

Press release 12 February 2016

Proposal for distribution and separate listing of BioGaia's subsidiary Infant Bacterial Therapeutics

The board of directors of BioGaia AB (publ) ("BioGaia") has resolved to propose to an Extraordinary General Meeting in BioGaia on 18 March 2016 to distribute the shares in the subsidiary Infant Bacterial Therapeutics AB (publ) ("IBT") to the shareholders of BioGaia. In connection with the execution of the dividend, IBT will apply for a listing of its series B shares on Nasdaq First North. To finance IBT's first clinical trial, the company has, as previously communicated, a capital need of approximately SEK 100 million, which is planned to be raised through a rights issue with preferential rights for IBT's shareholders during the second quarter 2016.

It is the opinion of the board of directors of BioGaia that a separate listing of IBT would be beneficial for BioGaia's shareholders as it would highlight the value of the pharmaceutical project managed by IBT and also result in a streamlining of the respective businesses. A separate listing would also enable BioGaia's shareholders to invest directly in IBT. The board of directors of BioGaia has therefore resolved to propose to an Extraordinary General Meeting in BioGaia to distribute all shares in IBT currently held by BioGaia to its shareholders. BioGaia's ownership share in IBT amounts to 94.5 percent, with the remaining shares being held by management and board members of IBT. The dividend is intended to be made in accordance with the so called Lex Asea rules, by which the dividend is tax free in Sweden for both BioGaia and BioGaia's Swedish shareholders. For more information on the board of director's dividend proposal, please refer to the separate notice from BioGaia to the Extraordinary General Meeting. More detailed information regarding the dividend will also be made available on BioGaia's website.

BioGaia's largest shareholder, Annwall & Rothschild Investments AB, that controls approximately 8.6 percent of the capital and 34 percent of the votes in BioGaia, is positive to the separate listing and dividend of IBT and also intends to subscribe for its pro-rata share in the upcoming rights issue. In addition, major shareholders representing 5.9 percent of the capital and 4 per cent of the votes have stated that they are supportive of the proposal.

BioGaia is a healthcare company that develops, markets and sells probiotic products with documented health benefits. The products are primarily based on the lactic acid bacterium *Lactobacillus reuteri* which has probiotic, health-enhancing effects. The class B share of the Parent Company BioGaia AB is quoted on the Mid Cap list of the NASDAQ OMX Nordic Exchange Stockholm. www.biogaia.com

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Important dates

Extraordinary General Meeting regarding the board of director's proposal to distribute the shares in IBT	18 March 2016
Last day of trading in BioGaia's shares including the right to receive shares in IBT	21 March 2016
Publication of company description for listing on Nasdaq First North	21 March 2016
First day of trading in BioGaia's shares excluding the right to receive shares in IBT	22 March 2016
Record date for right to receive shares in IBT	23 March 2016
Shares in IBT available on VP-accounts for shareholders who are directly registered in the shareholders' register ¹	29 March 2016
First day of trading in IBT's shares on Nasdaq First North	29 March 2016

Carnegie Investment Bank is financial advisor and Advokatfirman Vinge is legal advisor to BioGaia and IBT.

For additional information please contact

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2016-01-08 BioGaia's subsidiary IBT has US IND open and Swedish CTA approved for clinical study in the USA and Sweden

BioGaia has published this information in accordance with the Swedish Securities Market Act. The information was issued for publication on 12 February 2016, 8:00 CET.

¹ Euroclear Seden AB will send a VP notice indicating the number of shares that have been registered on the recipient's VP account. Notification to shareholders whose holdings are nominee-registered will take place in accordance with the practice of each nominee.

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