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BioGaia has carried out a directed issue of 2.86 million class B shares, raising proceeds of SEK 1.1 billion

BioGaia AB (publ) ("BioGaia" or the "Company") (Nasdaq Stockholm: BIOG B) has successfully completed a directed issue of 2.86 million new class B shares, at a subscription price of SEK 400 per share, entailing proceeds of approximately SEK 1.1 billion (the "Directed Issue"). The subscription price was determined based on an accelerated book building procedure. The Directed Issue was oversubscribed and a wide range of Swedish and institutional investors participated, including the strategic investor Cargill Inc. and EQT Public Value Fund FCP-RAIF ("EQT Public Value"), which on beforehand had indicated an interest to participate, as well as certain existing shareholders. In connection with the Directed Issue, certain larger shareholders, among others, Annwall & Rothschild Investments AB and David Dangoor, sold 229,332 class B shares in total, at the same price as in the Directed Issue.

"We are really pleased by the significant interest by the new investors and also the support shown by our existing shareholders. It is with great pleasure that we welcome Cargill and EQT Public Value among our major shareholders. Cargill is one of the largest private companies in the US with a vast experience of ingredients, fermentation and manufacturing both in the animal and human health industries. We have initiated a number of collaborations with them, which we hope will materialize during the coming years. EQT Public Value is part of EQT, the well-known and reputable Swedish publicly listed private equity company. We are happy to be able to draw from their expertise when it comes to among other things acquisitions and digitalization," says Peter Rothschild, chairman of the board.

Summary of the transaction

The board of directors of BioGaia has, as indicated in the press release of the Company earlier today, resolved on a directed issue of 2,860,000 new class B shares at a subscription price of SEK 400 per share, consequently raising proceeds of SEK 1.1 billion before transaction costs. 1,733,646 class B shares are issued based on the issue authorization granted by the annual general meeting on 7 May 2020, and the remaining 1,126,354 class B shares are issued subject to the subsequent approval of an extraordinary general meeting. The reason thereto is that the issue authorisation comprised a maximum of 1,733,646 class B shares.

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The subscription price in the Directed Issue has been determined through an accelerated book building procedure, and it is therefore the board of directors' assessment that the subscription price is at market terms and accurately reflects current market conditions and demand. The subscription price of SEK 400 per share corresponds to a discount of approximately 5.5 percent in relation to the closing price on Nasdaq Stockholm on 30 October 2020.

A wide range of Swedish and international institutional investors participated in the Directed Issue, as well as certain existing shareholders. The strategic investor Cargill Inc. and EQT Public Value, which both on beforehand had indicated an interest to participate, participated in the transaction with SEK 240 million and SEK 650 million, respectively. The reasons for deviating from the shareholders' pre-emptive rights are to raise capital in a time and cost-effective manner as well as to further diversify the shareholder base with Swedish and international institutional investors.

The Company intends to use the proceeds from the Directed Issue to accelerate BioGaia's growth agenda to be able to act swiftly on potential future acquisitions including minority investments. The ongoing consolidation of the industry presents interesting acquisition candidates in all parts of the value chain on a global level. Potential acquisition candidates include investments in complementing products within BioGaia's focus areas: manufacturing capabilities and research.

The Directed Issue entails a dilution of approximately 14 percent of the number of shares and approximately 11 percent of the number of votes in the Company. Through the Directed Issue, the number of outstanding shares will increase by 2,860,000 from 17,336,462 to 20,196,462 (whereof 740,668 are class A shares and 19,455,794 are class B shares) and the number of votes by 2,860,000, from 24,002,474 to 26,862,474. The share capital will increase by SEK 2,860,000 from SEK 17,336,462 to SEK 20,196,462.

As announced in the press release earlier today, in connection with the Directed Issue and due to the strong demand, certain larger shareholders, among others, Annwall & Rothschild Investments AB, a company owned by Peter Rothschild, chairman of the board, and Jan Annwall, and David Dangoor, have sold in total 229,332 class B shares, at the same price as in the Directed Issue. These shareholders have expressed their intention to remain long-term owners in the Company. The Company will not receive any proceeds from the sale of these existing shares.

In connection with the Directed Issue, the Company has agreed to a lock-up undertaking, with customary exceptions, on future share issuances for a period of 180 days after the settlement date of the Directed Issue. In addition, the executive management representatives of BioGaia[1] have agreed not to sell any shares in BioGaia for a period of 180 days after the settlement date of the Directed Issue, subject to customary exceptions.

Extraordinary general meeting

An extraordinary general meeting will be convened to approve the part of the Directed Issue which is not based on the annual general meeting's issue authorization.

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Certain of the Company's existing shareholders, together holding approximately 35 of the shares, and 53 percent of the votes, in BioGaia, have expressed their intention to vote in favour thereof. A separate notice to the extraordinary general meeting will be published within short.

EQT Public Value, one of the investors in the Directed Issue, has proposed that Niklas Ringby is appointed as new board member and such proposal will be included in the notice to the extraordinary general meeting. The Company's larger shareholders support EQT Public Value's proposal.

Advisers

Carnegie Investment Bank AB (publ) is Sole Global Coordinator and Bookrunner in connection with the Directed Issue. Advokatfirman Vinge and Shearman & Sterling (London) LLP are legal advisers to the Company in connection with the Directed Issue.

For more information contact:

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Latest press releases from BioGaia

30.10.2020 BioGaia intends to carry out a directed share issue of up to SEK 1.1 billion
23.10.2020 Interim Management Statement January – September 2020
12.10.2020 Reduced sales due to covid-19

This is information that BioGaia AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 21.30 CET on 30 October 2020.

[1] Isabelle Ducellier, Alexander Kotsinas, Sebastian Schröder, Urban Strindlöv and Ulrika Köhler.

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Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates. Forward-looking statements are statements that are not historical facts and may be

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identified by words such as “believe”, “expect”, “anticipate”, “intend”, “may”, “plan”, “estimate”, “will”, “should”, “could”, “aim” or “might”, or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions.

Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release or any obligation to update or revise the statements in this press release to reflect subsequent events. Readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq Stockholm's rule book for issuers.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended (“MiFID II”); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the “MiFID II Product Governance Requirements”), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the shares in BioGaia have been subject to a product approval process, which has determined that such shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the “Target Market Assessment”). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the shares in BioGaia may decline and investors could lose all or part of their investment; the shares in BioGaia offer no guaranteed income and no capital protection; and an investment in the shares in BioGaia is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Issue. Furthermore, it is noted that, notwithstanding the Target Market

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Assessment, Carnegie will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the shares in BioGaia.

Each distributor is responsible for undertaking its own target market assessment in respect of the shares in BioGaia and determining appropriate distribution channels.

This is a translation of the Swedish version of the press release. In case of discrepancies, the Swedish wording shall prevail.

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