

Press Release, 7 September 2015

BioGaia to invest further in Infant Bacterial Therapeutics AB

BioGaia's board of directors has resolved to invest a further SEK 35 million in the subsidiary Infant Bacterial Therapeutics AB (IBT), in addition to the approximately SEK 47 million previously decided¹⁾.

IBT has carried out a new issue of 40,000 shares in which all shares have been subscribed for by BioGaia AB, thereby providing the company with proceeds of approximately SEK 53 million. BioGaia's total investment in IBT thus amounts to approximately SEK 82 million and its holding to 94.5 per cent.

Efforts to evaluate the possibility for a separate listing of IBT are continuing. As previously communicated, IBT has an estimated capital need of approximately SEK 130 million to finance the first clinical trial. Following the issue, IBT's continued capital need for implementation of the first clinical trial is currently estimated at approximately SEK 100 million.

IBT's work is aimed at developing a unique orphan drug to prevent the fatal disease necrotising enterocolitis (NEC). The project has progressed more rapidly than previously scheduled and according to the updated development plan, IBT expects to conduct two clinical trials within the next three years.

Necrotising enterocolitis (NEC) kills approximately 3,700 European and 1,500 US infants per year. NEC has an unpredictable, spontaneous, and acute onset and is untreatable, except through major surgery. The long-term complications for infants who survive NEC vary, but include impairment such as short bowel syndrome, prolonged neonatal hospitalisation and adverse neurodevelopmental outcomes, including cerebral palsy, cognitive impairment, and visual and hearing impairment.

For more information see previous press releases dated 12 June and 24 June 2015, respectively.

1) Of the previously decided SEK 47 million, BioGaia has paid in approximately SEK 29 million to date.

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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BioGaia has published this information in accordance with the Swedish Securities Market Act. The information was issued for publication on 7 September 2015, 09:00 a.m. CET.

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