

From research to consumer



Annual and
Sustainability Report 2023

BioGaia[®]

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About BioGaia

Who we are

BioGaia is a Swedish world-leading probiotics company that has been a pioneer in microbiome research for over 30 years. BioGaia's products, based on *L. reuteri* bacterial strains, are among the most scientifically validated globally. Our vision is to be the most trusted probiotic brand in the world.

The BioGaia Group has 210 coworkers who, among other things, work with research, production, marketing, and sales. We operate in three geographical markets: EMEA (Europe, Middle East, and Africa), Americas (USA, Canada, and South America), and APAC (Asia and the Pacific). Through our efficient and diversified product supply chain, we adapt to the market's needs.

What we do

We develop, manufacture, market, and sell probiotic products for gut, oral, and immune health. The products are sold through distribution partners (partnerships with nutrition and pharmaceutical companies) and through our own distribution (subsidiaries) in over 100 countries.

When BioGaia was founded in 1990, we distributed our probiotic products through partners under their brands. In 2006, we took the step to launch our own brand, BioGaia. Today, a crucial part of our brand strategy is to increase product sales under the BioGaia brand. In 2023, over 90 percent of the products were under the BioGaia brand or co-branding.

Why we do it

Our probiotic products have clinically proven effects that contribute to better health and well-being worldwide. We invest an average of about 10 percent of our net sales in research and development. This is to deepen our knowledge of probiotics and the human microbiome, discover new bacterial strains for existing and new conditions, and expand our product portfolio. Our worldwide research network enables collaborations with leading researchers in their fields. We strive for groundbreaking solutions that make a difference in people's lives.

Years of research and innovation

> 30

Granted patents

> 600

Published studies with BioGaia's bacteria strains

> 250

Average percentage of the net sales invested in research and development in the last five years

> 10%

> 100

Number of countries where BioGaia sells products

> 90

Percent of products sold under BioGaia brand including co-branding

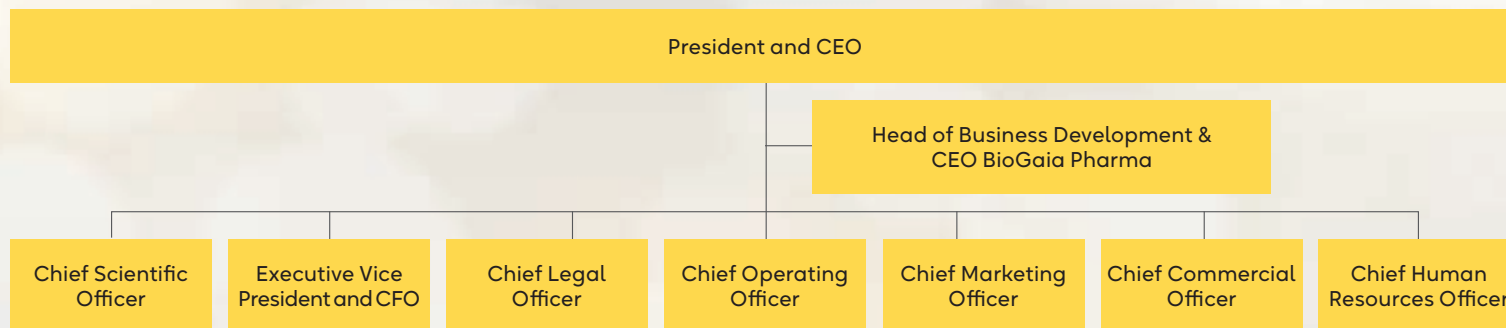
6

Number of direct markets

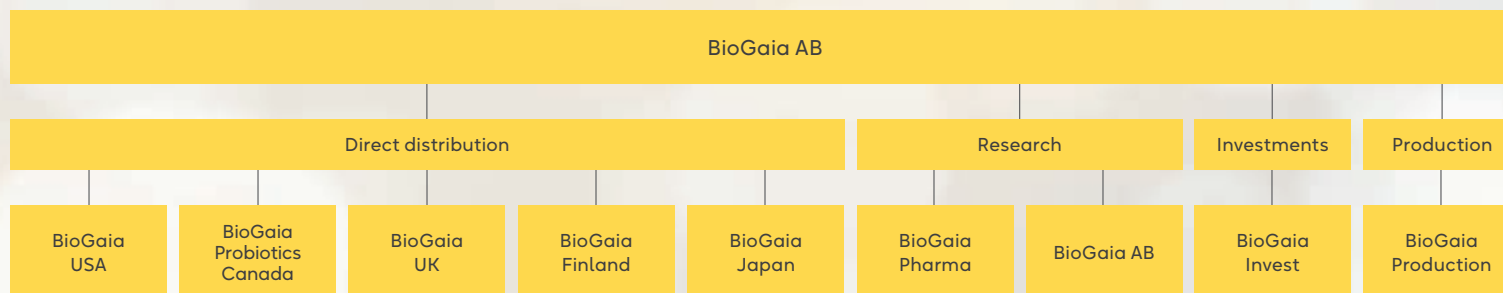
Note: by December, 2023

Organization and group

Organization



Group



Note: BioGaia Sweden as a direct market is part of BioGaia AB

Key events during the year

First quarter 2023

CEO Isabelle Ducellier announces her intention to leave the company. She will remain in her position until September 25, 2023.

BioGaia launches Aldermis, our first cosmetic probiotic product. A skin ointment for infants and children that helps with conditions like dry and sensitive skin. Children's skin, like their digestive tracts, needs a healthy balance of bacteria.

BioGaia's founder and Board Chairman, Peter Rothschild, is nominated for this year's "SvD Affärsbragd" award, Sweden's most prestigious prize for entrepreneurs.

BioGaia's results for the first quarter to exceed market expectations.

Second quarter 2023

BioGaia introduces the Prodentis KIDS product in Sweden. Prodentis for children is a probiotic food supplement with apple flavor and xylitol for good oral health.

Third quarter 2023

A clinical study shows that Protectis increase SARS-CoV-2 antibody titres 28 days after vaccination.

BioGaia's Board of Directors announce that Theresa Agnew has been appointed as new CEO.

A scientific article, written by BioGaia and the University of Gothenburg and published in the Nature journal, presents a new method to overcome the oxygen sensitivity of bacteria that live in the human gut. These bacteria are significantly reduced in people suffering from metabolic conditions and cardiovascular diseases.

Theresa Agnew begins her role as new CEO on September 25, 2023.

BioGaia's results for the third quarter to exceed market expectations.

Fourth quarter 2023

Ahead of the 2024 Annual General Meeting, the Nomination Committee for BioGaia AB has been appointed, based on the ownership structure as of June 30, 2023.

Q1

Q2

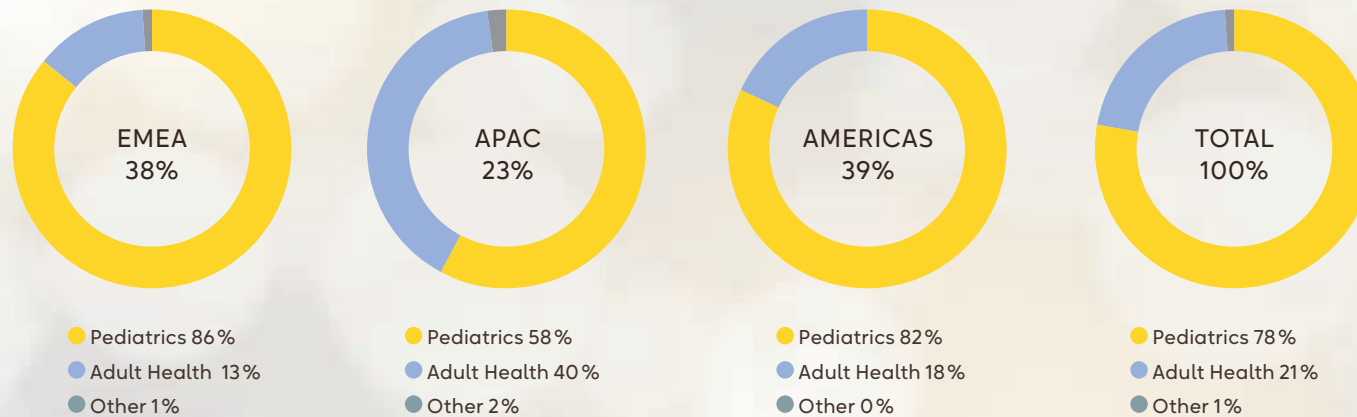
Q3

Q4

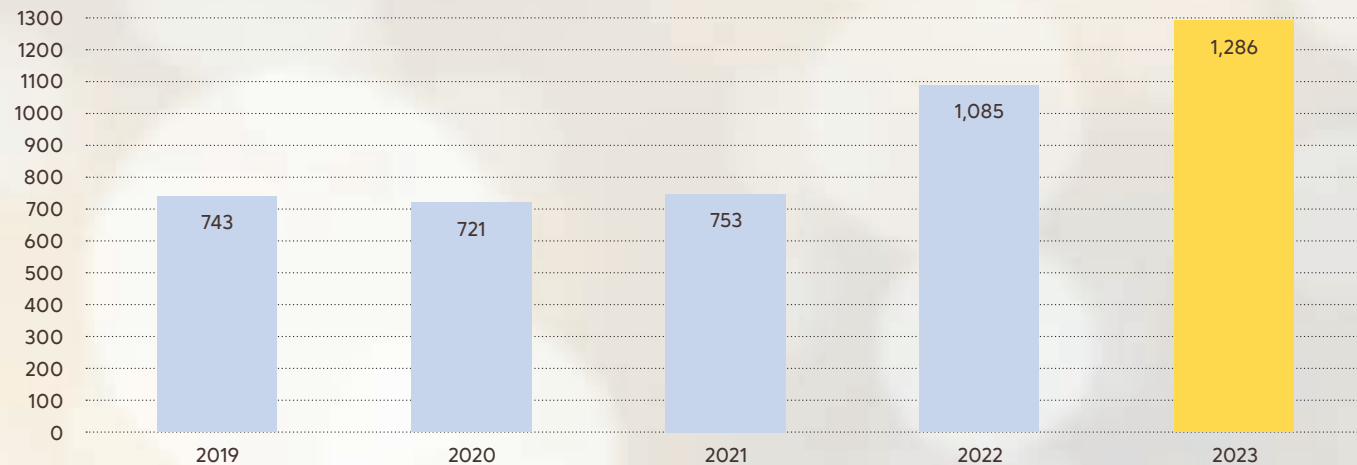
JANUARY FEBRUARY MARCH APRIL MAY JUNE JULY AUGUST SEPTEMBER OCTOBER NOVEMBER DECEMBER

Key figures 2023

Sales by market and segment



Annual product sales for the past 5 years (SEK million)



Highlights






Peter Rothschild – Chairman of the Board

“Theresa’s profile is ideal for leading BioGaia into a stronger position as a leading consumer probiotics brand.”

After yet another successful year, we continue to broaden the distribution of our products, develop and launch new probiotics, and drive development in the promising microbiome field using BioGaia’s research. We have appointed a new CEO, who has very solid and impressive international experience in our key strategic areas. Accordingly, BioGaia stands well-equipped to continue the company’s growth – thanks to committed employees, a broad product range, comprehensive research and high level of confidence among healthcare professionals.



It has been an eventful year for BioGaia. We have published several research studies, launched even more consumer-friendly products, further strengthened our digital presence and partnerships, welcomed another new direct market and recruited a new CEO. Finding a new CEO was one of my most important tasks during the year. As we leave 2023 behind us, BioGaia stands strong and is prepared for continued expansion, despite a business environment characterized by turbulence and uncertainty.

New CEO with the right competence strengthens our market position

We continue to prioritize our next development phase and successful strategy – a process that commenced in 2018 – whereby we are transitioning from a dedicated Business-to-Business company to also becoming a Business-to-Consumer company. We have successfully started to distribute our products in several key markets, through new distribution channels and adapted marketing directly to consumers. Our expanded collaboration with Amazon in the USA and in several international markets has been highly successful and has strengthened our exposure to consumers.

Isabelle Ducellier, our CEO for the past five years, left us at the end of the third quarter for new challenges. Theresa Agnew, BioGaia's new CEO, took up her position at the end of September and brings solid experience from senior leadership roles in consumer health-care, over-the-counter (OTC) drugs, and medical device products from leading companies such as GlaxoSmithKline (GSK) Consumer Healthcare, Essilor and Johnson & Johnson. Theresa's profile is ideal for leading BioGaia into a stronger position as a leading consumer brand within probiotics.

BioGaia stands strong with a substantial net cash balance, which is a robust strategic advantage compared with other players in biotech. This financial strength, combined with our strong cash flow and steady profitability, means that we are well placed to maintain our generous dividend policy.

Research – decisive for confidence

Research is in our DNA and we have long been the leader in microbiome research. Our clear focus on research and development has earned us a high level of confidence among healthcare professionals. Now that we are targeting consumers directly, earning their confidence is just as important. The many clinical studies of BioGaia's patented bacteria strains, conducted internally and through our research network, have thus far resulted in more than 250 scientifically published articles and involved more than 22,000 participants. In other words, we know that our probiotics work. Among this year's research successes, we had the pleasure to announce that the findings of a significant study were published in the prestigious journal Nature. The study outlines a new method for overcoming oxygen sensitivity in gut bacteria, which is particularly relevant for people with metabolic conditions and cardiovascular diseases. Such bacteria from the microbiota, including *Faecalibacterium prausnitzii* with its anti-inflammatory properties, we regard potentially as "next-generation probiotics". The study is a clear example of our pioneering research that we are effectively disseminating to a broader public.

A world-class product portfolio and strategic market expansion

We conduct continuous research to identify which conditions our hundreds of bacteria strains can have a positive effect on. When we see significant positive effects, we develop consumer-friendly and high-quality probiotic products that complement our product portfolio. In parallel, we see major potential in developing and improving our existing product portfolio, from making products more environmentally friendly and sustainable by replacing ingredients or packaging, to improving user-friendliness.

In parallel with the progress in research and development, we are also expanding into new direct markets. During 2023, we welcomed Canada as our sixth direct market, which has been a successful establishment. In addition to the valuable synergies that often arise from a direct establishment, direct sales through our subsidiaries offer many other benefits. We can focus more on our own products, launch a broader selection from our product portfolio and further strengthen BioGaia's brand. At the same time, our distribution partners play an indispensable role, particularly when it comes to medical communication about our research and our products, which contributes to our positive reputation and confidence


among healthcare professionals. In addition, sales through distribution partners support our global reach.

Crucial societal contribution with links to our operations

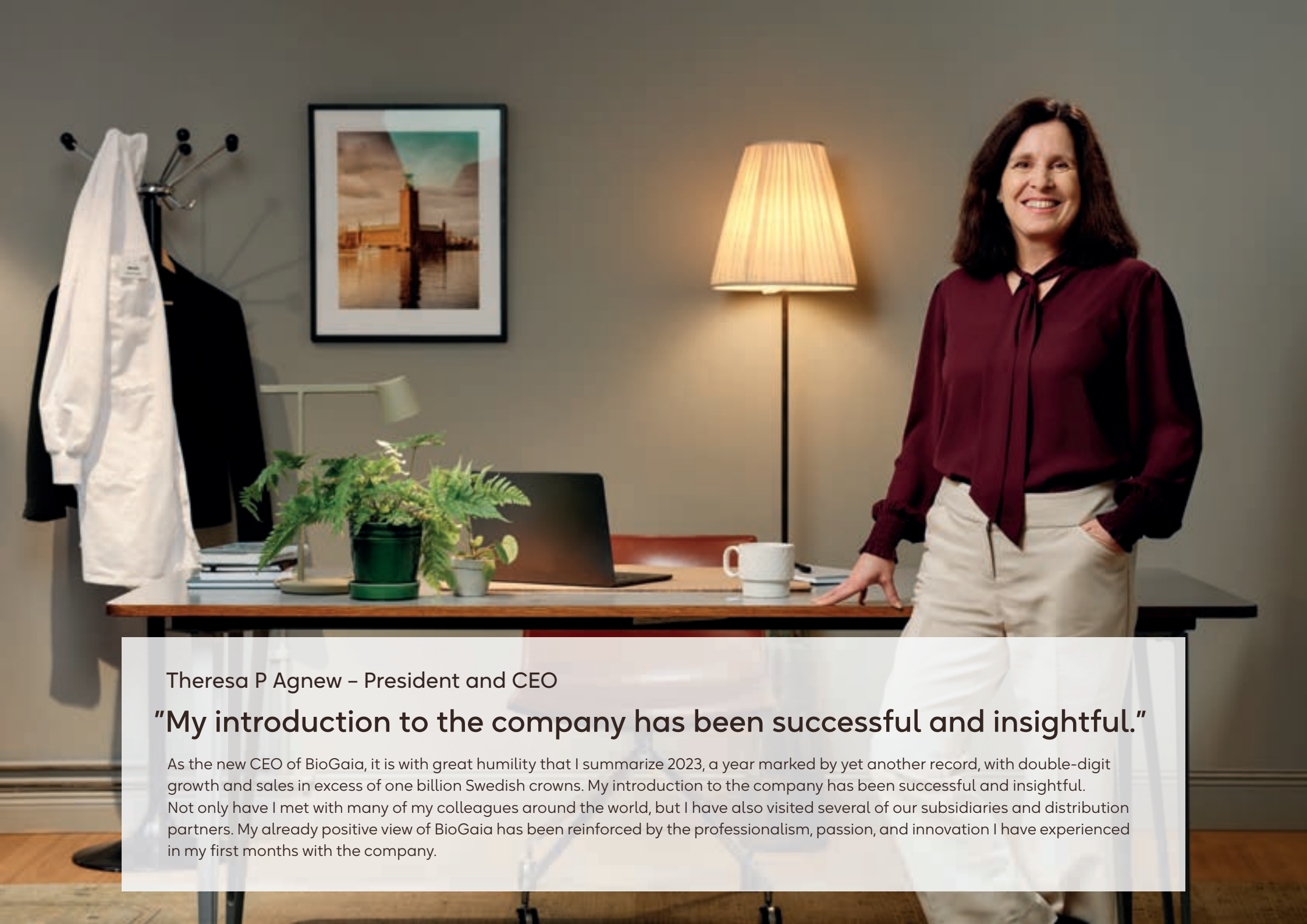
While antibiotic resistance continues to spread in developing countries, targeted measures are becoming increasingly crucial. Through the Foundation to Prevent Antibiotic Resistance (PAR), which BioGaia established in 2017, research, training and information activities are conducted annually to prevent this growing global threat. During 2023, PAR's focus was on the training of physicians, the public and journalists regarding the risks of increased use of antibiotics. We can see that BioGaia's annual financial contribution to the Foundation, which amounted to 4.4 SEK million in 2023, is making a difference.

Looking ahead, BioGaia stands stable and ready to accelerate its growth to reach new heights. I can say this with confidence because we have a strong team, a successful strategy that continuously delivers results, a robust net cash balance and a growing probiotics market. On this basis, we will continue to invest a high share of our revenue in research and development to retain our competitiveness and leading position in the industry.

"We conduct continuous research to identify which conditions our hundreds of bacteria strains can have a positive effect on."



Peter Rothschild, founder and Chairman of the Board

A woman with dark hair, wearing a maroon blouse and light-colored trousers, stands in a modern office. She is smiling and has her hands in her pockets. The office features a wooden desk with a laptop, a white mug, and a potted plant. A floor lamp with a pleated shade is lit behind her. On the wall, there is a framed picture of a cityscape and a white lab coat hanging on a rack.

Theresa P Agnew – President and CEO

“My introduction to the company has been successful and insightful.”

As the new CEO of BioGaia, it is with great humility that I summarize 2023, a year marked by yet another record, with double-digit growth and sales in excess of one billion Swedish crowns. My introduction to the company has been successful and insightful.

Not only have I met with many of my colleagues around the world, but I have also visited several of our subsidiaries and distribution partners. My already positive view of BioGaia has been reinforced by the professionalism, passion, and innovation I have experienced in my first months with the company.

Impressive result for the year

Despite the decline in the global economy and external challenges in the form of war, inflation, and geopolitical tensions, BioGaia maintained its strong growth during the year. Our sales amounted to almost 1,3 SEK billion, an increase of 17 percent compared with the preceding year. Adjusted for foreign exchange effects, the increase was 11 percent. This is a sign of strength that, despite a complex business environment and comprehensive investments in our expansion of direct distribution to consumers, we were able to maintain a high operating margin during the year. A good example is Canada, where we initiated our direct distribution operations in 2023, following the conclusion of our earlier distribution agreement with Ferring.

Our APAC and Americas regions experienced strong growth during the year, attributed to our successful strategy of omnichannel sales. In China, significant resources were allocated to digital marketing via social platforms such as TikTok. In the USA and Canada, the focus was primarily on establishing a strong presence and visibility on key marketplaces, with a particular emphasis on platforms like Amazon. It's worth noting that the USA achieved its highest sales on Amazon to date, setting a record for the year. The initiative to educate consumers about probiotics, launched on our e-commerce website in the USA, gained popularity and contributed to a significant increase in our direct-to-consumer sales. In Canada, 2023 marked a year of record sales for BioGaia's products, largely driven by growth on platforms including Amazon and in retailers like Costco.

The sales in EMEA decreased by four percent, partially explained by BioGaia terminating the distribution agreement with the Italian company Nóos S.r.l. Consequently, deliveries ceased due to their failure to fulfill their commitments. While the matter is subject to arbitration proceedings, BioGaia is securing product availability in Italy through our previous sub-distributor.

We know that many parents first come into contact with BioGaia when they look for probiotic products for infants and children. During the year, we again saw that the pediatrics segment, led by the sales of Protectis drops for infants, is resilient even during a recession. At the same time, the adult segment grew during the year. This is a result of our decision to allocate more resources into raising awareness of and educating consumers and distribution partners about our probiotic products for adults. We continue to see a growing global awareness of the importance of an improved lifestyle in preventing health problems. People are increasingly focusing on areas they themselves can influence, such as personal development, health, and well-being.

Milestones in our research during 2023

In 2023, we achieved key milestones in our research, which has been focused on new conditions and the development of next-generation probiotics. Research is and always will form the core of our business. Each product we launch on the market contains carefully studied live bacteria, tested for both safety and efficacy.



One of our most exciting milestones in the development of the next-generation of probiotics was the discovery by researchers from BioGaia and the University of Gothenburg of a new method to overcome the acid sensitivity of bacteria found in the human intestine. These bacteria are significantly reduced in individuals with metabolic conditions and cardiovascular diseases. Most of these bacteria are nutritionally demanding and extremely sensitive to oxygen, dying within seconds of exposure to the surrounding air, making the development of products with live bacteria extremely challenging. The next step is to investigate whether these types of bacteria can improve blood sugar levels in people with prediabetes.

We are also advancing the development of the next-generation of probiotic drops for infants with colic. The clinical strategy involves various types of studies to ensure the safety and efficacy of the product before launch. The clinical program is underway and the studies are primarily evaluating fussing and crying time in infants, and quality of life for families.

In another completed study, we examined whether Protectis can enhance the SARS-CoV-2 antibody response in adults. The results suggest that Protectis may improve long-term protection against breakthrough infections after vaccination. This type of antibodies, which increased due to our probiotic in the study, has previously been shown to protect against other breakthrough infections. The results were published online in the scientific journal Gut Microbes.

Positive impact on people's health

Our probiotic strains with clinically proven effects continue to positively impact people's health. Contributing to human health is our most significant contribution to a sustainable world, but we don't stop there. We reduce our emissions by

purchasing 100 percent renewable energy, with the goal of sourcing raw materials only from sustainable origins and investing in future climate innovations. We also aim to create a workplace where our employees thrive and develop. This year, our sustainability efforts were recognized with a gold medal by EcoVadis. More information about our work on healthy products and operations to contribute to a more sustainable society and a healthier planet is available on page 57.

Extensive industry experience

With more than 20 years' international experience, I am looking forward to contributing to BioGaia with my knowledge from a range of global roles. My background includes work within consumer healthcare, OTC pharmaceuticals, diagnostics, naturals, supplements and medical devices. At GlaxoSmithKline (GSK) Consumer Healthcare, I had the privilege of heading the global OTC business across multiple segments, such as pain relief, skin health and respiratory health. Other leading global companies, such as Essilor and Johnson & Johnson, have also given me valuable industry insight into consumer and medical marketing, strategic planning, product innovation, distribution, supply chain, consumer behavior, and sustainability.

Although I have seen considerably larger production facilities during my career to date, I am greatly impressed by BioGaia Production in Eslöv and its modern production facility with semi-automated production lines. During the year, we also completed a second production line for our Protectis Easy Dropper. The pilot facility that we installed last year for the fermentation of next-generation probiotics is now fully operational.

“My already positive image of BioGaia has been reinforced by the professionalism, passion, and innovation I have experienced in my first months with the company.”



Solid foundation to build on

BioGaia's scientific foundation and strong growth are two of the company's main strengths and were the primary reasons I accepted the role as Chief Executive Officer. With my experience in leading brands in the life science and health sectors, my hope is to contribute to BioGaia's continued success. Leading a company with a focus on sustainable growth through high-quality science, research, and development is an exciting challenge. This focus will be central in our pursuit of achieving our vision to be the most trusted probiotic brand in the world.

BioGaia's established business model, reinforced by robust clinical studies and a consumer-oriented product portfolio based on research for effectiveness and safety, ensures our ongoing success. Additionally, we have a sustainable and flexible production supply chain, a strong net cash position, two successful distribution channels with global reach, and increasing online sales. These strengths will be built upon and further developed in the coming years.

Accelerating for future growth

When I received the offer to become BioGaia's Chief Executive Officer, I did not hesitate to move across the Atlantic to Sweden to start a new chapter in my life. I never imagined that I would feel at home so quickly in the BioGaia family. I am grateful for the friendly and generous welcome extended to me.

In a short time, I have gained a good understanding of the opportunities and challenges BioGaia faces. I am convinced that we should focus on our core business, which is gut, oral, and immune health in our existing markets, to remain successful. We will also focus on expanding our direct distribution, where Canada has been a prime example, and on developing innovative probiotic products. These strategic and innovative activities will enable us to remain at the leading edge of the industry.

I look forward with enthusiasm to leading BioGaia into the next growth phase and to contributing to an already successful business model by working with the talented global BioGaia team to generate value for consumers and shareholders.

A handwritten signature in black ink, appearing to read 'Theresa P Agnew', located at the bottom right of the white text area.

Theresa P Agnew, President and CEO of BioGaia

Investment in our shares

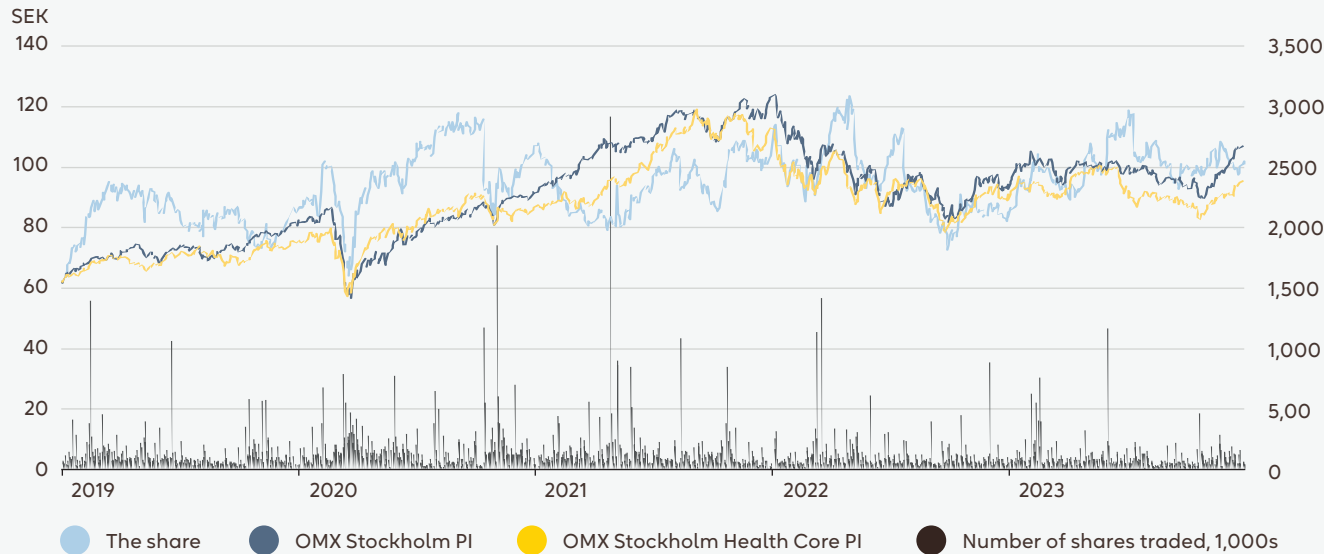
Investing in BioGaia entails ownership in a company with a prominent position in a growing market. As a global leader in the probiotics sector, BioGaia has continuously created significant value for consumers, customers and shareholders since the beginning in 1990. We have achieved this by maximizing the sale of our established products and by developing new, sought-after solutions that meet consumers' demands and needs.

BioGaia AB was listed on the stock exchange in 1998, and there is a description of the key value-generating factors behind the share on the next page.



Investment in our shares

BioGaia's equity curve



Expanding industry

The market for probiotic food supplements is expected to have annual global growth of approximately five percent up until 2028¹, primarily driven by a growing interest in health and preventive measures.

Leading market position

BioGaia is the global leader in the development of probiotics for children with colic. Our position is strengthened by continuous development and renewal of the product range. For example, by adding Vitamin D to BioGaia Protectis BABY Drops and introducing a new packaging type, the Easy Dropper, for the same product. As well as updates to formulations, such as phasing out of palm oil.

Profitable growth

In 2023, our revenue increased by 17 percent and our operating margin has been an average of 32 percent over the past five

years, despite the pandemic, high inflation, a global economic downturn and turbulent global situation. We continue to prioritize profitable growth by satisfying the needs of our consumers and remaining cost efficient.

Innovative products

By investing approximately 10 percent of our net sales in research and development, we strengthen our competitive advantages in the short and long term. This has, in the past, enabled the launch of new patented products, such as the world's first probiotic chewable tablets and drops.

Strong brand

BioGaia, as a Group brand, has developed to become a leading consumer brand in probiotics. This position helps us to generate and retain loyal customers, both among distribution partners and consumers, in many markets and regions.

Sustainable solutions

BioGaia's initiatives within sustainability have this year led to a gold medal from EcoVadis, and they placed us among the top two percent in the industry. Our focus on healthy products, sustainable corporate governance and reduced climate impact, supported by science-based climate targets, means that we are well positioned in a world where sustainability is becoming increasingly critical. This not only contributes to the well-being of the planet but also our long-term competitiveness and commercial success.

Efficient business

Many of our products are manufactured in Eslöv under our own management, which enables efficient production and delivery with a good level of profitability. We work continuously to optimize our manufacturing, range of products and supply chain through Lean processes and automation.

Business model

BioGaia has two types of distribution – sales through distribution partners and direct sales (subsidiaries). Most of BioGaia’s revenue comes from the sale of gut health products, such as colic drops, immune- and oral health products. Revenues also include 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. BioGaia’s products are available in more than 100 countries through partnership with nutrition and pharmaceutical companies, as well as through our own subsidiaries.

Vision

To be the most trusted probiotic brand in the world.

Mission

To provide the world with probiotics that have clinically proven positive effects on health and well-being.

Positioning

Food supplements with clinically-tested, high-quality probiotics that are sold through pharmacies and via online retail platforms.

Values

Innovation

We strive for breakthrough solutions that make a difference in people’s lives.

Collaboration

Trust, helpfulness and curiosity define our way of working.

Passion

We are engaged and put our soul into everything we do.

Read more about BioGaia’s value chain in the sustainability section on page 56.

A man and a woman are running on a paved path during sunset. The man is on the left, wearing a black t-shirt and shorts, with a beard and a ponytail. The woman is on the right, wearing a black sports bra and leggings, with her hair in a bun. They are both looking forward and smiling. The background shows a hazy landscape with trees and a bright sun setting behind hills, creating a warm, golden glow.

Global trends

In a world that is currently experiencing economic instability, geopolitical conflicts and climate change, feelings of uncertainty and pessimism are growing¹. Against this background, people focus on areas they themselves can influence, such as personal development, health and well-being².

The pursuit of a healthy lifestyle has contributed to increased growth in the probiotics industry, as the awareness of the role of gut health for general well-being has stimulated the demand for probiotic products. This trend is visible in a range of different products, including food supplements and dairy goods³.

Online searches show that interest in strengthening the immune system and oral health has skyrocketed, which reflects a higher global awareness of the importance of a healthy lifestyle to prevent health problems⁴.

Challenges such as antibiotic resistance⁵ and an increase in inflammatory diseases⁶ continue to take center stage in the global health debate.

Driven by growing demand for healthy choices and well-being, BioGaia is working actively to improve global health and well-being by leveraging the potential of probiotics.

Immune system even more important – focus on preventive health

With a growing health awareness, more and more people are turning to products that strengthen the immune system with the aim of improving and controlling their well-being in a complex world⁷. The effects of the COVID-19 pandemic have further sharpened the focus on preventive healthcare to increase resistance to diseases⁸.

Inflammatory diseases are major health risks today⁶, and this emphasizes the importance of strengthening the immune system using preventive measures, in which the balance of the gut flora has an increasingly prominent role. The growing demand for probiotic products reflects a proactive approach to health, with gut health regarded as central to general well-being⁷. The global probiotics market is forecast to have an annual growth of approximately five percent until 2028 according to Euromonitor.

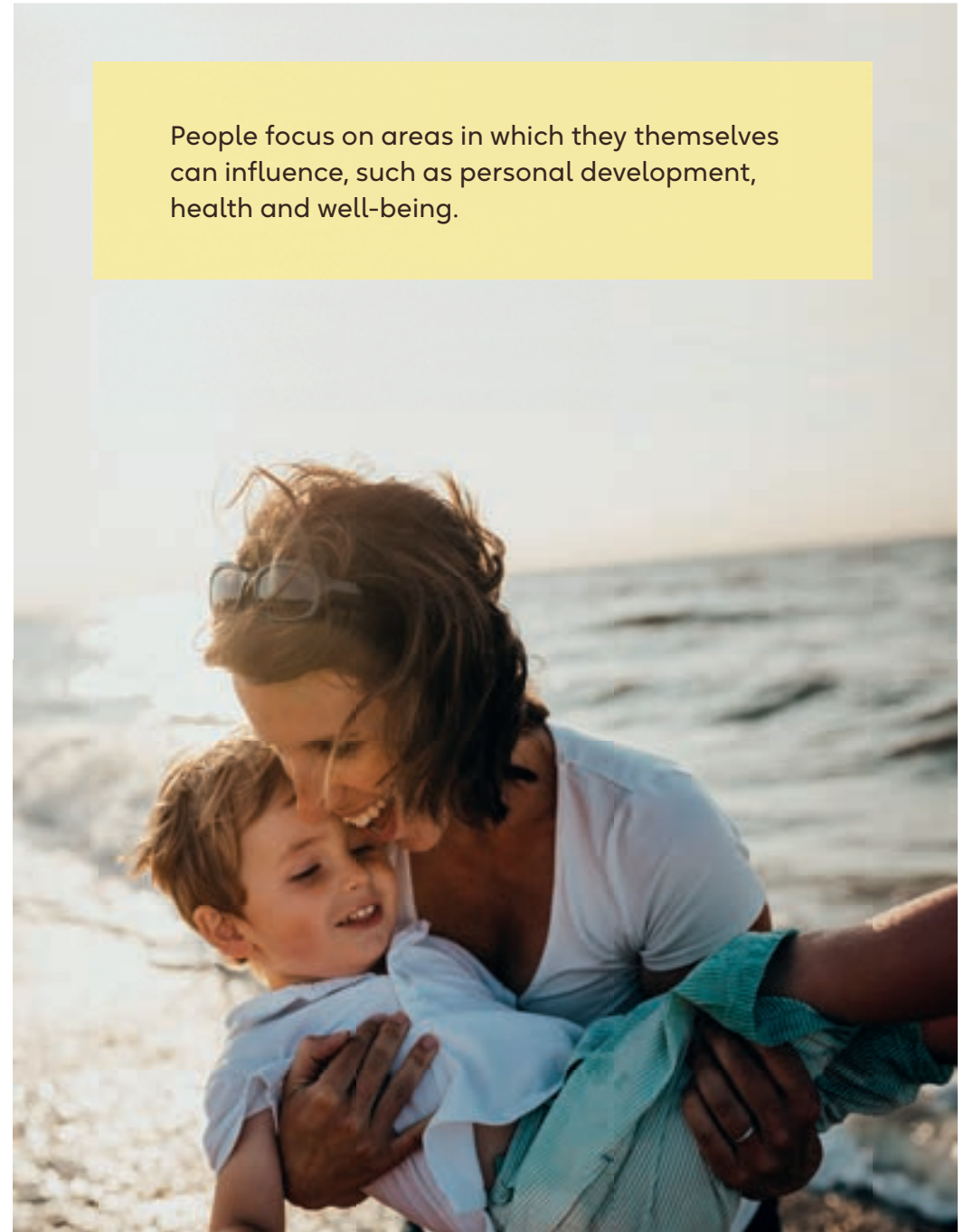
BioGaia adapts its research and product offering to meet growing demand for preventive products, such as by offering solutions that support the immune system and promote a healthy lifestyle. This adaption enables us to address the global demand for proactive and preventive healthcare alternatives.

Antibiotic resistance – a growing global concern

Despite global initiatives to slow down antibiotic resistance, it remains a growing global problem. Upper respiratory tract infections, which in some countries account for 70 percent of doctor's visits by young children⁹, are often caused by a virus. Statistics show that nine out of ten of these infections are virus-related¹⁰, making antibiotics, including penicillin, ineffective. Despite this, antibiotics continue to be incorrectly prescribed, contributing to the accelerating progress of resistance.

During 2023, BioGaia continued its launch of Pharax with vitamin d that aims to strengthen the immune system. The hope is to reduce the need for antibiotics for respiratory tract infections. BioGaia is planning further studies to strengthen the clinical evidence for Pharax. This is an example of how we use our research-based expertise to address current health challenges.

People focus on areas in which they themselves can influence, such as personal development, health and well-being.



Increasing interest in probiotic skincare

Probiotics have emerged as a growing trend in skincare, with a rising number of consumers discovering their benefits. In just eight years, cosmetic probiotic products has increased, and the market for these products is expected to continue growing¹¹.

The skin, the body's largest organ, has its own microbiome, which plays a decisive role in both health and appearance. Cosmetics companies are increasingly including probiotics in their skincare products to provide nutrition and balance to the skin's microbiome, which promotes a healthy barrier function. Probiotic skincare is being increasingly used to treat various skin conditions, such as acne, eczema and aging. The concept of caring for the skin's microbiome appeals to those who are looking for a more natural and holistic approach to skincare, which has resulted in greater development and marketing of probiotic skincare products⁷.

BioGaia, an innovative healthcare company, test-launched a probiotic product during the year – Aldermis – in the USA to explore this growing market and assess whether skin health is a potentially attractive healthcare area for us. The response so far has been positive and the evaluation will continue in 2024.

Sustainable consumption – increased awareness drives product development

Globally, consumers are demonstrating a willingness to pay more for sustainable products, which indicates a greater understanding of sustainable consumption¹² and a growing interest in natural and organic products. The awareness of "clean label" and transparency of product content has become increasingly important. This trend reflects a growing demand for products with minimal additives and no artificial ingredients¹³. Moreover, a significant majority of consumers state that they will refrain from buying products or services from companies that do not respect the environment, their employees or the communities in which they operate¹².

Against this background, BioGaia has integrated sustainability throughout operations, in everything from product development to purchasing strategies and corporate governance. We strive to use sustainable ingredients and materials in our products and packaging, at the same time as we never compromise on quality. As part of our efforts to offer consumers more sustainable products, we have set a target to be completely free from palm oil by 2025 and to only use paper from sustainably managed forests. Read more about our sustainability work in our Sustainability Report on page 51.



Sources:

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3. Acumen Research and Consulting, Probiotics Market Size, Share, Forecast 2032
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6. Vetenskap&Hälsa, "Tarmbakterier orsak till dagens ohälsa?" [Are gut bacteria the cause of today's ill health?]
7. ETPharma.com from the Economic Times, "Market Trends and Forecast for Pre and Probiotic Products: Capitalizing on the Health and Wellness Revolution"
8. Ipsos, "What the Future Wellness"
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A product portfolio that promotes the health of the whole family at all stages of life

BioGaia is a world leader in probiotics and our products are sold in more than 100 countries worldwide. Our scientific research into good bacteria and their significance for well-being has been our backbone for nearly 35 years. As a result, all of the products in our portfolio are based on pre-clinical and clinical studies of the bacteria strains included.

To date, more than 250 clinical studies have been conducted, which distinguishes us as a company in probiotics. We offer scientifically proven and clinically tested products that promote human well-being and resilience – from birth and through all stages of life. Insights from market analyses and consumer demand trends help us to develop products that meet consumer expectations.





BioGaia's product range

Our current range comprises products within gut, oral and immune health for children and adults. For adults, we also offer a bone health product. The products have different forms, such as drops, chewable tablets, lozenges, capsules and powder.

Our major seller, Protectis BABY drops, is recommended for the treatment of colic in six international guidelines for doctors. Protectis BABY drops support improved quality of life for families with infants.

Our ambition is to retain our strong position in the pediatrics segment and to continue to develop products and concepts that promote health among children, from infants to teenagers. For the adult health segment, the ambition is to strengthen our position. Within the area of oral health, BioGaia has an unrivalled position as world leader in terms of the number of clinical studies conducted in such areas as gingivitis and periodontitis. Our BioGaia oral health products are available for both children and adults.

In addition to gut, oral, and immune health, we are investigating the needs and potential for further conditions. Highly promising research is under way on the use of probiotics in areas such as metabolism and skincare.

GUT HEALTH

IMMUNE HEALTH

ORAL HEALTH

PRODUCTS

CHILDREN



Protectis ORS / Protectis MINIPACK /
Protectis KIDS / Protectis BABY



Pharax KIDS / Protectis BABY vitamin D /
Protectis KIDS vitamin D



Prodentis KIDS

ADULTS



Gastrus / Protectis



Protectis vitamin D



Prodentis

CONDITIONS

Colic, constipation, irritable bowel syndrome (IBS), acute diarrhea, antibiotic-associated side effects such as diarrhea, treatment of *H. pylori* infection.

Upper respiratory tract infections, immunomodulation, and infection protection.

Gingivitis and periodontal disease.

Note: Products within bone health and skin health, country specific products and all various product formats and flavors are not included in the product grid.

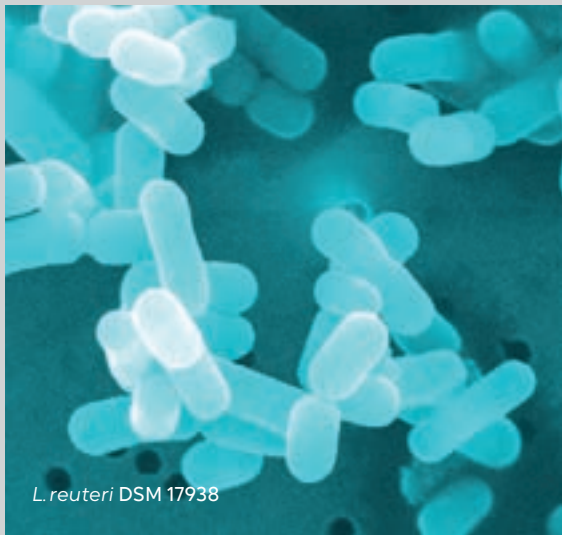
In 2023, BioGaia did a pilot launch of its first cosmetic probiotic product, Aldermis, in the USA.

Children's skin, like their digestive tracts, needs a healthy balance of bacteria; therefore, we developed Aldermis, which helps combat dry and sensitive skin.

Aldermis is a multi-purpose skin ointment, dermatologically tested, that contains BioGaia's patented bacteria strain *L. reuteri* DSM 17938. It moisturizes and nourishes sensitive skin and can be used all over the body, including the cheeks, chin, or bottom. The ointment is water-free, and in addition to the bacteria strain, contains only vegetable oils.

Since its launch, consumers have received the product well, and natural skincare products are gaining popularity in the USA. We continue evaluating and learning more about the cosmetic market and regulatory framework.

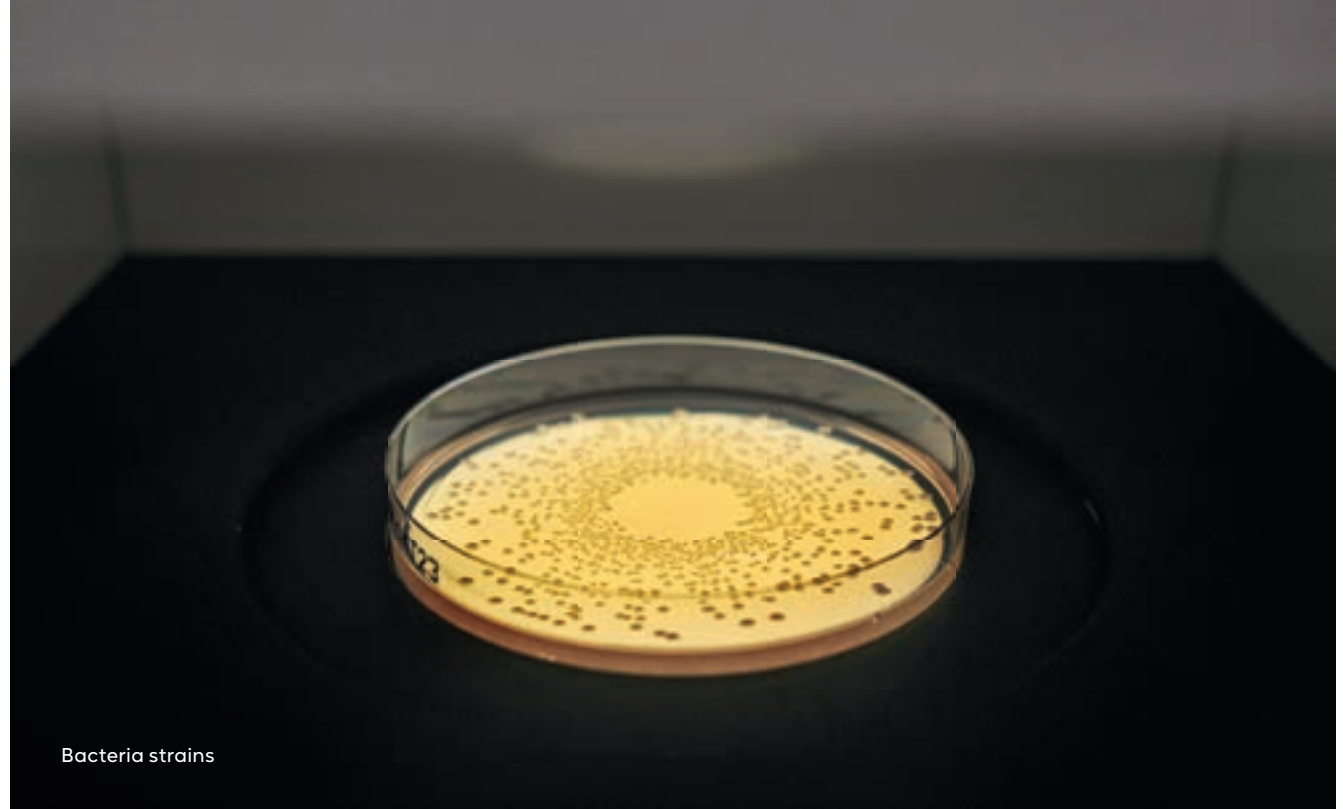




What are probiotics?

Microorganisms are everywhere around us – on plants, in the soil, air and the seas, and also in and on us. Most human microorganisms are present in the gut. For more than three decades, research into microorganisms, particularly lactobacilli, has been at the core of BioGaia. Probiotics, beneficial microorganisms that are added to strengthen the gut microbiota, received their name from the Greek meaning “for life”.

According to the World Health Organization (WHO), probiotics are defined as “live microorganisms, which when administered in adequate amounts, confer a health benefit on the host.” To explain how probiotics work, it is necessary to understand the importance of balance between “good” and “bad” bacteria. Imbalance may occur due to such factors as stress, poor diet, infection and the use of antibiotics, which can lead to an increase in harmful bacteria and subsequently infection and/or inflammation. Adding probiotics helps to restore the balance in the microbiota. Read more about the criteria that exist for probiotics in the Sustainability Report on page 65.



Strategic and balanced product pipeline

BioGaia’s product pipeline is being continuously developed, with a strategy based on four fundamental pillars.

Innovation – We constantly strive to improve our products’ characteristics. We do this by focusing on the bacteria strains included that are selected after comprehensive pre-clinical and clinical studies, and the products’ forms themselves, such as drops, chewable tablets, lozenges, capsules and powder.

Needs analysis – Our understanding of the market’s needs is based on regular market surveys and close dialogue with our partners and experts. We identify the need gap among consumers and evaluate how probiotic food supplements can offer solutions.

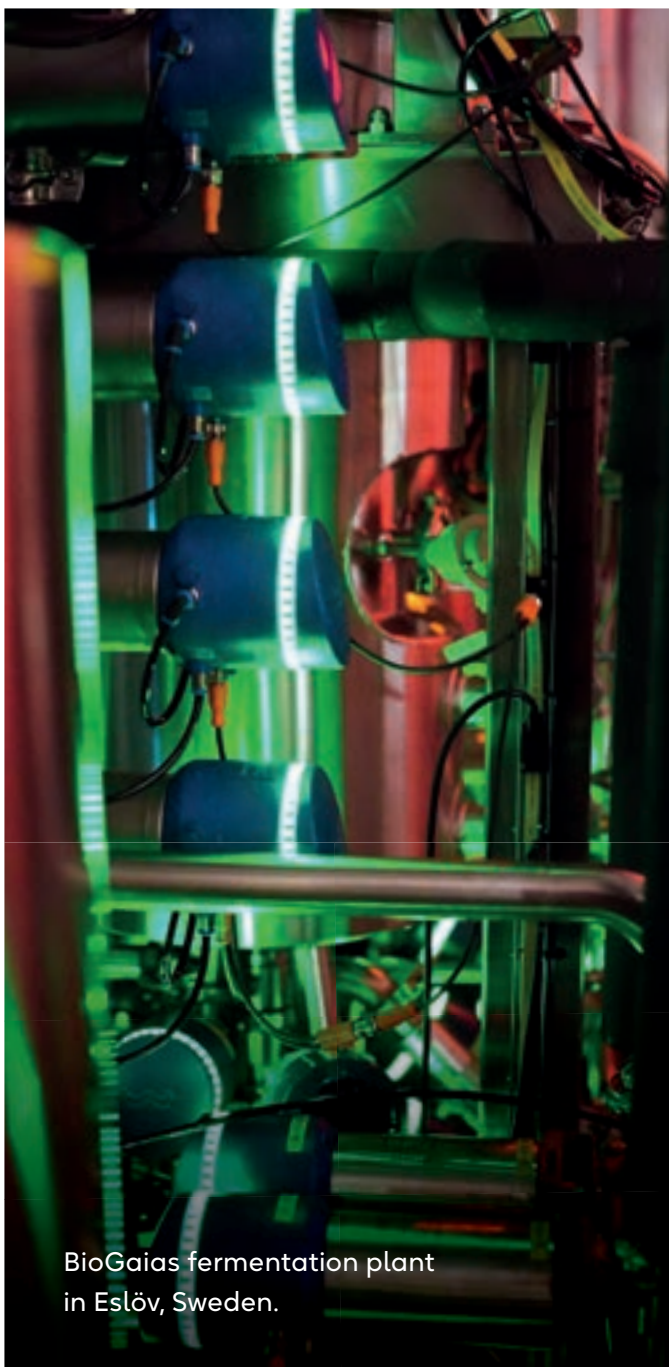
Commercial potential – Each new product development is carefully evaluated to ensure compatibility with BioGaia’s

overall strategy and that it has a significant business potential.

Distribution – Our omnichannel strategy means that we always consider all relevant distribution channels when developing new product concepts.

Bacteria originally from humans

Bacteria are everywhere – in the air and in the soil and above all, in and on all living organisms. At BioGaia, we only develop probiotic products containing bacteria that originate from humans. One of our patented strains originates from breast milk. This bacteria has been shown to have a positive effect on colic in infants. Another bacteria strain was originally isolated from a woman’s mouth. Despite poor oral hygiene routines, she had excellent oral health. Clinical studies of this strain later demonstrated a positive effect on, for example, gingivitis (inflammation of the gums) and periodontitis (loosening of the teeth).



BioGaias fermentation plant
in Eslöv, Sweden.

Early in the development of new bacteria strains, BioGaia conducts experiments in microbiological laboratories to verify that the bacteria strains are safe and effective. The first clinical study on humans was to cure serious diarrhea in children. Good results led to further studies and promoted the development of the broad product range – based on our unique bacteria strains – that we offer today.

BioGaia's bacteria strains are stored at -80°C in a bacteria bank. Freeze-dried bacteria are used in the products, which means they are in a dormant state until they come into contact with saliva and higher temperatures, when they revive and begin to have their probiotic effect.

Product quality, safety and sustainability

Our research largely concerns increasing the understanding of microorganisms and conducting clinical studies of different conditions, such as colic and gingivitis (inflammation of the gums). An equally important part of our product development is to ensure product quality, safety and shelf life. BioGaia always guarantees product quality until the best before date.

BioGaia's *L. reuteri* strains are among the most studied probiotics in the world, in both pre-clinical and clinical studies. Until December 2023, more than 250 clinical studies with BioGaia's *L. reuteri* strains had been conducted, involving more than 22,000 individuals of different ages. Most of our clinical studies are conducted on children.

Good or bad bacteria

Bacteria are often described as either "good" or "bad". Historically, science has primarily focused on the harmful or pathogenic bacteria. It was only during the past century that it was discovered that not all bacteria are harmful and not until the latter part of the twentieth century that it was discovered that certain bacteria – known as probiotic bacteria – are actually beneficial to humans.

This insight coincided with changes in our living conditions. We are no longer exposed to the same variety, or large

quantity of bacteria as we were when we lived as hunters and gatherers, or in traditional agricultural communities. Our modern way of living appears to have had negative consequences, including for the development of our immune system. By adding good bacteria – probiotics – we can counter the negative effects of living in an environment that is too clean and of the depletion of the gut flora resulting from our modern lifestyle.

What we know about gut flora

Most of the bacteria living on and in us humans are present in the gut and form what is known as the gut flora or gut microbiota. Although extensive research has already been conducted into human and animal gut microbiota, our knowledge remains limited. BioGaia's own research and the research conducted by our extensive research network continuously contribute new, valuable insights into the subject.

Research shows a clear link between many chronic diseases – such as diabetes, asthma and various inflammatory conditions – and changes to the gut's bacteria composition. Although the exact connection has not yet been fully identified, it is clear that there is a connection between changes in gut microbiota and disease development. The adult gut microbiota weighs over one kilo, and comprises hundreds, perhaps even thousands, of species of bacteria that together form a highly complex ecosystem. Since there is a large variation in the gut microbiota between individuals, it is difficult to identify which bacteria are good and which harmful. Research has progressed far, but much remains to be done. This is what drives BioGaia's continued R&D activities.

More than 600 patents

BioGaia currently has more than 600 granted patents for various *L. reuteri* bacteria strains, with *L. reuteri* DSM 17938 being the most studied.

Focus areas

To achieve our vision to be the most trusted probiotic brand in the world, it is essential that we have a dedicated focus on the underlying elements that bring success.

BioGaia has identified four focus areas that govern the resources and competencies we invest in when we conduct our business:

Omnichannel
retailing

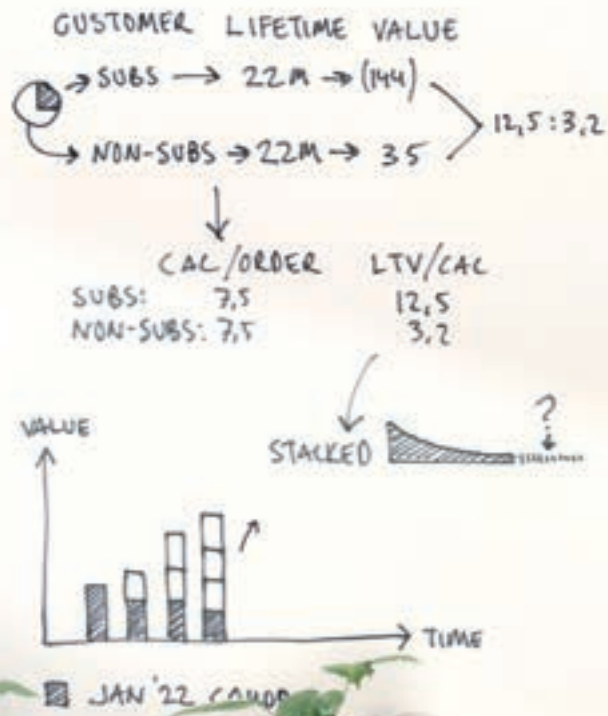
Leverage
global brand

Leverage
scientific edge

Product
supply



OMNICHANNEL



CROSS-CHANNEL ATTR.



Sebastian Heimfors – Chief Commercial Officer

Omnichannel retailing

“BioGaia’s omnichannel strategy aims to secure visibility and relevance wherever consumers are located. By carefully evaluating consumer behavior, we are able to effectively adapt and communicate our comprehensive product offering – from newborn to the final stages of life.”

OMNICHANNEL

CROSS-CHANNEL

Many benefits of our model with two types of distribution

Historically, BioGaia's sales have been managed by our distribution partners. With the increase in digitalization, we realized the need to engage with consumers from several directions. In recent years, we have thus focused on strategic markets – the USA, the UK, Japan, Finland, and Sweden – where we have successively taken over distribution. In 2023, we introduced our own distribution in Canada, thereby expanding our direct markets to a total of six. The choice of these countries is based on several factors, including the market's maturity level and the size of the probiotics market. Our focus on direct distribution has proven successful, giving us control over distribution – from product positioning to sales and customer dialogue. Regardless of the distribution and sales channels that are used, we strive to offer a consistent and relevant customer experience of BioGaia and our products.

Data-driven decisions to improve the customer journey

The increase in global online shopping brings enormous potential, but also challenges. The major advantage is that we are able to reach significantly more people online and thus improve our understanding of consumers and customers. However, one challenge is the rising competition in online sales, which is leading to higher customer acquisition costs. Amazon exemplifies a marketplace that has become increasingly important to us, particularly in the USA and Canada, where consumers have many options and the purchasing experience is customized based on consumer behavior data.

We leverage the benefits from increased online shopping by thoroughly analyzing data on consumer behavior, preferences, trends and customer lifetime value (CLV). Just as it

sounds, this measures the value of a consumer over time (customer lifecycle). This analysis provides us with insights that help us to make the customer journey smoother and more appealing, and to meet consumer requirements quickly and flexibly. During the year, these insights led to three significant improvements: expansion of our subscription service to more direct markets, more experiments to encourage existing customers to try our broader range, and optimization of our online shopping platform to improve the customer experience.

Focus areas ahead

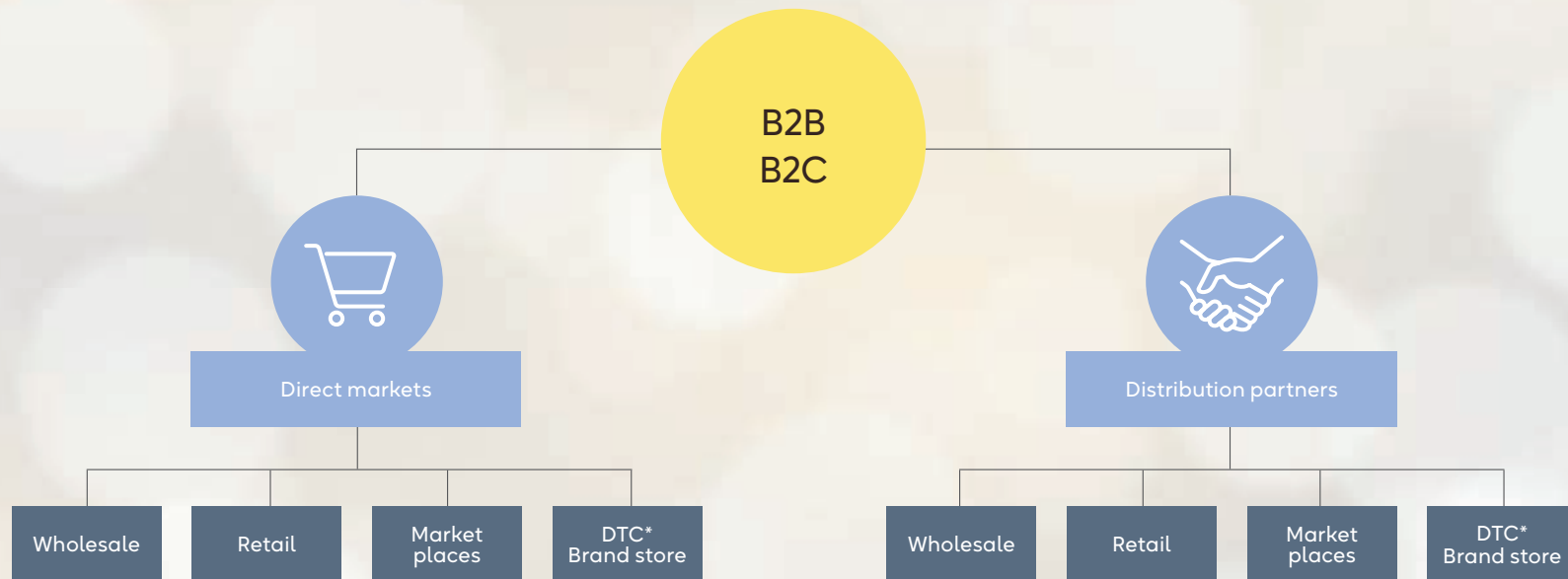
Our subscription service meets the need for regular deliveries and offers potential to extend the customer lifecycle. We work actively to increase awareness of our broad product range for all ages.

While the majority of our sales occur offline, we are now strengthening our online presence through partnerships to establish and expand online sales channels. This includes everything from social platforms such as TikTok to e-commerce sites – our own and those of partners. With the exception of Finland, BioGaia offers proprietary online shopping in all direct markets, which enables us to distribute our product portfolio geographically and to focus on selected product categories. In 2023, our strategic focus was on our products in the areas of oral health and pediatrics.

In summary, the result for the year demonstrates strong growth in terms of online brand searches, which correlates with our sales. This confirms that we are focused on the right things and that our strategies are effective. Although we made progress, BioGaia's digital transformation is still at an early stage. With consumers rapidly changing their digital purchasing behavior, it is essential that we continue to collect and analyze consumer insights to maintain our relevance.



To succeed with both a successful partner distribution and direct distribution we developed an omnichannel strategy



* Direct to consumer

Linda Hägglund – Chief Marketing Officer

Leverage global brand

“During the year, we introduced a new product design distinguished by a uniform symbol, combined with our logo and our striking colors, to help consumers recognize our products regardless of market or channel. This is a key step in our continued efforts to build BioGaia into a distinct and uniform global brand.”



A key piece of the puzzle for our brand identity

Our products are currently available in more than 100 countries and over time our expanded geographic presence and partnerships have led to a variety of product packaging. This is partly due to collaborations with other brands, and partly to varying national regulations for packaging design. Consumer behavior has also rapidly changed due to globalization, free trade and digitalization. More and more consumers now shop online, where the offering is larger than in a local pharmacy. An online search now provides access to infinite alternatives. As a global brand, it is important for us to be recognizable and attractive, at the same time as we are unique and distinguish ourselves from our competitors. Our aim is for consumers and healthcare professionals to be able to immediately recognize our products as a premium brand, strengthened by more than 30 years of scientific research. We want them to be able to find us regardless of whether they shop in their home country or abroad, in physical stores or online.

Accordingly, we have conducted design work to create a new visual identity and updated packaging design. The aim is to further develop our packaging identity and make it more uniform and easily recognizable throughout the world. The new design includes a positive symbol inspired by a healthy and energetic human. The symbol's organic form refers to both our bacteria and the round shapes that have long been a core part of our logo. With our characteristic product colors and logo, the new design, which complies with national regulations for packaging design, will be used globally to strengthen recognition.

Interest in oral health is growing

We conduct annual consumer surveys to gain a deeper understanding of consumer drivers, potential needs, gaps and challenges. This year, we focused on gathering insights into consumers' oral health practices and knowledge. Not surprisingly, the results showed that few consumers know about the positive effects probiotics have on oral health. This type of insight is decisive in our continued product development efforts and for our ability to prioritize and optimize our communications, and thereby narrow the knowledge gap. At the same time, the surveys provide us with other valuable insights that we take with us when we develop new products and marketing concepts. Clinical studies confirm that our probiotics can have positive effects on gingivitis (inflammation of the gums) and periodontitis (loosening of the teeth). In addition, research indicates a connection between oral health and cardiovascular

diseases. We forecast that the interest in oral health will increase as new discoveries are made about the impact of oral health on health in general. With more than 60 published studies in oral health, we are world leaders and we use this knowledge to develop and launch oral health products for adults and children. By deepening our understanding of consumer behavior, we can create product and marketing strategies that can even more effectively promote the added value of our products.

Educating the USA about probiotics

We work continuously to increase awareness of and understanding regarding probiotics in markets where we identify needs. The USA is a large and important market for BioGaia where we have seen growing demand for knowledge about probiotics. To meet this demand, we launched a "Learning Lab" on our USA consumer site, comprising educational videos, quizzes and articles, to promote knowledge about probiotics in an engaging and open manner. The increase in traffic to our website indicates major interest in the health-promoting effects of probiotics. At the same time, BioGaia's rising sales figures in the USA confirm that our efforts to increase knowledge and awareness have been successful.



We have a natural place in the profession

This year, we also participated in the leading global congresses in pediatrics, with a particular focus on gut health. These scientific meetings, which were held this year in Vienna (ESPGHAN), Rio (LASPGHAN), Seoul (APPSPGHAN) and Rio (PPPP), enable us to establish contact with leading pediatricians. Our regular participation at carefully selected congresses helps BioGaia to maintain its position as a leading probiotics company. These congresses allow us to inform healthcare professionals of our research, strengthen our brand awareness and loyalty, establish new relationships with the industry's leading opinion leaders and support and motivate our regional partners. In addition to our participation at congresses, we also conducted "expert programs" in pediatrics and oral health, aimed at selected professionals in the healthcare and medical services sector. We plan to continue this popular initiative, particularly since it offers an effective channel for the communication of our solid research to experts who, in turn, can disseminate this knowledge onward to others in the profession.

Consumer marketing in focus in direct markets

In the past year, we conducted marketing campaigns relating to gut health, a health area that is of strategic importance to us. Our studies show that many consumers only become aware of probiotics when they seek information on such conditions as IBS and colic. To strengthen our brand awareness, we have therefore conducted gut health campaigns in Sweden, Finland and the UK, where we have deliberately and methodically made our products visible to new parents, particularly via popular parenting sites.

In addition, we once again participated as the main sponsor at the Nordic region's largest health, well-being and fitness tradeshow, Allt för Hälsan, at which we interacted with consumers at our stand and during our symposium.

Leading-edge product development

We regularly research new health areas in which we can expand our product portfolio, both in existing and new product categories. New product categories can include areas with major potential to attract new target groups. One example is skin health, an area that we find interesting. During the year, we conducted a pilot launch of a product called Aldermis, which was successfully launched in our priority USA market. This launch will help to evaluate BioGaia's potential in the area of cosmetic probiotics products, at the same time as we collect valuable insights and knowledge. The response so far has been highly positive.

Overall, 2023 was an intensive and instructive year, in which we mainly focused on educational activities and increasing brand awareness. We will continue this in the years ahead, when our new packaging design will be rolled out to more markets.

A man with a beard and mustache, wearing a white lab coat, stands in a laboratory with his arms crossed. He is smiling slightly and looking towards the camera. In the background, other people in lab coats are working at a sink. The lighting is bright and clinical.

Gianfranco Grompone

Leverage scientific edge

"In recent years, science has made tremendous strides towards understanding the human microbiome and how the use of probiotics impacts health and disease. Despite the advances, there is still much to learn. BioGaia has been at the forefront of probiotics research for more than 30 years. We are proud of our efforts, and to keep our leading position, we invest around 10 percent of our net sales in research and development to further support the science behind our probiotic strains."

BioGaia's research and development represents an impressive scientific journey from basic research to clinical applications, integrating scientific questions with market needs. Our research is conducted by microbiologists, immunologists, nutritionists and clinical experts who collaborate in innovative ways with leading researchers and medical doctors in our extensive international network. Together, we set scientific goals to develop interdisciplinary projects, PhD programs and clinical studies.

We focus on three separate, but complementary areas when conducting research:

- to continuously develop our existing product line
- to identify, select, characterize and develop new bacterial strains
- to develop next-generation probiotics with a focus on strictly anaerobic bacteria, meaning bacteria that cannot tolerate oxygen.



1. Developing the existing product line

With unmet health needs as our starting point, we combine scientific innovation with market trends, consumer insights and regulatory requirements to develop health-promoting probiotic products.

Research on health, probiotics and the microbiota has intensified exponentially in the 21st century, especially in recent years, with BioGaia's strains being highly sought after by researchers worldwide. We have close collaborations with international scientists and doctors to advance understanding of the mode of action and clinical efficacy of probiotics. Moreover, we assess new conditions for our existing products. This fosters a continuous dialogue about our clinical strategy with the scientific community and helps us to better understand the interaction between probiotics and humans. By the end of 2023, the number of ongoing clinical studies with our bacteria strains reached almost 30, comprising both sponsored studies by BioGaia and investigator-initiated studies. According to international clinical research standards, all clinical studies must have ethical approval and the results should always be published. This ensures transparency and maintains reliability. We therefore always encourage researchers we collaborate with to publish their results in peer-reviewed journals.

In 2023, 13 studies were performed with BioGaia's strains and one of these is described below. When the World Gastroenterology Organization (WGO) published new guidelines for the use of probiotics in 2023, it concluded that BioGaia's strains were among the ones with the highest scientific evidence.

BioGaia's probiotics have been shown to protect against respiratory tract infections and increase the efficiency of certain vaccinations. In a previous clinical study, BioGaia's probiotic bacteria strain *L. reuteri* DSM 17938 was shown to reduce absenteeism from work and preschool by preventing common infections. Vitamin D3 is important for the immune

system and is believed to have played a significant role in the defense against Covid-19. In 2023, a study was performed when *L. reuteri* DSM 17938 was combined with vitamin D3 to evaluate the effect of probiotics in antibody responses both prior to and after vaccination against SARS-CoV-2. Antibody responses after natural infection were also studied and the results were published online in the Gut Microbes scientific journal on July 4, 2023.

The triple-blind, randomized and placebo-controlled study with *L. reuteri* DSM 17938 was conducted at the Nutrition-Gut-Brain Interactions Research Centre, Örebro University. The study showed a significant increase in SARS-CoV-2 antibody responses in healthy volunteers, 28 days or more after vaccination. This suggests that probiotic supplementation may enhance the long-term protection against breakthrough infections, meaning when an individual is vaccinated against the virus that caused the infection. The study included 159 healthy adults without prior SARS-CoV-2 infection or Covid-19 vaccination. The participants consumed either *L. reuteri* DSM 17938 + 10 microgram vitamin D3, or a placebo product containing only vitamin D3 for six months. During the intervention period, 12 subjects were infected and 17 were fully vaccinated and sampled 28 days or more postvaccination. Even though the primary outcome failed to reach a statistically significant difference between the intervention groups, vaccinated individuals who consumed *L. reuteri* DSM 17938 showed significantly increased levels of IgA antibodies 28 days after vaccination.

This is one of the first studies to investigate the effect of probiotics on antibodies in connection to SARS-CoV-2. The antibodies enhanced by probiotics in this study have previously been shown to be protective against breakthrough infections. In summary, the results suggest that *L. reuteri* DSM 17938 supplementation may improve long-term protection against breakthrough infections after vaccination against SARS-CoV-2.

New guidelines with recommendations published for our bacteria strain *L. reuteri* DSM 17938

In 2023, the World Gastroenterology Organization (WGO) updated its guidelines for probiotics¹. In the publication, BioGaia *L. reuteri* DSM 17938 is the only probiotic strain with level 1 evidence for infantile colic, and BioGaia probiotics for adults are also ranked among the highest. This publication is complemented by a recommendation published last year by the European Society for Paediatric Gastroenterology, Hepatology and Nutrition².

These clinical guidelines not only recommend *L. reuteri* DSM 17938 for the management of colic, functional abdominal pain and acute gastroenteritis but also highlight that *L. reuteri* DSM 17938 is the most studied probiotic strain specifically for the management of infant colic. In general, BioGaia's probiotic products with *L. reuteri* are among the most scientifically well-documented probiotics. To date, the efficacy and safety of BioGaia's different strains of *L. reuteri* have been studied and the results published in more than 260 clinical studies with about 22,000 participants of all ages. We are actively developing our existing product portfolio and enhancing our knowledge of how our products work by focusing on basic research and initiating clinical studies. The purpose is to increase knowledge of how the various bacteria strains work in existing and new areas. It takes time to conduct clinical studies and these often extend over several years.

It is forecast that by 2025, a quarter of the global population will suffer from a chronic disease, potentially related to dysbiosis in the microbiota. We are convinced that BioGaia's probiotic products can help create a more balanced microbiota and thereby improve the physiological development in infants, as well as prevent many diseases in adults.

¹ WGO, Probiotics and Prebiotics, Guarner et al., 2023

² ESPGHAN, Probiotics for the management of pediatric gastrointestinal disorders, Szajewska et al., 2022

2. Developing new strains for commercial use

Study demonstrates safety of *L. reuteri* ATCC PTA 4659

We have approximately 600 granted patents and over 800 strains in our bacteria bank, with *L. reuteri* DSM 17938 being the most well-documented. BioGaia regularly evaluates new bacteria strains to find promising candidates for further investigation and commercialization. Utilizing the pre-clinical studies, we gain insights into how the different strains work. Based on consumer insights, we identify unmet clinical needs where we believe our probiotics can be effective. Safety and condition-based research is subsequently performed that evaluates the potential benefits of a certain bacteria strain in specific conditions.

We are advancing the development of the next-generation of our probiotic drops for infants with colic. The clinical strategy includes various types of studies to ensure the safety and efficacy of the product prior to launch. The clinical program is underway and the studies are primarily evaluating fussing and crying time in infants, and quality of life for families.

One of the main challenges in developing new probiotic strains is the selection process. A crucial part of this process is assessing the safety of a future probiotic strain. In 2023, a systematic safety assessment of the strain *L. reuteri* ATCC PTA 4659 was published¹. The safety study was based on genome analysis, antibiotic susceptibility testing, phenotypic characterization, and human clinical assessment of safety. Genome analysis confirmed that the strain is free from antibiotic resistance genes, as evidenced by its susceptibility to the main types of antibiotics. *L. reuteri* ATCC PTA 4659 survived passage through the gastrointestinal tract and was found to be safe for human consumption. Safety was explored in a study where subjects consumed either 10⁹ or

10¹¹ CFU/day. The strain also adheres to mucus and is highly tolerant to bile salts and low gastric pH, which are vital properties for a probiotic strain.

This work with *L. reuteri* ATCC PTA 4659 is an example of a retrospective process, where after the strain had demonstrated anti-inflammatory effects in two randomized, double-blind, placebo-controlled studies in Acute Uncomplicated Diverticulitis², we conducted further research to evaluate the safety and the mechanisms underlying the effects of this probiotic strain.

During the year, we developed another new strain, *Bifidobacterium longum* DSM 32947 (BG-L47[®]) through pre-clinical characterization. Its safety was also assessed in a clinical study and potential synergies with other strains and/or with prebiotics were evaluated. We identified specific mechanisms utilized by this strain in combination with *L. reuteri* DSM 17938 or alone. We will continue the development of this specific strain both for its *in vitro* characterization and its clinical efficacy. The results of the studies with *Bifidobacterium longum* DSM 32947 (BG-L47[®]) have been submitted for publication. We are also working with other new strains from the species *L. caviae* and *L. rhamnosus*, which both demonstrated preliminary promising results in terms of immunomodulation. These results will now be followed up with additional *in vitro* studies for specific immune effects.



¹ Sendelius et al., 2023; <https://doi.org/10.1093/jjmb/kuad041>

² Petruzzello et al., 2019; Ojetti et al., 2022

3. Developing next-generation probiotics

Faecalibacterium prausnitzii DSM 32379 (*F. prausnitzii* DSM 32379) and *Desulfovibrio piger* DSM 32187 (*D. piger* DSM 32187)

This year, a major scientific achievement was accomplished by BioGaia in partnership with Prof. Fredrik Bäckhed's research group at the University of Gothenburg: the publication of the synergy and oxygen adaptation of the next-generation probiotic strains *F. prausnitzii* DSM 32379 and *D. piger* DSM 32187, developed by BioGaia with the wholly owned subsidiary MetaboGen. This pioneering research was published in the major scientific journal Nature on August 2, 2023.

In recent years, the scientific community has identified specific resident bacteria with health benefits, such as butyrate production, which are significantly reduced in metabolic diseases, and termed "next-generation probiotics". *F. prausnitzii* DSM 32379, a bacterium noted for its anti-inflammatory properties, is one of these. Despite many attempts to develop next-generation probiotics for products that can replace bacteria lacking in individuals with increased risk of developing diseases, the nutritional requirements and the oxygen sensitivity of most of these bacteria have made this task highly challenging.

In this study, *F. prausnitzii* DSM 32379 was co-isolated with another bacterium, *D. piger* DSM 32187, which cross-feed and beneficially interacts with *F. prausnitzii* DSM 32379 in a completely novel cooperative mode. Moreover, together with our colleagues from MetaboGen, we developed a new method to overcome oxygen sensitivity, enabling us to isolate aero-tolerant natural variants of *F. prausnitzii* DSM 32379. The new oxygen-tolerant "trained" combination of next-generation probiotics *F. prausnitzii* DSM 32379 and *D. piger* DSM 32187 was found to be safe for human consumption in a randomized, double-blind, placebo-controlled safety clinical study where healthy individuals consumed 10^8 or 10^9 CFU/day of the product. We are currently assessing the efficacy of this new product with "trained" next-generation probiotics in a nutritional intervention in individuals with prediabetes, where blood sugar levels, among other endpoints, are being monitored.

In parallel, BioGaia is operating its pilot fermentation plant in Eslöv, in the south of Sweden, as a step toward the development and scale-up of products containing next-generation probiotics. The facility manages the manufacturing of bacteria with different requirements during fermentation, including traditional lactobacilli as well as new strict anaerobe strains.



2023 was a successful year for BioGaia's scientific work. Foundations were laid for future innovation work, and the clinical evidence for our current probiotic strains was strengthened, both for existing and new conditions. Our main milestones during the year were:

- Confirmation by international guidelines, such as those from the WGO, that not only is *L. reuteri* DSM 17938 the most well-studied probiotic strain in the world, but also that it is the only one with the highest level of scientific credibility in managing infantile colic.
- The publication of the clinical study showing that *L. reuteri* DSM 17938 in combination with vitamin D contributes to increased production of specific antibodies against SARS-CoV-2 after vaccination.
- Study publication in Nature, demonstrating the synergy effects and oxygen adaptation capability of *F. prausnitzii* DSM 32379 and *D. piger* DSM 32187. This publication paved the way for the development of a new product that is currently under clinical trial in people with prediabetes.
- In Eslöv, we further developed our pilot-scale fermentation facility for the development of new probiotic strains.
- The publication of the systematic safety assessment of the *L. reuteri* ATCC PTA 4659 strain.
- The development of a new probiotic strain for future products: *Bifidobacterium longum* DSM 32947, named BG-L47®.

Science at BioGaia is continually progressing, and 2023 has contributed significantly to providing new evidence with the highest scientific standards.

Over the years, studies of BioGaia's probiotic bacteria were conducted in the areas of:

- Colic and constipation in infants
- Immune modulation and infection prevention
- Acute diarrhea
- Antibiotic-associated side effects, such as diarrhea
- Treatment of *H. pylori* infections
- Irritable bowel syndrome (IBS)
- Oral health, such as gingivitis (inflammation of the gums) and periodontitis (loosening of the teeth)
- Osteopenia
- Autism spectrum condition
- Urinary tract infections

Our probiotic strains are subjects of interest to the international scientific community, healthcare professionals and basic scientists who frequently contact us to perform research on our strains. Over the years, we have built an extensive global research network and initiated partnerships with universities, hospitals and scientific institutions worldwide.

Over time, BioGaia has conducted research studies together with a number of universities and hospitals worldwide. The following is a selection:

- Swedish University of Agricultural Sciences, Uppsala, Sweden
- University of Gothenburg, Sweden
- Örebro University, Sweden
- Texas Children's Hospital, USA
- University hospitals in Bari and Turin, Italy
- Baylor College of Medicine, Houston, USA
- National University of Singapore
- University of Leuven, Belgium

We have also connected up with doctoral students, master's students and international interns. In addition, we also receive inquiries from companies that wish to collaborate with us.

Research and development conducted by BioGaia's subsidiaries

BioGaia Pharma

Founded in 2017 as a subsidiary of BioGaia AB, BioGaia Pharma continues to leverage its strong foundation in probiotic research and development to explore new areas. Our efforts in identifying and developing drug candidates are supported by extensive preclinical and clinical research.

In 2023, BioGaia Pharma focused on the development of two key drug candidates. In Sweden, a clinical study is underway with BGP014, targeting ulcerative colitis, a chronic inflammatory condition in the intestine. Simultaneously, BGP345A is being evaluated in a study aimed at relieving constipation in patients taking opioids for pain relief, conducted in France. The primary focus this year has been on patient recruitment, and business development activities have been intentionally limited until the studies are completed. Recruitment has progressed at different rates in each study.

These studies are expected to conclude in 2024, while preparations are underway for future partnerships. This includes creating presentations for investors, formulating a plan for the next development phase, and identifying potential partners for each health area. This strategic approach aligns with BioGaia Pharma's ambition to strengthen BioGaia's position in new applications for probiotics.

BioGaia Invest

BioGaia Invest, a wholly owned subsidiary of BioGaia AB since 2021, continues to promote growth through strategic investments in innovative companies. In 2023, BioGaia Invest continued to evaluate potential investment opportunities aligned with the company's overall goals.

During the year, Skinome, a BioGaia Invest portfolio company, showcased significant growth and outpaced forecasts, launching new products including an innovative sun cream. Enriched with ingredients such as lecithin, urea and glycerin, and formulated with prebiotics, this sun cream enhances the skin's natural microbiome. This latest addition, alongside its probiotic skin lotion developed with BioGaia, showcases Skinome's expertise in microbiome-enhanced skincare. Skinome's products, blending innovative ingredients with prebiotics and probiotics, demonstrate a commitment to harnessing microbiome science for skin health.

Boneprox, another key investment, continues its growth in Scandinavia, particularly through its Konekta platform and the company has successfully expanded its presence in the dental and health sectors across the region. Boneprox's developing innovative AI technology, for example in early detection of osteopenia and some oral conditions via dental X-rays, aligns with BioGaia's interests in bone and oral health, providing the core synergy between the two companies.

In 2023, BioGaia Invest's strategic role was more reserved, yet its investments in firms such as Skinome and Boneprox remain integral to BioGaia Invest's mission of supporting early stage innovative companies in parallel industries.



Nigel Titford
Head of Business Development & CEO BioGaia Pharma



Ludvig Milesson – Chief Operating Officer

Product supply

“BioGaia renewed and expanded its production capacity during the year to meet increased demand.”



At BioGaia during the year, we actively continued to develop and improve our value chain to ensure that we have a fully optimized production process, with formulation and packaging as key elements. This ensures a flexible and efficient production chain that is better adapted to the needs of the market.

Qualitative and cost-effective product supply

To ensure flexible and cost-efficient product supply, the fermentation of our probiotic bacteria and freeze-drying to powder is conducted by carefully selected external suppliers. When the deliveries have been checked for quality, they are forwarded to the next step in the production line: production and packaging. These steps are managed by, among others, our subsidiary BioGaia Production's plant in Eslöv. In addition, we work with external qualitative and sustainable supplier facilities with a high production capacity.



Carefully selected suppliers

Our commitment to quality and sustainability also permeates our choice of suppliers. Accordingly, we endeavor to have long-term relationships with each individual supplier and place high demands on the companies that we choose to collaborate with. It is through close collaboration with our suppliers that we can continuously improve and adapt our production and logistics to market needs and new sustainability requirements.

The contract manufacturers with whom we choose to work must have a third-party certificate for quality management systems, and we also conduct comprehensive analytical tests on our finished goods to ensure the high level of product quality that is promised. We also require that our contract suppliers and other prioritized suppliers can present an independent sustainability audit of their operations, conducted by, for example, EcoVadis or SEDEX.

New investments in BioGaia Production

To meet the increased demand, BioGaia Production has

strengthened its production capacity by investing in a new production line for BioGaia Protectis Easy Dropper during the year. In parallel, we began planning how to further increase capacity and inventory.

The efforts to consolidate our offices in Lund and Eslöv is continuing with the goal of creating better conditions for synergies and cooperation opportunities. The consolidation process began in 2023, and in 2024, a new office in Eslöv will be ready for all employees. The new office will be certified in accordance with Miljöbyggnad Silver. For more details, go to page 82 in the Sustainability Report.

Focus on developing next-generation probiotics

In BioGaia's laboratories, which are located in Eslöv and Gothenburg, among other locations, our employees work to develop our existing products, transform our research into commercial products or gather knowledge on next-generation probiotics. For the bacteria strains that we refer to as next-generation probiotics, the fermentation process is the decisive factor.

During the year, we made significant progress in our fermentation pilot facility, which was installed in the preceding year and which manages the manufacture of extremely oxygen-sensitive bacteria strains with various requirements during fermentation. In addition, we have developed a new method to partly overcome the oxygen sensitivity of bacteria found in the human gut.

We are now conducting clinical studies to evaluate the efficacy of a combination of two new bacteria strains. The tests conducted gave us valuable insights for the development of next-generation probiotics. Only when we have fully built up the knowledge base and patented important successful discoveries will we be able to plan for commercialization.

2023 was an intensive and successful year for us with key milestones reached. These will be decisive for continued development work in the coming years.

A world map with a teal-to-orange gradient background. Six yellow callout boxes point to specific countries: USA (North America), Canada (North America), UK (Europe), Sweden (Europe), Finland (Europe), and Japan (East Asia).

BioGaia increases the number of direct markets

BioGaia has successfully built a global presence in more than 100 countries over almost 35 years, through long-term collaborations with distribution partners. This strategy has contributed to establishing BioGaia's brand as a strong player in the health and healthcare sector.

With a strategic decision to supplement sales through distribution partners with direct distribution, BioGaia has expanded its direct market presence to six countries: the USA, Japan, Canada, the UK, Finland and Sweden.

2023 has been a successful year for BioGaia in all direct markets. Some of the year's highlights included record sales in the USA and impressive sales growth in Canada following the takeover of distribution.

In the UK, our presence was significantly expanded, with products available in more than 1,000 pharmacies. In Finland, a further three hospital tenders were secured with the country's largest hospital regions, while Sweden achieved record sales. These successes underline BioGaia's commitment to continued growth and the strengthening of our global brand.



USA

In 2023, BioGaia USA focused on key initiatives, including enhancing our digital sales platform, forging stronger relationships with healthcare professionals, and increasing sales of the Protectis BABY and Prodentis portfolios. These strategic efforts have been instrumental in navigating the evolving landscape of the US probiotics market and have contributed to our sustained growth.

During the year, BioGaia USA sustained its remarkable growth in the US market. A significant milestone was achieving record monthly sales on Amazon, and repeatedly setting new monthly records on the e-commerce platform as the year progressed. Despite the highly competitive environment, our Protectis BABY Drops have excelled, recording a double digit increase in sales year-over-year. This achievement is particularly noteworthy amid intense price competition and the introduction of numerous new competing products.

The success of our Prodentis product line has been equally impressive, with sales almost doubling from the previous year, underscoring our strong position in the oral health market. Our strategic engagement with key opinion leaders in the dental community has been instrumental in this success. Prodentis has gained significant exposure, being presented at over 230 dental professionals' congresses.

Looking ahead to 2024, our focus will remain on pediatric and oral health. We will intensify our efforts to educate pediatricians and raise brand awareness, particularly addressing the rising incidence of digestive disorders in children. Through these initiatives, we aim to reinforce our commitment to improving children's health and further solidify our reputation as one of the leaders in the probiotics market.

2023 marks another year of significant achievements for BioGaia USA, as we continue to meet the evolving health needs of families across the USA with our innovative products.



Jennifer Cherry – Managing Director USA



Darryl Mallette – Managing Director Canada

In January 2023, BioGaia Canada initiated its own direct distribution of pediatric and adult gut health products, previously managed by an external distributor. This transition included the Protectis range – drops and chewable tablets, both available with and without vitamin D. A few months later, BioGaia Canada also took over distribution of Prodentis and established a new partnership agreement with a former distributor, which secured sales channel exclusivity to dental professionals and clinics across Canada.

BioGaia Canada's primary objectives for 2023 were twofold: to maintain the net revenue achieved in 2022 and to ensure a seamless transition of all customers from our former distributors, all while ensuring uninterrupted consumer access to BioGaia products.

To support the transition across pharmacies and retail

stores nationwide, we established a strategic partnership with Canada's largest contract sales organization. We also provided pharmacists and their staff with training and resources to improve their awareness and knowledge of BioGaia products, in addition to offering front-shop merchandising support. This smooth transition ensured no disruption for customers, and our inclusion in new retail planograms enhanced our customer access. Consequently, 2023 marked a record sales year for BioGaia products in Canada, with significant growth driven by Amazon and Costco.

The shift to direct distribution in 2023 enabled us to increase investments in BioGaia's key business areas, thereby fueling net sales growth. Our strategic investments in influencer marketing spanned both our gut health and oral health categories. We expanded the

Prodentis range with the launch of Prodentis KIDS apple-flavored lozenges. Additionally, through our participation at The Baby Show in Toronto, Ontario, we reached over 12,500 attendees, broadening our exposure. We also entered new partnerships with such organizations as Movies for Mommies, Life with a Baby, and Mommy Connections, offering parents of babies and young children the opportunity to learn about BioGaia products.

During the year, we significantly increased our sampling efforts to healthcare professionals, including increasing our outreach to healthcare professionals we collaborate with, such as midwives and nurses.

The success of 2023 of BioGaia Canada has established a strong foundation, and the company is prepared for substantial growth and numerous successful product launches in 2024 and beyond.



UK

Marking a year of significant growth, BioGaia has successfully strengthened its market position in the UK in 2023. The availability of our products has expanded significantly, reaching over 1,000 UK pharmacies.

During the year, we proactively worked to increase brand awareness by targeting both healthcare professionals and consumers. As a part of our engagement with healthcare professionals, BioGaia was a key sponsor at several notable events, including The Pharmacy Show and The Primary Care Show where we held a talk on infant colic given by Professor Flavia Indrio. Additionally, exhibiting at The Baby Show in three major UK cities provided an excellent opportunity to directly engage with parents. A strategic partnership was formed with Mumsnet, the UK's leading information site for mothers, to provide an "Ask the expert" feature in which a local key opinion leader provided advice to new parents on a variety of topics including colic, sleep and diet. In addition, BioGaia products were advertised extensively on the site.

We have been successful in receiving recognition for our products through various parenting awards. These achievements

include winning first prizes in the Weaning World, Dadsnet, and Project Baby Awards, as well as being shortlisted in the prestigious Mother and Baby Awards. These acknowledgments are very useful in creating awareness and trust amongst parents.

September marked the launch of our Continuous Professional Development (CPD) program for healthcare professionals, designed to educate general practitioners, midwives, and pharmacists about BioGaia products so they can confidently recommend them to their patients.

In 2023, we have done a strategic expansion into the Irish market through a strategic partnership, with the initial response from the market being highly encouraging. Complementing this expansion, our products have been made available through a leading pharmacy wholesaler in Ireland.

Looking ahead, we expect to be listed as a major high-street retailer in early 2024 which will give us the platform to substantially boost our sales and further broaden our consumer base in the market.



Steven Hicks – Managing Director UK & Ireland



Ingrid Messerer – Sales Manager Northern Europe

In 2023, BioGaia Sweden made significant progress and strengthened its presence, mainly online, but also in physical stores. We established cooperation with several leading pharmacy chains, such as Apoteket AB and DOZ, and are now represented in all Swedish pharmacy chains. During the year, we noted increased demand for our products, particularly Protectis drops for infants, which contributed to record sales. Our expanded product portfolio, which now comprises nine products, covers a broad spectrum of health requirements, including gut, oral, immune and bone health.

2023 stands out as BioGaia's best year to date from a sales perspective. This achievement can be partly attributed to the continued demand for our popular products, such as Protectis with vitamin D and Prodentis. A key addition to



Sweden

our product portfolio during the year was the launch of Prodentis KIDS. This complements our existing offering of Prodentis for adults and extends our presence in the pediatrics segment, thereby further strengthening our customer offering.

During the year, BioGaia placed great emphasis on deepening our collaborations and improving our communications with Swedish consumers. This included investments in digital and physical campaigns, as well as the implementation of sampling events, which contributed to strengthening our presence and visibility in the market. In addition, our participation at Allt För Hälsan, the Nordic region's largest health, well-being and fitness tradeshow, was decisive in strengthening our brand and collecting valuable consumer insights.

We improved our local e-commerce, which was a step in enhancing the customer experience and honing our digital presence. For example, this improvement means that Sweden's direct to consumer website now uses the same modern site template as our other online shopping platforms, ensuring that updates are more efficient.

Looking ahead to 2024, our goal is to continue to communicate with consumers to further build BioGaia as the preferred probiotics brand. We endeavor to ensure that BioGaia is synonymous with healthy bacteria for all ages and through all the phases of life, a commitment that is reflected in our broad range of products.



In 2023, marking our second full year in the Finnish market, BioGaia demonstrated remarkable progress, with a striking double digit increase in sales and significant market penetration. The year's achievements reflect our strategic initiatives and strong market presence, setting a solid foundation for ongoing success.

In 2023, BioGaia doubled its total sales in Finland. BioGaia exceeded the overall market growth of four percent by a wide margin, achieving an impressive 80 percent coverage of Finnish pharmacies. The share of online pharmacy sales still constitutes less than 10 percent of our total sales but nonetheless shows promising growth, supported by our close partnerships with all the major online pharmacies in Finland.

Within just two years, the BioGaia brand has solidified its market presence. Our flagship product, Protectis BABY Drops, now commands a high market share in the probiotic baby drops category. Our significant investment in training has earned us the trust and recommendations of health-

care professionals, including pharmacists, nurses and midwives. In 2023, we secured three more hospital tenders with our largest hospital regions. We participated in congresses and trade shows for healthcare professionals, pharmacists and consumers. In November, we participated in the Helsinki Dental Congress for the first time as a part of the Prodentis KIDS launch and garnered significant interest among dentists and dental hygienists. For BioGaia Prodentis, we have initiated a collaboration with Plandent, a leading Finnish dental supplier, enhancing our professional marketing efforts.

BioGaia's brand awareness is growing rapidly through consumer advertising, pharmacy campaigns and influencer marketing. Activities also included a TV campaign and digital display marketing, which reached a broad audience. In our communication with stakeholders, we have introduced the slogan "BioGaia - the pharmacy's fastest growing probiotic brand." The combined effect of these activities is creating a snowball effect in Finland, setting the stage for continued growth and expansion in the years to come.





Japan



Keitaro Nomura – Managing Director Japan

In 2023, BioGaia’s consumer marketing efforts in Japan proved highly successful, with e-commerce sales now accounting for a larger portion of our total sales, surpassing those from direct sales to dental clinics. The increasing subsidy of medical and dental services in Japan, particularly for treating periodontal disease, has boosted demand for our products. We remain dedicated to innovating our sales channels and effectively combining direct sales to both businesses and consumers, thereby furthering our growth and market penetration.

This rapid increase in e-commerce sales is supported by our successful reputation-building activities through direct sales to dental clinics, underscoring the crucial role of these direct sales in our overall marketing strategy.

As a result of the increased consumer marketing efforts in 2023, several high-profile influencers promoted Prodentis to their followers, resulting in an unprecedented surge in demand for our brand. During the months of February and March, we saw a tenfold increase in online searches for BioGaia compared to previous year and a five times increase in sales on Amazon. As a result, Prodentis was the highest-ranking product in Amazon Japan’s Health & Beauty category for a total of seven days. Building on the this success, we will continue our efforts to build a strong digital presence and attempt to reach an even wider audience.

Every year in Japan, we are seeing an accelerating government-led trend toward the subsidy of medical and dental services, particularly in addressing periodontal disease. The rise in cardiovascular diseases, which can be

caused by periodontal bacteria, has contributed to an increased demand for BioGaia’s oral health products.

Additionally, the Japanese Dental Association has further intensified its support for the Philippine Dental Association as part of their established collaboration. This support includes BioGaia Japan’s education program, which is now an accredited program for renewing dental licenses by the Philippine Dental Association. From next year, the education program will be officially conducted across the Philippines.



Goals and future prospects

Goals

BioGaia's overarching vision is to be the most trusted probiotic brand in the world.

Our long-term financial goal is to achieve an operating margin (operating profit in relation to sales) of at least 34 percent, while also maintaining strong growth. BioGaia's dividend policy is to pay a shareholder dividend equal to 50 percent of profit after tax in the Parent Company. In addition to the current dividend policy of 50 percent of the group's profit after tax and adjustments for non-recurring items, BioGaia intends to pay extra dividends of 50–100 percent of the group's profit after tax and adjustments for non-recurring items for the coming years, provided that future cash flows align with BioGaia's forecasts and receive approval from the annual general meeting.

At the heart of BioGaia's research and development is the ambition to promote good health. We also work to reduce our climate and environmental impact. BioGaia has committed to a science-based climate target to reduce its total Scope 1 and Scope 2 greenhouse gas emissions by 46 percent by 2030 from a base year of 2019, as well as to measure and reduce our Scope 3 emissions.

Future

To achieve our goals, we will increase investments in clinical research, product development, brand-building and the sales organization. This strategic work will be conducted by BioGaia in our direct markets and in collaboration with our global distribution partners.

With a strong product portfolio comprising several innovative products, successful clinical studies and a comprehensive distribution network, the future looks bright for BioGaia. Our products are mainly sold under our own brand and cover a large share of the most important markets.

Based on our strong financial position, we continuously evaluate the potential for strategic acquisitions that can strengthen our operations. This may involve the acquisition of new documented bacteria strains for the development of new probiotic products, distributors to expand our global presence in markets where owning our own distribution companies can generate value, or research companies that are close to commercializing new clinical discoveries.



Sustainability

Key sustainability events 2023



In its sustainability rating, **EcoVadis** has awarded BioGaia a **gold medal**, and placed us among the top two percent in the industry.



For the second consecutive year, we achieved the **science-based climate target** for Scope 1 and 2 by purchasing 100% renewable electricity.



All paper packaging at BioGaia Production, including boxes and transport packaging, comes from **certified sustainable forestry**.



BioGaia reported to **CDP** and received a B - classification for our climate reporting and work in 2022.



Membership in SEDEX, a platform to evaluate suppliers' sustainability work, has meant our efforts to ensure responsible purchasing has become more efficient.



BioGaia established **sustainability targets** for all material topics.



BioGaia continued to invest in the **Climate Transformation Fund** with the aim of focusing on the most effective climate investments.



In 2023, BioGaia once again was placed on **Allbright's green list**.



Construction of a new office building in Eslöv has begun and is to be certified according to **Miljöbyggnad**.



Gold medal to BioGaia in EcoVadis's sustainability ranking

BioGaia has been awarded a gold medal in EcoVadis' sustainability rating. In its 2023 assessment, EcoVadis, the world's leading supplier of sustainability rating, has also placed BioGaia in the top two percent of the over 100,000 audited companies in the industry relevant to EcoVadis.

EcoVadis's sustainability assessment is based on international sustainability standards, such as the Global Reporting Initiative, UN Global Compact and ISO 26000. The method studies the company's actions based on 21 sustainability indicators in four key areas: Environment, Labor & Human Rights, Ethics and Sustainable Procurement. The assessment is conducted by independent sustainability experts and serves as confirmation of our commitment to sustainability.

Jonathan Gromark – Sustainability Manager

“Good health is a basic prerequisite for people, society and the planet.”

For BioGaia, sustainability means constantly working to promote better health, through our products, our operations and our impact on the environment. This approach is crucial to our continued success and ambition to be the most trusted probiotic brand in the world.



Jonathan Gromark – Sustainability Manager

Through concrete initiatives in our three core areas – developing “healthy products”, running a “healthy business”, and promoting a “healthy planet” – BioGaia has taken several important steps toward becoming an even more sustainable company in 2023.

In **healthy products**, we continued our commitment to research and development to offer high-quality, clinically proven products that promote human health and are marketed in an ethical and responsible manner. Our dedicated quality work has resulted in clearer goals, further underlining our ambition to continually improve. Through our work to prevent antibiotic resistance, in partnership with the Foundation to Prevent Antibiotic Resistance (PAR), we contribute increased knowledge in the area and fund projects that combat this global challenge in different ways.

In **healthy business**, we introduced important new governing documents, completed annual anti-corruption training for new employees, and expanded our goals to ensure sustainability in the supply chain. Our membership in SEDEX, a platform that provides tools to evaluate supply chains, has strengthened our ability to effectively monitor and evaluate suppliers’ sustainability work. The double materiality assessment carried out last year has now been communicated to the entire organization, and new, concrete targets have been established based on the assessment results.

In order to contribute to a more **healthy planet**, over the past year we continued our investment in renewable electricity, phased out environmentally harmful ingredients and explored methods to reduce the environmental impact of our packaging. We developed palm oil-free alternatives for all of our products and are now well under way to replacing existing products that contain palm oil in all of our markets. To reduce the environmental impact of our packag-

ing, we have used the RecyClass self-assessment tool to evaluate the recyclability of the packaging and identify potential improvements. Moreover, we ensured that a larger share of our suppliers offer paper from sustainably certified sources. In 2023, most of our paper consumption came from sustainably certified sources, and we are continuing our efforts to ensure that all of our paper is from sustainably certified sources in the future.

By purchasing renewable electricity to our operations, we have – for the second consecutive year – achieved our science-based climate target to reduce our emissions by 46% in Scope 1 and 2. In line with this, we are building environmentally certified office premises in Eslöv that will be fitted with solar panels, with completion expected in 2024. To address the climate impact of our suppliers, our goal is that these will also set – and subsequently achieve – climate targets that are in line with our own. In order to contribute to sustainable solutions, necessary to achieve net zero emissions, we are continuing to finance effective climate projects through the Climate Transformation Fund, whose support is based on an internally set carbon price.

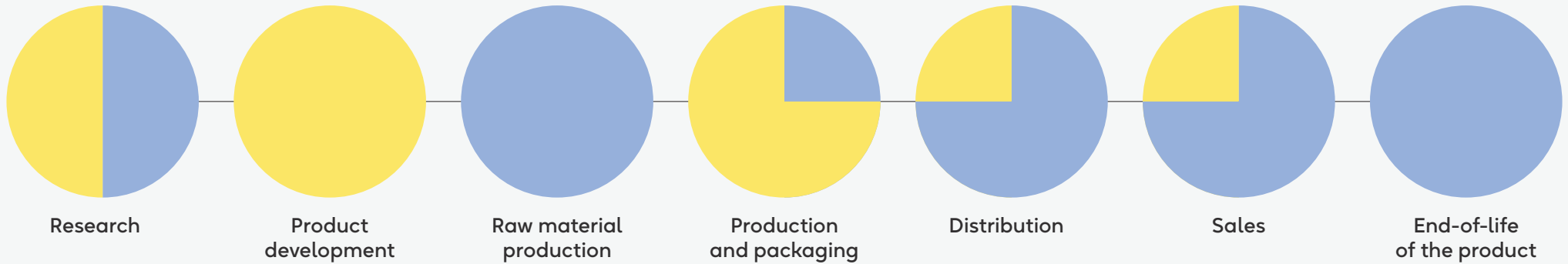
Our sustainability work has been reflected in concrete results and endorsed when we received a gold medal in our first EcoVadis assessment. This award, which is based on a detailed review of our sustainability agenda, has also placed us among the top two percent of companies in the industry. This shows our comprehensive and genuine commitment to sustainability.

Ahead of 2024, I look forward to continuing the integration of BioGaia’s sustainability strategy into our overarching business strategy. I am also looking forward to taking further steps aimed at increasing our contribution to improved health through our products.

BioGaia's value chain

- Majority of this work is performed internally
- Majority of this work is performed externally

Description of our impact and control along the value chain.



BioGaia conducts research both on its own and in collaboration with a large external researcher network. Research includes everything from developing and improving methods for how probiotic cultures are produced to extensive pre-clinical and clinical research. BioGaia also works strategically to identify new bacteria strains for the probiotics of the future. The way research is conducted influences everything from the health effects and quality of the product to the end consumer. We develop existing and new probiotic products based on the insights we gain from end consumers.

BioGaia's product development focuses on analyzing and identifying new product formulas as well as creating new delivery formats and packaging solutions. Our market surveys provide consumer insight, which leads to the development of even more consumer-friendly probiotic products. The choice of ingredients in the product formulas impacts both human and environmental health. The form of delivery and the packaging solution have a strong impact on environmental impact, usability, and product quality.

Raw materials for products, packaging material and bacterial cultures come from external suppliers. Through the choice of supplier, requirements specification and follow-up, BioGaia can affect the environmental impact, quality and working conditions of the suppliers with whom we choose to work with. The suppliers' impact in these areas is dependent, in turn, on their manufacturing processes and the sub-suppliers they collaborate within the supply chain.

Production and packaging of our probiotic products is handled both by external suppliers and BioGaia's subsidiary BioGaia Production. In the supply chain, BioGaia takes care of logistics as well as quality assurance and control of production. We have a significant impact on product quality in this part of the value chain. Environmental impact is caused by the amount of waste generated, raw material used and the energy required for their processes. BioGaia has substantial control over this when production takes place at BioGaia Production, but not to the same extent with external suppliers.

The finished products are collected by our partners or subsidiaries from our production units and distributed worldwide. The choice of transportation has a major environmental impact. BioGaia has greater opportunities to influence the type of transportation when distribution is managed by the subsidiaries rather than distribution partners.

BioGaia supports its distribution partners and subsidiaries with sales and marketing activities and in regulatory issues. In this part of the value chain, it is important that sales and marketing to consumers is responsible and accurate in accordance with BioGaia's overall strategy. Business trips take place around the world with the aim of growing sales. This travel helps to increase cooperation and understanding but also has an environmental impact.

Positive health effects are a result of the research conducted, which target groups and how many within the groups have used the probiotics, how the products are used and how efforts have ensured high quality throughout the value chain. The negative environmental impact of ingredients at this stage of the chain is non-existent or minor. The environmental impact of packaging is dependent on how the end consumer handles the packaging when the product has been used. The negative environmental impact can be reduced by providing consumers with information about how packaging can be recycled.

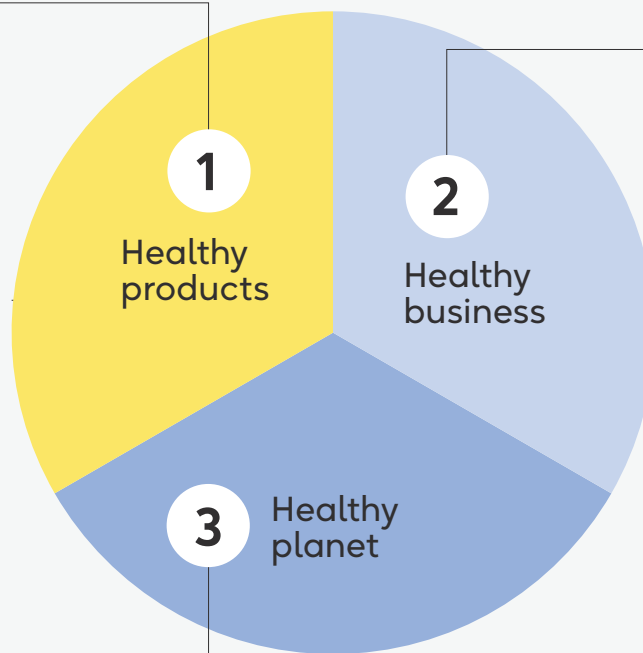
Prioritized sustainability areas

BioGaia contributes to better health by selling products with clinically-proven effects. However, the health of our business is not solely about the direct health effects of our products on end consumers. It is also about how our products and business impact society and the planet as a whole. We have therefore divided our sustainability work into three categories: "healthy products", "healthy business", and "healthy planet".

- Transparent research and clinically proven effect
- Positive impact on health
- Product quality and safety

Healthy products

BioGaia's operations are based on offering healthy products that promote health and well-being. Product development is based on research conducted in an ethical and transparent manner in order to offer clinically proven products of the highest quality that contribute to better health.



- Business ethics
- Responsible marketing
- Responsible third parties
- Employee engagement
- Employee health

Healthy business

A prerequisite for developing and selling healthy products is that our business operates in a sound and ethical manner. A healthy business is characterized by BioGaia taking into account, communicating and managing our impact on our stakeholders in a responsible manner and that employees are satisfied and inspired at work and have the opportunity to develop.

- Sustainable packaging
- Sustainable raw material
- Sustainable transport

Healthy planet

The health of our planet and the health and well-being of people are strongly linked. This is why BioGaia, in our ambition to contribute to better health, must also be aware of how our actions and our products impact the environment and the well-being of the planet. By caring for both people's health and the planet's health, we can contribute to a more sustainable and healthy future.



A close-up photograph of a person's hands eating a bowl of oatmeal topped with raspberries and blueberries. The person is wearing a ring on their finger. In the foreground, a box of BioGaia supplements is visible, along with a blister pack of pills. The scene is set on a wooden table with a glass of water and a woven basket partially visible.

Healthy products

BioGaia strives to develop products that are healthy in all respects, which means we consider their impact on individuals, the environment and on society. Our efforts to develop and offer healthy products occur primarily through three focus areas: positive impact on health, health, transparent research and clinically proven effect, as well as quality and safety.

■ Transparent research and clinically proven effect

Materiality

Ensuring our products have clinically proven effects is vital for contributing to better health. Additionally, it is crucial that research is conducted in a transparent, independent, and ethical manner to guarantee reliable results.

How work is conducted

Most of the research BioGaia is involved in is carried out in collaboration with universities in Europe and North America. The studies on our products and bacterial strains vary in scope and in terms of BioGaia's level of involvement. Our participation ranges from conducting and sponsoring studies to merely supplying the active product and its placebo. Regardless of the level of our involvement, we insist on adherence to the highest ethical standard in all studies. Researchers must comply with international and national legislation, as well as the ethical principles of the Helsinki Declaration for medical research. BioGaia's ethical research policies are detailed in our internal Code of Conduct and specific requirements stipulated in research contracts. We encourage all research partners to work in accordance with the International Council for Harmonisation on Good Clinical Practices (ICH-GCP), the global standard for ethical, scientific and practical aspects of clinical research. This includes obtaining local ethical approval before starting projects, ensuring informed and voluntary written consent from all participants, and respecting their right to withdraw at any time without affecting their right to follow-up investigations or future care. Preclinical studies on animals must also be justified and adhere to the principles of the 3Rs – replace, refine, reduce.

BioGaia consistently promotes transparency in research outcomes. We encourage researchers to register their studies on widely accessible websites such as ClinicalTrials.gov, ensuring data availability and accessibility, regardless of the future study outcome. For studies entirely under BioGaia's sponsorship, strict adherence to public website registration is mandatory. Currently, all of our fully sponsored studies are registered on public platforms.

Additionally, BioGaia's strives for all research to be submitted to peer-reviewed journals for potential publication in databases such as PubMed.gov. This is important because we believe that well-conducted research that contribute to the science about probiotics is likely to gain recognition from reputable journals.

All of our fully sponsored studies are registered on a public platform, such as ClinicalTrials.gov.

The total number of published studies on BioGaia's probiotic strains at the end of the year (BSD 1)

Product	Strain or strain combination	2023	2022	2021
Protectis	<i>L. reuteri</i> DSM 17938	174 ¹	172 ¹	165 ¹
Prodentis/ Pharax	<i>L. reuteri</i> DSM 17938 & <i>L. reuteri</i> ATCC PTA 5289	66/1	66	61
Gastrus	<i>L. reuteri</i> DSM 17938 & <i>L. reuteri</i> ATCC PTA 6475	8	8	7
Osofortis	<i>L. reuteri</i> ATCC PTA 6475	3	3	1
Colus ²	<i>L. reuteri</i> ATCC PTA 4659	2	2	2
Total number of articles		254	251	236

1) Including articles with the mother strain *L. reuteri* ATCC 55730.

2) Not yet a commercial product

■ Positive impact on health

Materiality - Contributing to health is our mission

BioGaia's mission is to give everyone with probiotics that are proven to promote health and well-being. We believe that BioGaia's impact on health and well-being is the most crucial factor for our long-term success as a company.

Our long-term strategic focus on research and development has enabled BioGaia to produce and sell probiotic products with clinically proven health benefits. Our efforts in providing information and training about probiotics to distribution partners, consumers, and healthcare professionals enhance understanding of probiotics' positive impact on health. Additionally, BioGaia's dedication to combating antibiotic resistance contributes to improved health, worldwide.

We consider the impact BioGaia has on health and well-being to be the most critical factor for BioGaia's long-term success.

Health improvements through research

Our extensive number of completed and published studies sets us apart from many competitors in the food supplement industry. For an in-depth description of the research areas we focus on, refer to page 33-38 in the annual report.

Every bacterial strain and combination used in BioGaia's products is rigorously evaluated in both preclinical and clinical trials. BioGaia has an extensive patent portfolio that safeguards its proprietary probiotic bacterial strains and their applications. Our preclinical and clinical research offers us valuable insights, potentially leading to new innovations and additional patents¹.

1) During the patent registration process, BioGaia's patent department carefully considers any potential negative health effects associated with the market exclusivity that a patent brings. The patents held by BioGaia for its probiotic products have been evaluated and deemed free of critical negative health impacts.

Value creation for consumers

BioGaia's products are available in over 100 markets globally and during the year 678 million¹ doses were sold. Together with the results of our clinical studies, the number of doses sold gives an indication of the size of our positive impact on human health in the intended target groups.

2) A dose refers to the recommended amount of the product for consumers to take on each occasion, with the dosage varying across different products. The yearly number of doses sold by BioGaia indicates the company's value creation, considering the positive health impact of each dose. However, this metric does not include factors like product reach and consumer compliance which also influence value creation. Additionally, product doses from products not carrying the BioGaia brand are not included in the calculated dose count. Furthermore, BioGaia directly supplies probiotic cultures to a limited number of business clients. In 2023, the volume of culture sold was estimated to enable approximately 650 million doses, as indicated by our customers. While sales of these cultures represent a modest portion of BioGaia's total revenue, it is important to recognize that the number of doses from probiotic culture sales are distinct from those in our finished products, which undergo processing to ensure consumers can benefit from the health-promoting bacteria in the culture.

Target 2024: Assess impact on quality of life

In 2023, we initiated an assessment of the aggregated quality of life improvements resulting from our probiotic products' use in treating infantile colic, based on the existing evidence of our product efficacy. This project aims to deepen our understanding of the value creation associated with our products.

■ Positive impact on health

BioGaia Academy: Educating about probiotics

Educating people about probiotics has always been a key component of our operations. Since BioGaia's was founded in the 1990's, we have held seminars at tradeshows for doctors and healthcare professionals – a tradition that has become an integral part of our business.

The BioGaia Academy, launched in 2018, is a digital training platform serving pediatricians, dentists, and our distribution partners. It provides information about probiotics and their applications. The Academy's primary objective is to enhance the understanding and knowledge of probiotics, deeply rooted in BioGaia's extensive research, and to facilitate a valuable dialogue between BioGaia and seminar attendees. The diverse backgrounds and experiences of participants have enriched our perspectives on product usage and various user needs.

Post-training evaluations indicate that the programs have equipped participants with new knowledge and tools for clinical practice, thereby improving health outcomes through probiotics. These programs have also fostered the creation of new networks and inspired ideas for new clinical studies.

In 2023, we expanded our educational initiatives with another Expert Program in Pediatrics. We celebrated the certification of 13 pediatricians from Europe and Asia, now equipped to share their microbiome and probiotics knowledge among peers in their regions. Additionally, we've hosted webinars for past participants in our oral health programs. These webinars facilitate a continuous exchange of updated knowledge; at BioGaia, we take the opportunity to share our latest research findings, and in return, gain valuable insights from different global regions.

Local initiatives have also made their mark. In the UK, BioGaia, in partnership with The Health Professional Academy, developed a colic module directed at Midwives, Pharmacists, GPs and Health Visitors. Participants received CPD (Continuous Professional Development) accreditation, and the response has been overwhelmingly positive, with over 570 Health Care Professionals completing the module in just a quarter, leading to a surge in recommendation rates from 43 percent to 81 percent among those who took the module.

2023 also marked the creation of an educational site for consumers in the US. In a market flooded with options, it's easy for consumers to feel overwhelmed. Our goal with this site is to educate consumers, so that they can make well-informed and healthy decisions regarding probiotics.

We are committed to continuously develop BioGaia Academy, expand the education to new areas of indication, and improve the user experience.

BioGaia's efforts to combat antibiotic resistance

BioGaia's main contribution to combating antibiotic resistance, also known as antimicrobial resistance (AMR), lies in the support we provide to the Foundation to Prevent Antibiotic Resistance (PAR), which BioGaia founded in 2017. Our financial support to PAR enables vital research and supports impactful communication campaigns to increase awareness. In 2023, BioGaia allocated almost 4.4 SEK millions to the foundation, funding projects with significant potential to fight antibiotic resistance in society. More details about the foundation can be found on page 91.

In 2023, BioGaia continued its work to increase awareness of antibiotic resistance.

To raise internal awareness of antibiotic resistance, BioGaia actively engaged in the World Health Organization's annual global Antimicrobial Resistance (AMR) campaign in November. We motivated our employees to wear blue, thereby aligning with the "Go Blue for AMR" initiative. This initiative, symbolized by light blue, emphasizes the global effort to combat antimicrobial resistance, reflecting our company's commitment to this significant health issue. During this week the Secretary General of the PAR Foundation was invited to brief our employees, about the foundation's initiatives to combat AMR as well as shedding light on the specific initiatives undertaken during the week to promote AMR awareness. BioGaia consistently invites PAR Foundation representatives to update employees about the foundation's ongoing projects.

This year, BioGaia took an additional step by offering employees the opportunity to watch the recently released documentary, "THE INVISIBLE EXTINCTION" (2023). This documentary highlights the adverse impacts of modern lifestyle, hyper-hygiene, ultra-processed food consumption and antibiotic overuse on our gut microbiomes. It underscores how these factors disrupt our microbiome, potentially contributing to numerous prevalent diseases in today's society.

■ Quality and safety

Materiality

Food supplements that are unsafe pose a serious threat to consumer health. The safety and quality of BioGaia's products are therefore of the utmost importance. The quality of our products also affects the consumer experience. Reliable research on the product's positive effects and a consistent production process ensure that BioGaia's products hold a high standard of quality. BioGaia has direct control of product quality during the actual production process, and of its direct sales to end consumers through BioGaia-operated e-commerce sites. When products are sold via distribution partners, BioGaia has indirect control over quality once the products have been delivered to distributors and resellers.

How work is conducted

All products developed by BioGaia comply with the company's quality requirements as set out in the BioGaia Quality Standard (BQS). This standard encompasses laws and regulations related to the EU's food regulations, manufacturing in accordance with good manufacturing practice for food supplements, and technical requirements that include WHO's and ISAPP's criteria for probiotic products. Details of how BioGaia's products fulfil ISAPP criteria can be found in the table "Criteria for probiotics and BioGaia's assessment of level of compliance" on page 65.

Product development

BioGaia's product development team works according to a well-defined process to ensure that the products developed always contain the same dose as in clinical studies, that this meets consumer needs, and that ingredients, packaging materials, and manufacturing processes satisfy quality requirements (BioGaia Quality Standard) and BioGaia's environmental and sustainability requirements. The products are only sold when these criteria are met. Changes to legislation and new scientific evidence are continuously monitored to adjust existing products if necessary.

Quality Management System

BioGaia's Quality Management System governs the company's work in order to meet its Quality Standards. This includes ensuring product safety through HACCP (Hazard Analysis and Critical Control Point) – a systematic and preventive approach to food safety. The manufacturing processes are analyzed for potential biological, chemical, allergen and physical hazards, and the critical points identified are ensured by introducing control measures, testing or other types of monitoring.

Quality Control

To maintain a high standard, regular production controls are carried out at contract manufacturers as well as at our own production unit, BioGaia Production, according to standardized processes and routines. These controls include recipient control of each batch of raw material before approval for use in production, controls of quality parameters during manufacturing and analysis of the finished product. Quality and product safety controls are performed by expert personnel. Any identified non-conformances, complaints or quality issues are reviewed, acted upon and addressed as appropriate.

Each individual manufactured finished product batch is checked against applicable requirements to determine whether it is fit for intended use. The product's safety and quantity of probiotic bacteria are analyzed to ensure they meet the requirements set out in the specifications. These requirements are based on BioGaia's clinical studies and regulatory requirements. Safety tests include analyses to check whether the product is contaminated with objectionable contaminants. The analyses are either performed by BioGaia's in-house laboratories or by qualified third parties. All non-conformances are managed and investigated using a standardized methodology to ensure that only safe products are released into the market. The investigations include examinations of the causes of problems and identifying measures to prevent the reoccurrence of similar problems.

A regular review of the quality status of the products and the efficiency and suitability of the Quality Management System is conducted. The results are presented to the management team to identify and decide on possible improvement measures.

All products developed and sold by BioGaia comply with the company's quality demands as set out in the BioGaia Quality Standard (BQS).

Quality and safety

Permits and certifications

All manufacturing of BioGaia's products takes place in operations with certified quality management systems. BioGaia Production, which is owned by the Parent Company BioGaia AB, and contract manufacturers are authorized to manufacture food. All are certified by an independent third party according to the appropriate standards for good manufacturing practice for the specific product, which includes ISO 22000, US FDA 21 CFR Part 111 (GMP for dietary supplements) and/or GMP for pharmaceuticals. This guarantees that contract manufacturers' compliance with quality systems is regularly verified by an independent party or authority.

Certification program of contract manufacturers and suppliers

BioGaia's Quality Management System includes an established program for approval and continuous evaluation of contract manufacturers and suppliers. Contract manufacturers and other suppliers, including contract laboratories, are qualified, monitored and audited on a regular basis.

In 2023, audits were carried out on site at one contract manufacturer, three contract laboratories and one contract warehouse. In addition to these audits, BioGaia systematically followed up the performance of manufacturers and suppliers in terms of quality and maintained regular dialogue to ensure progress on quality matters and that contractual agreements were properly implemented. In addition, formal quality meetings were held with five contract manufacturers during the year.

Supplier training

Since contract manufacturers use a quality management system, this means their personnel receive continuous training in quality issues and processes are in place to qualify their subcontractors. This guarantees that BioGaia's subcontractors also maintain a high standard in their quality work.

In addition, BioGaia's contract manufacturers are trained in the company's product quality requirements, in conjunction with drafting or updating documents, such as quality agreements and contractual specifications, and in connection with audits and formal quality meetings.

Goals

During 2023, BioGaia set a new target that 100 percent of contract manufacturers and quality-impacting suppliers should have a certified quality management system. Suppliers with a certified quality management system can verify that an external party has objectively reviewed operations with regard to quality. BioGaia has had this requirement for some time for contract manufacturers, which are the most critical suppliers. All contract manufacturers are third-party certified.

As part of efforts to continue to raise standards and the proportion of third-party certified suppliers, BioGaia has developed a goal and metric. These are to facilitate regular follow-up and evaluation of the status for all suppliers with an influence on quality.

KPI's for quality-influencing suppliers for 2023

Quality-impacting suppliers	Certified quality management system ^{1,2,3}	Qualified and approved	Regular quality inspection and/or requalification ⁴
Contract Manufacturers	100%	100%	100%
Ingredient Suppliers (23 in total) (including subcontractor / tier 2) ⁵	87%	100%	100%
Primary Packaging Material Suppliers (10 in total) (including subcontractor / tier 2)	80%	100%	100%
Transport Suppliers (5 in total)	80%	100%	100%
Contract Warehouses (5 in total)	60%	100%	100%
Contract Laboratories (12 in total)	92%	100%	100%

1) Quality management system, in accordance with good manufacturing practice for food, food supplements or pharmaceuticals or ISO 22000, certified by authority or third party.

2) A certified quality management system guarantees that employees receive training in quality.

3) A certified quality management system also ensures that the subcontractor is qualified and approved.

4) Quality inspections carried out by BioGaia within three years for contract manufacturers, critical ingredient suppliers and critical contract laboratories. For subcontractors of ingredients, primary packaging, transport providers and contract warehouses, quality inspections are carried out with risk-based frequency, either on-premises or through a documentation review

■ Quality and safety

Audits of BioGaia

In 2023, two external audits took place of BioGaia's quality system, of which one was by a supervisory authority. Both audits concluded without any remarks on the quality system. BioGaia's subsidiary, BioGaia Production, was also audited in 2023 by an external party to renew the certificate for good manufacturing practice for food supplements under 21 CFR Part 111. The audit resulted in a minor remark that was immediately rectified and a renewed certificate was obtained. The audit by the authority had no remarks.

Recalls (BSD 3)

There were no recalls in 2023. BioGaia has an established system in place to manage any recalls and this system is tested every year with each contract manufacturer. The test entails obtaining documentation from a specific product batch as quickly as possible to ensure that relevant parties in the chain are prepared if a recall is required.

Coworker training

PAs part of the induction program for all new hires, training in quality as well as knowledge

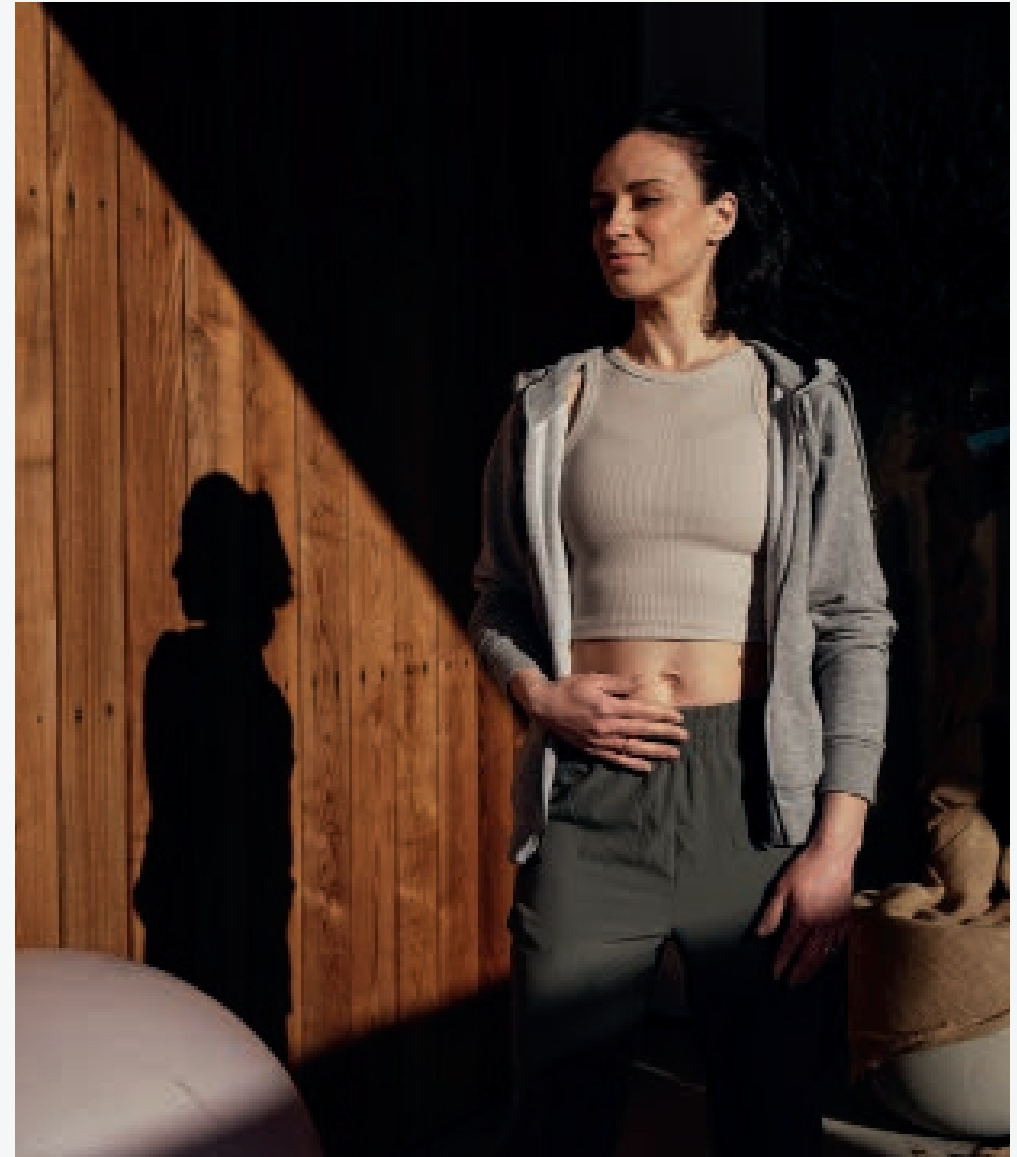
about our products and their effects is included. Regular quality training, and further training when a particular need has been identified, is provided to employees who work in parts of the business that influence product quality.

In 2023, BioGaia made a concerted effort to ensure that quality training is not just conducted but also adequately documented.

Progress and priorities going forward

Over the past year, BioGaia has continuously worked on implementing and monitoring improvements in its quality management system. This has included a cross-functional analysis of the process for releasing products, in order to optimize and improve these work processes. Restructuring the food safety group has helped to improve efficiency and management in the area. In addition, an internal audit was carried out of a number of processes influencing quality, which led to improvement measures that were implemented already in 2023, and work will continue on a selected few of these initiatives in 2024.

As part of the induction program for all new employees, training in quality and knowledge of our products and their effects is included.





Criteria for probiotics and BioGaia's assessment of level of compliance

ISAPP's criteria	BioGaia's fulfillment of criteria
● Backed by science	BioGaia's products are well-documented. More than 250 articles have been published based on clinical studies with BioGaia's strains. ¹
● Provides an effective dose	BioGaia always uses the same and adequate quantity of bacteria per dose in products as has been used in clinical studies.
● Provides the benefit I'm seeking	BioGaia's probiotic strains have been studied for several different conditions, such as colic, functional abdominal pain, constipation, side effects of antibiotics, diarrhea and to prevent infection.
● It's safe for me	All BioGaia's strains have Qualified Presumption of Safety (QPS) status. For more information, see EFSA ² . Safety for BioGaia's strains has been the subject of more than 30 studies.
● Names of the microbes	BioGaia always states the bacteria's genus, species and strain on the package, in scientific contexts and in market communication.
● CFU	BioGaia guarantees the quantity of live organisms (CFU content ³) per dose at the expiration date for all products.
● Suggested dose or serving size	BioGaia always states the suggested dose on the package.
● Proper storage conditions	BioGaia always specifies how the product should be stored.
● Company contact information	Contact information is always on the package.

● Fully met ● Partially met ● Not met

1) A safety study is a clinical study that evaluates the potential risks of consuming a product.

2) EFSA, the European Food Safety Authority, is an agency with the primary purpose of advising legislators in the European Union on matters relating to food safety.

3) CFU = Colony Forming Units.



A healthy business

BioGaia strives to run a healthy business, which means promoting business ethics, maintaining human rights and good working conditions throughout the value chain. Within the area of healthy business, BioGaia manages the following sustainability issues: business ethics, responsible marketing, responsible third parties, employee health, employee engagement, and diversity.

■ Business ethics

Materiality

Business ethics at BioGaia means that the operations are governed in a sustainable manner, in line with the company's Code of Conduct. This includes making decisions that take into account the long-term profitability of the business and its impact on the company's stakeholders. To promote good business ethics, it is crucial that coworkers are aware of, trained in, and comply with the company's policies and Code of Conduct.

BioGaia's efforts to ensure ethical governance and business operations are deemed to have a significant impact on the company's financial strength and its impact on society. This makes the area one of the company's most material sustainability matters.

Form of governance

The Board is ultimately responsible for BioGaia's sustainability agenda. The CEO reports at regular intervals to the Board on

the progress of sustainability work. In 2020, a Sustainability Committee was established at BioGaia, comprising representatives from across the organization, including a Board member, CFO and the CEO. This Committee, which is headed by BioGaia's Sustainability Manager, meets four times per year. During 2023, the Committee focused on the overarching sustainability strategy, objectives for all material matters, information on future EU legislation and sustainability reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD), and continuous follow-up of stated targets. More information on the company's governance is available in the Corporate Governance Report.

Governing documents

BioGaia has an internal Code of Conduct that provides overall guidelines and policies for how the company is to be operated and how sustainability is to be integrated into operations. The company's policies are reviewed

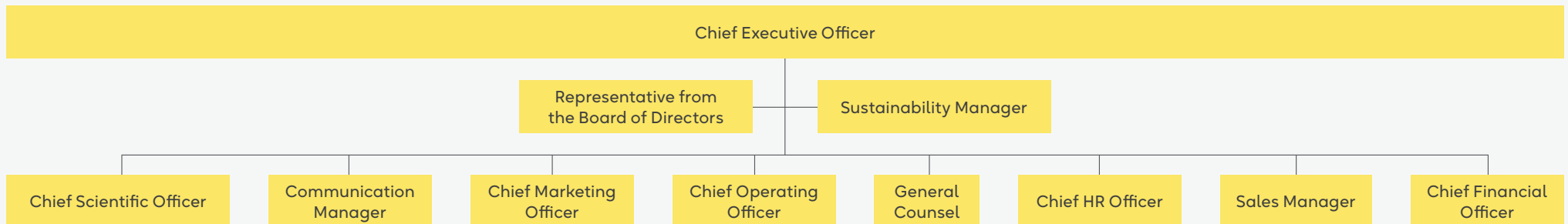
and approved every year by the Board.

BioGaia also has several directives that are approved by the CEO and/or Executive Management. It is mandatory for all new employees to review the company's Code of Conduct, policies and directives as part of their onboarding. Anti-corruption training also includes that employees confirm that they have read and undertake to comply with the Code of Conduct and Anti-corruption and Conflicts of Interest Policies. All policies and directives are available on BioGaia's intranet. In 2023, most of BioGaia's policies were revised and updated. Several new policies were also drafted during the year, such as a Corporate Governance Policy, to further strengthen BioGaia's corporate governance. In addition, an Employee Policy was drafted that not only includes previous policies and directives in the area but also complements these. A Purchasing Policy was also introduced to help ensure that all employees comply with processes for sustainable purchasing.

BioGaia has the following policies and directives:

- Code of Conduct
- Corporate Governance Policy
- Signatory and Authorization Policy
- Employee Policy (including working environment, diversity and recruitment)
- Anti-Corruption Policy
- Conflicts of Interest Policy
- Insider Trading Policy
- Financial Policy
- Purchasing Policy
- Data Protection Policy
- Data Integrity Directive
- IT Security Directive
- Communication Policy
- Marketing Directive
- Travel Directive
- Supplier Code of Conduct
- Distributor Code of Conduct

Sustainability Committee



■ Business ethics

Anti-corruption work

The framework of business ethics includes how BioGaia acts to combat financial crime in all its forms, with particular focus on preventing corruption. BioGaia takes a firm stance against corruption and proactively works to minimize related risks. It is important not only to contribute to a more sustainable and equitable society, but also to protect the company's reputation and financial strength.

BioGaia operates in more than 100 countries, where the risk for corruption and bribery may vary. The main risks of corruption and bribery arise in connection with product sales through distribution partners, major purchases, and if there is insufficient independence of researchers and doctors. As a result, it is crucial that all employees are aware of corruption risks and prepared to address them. In order to guide and support employees in anti-corruption work, BioGaia has an Anti-bribery and Anti-corruption Policy as well as a Conflict of Interest Policy. The company's policy documents outline the company's definition of bribes, corruption, and conflict of interest. The guidelines also suggest appropriate behavior when these issues arise and describe how incidents should be reported.

Anti-corruption is a top priority, and a member of Executive Management is responsible for these issues. The Board of Directors bears ultimate responsibility for business ethics and anti-corruption in the organization.

It is mandatory for all new employees to review the Code of Conduct, all of the company's policies and directives, including the Anti-Corruption Policy and Conflicts of Interest Policy as part of their onboarding. Employee training in anti-corruption is also held annually. Training includes information on the impact of corruption on societies, BioGaia's Anti-bribery and Anti-corruption Policy and existing laws

and regulations. The training also emphasizes BioGaia's whistleblower function for anonymous reporting, which plays a vital part in anti-corruption efforts. Training is concluded with a test that all employees must complete and pass to ensure they have understood the material. All employees in the group should receive this anti-corruption training during their employment.

Outcome and next step

At the end of 2023, all employees in the Parent Company (who were employed before September) had completed the training. For 2024, a new broader training course is planned for all employees on the company's Code of Conduct. In the future, the general anti-corruption training will be provided to all new employees and more specialized training will target employees in positions with greater risk.



Anti-corruption training of employees

Total number and percentage of employees who have received training in the company's Anti-bribery and Anti-corruption Policy by employee category

	2023 ^{1,3}	2022 ¹	2021 ¹
Total	99 % (107)	96 % (94)	97 % (93)
Management team	100 % (8)	100 % (8)	100 % (9)
Employees	98 % (99)	96 % (86)	96 % (81)
BioGaia Group	92 % (122)	89 % (116)	92 % (119)
Management ²	88 % (13)	89 % (16)	100 % (13)
Employees	94 % (109)	85 % (100)	91 % (106)

1) At group-level, data is excluded for employees who were on leave of absence or parental leave during the period as well as employees in Japan and the recently acquired company in the USA.

2) Management in BioGaia group includes Executive Management at BioGaia AB (8), Managing Directors at BioGaia Pharma (1), BioGaia Production (1), BioGaia Finland (1), BioGaia Japan (3), BioGaia UK (1), BioGaia Canada (1) and BioGaia USA (1). Figures in parentheses specify the total number of people who completed the training.

3) Data for 2023 is not comparable to previous years. Starting in 2023, BioGaia will follow up the share and number of employees who have completed training while employed at the company.

■ Business ethics

Managing risks in the value chain

In the value chain, all distributors, direct suppliers and other prioritized suppliers have signed BioGaia's external Code of Conduct, which includes anti-corruption clauses. BioGaia also includes anti-corruption clauses in its standardized contract templates. In 2023, it was also decided that all suppliers, including indirect suppliers, are to sign the company's Code of Conduct or alternatively present an equivalent code.

Furthermore, our extended requirement that prioritized suppliers must be able to present a report from a third-party sustainability audit, which includes business ethics as a material component, will also provide us with greater insight and enhanced capacity to manage risks related to business ethics in our supply chain.

Whistleblower function

BioGaia's whistleblower system, which is provided by an external party, allows employees and external stakeholders to anonymously report perceived deviations. The system can be reached through BioGaia's website and is available in Swedish and English. BioGaia's guidelines for the whistleblower function are communicated to employees on several different occasions, such as in connection with anti-corruption training and the on-boarding program for new employees.

The team responsible for managing reported incidents in the system includes a representative from the Board of Directors and specific ombudspersons. BioGaia complies with the EU directive to protect whistleblowers. In 2023, one incident was reported to the whistleblower system regarding a possible conflict of interest.

A reliable taxpayer

BioGaia strives to always conduct its activities according to commercial principles and avoids excessive focus on tax



aspects. The company is careful to comply with tax legislation and practices in the markets in which it operates. In 2023, BioGaia strengthened its principle of responsible and transparent actions by incorporating it into its financial framework. The framework, which describes the company's financial guidelines, targets, rules and processes, is communicated to all companies in the Group.

BioGaia's whistleblower system allows employees and external stakeholders to anonymously report perceived deviations.

■ Responsible marketing

Materiality

Communication with our stakeholders is crucial in achieving our vision of being the most trusted probiotic brand in the world. Clear and accurate marketing to our customers creates confidence and credibility, thereby leading to loyal customers.

How work is conducted

BioGaia's Board has adopted a global Communication Policy according to which the company's communication must always be truthful, accurate, clear, distinguishable and balanced. To further specify how our communication is carried out responsibly, the company's Executive Management has adopted a Marketing Directive. This Directive constitutes internal instructions for how BioGaia AB and its subsidiaries communicate concerning the company and our products. The Directive includes guidelines for publication in BioGaia's various channels and has been communicated to all employees. To ensure compliance with the policy and the directive, mandatory in-depth training is performed regularly for all personnel who work to create marketing material for our customers. During 2023, 90 percent (100) of employees in this area of responsibility completed training. Staff members who did not complete the in-depth training were identified late in the year and will undergo training early in 2024.

To ensure that our distributors also market our products responsibly, BioGaia includes requirements in all distribution agreements that distributors must sign stating that BioGaia's products may only be marketed using claims that are supported by the results from clinical studies and in accordance with laws in the country in which the product is marketed.

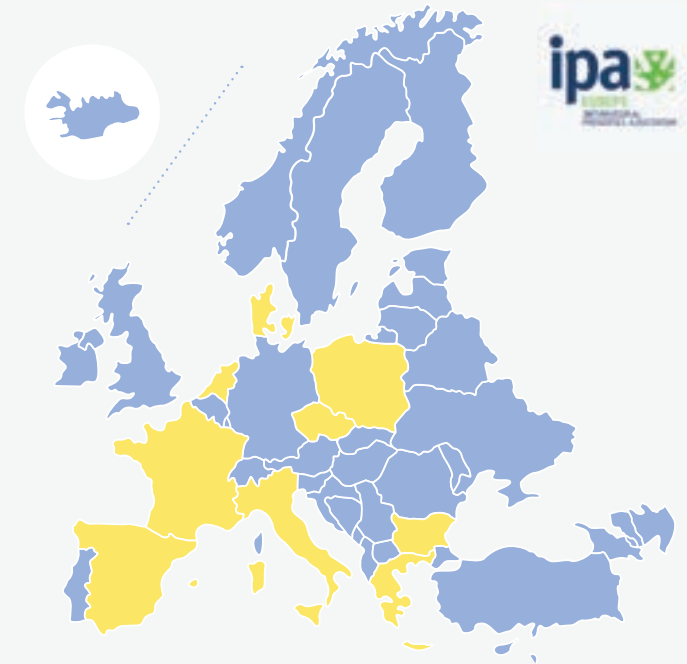
Coherent rules

The opportunity to communicate about probiotics is today particularly limited in the EU, where the term "probiotic" is not allowed to be communicated to consumers. This is because the European Food Safety Authority (EFSA) has not yet approved any health claims for individual probiotic strains, which means the term "probiotic" is considered by the European Commission as a health claim. Recently, however, certain countries, such as Denmark and the Netherlands (2021) as well as France (2023), have introduced new national guidelines permitting the term "probiotic" as a mandatory category name for food supplements.

We believe that a shared regulatory system for the marketing of probiotic products, where material product information is permitted, can promote more responsible and fair marketing that enables consumers to make more well-informed decisions. Otherwise, there is a risk that consumers will not have access to relevant facts and information about proven products, instead being exposed to information about products without clinically proven effect.

To advocate for a harmonized legal status for probiotics in the EU, BioGaia is active in the International Probiotics Association (IPA). The IPA is a non-profit organization that aims to provide a united voice for probiotics worldwide. Through initiatives such as webinars and the publication of statements on the responsible use of the term probiotics, the IPA is helping to open up a discussion about probiotics in the EU and encouraging a dialogue with the European Commission

BioGaia is also active in the International Scientific Association for Probiotics and Prebiotics (ISAPP), a non-profit organization that works to promote science on probiotics, prebiotics and related topics. The ISAPP, founded in 2002, brings together leading global scientific experts and has estab-



Regulatory assessment regarding the use of the term probiotic in foods, beverages and food supplements

The countries in yellow allow the word "probiotic" on labels: Bulgaria, Czech Republic, Cyprus, Denmark, Greece, Italy, Malta, the Netherlands, Poland, Spain and France.

- With reference to nutritional/physiological effects or
- As the name of the category

The countries in blue are considering developing a national/European approach that can help better identify foods containing probiotic microorganisms.

lished a foundation for how probiotics and prebiotics are studied and understood. The organization safeguards scientific integrity and transparency and believes advances in the field of probiotics should be driven by rigorous scientific methods and science-based communication. BioGaia follows ISAPP's criteria for probiotic products, which the table on page 65 describes in more detail.

■ Responsible third parties

Materiality

It is important to take action to promote a more sustainable value chain as the greatest impact often occurs beyond the company boundaries. By imposing clear requirements, monitoring these requirements and maintaining a close and productive partnership with our suppliers and distribution partners across the value chain, we can contribute to sustainable development and also reduce the risk of disruptions in the value chain.

Governance

In accordance with BioGaia's internal Code of Conduct, efforts are continuously made to reduce the company's impact in all parts of the value chain. In 2018, BioGaia also adopted a Code of Conduct for the company's suppliers and distribution partners. The Code describes BioGaia's expectations and minimum requirements for providers in areas such as human rights, working conditions, the environment, business ethics and anti-corruption. The Code is included in our contracts with suppliers and distribution partners.

BioGaia's suppliers

BioGaia has a limited number of suppliers for key input materials, such as bacterial cultures, contract manufacturing, oils for the products and packaging material. We also have a limited number of suppliers for other important services, such as packing and testing. These suppliers are located in Europe or North America. However, our second-tier suppliers are also located in other parts of the world.

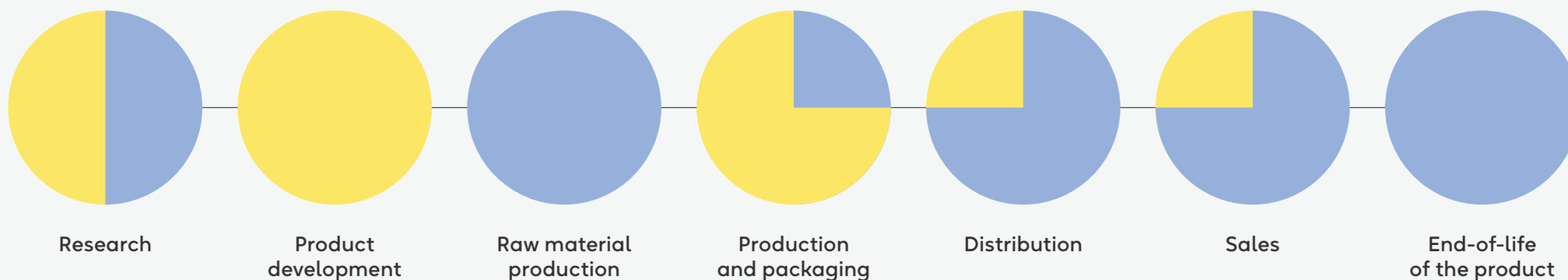
We have maintained business relationships with several of our key suppliers since the early 2000s. We believe that these long-term and close relationships offer us the best opportunity to actively influence and improve our suppliers' sustainability programs. It also helps to effectively reduce sustainability risks along our supply chain.

Every year we perform a risk assessment of our suppliers to ensure efficient management and to minimize risk in the supply chain. This assessment includes identifying financial, operational and sustainability-related risks. The result of

the risk assessment provides guidance for priorities and focus areas in relationships with our suppliers and in our activities.

BioGaia has long ensured that suppliers of input materials – including contract manufacturers, and suppliers of bacterial cultures, ingredients, and packaging – have either signed or can present an equivalent Code of Conduct. This Code is now part of the business contract with all of our suppliers.

In 2023, we developed a Purchasing Policy to ensure that sustainability is rewarded in procurements. We also developed new guidelines that clarify and describe how employees are to act in procurement procedures, even when there is minor involvement of the purchasing function. The aim was to ensure that all suppliers with which BioGaia signs agreements in the future adhere to the Code of Conduct.



■ Responsible third parties

During the year, we extended our membership in the SEDEX organization and gained access to a platform that enables a more efficient monitoring and evaluation of our suppliers' labor rights, business ethics and environmental work. In conjunction with this, we decided to extend our sustainability requirements for our suppliers and will now require that suppliers of input goods can provide documentation that verifies that a third party has performed a sustainability audit in accordance with an established standard, such as SMETA, BSCI, EcoVadis, Fairtrade or FSC. We also request this from new subcontractors who provide ingredients and packaging material for our products if these constitute a major or significant part of the finished product, and if production is carried out in countries with elevated risk according to amfori BSCI's annual list. We will also require this information from suppliers of logistics and freight, business travel and suppliers of goods carrying the company's brand. The aim is that all of these suppliers will provide this documentation in the future. In 2024, we plan to further develop the monitoring process.

During the year, we extended our membership in the SEDEX organization and gained access to a platform that enables a more efficient monitoring and evaluation of our suppliers' labor rights, business ethics and environmental work.

Outcome 2023

By the end of 2023, 100 percent (100) of BioGaia's suppliers of input goods and analytical services had signed up to the Code of Conduct or presented their own equivalent Code of Conduct. 75 percent of BioGaia AB's suppliers of input materials could also report the result of a sustainability audit performed by a third party in accordance with SEDEX and/or EcoVadis that took place within the last three years. No site was considered as high risk according to SEDEX risk assessment tool. Suppliers that were unable to provide documentation for a sustainability audit are considered to have a low risk level. This is based on our on-site visits, their geographic location in Europe, their third-party certified quality management system and our long-standing business relationships. Evidence and results from third-party conducted sustainability audits were required and collected from all new subcontractors of ingredients if this constituted a significant part of the product and if the supplier operated in high-risk countries.



Key suppliers and distribution partners that have signed the Code of Conduct¹

	2023	2022	2021
Contract manufacturers and culture suppliers	100%	100%	100%
Analytical services	100%	100%	100%

¹) No new contract manufacturers, culture suppliers or analytical services were added during the year. BioGaia does not have data for how many new suppliers in addition to these have signed the Code of Conduct but is developing a process for this

Suppliers with third-party verified sustainability assessment¹

	2023
% suppliers of input goods to BioGaia AB	75%
% new subcontractors of ingredients in high-risk countries	100%

¹) Approved audit means an audit by/in accordance with BSCI, EcoVadis, SEDEX, SMETA, etc. or certification such as FSC, EU-Ecolabel, Fairtrade.

■ Responsible third parties

Distribution partners

BioGaia's distribution partners have a direct impact on how the products are distributed and marketed to consumers. The distributors are responsible for ensuring that BioGaia's products comply with local laws and regulations in their respective markets. If a distribution partner's operations do not meet BioGaia's expectations, this could damage BioGaia's brand and confidence.

As part of BioGaia's distribution agreements, distribution partners ensure they meet all legal requirements in their local market. Distribution partners assume full responsibility but are also offered support by BioGaia's own experts. Additionally, BioGaia requires that distribution partners only make claims supported by research.

At the end of 2023, 100 percent (98) of distributors had signed a special Code of Conduct for distribution partners, or presented their own equivalent version. To manage risks with new distributors, BioGaia collaborates with a supplier that supports the company by performing detailed analyses of regulatory compliance and business ethics. The pur-

BioGaia aims for all distribution partners to have undergone comprehensive review from a business ethics perspective.

pose of the analyses is to minimize the risk of collaborating with companies that have connections with illegal or unethical activities and/or have a relationship with individuals or organizations that are subject to sanctions. Since most of BioGaia's distribution partners are respected and well-known providers, the risk is normally low but relevant when BioGaia enters into partnerships in new markets. In 2023, four such analyses were performed on potential distribution partners.

Due to Russia's ongoing invasion of Ukraine, BioGaia has since 2022 suspended the export of goods to distributors in Russia and Belarus.

Distributors that have signed the partner Code of Conduct

	2023	2022	2021
Distribution partners that have signed the Code of Conduct during the year	100%	98% ²	97%
New distribution partners in high-risk countries assessed for legal risks and risks related to business ethics	100% (4)	100%	-

1) No new contract manufacturers, culture suppliers or analytical services were added during the year.

2) All of BioGaia's partners (except one*) have signed the Code of Conduct or have an equivalent Code of Conduct.

*The sub-distributor that accounts for the bulk of sales has an equivalent Code of Conduct

■ Employee engagement

Materiality

BioGaia strives to engage and inspire our coworkers, which offers each of them an opportunity to become the best version of themselves. This benefits their colleagues and the business. By systematically increasing engagement among employees, we reduce the risk of losing valuable expertise, which ultimately is crucial to the company's capacity to deliver high-quality products. Employee engagement and development is encouraged through work with values, leadership, employee surveys, development activities and through annual performance reviews. This review sets clear targets for the coming year, in terms of training needs and personal goals.

BioGaia's values

In 2023, BioGaia continued work to keep its values alive and current. Focus in the spring was on our value "Collaboration" when BioGaia's value ambassadors engaged employees through various activities linked to the value. Focus for the autumn was on "Passion", with activities to highlight what makes employees passionate about their work.

BioGaia has an established onboarding program for new employees where one session is dedicated to communicating and reinforcing BioGaia's values.

Leadership and development activities

For some time now, BioGaia has held regular performance reviews to ensure a structured development and evaluation process. In 2023, we also endeavored to further develop the questions used during the performance review. The aim is to more clearly plan future educational activities and identify development needs.

The leadership development program continued during the year and several managers and departments worked with the Enneagram model¹⁾ to increase self-awareness when leading oneself and others. The model was very positively received and work will continue to develop teams and employees using the model.

In 2023, BioGaia AB held a series of training seminars at regular intervals, roughly every second week, about our products and science that were available to all coworkers. These hour-long sessions, held during the autumn, aimed to increase understanding and knowledge about the company's research, which is directly related to our products, and other related relevant areas.

1) A personality typing system that describes patterns in how people interpret the world and manage their emotions, characterized by nine distinct personality types.

BioGaia is a value-driven company that works actively to incorporate the company's values in day-to-day operations.

BioGaia's three core values:



Employee engagement

Employee surveys

In 2023, BioGaia continued to use its employee engagement survey tool &Frankly. The tool is flexible and permits each department to define the areas it wishes to study and develop during the year. As each department defines its own focus areas, this increases engagement to continue work on the survey results. In consultation with each head of department, HR has drawn up a plan for this year's surveys and assisted when needed in further processing of the results.

During the first part of 2024, BioGaia is planning to conduct a company-wide employee survey to measure KPIs and engagement. The results will be processed at strategic and operative levels. The company intends to conduct such joint surveys twice per year.

During the year, BioGaia continued to prioritize the well-being of employees, which took the form of various joint activities at the offices.

Employee turnover

Staff turnover in 2023 amounted to 8.85 percent, which shows a decrease from previous years (11.3 percent in 2021 and 9.7 percent in 2022). The turnover is explained, among other things, by both recruitment of new competence for the company, as well as natural departures.

Well-being and benefits

During the year, BioGaia continued to prioritize the well-being of employees, which took the form of various joint activities at the offices. These activities included events linked to the company's values and social events, such as after-work drinks and a Christmas party.

Employees are among others offered the following benefits¹:

- Free medical examinations every second year for employees under the age of 50 and every year for employees over 50.
- Extra healthcare insurance and full salary from the first day of sick leave².
- Health and wellness contribution
- Counselling as needed, regardless of whether it concerns private or work-related problems.
- The offer to top up parental allowance for a period of six months as a supplement to compensation from the Swedish Social Insurance Agency.
- Enhanced insurance coverage during distance working.

¹) These benefits are mainly offered to employees in Sweden. Local differences may exist for employees outside of Sweden

²) The majority of employees live in Sweden, where there is a widespread state-provided healthcare system. The benefits BioGaia provides are in addition to this.

Percentage of employees receiving regular performance and career development reviews²

	2023			2022			2021		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
BioGaia AB (total)	96% (102)	95% (40)	97% (62)	96% (85)	97% (29)	95% (56)	92% (82)	90% (27)	93% (55)
Employees with permanent contracts	97% (102)	95% (40)	98% (62)	96% (85)	97% (29)	95% (56)	92% (82)	90% (27)	93% (55)
Employees with temporary contracts	0% (0)	0% (0)	0% (0)	– (0)	– (0)	– (0)	– (0)	– (0)	– (0)
Full-time employees	97% (101)	98% (39)	97% (62)	95% (84)	97% (29)	95% (55)	90% (80)	90% (26)	93% (54)
Part-time employees	50% (1)	50% (1)	0% (0)	100% (1)	– (0)	100% (1)	100% (2)	100% (1)	100% (1)

¹) All employees of BioGaia AB during the period of the performance reviews should have been offered such a review. Some employees have not conducted their performance review for individual reasons.

²) The percentage is based on the number of employees offered an opportunity for a performance review during the period, compared with the number of employees who actually completed their performance review during the same period.

Data in parentheses refers to the total number of people who completed their performance review during the period.

Employee engagement

Employees

Gender distribution - Average number of employee	2023			2022			2021		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total BioGaia group	213	91	122	212	88	124	161	66	95
BioGaia AB ¹	113	43	70	103	37	66	95	31	64
Subsidiaries									
Sweden	31	20	11	44	27	17	36	22	14
Japan	35	14	21	35	14	21	27	11	16
USA	28	10	18	26	8	18	2	2	0
Finland	2	0	2	2	0	2	1	0	1
Canada	3	2	1	1	1	0			
UK	1	1	0	1	1	0			

¹) Including employees in Mexico (1), South Africa (1), Singapore (3).

BioGaia AB - headcount at year-end per employment type	2023			2022			2021		
	Total	Men	Women	Total	Men	Women	Total	Men	Women
Total employees at end of year	135	44	69	109	41	68	99	32	67
Employees with permanent contracts	112	44	68	108	41	67	98	32	66
Employees with temporary contracts	1	1	0	1	0	1	1	0	1
Full-time employees	111	42	69	108	41	67	97	31	66
Part-time employees	2	2	0	1	0	1	2	1	1

Number of employees at end of year by country ¹	2023	2022
Sweden	135	142
Japan	35	35
USA	29	26
UK	1	1
South Africa	1	1
Singapore	3	3
Finland	2	2
Mexico	1	1
Canada	3	1
Total	210	212

Short and long-term sick leave	2023	2022	2021
BioGaia AB	1.6%	2.0%	2.3%
Men	1.0%	2.2%	3.2%
Women	2.0%	1.6%	0.4%

- BioGaia AB has 1 employee in Mexico, 1 in South Africa and 3 in Singapore.
- A very small part of the organization's activities are carried out by people who are not employees.
- The total number of employees does not vary significantly during the year.
- Data is coming from a combination of HR and payroll systems.
- Data per employment type is not available for the BioGaia Group.

New employee hires and employee turnover

New employees ¹⁾	2023	2022	2021
BioGaia AB	11	13	(17)
Men	27.3% (3)	77% (10)	76% (13)
Women	72.7% (8)	23% (3)	24% (4)
<30 years old (%)	36.0% (4)	8% (1)	12% (2)
30-50 years old (%)	36.0% (4)	77% (10)	65% (11)
>50 years old (%)	27.0% (3)	15% (2)	24% (4)

¹) Numbers of new employees in parentheses.

Employee turnover ¹⁾	2023	2022	2021
BioGaia AB	8.85% (10)	10% (10)	11.3% (11)
Men	1.77% (2)	8.7% (9)	3.0% (3)
Women	7.0% (8)	1% (1)	8.3% (8)
<30 years old (%)	2.65% (3)	0% (0)	0% (0)
30-50 years old (%)	3.54% (4)	6.8% (7)	3.0% (3)
>50 years old (%)	2.65% (3)	2.9% (3)	8.3% (8)

¹) Numbers of employees in parentheses.

Employee health

Materiality

BioGaia strives to promote a physically and mentally healthy environment for our employees. This is important for their well-being and motivation, which in turn contributes to greater productivity and lower costs for BioGaia. Our Work Environment Policy forms the foundation for our efforts to secure a safe and healthy workplace.

Employee safety

Systematic occupational safety and health work continued in 2023. BioGaia has an active and committed Safety Committee consisting of employee and employer representatives. The Committee meets regularly to ensure a safe and satisfactory working environment. During the year, we also offered CPR training and conducted fire evacuation exercises to prepare employees for crisis situations.

We conduct regular surveys of the psychological and social work environment through anonymous pulse surveys, discussions between managers and employees and via regular performance reviews.

For us, it is a matter of course that we create a safe and secure workplace. Our vision is that there should be no work-related ill health or occupational injuries.

Safety in production

Most of the company's production takes place at BioGaia Production, and the risk of physical injury is elevated here in comparison to the rest of the organization. The risk of accidents may increase if the company's employees are not properly trained for handling chemicals and/or machines. Furthermore, repetitive physical work may result in strain injuries. To address these risks, BioGaia Production is continuously investing in equipment to reduce the risk of injury and rotates physical tasks. Routines include daily safety

checks and day-to-day management of deviations. Health and safety representatives and the Safety Committee at BioGaia Production meet twice per year to discuss any incidents and accidents. No accidents were reported at BioGaia Production in 2023.

An audit of BioGaia Production was carried out in 2022 using the SMETA methodology. The results, which were shared through the SEDEX platform, indicated no deviations and confirmed that the company's health and safety procedures comply with best practices. A focus on training coworkers in their work duties and ensuring a safe working environment was emphasized as a prioritized part of executive management's responsibility.

Employee safety in BioGaia's supply chain

Part of BioGaia's production is performed by contract manufacturers. These parts of production take place outside BioGaia Production and the risk for poor working conditions is more difficult for BioGaia to control compared with its own production. To ensure good working conditions and safety at these manufacturers, BioGaia requires that all suppliers, including BioGaia Production, sign and comply with a specific Code of Conduct.

Through its updated membership in SEDEX, BioGaia now has access to the results of audits conducted of contract suppliers, and these include the area of health and safety. In 2024, we are planning to follow up and manage any deviations in these audits, as a means of further improving health and safety standards in the supply chain.

Promote health

BioGaia is committed to employee health and well-being. The company offers a generous wellness contribution for health-promoting activities and regular medical examina-

tions, with the next examination scheduled for January 2024. Regular activities to promote well-being are arranged to increase mental well-being and strengthen the corporate culture and sense of community. Occupational health services are available as needed, and employees also have access to counseling free of charge.

Outcome 2023

Sickness leave in 2023 has decreased with previous year, from 2 percent to 1.6 percent. During the year, BioGaia had 0 (0) injuries leading to absence (LTI).

Work-related injuries¹

Work-related injuries resulting in absence	2023	2022	2021
Number of lost time incidents (LTI ²)	0	0	0
Number of incidents per 1,000,000 working hours (LTIF ³)	0	0	0
Degree of seriousness (days of absence per LTI)	0	0	0

1) Number of incidents. BioGaia group has never had a fatal accident.

2) Lost Time Incident (LTI) is an incident that results in loss of working hours.

3) Lost Time Incident Frequency (LTIF): (LTI × 1,000,000)/(average number of employees × 2,080 hours).



■ Diversity and equal opportunities

Materiality

BioGaia is an organization that has employees with backgrounds from several different parts of the world. Maintaining a diverse and inclusive working environment is important for commercial success and for attracting qualified employees. A lack of diversity and gender equality in the workplace can lead to poor decision-making and performance as a result of potential group thinking, low employee loyalty, a lack of motivation and a workplace culture that could be seen as discriminating.

Work to combat discrimination

BioGaia actively works to be a gender-equal company with zero tolerance for all forms of discrimination¹, bullying, retaliation and harassment. The company's Diversity Policy is based on Swedish anti-discrimination legislation, and is set out in a plan outlining active measures with quantifiable goals that are followed up continuously. The action plan specifies measures in the event of discrimination, bullying, retaliation or harassment. Additionally, employees can use the company's whistleblower function to report discrimination incidents anonymously.

¹ Grounds for discrimination are gender, gender identity or expression, ethnicity, religion or other belief system, functional impairment, sexual orientation and age.

² Allbright Foundation is a Swedish politically independent, non-profit foundation that promotes equality and diversity at the executive business level in Sweden. The foundation conducts regular reviews of executive management teams and Boards and actively works to influence decision-makers to increase the proportion of women in senior positions. Companies that display a high degree of equality are ranked on Allbright's green list, while those with an average or low degree of equality are placed on the yellow and red lists, respectively, where the latter indicates male-dominated organizations.

Outcome 2023

In 2023, BioGaia developed a new plan for active measures against all forms of discrimination. This includes a new salary directive for greater clarity concerning salary structure and remuneration. These active measures are developed on an ongoing basis over the course of the year as a natural part of operations.

Payroll mapping during the year indicated minimal or no differences related to any discrimination criteria.

In 2023, BioGaia was again included on Allbright's green list², recognition that reflects our success in maintaining a well-balanced gender distribution in management positions at the company.

ALLBRIGHT

In 2023, BioGaia once again was placed on Allbright's green list.

Diversity and equal opportunities

Diversity of governance bodies and employees

Age distribution	2023		2022		2021	
	Board of Directors	Executive Management	Board of Directors	Executive Management	Board of Directors	Executive Management
BioGaia AB - total	8	8	9	8	9	10
<30 years of age	0	0	0	0	0	0
30-50 years of age	3	3	4	3	4	5
>50 years of age	5	5	5	5	5	5

Gender distribution	2023		2022		2021	
	Men	Women	Men	Women	Men	Women
BioGaia AB - Board	50%	50%	67%	33%	67%	33%
BioGaia AB - Executive Management	50%	50%	50%	50%	60%	40%
BioGaia AB - all employees	38%	62%	37%	63%	32%	68%
BioGaia Group	43%	57%	41%	59%	40%	60%

Parental leave¹⁾

Parental leave at BioGaia AB1)	2023		2022	
	Men	Women	Men	Women
a. Percentage of employees in the reporting period that took parental leave.	5% (2)	7% (5)	14% (5)	8% (5)
b. Percentage of employees that returned to work in the reporting period after parental leave ended.	9% (4)	1% (1)	20% (7)	6% (4)
c. Percentage of employees that returned to work after parental leave ended that were still employed 12 months after their return to work.	5% (2)	4% (3)	8% (3)	8% (5)
d. Return to work rates for employees that took parental leave.	NA ²	100%	-	-
e. Retention rates for employees that took parental leave.	29%	75%	-	-

1) All employees with children younger than eight years old are entitled to parental leave. Total numbers of employees in parentheses.

2) Young men were on parental leave at the beginning of 2024.



A healthy planet

A healthy planet is a prerequisite for human health and well-being. Many of the health problems we face today can be directly linked to our impact on the environment and our lifestyle, and these two factors are often closely interrelated. For a company like BioGaia, whose mission is to promote better health, it is therefore a natural part of our operations to strive for a healthier planet. BioGaia's Code of Conduct emphasizes the importance of always including environmental aspects in the decision-making process. Our commitment to a healthier planet is pursued primarily in three sustainability areas: sustainable packaging, raw materials and transportation.

■ Climate impact

We want to take responsibility and work on reducing our greenhouse gas emissions, something that our stakeholders clearly demand and expect. Through proactive efforts to reduce our climate impact, we not only strengthen our resilience but also reduce our costs. It is important that we are aware of, and actively manage, the risks that accompany climate change. These risks relate to changes in physical conditions, such as extreme weather events and rising sea levels, which could potentially damage our infrastructure. In parallel, it is important to prepare for new regulations and take advantage of the rising demand for sustainable products. Actively managing these risks and leveraging opportunities that arise in connection with the climate transition are therefore essential to ensure our long-term sustainability and economic stability and thereby strengthen our resilience.

Science-based climate target for Scope 1 and 2

In 2022, BioGaia committed to a science-based climate target, which was verified by the Science Based Target initiative (SBTi). The commitment means we set a goal to reduce our climate emissions in line with the international target to limit the global temperature increase to below 1.5 °C. Our target, which is set for 2030, encompasses emissions in Scope 1 and 2. To achieve the target, we will reduce our greenhouse gas emissions between 2019 and 2030 by at least 46 percent from a 2019 baseline.

However, BioGaia has limited direct emission sources from its own operations (Scope 1), as the company only has a few of its own vehicles. Our main emissions in the Scope 1 and 2 categories are primarily due to energy use in our own properties. Therefore, buying and investing in renewable electricity is the most effective measure to meet the science-

ce-based climate target. In order to reduce our emissions, BioGaia is therefore investing in renewable electricity for its operations.

Since 2020, we have purchased renewable electricity for all of our premises in Sweden, and since 2021 this also applies to our operations in Japan through separate certificates corresponding to electricity consumption. In 2022, this was extended to also apply to our recently acquired company in the USA. This means we now purchase renewable electricity to all of our operations housed in their own premises¹. Purchasing these certificates promotes the expansion of renewable electricity in the markets in which BioGaia operates.

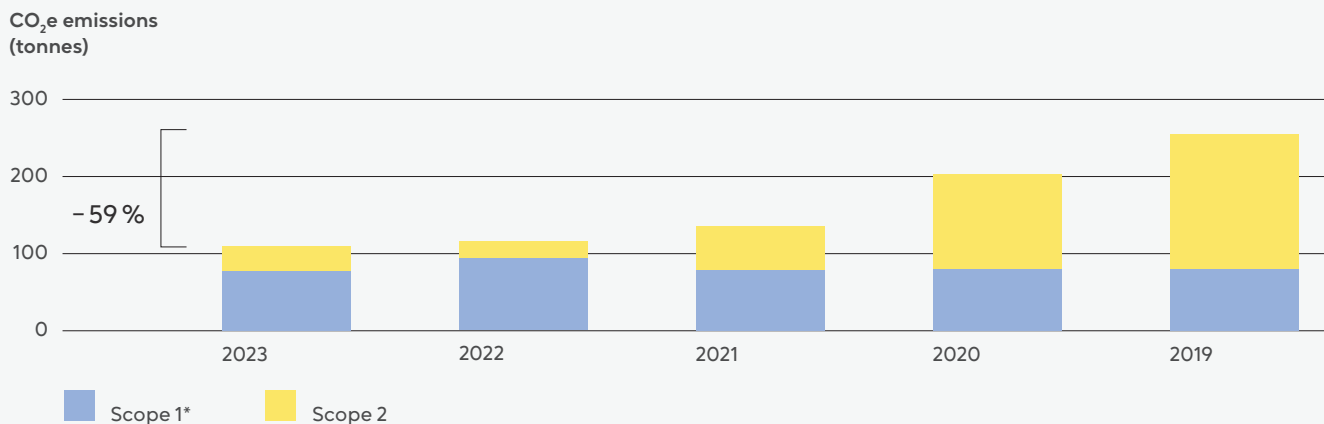
According to a market-based calculation of our climate emissions, by purchasing renewable electricity BioGaia has reduced its Scope 1 and 2 emissions by 59 percent (56) in


2023 compared with 2019. Since 2019, we have thus reduced the total emissions with about 500 tons. As a result, the target of a 46 percent reduction in emissions from 2019 was achieved in 2023. To continue living up to our commitment, it will be necessary to supply all major buildings and premises BioGaia uses and owns with renewable electricity.

1) In other countries where BioGaia has operations, such as Finland and the UK, our employees work mainly from home or rent space in the offices of other organizations. Due to this, BioGaia has limited opportunities to control and influence electricity use. Furthermore, the electricity consumption attributable to these working arrangements is comparatively low.



Emissions from Scope 1 and 2





One of the most prominent environmental measures in the new building is the installation of rooftop solar panels. This means part of our energy consumption will be provided by renewable energy generated on site.

■ Climate impact

New office premises in Eslöv awarded Miljöbyggnad Silver certification

In 2023, construction began on a new office building in Eslöv, which will be awarded Miljöbyggnad Silver certification. Miljöbyggnad is a Swedish environmental certification that safeguards sound and sustainable environments to live and work in. By carefully verifying 16 different indicators relating to energy use, indoor environment and materials, Miljöbyggnad ensures that the building is optimal for the well-being of our employees and for the environment. This certification is an accepted, independent quality assurance for sustainable buildings, adapted to Swedish construction and government regulations and Swedish building standards.

One of the most prominent environmental measures in the new building is the installation of rooftop solar panels. This means part of our energy consumption will be provided by renewable energy generated on site. The portion of electricity use that is not covered by our own production will be 100 percent renewable electricity sourced from external suppliers, in line with the rest of BioGaia's operations.

The Miljöbyggnad certification marks another step in our commitment to ensuring that our climate emissions are maintained at 46 percent below the reference year of 2019, despite adding new premises. This supports our long-term goal of steadily reducing our climate impact and enabling a sustainable future.



■ Climate impact

Scope 3 emissions

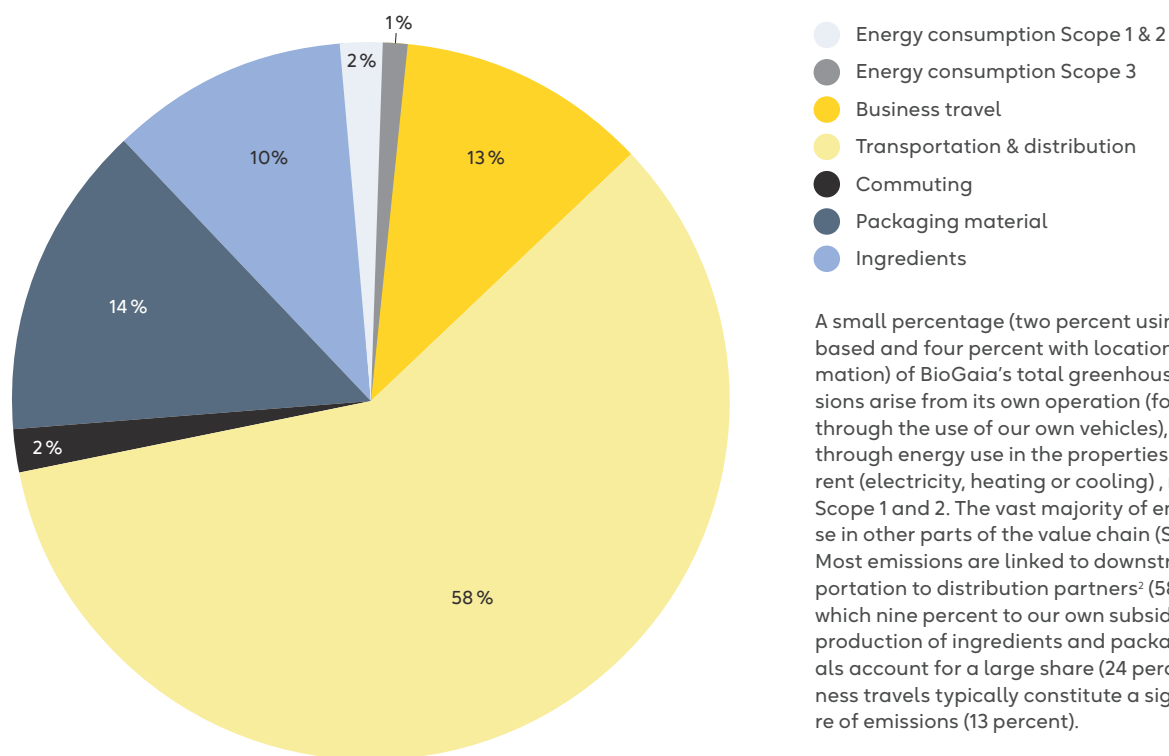
Since most of BioGaia's emissions arise in the value chain outside our own organization (Scope 3), it is important that we prioritize initiatives that help to reduce these emissions. Our materiality assessment performed in 2022 confirmed that BioGaia must focus on the three primary emission sources i) packaging, ii) ingredients for our products and iii) transportation. More information about the initiatives undertaken by BioGaia in these areas can be seen on pages 84-89.

Science-based target in supply chain

As a means of effectively reducing climate emissions in the supply chain, BioGaia resolved during the year to implement a process to regularly follow up and impose specific requirements on suppliers who are considered to have the highest climate emissions. These include suppliers of input goods, logistics, freight and travel agencies. BioGaia will encourage these suppliers, similar to what BioGaia itself did in 2022, to commit to a science-based target to reduce their climate emissions in accordance with the Paris Agreement, aligned with SBTi's supplier engagement target. The aim is that this process will be completed in 2024, after the drafting of a clear follow-up process. 57 percent of our suppliers of input goods have already committed to a science-based climate target.

Suppliers with a science-based target	2023
Suppliers of input goods	57%

BioGaia's emission sources



A small percentage (two percent using a market based and four percent with location-based estimation) of BioGaia's total greenhouse gas emissions arise from its own operation (for example, through the use of our own vehicles), or indirectly through energy use in the properties we own or rent (electricity, heating or cooling), meaning Scope 1 and 2. The vast majority of emissions arise in other parts of the value chain (Scope 3). Most emissions are linked to downstream transportation to distribution partners² (58 percent of which nine percent to our own subsidiaries). The production of ingredients and packaging materials account for a large share (24 percent). Business travels typically constitute a significant share of emissions (13 percent).

1) Distribution partners also refer to BioGaia's own subsidiaries. Additional significant emissions occur when goods are shipped to resellers and later to customers through distribution partners. Since BioGaia has very limited control and insight in these processes, the emissions are not included in our climate calculations.

Internal carbon price

In 2022, BioGaia introduced an internal carbon price to be used as a tool to strengthen the company's sustainability focus and finance projects with substantial potential to reduce global carbon emissions. This initiative aims to integrate environmental impact into decision-making by quantifying the

cost of greenhouse gas emissions. The funds generated through the internal carbon price will be used to finance effective climate projects, which are described in more detail on page 92. The internal carbon price is set at USD 100 per tonne of carbon dioxide equivalents in Scope 1 and 2 and USD 10 for

emissions in Scope 3, with an exception for emissions from distribution. Emissions from distribution are exempt due to the uncertainty of the data and are dependent on the transport methods used by our distribution partners, over which BioGaia has limited ability to influence.

Initiative for sustainable product development

Lifecycle assessment of ingredients and packaging

The core of our efforts to reduce the negative environmental impact from ingredients and packaging is largely based on the result of a lifecycle assessment conducted in 2020, in accordance with the guidelines of ISO standards 14040 and 14044. This analysis generated lifecycle data for the majority of our products' ingredients and packaging. In connection with the lifecycle assessment, a tool was developed to evaluate the environmental impact as a result of various changes to the products. The assessments not only consider the products' impact

on climate change but also other forms of environmental impact, for example, acidification and eutrophication (ReCiPe points).

Checklist for sustainable product development

In 2022, a checklist was created for employees to use in the development of new products. This checklist is intended to ensure that important sustainability aspects for ingredients and packaging are taken into account early on in the development process. Further development and implementation of the tool is planned for 2024.



BioGaia's operations in Gothenburg awarded My Green Lab certification

BioGaia's operations in Gothenburg have been certified according to My Green Lab¹ since 2022, ensuring that the laboratory works to reduce its environmental impact in waste management, chemical use, and energy and water consumption. By establishing a baseline, implementing improvements and then assessing the extent to which operations improved, BioGaia received the highest level certification from My Green Lab¹ – green.

1) My Green Lab is a non-profit organization that strives to improve social and environmental responsibility in laboratory environments. The organization offers programs that allow companies with laboratory environments to work to reduce their environmental impact and subsequently receive a certification based on the success of their implemented improvement measures. A company can attain various levels of certification depending on the number of improvement measures successfully met, with green being the highest level.

Sustainable packaging

Materiality

Offering sustainable packaging solutions is necessary to reduce climate impact, adapt to future regulations, maintain confidence and avoid cost increases.

According to our climate calculations, packaging (manufacturing and materials) accounts for 10–15 percent of the total climate emissions¹. Furthermore, additional negative impacts may arise, particularly if the packaging is not properly dealt with during waste management. To minimize the environmental impact of the packaging, it is important for BioGaia to choose packaging solutions that have as little impact on the environment as possible – both during manufacturing and at end-of-use.

Strategy for more sustainable packaging

The use of environmentally friendly packaging is a priority for BioGaia, and efforts to find alternative packaging solutions continued in 2023. The goal is to find packaging solutions that are produced in a more sustainable manner, using more environmentally friendly materials and with a limited negative environmental impact at the end of their life-cycle, without compromising the quality and shelf life of the content.

Using more environmentally friendly packaging is a high priority for BioGaia and our search for alternative packaging solutions has continued through 2023.

Our strategy to reduce packaging's environmental impact is based on four overall objectives:

- By 2025, all paper packaging used in our production will be certified from responsibly managed forests or made of verified recycled materials.
- BioGaia aims to only use recyclable or biodegradable packaging by 2030.
- BioGaia aims to identify new packaging solutions that reduce our climate impact per dose and prioritize packaging solutions that minimize environmental impact.
- Sustainability aspects are to be continuously assessed in product development projects and in the procurement of packaging solutions.

Materials¹

Materials used in tonnes	2023	2022	2021
Glass (tonnes)	225	258	251
Plastics - mainly PE (tonnes)	101	102	82
Paper (tonnes)	283	295	212
Aluminum (tonnes)	22	21	21

Recycled input materials used	2023	2022	2021
Recycled glass (tonnes)	126	130	138
Recycled glass (%)	56%	50%	55%
Recycled aluminum (tonnes)	2.3	2.3	2.3
Recycled aluminum (%)	11%	11%	11%

Emissions from packaging materials ²	2023	2022	2021
Emissions from the production of packaging materials (Tonnes CO ₂ equivalents)	836	839	731
Emissions, including end-of-life and transport	1025	1036	907
Grams CO ₂ equivalent per dose	1.2	1.2	1.2
Grams CO ₂ equivalent per dose, including end-of-life and transport	1.5	1.5	1.5

1) The data is based on sales. Waste during production is not included. Data includes primary and secondary packaging as well as packaging used in intermediate processes.

2) The calculated emissions include primary and secondary transport packaging. Additional packaging materials used in handling the products during shipment, such as pallets and stretch film, have not been included due to insufficient information currently available. For further information about the emissions calculations, refer to the section "Environmental impact of operations" on page 105.

■ Sustainable packaging

Certified paper from responsibly managed forests

In 2023, all paper in cardboard used in secondary packaging at our subsidiary BioGaia Production was certified as coming from responsibly managed forests with environmental, social and economic benefits. This means that during the year, 71 percent of all paper used in the company's secondary packaging was from certified and responsibly managed forests. In 2023, BioGaia also ensured that transport packaging is also sourced from sustainably certified forests. The supplier of package leaflets also confirmed its plans for an audit in order to be able to deliver certified paper. Moreover, an external contract manufacturer confirmed that it will deliver certified paper and confirmation from other manufacturers is expected in the near future.

Recyclable and sustainable packaging

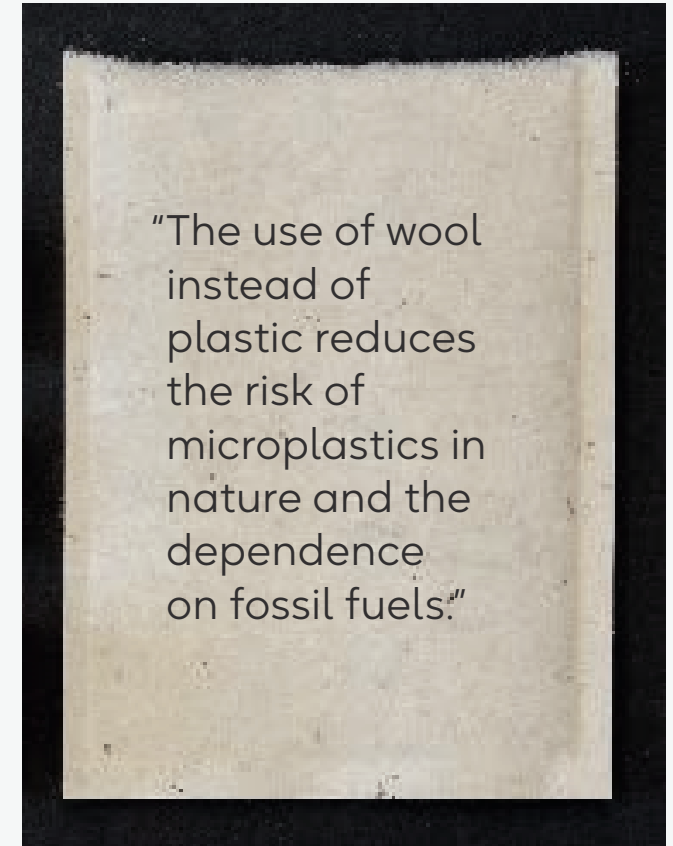
During the year, we began using the RecyClass self-assessment tool to evaluate the recyclability of our existing packaging. The tool helped us to identify improvement measures for the packaging we assessed. In 2024, the aim is that we, or our packaging supplier, will have evaluated the recyclability of all of our packaging solutions.

We also continued to look for and evaluate new, more sustainable materials for our packaging. The challenge is to find materials that provide sufficient protection for the products. In 2024, BioGaia is planning to conduct further tests of packaging solutions while maintaining high product quality upon delivery to consumers.

Wool instead of bubble wrap

BioGaia has continued its partnership with the provider Woola, which sells environmentally friendly transport packaging for direct distribution to consumers in Sweden and the UK. Through the partnership, BioGaia has replaced bubble wrap with surplus wool to protect products when sending them by mail. The sheep wool is residual waste from local farms in Estonia and would otherwise have become waste and either incinerated or sent to landfill. The use of wool instead of plastic reduces the risk of microplastics in nature and reduces our dependence on fossil fuels¹. Moreover, the paper in the envelopes used for product packaging is manufactured from certified recycled paper. During the year, Woola received B Corp certification and has begun to update its lifecycle assessment, which will be completed in 2024 and subsequently audited externally. In 2024, the aim is to also to secure TÜV Austria's certification for products that are compostable in the home.

1) The production of the wool is considered to have a minimal environmental impact since the wool would have been discarded if it had not been used by BioGaia. The manufacturing process for the wool has very few steps and is deemed to have a very small environmental impact.



Packaging material in production

Our own production company, BioGaia Production, is actively working to minimize the use of packaging material. A prime example is our stretch film, which consists of 51% recycled plastic. This leads to a 19% decrease in climate impact compared with stretch film containing no recycled material. In addition, our stretch film is fully recyclable, which makes for more sustainable packaging management.

Sustainable raw materials

Materiality

Our climate estimations show that the manufacturing of raw materials accounts for approximately 10 percent of BioGaia's total emissions. In addition, there are other potential negative impacts from the manufacturing process that must be addressed, such as contribution to deforestation, a reduction in biodiversity, human rights violations and/or indecent working conditions. It is therefore imperative for BioGaia to select ingredients with less environmental impact and to carefully evaluate and make relevant demands on its suppliers and sub-suppliers of ingredients. BioGaia shall not use suppliers that disregard environmental impact or human rights.

Governance

BioGaia strives to improve our products from a sustainability perspective. Our ambition to integrate social and environmental considerations into product development is documented in BioGaia's internal Code of Conduct. BioGaia also has a process to avoid purchasing ingredients from suppliers who do not comply with our Code of Conduct, which includes demands for third-party sustainability assessments from manufacturers in high-risk countries (such as a SMETA audit via the SEDEX platform). For more information about how this is managed, see page 71–72.

Phasing out of palm oil

The lifecycle assessment identified palm oil as the ingredient with the greatest negative impact on people, the climate and biodiversity. BioGaia is therefore making active efforts to phase out palm oil. Based on our 2019 sales figures and lifecycle data analysis conducted in 2020, the phasing out of palm oil from our products is estimated to result in an annual reduction of more than 150 tonnes of CO₂e per year.

BioGaia's goal is that no product sold after 2025 should contain palm oil. The phasing out of palm oil is time consuming as the products are sold in over 100 markets with varying laws, regulations and complexity for the distributors to phase out the palm oil. In addition, careful planning is required to avoid discarding fully functional products during the transition phase.

In 2022, sales of palm oil-free variants of the product range in tablet form began globally, and a new formulation of the drops without palm oil was launched on the European market. In 2023, an alternative palm oil-free recipe for the drops has also been launched in other markets. With this, we now have palm oil-free alternatives to all our products and the rollout of this variant has now been able to begin globally. Phasing out of recipes with palm oil is now taking place in increasingly regulatory complex markets with longer processing times from authorities, which results in a slower exchange process of the products. This process is hard to pinpoint the timing of, but our ambition remains firm: to completely stop selling products containing palm oil after 2025.

In 2023, 30 percent (27) of drops and 66 percent (60) of all tablets BioGaia sold were free from palm oil. For the palm oil used today, BioGaia buys credits from RSPO-certified independent smallholders in accordance with RSPO's Book and Claim system. The palm oil used by BioGaia is not covered by the new EU Deforestation Regulation (EUDR).

BioGaia currently has palm oil-free alternatives for all of our products and now the task is to register the new products in their respective markets.

BioGaia's goal is that no product sold after 2025 should contain palm oil.

Climate emissions¹

Emissions from ingredients	2023	2022	2021
Tonnes CO ₂ equivalents	745	850	744
Grams CO ₂ equivalent per dose	1.1	1.2	1.3

¹ For further information about the emissions calculations, refer to the section "Environmental impact of operations" on page 105.

Status for phasing out palm oil in products

Total sales of palm oil-free products during the year	2023	2022
Amount of tablets sold without palm oil vs total tablets sold (%)	66%	60%
The amount of drops sold without palm oil vs total drops sold (%)	30%	27%

■ Sustainable transportation

Materiality

By proactively reducing our emissions from transportation, BioGaia can contribute not only to a sustainable future but can also increase cost savings and efficiency. A strategy that focuses on minimizing dependence on fossil fuels increases our resilience to price fluctuations and may also have a positive impact on our brand.

According to our climate projections, transportation accounts for the largest share of our climate footprint, with more than 70 percent of BioGaia's total emissions. 82 percent of these are linked to transportation of products to distribution partners, where transportation to our subsidiaries accounts for 12 percent. The remaining 18 percent of transport emissions are from business travel.

Distribution

During the year, we continued reviewing opportunities that exist to reduce emissions from our distribution. We are studying the option to replace some air freight with sea transport to reduce emissions in our direct markets. The distribution process to external distributors is particularly challenging since it is usually the distribution partners themselves who choose the method of transport, not BioGaia. To influence distribution partners' choice of transport method, the company's official recommendations encourage use of the most environmentally friendly mode of transport, where significant improvements can usually be achieved by choosing sea freight instead of air freight.

Business travel

In order to reduce emissions from the company's business travel, BioGaia has introduced a travel policy that has been adopted by the management team. Guidelines for employee travel are outlined in the directive, aimed at increasing employee safety and reducing costs and climate impact of business trips. The policy highlights that train travel should be prioritized over air travel, which has a significant effect on the total climate emissions from travel.

BioGaia has set a target to reduce emissions from business travel by 30 percent, defined as a reduction in average emissions per sales volume in the period 2021-2025 compared to 2019. As the effects of the pandemic have subsided in 2022 and 2023 and travel has resumed, business travel and thus emissions have increased. In 2023, it is noted that the emission levels from business travel were largely the same as in the reference year 2019. This is despite the emissions from our new American subsidiary now being included, which was not the case in 2019. The emissions in relation to sales volume are 40 percent lower than in 2019, which means that BioGaia continues to meet the ambition to have at least 30 percent lower emissions per sales volume compared to 2019.

Commuting

BioGaia introduced a flexible work model in 2021 that allows employees to work from home up to two days a week. This change has likely led to a decrease in emissions related to commuting.

The emissions from commuting are based on an annual survey of coworkers' travel habits to work. Based on this survey in 2023, employee commuting emission levels were comparable to those of 2022, with a marginal increase of 5 percent.

BioGaia has set a goal to reduce the relative climate emissions from commuting by **30%** compared to the 2019 levels.

Climate impact

Tonnes CO₂e emissions by company

	Scope 1 (GRI 305-1)				Scope 2 (GRI 305-2)			Scope 3 (GRI 305-3)				
	2023	2022	2021	2019	2023	2022	2021	2019	2023	2022	2021	2019
BioGaia AB	0	0	0.1	0	5	5	6	9	6,284	6,760	6,502 ²	2,588
BioGaia's subsidiaries	77	93.5	75	9	27	16	0	57	878	695	81	52
Total emissions for BioGaia group	77	93.5	75	9	32	21	6	66	7,162	7,455	6,584	2,609

1) Increase from previous years is a result of updated calculations for company cars and refrigerant leakage.

2) Increase from previous years is mainly a result of updated calculations of distribution.

Tonnes CO₂ eq. emissions by category

	2023	2022	2021	2019
SCOPE 1 (GRI 305-1)¹				
Company cars	77	93	64	75 ⁵
Refrigerant leakage	0	0	12	-
SCOPE 2 (GRI 305-2)¹				
Electricity, cooling and heating – market based	32	22	6	69
Electricity, cooling and heating – location based	157	199	121 ⁷	56
SCOPE 3 (GRI 305-3)²				
Electricity, cooling and heating – market based ¹ not included in Scope 2 (3)	26	27	43	-
Emissions from company cars – Scope 3	23	28	20	-
Product ingredients (1, 10)	745	850	744	644
Product packaging ³ (1)	836	839	731	696
Outbound transportation ⁴	4,229	4,477	4,764	-
Handling of packaging at the end of the lifecycle (12)	110	119	102	108
Transportation of raw materials (4)	91	79	74	69
Commuting (7)	141	134	59	143
Business travel (6)	947	891	53	939
Other (office supplies and office waste as well as emissions from rented properties) (1, 5, 8)	13	11	15	14
Total emissions in BioGaia Group excl. outbound transportation	2,933	3,091	1,901	2,684
Total climate impact included in BioGaia's internal carbon price (excl. outbound transportation)	2,933	3,091	1,901	-
Amount paid for CO₂e emissions (USD)	40,150	41,500	26,300	
Total climate impact incl. outbound transportation	7,257	7,570	4,764	-

1) Starting in 2022, GHG emissions from the acquired USA subsidiary have been incorporated. Emission reduction estimates since 2019 also account for its emissions, which are not reflected in the table for 2021 and 2019. The total emissions from BioGaia Group in 2019 within Scope 1 and 2, including the subsidiary in the USA, are estimated to have been 261 tCO₂e.

2) The type of Scope 3 category according to the GHG protocol is shown in parentheses.

3) Includes emissions from both direct and intermediate packaging used when producing products.

4) 3,585 tCO₂e is related to outbound transportation to distribution partners and 644 tCO₂e to outbound transportation to subsidiaries.

5) Emissions from company owned-cars has been retrospectively calculated hence has not been included in previous years' reports

Calculation methods

- Our emission calculations comply with Greenhouse Gas Protocol (GHG) guidelines to ensure accuracy and standardization.
- During 2023, average carbon emissions per employee were 14 (15) tCO₂e/person excluding distribution, and 34 (37) tCO₂e/person including distribution.
- BioGaia uses 2019 as the base year for following up our emissions. The emission factors used normally include greenhouse gases, including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride. More detailed information about the emission factors used is available on page 105.
- We apply operational control as the consolidation approach for emissions defined in the GHG Protocol Corporate standard.

Community engagement

As a value-driven organization, BioGaia believes strong community engagement goes hand in hand with deliberate sustainability work. BioGaia is involved in and supports a number of organizations focused on areas with links to BioGaia's business.



PAR Foundation

BioGaia established the "Foundation to Prevent Antibiotic Resistance", also known as the PAR Foundation, in 2017. This is an independent foundation with the aim of preventing antibiotic resistance through support to research, education and information activities.

Antibiotic resistance is recognized globally as one of the main threats to public health. The spread of antibiotic resistance is a major risk as it could undermine the modern healthcare system. Mild diseases, wounds and standardized interventions can lead to life-threatening infections that are difficult to treat. According to the World Health Organisation (WHO), the overuse and misuse of antibiotics in healthcare, livestock and food production constitutes a real threat to humanity.

A coordinated global action plan is urgently needed to prevent a future without effective antibiotics, where common infections can once again become deadly. Greater awareness of effective measures that can improve public health is necessary if we are to achieve the WHO's goal of maintaining the efficacy of antibiotics today and tomorrow. The SEK 4.4 million BioGaia allocated to the foundation in 2023 supports projects exploring new methods to prevent antibiotic resistance and enables educational and informational projects that raise awareness about preventive measures against antibiotic resistance in Ecuador in South America, Malaysia in Asia, and several African countries.

Since its establishment, the PAR Foundation has distributed a total of SEK 16 million to 25 different projects worldwide.



BioGaia's Partnership with Children's Mission Philippines

During the year, BioGaia continued to support Children's Mission Philippines (CMP) through a donation of SEK 425,000. Our partnership focused on improving the lives of undernourished children in the Philippines and offered support to their families.

Thanks to our support, CMP could run its Community Nutrition Program and Maternal and Child Health Care (MCHC) program. These initiatives include important health and educational activities and support families in remote areas. One crucial aspect of CMP's work was also home visits and care

follow-ups, which ensure the children receive individually adapted treatment in their home environment.

CMP's activities were also extended to include educational and community-strengthening programs, such as the Family Outreach Program and the Unite Learn Empower Program. These initiatives aimed to improve living conditions for economically vulnerable children and their families, by offering various health and educational initiatives and focusing on skills development to improve their living standards.

Important progress in 2023

- 644 children received a health check-up through CMP's Operation Timbang.
- 270 undernourished children received specific actions to improve their health.
- 994 nurse visits and 356 doctor visits took place to provide care to financially disadvantaged individuals.



Panzi Hospital

BioGaia is proud to support Dr Denis Mukwege, recipient of the 2018 Nobel Peace Prize, through the Friends of Panzi organization. Our donation, which in 2023 amounted to SEK 100,000, goes to his important work at the Panzi Hospital in the Democratic Republic of Congo.

Over the years, the Panzi Hospital has provided extensive help to more than 50,000 women and children, both by treating physical injuries from assault and offering support to build a new future. The hospital also offers other important services such as maternity care, family planning, and general medical care. Among other contributions, the hospital plays a daily role in saving the lives of premature and malnourished children.

BioGaia is proud to support Dr. Denis Mukwege, the 2018 Nobel Peace Prize laureate.

Our support to Climate Transformation Fund

Since 2013, BioGaia has purchased carbon offsets for the company's emissions. However, in 2022, the company instead decided to support the Climate Transformation Fund to maximize the impact of our climate investments. Our support for the fund is based on an established internal carbon price. For more information, see page 83.

The fund focuses on long-term global impact, and supports the most cost-efficient and sustainable climate solutions to achieve net zero emissions worldwide. The Climate Transformation Fund supports both new and untried technology, including projects that work with methods to sustainably capture and store carbon (Carbon Capture System, CCS), advocacy and policies for emission reductions, and the broader use of successful, proven solutions like nature restoration and protection.

The fund provides financial support to projects with significant potential to reduce emissions in the short, medium, and long term in the areas of "negative emissions," "emissions reductions," and "protecting and restoring nature". By supporting a broader range of projects than solely those that can provide climate offset credits, the fund can support more types of projects that are also needed if we are to achieve the Sustainable Development Goals. Projects are selected based on a number of stringent criteria with guidance from an advisory group with extensive experience in the field of climate change.

BioGaia will provide support in line with the internal carbon price set for emissions estimated from 2021 and onwards. In 2022, BioGaia invested USD 41,500 in the fund for its 2022 emissions, and USD 40,020 was invested in 2023. Since 2021, BioGaia has contributed a total of USD 108,000 to the Climate Transformation Fund.

1 Heirloom

Through the Climate Transformation Fund, BioGaia is supporting Heirloom, a leading player in Direct Air Capture (DAC) technology. It leverages the unique ability of limestone to naturally absorb carbon dioxide (CO₂) from the atmosphere. The company's technology accelerates this natural process from years to days and has significant potential for broad application to reduce CO₂ levels in the atmosphere.

Heirloom is also pioneering change by becoming the first company in the world to store removed CO₂ in concrete, a significant milestone in the area of carbon capture and storage. This achievement underlines Heirloom's capacity to not only capture but also to permanently store CO₂ sustainably, which further reinforces Heirloom's key role as a pioneer in climate action.



2 TerraFixing

TerraFixing is an innovative player in the fight against climate change and has developed technology for carbon capture and storage. Its method is particularly effective in cold, remote locations, where it is easier and more cost-effective to capture and store CO₂, at the same time as there are major opportunities to create scalable renewable wind power. This means TerraFixing's methods have significant potential.



4 MASH

MASH's project in India converts organic waste into biochar, a process that effectively traps carbon and helps to reduce carbon levels in the atmosphere.

This project also yields significant secondary advantages such as reduced air pollutants, cleaner soil, improved harvests, carbon reductions and decreased dependency on conventional fertilizers and irrigation systems.

The financial support enabled MASH's project to expand its capacity and validate its method for CO₂ reduction. The support has enabled the large-scale production of biochar with the construction of an advanced facility that converts biomass into biochar.



3 Beyond Zero Emissions

Beyond Zero Emissions (BZE) is an independent think tank that strives to develop strategies for Australia's shift to net zero emissions and sheds light on the advantages of the green transition for the economy. Australia is strongly dependent on fossil fuels and is facing significant challenges in the climate transition. BZE stands out in this environment as an organization with an impressive record of driving and achieving real change.

The Climate Transformation Fund offers financial support to strengthen BZE's organizational capacity, research and advocacy. The support helps to expand its work and increase opportunities for the acceptance of well-founded policy proposals. In the past, BZE has successfully implemented strategies to reduce emissions and increase investments in renewable energy.



Materiality assessment

BioGaia carried out its latest update to the materiality assessment in 2022. In accordance with forthcoming EU directives, double materiality was evaluated, meaning what impact our operations have on the surrounding world and what impact the surrounding world has on our operations.

The analysis began by examining issues deemed important by stakeholders, through an assessment of the business environment to identify future risks and opportunities for the company and through stakeholder dialogue. The stakeholder dialogues included surveys of corporate customers/distribution partners and employees, a review of ongoing dialogues with consumers, reviewing investors' assessment of BioGaia's sustainability work, and reviewing various sustainability reporting frameworks, including GRI, SASB and the UN Sustainable Development Goals, and reports. Afterward, the sustainability issues that were identified in the initial analysis were graded in consultation with Executive Management to ensure that only topics relevant to BioGaia's operations were considered moving forward.

Impact analysis

A detailed analysis of each issue was conducted based on three criteria – severity, likelihood and capacity influence – to evaluate how the company impacts the world around it (materiality of impact). Severity was based on an assessment of the the scale, scope, and remediability of the impact. Furthermore, to ensure the company's specific circumstances were also taken into account, an assessment was also conducted of the company's capacity to influence the result and the likelihood that such action would influence the outcome. The analysis was performed by the Sustainability Manager based on the available data. Key individuals from various departments in the organization also provided input by assessing each issue on the basis of the criteria named above. They also took part in the workshop where the results were confirmed.

Financial materiality

Each member of Executive Management assessed financial materiality using the results of the impact analysis, a summary of stakeholder dialogues (data from surveys or other communication) and other relevant data. Each member's overall results were then presented at a workshop where both BioGaia's impact on the surrounding world and the surrounding world's impact on the company were discussed and verified.

Results and next steps

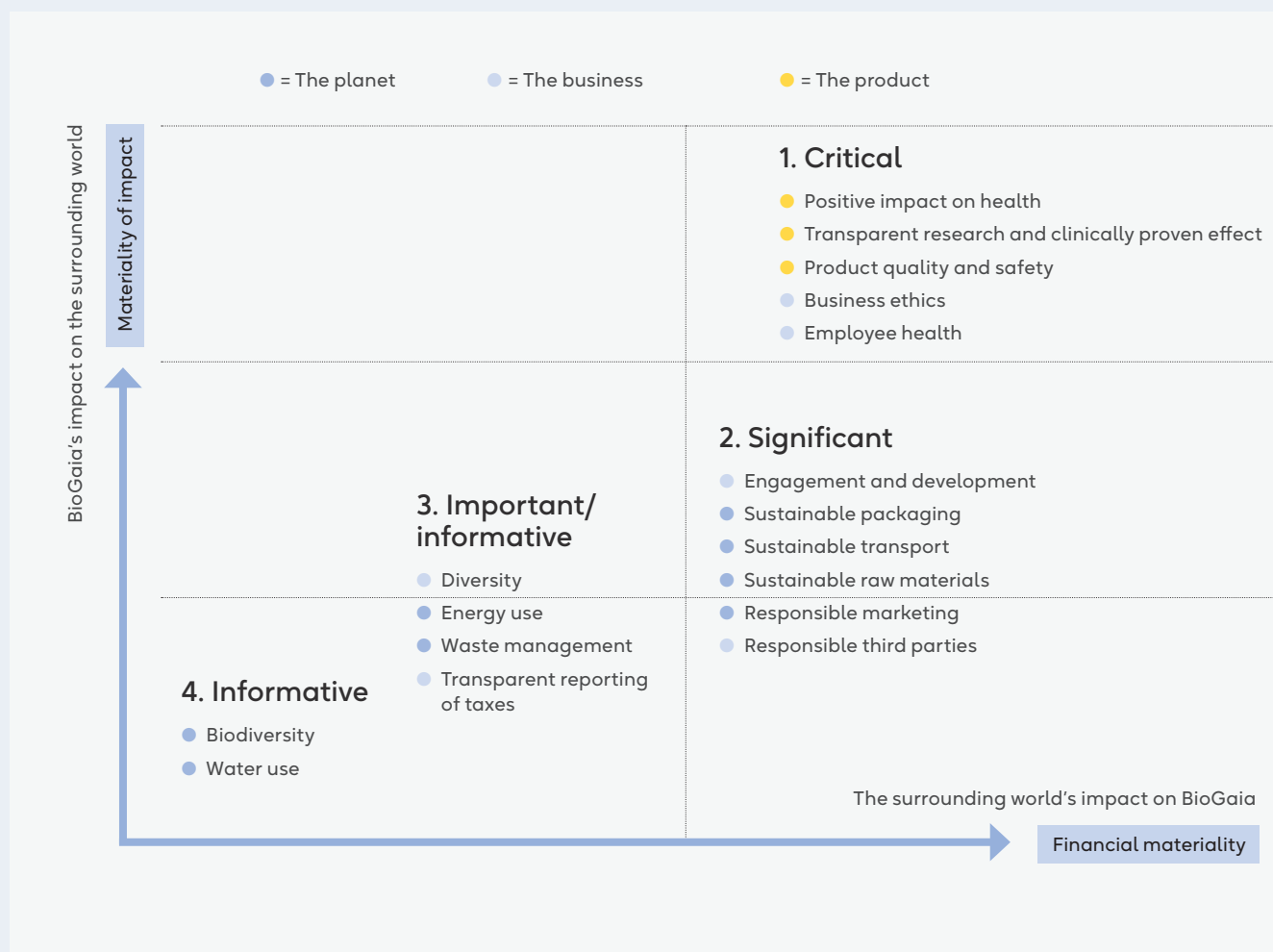
The work identified four groups of areas with different priorities: critical, material, important and less material. The graph above illustrates all of the issues grouped into these categories.

The first group contains issues categorized as critical for the business' financial strength and ability to have a positive impact on society. This group includes the following issues: positive impact on health, transparent research and clinically proven effect, product quality and safety, employee health, and business ethics.

The second group contains issues considered material since they have or may have a significant impact on the surrounding world or BioGaia's operations over time. This group includes the following issues: employee engagement and development, responsible marketing, responsible third parties as well as environmental impact from the areas which, according to the company's climate projections, have the greatest climate impact: transportation, ingredients and packaging.

The third group consists of important issues that will be managed and reported, but not with the same priority as the first two groups, since these are not considered to have the same level of impact on the surrounding world and the company's operations. These topics include the following issues: diversity, energy management, waste management, and transparent reporting of taxes (which will be included in business ethics reporting).

The fourth group includes issues that are considered less material at the current time. This group includes: biodiversity and water consumption. These topics will continue to be monitored as the degree of materiality for these topics may change if operations develop in the future and if new







information about impact in the value chain is identified and is found to be material.

On the basis of the results of the materiality assessment performed in 2022, action plans for each area were developed and new goals established during the year. In early 2024, this sustainability plan was identified as one of the fundamental pillars in the company's business strategy.

For more information about the new goals, see page 95-98.

Our sustainability goals

The table below is intended to provide an overview of progress and status for BioGaia’s sustainability goals, which include the areas identified as prioritized in the most recent materiality analysis.

GOAL	TARGET YEAR	PROGRESS	STATUS
Healthy Products			→ = On track
100% of the suppliers that affect product quality should have a quality management system certified by a third party.	Recurring	100% of BioGaia’s key suppliers (contract manufacturers) and 84% of other quality-influencing suppliers have third-party certified quality management systems. 100% are qualified and critical suppliers undergo regular inspections.	
100% of BioGaia’s dietary supplement products will consistently meet the WHO’s and ISAPP’s requirements to be recognized as probiotics.	Recurring	BioGaia assesses that all dietary supplement products meet ISAPP’s requirements. For more information see page 65.	
100% of all studies fully sponsored by BioGaia must be registered on a public website, such as ClinicalTrials.gov.	Recurring	All clinical studies fully sponsored by BioGaia meet these criteria.	
Conduct an evaluation of how BioGaia’s products affect “quality of life” (QALY) in the area of infantile colic, taking into account infants and their families.	2024	A third party to perform the assessment has been contacted, and work has begun. The results are planned to be reported in 2024.	

GOAL	TARGET YEAR	PROGRESS	STATUS
Healthy Business			→ = On track
100% of employees within the group should have completed the digital anti-corruption training during their employment.	Recurring	All employees at BioGaia AB have completed the training. An enhanced compliance program is being implemented in 2024 with more targeted training efforts.	
100% of all BioGaia employees and consultants that can be equated with employees should have completed training in the company's Code of Conduct and policies.	2025	The goal was set during the year and during 2023, the company's policies have been renewed and communicated to the majority of employees.	
Conducted risk assessments against bribes and corruption in BioGaia's selected markets.	2025	The goal was set during the year and during 2023, a model for how the risk assessments should be conducted has been established.	
All BioGaia employees (and external sales consultants) in a customer-facing role should undergo a more advanced training on combating bribes, corruption, and how to interact with healthcare personnel.	2024	The goal was set during the year and an enhanced anti-corruption policy has been implemented.	
Develop a third-party program against bribes and corruption and ensure 100% new distributors or agents undergo due diligence and sign a commitment to comply with laws.	2024	The goal was set during the year and the program has already begun to be implemented. All new distributors during 2023 have undergone due diligence.	
Launch a campaign on the importance of openness and transparency to ensure a "speak-up culture".	2024	BioGaia has had a Whistleblower Service since 2020. This goal means ensuring that coworkers are aware of and use the service or other channels if they see activities that violate the Code of Conduct.	

GOAL	TARGET YEAR	PROGRESS	STATUS
Healthy Business			✓ = Achieved → = On track
100% of prioritized suppliers and distributors have signed our Code of Conduct for suppliers and distributors, respectively.	Recurring	In 2023, BioGaia continued to ensure that 100% of prioritized suppliers and 100% of our distributors had signed our Code of Conduct.	
100% of our suppliers should have signed our Code of Conduct for suppliers.	TBD	In 2023, it was decided to extend the previous goal of requiring only prioritized supplier to sign the Code of Conduct to more suppliers. Starting from 2024, BioGaia will actively monitor that all suppliers above a certain financial threshold sign the code.	
100% of prioritized suppliers should provide evidence of a sustainability assessment conducted by an external party.	TBD	75% of our prioritized suppliers have undergone a sustainability audit conducted by an independent third party. In 2024, our focus will be to further analyze the results from the conducted sustainability assessments and to take necessary actions as well as to ensure that the remaining suppliers conduct or provide their results from performed sustainability audits.	
No physical injuries in the operation.	Recurring	No injuries during 2023. In 2024, we intend to conduct an employee survey with the aim to understand how our employees perceive the work environment.	
At least 90% of our employees should have completed a performance review.	Ongoing	In 2023, we refined the questions used during development talks to better plan upcoming training efforts and identify needs for skills development. This improvement in the process will contribute to creating more focused development plans for our coworkers.	
100% of the employees involved in communication with consumers and working within the EU should have undergone training focused on BioGaia's marketing policies (Marketing Directive).	Ongoing	In 2023, 90% (100%) of the coworkers within the area of responsibility have undergone training in the Marketing Directive and related areas. Additional individuals identified late in the year will undergo training early in 2024.	

GOAL	TARGET YEAR	PROGRESS	STATUS
Healthy Planet			→ = On track
Reduce Scope 1 & 2 emissions by 46% by 2030 from 2019 emission levels (Science Based Target).	2030 (base year 2019)	For the second year in a row, BioGaia achieved the science-based target for Scope 1 and 2. In 2023, emissions in Scope 1 and 2 were 59% lower compared to 2019 based on a market-based method.	
Establishing a science-based supplier engagement target for Scope 3 to actively reduce emissions in the supply chain.	2024	A process for continuous work to influence and follow up the work of our suppliers is planned for 2024.	
100% of BioGaia products released for sale should be palm oil-free.	2025	All BioGaia products are now without palm oil. The remaining work involves registering the new products without palm oil in respective markets.	
Reduce relative climate emissions per sales volume from business travel by 30 percent compared to 2019.	2025 (base year 2019)	In 2023, BioGaia achieved the target with a 40% reduction in emissions per sales volume compared to 2019, despite total emissions at levels before the pandemic.	
All paper packaging used in our production should be certified from responsibly managed forests or consist of verified recycled material.	2025	In 2023, all BioGaia Production's paper packaging came from certified responsibly managed forests, and by the end of the year, the shipping packaging was also certified. Work is ongoing to ensure that our CMOs' packaging is also certified.	
BioGaia aims to only use recyclable or biodegradable packaging by 2030.	2030	This year, RecyClass was used to evaluate and improve the recyclability of our packaging. By 2024, we aim for all our packaging to have undergone this evaluation.	
BioGaia aims to identify new packaging solutions that reduce our climate impact per dose and prioritize packaging solutions that minimize environmental impact.	Recurring	In 2023, three packaging solutions with the potential to reduce our environmental impact were identified, with evaluations still ongoing.	
Sustainability aspects should be continuously evaluated in product development projects and when procuring packaging solutions.	Recurring	In 2022, we introduced a sustainability checklist to integrate key environmental aspects in the early stages of product development, with further development and implementation of the tool planned for 2024.	

Stakeholder engagement

In order to achieve our goals and ambitions, we must involve and work closely with our stakeholders. In connection with the work on the updated materiality assessment, targeted dialogues were conducted with prioritized stakeholders, defined as those deemed to have the greatest influence on, and interest in, BioGaia as well as the parties BioGaia has greatest impact on and influence over.

Stakeholder	Prioritized issues	Dialogue type
Consumers	<ul style="list-style-type: none"> - Safe products - Products with positive health effects - Products containing sustainable ingredients - Sustainable packaging - Sustainable transports 	Direct, ongoing dialogue with consumers via social media and email.
Owners/shareholders	<ul style="list-style-type: none"> - Returns and dividends - Value creation - Reliable and responsible operations - Climate change - Sustainable transports 	Quarterly reports and investor presentations.
Employees	<ul style="list-style-type: none"> - Skills development and career path - Healthy working environment - Non-discrimination 	Close dialogue between employees and managers, regular performance reviews, internal conferences, employee surveys.
Suppliers	<ul style="list-style-type: none"> - Long-term and evolving collaboration 	Direct and ongoing dialogue via the Sales, Marketing and Operations departments. Discussions with suppliers in connection to sustainability data requests.
Distribution partners	<ul style="list-style-type: none"> - Evolving collaboration - Business ethics - Climate change 	<ul style="list-style-type: none"> - Direct and ongoing dialogue via the Sales and Marketing departments as well as BioGaia's quality department and department that handles regulatory issues - Dialogues about BioGaia's Distributor Code of Conduct and replying to distributor questionnaires such as how the company works with sustainability. - Surveys of selected distribution partners in 2022 focused on which sustainability issues they consider most material
Researchers	<ul style="list-style-type: none"> - Independent research projects - Evolving collaboration 	Direct and ongoing dialogue via the research department.
Authorities	<ul style="list-style-type: none"> - Regulatory compliance 	Dialogue with authorities either directly or through national and/or international industry organizations.
Future generation	<ul style="list-style-type: none"> - Climate change - Existential risks 	It is not possible to have a direct dialogue with future generations, but they play an important role as stakeholders. Therefore, in the materiality assessment, the company's potential impact on future generations has been highlighted. It has been emphasized that an issue that has a limited impact today but that will affect several generations in the future, in fact, has a wide-ranging impact.

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in BioGaia AB (publ) corporate identity number 556380-8723

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the financial year January 1, 2023–December 31, 2023 on page 52 -99 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinions

A statutory sustainability report has been prepared.

Stockholm, March 25, 2024

Deloitte AB

Jenny Holmgren

Authorized Public Accountant

GRI Content Index

Declaration of use: BioGaia has reported in accordance with the GRI standards for the period January 1, 2023 to December 31, 2023

GRI 1 use: GRI 1: Foundation 2021

Applicable GRI Sector Standard: No applicable sector standard was available on the date for publication of the 2023 report

GRI Standard	Disclosure	Page number(s)	Comment
GRI 2: General Disclosures 2021			
The organization and its reporting practices			
2-1	Organizational details	GRI Content Index	The Parent Company BioGaia AB has its head office in Stockholm. BioGaia AB, BioGaia Production AB, BioGaia Invest AB and BioGaia Pharma AB are located in Sweden. BioGaia Biologics Inc and BioGaia USA, LLC are based in the USA, BioGaia Probiotics Canada inc. is based in Canada, BioGaia UK Limited is based in the UK, BioGaia Finland Oy is based in Finland and BioGaia Japan Inc is based in Japan.
2-2	Entities included in the organization's sustainability reporting	GRI Content Index	The report covers the whole BioGaia group but when data has not been available for all subsidiaries it is noted in the text or tables in the report. The sustainability impact of products sold by BioGaia USA (Everidis) that were not developed by BioGaia is not included in any reported data and key ratios since information about the impact of these products has not yet been compiled. All companies in the group are listed under Note 14.
2-3	Reporting period, frequency and contact point	GRI Content Index	Annual reporting, the contact point is the Sustainability Manager Jonathan Gromark, jg@biogaia.se
2-4	Restatements of information	At the end of the GRI Content Index	
2-5	External assurance	GRI Content Index	The report was examined by the auditor in accordance with FAR's auditing standard RevR 12 but has not been subject to a limited review by a third party.
Activities and workers			
2-6	Activities, value chain and other business relationships	p. 56	
2-7	Employees	p. 74-76	
2-8	Workers who are not employees	GRI Content Index	BioGaia was unable to total the quantity of consulting services used in 2023 as FTEs but the hours are considered non-significant relative to employees.
Governance			
2-9	Governance structure and composition	GRI Content Index & p. 67	The Board of Directors is ultimately responsible for the company's sustainability performance. The governance of BioGaia is conducted through the General Meeting of Shareholders via the Board and the CEO. For more information about BioGaia's governance structure, see the corporate governance report found in BioGaia's 2023 Annual Report. Information about the Board members' other positions and commitments is available at BioGaiaGroup.com - Investors - Corporate governance - Board of directors.
2-10	Nomination and selection of the highest governance body	GRI Content Index	The Board of Directors is BioGaia's highest governance body. For more information about BioGaia's governance structure, see the corporate governance report.
2-11	Chair of the highest governance body	GRI Content Index	The Board Chairman is not a senior executive at BioGaia. For more information about BioGaia's governance structure, see the corporate governance report found in BioGaia's 2023 Annual Report.
2-12	Role of the highest governance body in overseeing the management of impacts	GRI Content Index	The Board monitors and follows up the financial performance, forms the vision, establishes strategies and sets targets. The Board's report on internal control over financial reporting for the financial year 2023 is provided in the corporate governance report, which can be found in BioGaia's Annual Report.

GRI Standard	Disclosure	Page number(s)	Comment
Governance			
2-13	Delegation of responsibility for managing impacts	GRI Content Index	The Board has established instructions for the CEO that, among other things, regulate management and development of the company and the provision of reports and decision data to the Board. Reporting on the company's impact on the surrounding economy, society or the environment is done when deemed necessary and four times a year via the Sustainability Committee.
2-14	Role of the highest governance body in sustainability reporting	GRI Content Index	The Board of Directors is ultimately responsible for the company's sustainability performance. The CEO reports on sustainability issues at every Board meeting. One Board meeting each year has a particular focus on sustainability issues. BioGaia has established a Sustainability Committee comprising representatives from across the company, including a Board member, CEO and CFO. This work is headed by BioGaia's Sustainability Manager. The Board reviews and approves both the Annual Report and the Sustainability Report.
2-15	Conflicts of interest	GRI Content Index	According to BioGaia's Code of Conduct and Conflicts of Interest Policy, conflicts of interest are to be avoided, and if they cannot be avoided they are to be reported. According to the policy, all members must declare at the beginning of each Board meeting (or during the meeting) if any of them have any conflict of interest with regard to a matter on the agenda. He or she must leave the meeting when the board is dealing with the matter and may not vote on the matter in question. If the chairman of a board may have a conflict of interest, a lead independent director must be appointed by the rest of the board to chair the specific matter.
2-16	Communication of critical concerns	GRI Content Index	The Board's report on internal control over financial reporting for the financial year 2023 is provided in the corporate governance report, which can be found in BioGaia's Annual Report.
2-17	Collective knowledge of the highest governance body on sustainability issues	GRI Content Index	The Board has good knowledge of sustainability issues, and includes a Board member with several years' experience of working with these issues. The Board routinely includes sustainability aspects in matters it addresses.
2-18	Evaluation of the performance of the highest governance body	GRI Content Index	Each Board member has completed a survey about the Board's work during 2023. For more information about the evaluation of the Board, see the corporate governance report found in BioGaia's 2023 Annual Report.
2-19	Remuneration policies	GRI Content Index	Guidelines for remuneration to the CEO and other members of the management team were resolved by the 2023 Annual General Meeting and apply until new guidelines are adopted by the General Meeting of Shareholders. The Board shall prepare proposals for new guidelines at least every fourth year for decision by the General Meeting of Shareholders.
2-20	Process to determine remuneration	GRI Content Index	The CEO's total remuneration is resolved by the Board after preparation by the Remuneration Committee.
2-21	Annual total compensation ratio	GRI Content Index	Information about remuneration is presented in the remuneration report for 2023.
Strategy, policies and practices			
2-22	Statement on sustainable development strategy	s.11-13 & 54-55	
2-23	Policy commitments	GRI Content Index	In 2020, BioGaia developed and presented an internal Code of Conduct for employees. This includes the company's ethical standards, sustainability ambitions and commitments. The Code serves as a guideline for all employees and is also a statement of corporate values and commitments. The Code references e.g., international agreements on human rights and labour standards (e.g. ILO), the Helsinki Declaration's ethical principles as well as the principles of the 3Rs (Replacement, Refinement and Reduction) for research. Please see BioGaia's website for further information.
2-24	Embedding policy commitments	p. 67	For more details, see BioGaia's Code of Conduct, which can be found on the website www.biogaigroup.com .
2-25	Processes to remediate negative impacts	p. 104	
2-26	Mechanisms for seeking advice and raising concerns	GRI Content Index & p. 69	Employees are encouraged to actively highlight problems for their superiors, HR or Corporate Governance. BioGaia has also implemented a whistleblower service, where employees can anonymously report problems.
2-27	Compliance with laws and regulations	GRI Content Index	During 2023, no cases were brought to light when BioGaia failed to comply with laws and regulations. No fines were incurred during the year.
2-28	Membership associations	GRI Content Index	BioGaia is a member of Svensk Egenvärd, IPA Europe and Global.

GRI Standard	Disclosure	Page number(s)	Comment
Stakeholder engagement			
2-29	Approach to stakeholder engagement	p. 99	
2-30	Collective bargaining agreements	GRI Content Index	All employees at BioGaia Production are covered by collective bargaining agreements
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	p. 93-94	
3-2	List of material topics	p. 57, 94	
3-3	Management of material topics		
	- Positive impact on health (previously referred to as: Contribution to better health)	p. 60-62	
	- Transparent research and clinically proven effect	p. 59	
	- Responsible marketing	p. 70	
	- Product quality and product safety	p. 62-65	
	- Business ethics	p. 67-69	
	- Responsible third parties (previously referred to as: Sustainability in the value chain)	p. 71-73	
	- Responsible suppliers	p. 71-72	
	- Responsible partners	p. 73	
	- Employee engagement (Previously: Employee engagement & development)	p. 74-76	
	- Employee health (previously referred to as: Occupational health & safety)	p. 77	403-9 (reporting of the management approach in accordance with GRI requirements 403-1 to 403-7 has not yet been compiled and will be reviewed in 2023)
	- Diversity and equal opportunities	p. 78	
	- Climate impact	p. 81-83	
- Sustainable packaging	p. 84-86		
- Sustainable raw materials (previously referred to as: Sustainable ingredients)	p. 84, 87		
- Sustainable transport	p. 88		
GRI 200: Economic disclosures			
205-2	Communication and training on anti-corruption policies and procedures	p. 68	Not broken down by region, with the exception that employees in Japan and USA have not taken part in anti-corruption training in 2023. Not broken down by employment category.
205-3	Confirmed incidents of corruption and actions taken	GRI Content Index	No corruption incidents were brought to the company's attention in 2023.
GRI 300: Environmental disclosures			
301-1	Materials used by weight or volume	p. 85	
301-2	Recycled input materials used	p. 85	
305-1	Direct (Scope 1) GHG emissions	p. 89	Excludes biogenic emissions as they are deemed non-existent or very small from the company's operations.
305-2	Energy indirect (Scope 2) GHG emissions	p. 89	Excludes biogenic emissions as they are deemed non-existent or very small from the company's operations.
305-3	Other indirect (Scope 3) GHG emissions	p. 89	Excludes biogenic emissions as they are deemed non-existent or very small from the company's operations.
305-4	GHG emissions intensity	p. 89	

GRI Standard	Disclosure	Page number(s)	Comment
GRI 400: Social disclosures			
401-1	New employee hires and employee turnover	p. 76	Not broken down by region
401-3	Parental leave	p. 79	
403-9	Work-related injuries	p. 77	Total number of hours worked is not reported
404-3	Percentage of employees receiving regular performance and career development reviews	p. 75	
405-1	Diversity of governance bodies and employees	p. 76	
414-1	New suppliers that were screened using social criteria	p. 72	
BioGaia specific disclosures (BSD)			
BSD 1	Published clinical studies per strain combination	p. 59	
BSD 2	Criteria for probiotics and BioGaia's assessment of level of compliance	p. 65	
BSD 3	Number of recalls	p. 64	
BSD 4	Emissions from ingredients	p. 87	
BSD 5	Emissions from packaging materials	p. 85	
BSD 6	Percentage of suppliers that have signed the Supplier Code of Conduct	p. 72	Includes contract manufacturers, culture suppliers and analytical services
BSD 7	Percentage of partners that have signed the partner Code of Conduct	p. 73	
BSD 8	Phase-out of palm oil in BioGaia's products	p. 87	

GRI 2-4

Acquisitions

At the beginning of 2022, BioGaia AB became the majority shareholder in the company Everidis, BioGaia's exclusive distributor of BioGaia branded products in the USA. Following the acquisition, Everidis is referred to as BioGaia USA. Since BioGaia USA became part of the group from January 1, its operations are also included in reported data for 2022. However, this year's report includes only the sustainability impact of the products BioGaia USA sold under BioGaia's brand during the year.

Adjustments in data

Previous years' data have not been corrected. In the calculations of emission reductions in scope 1 and 2 for the entire group, in order to follow up on whether BioGaia achieves the science-based target (Science Based Target), emissions from BioGaia USA during 2019 have been calculated and added to the total emissions during the baseline year. Scope 2 emissions for 2019 from BioGaia USA have been calculated based on data received on energy consumption in utilized premises during 2019. Scope 1 emissions from own vehicles in 2019 have been estimated for both BioGaia Japan and the USA. These have been estimated to be the same as the last year's emissions (2019-2022) when data has been available.

GRI 2-25

BioGaia strives to make its contact information as accessible as possible to consumers and other interested parties. It is therefore possible to contact the company by email, phone, and website. Consumer complaints and other consumer matters are initially handled by an external company, which allows for faster handling. If necessary, the external party forwards the case to the relevant department at BioGaia. A report containing complaints is compiled annually by relevant functions within the organization for analysis and action. External parties can also submit complaints through BioGaia's whistleblower service featured on the BioGaia website.

Included emission sources for calculated greenhouse gas emissions

Scope	Definition	Included emission sources / activities & data gathering process
Scope 1	Direct GHG emissions from vehicles/premises	BioGaia's only source of Scope 1 emissions is from owned or leased cars used by the subsidiary in Japan, stationary combustion for BioGaia Japan, and refrigerants at BioGaia Production. BioGaia does not lease any cars in any other part of the group.
Scope 2	Indirect emissions from purchased heating and electricity from premises	Data on emissions, electricity usage and energy used for heating and cooling have been collected from suppliers to BioGaia AB's offices, BioGaia Japan, BioGaia Production, BioGaia USA and from MetaboGen. Other subsidiaries are working in rented office spaces (two persons in USA, two persons in Finland and one person in South Africa) and energy usage is estimated based on number of employees times the average energy usage per employee at the Stockholm office. Emissions are calculated by multiplying the energy usage by the emission factor for the energy mix in the local region (from IEA). For the market-based method, if renewable energy is not used, the residual mix from AIB or the Swedish Energy Markets Inspectorate is used when available and otherwise local energy mix from IEA. For the location-based method, the local energy mix from IEA is used.
Scope 3	1. Purchased goods and services	All raw materials used to produce the products are included based on product content and total sales. Emission factors were obtained from the lifecycle assessment and SimaPro. The analysis used the IPCC's Global Warming Potentials 2013 with a 100-year time horizon. Emissions from other goods such as IT equipment, furniture and paper are small and are extrapolated based on # employees from an assessment made in 2016 by external consultants.
	2. Capital goods	Not included due to insufficient data about cradle-to-grave lifecycle data on owned capital goods.
	3. Other fuel- and energy-related activities	Scope 3 emissions included are based on the amount of electricity used according to Scope 2 and emissions factors for Scope 3 emissions from IEA, AIB or the Swedish Energy Markets Inspectorate. Energy use from the manufacturing operations of our external contract manufacturers is not included due to insufficient data. This is planned to be rectified in 2024.
	4. Upstream transportation and distribution	Transports from supplier of raw materials for the product to BioGaia's facilities are included based on estimates made by consultants of the lifecycle assessment based on distance between supplier and BioGaia's facilities.
	5. Waste generated in operations	Waste from operations is included from 2021.
	6. Business travel	This includes the use of hotels, flights, taxis, rail travel and car rental. Estimates are based on as much detail as possible for transportation. In some cases, the estimates were obtained from the travel agency. Emission factors from DEFRA for well-to-tank (WWT) including the high-altitude factor (RF) for aviation have been used for data coming from the supplier. The adjustment factor used to account for high-altitude effects of air travel is 1.9, of that used by DEFRA.
	7. Employee commuting	Included and based on an employee survey in 2023 with BioGaia AB and the result has been extrapolated for all employees in the group. Emission factors were obtained from the Swedish Transport Administration and the Swedish Energy Agency.
	8. Upstream leased assets	Emissions from rented office space are reported in Scope 2.
	9. Downstream transportation and distribution	Emissions from distribution was a preliminary calculation while travel by consumers to purchase the product was not included due to insufficient data. Emission factors were obtained from the Swedish Energy Agency, NTM and ICAO with an RFI factor of 1.9. Transports to BioGaia's subsidiaries in the USA and Japan have been calculated based on data directly from the companies, while other transport distances have been estimated.
	10. Processing of sold products	Not applicable – BioGaia produces and sells the final product that consumers consume.
	11. Use of sold products	Not applicable – the product is consumed.
	12. End-of-life treatment of sold products	Included based on scenario from lifecycle assessment. However, accuracy will be improved, and the packaging recyclability further explored to develop better packaging solutions. Emission factors were obtained from the lifecycle assessment and SimaPro. The analysis used the IPCC's Global Warming Potentials 2013 with a 100-year time horizon.
	13. Downstream leased assets	Not applicable – BioGaia does not lease assets to other entities.
	14. Franchises	Not applicable – BioGaia does not have any franchises.
	15. Investments	Not included - The BioGaia Group has no significant investments in other companies.



Financial
information

Administration report

Figures in parentheses refer to the previous year.

The Board of Directors and the CEO of BioGaia AB (publ.) corporate identification number 556380–8723, hereby submit their annual report and consolidated financial statements for the financial year 2023. The financial statements relate to the Group and the Parent Company for the period January 1, 2023 to December 31, 2023.

The Annual Report has been prepared in the Group's reporting currency, Swedish kronor, and amounts are in SEK 000s unless otherwise stated.

BioGaia

The company BioGaia is a healthcare company that develops, markets and sells probiotic products with documented health benefits. The products are primarily based on different strains of the lactic acid bacterium *L. reuteri* in combination with unique packaging solutions that make it possible to create probiotic products with a long shelf life. The class B shares of the Parent Company BioGaia AB are quoted on the Mid Cap List of Nasdaq OMX Nordic Exchange Stockholm.

BioGaia has 210 employees, of whom 144 are based in Sweden (Stockholm, Eslöv and Gothenburg).

Business model BioGaia works with three international networks within the areas of research, production and distribution. BioGaia's revenue comes mainly from the sale of drops, gut health tablets, oral rehydration solution (ORS) and oral health products to distributors and through its own subsidiaries. Revenue is also earned from the sale of bacterial cultures to be used in licensee products (such as dairy products), as well as royalties for the use of *L. reuteri* in licensee products. The products are sold through nutrition and pharmaceutical companies in more than 100 countries.

BioGaia holds patents for the use of certain strains of *L. reuteri* and certain packaging solutions in all major markets.

The BioGaia brand BioGaia launched its own consumer brand at the beginning of 2006. Today, distribution partners sell finished products under the BioGaia brand in a large number of markets. One central part of BioGaia's strategy is to increase the proportion of sales consisting of BioGaia-branded products.

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.

Key events in 2023

New contracts and launches

On March 31, BioGaia announced that the company is launching a probiotic skin ointment for infants and children, Aldermis.

On April 27, BioGaia announced that the company is launching the Prenatal Care product for expecting mothers as well as women planning to conceive.

Other key events

On March 29, BioGaia announced that the company's CEO Isabelle Ducellier intends to leave the company and take up employment with another company. Isabelle Ducellier will remain in her position until September 30, 2023.

On July 5, it was announced that a clinical study with Protectis was shown to increase SARS-CoV-2 antibody titres when 28 days or more had elapsed from vaccination.

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

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

On September 25, Theresa Agnew began her role as new CEO.

Key events after the end of the financial year

There are no key events to report.

Launches in 2023

Distributor	Country	Product	Brand
Abbott	Paraguay	BioGaia Protectis tablets with vitamin D	BioGaia
J Health	Hong Kong	Protectis tablets with vitamin D	BioGaia
Pharma Ace	Malaysia	BioGaia Protectis minipack	BioGaia
United Life Sciences	Taiwan	BioGaia Protectis tablets with vitamin D	BioGaia
Minapharm	Egypt	BioGaia Protectis	BioGaia
Abbott	Colombia	BioGaia Protectis tablets with vitamin D	BioGaia
Agefinsa	Guatemala/El Salvador/Honduras	BioGaia Protectis drops with vitamin D	BioGaia
Abbott	Paraguay	BioGaia Gastrus	BioGaia
BioGaia	Sweden	BioGaia Prodentis Kids	BioGaia
Nestlé	Colombia, Peru	NanCare Protectis ppar 5 ml	BioGaia
Agefinsa	Guatemala, El Salvador, Honduras	BioGaia drops vitamin D 5 ml, BioGaia tablets vitamin D	BioGaia
Delta Medical	Kyrgyzstan	BioGaia Protectis drops 5 ml, tablets vitamin D	BioGaia
EwoPharma	Poland	BioGaia Protectis drops easydropper 5 ml	BioGaia
BioGaia	Canada	BioGaia Prodentis mint and apple	BioGaia
BioGaia	Ireland	BioGaia Protectis tablets Strawberry, BioGaia Pharax 5 ml	BioGaia
HealthExport	Tunisia	BioGaia Protectis drops 5 ml	BioGaia
Grace	Korea	BioGaia Protectis minipack	BioGaia
Abbott Singapore	Singapore	BioGaia Protectis drops	BioGaia

Distributor	Country	Product	Brand
Axero	Sri Lanka	BioGaia Protectis minipack	BioGaia
Lenus Med	Mongolia	BioGaia Protectis drops 5 ml	BioGaia
Biowelltech	Hong Kong	BioGaia Prodentis apple	BioGaia
Sued	Dominican Republic	BioGaia Gastrus	BioGaia
Nestlé	Spain, Portugal	NanCare B.lactis drops 5 ml	BioGaia
EwoPharma	Slovakia	BioGaia Gastrus	BioGaia
EwoPharma	Romania	BioGaia Gastrus	BioGaia
EwoPharma	Czech Republic	BioGaia Gastrus	BioGaia
BioGaia	UK	BioGaia Pharax 5 ml	BioGaia
BioGaia	China	BioGaia Protectis tablets strawberry	BioGaia
Abbott Singapore	Singapore	BioGaia Protectis tablets with vitamin D	BioGaia
MTC Pharma	Vietnam	BioGaia Prodentis lozenges with new flavor (apple)	BioGaia
Abbott/Zuellig Pharma	Cambodia	BioGaia Protectis minipack	BioGaia

Financial performance in 2023

Consolidated net sales amounted to SEK 1,296.5 million (1,104.0), which is an increase of SEK 192.5 million, or 17% (excluding foreign exchange effects, 11%).

Sales in EMEA amounted to SEK 491.8 million (511.5), a decrease of 4%, which was due to lower sales in the Pediatrics segment. Sales in EMEA declined mainly in Italy and France. BioGaia terminated the distribution agreement and stopped supplying the Italian company Nóos S.r.l. in August 2023 for non-performance. While the matter has gone to arbitration, BioGaia is securing the availability of our products on the Italian market through our previous sub-distributor.

Sales in APAC totaled SEK 304.1 million (223.0), up 36% due to increased sales in both the Pediatrics and Adult Health segments. Sales increased mainly in China, South Korea, and the Philippines.

Sales in Americas totaled SEK 500.6 million (369.5), up 35% due to increased sales in both the Pediatrics and Adult Health segments. Sales mainly increased in BioGaia USA, Canada and Brazil.

Sales by segment Sales in the Pediatrics segment amounted to SEK 1,013.5 million (868.4), an increase of 17% (excluding foreign exchange effects, 11%).

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

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

Sales in the Adult Health segment amounted to SEK 275.2 million (230.2), an increase of 20% (excluding foreign exchange effects, 14%).

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

Sales of BioGaia Gastrus increased compared to the corresponding period last year. Sales increased in all regions, mainly in the USA.

Sales of BioGaia Prodentis increased compared to the corresponding period last year. Sales increased in APAC and Americas, mainly in Japan and the USA.

Gross margin The total gross margin amounted to 73% (73%). The gross margin for the Pediatrics segment amounted to 75% (74%) and for the Adult Health segment to 67% (67%).

Operating expenses and operating profit Operating expenses amounted to SEK 507.1 million (440.5), an increase of SEK 66.6 million (15%). Operating expenses, excluding items affecting comparability, increased by 16% to SEK 505.9 million (435.4). Items affecting comparability primarily include restructuring costs for personnel and costs related to terminating rental premises in Lund. See page 139 for a reconciliation of key ratios.

Selling expenses amounted to SEK 363.3 million (320.8), an increase of 13%, mainly due to higher costs for sales and marketing activities.

R&D expenses amounted to SEK 106.8 million (106.8), an increase of 0%.

Administrative expenses amounted to SEK 39.2 million (39.8), a decrease of 1%.

Other operating expenses refers to exchange losses/gains on receivables and liabilities of an operating nature and amounted to SEK -2.2 million (-27.0).

Operating profit amounted to SEK 443.1 million (361.5), an increase of 23%. The operating margin was 34% (33%).

Adjusted operating profit amounted to SEK 444.2 million (366.5), an increase of 21%. The adjusted operating margin was 34% (33%). Items affecting comparability primarily include restructuring costs for personnel and costs related to terminating rental premises in Lund.

Net financial items amounted to SEK 25.7 million (86.2). Net financial items were impacted by the adjustment of the value of the earn-out in relation to Nutraceuticals in the amount of SEK -15.0 (80.0) million.

Profit after tax and earnings per share Profit after tax amounted to SEK 365.4 million (373.8) a decrease of 2%. The effective tax rate was 22% (16%). Profit after tax is impacted by a non-taxable financial expense or income from the adjustment of the value of the additional purchase price. The effective tax rate last year was lower due to the financial income from the value adjustment.

Earnings per share amounted to SEK 3.62 (3.70). There are no dilutive effects.

Balance sheet December 31 Total assets amounted to SEK 2,333.2 million (2,214.0) on December 31, 2023. Goodwill from the acquisition of Nutraceuticals was adjusted for currency translation. The financial liability for the additional purchase price was value adjusted. Compared with the preceding year, payables and inventories increased while receivables decreased.

During the year the lease agreement for the Group headquarters was renewed, thereby increasing right-of-use assets and liabilities by SEK 22.6 million respectively.

Cash and cash equivalents at December 31, 2023 amounted to SEK 1,544.2 million (1,488.4 at December 31, 2022).

Cash flow Cash flow amounted to SEK 66.6 million (-12.8). The cash flow includes a dividend payment of SEK 292.8 million (301.3). Cash flow from operating activities amounted to SEK 426.0 million (318.9). The increase in cash flow in operations compared with the year-earlier period was mainly due to higher operating profit and interest received despite a negative change in working capital.

Investments amounted to SEK 50.9 million (18.1). The increase was primarily attributable to investments in production capacity in BioGaia Production.

Parent Company The Parent Company's net sales amounted to SEK 1,015.8 million (945.3) and profit before tax was SEK 406.7 million (316.0). The financial net includes dividends amounting to SEK 50.0 million. The financial

performance of the Parent Company is in all material respects aligned with that of the Group. In the fourth quarter of 2023, MetaboGen AB was merged into the Parent Company. The material impact on the Parent Company includes a merger result of SEK -23.6 million, intangible assets of SEK 45.9 million and deferred tax liability of SEK 9.4 million.

Research and development

BioGaia has an extensive research network and collaborates with universities and hospitals around the world including the Swedish University of Agricultural Sciences (SLU) in Uppsala, Sweden, the Karolinska Institute in Stockholm, Sweden, Sahlgrenska University Hospital in Gothenburg, Sweden, Texas Children's Hospital in the USA and the University Hospitals of Bari and Turin, Italy.

BioGaia's strains of *L. reuteri* are among the most studied probiotics in the world, especially in young children. To date, over 250 clinical studies with BioGaia's human strains of *L. reuteri* have been performed on more than 21,000 individuals of all ages.

Studies have been performed on:

- Infantile colic and digestive health in children
- Antibiotic-associated diarrhea (AAD)
- Acute diarrhea
- Gingivitis (inflammation of the gums)
- Periodontal disease
- General health
- *Helicobacter pylori* (the gastric ulcer bacterium)
- Low bone density
- Diverticulitis

Reporting clinical studies

In order to ensure transparency and aim for the highest possible scientific standards, BioGaia encourages researchers to design studies and report results in a way that enables publication in well-renowned medical journals. The aim is that all studies, regardless of result, should be published. Furthermore, BioGaia requires all studies to be ethically approved and registered on a public website, such as ClinicalTrials.gov.

Environmental information

BioGaia has a fundamentally ethical and environmentally friendly mission, namely to conduct research and development aimed at offering clinically proven, health-enhancing and user-friendly probiotic products.

BioGaia shows its commitment to the environment by:

- striving to use eco-friendly packages
- encouraging its suppliers and distributors to take environmental aspects into account in their decisions
- measuring the climate impact of the company and its products and compensating for its carbon dioxide emissions

In 2017, BioGaia established an independent foundation (The Foundation to Prevent Antibiotic Resistance). The aim of the Foundation is to reduce antibiotic resistance through support to research, education and informa-

tion activities. The goal is for this to promote the use of products and methods that prevent infections or in other ways reduce the use of antibiotics. In a longer perspective, this will also have positive effects on the environment.

BioGaia conducts no operations that are subject to permit or notification requirements.

For more information, see the company's Sustainability Report.

Business risks and uncertainties

BioGaia's operations are associated with both risks and opportunities of various types. Certain risks are of a more general nature such as markets and countries, research and development, products and production, health and safety, environment, corruption and violation of human rights, while other risks are more specific to the company. The following section is not a complete risk analysis but gives an indication of the factors of significance for future development including sustainability risks.

Group

Intangible assets As of the balance sheet date, assets in the group are recognized at SEK 51.1 million consisting of R&D projects in progress (SEK 45.8 million) and goodwill (SEK 5.3 million) attributable to the surplus value at the acquisition of MetaboGen in 2018. The group also has assets for surplus values (SEK 2.2 million) as well as goodwill (SEK 160.0 million) relating to Nutraceuticals. There is a risk that these assets will be impaired. BioGaia has tested the intangible assets for impairment and does not consider that an impairment requirement exists on the balance sheet date. For more information, see Note 11.

BioGaia's partners BioGaia does not primarily sell directly to end-users but sells its products to distributors (partners) which then sell on the products. The agreements normally have a term of 3-7 years.

BioGaia is dependent on the distributors investing the resources necessary for marketing and sales. So that the company itself can influence this to a greater extent, BioGaia launched its own brand in 2006. Today, many of BioGaia's partners sell wholly or partly under the BioGaia brand. BioGaia provides its partners with marketing support in the form of education, information about new clinical studies, speakers at symposia, marketing and PR support. There is a risk that BioGaia's partners will not perform according to the company's wishes. However, BioGaia has formulated its agreements so that it is possible to terminate the agreement if a distributor does not meet certain minimum sales targets.

Research and development BioGaia invests considerable sums in research, clinical studies and product development with the aim of developing products with proven health benefits. Even after pilot studies, there is always a risk that a project will be wholly or partly unsuccessful. BioGaia works with a range of research initiatives in which the company strives for a balance between low and high-risk projects.

Research and clinical studies are carried out at universities and hospitals around the world. To ensure that the clinical studies are performed in

accordance with the applicable regulations and provide reliable results, BioGaia's own staff are involved in parts of the work with clinical studies. The study agendas are always approved by BioGaia, the ethics committee and other relevant authorities. Agreements are signed with hospitals and universities in which they undertake to comply with the applicable regulatory requirements. BioGaia monitors the studies to ensure that they are conducted in a correct and ethical manner. BioGaia always urges the researchers to publish the results of their studies.

Intellectual property BioGaia's business activities are based on a large number of intellectual property rights, such as patents, trademarks, names of strains and Internet domains. The company works continuously to strengthen its intellectual property rights by protecting the company's products. The various patents have different terms but those covering the most used strains in BioGaia's products apply until 2026 and 2027.

There is always a risk of infringement of intellectual property. These rights are enforced on an ongoing basis, but there are no guarantees that future infringements will not cause the company damage. BioGaia continuously monitors its business environment.

Regulatory affairs BioGaia's products are currently sold in more than 100 countries around the world. Due to their differing regulatory systems, the length of time between contract and product launch varies between countries. In most countries, the products are registered as food supplements but in a few markets they are registered as a category of pharmaceutical.

In the EU, the use of nutrition and health claims for food is regulated by the European Food Safety Authority (EFSA). The EFSA rules apply to food products that are marketed to consumers with various claims about preventative health effects. In order to make a health claim for a product and in marketing, EFSA approval is required.

There is always a risk that the rules will be changed in the different markets with a resulting negative impact on sales at least for a period.

To minimize this risk and be proactive, BioGaia's regulatory department works closely with equivalent functions at distributors/partners which monitor local regulations.

Employees BioGaia's operations are wholly dependent on the employees' expertise, and they therefore constitute the company's most valuable resource. In order to attract and retain skilled and motivated employees, BioGaia strives to create a culture in which all employees are given the opportunity to develop, influence their own work situation and maintain a good balance between work and leisure in order to avoid stress. The company continuously evaluates the current staffing situation and the need for recruitment.

Product liability BioGaia sells food supplements. There is a risk that a consumer could experience damage and claim that this damage is attributable to BioGaia's product. This risk also exists in clinical studies. For BioGaia, the top priority has always been to ensure that the products that are manufactured and offered to customers are of a high quality and are safe to use. The employees concerned are given relevant training in product safety. The agreements with BioGaia's suppliers include quality

requirements and the company has processes in place to ensure that the suppliers comply with the agreements.

Business ethics BioGaia's business model is based on three networks Research, Production and Distribution. BioGaia's products are sold in more than 100 countries, which means that the brand is exposed all over the world.

To ensure that all parties perform their duties in an ethical and, according to BioGaia, correct manner, BioGaia adopted a Code of Conduct in 2017. The Code of Conduct contains minimum requirements in areas such as human rights, labor rights, environment and business ethics and anti-corruption. For further information, see the company's Sustainability Report.

With regard to the research network, BioGaia encourages a sufficiently high level in the design of the studies and reporting of results to enable publication in respected medical journals and thereby ensure the highest possible scientific standards. Furthermore, BioGaia requires that before participants are accepted, the study must be registered on a public site, such as ClinicalTrials.gov. The goal is to publish all studies regardless of the results.

Sustainable supply chain BioGaia's ambition is to take responsibility and give consideration to sustainability risks and delivery accuracy risks throughout the entire value chain, from suppliers via distributors and all the way to the consumer.

One key component of BioGaia's business model is the effort to build close and long-term relationships with a small number of suppliers. BioGaia's aim is to always have a least two independent suppliers if this is commercially viable. All suppliers must read and sign BioGaia's Supplier Code of Conduct.

Parent Company

Subsidiary BioGaia Pharma AB Operating loss for the period amounted to SEK -4.0 million (-3.8). On the balance sheet date, assets in BioGaia Pharma were reported at SEK 21.1 million in the Parent Company. Since the company is not profitable, there is a risk of impairment of these assets in the Parent Company. Impairment was recognized during the year corresponding to a group contribution provided. BioGaia has tested the remaining financial assets for impairment and considers there is no indication of impairment on the balance sheet date.

Financial risk management

The overall objective of the group's finance function is to secure cost-effective financing for the group's operations and group companies and to provide secure cash management with a market-based return on investment. The overall objective of financial risk management is to minimize the risk of negative effects on the group's earnings. Consequently, the group's financial investments must have a low risk profile.

Below is a description of the group's assessed risk exposure and the related risk management. For more information, see Note 26.

Currency risk BioGaia has revenue primarily in EUR and USD but also in SEK, JPY and CHF and expenses primarily in SEK, but also in EUR, JPY and USD. In 2023, the company had a cash flow surplus of approximately EUR 23.9 million

(30.9), a cash flow surplus of JPY 25.3 million (631.5) and a cash flow surplus of USD 38.8 million (29.1). For more information, see Note 26.

Interest rate and liquidity risk The group has no external loans. The company's interest rate risk consists of the return on cash and cash equivalents. The Board has issued a liquidity policy for cash and cash equivalents in which the basic principle is that investment risks should always be minimized and investments should be made primarily in Swedish kronor. To minimize currency risk, other currencies may also be considered. The company's cash and cash equivalents may be invested only in bank accounts, commercial paper or other fixed income securities with very limited risk. This means that no investments may be made in shares, equity funds, options, etc.

Credit risks BioGaia's credit risks are tied to trade receivables. Customers have a 30-90 day credit period. When signing agreements with new customers, an assessment is made of the customer's financial position. The company has routines for collection of past due accounts receivable and additional evaluations of the customer's financial position are carried out when required in order to minimize risks.

Cash flow risk BioGaia has good liquidity. The risk of a liquidity shortage is therefore immaterial. Cash flow amounted to SEK 66.6 million (-12.8). Cash flow includes dividends of SEK -292.8 million (-301.3). Cash and cash equivalents at December 31, 2023 amounted to SEK 1,544.2 million (1,488.4).

Price risk BioGaia buys most of its goods on the international market and has several alternative suppliers, which reduces the company's price risk. BioGaia's price to distributors is largely the same for all customers, but can vary with respect to the order volume. Certain markets are subject to aggressive price competition towards consumers. However, BioGaia's strategy is not to compete in terms of price but to instead convince doctors of the effectiveness and safety of the products by showing the results of clinical studies.

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, increased sales to both existing and new customers and a controlled cost level.

In view of the company's strong product 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 looks bright.

Financial target and dividend policy 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 organization.

In October 2020 BioGaia announced that it had carried out a directed issue of 2.86 million class B shares, raising proceeds of SEK 1.1 billion. Since then,

BioGaia has further evaluated several larger potential acquisitions, but could not satisfactorily conclude that these were possible to complete or were a strategic fit. For the coming years, BioGaia will focus on evaluating smaller and more tactical acquisitions. With this change in acquisition strategy, BioGaia has excess net cash and has therefore decided to increase future dividends as follows. In addition to the current dividend policy of 50% of the group earnings after tax and after adjustment of non-recurring items, for the coming years BioGaia intends to give extra dividends of 50 to 100% of the group earnings after tax and after adjustment of non-recurring items, provided that the future cash flows are in line with BioGaia's projections.

BioGaia will still have sufficient net cash to allow selective acquisitions of considerable size while maintaining sufficient funding to deal with future potential variations of the group earnings.

Employees

The number of employees in the group at December 31, 2023 was 210 (212).

The company has an incentive program aimed at ensuring employees' long-term commitment to BioGaia. The company has, for example, a bonus program for all employees based partly on the company's sales and profit and partly on qualitative targets. The maximum bonus is equal to 12% of annual salary. In addition to this program, BioGaia has also implemented a subscription warrants program as resolved by the 2021 Annual General Meeting. The program involves the issue of a maximum of 365,000 warrants where each warrant shall entitle the holder during the period from July 6, 2024 through November 6, 2024 to subscribe for one new class B share in BioGaia.

Following the share split that took place in 2022, each option gives a right to subscribe to five shares (previously one share) for a subscription price of SEK 115.6 (previously SEK 578.2). See Note 3 for additional information about employees and personnel expenses.

The adoption of guidelines for remuneration to senior executives by the 2023 Annual General Meeting

The 2023 Annual General Meeting adopted the following guidelines for remuneration of senior executives. The guidelines do not apply to remuneration resolved by the General Meeting.

The guidelines' promotion of BioGaia's business strategy, long-term interests and sustainability BioGaia performs research and development to provide consumers with clinically-proven, health-promoting, patented and user-friendly probiotic products.

Successful implementation of the business strategy and safeguarding BioGaia's long-term interests, including its sustainability, require BioGaia to be able to recruit, motivate and retain competent employees who work to achieve maximum shareholder and customer value. This requires BioGaia to be able to offer competitive remuneration. These guidelines enable senior executives to be offered competitive total remuneration.

Forms of remuneration, etc. Remuneration shall be market-based and may consist of the following components: fixed cash salary, variable cash

remuneration, pension benefits and other benefits. The Annual General Meeting may in addition – and independent of these guidelines – resolve on, for example, share-related and share-price based remuneration. The total remuneration package to senior executives should include a well-balanced mix of the above-named components as well as terms of notice and severance pay. The Board should annually evaluate the extent to which share-based or share-price based long-term incentive programs should be proposed to the Annual General Meeting.

The fixed cash salary shall be individual and based on the senior executive's responsibilities and role as well as the individual's competence and experience in the relevant position.

The variable cash remuneration may amount to a maximum of 35% of fixed annual cash salary.

Senior executives who are entitled to pensions shall have pension benefits that are defined contribution. Variable cash remuneration shall not qualify for pension benefits. Pension premiums for defined contribution pensions shall amount to a maximum of 30% of fixed annual cash salary.

Other benefits may include life insurance, healthcare insurance (Sw: sjukvårdsförsäkring) and a company car benefit. Such benefits shall be of limited value in relation to other compensation and be consistent with what is customary in the respective geographical market. Other benefits may amount to a maximum of 5% of fixed annual cash salary.

Termination of employment In the event of termination of employment the maximum notice period is eighteen months. Fixed cash salary during the notice period plus any severance pay may not together exceed an amount equivalent to the individual's fixed cash salary for a two-year period. In case of termination by the senior executive, the notice period may not be less than three months and no severance pay will be paid.

Criteria for distribution of variable cash remuneration, etc. Variable cash remuneration shall be linked to pre-determined and measurable criteria which may be financial or non-financial. It can also comprise individually adapted quantitative or qualitative targets. The criteria shall be designed so that they promote the group's business strategy and long-term interests, including its sustainability, through for example having a clear link to BioGaia's business strategy or promoting the senior executive's long-term development.

Fulfilment of the criteria for payment of variable cash remuneration shall be measured during a period of one year. When the measurement period for fulfilment of the criteria for payment of variable cash remuneration has ended, the extent to which the criteria have been met shall be determined. The Remuneration Committee is responsible for assessment with regard to variable cash remuneration to the CEO. As regards variable cash remuneration to other senior executives, the CEO is responsible for the assessment.

Salary and terms of employment for employees In preparation of the Board's proposal for these remuneration guidelines, salaries and terms of employment for the company's employees have been taken into account through information on employees' total remuneration, remuneration components as well as remuneration increases and rate of increase over

time comprising a part of the Remuneration Committee's and the Board's basis for decision when evaluating the reasonableness of these guidelines and the limitations that are a consequence of them.

Decision-making process to establish, review and implement the guidelines

The Board has established a Remuneration Committee. The tasks of the Committee include preparation of the Board's proposal for decision on guidelines for remuneration to senior executives. The Board shall prepare proposals for new guidelines at least every fourth year and present the proposal for decision to the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to Executive Management, application of the guidelines for remuneration to senior executives as well as applicable remuneration structures and remuneration levels in the group. The members of the Remuneration Committee are independent in relation to BioGaia and Executive Management. When the Board considers and makes decisions on remuneration-related matters, the CEO or other senior executives and Board members are not present insofar as they are affected by the issues.

Departure from the guidelines The Board may decide temporarily to depart from the guidelines wholly or partly if in an individual case there is reason for this and such departure is necessary in order to meet BioGaia's long-term interests, including its sustainability, or in order to ensure BioGaia's financial viability. As stated above, the tasks of the Remuneration Committee include preparing the Board's decision on remuneration matters, which includes decisions to depart from the guidelines.

Most recently adopted guidelines regarding remuneration and other terms of employment for senior executives

The most recently adopted guidelines correspond to those that were proposed to the Annual General Meeting 2023 (see above).

Corporate governance

BioGaia has published a separate corporate governance report. See page 140.

Sustainability Report

BioGaia has published a separate sustainability report. See page 51.

Proposed appropriation of profits

The following funds in the Parent Company are at the disposal of the Annual General Meeting (SEK):

Retained earnings	1,316,971,986
Profit for the year	333,527,712
Profits available for appropriation	1,650,499,698

The Board of Directors proposes that the profits be appropriated as follows

To be paid as a dividend to the shareholders*	696,777,939
Provision to the Foundation to Prevent Antibiotic Resistance	4,400,000
To be carried forward to new account	949,321,759
Total	1,650,499,698

*) The proposed dividend consists of a dividend according to policy of SEK 1.90 (1.45) per share plus an extra dividend of SEK 5.00 (1.45) per share

Mandatory disclosures for ESEF reporting

Name of the reporting entity	BioGaia AB (publ.)	IAS 151 a
Legal form of entity	Public limited company (publ.)	IAS 1138 a
Country of incorporation	Sweden	IAS 1138 a
Address of entity's registered office	Kungsbroplan 3A SE-112 27 Stockholm	IAS 1138 a
Principal place of business	Stockholm	IAS 1138 a
Description of nature of entity's operations and principal activities	The company BioGaia is a healthcare company that develops, markets and sells probiotic products with documented health effects.	IAS 1138 b
Name of parent entity	BioGaia AB (publ.)	IAS 1138 c, IAS 24 13



Five-year summary

Key ratio	2023	2022	2021	2020	2019
Total net sales, SEKm	1,296.5	1,104.0	785.1	747.1	768.3
Net sales, Pediatrics segment, SEKm	1,013.5	868.4	603.7	583.1	600.1
Net sales, Adult Health segment, SEKm	275.2	230.2	176.9	161.2	167.3
Other net sales, SEKm	7.8	5.4	4.6	2.8	0.9
Product net sales, SEKm	1,285.9	1,085.4	753.5	721.5	743.0
Operating profit, SEKm	443.1	361.5	253.7	228.2	242.5
Profit before tax, SEKm	468.8	447.6	252.7	227.6	242.3
Profit after tax, SEKm	365.4	373.8	196.3	179.7	187.3
Profit after tax attributable to owners of the Parent Company, SEKm	365.4	373.8	196.3	179.7	187.3
Growth, net sales, %	17	41	5	-3	4
Operating margin, %	34	33	32	31	32
Profit before tax margin, %	36	41	32	30	32
Equity/assets ratio, %	87	89	88	91	76
Capital employed, SEKm	2,045.5	1,985.0	1,891.6	1,757.6	518.2
Return on capital employed, %	24	23	14	20	47
Return on equity, %	18	19	11	16	37
Average number of employees	213	203	161	157	149

Data per share ¹⁾

Number of shares at Dec 31, thousands	100,982	100,982	100,982	20,196	17,336
Average number of shares, thousands	100,982	100,982	100,982	17,855	17,474
Earnings per share before dilution, SEK ²⁾⁴⁾	3.62	3.70	1.94	10.07	10.72
Earnings per share after dilution, SEK ²⁾⁴⁾	3.62	3.70	1.94	10.07	10.72
Equity per share, SEK ⁴⁾	20.11	19.53	18.59	97.80	29.06
Equity per share after dilution, SEK ⁴⁾	20.11	19.53	18.59	97.80	29.06
Share price on balance-sheet date, SEK	101	84	518	537	424.5
Dividend per share, SEK	6.90 ³⁾	2.90 ³⁾	2.98	3.41	3.75

¹⁾ In view of the 5:1 share split, which took place in May 2022, historical key ratios from 2021 based on the number of shares have been restated.

²⁾ Key ratio defined according to IFRS.

³⁾ Dividend proposed but not yet approved.

⁴⁾ A bonus issue element has been taken into account in the calculation of earnings per share before and after dilution as well as equity per share, which means that the comparative figure has been recalculated. There are no other dilutive effects.

For definitions of key ratios, see page 139.

Group

Statement of comprehensive income

Amounts in SEK 000s	Note	2023	2022
Net sales	2	1,296,506	1,103,957
Cost of sales	2	-346,316	-302,028
Gross profit	2	950,190	801,929
Selling expenses	4	-363,256	-320,798
Administrative expenses	2, 4	-39,249	-39,818
Research and development expenses	2, 7, 11	-106,776	-106,805
Other operating income	5	2,223	27,489
Other operating expenses	6	-29	-538
Operating profit		443,103	361,459
Financial income	8	41,532	91,540
Financial expenses	9	-15,801	-5,386
Net financial items		25,731	86,154
Profit before tax		468,834	447,613
Tax	10	-103,482	-73,840
Profit for the year		365,352	373,773
Items that may be reclassified subsequently to profit or loss			
Gains/losses arising on translation of the statements of foreign operations		-9,762	25,722
Comprehensive income for the year		355,590	399,495
Profit for the year attributable to:			
owners of the Parent Company		365,352	373,773
Non-controlling interests		-	-
		365,352	373,773
Comprehensive income for the period attributable to owners of the Parent Company			
		355,590	399,495
Non-controlling interests		-	-
		355,590	399,495
Earnings per share			
Earnings per share (SEK), before and after dilution		3.62	3.7
Number of shares, thousands		100,982	100,982
Average number of shares, thousands		100,982	100,982

Statement of cash flows

Amounts in SEK 000s	Note	2023	2022
Operating activities			
Operating profit		443,103	361,459
Adjustments for non-cash items:			
Depreciation/amortization and impairment		25,281	23,890
Other non-cash items		-1,478	-9,103
		466,906	376,246
Interest received		41,250	7,634
Interest paid		-789	-5,386
Taxes paid		-80,294	-54,910
Cash flow from operating activities before changes in working capital		427,073	323,584
Cash flow from changes in working capital:			
Inventories		-40,887	-34,125
Current receivables		3,754	-12,403
Trade payables		17,713	-12,369
Current interest-free operating liabilities		18,312	54,256
Cash flow from operating activities		425,965	318,943
Investing activities:			
Purchase of property, plant and equipment	13	-48,568	-17,916
Purchase of intangible assets	20	-146	-225
Purchase of financial assets		-2,221	-
Cash flow from investing activities		-50,935	-18,141
Financing activities:			
Dividend		-292,849	-301,331
Amortization lease liability		-10,755	-9,143
Provision to foundation		-4,400	-2,900
Repurchase of warrants		-417	-214
Cash flow from financing activities		-308,421	-313,588
Cash flow for the year		66,609	-12,786
Cash and cash equivalents at beginning of year		1,488,366	1,484,680
Exchange difference in cash and cash equivalents		-10,783	16,472
Cash and cash equivalents at end of year		1,544,192	1,488,366

Group

Statement of financial position

Amounts in SEK 000s	Note	Dec 31, 2023	Dec 31, 2022
Assets			
Non-current assets:			
R&D projects in progress	11	46,230	46,075
Goodwill	11	165,174	171,517
Right-of-use assets	12	36,156	13,557
Property, plant and equipment	13	177,172	144,168
Financial assets	20	28,013	25,793
Deferred tax assets	10	5,964	15,325
Deposits		48	50
Total non-current assets		458,757	416,485
Current assets:			
Inventories	15	181,204	142,838
Trade receivables	16, 20	105,875	130,703
Other receivables	18	33,315	18,733
Deferred expenses and accrued income	19	9,847	16,841
Cash and cash equivalents	20	1,544,192	1,488,366
Total current assets		1,874,433	1,797,481
Total assets		2,333,190	2,213,966

Statement of financial position

Amounts in SEK 000s	Note	Dec 31, 2023	Dec 31, 2022
Equity and liabilities			
Equity			
	21		
Share capital		20,196	20,196
Other contributed capital		1,153,377	1,153,794
Foreign currency translation reserve		15,936	25,696
Retained earnings		475,481	398,957
Profit for the year attributable to owners of the Parent Company		365,352	373,773
Total equity attributable to owners of the Parent Company		2,030,342	1,972,416
Non-controlling interests	14, 17	2	2
Total non-controlling interests		2	2
Total equity		2,030,344	1,972,418
Non-current liabilities:			
Deferred tax liability	10	15,179	12,552
Other liabilities	26	91,932	64,005
Total non-current liabilities		107,111	76,557
Current liabilities:			
Prepayments from customers	20	8,533	9,171
Trade payables	20	49,308	32,050
Current tax liabilities	23	33,029	22,715
Other liabilities	23	18,505	23,110
Accrued expenses and deferred income	24	86,360	77,945
Total current liabilities		195,735	164,991
Total liabilities		302,846	241,548
Total equity and liabilities		2,333,190	2,213,966

Group

Statement of changes in equity

Amounts in SEK 000s	Share capital	Other contributed capital	Foreign currency translation reserve	Retained earnings	Profit for the year	Equity attributable to owners of the Parent Company	Non-controlling interests	Total equity
Opening equity, January 1, 2022	20,196	1,154,008	-27	506,915	196,273	1,877,365	2	1,877,367
Dividend				-301,331		-301,331		-301,331
Provision to foundation				-2,900		-2,900		-2,900
Repurchase of warrants		-215				-215		-215
Total transactions with owners		-215	0	-304,231	0	-304,446	0	-304,446
Carried forward				196,273	-196,273			
Profit for 2022					373,773	373,773		373,773
Other comprehensive income								
Gains/losses arising on translation of the statements of foreign operations			25,722			25,722		25,722
Comprehensive income for the year	0	0	25,722	0	373,773	399,495		399,495
Closing balance, December 31, 2022	20,196	1,153,793	25,696	398,957	373,773	1,972,416	2	1,972,418
Opening equity, January 1, 2023	20,196	1,153,793	25,696	398,957	373,773	1,972,416	2	1,972,418
Dividend				-292,849		-292,849		-292,849
Provision to foundation				-4,400		-4,400		-4,400
Repurchase of warrants		-417				-417		-417
Total transactions with owners		-417	0	-297,249	0	-297,666		-297,666
Carried forward				373,773	-373,773			
Profit for 2023					365,352	365,352		365,352
Other comprehensive income								
Gains/losses arising on translation of the statements of foreign operations			-9,762			-9,762		-9,762
Comprehensive income for the year	0	0	-9,762	0	365,352	355,590	0	355,590
Closing balance, December 31, 2023	20,196	1,153,376	15,936	475,482	365,352	2,030,342	2	2,030,344

Parent Company

Income statement

Amounts in SEK 000s	Note	2023	2022
Net sales	2	1,015,763	945,327
Cost of sales	2	-385,989	-327,060
Gross profit	2	629,774	618,267
Selling expenses	2	-173,785	-178,974
Administrative expenses	4	-37,285	-37,562
Research and development expenses	2, 7, 11	-100,260	-89,792
Other operating expenses	5	1,844	27,314
Operating profit		320,288	339,253
Result from financial investments			
Impairment loss on shares in group companies	14	-3,974	-27,540
Interest income and similar profit/loss items	8	90,420	9,144
Interest expenses and similar profit/loss items	9	-68	-4,823
Net financial items		86,378	-23,219
Profit before tax		406,666	316,034
Tax on profit for the year	10	-73,139	-67,871
Profit for the year		333,527	248,163

The Parent Company has no transactions in other comprehensive income, which means that comprehensive income for the year corresponds to profit for the year above. As a result, the Parent Company presents no separate statement of comprehensive income.

Cash flow statement

Amounts in SEK 000s	Note	2023	2022
Operating activities			
Operating profit		320,288	339,253
Adjustments for non-cash items:			
Depreciation/Amortization		2,444	3,667
Other non-cash items		-820	-12,000
			330,920
Interest received		40,420	9,144
Interest paid		-68	-4,823
Taxes paid		-57,675	-39,284
Cash flow from operating activities before changes in working capital		304,588	295,957
Cash flow from changes in working capital:			
Inventories		-24,020	-56,025
Current receivables		49,772	-47,931
Trade payables		14,530	-11,696
Current interest-free operating liabilities		-76,581	60,079
Cash flow from operating activities		268,289	240,384
Investing activities:			
Purchase of intangible assets		-146	-225
Purchase of property, plant and equipment	13	-1,688	-
Purchase of financial assets	14	-6,768	-9,117
Dividends from subsidiaries		50,000	-
Repayment of loans from subsidiaries		-	10,835
Cash flow from investing activities		41,398	1,493
Financing activities:			
Dividend		-292,849	-301,331
Provision to foundation		-4,400	-2,900
New issue warrants		-417	-214
Cash flow from financing activities		-297,666	-304,445
Cash flow for the year		12,021	-62,568
Cash and cash equivalents at beginning of year		1,280,710	1,333,570
Exchange difference in cash and cash equivalents		-1,694	9,708
Cash and cash equivalents at end of year		1,291,037	1,280,710

Parent Company

Balance sheet

Amounts in SEK 000s	Note	Dec 31, 2023	Dec 31, 2022
Assets			
Non-current assets			
Intangible assets	11		
Capitalized expenses for development		46,230	225
Total intangible assets		46,230	225
Property, plant and equipment	13		
Production equipment		10,060	3,190
Equipment and computers		38	125
Total property, plant and equipment		10,098	3,315
Financial assets			
Participations in group companies	14	247,575	328,808
Deferred tax assets	10	721	-
Total financial assets		248,296	328,808
Total non-current assets		304,624	332,348
Current assets			
Inventories	15	118,292	94,272
Current receivables			
Trade receivables	16, 20	76,384	96,185
Receivables from group companies	17	37,915	78,186
Current tax assets	18	-	-
Other receivables	18	24,852	14,842
Deferred expenses and accrued income	19	2,938	2,298
Total current receivables		142,089	191,511
Cash and cash equivalents	20	1,291,037	1,280,710
Total current assets		1,551,418	1,566,493
Total assets		1,856,042	1,898,841

Balance sheet

Amounts in SEK 000s	Note	Dec 31, 2023	Dec 31, 2022
Equity and liabilities			
Equity			
Restricted equity			
Share capital		20,196	20,196
Other restricted equity		1,253	1,253
		21,449	21,449
Non-restricted equity			
Retained earnings		1,316,972	1,390,106
Profit for the year		333,528	248,163
	22	1,650,500	1,638,269
Total equity		1,671,949	1,659,718
Liabilities			
Non-current liabilities			
Provision for deferred tax		9,445	-
Total non-current liabilities		9,445	-
Current liabilities			
Prepayments from customers		180	2,273
Trade payables		34,028	19,505
Liabilities to group companies	17	32,651	131,252
Other liabilities	23	2,412	5,165
Current tax liabilities		28,350	12,886
Accrued expenses and deferred income	24	77,027	68,042
Total current liabilities		174,648	239,123
Total liabilities		184,093	239,123
Total equity and liabilities		1,856,042	1,898,841

Parent Company

Statement of changes in equity

Amounts in SEK 000s	Share capital	Other restricted equity	Retained earnings	Profit for the year	Total equity
Opening equity, January 1, 2022	20,196	1,253	1,547,992	146,559	1716 000
Carried forward			146,559	-146,559	0
Dividend			-301,331		-301,331
Provision to foundation			-2,900		-2,900
Repurchase of warrants			-215		-215
Profit for 2022				248,163	248,163
Closing balance, December 31, 2022	20,196	1,253	1,390,106	248,163	1,659,718
Opening equity, January 1, 2023	20,196	1,253	1,390,106	248,163	1,659,718
Carried forward			248,163	-248,163	0
Dividend			-292,849		-292,849
Provision to foundation			-4,400		-4,400
Repurchase of warrants			-417		-417
Merger gains/losses			-23,630		-23,630
Profit for 2023				333,528	333,527
Closing balance, December 31, 2023	20,196	1,253	1,316,972	333,528	1,671,949

Notes to the financial statements and accounting policies

All figures in SEK 000s unless otherwise specified. Figures in parentheses refer to the previous year.

Note 1 Accounting policies

Compliance with norms and laws

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 Parent Company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, i.e. the same accounting policies as the group except in cases where the Parent Company's compliance with the Swedish Annual Accounts Act limits the applicability of IFRS in the Parent Company.

New or revised IFRS standards applied by the group from January 1, 2023

Amendments to IAS 1 – Disclosures of accounting policies The amendments affect the requirements of IAS 1 relating to the disclosure of accounting policies. The amendments require that all occurrences of the term "significant accounting policies" be replaced with "material accounting policy information". Accounting policy information is considered material if it, when considered together with other information that is part of a company's financial statements, could reasonably be expected to influence decisions made by primary users of the financial statements based on these financial statements.

Items in IAS 1 are also amended to clarify that accounting policy information that concerns immaterial transactions, other events or conditions that are immaterial need not be provided. The group has reviewed the information in general terms and specifically with respect to IFRS 16 and has removed immaterial descriptions.

Amendments to IAS 8 – Definition of Accounting Estimates The amendments mean the definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The earlier definition of a change in accounting estimates has been removed. The group is not affected by this change.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction The amendments add another exemption from the previous exemption during initial recognition. The change means the initial recognition exemption does not apply to transactions by a company in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Depending on applicable tax legislation, equal taxable and deductible temporary differences may arise on initial recognition of an

asset or liability in a transaction that is not a business acquisition and that impacts neither recognized nor taxable earnings. Due to the amendments of IAS 12, a company must recognize the applicable deferred tax asset and deferred tax liability, after which the recognition of deferred tax assets is covered by the recovery criteria of IAS 12. The group recognizes deferred tax assets and tax liabilities pertaining to leases gross in the note.

New or revised IFRS standards and new interpretations not yet effective The new and revised standards and new interpretations that have been issued, but are effective for financial years beginning on January 1, 2024, have not yet been adopted by the group. Executive Management's assessment is that these standards and interpretations will not have a material impact on the consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis unless otherwise specified. Non-current assets, non-current liabilities and provisions essentially consist of amounts that are expected to be recovered or settled more than 12 months after the closing date. Current assets and current liabilities essentially consist of amounts that are expected to be recovered or settled within 12 months from the closing date.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 27.

Basis of consolidation

The consolidated financial statements consolidate the operations of the Parent Company and the subsidiaries for the period ended December 31, 2023. The Parent Company controls the subsidiaries, and has the ability to affect returns from its involvement with the subsidiaries through its power over the subsidiaries. All subsidiaries have their balance sheet date on December 31.

All intragroup transactions and balances are eliminated in full on consolidation, including unrealized gains or losses arising from inter-company transactions. In cases where unrealized losses on intragroup sales of assets are reversed on consolidation, the underlying asset is tested for impairment also from a group perspective. When necessary, amounts reported in the financial statements of subsidiaries have been adjusted to ensure conformity with the accounting policies of the group.

Profit/loss and other comprehensive income for subsidiaries that are acquired or sold during the year are recognized from the date on which the acquisition or sale went into force, according to what is applicable. Non-con-

trolling interests, which are recognized as a component of equity, represent the share of the subsidiary's profit or loss and net assets that is not held by the group. The group attributes comprehensive income for the subsidiaries to owners of the Parent Company and non-controlling interests based on their respective holdings. Transactions involving the acquisition and disposal of shares in companies where there are non-controlling interests are recognized in the cash flow statement in "Cash flow from financing operations" and in the statement of changes in equity as "Transactions with owners".

Provision to "Foundation to Prevent Antibiotic Resistance"

Provision to the Foundation to Prevent Antibiotic Resistance was approved at the Annual General Meeting and is in accordance with the Swedish Companies Act, Chapter 17 section 5 on donations for charitable purposes. The provision is recognized as an equity transaction. Support for recognition of the provision in equity is found in the Conceptual Framework for Financial Reporting in the section Financial performance reflected by accrual accounting (1.17ff). BioGaia has made the assessment that the company does not have a controlling influence over the Foundation according to IFRS 10 which is why the Foundation is not consolidated. The assessment is based among other factors on the fact that the Foundation is an independent organ, that BioGaia has no right to proceeds (positive or negative) from the Foundation, that three out of five of the members of the board of the Foundation are external and that an external general secretary is responsible for the day-to-day management.

Foreign currency translation

- **Functional currency** The functional currency is the currency of the primary economic environments in which the group's companies operate.
- **Transactions** Foreign currency transactions are translated to the functional currency at the rate of exchange ruling on the transaction date.

Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing day rate. Exchange differences arising on translation are recognized in profit or loss. Non-monetary assets and liabilities carried at cost are translated at the rate of exchange ruling on the transaction date. Non-monetary assets and liabilities measured at fair value are translated to the functional currency using the rates of exchange applying on the date when the fair value was determined. Changes in value of operating receivables and liabilities are recognized in operating profit, while changes in value of financial receivables and liabilities are recognized in net financial items.

- **Financial statements of foreign operations** Assets and liabilities in foreign group companies are translated from the group company's functional currency to the group's presentation currency, Swedish kronor (SEK), at the closing day rate of exchange. Income and expenses in foreign operations

are translated to SEK at an average rate that is a reasonable approximation of actual rates on the respective transaction dates. An average rate is computed quarterly. Exchange differences arising on translation of foreign group companies are recognized in other comprehensive income.

- **Net investments in group companies** Receivables from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, part of the company's net investment in that foreign operation. Exchange differences arising on translation of long-term loans in foreign currency that form part of the net investment in a foreign operation are deferred to a translation reserve in other comprehensive income.

Segment reporting

Executive Management has analyzed the group's internal reporting and determined that the group's operations are monitored and evaluated based on the following segments:

- **Pediatrics 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 revenue for **pediatric products.**
- **Adult Health segment** (gut health tablets, oral health lozenges and cultures as an ingredient in a licensee's dairy products).
- **Other** (royalties in respect of development projects, revenue from packaging solutions in the subsidiary CapAble, etc.)
- **Sales and gross profit** are reported for the above segments and are monitored regularly by the CEO (who is regarded as the chief operating decision maker) together with Executive Management. There is no monitoring of the company's total assets and liabilities against the segments' assets.

Revenue recognition

IFRS 15 BioGaia applies IFRS 15 for revenue recognition. Details of BioGaia's revenue streams are provided below.

BioGaia's revenues mainly comprise sales of goods. No commitment for BioGaia remains after delivery since BioGaia does not provide customers with any extended guarantees or the option to return. Control is transferred to the customer when the good is placed at the disposal of the purchaser.

In addition to the sales of goods, other revenues consist of royalties or exclusivity rights linked to product distribution in a defined market/territory. These contracts include obligations over time and revenue is recognized in pace with fulfilment of BioGaia's performance obligations, i.e. over time. The transaction price, i.e. the compensation BioGaia expects to receive in exchange for the goods and services is in most cases fixed and therefore easy to determine. Variable compensation exists in individual cases often in combination with requirements for minimum levels of sales, which simplifies assessment of the transaction price. Interest income is recognized in profit or loss in the period to which it pertains.

Contractual assets comprise accrued income. Accrued income pertains to the right to remuneration for products and services transferred to the customer, but where payment has not yet been received by the group, primarily royalties. Contractual liabilities are a company's obligation to transfer

products and services to a customer for which the company has received remuneration from the customer. These mainly comprise prepayments related to orders that will be delivered.

Pensions

All employees in Sweden are subject to mandatory retirement in accordance with Swedish legislation, and other employees in accordance with the respective country's legislation. The company has no pension commitments other than payment of current pension insurance premiums. The pension insurance premiums are of the defined contribution type and are expensed as incurred.

Income taxes

Current tax refers to the tax computed on taxable profit for the period. Taxable profit differs from recognized profit in the consolidated income statement in that it has been adjusted for non-taxable income and non-deductible expenses and for items of income and expense that are taxable or deductible in other periods.

Deferred tax refers to the tax computed partly on the basis of temporary differences and partly on tax losses.

At every closing date, an assessment is made to determine whether to recognize deferred tax assets not previously recognized in the balance sheet. Such tax assets are recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize these in the future.

Research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development is recognized as an intangible asset when all of the following conditions are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- the company's intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- how the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

Other expenditure on development activities is recognized as an expense in the period in which it is incurred. An individual assessment of all ongoing research and development projects is made quarterly to determine which costs can be capitalized. The carrying amount of capitalized expenditure includes all directly attributable costs such as materials, purchased services and employment costs.

BioGaia typically has research activities in the form of clinical studies under-

way parallel to product development. Much of BioGaia's product development consists of stability tests to ensure that the products remain stable throughout their shelf lives. While the clinical studies and stability tests are in progress, it is often not possible to be certain that the project will be successful and that the product can be sold. This means that projects often do not meet the requirements for capitalization. Other aspects of product development include finding new delivery systems and developing existing products. Amortization of capitalized development costs is started when the asset can be used and the products begin generating revenue, and is carried out on a straight-line basis over the expected useful life of the asset.

IFRS 16 Leases

- **The group as lessee** The group assesses whether a contract is or contains a lease contract at the commencement date. The group recognizes a right-of-use and a corresponding lease liability for all leases in which the group is the lessee. This does not apply, however, to short-term leases (defined as leases with a lease term of 12 months or less) and to leases where the underlying asset is of low value. For these leases the group recognizes lease payments as an operating expense on a straight-line basis over the lease term, if no other systematic method better reflects how the economic benefits from the underlying asset will be consumed by the lessee. The lease liability is measured initially at the present value of lease payments not paid as of the commencement date, discounted by using the lease's implicit interest rate. If this interest rate cannot be easily identified, the group uses the incremental borrowing rate. The incremental borrowing rate is the interest rate that a lessee would need to pay for financing through borrowing during a corresponding period and with corresponding security, for right-of-use of an asset in a similar economic environment.

Lease payments included in measurement of the lease liability include:

- fixed lease payments (including substantive fixed payments) after deduction for any incentives,
 - variable lease payments depending on an index or a rate, initially measured using an index or rate at the commencement date. Non-current lease liabilities are recognized as a separate item and current lease liabilities are recognized together with other current liabilities
- The group remeasures the lease liability (and makes a corresponding adjustment to the associated right-of-use) if:
- The lease term has changed or if there is a change in the assessment of an option to purchase the underlying asset. In such cases the lease liability is remeasured by discounting the changed lease payments with a changed discount rate.
 - Lease payments change due to changes in an index or rate or a change in the amount expected to be paid out under a residual value guarantee. In such cases the lease liability is remeasured by discounting the changed lease payments with the initial discount rate (provided the changes in lease payments are not due to changed variable interest rate, when a changed discount rate will be used instead).
 - A lease contract is changed and the change is not recognized as a separate lease. In such cases, the lease liability is remeasured by discounting the changed lease payments with a changed discount rate.

At acquisition right-of-use assets are recognized at the value of a corresponding lease liability, lease payments made on or before the commencement date as well as any initial direct payments. In subsequent periods they are measured at cost after deduction for cumulative amortization and impairment.

If the group undertakes to dismantle and remove a lease asset, to restore the site on which the item is located or restore the underlying asset to the condition required by the terms and conditions of the lease contract, a provision is recognized according to IAS 37. Such provisions are recognized as part of the cost for right-of-use, unless these payments arise in conjunction with production of goods.

Amortization of right-of-use assets takes place over an estimated useful life or over the contractual lease term, if this is shorter. If a lease contract transfers right of ownership to the underlying assets at the end of the lease term or if the cost for right-of-use reflects that the group expects to exercise a call option, amortization takes place over the useful life of the underlying asset. Amortization starts as per the commencement date for the lease contract. Right-of-use assets are presented on a separate line in the consolidated statement of financial position.

The group applies IAS 36 Impairment of Assets to decide whether an impairment requirement exists for the right-of-use and reports any identified impairment in the same manner as described in the principles for property, plant and equipment.

Variable lease payments that are not due to an index or rate are not included in the measurement of the lease liability and right-of-use. Such lease payments are recognized as an expense in the period in which they arise and included on the line administrative expenses in the consolidated income statement.

IFRS 16 permits, as a practical expedient, that the lessee does not separate non-lease components from lease components and instead recognizes each lease component and associated non-lease components as a single lease component. The group has chosen not to apply this exemption.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are recognized at cost less accumulated amortization/depreciation according to plan and any impairment. Goodwill with an indefinite useful life is not amortized.

Intangible assets are amortized on a straight-line basis over their expected useful lives.

The following depreciation periods are applied to non-current assets:

Non-current assets

Production and laboratory equipment	5-10 years
Equipment and computers	3-5 years
Buildings	20-60 years
Development projects	3-10 years

If there is an indicator of impairment, the asset's recoverable amount is estimated. For goodwill with an indefinite useful life and development projects, the recoverable amount is also estimated each year. The recoverable amount is the higher of fair value, less costs of disposal, and the value in use. When calculating value in use, future cash flows are discounted using a discount factor that takes into consideration risk-free interest rate and the risk associated with the specific asset. Impairment is charged to profit or loss and recognized when an asset's or cash-generating unit's carrying amount exceeds the recoverable amount.

Depreciation of buildings is started when construction is completed. For electrical and internal construction work, etc., the depreciation period is 20-30 years, and for framework and foundation the depreciation period is 60 years.

Inventories

Inventories are measured at the lower of cost and net realizable value, including provisions for obsolescence. Cost is measured according to purchase price taking into account the FIFO method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and in banks.

Financial assets and liabilities

The group's accounting standards according to IFRS 9 Financial Instruments are provided below.

- Financial instruments** Financial instruments recognized in the statement of financial position include on the assets side cash and cash equivalents, trade receivables, other current receivables and currency derivatives to the extent these have a positive fair value. On the liabilities side, there are trade payables, other current liabilities, loans and currency derivatives to the extent these have a negative fair value. The category to which the group's financial assets and liabilities belong is specified in Note 20.
- Recognition and derecognition from the statement of financial position** A financial asset or liability is recognized in the statement of financial position when the company becomes party to the contractual terms of the instrument. A receivable, except trade receivables, is recognized when the company has performed and a contractual obligation exists for the counterparty to pay, even if no invoice has yet been sent. Trade receivables are recognized in the statement of financial position when an invoice has been sent. Liabilities, except trade payables, are recognized when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not yet been received. Trade payables are taken up when an invoice is received. A financial asset is derecognized from the statement of financial position when the contractual rights are realized, expire or the company has relinquished control. The same applies to part of a

financial asset. A financial liability is derecognized from the statement of financial position when the contractual obligations are met or otherwise extinguished. The same applies to part of a financial liability. No currency derivatives or other financial assets and liabilities are offset in the statement of financial position since the terms for offsetting are not met. Acquisition and disposal of financial assets are recognized on the transaction date. The transaction date is the day the company undertakes to acquire or dispose of the asset.

- Classification and measurement** Financial assets are classified on the basis of the business model in which the asset is held and its cash flow characteristic. If the financial asset is held within the framework of a business model whose objective is collecting contractual cash flows and the financial assets at identified dates give rise to cash flows that are solely payments of principal and interest on outstanding principal, the asset is recognized at amortized cost.

If the financial asset is held in a business model whose objective can be achieved both by collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal at identified dates, the asset is recognized at fair value through other comprehensive income.

All other business models where the purpose is speculation, held for trading or where the cash flow characteristic excludes other business models result in recognition at fair value through profit or loss.

- Amortized cost and effective interest method** Amortized cost for a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus the cumulative amortization using the effective interest method of any difference between that principal and the outstanding principal, adjusted for impairment. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjustment for any loss allowance.
- Financial liabilities** Financial liabilities are recognized at amortized cost using the effective interest method or at fair value through profit or loss.
- Financial liabilities at amortized cost** Loans and other financial liabilities, e.g. trade payables, are included in this category. Liabilities are measured at amortized cost.
- Financial liabilities at fair value through profit or loss** This category consists of financial liabilities measured at fair value through profit or loss. This category includes provision for the additional purchase price for Nutraceuticals.
- Impairment** The group recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost or fair value through other comprehensive income, for a lease receivable or for a contractual asset. At each closing date, the group shall recognize in profit or loss the change in expected credit losses since the initial recognition date.

For trade receivables, contractual assets and lease receivables there

is a simplified model which means that the group recognizes directly expected credit losses for the remaining term of the asset. The expected credit losses for these financial assets are calculated with the aid of a provision matrix which is based on historical credit losses, current conditions and forecasts for future economic conditions and the time value of the money if applicable. For all other financial assets the group shall measure a loss allowance to an amount that corresponds to 12 months' expected credit losses. For financial instruments for which a significant increase in credit risk has occurred since the initial recognition date, an allowance is recognized based on credit losses for the entire term to maturity of the asset. Equity instruments are not subject to these impairment rules.

Default is based on an assessment that it is improbable that a counterparty will meet its commitments on the basis of indicators such as financial difficulties and failure to pay. Regardless of the above, default occurs at the latest when the payment is 90 days overdue.

Measurement of financial instruments at fair value

Financial assets and financial liabilities measured at fair value in the balance sheet, or where a disclosure of fair value is provided, are classified in one of three levels based on the information used to determine fair value.

- **Level 1**, Financial instruments where fair value is determined based on observable (unadjusted) quoted prices in an active market for identical assets and liabilities. A market is regarded as active if quoted prices from a stock exchange, broker, industrial group, pricing service or supervisory authority are readily and regularly available and these prices represent actual and regularly occurring arm's length market transactions.
- **Level 2**, Financial instruments where fair value is determined based on valuation models based on observable inputs for the asset or liability other than quoted prices included in Level 1, either direct (such as price quotations) or indirect (derived from price quotations).
Examples of observable inputs within Level 2:
 - Quoted prices for similar assets and liabilities.
 - Data on which an assessment of price can be based, such as market interest rates and yield curves.
- **Level 3**, Financial instruments where fair value is determined based on valuation models where significant inputs are based on unobservable data.

Accounting Policies of the Parent Company

The differences between the accounting policies applied by the group and the Parent Company are described below. The following accounting policies for the Parent Company have been applied consistently for all periods presented in the Parent Company financial statements.

- **Presentation** The income statement and balance sheet of the Parent Company are presented in accordance with the schedules in the Swedish Annual Accounts Act.
- **Income taxes** The Parent Company recognizes untaxed reserves including the deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided between the deferred tax liability and equity.

- **Subsidiaries** In the Parent Company, shareholdings in subsidiaries are accounted for on a historical cost basis. Group contributions are recognized as an increase in shares in subsidiaries. The carrying amount is tested regularly against the subsidiaries' consolidated equity.
- **Lease payments** Lease payments are recognized as an expense on a straight-line basis over the lease period provided a different systematic method does not better reflect economic benefit over time.
- **IFRS 9** The Parent Company applies a simplified approach to classification under IFRS 9. Otherwise, IFRS 9 is applied in respect of loss allowances, for example.

Approved changes to RFR 2 that have not yet come into effect

The Swedish Financial Reporting Board has not approved any material changes that have not yet come into effect.

Note 2 Segment reporting

BioGaia's operating segments consist of Pediatrics and Adult Health. The Pediatrics segment includes sales of drops, oral rehydration solution (ORS), gut health tablets and also cultures as an ingredient in a licensee's product (such as infant formula). The Adult Health segment mainly includes gut health tablets, bone health products and oral health products and also sales of cultures as an ingredient in a licensee's dairy product and royalties from the sale of Adult Health products. Other consists of a number of smaller segments such as royalties in subsidiaries. Together these account for less than 10% of sales and are therefore not reported separately.

Net sales by segment

	Group	
	2023	2022
Pediatrics	1,013,522	868,355
Adult Health	275,230	230,205
Other	7,753	5,398
	1,296,506	1,103,958

Gross profit by segment

Pediatrics	760,128	643,607
Adult Health	183,136	153,298
Other	6,925	5,025
	950,189	801,930
Selling, administrative and R&D expenses	-509,281	-467,421
Other operating income/expenses	2,191	26,951
Operating profit	443,103	361,460
Net financial items	25,731	86,154
Group profit before tax	468,834	447,614

In 2023, SEK 252.1 million (258.2) or 19% (23%) of revenue in the group was attributable to three customers. These three customers belong to both the Pediatrics and Adult Health segments. In 2023, no customer accounted for more than 10% of sales.

Asia Pacific

Pediatrics	176,797	118,684
Adult Health	121,999	100,226
Other	5,289	4,074
	304,085	222,984

EMEA

Pediatrics	424,930	450,159
Adult Health	65,275	60,190
Other	1,575	1,126
	491,780	511,475

Americas

Pediatrics	411,795	299,512
Adult Health	87,955	69,788
Other	889	198
	500,639	369,498
Total	1,296,506	1,103,957

Date of recognition

	Group		Parent Company	
	2023	2022	2023	2022
Performance obligations met on specific date (Product sales)	1,285,944	1,085,352	905,134	934,418
Performance obligations met over time (Licenses and royalties)	10,561	18,605	2,784	10,909
Total		1,103,957	907,918	945,327

Contractual assets

Accrued revenue (Royalties)	684	350	351	350
Total	684	350	351	350

Contractual assets where performance obligations are met over time refers to royalties. The variation between the periods is related to timing of invoicing.

Contractual liabilities

Prepayments from customers	26,428	32,268	180	-
Total	26,428	32,268	180	-

Contractual liabilities where performance obligations are met over time refers to prepayments from customers of exclusivity remuneration, license and royalty revenue. The change relates to a reduction in liability relating to license and exclusivity remuneration.

For contractual liabilities at the beginning of the year, SEK 6.0 million was recognized as revenue during the year. For contractual liabilities at the end of the year, these will be recognized as revenue over the next five years.

Performance obligations met on specific date (Product sales)

	Group	
	2023	2022
Pediatrics	1,013,522	867,504
Adult Health	266,030	213,360
Other	6,392	4,488
	1,285,944	1,085,352

Performance obligations met over time (royalties)

Pediatrics	-	852
Adult Health	9,201	16,844
Other	1,361	909
	10,562	18,605

Of the group's assets, which amount to SEK 2,333.2 million (2,214.0), more than 80% (80%) are located in Europe. Of the group's capital expenditure on property, plant and equipment during the year, totaling SEK 48.6 million (17.9), more than 90% (70%) took place in Europe.

Sales in Sweden accounted for SEK 23.4 million (19.7) or 2% (2%) of total revenue in the group. The group's largest markets are the USA, Brazil, France, Japan and Italy (USA, France, Italy, Japan and Brazil). These markets account for approximately 39% (43%) of total revenue.

The group's non-current assets amount to SEK 458.8 million (416.5) of which SEK 242.0 million (231.3) is located in Sweden and SEK 216.1 million (185.2) in other countries (USA, Japan and Canada).

Note 3 Employees and personnel expenses, remuneration to senior executives

Average number of employees by country

	2023	of whom, men	2022	of whom, men
Parent Company:				
Sweden	108	37	97	35
Subsidiaries:				
Sweden	36	26	41	25
Japan	35	14	32	13
USA	28	10	29	9
Finland	2	-	2	-
UK	1	1	1	1
Canada	3	2	1	1
Total subsidiaries	105	53	106	49
Total group	213	90	203	84

The number of employees in the group at December 31, 2023 was 210 (212).

Salaries and other remuneration divided by country and between the Board/CEO and other employees

	2023 Board, CEO and Executive Vice Presi- dents	2023 Other employ- ees	2022 Board, CEO and Executive Vice Presi- dents	2022 Other employ- ees
Parent Company:				
Sweden	11,973	79,236	11,898	75,911
Subsidiaries:				
Sweden	1,426	15,884	2,732	17,989
Japan	4,400	6,825	4,449	9,498
USA	2,664	26,904	2,540	20,969
Finland	1,251	574	1,052	447
UK	1,650	-	1,384	-
Canada	2,752	1,840	1,476	-

Total subsidiaries	14,143	52,027	13,633	48,903
Total group	26,116	131,263	25,531	124,814

Total salaries and social security expenses

	Group		Parent Company	
	2023	2022	2023	2022
Salaries and other remuneration	157,379	150,345	91,209	87,809
Pension expenses, Board, CEO and Executive Vice Presidents	2,118	2,545	1,475	1,639
Pension expenses for other employees	13,582	12,362	12,400	10,990
Other social security expenses	42,204	39,735	32,836	30,254
	215,283	204,987	137,920	130,692

Pensions and health insurance

All employees in Sweden are subject to mandatory retirement in accordance with Swedish law. The company has no pension commitments other than payment of annual pension insurance premiums. For all employees except the CEO*) over the age of 25 years, the following pension insurance premiums are paid in relation to salary:

Pensionable salary within the range:	0-7.5 income base amounts	>7.5-30 income base amounts	>30 income base amounts
Premium	4.5%	30%	0%

*) For the CEO pension insurance premiums are paid with 30% of annual salary.

All employees in Sweden are covered by health insurance, with benefits. This health insurance is activated after 90 days of sick leave. Together with the employer's health insurance and compensation from the Social Insurance Agency, the employee receives total benefits equal to approximately 65-87% of salary after a qualifying period of 3 months (depending on the level of salary). The company also pays sick pay during the qualifying period (see above), i.e. from day 15 to day 90, when the health insurance is activated. Compensation from the Swedish Social Insurance Agency from day 15 corresponds to just under 80% of salary and is payable in a maximum amount corresponding to an annual salary of 7.5 price base amounts. During this period, the company pays compensation for loss of income so that the employee, regardless of salary level, receives a total of 80% of salary together with compensation from the Swedish Social Insurance Agency.

BioGaia's incentive scheme for the employees

BioGaia had a bonus program for all employees in the Parent Company in 2023. The bonus is partly based on whether sales and operating profit reach budgeted levels and on a number of key qualitative targets for operations.

The maximum bonus amounts to 12% of salary. For 2023, the bonus achieved in the Parent Company was approximately 12% (12%) and the cost of the program for the group amounted to SEK 16.0 million (16.0). An extra bonus for the CEO was approved for 2023 of SEK 1.5 million.

An extra bonus for the outgoing CEO was approved for 2023 of SEK 0.3 million.

Subscription warrants program

BioGaia implemented a subscription warrants program as resolved by the 2021 Annual General Meeting. The program involves the issue of a maximum of 365,000 warrants where each warrant shall entitle the holder during the period from July 6, 2024 through November 6, 2024 to subscribe for five new class B shares in BioGaia for a subscription price per five shares that amounts to SEK 578.2. Following the share split that took place in 2022, each option gives a right to subscribe to five shares (previously one share) for a subscription price of SEK 115.6 (previously SEK 578.2). The employees were invited to purchase the warrants at an amount of SEK 55.6 which was the market value determined by an external valuation using a Black-Scholes model. Significant assumptions in model included a share price of SEK 413.0, risk-free interest of 0%, volatility of 37% and a time of period of 3.5 years. A total of 89,730 warrants have been subscribed for. As part of the incentive program, participants are offered a stay-on bonus in the form of a gross salary bonus from the company corresponding to 50% of the amount the participant paid for the warrants. The first bonus payment, corresponding to 15% of the amount paid by the participant for the warrants, takes place one year after the participant purchased the warrants. The second bonus payment, corresponding to 15% of the amount paid by the participant for the warrants, takes place two years after the participant purchased the warrants. The third bonus payment, corresponding to 20% of the amount paid by the participant for the warrants, takes place three years after the participant purchased the warrants. Bonus payments require that the participant remains employed by the company or its subsidiaries on the date of the bonus payment.

Remuneration to senior executives

Remuneration to the Chairman and members of the Board is paid according to the decision of the Annual General Meeting. The Board has appointed a Remuneration Committee consisting of Board Chairman Peter Rothschild, Board member Anthon Jahreskog and David Dangoor (Vice Chairman). The Remuneration Committee handles matters related to remuneration and other terms of employment of senior executives. The principles for remuneration to senior executives are approved by the Annual General Meeting. The task of the Remuneration Committee is to prepare recommendations in accordance with these principles. Remuneration to the CEO and other senior executives employed by the company consists of fixed salary, variable remuneration and other benefits. Other senior executives consist of the five persons who together with the CEO and Executive Vice Presidents make up the Executive Management.

In the event of termination by the company, the CEO and Executive Vice Pres-

idents are entitled to full salary during an 18 month period of notice. In the event of termination by the company, other senior executives have a statutory notice period of at least three months in accordance with the Swedish Employment Protection Act. In other respects, the CEO and Executive Vice Presidents have the same benefits as other employees. No agreements for termination benefits exist for the CEO or other senior executives.

Remuneration and other benefits during the year

	Directors' fees	Fixed remuneration	Variable insurance incl. health insurance	Pension	Total
Board Chairman					
Peter Rothschild	730	600	-	-	1,330
Vice Chairman:					
David Dangoor	590	-	-	-	590
Board members					
Barbro Fridén	275	-	-	-	275
Outi Armstrong	275	-	-	-	275
Bénédicte Flambard	275	-	-	-	275
Anthon Jahreskog	405	-	-	-	405
Vesa Koskinen *)	275	-	-	-	275
Vanessa Rothschild	275	-	-	-	275

CEO

Theresa Agnew	1,307	1,467	382	3,156
Isabelle Ducellier	2,940	598	623	4,161

Executive Vice Presidents:

Alexander Kotsinas	2,077	519	471	3,067
Other senior executives (6 persons):	9,295	1,088	1,910	12,293
	3,100	16,219	3,672	3,386
				26,377

*) The net is transferred to EQT foundation in accordance with EQT's policy for directors' fees in portfolio companies

Gender distribution

	2023 Women	2023 Men	2022 Women	2022 Men
Board of Directors	4	4	3	6
Management including CEO	4	4	4	4

Note 4 Auditor's fees

Deloitte AB	Group		Parent Company	
	2023	2022	2023	2022
Audit fees	1,500	1,475	1,100	1,100
Tax advice	-	130	-	130
Other services	20	-	20	-

Audit assignments refer to the auditors' work on the statutory audit, other auditing activities and different types of quality assurance services Other services are such that are not included in the audit assignment, auditing activities or tax advice

Note 5 Other operating income

	Group		Parent Company	
	2023	2022	2023	2022
Government subsidy	377	159	-	-
Exchange rate gains on receivables and operating liabilities, net	1,846	27,330	1,844	27,330
	2,223	27,489	1,844	27,330

Government subsidy refers to support related to Covid-19 in Japan.

Note 6 Other operating expenses

	Group		Parent Company	
	2023	2022	2023	2022
Exchange rate losses on receivables and operating liabilities, net	59	538	-	-
	59	538	-	-

Note 7 Operating expenses

Operating expenses allocated by type of cost

	Group		Parent Company	
	2023	2022	2023	2022
Cost of sales	346,316	303,303	385,989	327,060
Personnel expenses	222,398	212,003	144,573	137,345
Depreciation/Amortization	25,281	23,890	3,667	3,667
Other operating expenses	261,631	230,303	163,090	165,715
	855,626	769,499	697,319	633,787

For the Parent Company, operating expenses include lease payments excluding rents of SEK 0.5 million (0.5) and rents of SEK 9.5 million (7.5).

The Parent Company's future payment commitments regarding lease payments excluding rents amount to SEK 0.2 million (0.3). The Parent Company's lease payments excluding rents fall due for payment with SEK 0.1 million (0.3) within one year and SEK 0.1 million (0.0) within two to five years.

The Parent Company's future payment commitments regarding rents amount to SEK 32.2 million (9.8). The Parent Company's rents fall due for payment with SEK 5.9 million (7.2) within one year, SEK 23.4 million (2.6) within two to five years and SEK 3.0 million (0.0) after five years.

Research and development expenses

The expenses capitalized in the balance sheet relate to BioGaia's former subsidiary MetaboGen, which merged with BioGaia in 2023, and to IT development. No other expenses for development in the Parent Company or subsidiaries during the year meet the requirement for capitalization in the balance sheet.

Total research and development expenses

	Group		Parent Company	
	2023	2022	2023	2022
Total R&D expenses excl. amortization	104,389	103,441	98,654	87,964
Development expenses capitalized during the year	-	-	-	-
R&D expenses not capitalized	104,389	103,441	98,654	87,964
Amortization component of R&D expenses *)	2,387	3,364	1,606	1,828
R&D expenses with an effect on profit/loss	106,776	106,805	100,260	89,792

*) This amount refers only to the portion of depreciation on property, plant, equipment and intangible assets (IT development) attributable to the research and development function in the income statement classified by function.

Note 8 Financial income

	Group		Parent Company	
	2023	2022	2023	2022
Group contributions	-	-	50,000	-
Value adjustment of financial liabilities and assets		83,577		
Interest income	41,532	7,963	40,420	9,144
	41,532	91,540	90,420	9,144

Note 9 Financial expenses

	Group		Parent Company	
	2023	2022	2023	2022
Value adjustment of financial liabilities and assets	14,992	-	-	-
Interest expenses and other financial expenses	809	5,386	68	4,823
	15,801	5,386	68	4,823

Note 10 Tax on profit for the year

	Group		Parent Company	
	2023	2022	2023	2022
Current tax	-91,337	-88,096	-71,797	-67,871
Deferred tax	-12,145	14,256	-1,342	-
	-103,482	-73,840	-73,139	-67,871

Deferred tax in untaxed reserves

	Group		Parent Company	
	2023	2022	2023	2022
Deferred tax attributable to untaxed reserves	3,540	2,918	-	-
		2,918		

Change in deferred tax liability

	Group	
	2023	2022
Opening balance deferred taxes	12,552	14,240
Resolution of deferred tax		-1,688
Provision for deferred tax	2,627	-
Closing deferred tax liability	15,179	12,552

The deferred tax liability in untaxed reserves SEK 3.5 million and relating to buildings SEK 0.8 million is attributable to the subsidiary BioGaia Production AB. A deferred tax liability from BioGaia USA amounts to SEK 1.4 million and other deferred tax liability is related to ongoing research and development projects.

Change in deferred tax assets

	Group	
	2023	2022
Opening balance deferred taxes	15,325	2,757
Resolution of deferred tax asset	-9,361	12,568
Closing balance, deferred tax	5,964	15,325

SEK 0.4 million of deferred tax assets relates to the subsidiary BioGaia Japan Inc. Deferred tax assets of SEK 4.5 million related to intra-group profits in inventories. The remaining deferred tax assets pertain to a loss allowance of SEK 1.0 million and leases of SEK 0.02 million.

The gross amount pertaining to deferred tax for leases amounts to a deferred tax liability of SEK 7.4 million (3.3) and deferred tax asset of SEK 7.5 million (3.3). The group has no loss carryforwards.

Reconciliation of nominal tax and actual tax expenses

	Group		Parent Company	
	2023	2022	2023	2022
Reported profit before tax	468,834	447,613	406,666	316,034
Tax rate	20.6%	20.6%	20.6%	20.6%
Anticipated tax expense	-96,580	-92,208	-83,773	-65,103
Tax effect of other non-deductible and non-taxable items	-7,583	17,357	10,634	-3,091

Tax effect of other rates for foreign subsidiaries	-131	2,102	-	-
Tax effect on unrecognized deferred tax on loss carry forwards	-	-1,224	-	-
Tax effect attributable to previous years	812	-	-	-
Other tax adjustment	-	142	-	323
Actual tax expense	-103,482	-73,831	-73,139	-67,871

Note 11 Intangible assets

	Group			
	R&D projects in progress	Goodwill	Development costs	Total intangible assets
Accumulated cost				
Opening balance January 1, 2022	45,850	149,227	6,708	201,785
Additions	-	-	225	225
Exchange differences	-	22,065	-	22,065
Closing balance December 31, 2022	45,850	171,292	6,933	224,075
Opening balance January 1, 2023	45,850	171,292	6,933	224,075
Additions	-	-	155	155
Exchange differences	-	-6,118	-	-6,118
Closing balance December 31, 2023	45,850	165,174	7,088	218,112
Accumulated depreciation				
Opening balance January 1, 2022	-	-	4,472	4,472
Depreciation/Amortization	-	-	2,236	2,236
Closing balance December 31, 2022	-	-	6,708	6,708
Opening balance January 1, 2023	-	-	6,708	6,708

	R&D projects in progress	Good-will	Development costs	Total intangible assets
Depreciation/Amortization	-	-	-	-
Closing balance December 31, 2023	-	-	6,708	6,708
Carrying amounts:				
At January 1, 2022	45,850	149,227	2,236	197,313
At December 31, 2022	45,850	171,517	225	217,367
At December 31, 2023	45,850	165,174	380	211,404
Parent Company				
	R&D projects in progress	Good-will	Development costs	Total intangible assets
Accumulated cost				
Opening balance January 1, 2022	-	-	6,708	6,708
Additions	-	-	225	225
Closing balance December 31, 2022	-	-	6,933	6,933
Opening balance January 1, 2023	-	-	6,933	6,933
Additions	45,850	-	155	46,005
Closing balance December 31, 2023	45,850	-	7,088	52,938
Accumulated depreciation				
Opening balance January 1, 2022	-	-	4,472	4,472
Depreciation/Amortization	-	-	2,236	2,236
Closing balance December 31, 2022	-	-	6,708	6,708
Opening balance January 1, 2023	-	-	6,708	6,708
Depreciation/Amortization	-	-	-	-
Closing balance December 31, 2023	-	-	6,708	6,708
Carrying amounts:				
At January 1, 2022	-	-	2,236	2,236
At December 31, 2022	-	-	225	225
At December 31, 2023	-	-	380	46,230

The group recognizes intangible assets from the acquisition of MetaboGen which amount to SEK 45.8 million relating to research and development projects and SEK 5.3 million as goodwill. In conjunction with the balance sheet date, impairment testing was carried out of the project and the goodwill. Testing for impairment was carried out based on Executive Management's future forecasts. These forecasts were prepared internally by Executive Management based on management's overall experience and their best assessment of the development potential of the the projects as well as market growth after launch. Significant assumptions in the model include future revenues, discount rate and risk adjustment of forecasted cash flows. The discount rate amounts to 9.65% (9.54%) but each project includes a risk adjustment factor. Furthermore, the model includes specific costs per project as well as administrative expenses. Future costs are based on Executive Management's budgets and forecasts. Significant assumptions that have changed compared to one-year earlier and have therefore been updated in the model are estimated costs and risk adjustment. Testing for impairment shows that no impairment requirement exists relating to the intangible assets. To support the impairment testing performed, an overall analysis has been performed of the sensitivity of the assumptions used in the model. An increase of 5% of the discount rate and an adjustment of the risk that the project would not reach the market by 20 % would not lead to any impairment requirement. Other assumptions have been left unchanged in the sensitivity analysis. Amortization starts in conjunction with research and development projects for MetaboGen being completed and/or commercialized. See also Note 27 for additional information.

The group recognizes goodwill from the acquisition of Nutraceutics, which amount to SEK 160.0 million as goodwill. In conjunction with the balance sheet date, impairment testing was carried out. Testing for impairment was carried out based on Executive Management's future forecasts. These forecasts were prepared internally by Executive Management based on management's overall experience and their best assessment of the company and market growth. Significant assumptions in the model include future revenues, operating margin and discount rate. The forecast period is 5 years and the model includes a horizon value with a growth assumption of 2%. The discount rate amounts to 10.41% (11.21%). Future costs are based on Executive Management's budgets and forecasts. Testing for impairment shows that no impairment requirement exists relating to the intangible assets. To support the impairment testing performed, an overall analysis has been performed of the sensitivity of the assumptions used in the model. An increase of 5% of the discount rate as-well as a growth-assumption of 0 % in the horizon would not lead to any impairment requirement. See also Note 27 for additional information.

Note 12 Right-of-use assets

Group	Land and buildings		Equipment	Total rights of use
Accumulated cost				
Opening balance, January 1, 2022	38,490	2,035		40,525
Additions	6,066	-		6,066
Disposals	-135	-		-135
Closing balance, December 31, 2022	44,421	2,035		46,456
Opening balance, January 1, 2023	44,421	2,035		46,456
Additions	30,562	257		30,819
Disposals	-	-		-
Closing balance, December 31, 2023	74,983	2,292		77,275
Accumulated depreciation				
Opening balance, January 1, 2022	24,491	954		25,445
Depreciation/Amortization	8,582	562		9,144
Reversal of impairment	-1,690	-		-1,690
Closing balance, December 31, 2022	31,383	1,516		32,899
Opening balance, January 1, 2023	31,383	1,516		32,899
Depreciation/Amortization	10,277	478		10,755
Reversal of impairment	-2,535	-		-2,535
Closing balance, December 31, 2023	39,125	1,994		41,119
Carrying amounts:				
At January 1, 2022	13,999	1,081		15,080
At December 31, 2022	13,038	519		13,557
At December 31, 2023	35,858	298		36,156

The group mainly leases buildings but also IT equipment. The average remaining lease term is 1.6 years. A maturity analysis of lease liabilities and incremental borrowing rate is presented in Note 27. Options exist for the early termination of contracts. In current accounting of the lease commitments, it has been assessed that the options will not be exercised. No extension options of significance exist in leases.

Amounts recognized in profit or loss related to right-of-use assets

	Group	
	2023	2022
Depreciation of right-of-use assets	8,220	7,453
Interest expense for lease liabilities	878	565
Expenses related to short-term leases and low-value leases	6,344	3,956
Total	15,442	11,974

Total cash-flow for leases amounts to approximately SEK 17.9 million (13.7).

Note 13 Property, plant and equipment

Group	Land and buildings	Production and laboratory equipment	Work in progress*	Equipment, computers	Total property, plant and equipment
Accumulated cost:					
Opening balance, January 1, 2022	126,412	76,138	1,076	31,845	235,471
Additions	573	-	7,531	9,812	17,916
Disposals	-	-	-	-382	-382
Exchange differences	1,796	-	-	103	1,899
Closing balance, December 31, 2022	128,781	76,138	8,607	41,378	254,904
Opening balance, January 1, 2023	128,781	76,138	8,607	41,378	254,904
Additions	-	1,688	39,876	7,003	48,567
Disposals	-	-	-	-484	-484
Exchange differences	-917	-	-	-274	-1,191
Closing balance, December 31, 2023	127,864	77,826	48,483	47,623	301,796
Accumulated depreciation:					
Opening balance, January 1, 2022	27,336	45,220	-	24,360	96,916
Depreciation/Amortization	4,325	7,183	-	2,692	14,200
Disposals	-	-	-	-382	-382
Exchange differences	-19	-	-	21	2
Closing balance, December 31, 2022	31,642	52,403	-	26,691	110,736
Opening balance, January 1, 2023	31,642	52,403	-	26,691	110,736
Depreciation/Amortization	4,662	7,404	-	2,461	14,526
Disposals	-	-	-	-484	-484
Exchange differences	-119	-	-	-35	-154
Closing balance, December 31, 2023	36,185	59,807	-	28,632	124,624

Carrying amounts

At January 1, 2022	99,076	30,918	1,076	7,485	138,555
At December 31, 2022	97,139	23,735	8,607	14,687	144,168
At December 31, 2023	91,679	18,019	48,483	18,991	177,172

* A reclassification has taken place between land and buildings and work in progress in 2022 and comparative figures have been adjusted.

Parent Company

	Production and laboratory equipment	Equipment and computers	Total property, plant and equipment
Accumulated cost:			
Opening balance, January 1, 2022	12,701	12,806	25,507
Additions	-	-	-
Closing balance, December 31, 2022	12,701	12,806	25,507
Opening balance, January 1, 2023	12,701	12,806	25,507
Mergers	9,724	-	9,724
Additions	1,688	-	1,688
Closing balance, December 31, 2023	24,113	12,806	36,919

Accumulated cost:

Opening balance, January 1, 2022	8,263	12,497	20,760
Depreciation/Amortization	1,248	184	1,432
Closing balance, December 31, 2022	9,511	12,681	22,192
Opening balance, January 1, 2023	9,511	12,681	22,192
Mergers	2,223	-	2,223
Depreciation/Amortization	2,357	87	2,444
Closing balance, December 31, 2023	14,091	12,768	26,859

Accumulated depreciation:

Opening balance, January 1, 2022	8,263	12,497	20,760
Depreciation/Amortization	1,248	184	1,432
Closing balance, December 31, 2022	9,511	12,681	22,192
Opening balance, January 1, 2023	9,511	12,681	22,192
Mergers	2,223	-	2,223
Depreciation/Amortization	2,357	87	2,444
Closing balance, December 31, 2023	14,091	12,768	26,859

Opening balance, January 1, 2023	9,511	12,681	22,192
Mergers	2,223	-	2,223
Depreciation/Amortization	2,357	87	2,444
Closing balance, December 31, 2023	14,091	12,768	26,859

Carrying amounts:

At January 1, 2022	4,438	309	4,747
At December 31, 2022	3,190	125	3,315
At December 31, 2023	10,022	38	10,060

Depreciation of property, plant and equipment is recognized on the following lines in the income statement

	Group		Parent Company	
	2023	2022	2023	2022
Cost of sales	8,293	9,016	-	-
Selling expenses	3,109	1,694	685	114
Administrative expenses	738	662	152	26
Research and development expenses	2,387	2,828	1,606	1,291
	14,526	14,200	2,444	1,431

Note 14 Financial assets

Parent Company

Participations in group companies	2023	2022
At beginning of year	328,808	331,809
Group contribution paid to BioGaia Pharma AB	3,974	3,767
Group contribution paid to MetaboGen AB	-	11,049
Group contribution paid to TriPac AB	3	3
Group contribution paid to BioGaia Invest AB	2,222	1
Impairment loss on shares in subsidiaries	-3,974	-27,540
Shareholder contributions for the acquisition of shares in Nutraceuticals to BioGaia Biologics Inc.	-	601
Merger MetaboGen	-88,005	-
Shareholder contribution to BioGaia Invest AB	-	-
Shareholder contribution to BioGaia Finland OY	2,203	2,136
Shareholder contribution to BioGaia UK Ltd	-	-
Shareholder contribution to BioGaia Probiotics Canada Inc.	2,344	6,982
Carrying amount at end of year	247,575	328,808

Specification of the Parent Company's equity holdings in group companies

Subsidiary/corp. reg.no./Domicile	No. of shares	Hold- ing, %	Book value
BioGaia Biologics Inc. /-/Raleigh, NC, USA	100,000	100	134,851
TriPac AB /556153-2200/Stockholm	10,000	100	3,609
CapAble AB /556768-3601/Stockholm	10,000	100	0
BioGaia Pharma AB /559114-8191/ Stockholm	48,000	96	21,142
BioGaia Japan Inc. /-/Hiroshima, Japan	180	100	0
BioGaia Invest AB /559306-5849/ Stockholm	10,000	100	25,248
BioGaia UK Limited /13574654/ London	1	100	2,360
BioGaia Finland OY /3206997-7/ Helsinki	10	100	10,399
BioGaia Probiotics Canada Inc. /1000200438/ Toronto	1	100	9,325
BioGaia Production AB /556591-9767/Eslöv	10,000	100	40,641
			247,575

The assets and liabilities of the American subsidiary BioGaia Biologics Inc, and its subsidiaries Nutraceutics Inc. and BioGaia USA Inc. (previously Everidis Inc.) have been translated at the closing day rate of exchange, SEK 10.04 (10.44). Income statement items have been translated at an exchange rate of SEK 10.61 (10.12).

The assets and liabilities of the Japanese subsidiary BioGaia Japan Inc. have been translated at an exchange rate of SEK 0.0710 (0.0792). Income statement items have been translated at an exchange rate of SEK 0.0760 (0.0771). The resulting translation differences have been recognized in consolidated comprehensive income.

BioGaia Pharma AB was formed in 2017. BioGaia owns 96% of the company. BioGaia Pharma's CEO, Nigel Titford owns 4% of the company. The minority share of equity in BioGaia Pharma amounts to SEK 2,000.

MetaboGen AB has been merged with the Parent Company. For more information, see Note 28.

Of total purchases made by the Parent Company, 34.1% (36.5%) was attributable to group companies.

Of the Parent Company's sales, 15.1% (9.1%) went to group companies.

Note 15 Inventories

	Group		Parent Company	
	2023	2022	2023	2022
Raw materials and consumables	30,094	26,437	-	-
Finished goods and goods for resale	151,110	116,401	116,401	94,272
	181,204	142,838	116,401	94,272

The group's provision for obsolescence amounted to SEK 10.0 million (7.5) at December 31, 2023. Expenses relating to impairment losses on inventory and scrapping amounted to SEK 5.9 million (2.0).

Note 16 Trade receivables

Provisions for trade receivables amounted to SEK 8.3 million (9.3) at December 31, 2023.

The provisions relate partly to impairment of identified doubtful receivables of SEK 3.6 million (3.3) and partly to a provision for expected losses in accordance with IFRS 9 of SEK 4.8 million (5.9).

At December 31, 2023, trade receivables amounting to SEK 27.3 million (44.5) were overdue. Of the overdue receivables, SEK 20.1 million had been recovered as of the date of signing of the financial statements.

Age analysis

	Group		Parent Company	
	2023	2022	2023	2022
Receivables not overdue	83,973	92,116	56,076	62,658
Less than 3 months	22,746	43,203	19,404	36,597
3-6 months	3,354	744	3,834	744
More than 6 months	589	573	570	573
Expected loss provision IFRS 9	-4,787	-5,933	-3,500	-4,387
	105,875	130,703	76,384	96,185

The carrying amounts, by currency, are as follows

	Group		Parent Company	
	2023	2022	2023	2022
EUR	33,660	40,600	33,049	40,001
USD	39,714	62,021	29,676	46,562
SEK	16,385	14,257	16,359	14,009
JPY	13,391	17,671	-	-
GBP	2,453	2,087	800	-
CAD	5,059	-	-	-
Expected loss provision IFRS 9	-4,787	-5,933	-3,500	-4,387
	105,875	130,703	76,384	96,185

Note 17 Related party transactions

Group

Annwall & Rothschild Investment AB owns 3,703,340 class A shares and 500,000 class B shares, corresponding to 4.2% of the share capital and 27.9% of the voting rights. Annwall & Rothschild Investment AB is owned by the founders Jan Annwall and Peter Rothschild who is Chairman of the Board of BioGaia. Transactions that took place in 2023 were a dividend of SEK 2.90 per share as well as remuneration and directors' fees. For further information, see Note 3.

Parent Company

The Parent Company owns 100% of the shares in BioGaia Production AB, BioGaia Biologics Inc., USA, BioGaia Japan Inc., Capable AB, Tripac AB, BioGaia Invest AB, BioGaia Finland Oy, BioGaia UK Ltd and BioGaia Probiotics Canada Inc.

The Parent Company owns 96% of the shares in BioGaia Pharma AB.

The following transactions have taken place with BioGaia Production AB

	Parent Company	
	2023	2022
Interest income	-	108
Purchase of services	-1,156	-1,554
Purchase of goods	-223,024	-215,428

Goods are purchased on a cost plus basis.

The following transactions have taken place with BioGaia Japan Inc.

	Parent Company	
	2023	2022
Interest income	2,670	1,365
Sale of goods	22,604	17,470

The following transactions have taken place with BioGaia Biologics Inc. and BioGaia USA Inc.

	Parent Company	
	2023	2022
Shareholder contribution provided	-	-601
Purchase of services	-13,407	-12,863
Sale of goods	83,714	55,269

The following transactions have taken place with BioGaia Probiotics Canada Inc.

	Parent Company	
	2023	2022
Shareholder contribution provided	-2,344	-6,982
Sale of goods	35,914	2,712

The following transactions have taken place with BioGaia Pharma AB

	Parent Company	
	2023	2022
Sales of services	371	57
Group contribution paid	-3,974	-3,767
Shareholder contribution provided	-	-

The following transactions have taken place with Tripac AB

	Parent Company	
	2023	2022
Group contribution paid	-4	-3

The following transactions have taken place with BioGaia Invest AB

	Parent Company	
	2023	2022
Shareholder contribution provided	-2,221	-
Group contribution paid	-1	-1

The following transactions have taken place with BioGaia Finland

	Parent Company	
	2023	2022
Sale of goods	6,118	3,658
Shareholder contributions	-2,203	-2,136

The following transactions have taken place with BioGaia UK

	Parent Company	
	2023	2022
Sale of goods	4,703	4,146
Shareholder contributions	-246	-

The closing balance at the end of the period was as follows

	Parent Company	
	Dec 31, 2023	Dec 31, 2022
Non-current receivables from subsidiaries		
Non-current receivables, BioGaia Production AB		
Current liabilities from subsidiaries		
Current liabilities, BioGaia Biologics Inc	-5,224	-
Current liabilities, CapAble AB	-4,287	-
Current liabilities, Tripac AB	-	-
Current liabilities, BioGaia Pharma AB	-7,451	-5,500
Current liabilities, BioGaia Production AB	-14,570	-74,969
Current liabilities, BioGaia Invest AB	-773	-772
Current liabilities, MetaboGen AB	-	-19,370
	-32,651	-131,252

Current receivables from subsidiaries		
Current receivables Tripac	299	303
Current receivables BioGaia UK	1,759	2,077
Current receivables, BioGaia Probiotics Canada	23,234	2,712
Current receivables, BioGaia Japan Inc.	12,623	73,094
	37,915	78,186

See also Note 3 for other related party transactions.

Note 18 Other current receivables

	Group		Parent Company	
	2023	2022	2023	2022
VAT refund	21,252	15,470	21,252	14,841
Current tax assets	5,668	332	-	-
Other receivables	6,395	2,931	3,601	-
	33,315	18,733	24,853	14,841

Note 19 Deferred expenses and accrued income

	Group		Parent Company	
	2023	2022	2023	2022
Accrued income	351	351	351	351
Prepaid rents	1,714	1,872	1,714	1,610
Other deferred expenses	7,460	14,618	873	337
	9,525	16,841	2,938	2,298

Note 20 Financial assets and liabilities

	Dec 31, 2023		Dec 31, 2022	
	Fair value through profit and loss	Accrued cost	Fair value through profit and loss	Accrued cost
Financial assets				
Trade receivables	-	105,875	-	130,703
Shares in unlisted companies	28,013	-	25,793	-
Cash and cash equivalents	-	1,544,192	-	1,488,366
Financial liabilities				
Trade payables	-	49,308	-	32,050
Provision for additional purchase price	46,529	-	33,627	-

Measurement of financial instruments at fair value

Financial liabilities

BioGaia has a financial liability relating to the additional purchase price in business acquisitions that is measured at fair value through profit or loss. The additional purchase price is due to the acquisition of Nutraceutics and is based on sales in Nutraceutics in 2026 or 2027. The amount, which will be settled in April 2027 or 2028, may also be adjusted if the agreed budget for marketing costs is exceeded.

Revaluation took place during the fourth quarter of 2023 and BioGaia's best assessment of fair value of the financial liability related to the additional purchase price at December 31, 2023 was therefore adjusted to SEK 46.5 million. Estimates of fair value are based on Level 3 of the hierarchy for fair value, which means fair value is determined using valuation models where significant inputs are based on unobservable data. The measurement was based on anticipated future cash flows discounted with a market-based interest rate. The value adjustment is recognized as a financial expense of SEK 15.0 million (-80.0) during the twelve-month period. The weighted average cost of capital (WACC) amounted to 10.41% (11.21% at December 31, 2022). The main impact for the value adjustment was a more positive outlook on sales at the end of the earnout period. 10% higher or lower sales would entail an increase or decrease, respectively, of liabilities by SEK 4.7 million and impact the income statement. A higher or lower USD-SEK exchange rate would have a similar effect but impact comprehensive income.

Provision for additional purchase price

	Jan-Dec 2023	Jan-Dec 2022
At beginning of period	33,627	100,591
Value adjustment	14,992	-80,013
Exchange differences	-2,090	13,049
At end of period	46,529	33,627

Financial assets

BioGaia owns shares in the companies Boneprox AB and Skinome AB through BioGaia Invest. These financial assets are measured at fair value through profit or loss. Estimates of fair value are based on Level 3 of the hierarchy for fair value, which means fair value is determined using valuation models where significant inputs are based on unobservable data. During the year, additional investments of SEK 2.2 million took place without impacting the valuation or income statement.

Other financial assets and liabilities

Trade receivables, trade payables, prepayments from customers and accrued income normally have a term that is less than three months why the book value is a good approximation of the fair value.

Note 21 Equity

The objective of the group's capital management is to safeguard the group's ability to continue as a going concern and to provide a good return to the shareholders. The total number of shares in BioGaia amounts to 100,982,310 (previously 20,196,462 shares), whereof 3,703,340 class A shares, with ten votes each, and 97,278,970 class B shares, with one vote each, corresponding to in total 134,312,370 votes. The share capital is unchanged and amounts to SEK 20,196,462. The class A and B shares grant equal entitlement to the company's assets and profits. Both the class A shares and class B shares have a quota value of SEK 5 each. All shares are fully paid-up and no shares are reserved for transfer. No shares are held in treasury by the company itself or by its subsidiaries.

Other contributed capital consists of payments made by the shareholders in excess of the quota value. The repayment of the warrants reduced equity by SEK 0.4 million during the year. The foreign currency translation reserve arises in translation of the net assets of foreign operations according to the acquisition method.

The Board proposes that the upcoming Annual General Meeting on May 7, 2024 approves an ordinary dividend according to policy of SEK 1.90 (1.45) per share, plus an extra dividend of SEK 5.00 (1.45) per share resulting in a total dividend of SEK 6.90 (2.90) per share, corresponding to SEK 696.8 million (292.8). The Board further proposes to the forthcoming Annual General Meeting, a provision to the Foundation to Prevent Antibiotic Resistance of SEK 4.4 million.

Non-controlling interests account for 4.0% of the subsidiary BioGaia Pharma's equity.

Equity in the BioGaia group consists of the sum of equity attributable to the owners of BioGaia AB and equity attributable to non-controlling interests. At December 31, total consolidated equity amounted to SEK 2,030.3 million (1,972.4) and equity attributable to owners of the Parent Company amounted to SEK 2,030.3 million (1,972.4).

In addition to the current dividend policy of 50% of the group earnings after tax and after adjustment of non-recurring items, for the coming years BioGaia intends to give extra dividends of 50 to 100% of the group earnings after tax and after adjustment of non-recurring items, provided that the future cash flows are in line with BioGaia's projections.

Note 22 Proposed appropriation of profits

The following funds in the Parent Company are at the disposal of the Annual General Meeting:

Retained earnings	1,316,973
Profit for the year	333,527
Profits available for appropriation	1,650,500

The Board of Directors proposes that the profits be appropriated as follows

To be paid as a dividend to the shareholders	696,776
Provision to foundation to prevent antibiotic resistance	4,400
To be carried forward to new account	949,324
Total	1,650,500

Note 23 Other liabilities

	Group		Parent Company	
	2023	2022	2023	2022
Employee withholding tax	2,690	3,022	2,412	2,630
Current tax liabilities	33,027	22,716	28,350	12,886
Other current liabilities	15,817	20,087	-	2,535
	51,534	45,825	30,762	18,051

Other current liabilities also include a short-term lease liability of SEK 8.8 million (11.1).

Note 24 Accrued expenses and deferred income

	Group		Parent Company	
	2023	2022	2023	2022
Accrued holiday pay	17,104	17,144	14,849	14,348
Accrued social security expenses	2,508	2,806	1,893	2,161
Other accrued expenses and deferred income	66,748	57,995	60,285	51,533
	86,360	77,945	77,027	68,042

Note 25 Pledged assets and contingent liabilities

	Group		Parent Company	
	2023	2022	2023	2022
Pledged assets				
Floating charges	-	-	-	-
Contingent liabilities	None	None	None	None

Note 26 Policy for financial risk management

The overall objective of the group's finance function is to secure cost-effective financing for the group's operations and group companies and to provide secure cash management with a market-based return on investment. The overall objective of financial risk management is to minimize the risk of negative effects on the group's earnings. Consequently, the group's financial investments must have a low risk profile. Below is a description of the group's assessed risk exposure and the related risk management:

Currency risk

BioGaia conducts operations in various geographical markets and has revenue and expenses in different currencies. This affects both transaction exposure (cash flow) and translation exposure (balance sheet).

Transaction exposure

Breakdown of net sales in 2023 was approximately:	Breakdown of expenses in 2023 was approximately:
EUR 32% (40%)	SEK 52% (55%)
USD 45% (44%)	EUR 17% (15%)
SEK 11% (9%)	JPY 6% (5%)
Other currencies 12% (7%)	USD 21% (23%)
	Other currencies 4% (2%)

In 2023 the company had a cash flow surplus of approximately EUR 23.9 million (30.9), a cash flow deficit of JPY 25.3 million (631.5) and a cash flow surplus of USD 38.8 million (29.1).

The average exchange rate for EUR/SEK in 2023 was SEK 11.48 (10.63). If the EUR/SEK rate had been SEK 1.0 higher/lower, BioGaia's net sales would have been approximately SEK 36.7 million higher/lower and operating profit approximately SEK 23.9 million higher/lower. The average exchange rate for USD/SEK in 2023 was SEK 10.61 (10.12). If the USD/SEK rate has been SEK 1.0 higher/lower, BioGaia's net sales would have been approximately SEK 55.3 million higher/lower and operating profit approximately SEK 38.8 million higher/lower. A stronger SEK rate, primarily against EUR and USD, decreases

BioGaia's sales and profit but by working to reallocate a portion of expenses to EUR, the company is working to minimize the impact on profit.

Translation exposure

Translation exposure is the risk that the value of the group's net investments in foreign currencies will be negatively affected by changes in foreign exchange rates.

The group has seven foreign subsidiaries, three in the USA, one in Japan, one in Finland, one in the UK and one in Canada. The assets and liabilities of the American subsidiary have been translated at the closing day rate of SEK 10.04 (10.44). The assets and liabilities of the Japanese subsidiary BioGaia Japan Inc. have been translated at the closing day rate of SEK 0.0709 (0.0792). The assets and liabilities of the Finnish subsidiary BioGaia Finland Oy have been translated at the closing day rate of SEK 11.10 (11.13). The assets and liabilities of the UK subsidiary BioGaia UK Ltd have been translated at the closing day rate of SEK 12.77 (12.58). The assets and liabilities of the Canadian subsidiary BioGaia Probiotics Canada Inc. have been translated at the closing day rate of SEK 7.58 (7.71). The group's translation differences amounted to SEK 15.9 million (25.7).

Interest rate and liquidity risk

The group has no external loans. Excess liquidity is invested mainly in bank accounts. For cash and cash equivalents, the company has a liquidity policy in which the basic principles are that investment risks should always be minimized and investments should be made primarily in Swedish kronor. To minimize currency risk, other currencies may also be considered. The company's cash and cash equivalents may be invested only in bank accounts, commercial paper or other fixed income securities with very limited risk. This means that no investments may be made in shares, equity funds, options, etc.

Credit and counterparty risk

Credit risk is the risk that the counterpart in a transaction causes a loss for the group by not fulfilling its contractual obligations. BioGaia's credit risks are tied to trade receivables and for the Parent Company also loan to subsidiaries. When signing agreements with new customers, BioGaia always carries out an assessment of the customer's financial position. The company has routines for collection of past due accounts receivable and additional evaluations of the customer's financial position are carried out when required in order to minimize risks.

The simplified model is used to determine the expected loss on the group's trade receivables. When calculating the expected loss the trade receivables have been grouped based on age-structure. The expected loss for trade receivables is calculated with the help of a matrix of historical data, current conditions and forecasts of future economic conditions. The calculation does not have a material impact for other current financial receivables and accrued income.

	Group	
	2023	2022
Trade receivables gross	114,218	139,962
Allowance trade receivables	-8,343	-9,259
Trade receivables net	105,875	130,703

	Group	
	2023	2022
Trade receivables gross	114,218	139,962
Allowance opening balance	-9,259	-3,796
Increase from new receivables	-5,362	-5,933
Decrease from paid receivables	6,278	470
Move to impaired	-	-
Trade receivables closing balance	105,875	130,703

Trade receivables are spread over a large number of customers and no customer represents a material part of total receivables. In addition, trade receivables are not concentrated to a specific geographical area. As a consequence, the group deems the concentration risks to be limited.

The group's maximum exposure to credit risk consists of the carrying amounts of all financial assets and is outlined in the table below.

	Group	
	2023	2022
Trade receivables	105,875	130,703
Other non-current receivables	33,315	18,438
Accrued income	9,847	351
Cash and cash equivalents	1,544,192	1,488,366
Maximal exposure for credit risk	1,693,229	1,637,858

Cash flow risk

Cash flow for the period amounted to SEK 66.6 million (-12.8). Cash flow included a dividend of SEK 292.8 million (301.3) and tax payments of SEK 80.3 million (54.9).

Age analysis of the group's financial liabilities:

	Due in less than:						Total
	Interest rate	1 month	1-3 months	3-12 months	1-5 years	More than 5 years	
December 31, 2022							
Non-current liabilities related to acquisition of Nutraceuticals	11%	-	-	-	-	59,269	59,269
Non-current liabilities (lease liabilities)	3%	-	-	-	4,913	-	4,913
Other non-current liabilities	-	-	-	-	25,371	-	25,371
Current liabilities	-	32,050	15,772	13,486	-	-	61,308
		32,050	15,772	13,486	30,284	59,269	150,861
December 31, 2023							
Non-current liabilities related to acquisition of Nutraceuticals	10%	-	-	-	68,414	-	68,414
Non-current liabilities (lease liabilities)	3%	-	-	-	26,356	-	26,356
Other non-current liabilities	-	-	-	-	18,075	-	18,075
Current liabilities	-	49,308	11,464	12,886	-	-	73,658
		49,308	11,464	12,886	112,845	-	186,503

Since cash and cash equivalents at December 31, 2023 amounted to SEK 1,544.2 million (1,488.4), no capital contribution is required during the immediate 12 month period unless acquisitions are carried out. The group is not exposed to any material liquidity risk as a consequence of lease liabilities. See Note 26 with respect to additional financial liability relating to the additional purchase price for Nutraceuticals.

Price risk

BioGaia buys most of its goods on the international market and has several alternative suppliers, which reduces the company's price risk. BioGaia's price to distributors is largely the same for all, but can vary with respect to the order volume. Certain markets are subject to aggressive price competition towards consumers. However, BioGaia's strategy is not to compete in terms of price but to instead convince doctors of the effectiveness and safety of the products by showing the results of clinical studies.

Climate-related risk

During the year, BioGaia established climate-related targets to reduce emissions. Active efforts to reduce the company's climate impact could lead to increased resilience, reduced costs and increased goodwill. Climate change in the world also represents a physical risk for BioGaia that may affect the company's facilities and access to important raw materials. BioGaia therefore considers climate risk in the preparation of its financial statements principally in relation to investment decisions and impairment testing.

Note 27 Critical accounting estimates and assumptions

Certain sources of uncertainty in accounting judgements and assumptions are described below.

Impairment testing of intangible assets in MetaboGen and Nutraceuticals
The group recognizes intangible assets from the acquisition of MetaboGen which amount to SEK 45.8 million relating to research and development projects and SEK 5.3 million as goodwill. In conjunction with the balance sheet date, impairment testing was carried out of the project. Testing for impairment was carried out based on Executive Management's future forecasts. Significant assumptions on costs incurred, milestones and the project portfolio have been updated. Since the valuation is based on an assessment of anticipated demand, utilization and price scenario for the products or technologies, the valuation is inherently uncertain. Testing shows that no impairment requirement exists. See also Note 11 for additional information.

The group also recognizes surplus value from the acquisition of Nutraceuticals, which amount to SEK 2.2 million relating to buildings and land and SEK 160.0 million pertaining to goodwill. In conjunction with the balance sheet date, impairment testing was carried out using a cash flow model where Nutraceuticals is a cash-generating unit. Testing for impairment was carried out based on Executive Management's future forecasts. Significant assumptions in the model include future revenues, operating margin and discount rate. Since the valuation is based on an assessment of future cash flows in the business plan for the company, this is inherently uncertain. Since there is a formal commitment to acquire the remaining share of the company, it is recognized by the group in full without a minority interest. This impacts the value of goodwill and liabilities for the additional purchase price, which are substantially impaired.

Financial liability for additional purchase price
The group recognizes a financial liability for the additional purchase price pertaining to the remaining shares in Nutraceuticals amounting to SEK 46.5 million. BioGaia has a commitment to purchase the remaining share of the company but the price will be determined on the basis of sales in 2026 or 2027. The current assessment is based on the updated business plan and the purchase price uses sales from 2026 and will be settled in April 2027. The nominal value relating to the liability amounts to SEK 68.4 million but as the forecast is uncertain this has been discounted with a WACC of 10.41% (11.21). The liability is measured according to fair value in the income statement in net financial items. As the measurement includes a number of assessments there is a risk that the liability changes substantially over time.

Note 28 Merger of MetaboGen AB

MetaboGen AB corporate identity number 556872-7142 merged with BioGaia AB during the 2023 financial year with the date of the merger on November 13, 2023.

The accounts were transferred on November 30, 2023. The assets and liabilities have been transferred to the receiving company at consolidated value. Merger losses amounted to SEK -23.6 million. A balance sheet summary and information on net sales and operating profit before the merger are presented below.

Non-current assets	6,537	Restricted equity	89
Current receivables	13,041	Non-restricted equity	19,862
Cash and bank balances	440	Current liabilities	67
Total assets	20,018	Total equity and liabilities	20,018

Net sales amounted to SEK 0 million and operating loss SEK -6.7 million.

The Board of Directors and the CEO hereby give their assurance that the consolidated financial statements and annual report have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and generally accepted accounting practices and give a true and fair view of the financial position and results of operations of the Group and the Parent Company. The administration report for the Group and the Parent Company gives a true and fair view of the business activities, financial position, and results of operations of the Group and the Parent Company and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, March 25, 2024

Peter Rothschild Chairman	Theresa Agnew CEO
David Dangoor Vice Chairman	Outi Armstrong Member of the Board
Barbro Fridén Member of the Board	Bénédicte Flambard Member of the Board
Anthon Jahreskog Member of the Board	Vesa Koskinen Member of the Board
Vanessa Rothschild Member of the Board	

Auditor's report

To the General Meeting of Shareholders in BioGaia AB (publ), corporate identity number 556380-8723

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of BioGaia AB (publ) for the financial year 2023-01-01-2023-12-31. The annual accounts and consolidated accounts of the company are included on pages 107-134 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014/EU) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014/EU) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of ongoing research and development projects

BioGaia AB has recognized intangible assets amounting to SEK 46m as of December 31, 2023, relating to ongoing research- and development projects. The group has performed an internal valuation of the items based on individual assessments of the future earnings capabilities and market expectations on return on investments. The value of the ongoing research and development projects as well as the goodwill may be impacted by micro-macroeconomic or company specific events as progress in the projects. The valuations are based on judgement and assumptions that can have a significant impact on the group's financial position. We focused on this area since the recorded value of the assets are material and the assessment of the need for impairment is sensitive for changes in assumptions and therefore a key audit matter.

Our audit included but was not limited to the following audit procedures:

- Review and assessment of BioGaia's procedure to prepare input to the valuations, and that procedures are consistently applied and that there is integrity in the process.
- Review of input data and calculations in the valuation.
- We have evaluated if disclosures provided in note 11 in the groups's notes are appropriate, specifically with regards to disclosure of which of the stated assumptions that are most sensitive in calculating the fair value.
- Evaluation of the reasonableness in the assumptions on which the valuation is based by comparing with external data sources and previous years assumptions to actuals results.

We have used required valuations specialists in our team in conducting our review.

Valuation of goodwill

BioGaia AB has recognized goodwill to SEK 165m as of December 31, 2023. The value of the reported goodwill is dependent on future returns and profitability in the cash-generating units to which the goodwill refers, and the value is tested at least once a year. Management bases its impairment test on several judgement and estimates such as growth, EBIT development

and cost of capital (WACC) as well as other complex circumstances. Management has not identified any need for write-downs. For more information refer to note 11 of management's procedures is described together with important assessments and assumptions. We focused on this area as the reported value of goodwill is material and impairment tests are sensitive to changes in assumptions and is therefore a key audit matter.

Our audit included but was not limited to the following audit procedures:

- Review and assessment of BioGaia's procedures for impairment testing of goodwill and evaluation that the assumptions made are reasonable, that the procedures are consistently applied and that there is integrity in calculations.
- Verification of input data in calculations including business plans for the forecast period.
- Assessment of the safety margins for each cash-generating unit by perform sensitivity analyses.
- Review of completeness in relevant notes to the financial statements.

We have used the required valuation specialists in our team in carrying out our audit.

Valuation of deferred purchase price

Since the acquisition of Nutraceuticals Corporation BioGaia has a liability for deferred purchase price for the remaining 20% of the shares, to be settled at completion of the transaction in 2027 or 2028. The purchase price for the acquisition of the remaining shares is determined based on the subsidiary's sales in 2026 or 2027. The value of the liability for the additional purchase price is subject to some uncertainty and has been discounted with a WACC of 10,41%. As of December 31, 2023, management has performed a revaluation of the liability resulting in an adjustment of SEK 15m reported as financial cost, any further deviations between the estimated deferred purchase price and the actual outcome will be reported in the result until settlement. We focused on this area since the accounting is based on

management's assessments and estimates to determine the fair value of the liability for the additional purchase price.

Our audit included but was not limited to the following audit procedures:

- Review the input data of the calculation for the value of the liability.
- Evaluation of the reasonableness of the underlying assumptions for the valuation of the liability.
- Examination that the information provided in notes 20, 26 and 27 is appropriate.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 3-105, 138-139 and 144-148. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar This description forms part of the auditor's report".

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of BioGaia AB (publ) for the financial year 2023-01-01-2023-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are

necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for BioGaia AB (publ) for the financial year 2023. Our examination and our opinion relate only to the statutory requirements. In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of BioGaia AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report, has been prepared in a valid XHTML format and reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Deloitte AB, was appointed auditor of BioGaia AB (publ) by the general meeting of the shareholders on the 2023-05-05 and has been the company's auditor since 2015-05-22.

Stockholm, March 25, 2024

Deloitte AB

Jenny Holmgren
Authorized Public Accountant

Definitions of key ratios

Definitions of key ratios

Return on equity	Profit attributable to the owners of the Parent Company divided by average equity attributable to the owners of the Parent Company.	Return on equity is used to measure profit generation, over time, given the resources attributable to the owners of the Parent Company.
Return on capital employed	Profit before net financial items plus financial income as a percentage of average capital employed.	Return on capital employed is used to analyze profitability, based on the amount of capital used.
Gross margin	Gross profit as a percentage of net sales.	The gross margin is used to measure profitability.
Equity per share	Equity attributable to the owners of the Parent Company divided by the average number of shares.	Equity per share measures the company's net value per share and indicates whether a company will increase the shareholders' wealth over time.
Equity per share, diluted	Equity attributable to the owners of the Parent Company at the end of the period divided by the average number of shares after dilution.	Equity per share, diluted, measures the company's net value per share after any dilution due to ongoing incentive programs or similar schemes and indicates whether a company will increase the shareholders' wealth over time.
Average number of shares	Time-weighted number of outstanding shares during the year taking bonus issue elements into account.	Used to calculate equity and earnings per share.
Earnings per share	Profit for the year attributable to owners of the Parent Company divided by the average number of shares (definition according to IFRS).	EPS measures how much of net profit is available for payment to the shareholders as dividends per share.
Earnings per share (EPS), diluted	Profit for the year attributable to the owners of the Parent Company divided by the average number of shares after dilution.	EPS, diluted, measures how much of net profit is available for payment to shareholders as dividends per share after any dilution due to ongoing incentive programs or similar schemes.
Operating margin (EBIT margin)	Operating profit expressed as a percentage of net sales.	The operating profit margin is used to measure operational profitability.
Operating profit	Profit before financial items and tax.	Operating profit is used to measure operating profitability.
Equity/assets ratio	Shareholders' equity at the end of the period as a percentage of total assets.	A traditional metric to show financial risk expressed as the share of total assets financed by the shareholders. Shows the company's stability and ability to withstand losses.
Capital employed	Total assets less interest-free liabilities.	Capital employed measures the company's ability, in addition to cash and liquid assets, to meet the requirements of business operations.
Growth	Sales for the year less sales for the previous year divided by sales for the previous year. Breakdown by foreign exchange, organic growth and acquisitions.	Shows the company's realized sales growth over time.
Profit margin	Profit before tax as a percentage of net sales.	This key ratio makes it possible to compare profitability regardless of the corporate income tax.

Reconciliation against IFRS

	2023	2022
Return on capital employed		
Operating profit	443,103	361,459
Financial income	41,532	91,540
Profit before net financial items + financial income (A)	484,635	452,999
Total assets	2,333,190	2,213,966
Interest-free liabilities	-287,666	-229,187
Capital employed	2,045,523	1,984,779
Average capital employed (B)	2,015,151	1,938,193
Return on capital employed (A/B)	24%	23%

	2023	2022
Return on equity		
Profit attributable to owners of the Parent Company (A)	365,352	373,773
Equity attributable to owners of the Parent Company	2,030,342	1,972,416
Average equity attributable to owners of the Parent Company (B)	2,001,379	1,924,891
Return on equity (A/B)	18%	19%

	Dec 31, 2023	Dec 31, 2022
Equity/assets ratio		
Equity (A)	2,030,344	1,972,418
Total assets (B)	2,333,189	2,213,966
Equity/assets ratio (A/B)	87%	89%

	2023	2022
Operating margin		
Operating profit (A)	443,103	361,459
Net sales (B)	1,296,506	1,103,957
Operating margin (A/B)	34%	33%

	2023	2022
Profit margin		
Profit before tax (A)	468,834	447,613
Net sales (B)	1,296,506	1,103,957
Profit margin (A/B)	36%	41%

Equity per share	Dec 31, 2023	Dec 31, 2022
Equity attributable to owners of the Parent Company (A)	2,030,342	1,972,416
Average number of shares (B)	100,982	100,982
Equity per share (A/B)	20.11	19.53

Change in sales by segment

Description	Definition	Pediatrics 2023	Adult Health 2023	Other 2023	Total 2023	
A	Previous year's net sales according to the average rate	868,355	230,205	5,398	1,103,958	
B	Net sales for the year according to the average rate	1,013,522	275,230	7,753	1,296,505	
C	Reported change	B-A	145,167	45,026	2,354	192,547
	Percentage change	C/A	17%	20%	44%	17%
D	Net sales for the year according to the previous year's average rate	959,766	261,799	7,753	1,229,318	
E	Foreign exchange effects	B-D	53,756	13,432	0	67,187
	Foreign exchange effects, %	E/A	6%	6%	0%	6%
F	Organic change	C-E	91,411	31,594	2,354	125,359
	Organic change, %	F/A	11%	14%	44%	11%

Average key exchange rates

	Group	
	2023	2022
EUR	11.48	10.58
USD	10.61	10.03
JPY	0.0760	0.0771

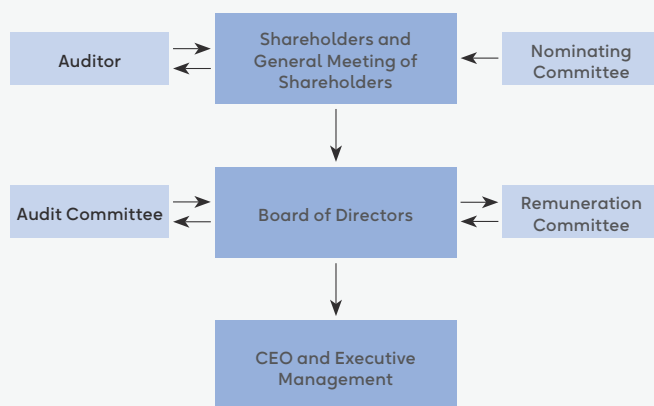
Adjusted operating profit

	Group	
	Jan-Dec 2023	Jan-Dec 2022
Operating profit	443,103	361,459
Adjustments	1,144	5,067
Adjusted operating profit	444,247	366,526

Corporate governance report 2023

Corporate governance in BioGaia

BioGaia AB (publ), a Swedish public limited company whose class B shares are listed on the Nasdaq Stockholm, applies the Swedish Corporate Governance Code (the Code). The Code is available at www.bolagsstyrning.se, where the Swedish model for corporate governance is also described. This corporate governance report is submitted in accordance with the Swedish Companies Act and the Code and describes BioGaia's corporate governance during the 2023 financial year. In 2023, BioGaia has not deviated from the rules set out in the Code nor committed any violations of Nasdaq Stockholm's rules or good practice in the Swedish securities market. The corporate governance report has been reviewed by BioGaia's auditor, as set out on page 143.



Shares

At year-end 2023, the share capital in BioGaia amounted to SEK 20,196,462 consisting of 3,703,340 class A shares carrying 10 votes per share and 97,278,970 class B shares carrying one vote per share. Annwall & Rothschild Investment AB owns 4.2% of the capital and 27.9% of the voting rights in the company. EQT owns 11.1% of the capital and 8.3% of the voting rights in the company. Other individual shareholders hold less than 10% of the share capital and voting rights. Additional information about the company's shares, shareholders, etc., is presented on page 144 and on the company's website under the heading Investors/The Share.

General Meeting of Shareholders

The General Meeting of Shareholders is the company's highest decision-making body. Notice of a general meeting of BioGaia's shareholders is

given through an announcement in Post- och Inrikes Tidningar and on the company's website. An announcement that notice has been given is published in Svenska Dagbladet.

Shareholders representing 65.35% of the total number of shares in the company attended BioGaia's Annual General Meeting on May 5, 2023. The CEO, most of the year's members elected by the Annual General Meeting, the Board Chairman and the company's elected auditing firm attended the Annual General Meeting. Two representatives from the Nominating Committee were also in attendance. BioGaia's 2024 Annual General Meeting will be held on May 7, 2024 and a notice of the Annual General Meeting will be sent out at the end of March or beginning of April 2024. Shareholders who wish to have items included on the agenda of the meeting have, in accordance with instructions on the company's website, had an opportunity to submit a proposal to the company no later than seven weeks prior to the meeting.

In addition to statutory rights of shareholders to attend a General Meeting of Shareholders it is a requirement in BioGaia's Articles of Association for shareholders who wish to participate in a General Meeting of Shareholders to notify the company no later than the day stipulated in the notice of the meeting. This day may not be a Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not occur earlier than the fifth weekday prior to the meeting. Each shareholder in BioGaia entitled to vote may vote for the full number of shares owned and represented by the shareholder with no limit to the number of votes. Class A shares carry entitlement to ten votes and class B shares carry entitlement to one vote. If relevant, notice shall also be given of whether the shareholder intends to be accompanied by an assistant. Documents related to general meetings as well as meetings from earlier annual general meetings and extraordinary general meetings are available on the company's website under the heading Investors/Corporate governance.

Nominating Committee

The 2023 Annual General Meeting resolved that the Nominating Committee would be appointed as follows: The Board Chairman shall convene the four largest shareholders in the company, each of which may appoint a member to the Nominating Committee together with the Board Chairman. In determining the composition of the Nominating Committee, the largest shareholders in terms of voting power shall be based on the ownership situation at June 30, 2023. The Nominating Committee shall be chaired by the member representing the largest shareholder on that date. If any of the four largest shareholders should waive its right to appoint a member to the Nominating Committee, the next largest shareholder in order of voting power shall be given the opportunity to appoint a member. The names of the four shareholder representatives shall be made public as soon as they are appointed, but no later than six months prior to the 2024 Annual General Meeting. The

Nominating Committee's term of office shall extend until a new Nominating Committee has been appointed.

If the shareholder who appointed a member is no longer one of the four largest shareholders in terms of voting power, and if the Nominating Committee deems it appropriate, the member shall leave and a member for the next largest shareholder in order of voting power is given the opportunity to replace this member. If an appointed member of the Nominating Committee resigns from the Nominating Committee for some other reason, the shareholder who has appointed the member in question has the right to appoint a new member to the Committee. If this shareholder waives its right to appoint a new member, the Nominating Committee, if it deems so appropriate in respect of the remaining mandate period, shall ask the next largest shareholder in terms of voting power if it wishes to appoint a member to the Nominating Committee.

The Nominating Committee shall prepare proposals for the following matters to be put before the 2024 Annual General Meeting for resolution:

- appointment of the Chairman of the Annual General Meeting
- election of the Board of Directors
- election of the Board Chairman and possible Deputy Chairman
- fees for Board members
- election of auditors
- fees for the auditors
- appointment of the Nominating Committee ahead of the 2025 Annual General Meeting.

In accordance with the Annual General Meeting's resolution, the Nominating Committee has been appointed and consists of Board Chairman Peter Rothschild, Per-Erik Andersson (also Chairman of the Nominating Committee), appointed by Annwall & Rothschild Investments AB, the company's largest shareholder, Jacob Sellman, appointed by the company's second-largest shareholder, EQT, Marianne Flink, appointed by the company's third-largest shareholder, Fjärde AP-fonden (AP4), and Russell Champion, appointed by the company's fourth-largest shareholder, Premier Miton Investors. All members of the Nominating Committee, except for Peter Rothschild, are independent in relation to the company and its Executive Management. No fees are paid by the company for work in the Nominating Committee but BioGaia shall meet reasonable costs that the Nominating Committee deems necessary for completion of its assignment.

All shareholders have had the opportunity to contact the Nominating Committee with recommendations for Board candidates for further evaluation within the framework of the Committee's work. No suggestions or proposals have been submitted to the Nominating Committee as of today's date. The Nominating Committee presents a written motivation to the Annual General Meeting for election of Board members. In its motivation, the Nominating Committee takes into account diversity and breadth in the Board and seeks an even gender distribution.

Board of Directors' size and composition

The Board is ultimately responsible for BioGaia's organization and management of its business. According to BioGaia's Articles of Association, the Board shall consist of no fewer than five and no more than nine members with no more than three deputies. During the entire year, the Board was made up of eight members (without deputies). The Nominating Committee has applied the Code's rule 4.1 as a diversity policy when drafting the proposal to the Board. The Nominating Committee considers – which has also been the Nominating Committee's aim with the policy – that the Board has an appropriate composition and size and is characterized by diversity and breadth with regard to members' competence and experience within areas of strategic importance for BioGaia. A presentation of the Board is provided on page 147.

Board independence

According to the Code, a majority of the Board shall be independent of the company and its Executive Management. At least two of the independent members shall also be independent in relation to the company's major shareholders. The composition of the Board meets the requirements in the Code related to the Board members' independence.

The work of the Board

According to the Board's rules of procedure, the Board shall hold at least five Board meetings during the year, in addition to the statutory meeting. BioGaia has appointed the company's General Counsel to serve as Secretary at Board meetings. The CEO is not a member of the Board but, together with the company's CFO, is co-opted to attend all Board meetings. Other executives in the company take part in Board meetings in order to present reports. Every Board meeting has included an item on the agenda where the Board has had an opportunity for discussion without representatives of Executive Management being present.

The Board held 14 meetings in 2023. For information about attendance at these meetings, see the table on page 129. Ahead of Board meetings, members have received an agreed agenda for the meeting together with written material regarding issues to be handled at the meeting. A key part of the work of the Board is the financial reports that are presented, including the interim report, interim management statements and year-end report. In addition, during the year the Board dealt with matters relating to M&As and other expansion issues, major investments, strategic issues and sustainability issues. The Board also held details discussions about the overall strategy for BioGaia. The Board has adopted rules of procedure for its work as well as CEO instructions, which describe the division of work between the Board and

the CEO. The Board has also adopted a number of instructions and policies for conducting operations, for example Signatory and authorization instructions, a Code of Conduct, Governance Policy, Financial Policy, Communication Policy, Insider Trading Policy, Anti-Corruption Policy, Conflict of Interest Policy, Information Security Policy, People Policy and Procurement Policy.

Evaluation of the Board

Within BioGaia's Board there are routines for an annual evaluation of the work of Board members. The evaluation provides a basis for improvements and for the work of the Nominating Committee with the composition of the Board.

All Board members assessed the Board's work in a survey concerning the Board's activities in 2023. The surveys were analyzed to gain an understanding of the opinions of Board members on how the work of the Board is conducted and what measures might be taken to streamline the work of the Board. The intention of the surveys was also to find out what type of issues the Board considers should be given more space and in which areas additional competence might be required in the Board. The results of the evaluation have been discussed by the Board and reported to the Nominating Committee.

Board attendance in 2023¹⁾

Name	Elected in	Independent in relation to the company	Independent in relation to the major shareholders	Board meeting attendance	Audit Committee attendance	Remuneration Committee attendance	Board fee	Fee Audit Committee	Fee Remuneration Committee	Fixed salary
Total number of meetings 2023				14	4	4				
Peter Rothschild	2018	No	No	14 of 14		1 of 2	710,000		20,000	600,000
David Dangoor	2003	Yes	Yes	13 of 14	4 of 4	2 of 2	490,000	55,000	45,000	
Ewa Björling ²⁾	2015	Yes	Yes	3 of 5			265,000			
Peter Elving ²⁾	2018	Yes	Yes	5 of 5		2 of 2	265,000			
Anthon Jahreskog	2015	Yes	Yes	14 of 14	4 of 4		275,000	110,000	20,000	
Vanessa Rothschild	2020	Yes	No	14 of 14			275,000			
Niclas Ringby ²⁾	2020	Yes	No	4 of 5			265,000			
Christian Bubenheim ²⁾	2021	Yes	Yes	5 of 5			265,000			
Bénédicte Flambard ³⁾	2022	Yes	Yes	11 of 14			275,000			
Barbro Fridén ³⁾	2023	Yes	Yes	7 of 9			275,000			
Outi Armstrong ³⁾	2023	Yes	Yes	9 of 9			275,000			
Vesa Koskinen ³⁾	2023	Yes	No	7 of 9			275,000			

1) If a member was unable to attend a Board meeting, they were able to submit their opinions to the chairman before the meeting.

2) Left the Board at the AGM in May 2023.

3) Joined the Board at the AGM in May 2023.

Remuneration Committee

The Board has appointed a Remuneration Committee from among its members to prepare recommendations and other terms of employment for the CEO and other senior executives who together make up the Executive Management. The Remuneration Committee complies with the guidelines for senior executives as resolved at the 2023 Annual General Meeting. The Remuneration Committee consists of David Dangoor (chairman), Peter Rothschild and Anthon Jahreskog. The Remuneration Committee held four minutes meetings in 2023. All members who were appointed on the date of the meetings were in attendance.

Audit Committee

The Board has appointed an Audit Committee from among its members. The key task of the Audit Committee is to support the Board with quality assurance of the financial reporting. The Audit Committee also prepares matters relating to regulatory compliance. The Committee holds regular meetings with the company's auditors and evaluates audit work. The Committee discusses significant accounting issues that affect the group and assists the Nominating Committee in the preparation of proposals for auditors and their remuneration. The chairman of the Audit Committee is responsible for ensuring that the entire Board is kept informed about the work of the Committee as well as, when necessary, presenting the Board with matters for decision. The Audit Committee's members comprise Anthon Jahreskog (chairman) and David Dangoor. The Audit Committee held four minutes meetings during 2023. The members of the Audit Committee attended each meeting. The auditors attended all of the meetings.

CEO and Executive Management

The company's chief executive officer (CEO) is appointed by the Board. The CEO is responsible for overseeing the company's business development and for supervising and coordinating its day-to-day operations. The Board has established instructions for the CEO that, among other things, regulate management and development of the company and the provision of reports and decision data to the Board. According to the CEO Instructions, the CEO shall refer the following matters to the Board for decision:

- Decisions on pledging the company's assets, the purchase and sale of real property beyond the established budget, shares or acquisition of another company's operations of material importance to the company
- decision to issue a guarantee or collateral for one of the company's obligations that exceeds SEK 3 million during a financial year
- decisions on the formation of subsidiaries
- raising loans
- entering agreements with a term of more than seven years
- initiating legal processes of material importance as well as settlement of disputes in an amount exceeding SEK 5 million
- approval of the company's overall strategy and annual budget.
- significant changes to the company's organization or the applied accounting policies
- decision on donation for charitable purpose (according to the Swedish Companies Act)
- decision on commitments outside the budget/investment plan that exceed SEK 4 million
- other matters of material financial or other significance.

The CEO prepares requisite information and basis for decisions such as reports relating, among other things, to the company's finances, order situation, significant transactions and strategic issues ahead of Board meetings, and makes presentations including motivated proposals for decision. The CEO also keeps the Board Chairman regularly informed about the company's operations. The Board evaluates the work of the CEO annually. No member of Executive Management is present at this evaluation.

Executive Management is presented on page 146. The management team is headed by the CEO and is responsible for planning, supervising and monitoring the company's day-to-day operations. Minuted meetings are normally held once a month. The responsibilities and powers of the Executive Management are defined in the job descriptions and in signature authority instructions.

Auditors

BioGaia's auditors are normally appointed by the Annual General Meeting to serve for a period of one year. The 2023 Annual General Meeting resolved on re-election of the registered auditing firm of Deloitte AB to serve for the period until the end of the Annual General Meeting to be held in 2024. The auditing firm appointed Jenny Holmgren as Auditor in Charge. By decision of the Annual General Meeting, auditing fees are paid according to approved account.

The auditors examine the administration of the company by the Board of Directors and the CEO and the quality of the company's financial reporting. At the request of the Board, the auditors also review the interim report and the year-end report. The auditors report the results of their review to the shareholders through an audit report, which is presented to the Annual General Meeting. In addition, the auditors submit written and oral reports to the Executive Management, the Audit Committee and the Board. The auditors take part in and report to the Audit Committee at all meetings during the year. In addition, the auditors participate in at least one Board meeting a year in accordance with the Code. The auditors also submit an auditor's statement on the corporate governance report, the sustainability report and a report on the examination of remuneration to senior executives.

Information about remuneration to the auditors can be found in Note 4 of the annual report.

Furthermore, the entire Board of Directors meets with the auditors at least once a year without the presence of the CEO or other members of the Executive Management.

The Board's report on internal control over financial reporting for the financial year 2023

Introduction

Pursuant to the Swedish Companies Act, the Swedish Annual Accounts Act and the Code, the Board of Directors is responsible for internal control. This description has been prepared in accordance with these rules and provisions and is thereby limited to internal control over financial reporting.

Internal control of financial reporting

The Board is responsible for ensuring that the company's organization is suitably structured so that the financial accounts, cash management and other financial conditions can be controlled satisfactorily.

Every year, the Board of Directors adopts rules of procedure for the Board's activities and instructions regulating the division of responsibilities between the Board and the CEO. The instructions state which matters require approval or authorization from the Board. At Board meetings, the CEO reports on matters requiring consideration by the Board. The CEO ensures that the Board is provided with the objective, detailed and relevant information needed for the Board to make well-founded decisions and that the Board is continuously informed about the company's business development and financial position.

Aside from the instructions between the Board and the CEO, BioGaia's control structure is based on the company's organization and way of conducting operations, where roles and responsibilities are defined. There is a high level of employee awareness about the importance of maintaining good control over financial reporting. The company's financial development is assessed and monitored monthly. Financial reports and summaries are prepared by the group's finance department and are presented to the Board quarterly and to the Executive Management monthly.

The company's values

BioGaia has a set of shared values and the company's employees are well aware of these. This is ensured through interviews in connection with new recruitment and through regular workshops with each department.

Risk assessment

The company works continuously with risk assessment and risk management to ensure that the risks to which the company is exposed are handled within the limits ultimately established by the Board. The Executive Management continuously analyzes the company's business processes with regard to efficiency and risks. This work includes identifying significant risks for misstatements and deficiencies in the financial reporting and ensuring that there are suitable processes and controls in the company's operations to limit these risks. The most critical business processes and the absolutely largest values, in terms of both assets and business/product development, are found in the Parent Company. In addition, the bulk of sales take place in the Parent Company. Processes that are deemed to be of special importance to BioGaia are sales including quality assurance, R&D and manufacturing. In 2023, management established a Risk Committee, which is headed by the CEO and comprises members of the Executive Management.

Control activities

The risks identified in the financial reporting are managed through a number of control activities in the company's processes. Processes and controls are reviewed and updated regularly in order to detect, prevent and correct any errors or deficiencies. The control structure also includes the division of powers and responsibilities and the Executive Management's monthly review of the company's financial information.

Information and communications

BioGaia has information and communication paths that are designed to promote the completeness and accuracy of the financial reporting. Authorization instructions and policies are distributed to all employees and can be viewed on the company's intranet. All of BioGaia's employees normally meet once a year to increase their knowledge about the company's processes and goals and to exchange information and experiences.

Monitoring

The Executive Management performs a yearly evaluation of the effectiveness of internal control. Every year, the company's elected auditing firm, Deloitte AB, also reviews a selection of BioGaia's routines and internal controls. The Board then evaluates this information and ensures that measures are taken in respect of the identified deficiencies and resulting recommendations.

The company has no special review function (internal audit). In light of the company's size and the volume of transactions, together with the expertise in this area possessed by the Board of Directors and the Board's meeting with the independent auditor, the Board has determined that there is no reason to establish a formal internal audit function.

Stockholm, March 25, 2024

Peter Rothschild
Board Chairman

David Dangoor
Vice Chairman

Barbro Fridén
Member of the Board

Outi Armstrong
Member of the Board

Bénédicte Flambard
Member of the Board

Anthon Jahreskog
Member of the Board

Vesa Koskinen
Member of the Board

Vanessa Rothschild
Member of the Board

Auditor's report on the corporate governance report

To the general meeting of the shareholders in BioGaia AB (publ) corporate identity number 556380-8723

Engagement and responsibility

It is the Board of Directors which is responsible for the corporate governance statement for the financial year from January 1, 2023 to December 31, 2023 on pages 140-143 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's standard RevR 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 25, 2024

Deloitte AB

Jenny Holmgren
Authorized Public Accountant

The BioGaia share

Figures in parentheses refer to the previous year.

Trading volume

BioGaia AB's class B shares have been quoted on the OMX Nordic Exchange Stockholm since May 1998. On January 1, 2012, the shares were moved from the Small Cap List to the Mid Cap List.

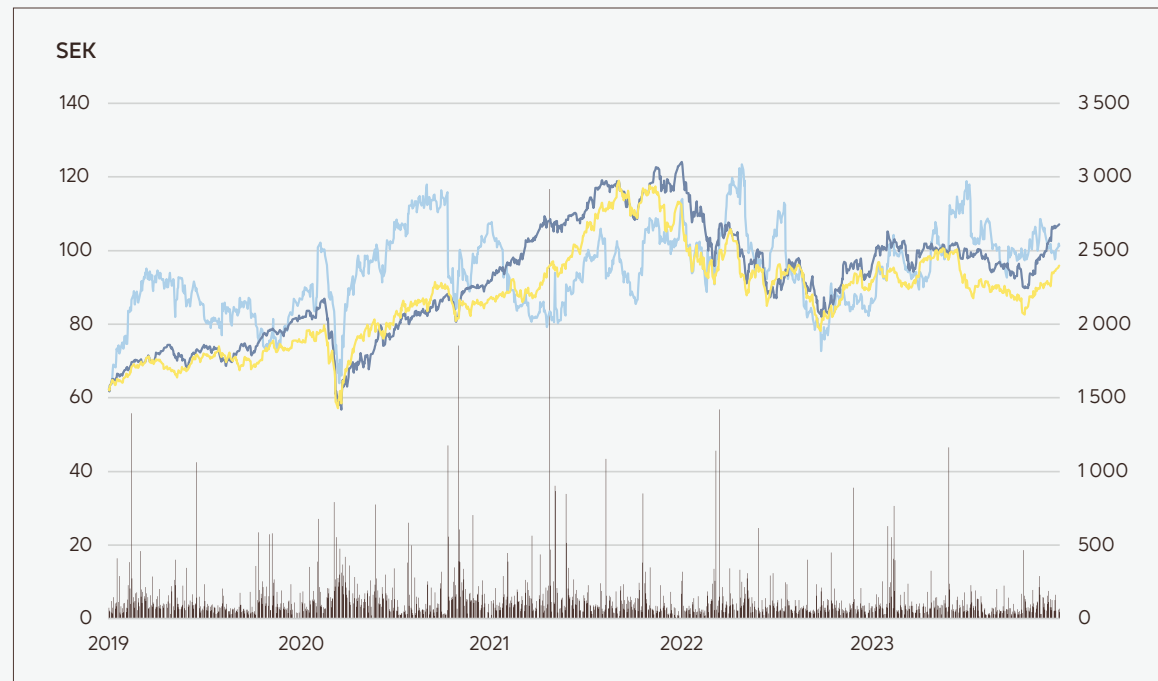
In 2023, an average of 101,737 shares were trading on Nasdaq each day in total for an average of SEK 10,244,525 per day.

The number of shareholders at December 31, 2023 was 10,908 (10,077). The total registered share capital of BioGaia AB consists of 3,703,340 class A shares and 97,278,970 class B shares.

Share price development

The share price increased from SEK 83.57 to SEK 101.2 in 2023. The highest closing price during the year was SEK 118.8 and the lowest price was SEK 85.73. Market capitalization at December 31, 2023 was approximately SEK 10,219 million (8,439).

The BioGaia share



Dividend policy

BioGaia's policy is to pay a shareholder dividend equal to 50% of profit after tax in the group excluding non-recurring items.

Incentive program

The company has an incentive program for all employees based partly on the company's sales and profit and partly on qualitative targets. The maximum bonus is equal to 12% of annual salary. In addition to this program, BioGaia has also implemented a subscription warrants program as resolved by the 2021 Annual General Meeting.

Distribution of ownership

Number of shares	Total number of shareholders	
	Dec 31, 2023	Dec 31, 2022
1-500	8,065	7,141
501-1,000	986	1,018
1,001-5,000	1,364	1,424
5,001-10,000	202	211
10,001-15,000	68	61
15,001-20,000	30	35
20,001-	193	187
Total number of shareholders:	10,908	10,077

- The share
- OMX Stockholm PI
- OMX Stockholm Health Care PI
- Number of shares traded, 1,000s

Largest shareholders in BioGaia at December 31, 2023 (source: Vantage, Euroclear)

	Class A shares	Class B shares	Share capital, %	Votes, %
Annwall & Rothschild Investments AB	3,703,340	500,000	4.16%	27.94%
EQT		11,164,630	11.06%	8.31%
Fjärde AP-fonden		7,750,182	7.67%	5.77%
Premier Miton Investors		4,306,888	4.26%	3.21%
Cargill Inc		3,000,000	2.97%	2.23%
TIN Fonder		3,000,000	2.97%	2.23%
Tredje AP-fonden		2,380,915	2.36%	1.77%
Juno Selection Fund		1,977,135	1.96%	1.47%
Handelsbanken Fonder AB		1,939,411	1.92%	1.44%
AMF Fonder & Pension		1,862,368	1.84%	1.39%
Other shareholders		59,397,441	58.82%	44.22%
Total	3,703,340	97,278,970	100%	100%

Changes in share capital since the company's formation

Year	Transaction	Increase in no. of shares	Increase in share capital, SEK	Total share capital, SEK	Total no. of class A shares	Total no. of class B shares	Quota value, SEK	Issue proceeds, SEK
1990	Company founded			150,000		30,000	5.00	-
1991	New share issue	12,857	64,285	214,285		42,857	5.00	4,500,000
1993	New share issue	12,554	62,770	277,055		55,411	5.00	4,394,341
1995	New share issue	2,303	11,515	288,570		57,714	5.00	806,009
1996	Bonus issue/Split	60,541,986	5,771,400	6,059,970	4,740,278	55,859,422	0.10	-
1996	New share issue		1,820,000	7,897,970	4,740,278	74,059,422	0.10	15,320,000
1997	New share issue Banco Fonder	2,608,696	260,870	8,140,840	4,740,278	76,668,118	0.10	5,760,000
1997	New share issue BioGaia Fermentation	4,400,000	440,000	8,580,840	4,740,278	81,068,118	0.10	7,469,000
1997	New share issue	21,452,099	2,145,210	10,726,050	5,925,347	101,335,148	0.10	38,597,265
1998	New share issue	5	1		5,925,350	101,335,150	0.10	20
1998	Reverse split				592,535	10,133,515	1.00	-
1998	New share issue (IPO Stockholm Stock Exchange)	2,681,512	2,681,512	13,407,562	740,668	12,666,894	1.00	57,934,131
2000	New share issue November	3,275,000	3,275,000	6,682,562	40,668	15,941,894	1.00	73,031,886
2000	New share issue December	425,000	425,000	17,107,562	740,668	16,366,894	1.00	11,505,294
2004	New share issue Industrifonden	100,000	100,000	17,207,562	740,668	16,466,894	1.00	100,000
2010	New share issue warrant program	63,400	63,400	17,270,962	740,668	16,530,294	1.00	4,862,780
2015	New share issue warrant program	65,500	65,500	17,336,462	740,668	16,595,794	1.00	15,844,450
2020	New share issue ¹⁾	2,860,000	2,860,000	20,196,462	740,668	19,455,794	1.00	1 144 000 000
2022	Split			20,196,462	3,703,340	97,278,970	0.20	-

¹⁾ Excluding underwriting costs

Executive Management



Theresa Agnew

President and CEO. Born in 1966. Theresa holds a B.S. in Biology from Boston College. Employed by the company since September 2023. Previously, she was Global Head of OTC at GlaxoSmithKline Consumer Healthcare (Haleon), and before that, she had executive roles within general management and marketing at Essilor and Johnson & Johnson. Holds 0 shares.



Gianfranco Grompone

Chief Scientific Officer. Born in 1975. PhD in Microbiology, Cell and Molecular Biology and Engineer degree from ENSAR, France. Employed by the company since 2020. Holds 0 shares.



Alexander Kotsinas

Executive Vice President and CFO. Born in 1967. MSc Applied Physics, Royal Institute of Technology, Stockholm and BSc Economics, Stockholm School of Economics. Employed by the company since 2019. Holds 3,000 class B shares. Warrants 33,000.



Caroline Mofors

Chief Legal Officer. Born in 1972. Master of Laws (LLM) and Master Degree in Litigation, Arbitration and Alternative Dispute Resolution from University of Paris II, Panthéon-Assas, France. Employed by the company since 2023. Holds 0 shares.



Ludvig Milesson

Chief Operating Officer. Born in 1977. Industrial Engineering and Management, Msc in Engineering from Linköping University. Employed by the company since 2021. Holds 1,250 class B shares.



Linda Hägglund

Chief Marketing Officer. Born in 1973. Master in Economics and Business Administration from Umeå University. Employed by the company since 2020. Holds 190 class B shares and 3,000 warrants.



Sebastian Heimfors

Chief Commercial Officer. Born in 1974. Previously employed by Axel Johnson AB as Director Innovation & Data. 30 years of experience in retail, e-commerce and digital transformation in several operative and strategic roles. Employed by the company since 2021. Holds 0 shares.



Angelika Kjelldorff

Chief Human Resources Officer. Born in 1969. BSc in Human Resources Stockholm University. Employed by the company since 2019. Holds 500 class B shares.

Board of Directors



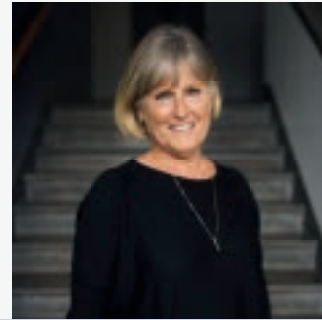
Peter Rothschild

Born in 1950. Board Chairman. Elected to the Board in 2018. MBA from the Stockholm School of Economics. Founder and principal shareholder of BioGaia. President 1996–2016 and Group President 2016–2018. Chairman of the subsidiary BioGaia Pharma AB Also Chairman of the Board of Infant Bacterial Therapeutics AB (IBT) and with board assignments in the Foundation to Prevent Antibiotic Resistance (PAR foundation), Allbright and Hyber AB. Holds 3,703,340 class A shares and 500,000 class B shares via Annwall & Rothschild Investments AB (a company owned jointly with co-founder Jan Annwall).



David Dangoor

Born in 1949. Board Vice Chairman Elected to the Board in 2003. BioGaia Board Chairman 2007–2018. MBA from the Stockholm School of Economics. Marketing and PR consultant. President of Innoventive Partners LLC. Former Executive Vice President and Marketing Director at Philip Morris USA and Philip Morris International. Other board assignments: New York City Ballet Inc., School of Creative Leadership, Berlin University and Swedish-American Chamber of Commerce (chairman 1997–2001). Holds 1,750,000 class B shares.



Barbro Fridén

Born in 1956. Elected to the Board in 2023. Certified physician with a specialty in Ob&Gyn from the University of Umeå and a doctorate in Reproductive Physiology from the University of Gothenburg. Has upheld a number of leading positions in Swedish healthcare as head of departments both in public and private practice. Previously Managing Director for the Children's Hospital at Karolinska University Hospital, Stockholm, and CEO for the Sahlgrenska University Hospital, Gothenburg. Other current board assignments: Getinge AB, Apoteket AB, WeMind AB, Sophiahemmet, Bräcke Diakoni and the Swedish Sea and Rescue Organisation. Holds 500 class B shares.



Bénédicte Flambard

Born in 1973. Elected to the Board in 2022. Has a Master of Administration from the University of Bath, a PhD from the National Institute of Agronomic in France and a Master in Corporate Entrepreneurial Leadership from the Technology Economics & Management in Denmark. Has held several senior positions in the health and agriculture industries and worked in senior positions with pharmaceuticals, health products and consumer goods, among others. Since 2019, Bénédicte Flambard is Global Head of Plant Health Business at FMC Corp. and stationed in Denmark. Other board assignments: Noscomed and Anizome. Holds 0 shares.



Outi Armstrong

Born in 1967. Elected to the Board in 2023. Holds a master's degree in Agriculture Economics at the University of Helsinki, MBA from the University of Arkansas and has also studied psychology at Yale University. Outi has worked with global marketing in senior positions within areas such as life science, nutrition & health, food and agriculture within companies such as P&G, SGS and DSM in Switzerland. Outi is currently Chief Commercial and Marketing Officer at Medical, a company of Halma Plc. Holds 0 shares.



Anthon Jahreskog

Born in 1980. Elected to the Board in 2015. Holds a bachelor's degree in Management and Systems from City, University of London and a master's degree in Financial Management from the University of Cape Town. Former Chief Operating Officer Fund Linked Products at Credit Suisse Investment Bank, London. Other board assignments: Infant Bacterial Therapeutics AB (IBT). Holds 2,890 class B shares.



Vesa Koskinen

Born in 1979. Elected to the Board in 2023. Holds a M.Sc. (Econ.) degree with a major in Finance from the Helsinki School of Economics. Partner at EQT Partners. Board member of Desotec, Bluestep Holding AB and Oterra. Previous assignments include Board member of BHG Group, Vitrolife, Kfzteile24, Elevate, Igenomix, Musti Group, Karo Pharma, Terveystalo, Vertu, Roeser Group, Swiss Smile, VTI Technologies and Lundhags. Holds 0 shares.



Vanessa Rothschild

Born in 1986. Elected to the Board in 2020. Bachelor's degree in International Economics and Management from University L. Bocconi in Milan and has also studied business and market strategy and decision psychology at the business school HEC in Paris. Previously worked as Regional Sales Manager at BioGaia, COO at Iero, and has held various senior strategic positions within sustainable business development at the H&M Group. Holds 160 class B shares.

Board memberships and holdings in BioGaia reported above are as of December 31, 2023

Glossary

Antibiotics

Substances that kill or inhibit the growth of bacteria.

Diverticulitis

Inflammation of bowel pouches. Pouches are bulges in the lining of the large intestine.

Helicobacter pylori

A very common occurring bacteria, present in large portions of the world's population. Resides in the stomach and may lead to peptic ulcers and gastric cancer.

Clinical research

At BioGaia, this relates to research conducted on humans.

Lactobacillus

Lactic acid bacteria. A collective name for a group of microorganisms that occur naturally in various foods such as yoghurt, olives and pickled vegetables. In the past, we consumed a lot of lactic acid bacteria, but today our diet lacks these beneficial bacteria. Some lactic acid bacteria are also present in the human commensal microbiota.

Lactic acid bacteria have vastly different properties and, therefore, may provide different health effects when consumed. There are large numbers of lactic acid bacteria, for example *L. reuteri* and *L. acidophilus*.

Limosilactobacillus reuteri (*L. reuteri*)

Species within the genus *Limosilactobacillus*. Most of BioGaia's probiotic lactic acid bacteria contain various strains of *Limosilactobacillus reuteri*, for example, *Limosilactobacillus reuteri* Protectis. *Limosilactobacillus reuteri* was previously called *Lactobacillus reuteri*. The name was changed in conjunction with a taxonomic change in 2020 when a large number of genera were given new names.

Membrane vesicles

Sacs (vesicles) formed from cell membranes and that can be used to transport substances into or out of the cell.

Periodontal disease

A collective name for conditions that affect the tissues surrounding teeth, such as gingivitis and periodontitis.

Postbiotics

Postbiotics are non-living microorganisms or substances formed by these that produce health benefits for their host.

Prebiotics

Food for the beneficial bacteria that live in our stomach and intestinal tract. Prebiotics are often dietary fiber.

Probiotics

Live microorganisms, which when administered in adequate amounts, confer a health benefit on the host.

Resistant bacteria

Bacteria that have become resistant to one or several antibiotics.

