME STATEMENT

<i>(Amounts in SEK 000s)</i>	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	378,391	410,766	699,349
Cost of sales	-134,768	-138,816	-241,555
<i>Gross profit</i>	<i>243,623</i>	<i>271,950</i>	<i>457,794</i>
Selling expenses	-69,958	-69,485	-138,162
Administrative expenses	-22,524	-12,486	-24,306
R&D expenses	-45,809	-45,331	-84,063
Other operating expenses/operating income	3,580	-3,475	-16,943
<i>Operating profit</i>	<i>108,912</i>	<i>141,173</i>	<i>194,320</i>
Impairment loss on shares in subsidiary	-	-	-20,756
<i>Net financial items</i>	<i>75</i>	<i>162</i>	<i>1,169</i>
<i>Profit before tax</i>	<i>108,987</i>	<i>141,335</i>	<i>174,733</i>
Tax	-20,700	-28,399	-37,061
Profit for the period	88,287	112,936	137,672

PARENT COMPANY BALANCE SHEET

<i>(Summary, Amounts in SEK 000s)</i>	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Property, plant and equipment	5,488	6,903	6,246
Intangible assets	3,354	5,590	4,472
Shares in group companies	179,724	154,671	154,671
Non-current receivables from subsidiaries	10,835	10,835	10,835
Total non-current assets	199,401	177,999	176,224
Current assets excl. cash and cash equivalents	234,358	230,610	198,013
Cash and cash equivalents	1,371,234	206,313	1,419,361
Total current assets	1,605,592	436,923	1,617,374
TOTAL ASSETS	1,804,993	614,922	1,793,598
EQUITY AND LIABILITIES			
Equity	1,658,192	481,342	1,636,587
Non-current liabilities	4,225	-	-
Interest-free current liabilities	142,576	133,580	157,011
TOTAL LIABILITIES AND EQUITY	1,804,993	614,922	1,793,598


PARENT COMPANY CASH FLOW STATEMENT

<i>Summary (Amounts in SEK 000s)</i>	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operating activities			
Operating profit	108,912	141,173	194,320
Depreciation	1,876	1,870	3,746
Other non-cash items	-675	-185	1,881
Forward exchange contracts	2107	-2,268	-4,876,
Tax paid	-29,991	-29,318	-59,309
Interest received and paid	75	162	1,169
Cash flow from operating activities before changes in working capital	82,304	111,434	136,931
Changes in working capital	-34,382	-15,007	47,874
Cash flow from operating activities	47,922	96,427	184,805
Acquisition of intangible assets	-	-	-
Acquisition of property, plant and equipment	-	-705	-807
Sale of property, plant and equipment	-	-	-
Acquisition of financial assets	22,229	-	-
Sale of financial assets	-22,229	-	-
Repayment of loan from subsidiary	-	25,000	25,000
Cash flow from investing activities	-	24,295	24,193
Dividend	-68,870	-65,012	-65,012
Provision to Foundation to Prevent Antibiotic Resistance	-2,800	-2,800	-2,800
Shareholder contribution provided	-25,052	-	-
New issue, net	-	-	1,126,840
Cash flow from financing activities	-96,722	-67,812	1,059,028
Cash flow for the period	-48,800	52,910	1,268,026
Cash and cash equivalents at beginning of the period	1,419,361	153,217	153,217
Exchange rate differences in cash and cash equivalents	673	186	-1,882
Cash and cash equivalents at the end of the period	1,371,234	206,313	1,419,361

SUMMARY STATEMENT OF CHANGES IN EQUITY, PARENT COMPANY

<i>(Amounts in SEK 000s)</i>	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Opening balance	1,636,587	436,215	436,215
Dividend	-68,870	-65,012	-65,012
Provision to Foundation to Prevent Antibiotic Resistance	-2,800	-2,800	-2,800
New issue, net	-	-	1,130,512
New issue warrants	4,989	-	-
Comprehensive income for the period	88,287	112,936	137,672
Closing balance	1,658,192	481,342	1,636,587



Financial calendar

<p>21 OCT 2021 ⌚ 08:00 CET Interim Management Statement 1 January – 30 September 2021</p>	<p>6 MAY 2022 ⌚ 08:00 CET Interim Management Statement 1 January – 31 March 2022</p>
<p>4 FEB 2022 ⌚ Year-end report 2021</p>	<p>22 JUL 2022 ⌚ 08:00 CET Interim Report 1 January – 30 June 2022</p>
<p>MAR 2022 ⌚ Annual Report 2021</p>	<p>21 OCT 2022 ⌚ 08:00 CET Interim Management Statement 1 January – 30 September 2022</p>
<p>6 MAY 2022 ⌚ Annual General Meeting 2021</p>	

Stockholm, 12 August 2021

Peter Rothschild
Board Chairman

David Dangoor
Board Vice Chairman

Ewa Björling
Board member

Christian Bubenheim
Board member

Peter Elving
Board member

Maryam Ghahremani
Board member

Anthon Jahreskog
Board member

Niklas Ringby
Board member

Vanessa Rothschild
Board member

Isabelle Ducellier
CEO

AUDITOR'S REPORT ON THE REVIEW OF THE INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the interim report of BioGaia AB (publ) for the period 1 January – 30 June 2021. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

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

Conclusion

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

Stockholm, 12 August 2021

Deloitte AB

Birgitta Lööf
Authorised Public Accountant



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 157 employees, of whom 126 are based in Sweden (Stockholm, Lund, Eslöv and Gothenburg), two in the USA, two in Singapore and 27 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 *L.* 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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