BioGaia®

Securities health seminar

Isabelle Ducellier, CEO BioGaia
Stockholm September 8th 2022

BioGaia®

BioGaia's organisational purpose

Clinically proven probiotics for the benefit of human health

Vision

To become the world's most trusted consumer probiotics brand

Mission

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

Core Values

Innovation,
Collaboration,
Passion

Positioning

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

BioGaia at a glance

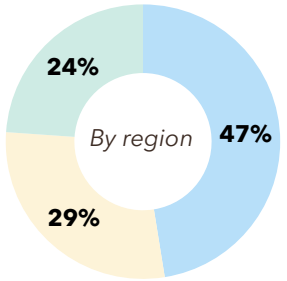
A Swedish world-leading probiotic company at the forefront of microbiome research for 30+ years

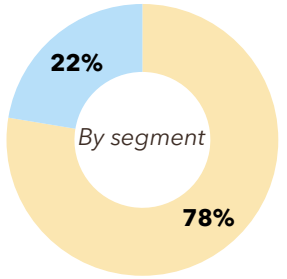
€91m	€30m	22%	73%	33%	~20%	30+
Net sales[1]	*Adj. EBIT*	*Net sales CAGR since 2001[2]*	*Gross margin*	*Adj. EBIT margin*	*Online sales 2021[3]*	*Years in the industry*

Business overview

1. **Leading global provider of probiotic supplements with a strong track record of innovation, clinical studies and profitable double-digit growth**
2. **+80% of sales from a strong portfolio of own branded products**
3. **Industry leading science (~550 patents) – owner of some of the most potent and well-recognised strains (L. reuteri)**
4. **Global presence in ~110 countries through long-term relationships with distributors and own D2C model**
5. **Founded in 1990 by Peter Rothschild and Jan Annwall. HQ in Stockholm, Sweden, with currently ~195 employees**

Net sales split





Notes: Financials as of LTM Q2 2022, converted to EUR from SEK at a constant FX rate of 0.0953; 1) Excluding foreign exchange effects; 2) Total net sales CAGR 2001-PF2021 excluding one-off license sales; 3) Own e-commerce and digital 3rd party

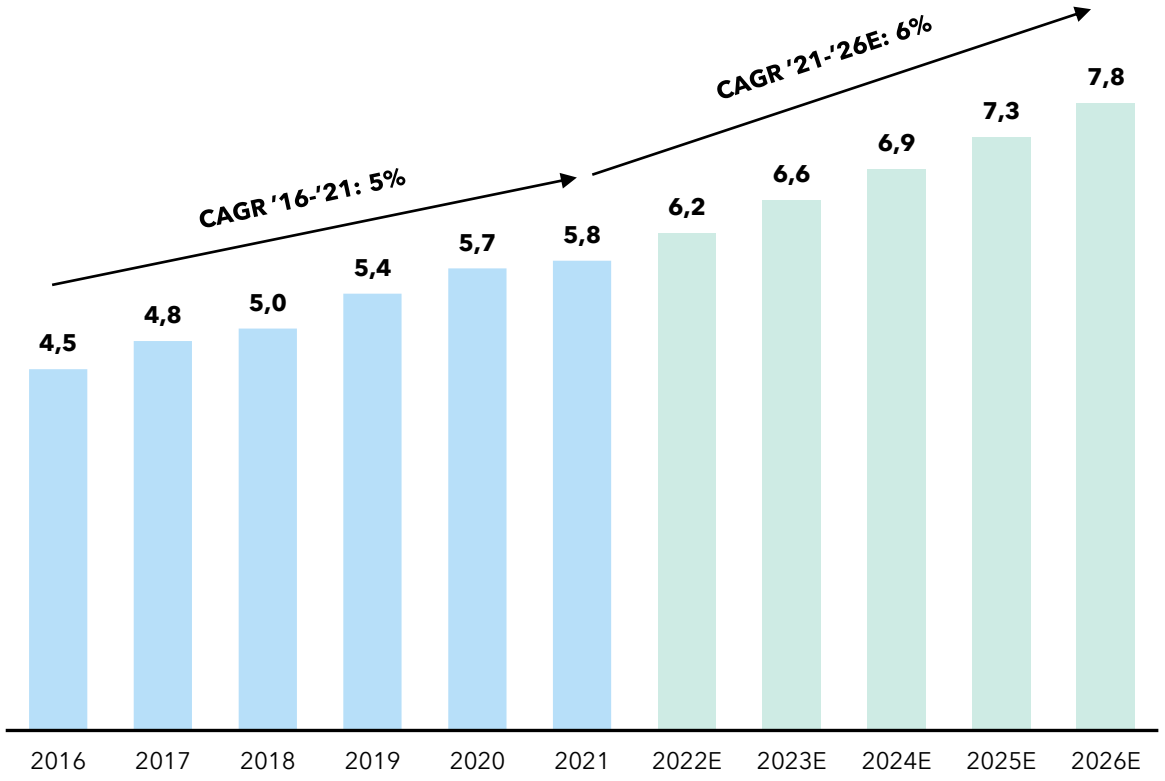
Attractive underlying market supported by several structural growth drivers

The global probiotic supplement market is sizeable and valued at EUR 6bn, expected to grow at 6% p.a., underpinned by several structural growth drivers

Global mega trends

Growing health consciousness	• Consumers are taking greater responsibility for their health by seeking information about diets and preventive healthcare
Changes to consumer purchasing behaviour	• Continued strong growth in e-commerce for food and health products
Unrelenting growth in antibiotic resistance	• The immuno-strengthening effects in probiotics can play a role in the fight against antibiotic resistance
Demographic trends	• With the growing, wealthier middle-class, especially in Asia, more people can afford out of pocket healthcare • The proportion of elderly is expected to double, and as people get older, the gut flora weakens

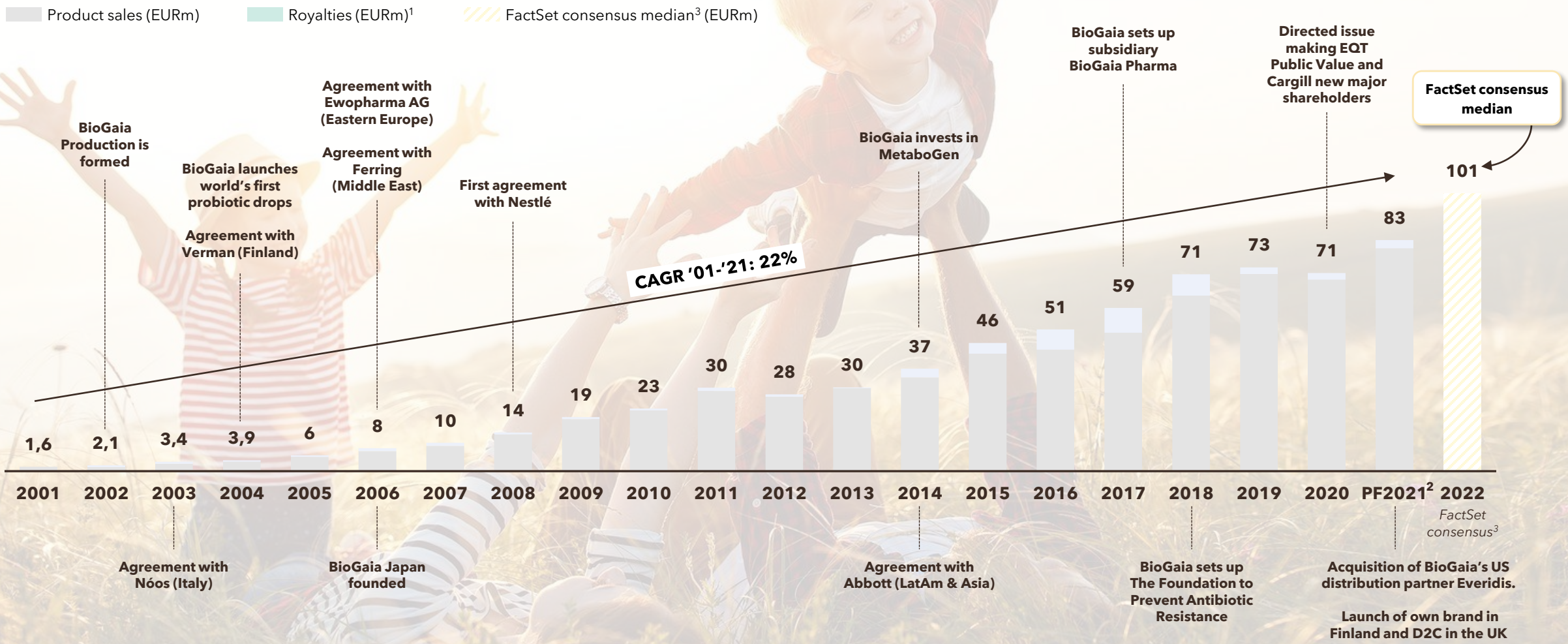
Global Probiotics market (EURbn)[1]



Source: Euromonitor as of April 2022
Note: 1) Retail value

Consistent and uninterrupted organic growth and innovation since inception

30+ years of probiotic innovation and double-digit growth



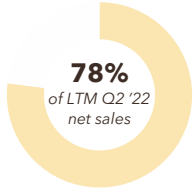
Notes: Financials converted to EUR from SEK at a constant FX rate of 0.0953; 1) Excluding one-off license sales; 2) Including Everidis pro forma net sales contribution of EUR 8.2m; 3) FactSet as of 8 August 2022

Branded product portfolio for the health of the whole family

Clinically tested, high-quality probiotics targeting specific therapeutic indications

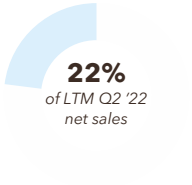
81%[1] Branded products

Paediatrics



Product	**Protectis** *Baby and child gut health*	**Prodentis** *For oral health*	**Pharax** *For throat and immune system*
Available forms	Drops, tabs, ORS, with vitamin D, minipacks	Drops, lozenges	Drops
Target indication	*Solution for colic, fussing and excessive crying. Helps the good microorganisms restore a natural balance in the gut*	*Reduces caries, bad breath, periodontitis and the risk of inflammation of the gums*	*Reduces the duration and severity of upper respiratory tract infections*

Adult health



Product	**Protectis** *For gut comfort*	**Gastrus** *For gut health*	**Prodentis** *For oral health*	**Osfortis** *For bone health*
Available forms	Tabs, capsules, with vitamin D	Tabs	Drops, lozenges, MUM lozenges	Capsules
Target indication	*Helps the good microorganisms restore a natural balance in the gut*	*Reduces pain, diarrhoea and bloating*	*Reduces caries, bad breath, periodontitis and the risk of inflammation of the gums*	*Reduces the loss of bone mineral density*

Notes: 1) Remaining 19% relates to products sold under distributors' own brands and royalties

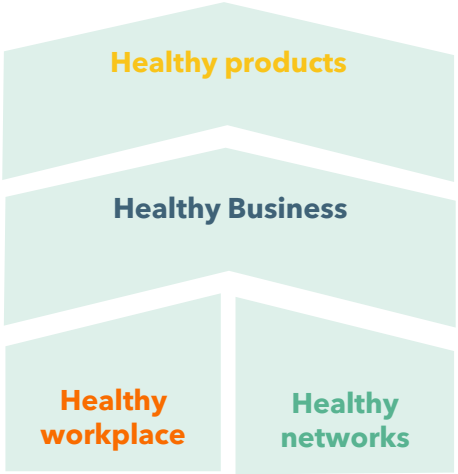
Sustainability priorities

BioGaia will be delivering its sustainability strategy through three priorities:

Healthy Product: Our mission *"Give everyone the probiotics that are proven to promote health and well-being"* is clearly aligned with UN's SDG 3 (good health and well-being). Achieved by transparent and robust science, product quality and safety, responsible research and marketing, and donations to organizations that promote health and well-being.

Healthy Planet: Commitment to SBT. Achieved by sustainable packaging, sustainable raw materials, and sustainable transportation of products and people.

Healthy Business: Promoting and ensuring ethical, transparent, and inclusive behavior across our organization and value chain. Achieved by policy library, trainings, @Frankly.



BioGaia®

Strategic pillars going forward

BioGaia

1 Omnichannel retailing

- *Focus on building digital and online sales capabilities*
- *Forward integrate in key markets to move closer to the consumer*

2 Leverage global brand

- *New visual guidelines and updated brand platform*
- *New toolkits that BioGaia's partners can use in marketing to consumers*
- *Build a strong, clear and uniform brand offering across channels*

3 Leverage scientific edge

- *Continue to conduct R&D and use clinical studies to prove the effectives of the products*
- *Medical marketing and doctor recommendations*

4 Product supply strategy

- *Vertically integrated probiotic player – own and secure all strategic steps of the value chain*

Way of working

Culture & values

Sustainability

M&A

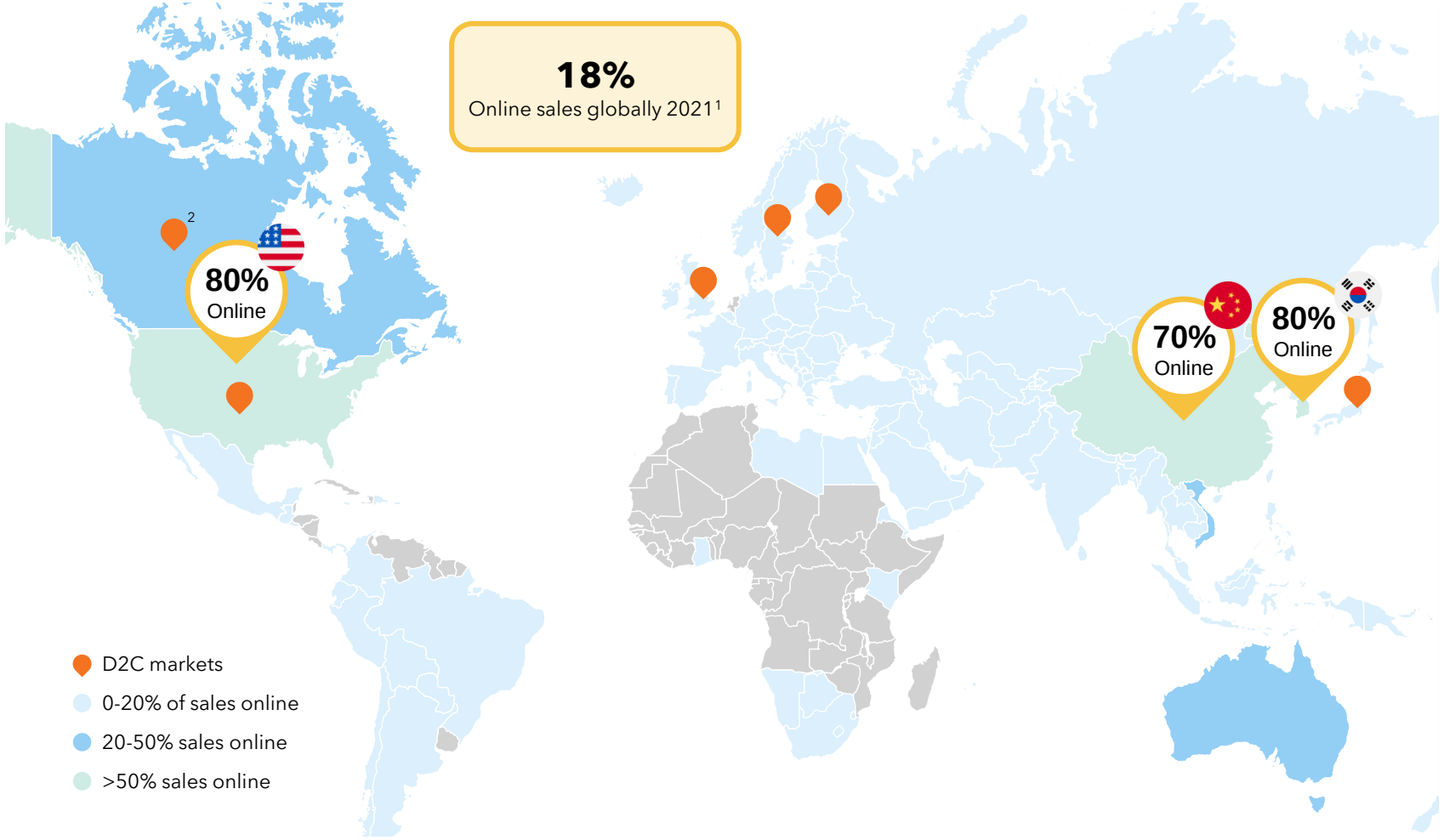
Long-term financial target of an operating margin of at least 34% with continued strong growth and increased investments in R&D, brand building and the sales organisation

1 Omni-channel retailing

- Five Direct markets
- Six Focus Markets
- Reinforced partner network

1 Rapidly growing online and D2C presence

D2C presence in selected key markets to complement distributor network and be closer to the consumer



Strong D2C presence in selected markets

Subsidiary established *in Japan since* ***2006. Current*** *model* ***combines own and third party distribution,*** *especially in the oral field.* ***The model*** *has strong* ***potential to be expanded further in Japan*** *and implemented* ***in other markets***

Took over from former distributor in 2020 securing the launch of the entire portfolio under the BioGaia brand in all channels

In November 2021, BioGaia took ***a strategic step*** *by* ***ending the agreement with it's Finnish distributor, Verman****. BioGaia's products are now* ***available*** *under the* ***BioGaia brand across Finland***

Took over sales from a smaller *distributor and began selling products under* ***own management in 2021****. In addition to own e-commerce, the products will be sold on Amazon and selected pharmacy chains*

Established D2C *presence in the US through the* ***acquisition*** *of the American* ***distribution partner Everidis.*** *Everidis has a* ***unique understanding*** *of the USA probiotics market and* ***has been highly successful in its omnichannel*** *strategy*

Notes: 1) Own e-commerce and digital 3rd party; 2) Canada will be a D2C market from January 2023

2 Leverage global brand

Selected new product launches in 2021

Strong research allows for continued launch of new products

Overview of selected launches in 2021

Prodentis Kids

- Help to maintain a healthy balance in the mouth and reduce risk factors in the development of caries and inflammation of the gums
- Contains a combination of probiotics and Xylitol
- Used as a complement to brushing your teeth every day
- Markets: USA, China

Benefits for customers

A daily oral hygiene boost for kids

Protectis Immune Boost

- Contains a combination of probiotics and vitamin D and has demonstrated clinically proven effect in several studies
- A series of products suitable for the entire family available as oil drops, chewable tablets and capsules
- Markets: USA

Benefits for customers

An optimal combination of probiotics and vitamin D

Pharax

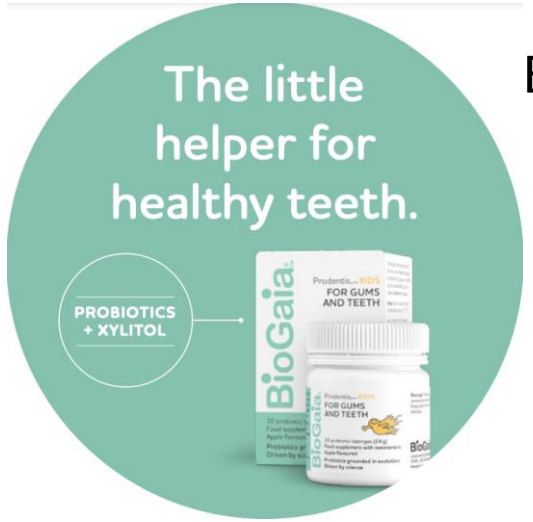
- Aiming to strengthen the oral immune system. The product has been found to reduce the duration and severity of upper respiratory tract infections in children
- A probiotic complement to normal analgesics and as an alternative to antibiotics
- A natural and non-invasive product parents can give to their children without the worry of adverse side effects
- Markets: USA, Japan and China

Benefits for customers

Supporting the natural bacteria in the throat

2 Leverage global brand

BioGaia Prodentis Kids launch

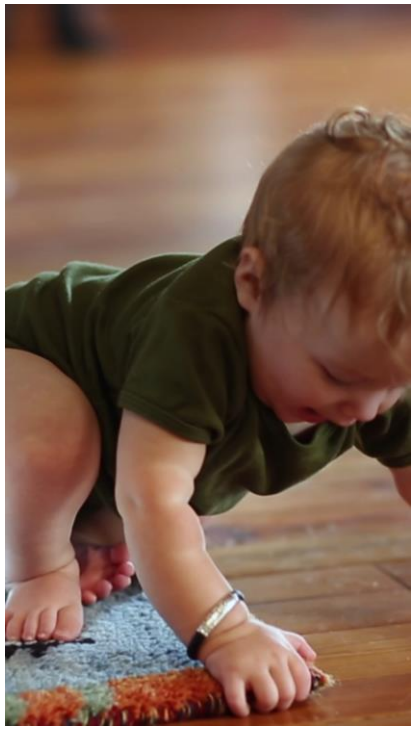


2 Leverage global brand

BioGaia Immune Boost launch- USA

Instore shelf talker

Disk display



2 Leverage global brand

Biogaia Pharax

Immune health starts in the mouth

BioGaia

Science as differentiation

Clinical trials supporting the use of BioGaia Probiotics.

All BioGaia probiotics are clinically proven

>200 …published articles in scientific journals

18,000 …**individuals of all ages** have taken part in clinical studies with BioGaia's human strains of *Limosilactobacillus* reuteri*

BioGaia®

3 L. reuteri | One of the most scientifically documented probiotic strains in the world

To date, the efficacy and safety of BioGaia's different strains of L. reuteri have been documented in 236 published articles

One of the most studied probiotics in the world

1. *Documented **efficacy and safety of BioGaia's different strains***
2. *Based on clinical studies in **more than 18,000 individuals** of all ages*[1]
3. *BioGaia's strains of L. reuteri have been tested in **120 clinical trials in children**, from **newborns up to 18 years old***
4. *BioGaia's strains of L. reuteri have been tested in **126 clinical trials in adults***

236

Published articles on clinical studies

BioGaia's probiotic strains with L. reuteri

Protectis
For gut comfort
165 published articles

Prodentis
For gums and teeth
61 published articles

Gastrus
For GI tract
7 published articles

Osfortis
For bone health
1 published articles

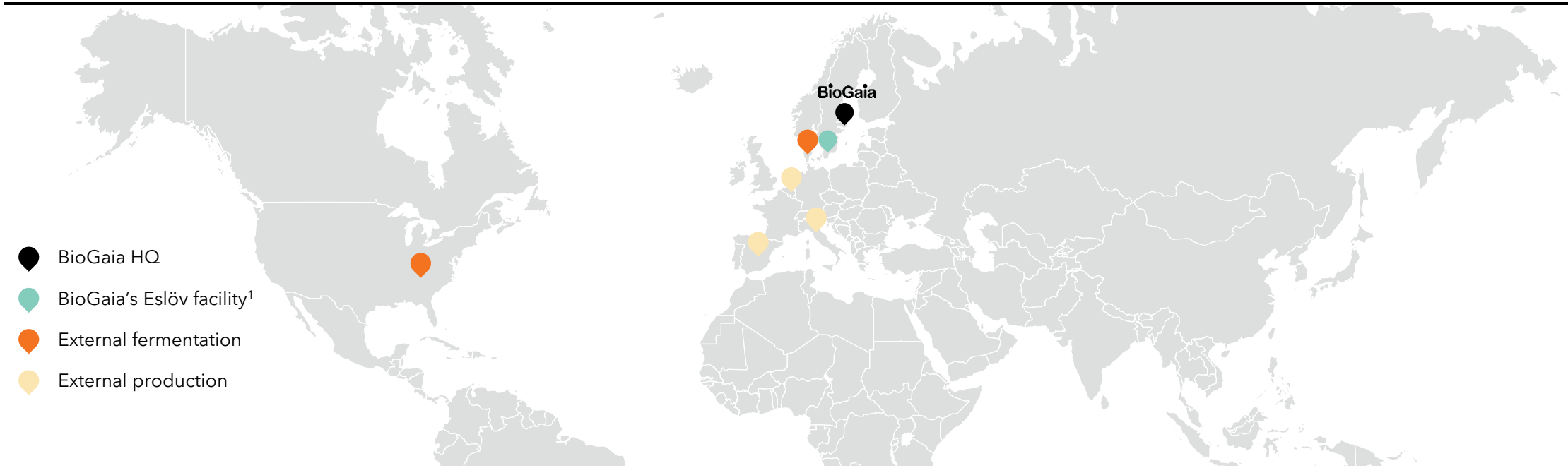
Colus
For colon health[2]
2 published articles

Notes: 1) As of December 2021; 2) Product under development

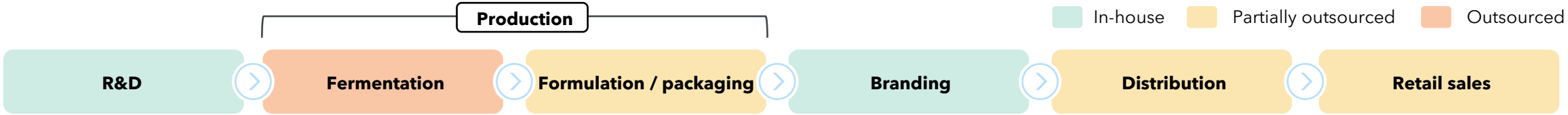
4 Optimised product supply set up

BioGaia operates a lean and flexible business model with key parts of the value chain controlled in-house

Overview of operational set-up



A lean and flexible business model with key parts of the value chain controlled in-house



Notes: 1) R&D Center of Excellence, GMP production facility, new fermentation facility

Q2 2022

Interim Management Statement

Q2 2022 executive summary

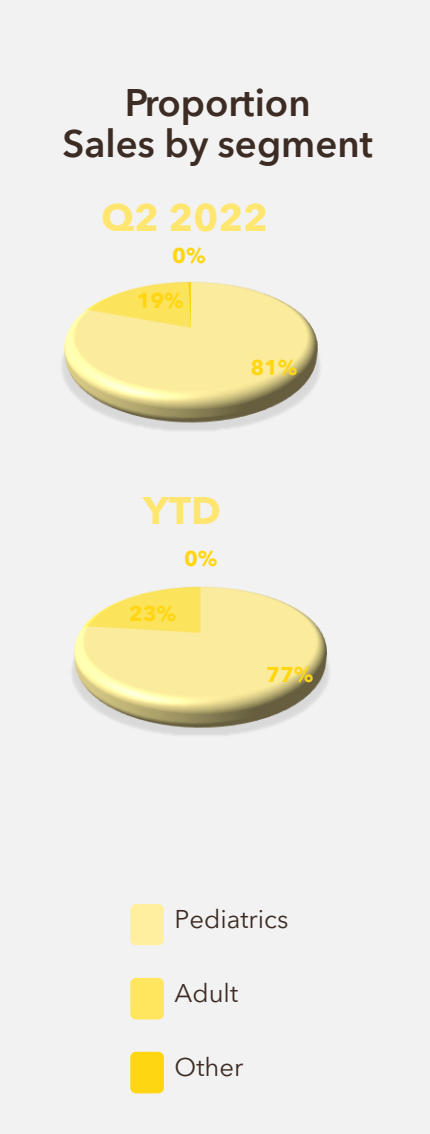
Very strong performance continuing in Q2 2022 with sales increasing with 42% and an EBIT margin of 35%

1	**Growth drivers**	• Another strong quarter with +42% growth mainly driven by the lifting of covid restrictions and the wider implementation of our omni-channel retailing strategy of our global premium brand BioGaia
2	**EMEA**	• EMEA is continuing its recovery with a strong +86% driven by Italy, France, Spain and Eastern Europe
3	**Americas**	• Americas is performing well due to the acquisition of our distributor Everidis despite weaker sales in Brazil due to phasing of orders
4	**APAC**	• APAC is continuing its impressive growth thanks to South Korea and China despite China still negatively affected by new lockdowns
5	**Going forward**	• Sizeable and growing addressable market but risks related to challenging macro economics and continued covid restrictions • Continued focus on brand building and scientifically proven probiotics

Sales per Segment (MSEK)

- Total sales for the quarter increased with +42% (+33% excluding currency effects)
- Pediatrics sales increased with +44% mainly thanks to increased sales of Protectis Drops in EMEA and Americas
- Adult sales increased with +33% mainly thanks to increased sales of Protectis Tablets in EMEA and Americas

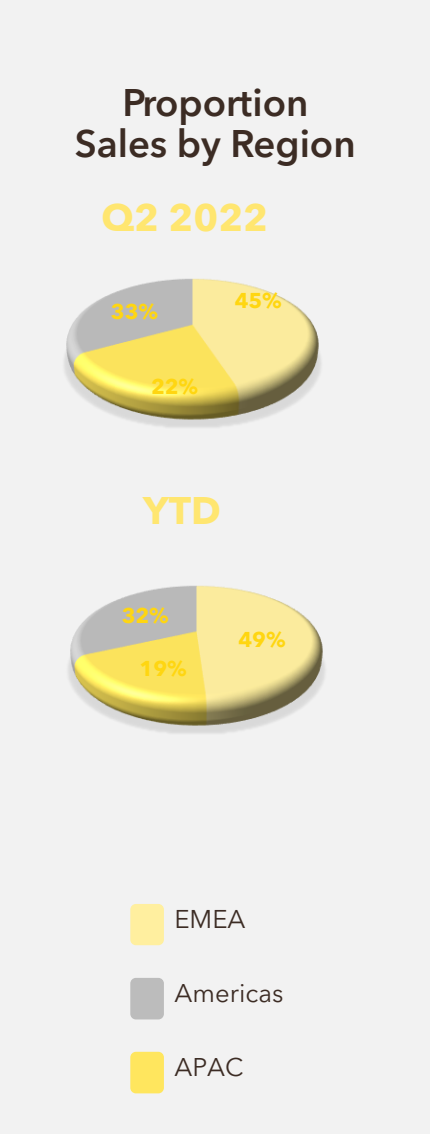
	Q2	Q2	Change	YTD	YTD	Change
	2022	2021	%	2022	2021	%
Total Pediatrics	233	161	44%	455	323	41%
Total Adult Health	54	41	33%	115	80	44%
Other	1	1	6%	2	3	-36%
Total	**288**	**203**	**42%**	**572**	**405**	**41%**



Sales per Geographical Market (MSEK)

- **EMEA:** sales increased mainly in Italy and France
  APAC: sales increased mainly in South Korea and China
- **Americas:** sales increased mainly in the US and Canada

	Q2		Q2 Change	YTD		YTD Change
	2022	2021	%	2022	2021	%
EMEA	130	70	86%	280	164	71%
APAC	63	55	16%	110	97	13%
Americas	95	79	21%	182	144	26%
Total	**288**	**203**	**42%**	**572**	**405**	**41%**

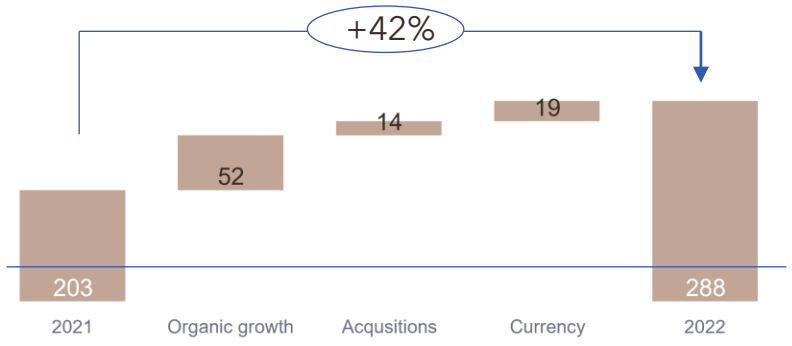


Gross Margin per Segment

- Gross margins slightly decreased due to product mix effects and campaigns

	Q2 2022	Q2 2021	YTD 2022	YTD 2021
Total Pediatrics	73%	75%	73%	75%
Total Adult health	63%	70%	65%	65%
Total	**71%**	**74%**	**71%**	**73%**

Q2 SALES BRIDGE

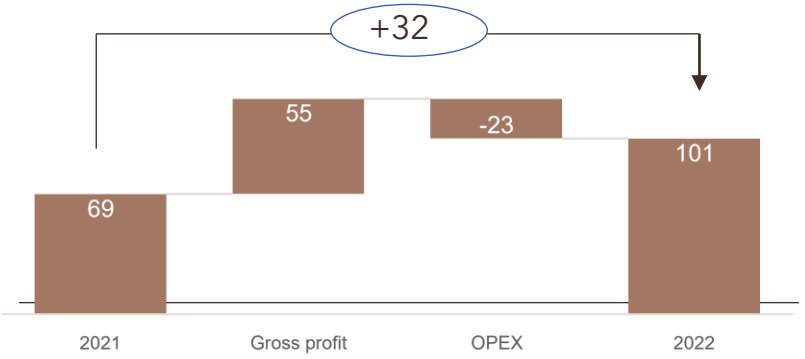


	Q2		YTD	
	in MSEK	Change (%)	in MSEK	Change (%)
2021	203		405	
Organic Growth	+52	+26%	+101	+25%
			+29	+7%
Acquisitions	+14	+7%	+37	+9%
Curreny	+19	+9%	**572**	**+41%**
2022	**288**	**+42%**		

GROUP PROFIT AND LOSS

- Sales +42% (+33% excl. currency, +26% excl. currency and excl. acquisitions)
- OPEX +28% (+1% excl. acquisitions)
- EBIT +46% and EBIT Margin 35%
- Adjusted EBIT +44% and Adjusted EBIT Margin 35%

Q2 BRIDGE



GROUP P&L (MSEK)	Q2 2022	Q2 2021	Change	YTD 2022	YTD 2021	Change
Sales	**288**	**203**	***42%***	**572**	**405**	***41%***
Gross Profit	206	*151*	*37%*	408	296	*38%*
- as a of percentage of revenues	*71%*	*74%*		*71%*	*73%*	
OPEX	-105	*-82*	*28%*	-212	-163	*30%*
EBIT	**101**	***69***	***46%***	**197**	**133**	***47%***
- as a of percentage of revenues	*35%*	*34%*		*34%*	*33%*	
Adjusted EBIT [1]	**100**	***69***	***44%***	**200**	**143**	***39%***
- as a of percentage of revenues	35%	34%		35%	35%	
Profit after Tax	**79**	**55**	***44%***	**155**	**105**	***47%***
EPS (before and after dilution)	0,78	0,54	*44%*	1,53	1,04	*47%*

[1] excl. restructuring costs and excluding costs evaluation of acquisition candidates

Conclusion

- Another strong quarter with +42% growth mainly driven by the lifting of covid restrictions and the wider implementation of our omni-channel retailing strategy of our global premium brand BioGaia.
  - EMEA is continuing its recovery with a strong +86% driven by Italy, France, Spain and Eastern Europe
  - Americas is performing well due to the acquisition of our distributor Everidis despite weaker sales in Brazil due to phasing of orders. Everidis local sales weak in the quarter due to strong Q2 2021
  - APAC is continuing its impressive growth thanks to South Korea and China despite China still being negatively affected by new lockdowns

- BioGaia has a Unique Selling Proposition (USP) combining a strong brand with industry-leading science. This unique USP allows BioGaia to be ambitious to become the most trusted probiotic brand in the world with both the endorsement of healthcare professionals and consumers. It reinforces our confidence that we will meet our financial targets despite uncertainties regarding macro-economics and pandemic.

BioGaia®

Thank you
Time for Q&A

BioGaia®