

The Board of BioGaia proposes that the AGM approve an extraordinary dividend, dissolution of the statutory reserve and an incentive scheme for the employees

The Board of Directors of BioGaia AB has decided, in addition to the proposal in the annual report, to propose that the 2012 Annual General Meeting (AGM) approve an additional extraordinary dividend of SEK 2 per share. The Board also proposes a reduction in the statutory reserve by SEK 77.7 million and a transfer to non-restricted reserves. The Board furthermore proposes the implementation of a subscription warrant programme for the employees.

In the annual report for 2011, the Board has proposed an ordinary dividend of SEK 1.26 per share and an extraordinary dividend of SEK 2.74 per share, for a total of SEK 4 (four) per share. The Board now proposes that the AGM approve an additional extraordinary dividend of SEK 2 (two) per share. The proposal will be taken up as an extra item on the agenda of the 2012 AGM.

The total proposed dividend is thus SEK 6 (six) per share, which is equal to a total dividend of SEK 103.6 million. The total dividend is accommodated within the framework of non-restricted equity in the Parent Company, which according to the annual report at 31 December 2011 amounted to SEK 117.8 million.

The Board also proposes that the AGM approve a reduction in the statutory reserve by SEK 77.7 million and a transfer of the entire statutory reserve to non-restricted reserves.

The Board has furthermore decided to propose that the AGM approve a subscription warrant programme for all permanent employees in the BioGaia Group. Upon full exercise of the warrants, the programme will have a dilutive effect of 1.14 per cent on the share capital and 0.83 per cent on the votes in BioGaia AB.

Notice of the AGM is given six to four weeks prior to the meeting through an announcement in the official gazette Post- och Inrikes Tidningar and on the company's website. An announcement that notice has been given is also published in Svenska Dagbladet. The AGM will be held on 8 May 2012, 4:00 p.m., at Citykonferensen Ingenjörshuset, Malmkillnadsgatan 46, in Stockholm.

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BioGaia has published this information in accordance with the Swedish Securities Market Act. The information was issued for publication on 21 March 2012, 08:00 am CET.

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