

Press Release 21 August 2008

BioGaia enters agreement with Nestlé Nutrition

BioGaia AB has signed an agreement with Nestlé Nutrition, giving Nestlé rights to use *Lactobacillus reuteri* in infant formula in a large number of countries.

BioGaia's patented probiotic, *Lactobacillus reuteri*, is already today used in formula products in some European and Asian countries. The new agreement with Nestlé will cover the world markets, excluding Japan, and Korea.

The first product is planned to be launched during 2009.

"The agreement is further proof that major organisations appreciate the value of our products, particularly in the area of child health. These products are based on many years of research proving good clinical results. The safety demands are naturally very high for this type of product. Our safety data has been a strong factor in facilitating the agreement with Nestlé," says Peter Rothschild, President BioGaia AB.

"We look forward to a long-term and mutually beneficial cooperation with Nestlé in children's probiotics and expect volumes to grow and become a significant part of BioGaia's future business" says the President of BioGaia AB. The company already has an agreement with Nestlé Nutrition in the area of healthcare nutrition.

Nestlé Nutrition is the world leader in specialised nutrition. Part of the Nestlé group – the world's leading nutrition, health and wellness company – Nestlé Nutrition focuses on innovative science-driven solutions tailored for people with extreme nutritional needs. The Nestlé Nutrition brand portfolio covers infant nutrition, healthcare nutrition, performance nutrition and weight management.

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BioGaia is a biotechnology company that develops, markets and sells probiotic products with documented health benefits. The products are primarily based on the lactic acid bacterium Lactobacillus reuteri (Reuteri), which has probiotic, health-enhancing effects. The class B share of the Parent Company BioGaia AB is quoted on the Small Cap list of the Nordic Stock Exchange in Stockholm.