

# BioGaia®

## Interim Management Statement January - March 2024



# Q1 2024

## FIRST QUARTER 2024

For balance sheet items, figures in parentheses refer to year-end 2023 figures. For income statement and cash flow items, they refer to the same period last year.

Net sales amounted to SEK 369.8 million (365.8), an increase of SEK 4.0 million, or 1% (excluding foreign exchange effects, 2%).

Net sales in the Pediatrics segment amounted to SEK 292.3 million (306.0), a decrease of 4% (excluding foreign exchange effects a decrease of 4%).

Net sales in the Adult Health segment amounted to SEK 74.8 million (56.6), an increase of 32% (excluding foreign exchange effects an increase of 33%).

Operating expenses amounted to SEK 122.6 million (114.5), an increase of SEK 8.1 million (7%). Operating expenses, excluding items affecting comparability, increased by 5% to SEK 117.6 million (112.1).

Operating profit decreased by 3% to SEK 143.2 million (148.0), which corresponds to an operating margin of 39% (40%).

Adjusted operating profit decreased by 1% to SEK 148.2 million (150.4), which corresponds to an adjusted operating margin of 40% (41%).

Profit after tax amounted to SEK 121.8 million (115.9), an increase of 5%.

Earnings per share amounted to SEK 1.21 (1.15) before dilution and SEK 1.21 (1.15) after dilution.<sup>1)</sup>

Cash flow amounted to SEK 40.9 million (93.7).

Cash and cash equivalents amounted to SEK 1,591.4 million (1,544.2).

### Key events after the end of the first quarter

No key events that are not mentioned in this interim management statement took place after the end of the first quarter.

Jan - Mar  
2024

Operating  
margin  
39 %

Change in  
sales  
1 %  
2 % excl.  
FX

Operating  
profit  
143  
SEK million

Net sales  
370  
SEK million

	Jan - Mar 2024	Jan - Mar 2023
Net sales, SEK 000s	369,796	365,821
Growth in net sales	1%	29%
Operating profit, SEK 000s	143,183	147,998
Operating margin	39%	40%
Profit after tax, SEK 000s	121,847	115,945
Number of shares, thousands, before dilution	100,982	100,982
Number of shares, thousands, after dilution	100,992	100,982
Earnings per share, before dilution, SEK <sup>1)</sup>	1.21	1.15
Earnings per share, after dilution, SEK <sup>1)</sup>	1.21	1.15

1) Key ratio defined according to IFRS. For definitions of other key ratios, see page 17.

This information is information that BioGaia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the CEO, at 08.00 a.m. CET on 7 May 2024.

# Q1 2024

## BioGaia AB (publ.) Interim management statement 2024

The Board of Directors and the CEO of BioGaia AB hereby present the interim management statement for the period 1 January – 31 March 2024.

### CEO's comment

#### Embarking on a dynamic year ahead

After a strong record year for 2023, the first quarter shows overall good results with a strong Operating Margin of 39% and Net Sales of SEK 369.8 (365.8) a Sales Growth of 1% (2% excluding foreign exchange effects) impacted by some one-time events related to the 4<sup>th</sup> quarter last year including prelaunch inventory build-up in Brazil and impact of Nestle's Gerber stopping the sales of their Gerber/BioGaia co-branded product.

Our region Asia Pacific continued its positive performance and sales increased in EMEA by 13%. Sales declined in Latin America and declined slightly in North America for reasons mentioned above.

The Pediatric segment decreased by 4% compared to the previous year. The Adult segment is growing by 32% compared to the previous year, and our products Gastrus, Prodentis, and Protectis tablets stand out with strong performances.

#### Thriving activity in our market areas

EMEA increased sales by 13% driven by the UK, France, Spain, and Eastern Europe. In the UK, we launched BioGaia Protectis Baby Drops 5ml into the UK's biggest Pharmacy chain, Boots both in-store and online. In addition, we are now in over 1,000 independent pharmacies in the UK. We have launched a successful Continuous Professional Development learning module for healthcare professionals which has led to an increased motivation to recommend our product by 38% among midwives, pharmacists, and general practitioners within the UK.

Sales in the APAC region, driven by China, Indonesia, and Japan, grew by 6% during the quarter. In China, our digital marketing efforts continue to be successful, particularly sales through live streams on diverse marketplaces and social platforms such as JD, Tmall, and TikTok. Meanwhile, in Japan, our primary focus lies within the dental consumer market, where we see that our omnichannel strategy is developing successfully.

In the Americas, we had several product launches during the quarter. In the USA, we launched a new product, Nurture & Grow, which is a triple-benefit, once-daily probiotic, that eases digestive discomfort, provides immune support, and promotes healthy gums & teeth. In 2023, we did a pilot launch in the USA of our first probiotic skin health product, Aldermis which is a skin ointment for infants and children to treat dry and sensitive skin. Due to successful results in the USA, we decided to launch Aldermis in Canada this quarter. In Canada, our most recent direct market, sales are accelerating rapidly. With the launch of Aldermis, Canada broadened its product assortment towards consumers. In addition, Canada relaunched Prodentis with mint flavor for adults and introduced Prodentis apple flavor for kids. So far, these products are available on two e-commerce channels, Amazon and Well.ca. To support the launches of Prodentis, Canada partnered with multiple dental associations and key opinion leaders, developed an accredited educational program, and launched a series of virtual clinic learning sessions. In the USA, we had a slight decrease in sales in the quarter as mentioned mainly due to Gerber's decision to discontinue the sale of their co-branded Gerber/BioGaia products in the 4<sup>th</sup> quarter last year to concentrate solely on their own products. Meanwhile, we have continued strong growth (38%) on Amazon in the USA.

In Latin America, we had a decline in sales in Brazil as mentioned due to prelaunch stocking in the 4<sup>th</sup> quarter. At the same time, Chile, where we have Abbott as our partner, stands out with good results. We were delighted to convene with our Latin America partners during a regionally organized workshop in the quarter. Additionally, we conducted a speaker training session with healthcare professionals, focusing particularly on new evidence of additional product benefits for Gastrus.

#### A solidified strategic framework

Going into 2024, we have further solidified our strategic framework and focus on the three strategic pillars for the company: Grow the core, Expansion through direct markets, and Breakthrough innovation.

The first strategic pillar: Grow the core means focusing on our existing strong product portfolio within gut health, immune health, and oral health with further strengthened marketing and commercial excellence, launching new products and line extensions, and through our omnichannel approach. Our second strategic pillar: Expansion through direct markets, means that we want to continue to grow our existing direct business model that we have successfully introduced in the USA, Canada, UK, Finland, and Japan, and continue to expand our direct distribution model to consumers. This strategy has been very successful to date and gives us more flexibility when it comes to product launches, marketing our products, and collecting and analyzing insights and consumer behaviors. Our third strategic pillar: Breakthrough innovation, is critical for our future long-term growth and creation of new market opportunities. As a probiotics company at the forefront of microbiome research, it is essential that we keep innovating and launching new products, for additional indications and health areas beyond our core.

I am confident that this solidified strategic framework will continue to guide us to take actions and decisions to create value, allocate resources toward achieving our goals, and sustain long-term success in a competitive landscape.

As we navigate the ever-evolving landscape of health and wellness, I remain confident in our collective ability to drive meaningful impact and sustained growth. We will continue to make evidence-based targeted investments in marketing, sales, and innovation with the intention of continuing the growth of our pediatric and adult products.



**Theresa Agnew**  
President and CEO, BioGaia  
7 May 2024



Teleconference: Investors, analysts, and the media are invited to take part in a teleconference on the interim management statement to be held today, 7 May 2024, at 09:30 a.m. CEST with CEO Theresa Agnew and CFO Alexander Kotsinas. More information about the teleconference is available here <https://financialhearings.com/event/49309>.

# Q1 2024

## Revenue

<b>SEKm</b>	<b>Jan - Mar 2024</b>	<b>Jan - Mar 2023</b>	<b>Change</b>
Pediatrics	292.3	306.0	-4%
Adult Health	74.8	56.6	32%
Other	2.7	3.3	-17%
<b>Total</b>	<b>369.8</b>	<b>365.8</b>	<b>1%</b>

<b>SEKm</b>	<b>Jan - Mar 2024</b>	<b>Jan - Mar 2023</b>	<b>Change</b>
EMEA	161.5	143.3	13%
APAC	85.8	80.8	6%
Americas	122.5	141.7	-14%
<b>Total</b>	<b>369.8</b>	<b>365.8</b>	<b>1%</b>

## SALES FIRST QUARTER

Consolidated net sales amounted to SEK 369.8 million (365.8), which is an increase of SEK 4.0 million, or 1% (excluding foreign exchange effects, 2%). Over the past 12-month period, sales rose 10%.

Sales in EMEA amounted to SEK 161.5 million (143.3), an increase of 13%, which was due to higher sales mainly in the Adult health segment. Sales increased mainly in Spain, South Africa and the United Arab Emirates.

Sales in APAC amounted to SEK 85.8 (80.8), an increase of 6%, which was due to higher sales in the Pediatrics segment. Sales increased mainly in Indonesia, Japan, and Thailand.

Sales in Americas totaled SEK 122.5 million (141.7), down 14% due to decreased sales in the Pediatrics segment. Sales mainly decreased in Brazil, Mexico and USA. In USA sales were negatively affected by the discontinuation of the Gerber products. In Brazil sales were negatively impacted by the inventory build-up in the fourth quarter of 2023 due to the launch of Easy Dropper in Brazil.

## Net sales bridge first quarter

<b>SEKm</b>	<b>Change</b>	
2023	365.8	
Foreign exchange	-3.6	-1.0%
Organic growth	7.6	2.1%
<b>2024</b>	<b>369.8</b>	<b>1.1%</b>

# Q1 2024

## Pediatrics



The Pediatrics segment accounts for approximately 80% of BioGaia's total sales. BioGaia Protectis drops remain the most sold product and are sold in more than 100 countries. Other key products within the Pediatrics segment include Protectis tablets, Pharax, oral rehydration solution as well as cultures to be used as ingredients in licensee products.

SEKm	Jan - Mar 2024	Jan - Mar 2023	Change
Pediatrics	292.3	306.0	-4%

### SALES FIRST QUARTER

Sales in the Pediatrics segment amounted to SEK 292.3 million (306.0), a decrease of 4% (excluding foreign exchange effects a decrease of 4%). Over the past 12-month period, sales rose 5%.

Sales of BioGaia Protectis drops decreased compared to the corresponding period last year. Sales decreased in Americas (mainly in Brazil and USA) while sales increased in APAC and EMEA.

Sales of BioGaia Protectis tablets within Pediatrics decreased compared to the corresponding period last year. Sales decreased in Americas and APAC, mainly in Brazil and South Korea.

# Q1 2024

## Adult Health



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

SEKm	Jan - Mar 2024	Jan - Mar 2023	Change
Adult Health	74.8	56.6	32%

### SALES FIRST QUARTER

Sales in the Adult Health segment amounted to SEK 74.8 million (56.6), an increase of 32% (excluding foreign exchange effects, 33%). Over the past 12-month period, sales rose 30%.

Sales of BioGaia Protectis tablets increased compared to the corresponding period last year. Sales increased in EMEA and Americas, mainly in South Africa and Peru.

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

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

# Q1 2024

## Earnings

### FIRST QUARTER

#### **Gross margin**

The total gross margin amounted to 72% (72%).

The gross margin for the Pediatrics segment amounted to 75% (73%) and for the Adult Health segment to 57% (63%).

#### **Operating expenses and operating profit**

Operating expenses amounted to SEK 122.6 million (114.5), an increase of SEK 8.1 million (7%). Operating expenses, excluding items affecting comparability, increased by 5% to SEK 117.6 million (112.1). Items affecting comparability in the quarter primarily include litigation fees in connection with the termination of the distribution agreement in Italy.

Selling expenses amounted to SEK 96.0 million (88.1), an increase of 9%, mainly due to higher costs for sales and marketing activities.

R&D expenses amounted to SEK 25.1 million (18.7), an increase of 34%.

Administrative expenses amounted to SEK 13.9 million (9.8), an increase of 42%. The increase in administrative expenses was primarily due to litigation fees in connection with the termination of the distribution agreement in Italy.

Other operating income refers to exchange gains on receivables and liabilities of an operating nature and amounted to SEK 12.5 million (2.1).

Operating profit amounted to SEK 143.2 million (148.0), a decrease of 3%. The operating margin was 39% (40%).

Adjusted operating profit amounted to SEK 148.2 million (150.4), a decrease of 1%. The adjusted operating margin was 40% (41%).

Net financial items amounted to SEK 10.4 million (2.6). Net financial items were impacted by the adjustment of the value of the earn-out in relation to Nutraceuticals in the amount of SEK -1.2 million (-1.5).

#### **Profit after tax and earnings per share**

Profit after tax amounted to SEK 121.8 million (115.9), an increase of 5%. The effective tax rate was 21% (23%). 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 in the same quarter last year was higher due to impact on profit before tax from subsidiaries in tax jurisdictions with higher tax rates.

Earnings per share amounted to SEK 1.21 (1.15) before dilution and SEK 1.21 (1.15) after dilution.

# Q1 2024

## Balance sheet and cash flow

### Balance sheet 31 March 2024

Total assets amounted to SEK 2,480.0 million (2,333.2).

Goodwill from the acquisition of Nutraceutics was adjusted for currency translation. The financial liability for the additional purchase price was value adjusted. For more information, see Note 3.

Compared with 31 December 2023, receivables and payables increased whereas inventory is at approximately the same level.

Cash and cash equivalents amounted to SEK 1,591.4 million (1,544.2).

### Cash flow first quarter

Cash flow amounted to SEK 40.9 million (93.7).

Cash flow from operating activities amounted to SEK 51.9 million (98.4). The decrease in cash flow from operating activities was mainly due to lower operating profit and increased receivables.

Investments amounted to SEK 8.8 million (1.3). The increase was primarily attributable to investments in BioGaia Production.

## Other disclosures

### Employees

The number of employees in the Group at 31 March 2024 totaled 211 (211 at 31 March 2023).

The company has an incentive program for all employees based partly on the company's sales and profit and partly on individual 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 6 July 2024 through 6 November 2024 to subscribe for five (previously one before the 2022 share split) new Class B share in BioGaia for a subscription price per share that amounts to SEK 115.6 (previously SEK 578.2 before the 2022 share split). A total of 89,730 warrants were subscribed for in the program and on 31 March 2024 following repurchases only 71 850 remains.

### Future outlook

BioGaia's goal is to create strong value growth and a good return for its shareholders. This will be achieved through a greater emphasis on the BioGaia brand, online sales, increased sales to both existing and new customers and a controlled cost level.

The long-term financial target is an operating margin (operating profit in relation to sales) of at least 34% with continued strong growth and increased investments in research, product development, brand building and the sales organization. BioGaia's dividend policy is to pay a shareholder dividend equal to 50% of profit after tax in the Group excluding non-recurring items. For the coming years BioGaia intends to give extra dividends of 50% to 100% of profit after tax in the Group excluding non-recurring items, provided that the future cash flows are in line with BioGaia's projections.

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

### Significant risks and uncertainties - Group and Parent Company

Significant risks and uncertainties are described in the administration report of the annual report for 2023 on pages 109 and 110 and in Notes 26 and 27. No significant changes in these risks and uncertainties are assessed to have taken place at 31 March 2024.

### Related party transactions

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 in BioGaia AB. Annwall & Rothschild Investment AB is owned by Peter Rothschild and Jan Annwall. Peter Rothschild is Chairman of the Board of BioGaia AB and receives a director's fee of SEK 730,000 per year. During the quarter, Peter Rothschild received additional remuneration for significant working duties, in addition to his assignment on the Board, of SEK 150,000 in accordance with the decision of the Annual General Meeting and the Board of Directors.

### Key events in the first quarter of 2024

#### Launches in the first quarter of 2024

Distributor	Country	Product
Pediact	France	BioGaia Prodentis
Eczacibasi	Turkey	BioGaia Protectis tablets
BioGaia Canada	Canada	BioGaia Aldermis
BioGaia USA	USA	BioGaia Nurture & Grow
MTC Pharma	Vietnam	BioGaia Prodentis tablets with new flavor (apple)

# Q1 2024

## Key events after the end of the first quarter of 2024

No key events that are not mentioned in this interim management statement took place after the end of the first quarter.

## Accounting policies

This interim management statement was prepared in all material respects in accordance with Nasdaq OMX Stockholm's guidance for preparing interim management statements. Disclosures according to IAS 34 Interim Financial Reporting are provided both in notes and elsewhere in the interim management statement. The accounting policies applied in the consolidated income statement and balance sheet are consistent with the accounting policies applied in preparation of the most recent annual report. The financial accounts and segment information correspond to the statements used in interim financial reporting prepared in accordance with IAS 34 to provide comparability in the presentation between quarters. The interim management statement includes a Message from the CEO, even if this is not a requirement of Nasdaq Stockholm's guidance. The information is nevertheless deemed important in satisfying user needs.

## New accounting standards

Management's assessment is that new and amended standards and interpretations that came into force in 2024 have not had a material effect on the Group's financial statements. Management's assessment is that new and amended standards and interpretations that have not yet come into effect will not have a material effect on the Group's financial statements for the period of initial application.

# Q1 2024

## Summary of consolidated statements of comprehensive income

(Amounts in SEK 000s)	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023	Apr 2023 - Mar 2024	Apr 2022 - Mar 2023
Net sales (Note 1)	369,796	365,821	1,296,506	1,300,481	1,185,923
Cost of sales	-103,967	-103,309	-346,316	-346,974	-323,690
<i>Gross profit</i>	265,829	262,512	950,190	953,507	862,233
Selling expenses	-95,982	-88,114	-363,256	-371,124	-336,877
Administrative expenses	-13,926	-9,773	-39,249	-43,402	-38,528
Research and development expenses	-25,114	-18,684	-106,776	-113,206	-100,585
Other operating income	12,511	2,057	2,194	12,648	27,919
Other operating expenses	-135	-	-	-135	-
<i>Operating profit</i>	143,183	147,998	443,103	438,288	414,162
Financial income	11,961	2,758	41,532	50,735	90,529
Financial expenses	-1,545	-195	-15,801	-17,151	-3,884
<i>Profit before tax</i>	153,599	150,561	468,834	471,872	500,807
Tax	-31,752	-34,616	-103,482	-100,618	-87,386
<b>Profit for the period</b>	<b>121,847</b>	<b>115,945</b>	<b>365,352</b>	<b>371,254</b>	<b>413,421</b>
Gains/losses arising on translation of the statements of foreign operations	15,868	-1,079	-9,762	7,185	21,455
<b>Comprehensive income for the period</b>	<b>137,715</b>	<b>114,866</b>	<b>355,590</b>	<b>378,439</b>	<b>434,876</b>
<b>Profit for the period attributable to:</b> Owners of the Parent Company	121,847	115,945	365,352	371,254	413,421
Non-controlling interests	-	-	-	-	-
	<b>121,847</b>	<b>115,945</b>	<b>365,352</b>	<b>371,254</b>	<b>413,421</b>
<b>Comprehensive income for the period attributable to:</b> Owners of the Parent Company	137,715	114,866	355,590	378,439	434,876
Non-controlling interests	-	-	-	-	-
	<b>137,715</b>	<b>114,866</b>	<b>355,590</b>	<b>378,439</b>	<b>434,876</b>
<b>Earnings per share</b>					
Earnings per share before dilution, (SEK) *)	1.21	1.15	3.62	3.68	4.09
Earnings per share after dilution, (SEK) *)	1.21	1.15	3.62	3.68	4.09
Number of shares (thousands)	100,982	100,982	100,982	100,982	100,982
Average number of shares before dilution, (thousands) *)	100,982	100,982	100,982	100,982	100,982
Average number of shares after dilution, (thousands) *)	100,992	100,982	100,982	100,985	100,982

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

# Q1 2024

## Consolidated balance sheets

(Amounts in SEK 000s)	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>Assets</b>			
R&D projects in progress	46,231	46,128	46,230
Goodwill	175,026	170,084	165,174
Right-of-use assets	33,412	10,614	36,156
Property, plant, and equipment	183,191	141,679	177,172
Financial assets	28,013	25,793	28,013
Deferred tax assets	9,983	7,170	5,964
Deposits	51	49	48
<b>Total non-current assets</b>	<b>475,907</b>	<b>401,517</b>	<b>458,757</b>
Current assets excl. cash and cash equivalents	412,684	341,664	330,240
Cash and cash equivalents	1,591,393	1,580,822	1,544,192
<b>Total current assets</b>	<b>2,004,077</b>	<b>1,922,486</b>	<b>1,874,432</b>
<b>Total assets</b>	<b>2,479,984</b>	<b>2,324,003</b>	<b>2,333,189</b>
<b>Equity and liabilities</b>			
Equity attributable to owners of the Parent Company	2,168,058	2,086,866	2,030,342
Non-controlling interests	2	2	2
<b>Total equity</b>	<b>2,168,060</b>	<b>2,086,868</b>	<b>2,030,344</b>
Deferred tax liability	15,248	12,532	15,179
Non-current liabilities	92,821	38,328	91,932
Current liabilities	203,855	186,275	195,734
<b>Total liabilities and equity</b>	<b>2,479,984</b>	<b>2,324,003</b>	<b>2,333,189</b>

# Q1 2024

## Consolidated cash flow statements

(Amounts in SEK 000s)	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
<b>Operating activities</b>			
Operating profit	143,183	147,998	443,103
Depreciation/amortization	5,742	6,519	25,281
Other non-cash items	-1,479	-44	-1,478
Taxes	-36,439	-34,995	-80,294
Interest received and paid	11,662	2,562	40,461
<b>Cash flow from operating activities before changes in working capital</b>	<b>122,669</b>	<b>122,040</b>	<b>427,073</b>
Changes in working capital	-70,742	-23,606	-1,108
<b>Cash flow from operating activities</b>	<b>51,927</b>	<b>98,434</b>	<b>425,965</b>
<b>Investing activities</b>			
Purchase of property, plant, and equipment	-8,773	-1,279	-48,568
Purchase of intangible assets	-1	-53	-146
Purchase of financial assets	-	-	-2,221
<b>Cash flow from investing activities</b>	<b>-8,774</b>	<b>-1,332</b>	<b>-50,935</b>
<b>Financing activities</b>			
Dividend	-	-	-292,849
Repayment of lease liability	-2,282	-2,943	-10,755
Provision to Foundation to Prevent Antibiotic Resistance	-	-	-4,400
Repurchase of warrants	-	-417	-417
<b>Cash flow from financing activities</b>	<b>-2,282</b>	<b>-3,360</b>	<b>-308,421</b>
<b>Cash flow for the period</b>	<b>40,871</b>	<b>93,742</b>	<b>66,609</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,544,192</b>	<b>1,488,366</b>	<b>1,488,366</b>
Exchange difference in cash and cash equivalents	6,330	-1,286	-10,783
<b>Cash and cash equivalents at the end of the period</b>	<b>1,591,393</b>	<b>1,580,822</b>	<b>1,544,192</b>

## Summary consolidated statement of changes in equity

(Amounts in SEK 000s)	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
<b>Opening balance</b>	<b>2,030,344</b>	<b>1,972,418</b>	<b>1,972,418</b>
New issue and repurchase of warrants	,	-417	-417
Dividend	-	-	-292,849
Provision to Foundation to Prevent Antibiotic Resistance	-	-	-4,400
Comprehensive income for the period	137,715	114,866	355,590
<b>Closing balance</b>	<b>2,168,060</b>	<b>2,086,868</b>	<b>2,030,344</b>

# Q1 2024

## Note 1. Reporting by segment - Group

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).

- **Adult Health segment** (gut health tablets, oral health lozenges and cultures as an ingredient in a licensee's dairy products, Nutraceuticals own products as well as royalty revenues for Adult Health products).

- **Other segment** (smaller segments such as royalty from packaging solutions).

For the above segments BioGaia reports revenue and gross profit, which are monitored regularly by the CEO (who is regarded as the chief operating decision maker) together with the Executive Management. There is no monitoring of the company's total assets and liabilities against the segments' assets and liabilities.

(Amounts in SEK 000s)	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023	Apr 2023- Mar 2024	Apr 2022 - Mar 2023
<b>Revenue by segment</b>					
Pediatrics	292,278	305,957	1,013,522	999,844	951,792
Adult Health	74,819	56,613	275,230	293,436	226,062
Other	2,700	3,251	7,753	7,202	8,069
<b>Total</b>	<b>369,797</b>	<b>365,821</b>	<b>1,296,506</b>	<b>1,300,482</b>	<b>1,185,923</b>
<b>Gross profit by segment</b>					
Pediatrics	220,371	224,403	760,128	756,098	706,172
Adult Health	42,758	35,535	183,136	190,358	149,040
Other	2,700	2,574	6,925	7,050	7,020
<b>Total</b>	<b>265,829</b>	<b>262,512</b>	<b>950,189</b>	<b>953,507</b>	<b>862,232</b>
Selling, administrative, R&D expenses	-135,022	-116,571	-509,281	-527,732	-475,990
Other operating expenses/income	12,376	2,057	2,194	12,513	27,919
Operating profit	143,183	147,998	443,103	438,287	414,162
Net financial items	10,416	2,563	25,731	33,584	86,645
<b>Profit before tax</b>	<b>153,599</b>	<b>150,561</b>	<b>468,834</b>	<b>471,871</b>	<b>500,807</b>
<b>Sales by geographical market</b>					
<b>APAC</b>					
Pediatrics	57,695	51,132	176,797	183,360	152,473
Adult Health	25,521	27,338	121,999	120,183	98,550
Other	2,542	2,299	5,289	5,532	5,865
<b>Total APAC</b>	<b>85,759</b>	<b>80,769</b>	<b>304,085</b>	<b>309,075</b>	<b>256,888</b>
<b>EMEA</b>					
Pediatrics	137,763	132,752	424,930	429,941	447,521
Adult Health	23,616	10,143	65,275	78,748	55,357
Other	158	434	1,575	1,299	1,525
<b>Total EMEA</b>	<b>161,536</b>	<b>143,329</b>	<b>491,781</b>	<b>509,988</b>	<b>504,403</b>
<b>Americas</b>					
Pediatrics	96,821	122,072	411,795	386,543	351,798
Adult Health	25,681	19,133	87,955	94,505	72,154
Other	0	518	889	371	680
<b>Total Americas</b>	<b>122,502</b>	<b>141,723</b>	<b>500,640</b>	<b>481,419</b>	<b>424,632</b>
<b>Total</b>	<b>369,797</b>	<b>365,821</b>	<b>1,296,506</b>	<b>1,300,482</b>	<b>1,185,923</b>

# Q1 2024

Date of recognition (Amounts in SEK 000s)	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
<b>Performance obligations met on specific date (Product sales)</b>			
Pediatrics	292,278	305,957	1,013,522
Adult Health	72,516	54,762	266,030
Other	2,761	2,887	6,392
<b>Total</b>	<b>367,556</b>	<b>363,606</b>	<b>1,285,944</b>
<b>Performance obligations met over time (Royalty)</b>			
Pediatrics	-	-	-
Adult Health	2,303	1,851	9,201
Other	-62	364	1,361
<b>Total</b>	<b>2,241</b>	<b>2,215</b>	<b>10,561</b>
<b>Total</b>	<b>369,797</b>	<b>365,821</b>	<b>1,296,506</b>

Note 2. Largest shareholders at 31 March 2024 (source: Vantage by Euroclear)

	A shares	B shares	Share capital	No. of votes	Capital	Votes
1 Anwall & Rothschild Investments AB	3,703,340	500,000	840,668	37,533,400	4.16%	27.94%
2 EQT		11,164,630	2,232,926	11,164,630	11.06%	8.31%
3 Fjärde AP-fonden		7,750,182	1,550,036	7,750,182	7.67%	5.77%
4 Premier Miton Investors		4,050,295	810,059	4,050,295	4.01%	3.02%
5 Cargill Inc		3,000,000	600,000	3,000,000	2.97%	2.23%
6 TIN Fonder		3,000,000	600,000	3,000,000	2.97%	2.23%
7 Juno Selection Fund		2,187,295	437,459	2,187,295	2.17%	1.63%
8 Tredje AP-fonden		2,180,915	436,183	2,180,915	2.16%	1.62%
9 Handelsbanken Fonder AB		1,946,674	389,335	1,946,674	1.93%	1.45%
10 Allianz Global Investors		1,830,953	366,191	1,830,953	1.81%	1.36%
Other shareholders		59,668,026	11,933,605	59,668,026	59.09%	44.42%
<b>Total</b>	<b>3,703,340</b>	<b>97,278,970</b>	<b>20,196,462</b>	<b>134,312,370</b>	<b>100%</b>	<b>100%</b>

# Q1 2024

## Note 3. 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 first quarter of 2024 and BioGaia's best assessment of fair value of the financial liability related to the additional purchase price at 31 March 2024 was therefore adjusted to SEK 50.7 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 1.2 million (1.5) during the three-month period. The weighted average cost of capital (WACC) amounted to 10.39% (10.84% at 31 March 2023).

(Amounts in SEK 000s)	Jan - Mar	Jan - Dec
	2024	2023
Opening balance	46,529	33,627
Value adjustment	1,245	14,992
Exchange difference	2,899	-2,090
<b>Closing balance</b>	<b>50,673</b>	<b>46,529</b>

### 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.

The fair values of other receivables, cash and cash equivalents, trade payables and other liabilities are estimated to be equal to their carrying amounts (amortized cost) due to the short maturities.

(Amounts in SEK 000s)	Jan - Mar	Jan - Dec
	2024	2023
Opening balance	28,013	25,793
Value adjustment	-	-
Acquisitions	-	2,220
<b>Closing balance</b>	<b>28,013</b>	<b>28,013</b>

# Q1 2024

## Consolidated key ratios

(Amounts in SEK 000s)	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
Net sales	369,796	365,821	1,296,506
Growth of net sales	1%	29%	17%
Operating profit, SEK 000s	143,183	147,998	443,103
Adjusted operating profit, SEK 000s	148,183	150,400	444,247
Profit after tax, SEK 000s	121,847	115,945	365,352
Return on equity	6%	6%	18%
Return on capital employed	7%	7%	24%
Capital employed, SEK 000s	2,183,308	2,099,400	2,045,523
Number of shares, thousands	100,982	100,982	100,982
Average number of shares before dilution, thousands <sup>1)</sup>	100,982	100,982	100,982
Average number of shares after dilution, thousands <sup>1)</sup>	100,992	100,982	100,982
Earnings per share before dilution, SEK <sup>1)</sup>	1.21	1.15	3.62
Earnings per share after dilution, SEK <sup>1)</sup>	1.21	1.15	3.62
Equity per share, SEK	21.47	20.67	20.11
Equity per share after dilution, SEK	21.47	20.67	20.11
Equity/assets ratio	87%	90%	87%
Operating margin	39%	40%	34%
Adjusted operating margin	40%	41%	34%
Profit before tax margin	42%	41%	36%
Average number of employees	208	215	213

1) Key ratio defined according to IFRS.

A list of definitions of key ratios reported in the consolidated financial statements is provided on page 138 of BioGaia's annual report for 2023. In this report, BioGaia reports information used by Executive Management to assess the Group's development. Some of the key ratios presented are not defined according to IFRS. The company is of the opinion that these metrics provide valuable complementary information to stakeholders and the company's management since they contribute to evaluation of relevant trends and the company's performance. Since not all companies calculate

key ratios in the same manner, these are not always comparable to metrics used by other companies. These key ratios should therefore not be seen as a replacement for metrics defined according to IFRS. ESMA's guidelines on alternative performance measures are applied, which means extended disclosure requirements regarding key ratios not defined according to IFRS. A reconciliation of key ratios that BioGaia considers relevant according to these guidelines is provided below.

# Q1 2024

Key ratio	Definition/calculation	Purpose
<b>Return on equity</b>	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.
<b>Return on capital employed</b>	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.
<b>Gross margin</b>	Gross profit as a percentage of net sales.	The gross margin is used to measure profitability.
<b>Equity per share</b>	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.
<b>Average number of shares</b>	Time-weighted number of outstanding shares during the year taking bonus issue elements into account.	Used to calculate equity and earnings per share.
<b>Adjusted operating margin</b>	Adjusted operating margin excluding items affecting comparability.	The adjusted measure provides enhanced understanding of the performance of operations.
<b>Adjusted operating profit</b>	Operating profit (earnings before financial items and tax) excluding items affecting comparability.	The adjusted measure provides enhanced understanding of the performance of operations.
<b>Items affecting comparability</b>	Expenses in conjunction with restructuring, impairment, changes in provisions for share-based long-term incentive programs and other items of a nature that affect comparability.	The separate recognition of items that affect comparability between different periods provides enhanced understanding of the company's financial performance.
<b>Earnings per share</b>	Profit for the period 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.
<b>Operating margin (EBIT margin)</b>	Operating profit expressed as a percentage of net sales.	The operating margin is used to measure operational profitability.
<b>Equity/assets ratio</b>	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.
<b>Capital employed</b>	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.
<b>Growth</b>	Sales for the period less sales for the year-earlier period divided by sales for the year-earlier period. Breakdown by foreign exchange, organic growth and acquisitions.	Shows the company's realized sales growth over time.
<b>Profit before tax margin</b>	Profit before tax as a percentage of net sales.	This key ratio makes it possible to compare profitability regardless of the corporate income tax.

# Q1 2024

## Key ratio

<b>(Amounts in SEK 000s)</b>	<b>Jan - Mar 2024</b>	<b>Jan - Mar 2023</b>	<b>Jan - Dec 2023</b>
<b>Return on equity</b>			
Profit attributable to owners of the Parent Company (A)	121,847	115,945	365,352
Equity attributable to owners of the Parent Company	2,168,058	2,086,866	2,030,342
Average equity attributable to owners of the Parent Company (B)	2,099,200	2,029,641	2,001,379
Return on equity (A/B)	6%	6%	18%
<b>Return on capital employed</b>			
Operating profit	143,183	147,998	443,103
Financial income	11,961	2,758	41,532
Profit before net financial items + financial income (A)	155,144	150,756	484,635
Total assets	2,479,984	2,324,003	2,333,190
Interest-free liabilities	-296,676	-224,603	-287,666
Capital employed	2,183,308	2,099,400	2,045,523
Average capital employed (B)	2,114,416	2,042,090	2,015,151
Return on capital employed (A/B)	7%	7%	24%

## Key ratio

<b>(Amounts in SEK 000s)</b>	<b>31 Mar 2024</b>	<b>31 Mar 2023</b>	<b>31 Dec 2023</b>
<b>Equity/assets ratio</b>			
Equity (A)	2,168,060	2,086,868	2,030,344
Total assets (B)	2,479,984	2,324,003	2,333,189
Equity/assets ratio (A/B)	87%	90%	87%
<b>Operating margin</b>			
Operating profit (A)	143,183	147,998	443,103
Net sales (B)	369,796	365,821	1,296,506
Operating margin (A/B)	39%	40%	34%
<b>Profit before tax margin</b>			
Profit before tax (A)	153,599	150,561	468,834
Net sales (B)	369,796	365,821	1,296,506
Profit before tax margin (A/B)	42%	41%	36%
<b>Equity per share</b>			
Equity attributable to owners of the Parent Company (A)	2,168,058	2,086,866	2,030,342
Average number of shares (B)	100,982	100,982	100,982
Equity per share (A/B)	21,47	20,67	20,11

# Q1 2024

Change in sales by segment (including and excluding foreign exchange effects)

(Amounts in SEK 000s)		Pediatrics	Adult Health	Other	Total
		Jan - Mar 2024	Jan - Mar 2024	Jan - Mar 2024	Jan - Mar 2024
<b>Description</b>					
A	Previous year's net sales according to the average rate	305,957	56,613	3,251	365,821
B	Net sales for the year according to the average rate	292,278	74,819	2,700	369,797
C	Recognized change (B-A)	-13,679	18,206	-551	3,976
	<b>Percentage change (C/A)</b>	-4%	32%	-17%	1%
D	Net sales for the year according to the previous year's average rate	295,160	75,550	2,700	373,410
E	Foreign exchange effects (B-D)	-2,882	-731	0	-3,613
	<b>Percentage change (E/A)</b>	-1%	-1%	0%	-1%
F	Organic change (C-E)	-10,797	18,937	-551	7,589
	<b>Organic change, % (F/A)</b>	-4%	33%	-17%	2%

Average key exchange rates	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
EUR	11.18	11.14	11.48
USD	10.29	10.42	10.61
JPY	0.0698	0.0788	0.0760

Closing date key exchange rates	31 Mar 2024	31 Mar 2023	31 Dec 2023
EUR	11.53	11.28	11.10
USD	10.66	10.35	10.04
JPY	0.0705	0.0780	0.0710

Pledged assets and contingent liabilities - Group (Amounts in SEK 000s)	31 Mar 2024	31 Mar 2023	31 Dec 2023
Floating charges	0	0	0
Contingent liabilities	None	None	None

Adjusted operating profit - Group (Amounts in SEK 000s)	Jan - Mar 2024	Jan - Mar 2023	Jan - Dec 2023
Operating profit	143,183	147,998	443,103
Adjustments	5,000	2,402	1,144
Adjusted operating profit	148,183	150,400	444,247

# Q1 2024

## Financial calendar



🕒 8:00 a.m. CET Interim report  
1 January - 30 June 2024



🕒 8:00 a.m. CET Year-end report  
1 January - 31 December 2024



🕒 8:00 a.m. CET Interim management statement  
1 January - 30 September 2024

**Stockholm, 7 May 2024**

**Theresa Agnew**  
CEO

**This interim management statement has not been audited.**

## BioGaia AB



### The company

BioGaia is a Swedish world-leading probiotic company that has been at the forefront of microbiome research for more than 30 years with a vision to be the most trusted probiotic brand in the world. We develop, manufacture, market, and sell probiotic products for gut, oral, and immune health. The products are primarily based on different strains of the lactic acid bacterium *Limosilactobacillus reuteri*, *L. reuteri* (formerly *Lactobacillus*).

The class B shares of the Parent Company BioGaia AB are quoted on the Mid Cap List of Nasdaq Stockholm.

### 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 partnerships with nutrition and pharmaceutical companies, as well as through our own subsidiaries.

BioGaia's direct distribution, through subsidiaries, extends across six countries (Sweden, Finland, the UK, USA, Canada, and Japan).

BioGaia holds patents for the use of certain strains of *L. reuteri* and certain packaging solutions in all major markets. At the end of 2023, BioGaia held more than 600 approved patents for various bacteria strains and territories.

### The BioGaia brand

BioGaia launched its own consumer brand in 2006. Today, a number of BioGaia's distribution partners sell finished products under the BioGaia brand in a number of markets. One important element of BioGaia's brand strategy is to increase the percentage of sales under the BioGaia brand. Of products (drops, tablets for gut and oral health, oral rehydration, etc.) sold in 2023, 90% (86%) were sold under the BioGaia brand including co-branding.

Some of BioGaia's distributors sell finished consumer products under their own brand names. On these products, the BioGaia brand is shown on the consumer package since BioGaia is both the manufacturer and licensor.

BioGaia's licensees add *L. reuteri* culture to their products and sell these under their own brand names. On these products, the BioGaia brand is most often shown on the package as the licensor/patent holder.

### Research and clinical studies

BioGaia's strains of *L. reuteri* are among the most studied in the world, in particular studies in young children, with strong pre-clinical and clinical evidence. As of December 2023, over 250 clinical studies with BioGaia's various strains of *L. reuteri* have been performed. These studies involved more than 22,000 individuals of all ages.

### Over the years, BioGaia has performed studies in the following areas:

- 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

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