

## NET SALES ROSE 54% TO MSEK 37.1 IN THE THIRD QUARTER

### THIRD QUARTER OF 2014

- **NET SALES** amounted to MSEK 37.1 (24.1).
- **OPERATING PROFIT** totalled MSEK 9.0 (4.5).
- **PROFIT AFTER TAX** amounted to MSEK 7.1 (3.7).
- **PROFIT AFTER TAX PER SHARE** was SEK 0.77 (0.41).
- **CASH FLOW** amounted to MSEK 3.3 (4.2).

### ACCUMULATED 2014

- **NET SALES** amounted to MSEK 95.3 (76.1).
- **OPERATING PROFIT** totalled MSEK 20.5 (15.1).
- **PROFIT AFTER TAX** amounted to MSEK 16.4 (12.4).
- **PROFIT AFTER TAX PER SHARE** was SEK 1.80 (1.36).
- **CASH FLOW** amounted to MSEK 6.3 (4.1). Probi paid dividends of MSEK 6.8 (6.8).

### SIGNIFICANT EVENTS DURING THE THIRD QUARTER:

- Probi and Pharmavite expanded their partnership in the US and in international markets.
- NBTY launched products based on Probi Digestis® in the US retail market.
- Another trial confirmed that Probi's probiotics can increase iron absorption in women of child-bearing age.
- Vifor launched Probi Defendum® in Switzerland.
- An agreement was signed with Metagenics to launch Probi Defendum® in North America.

### SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD:

- Probi signed a distribution agreement with Laboratório Daudt for the launch of Probi Digestis® in Brazil.

### CEO'S COMMENTS:

"The third quarter was by far our best quarter ever. Net sales of MSEK 37.1 correspond to year-on-year growth of 54%. Our growth up to the third quarter was 25% and we are growing with increased profitability. The operating margin for the reporting period is slightly higher than in 2013. As in recent quarters, growth is attributable to the Consumer Healthcare business area where net sales have risen 53% to date this year, compared with the corresponding period in 2013. This growth was primarily driven by successful launches conducted jointly with our partners in the North American and South Korean markets. Due to strong global demand for our products, we are now reviewing the organisation to ensure we have the resources needed to seize the market opportunities in both of our business areas in coming years," says Peter Nählstedt, CEO of Probi.

### INVITATION TO TELECONFERENCE (SWEDISH):

Time: Wednesday, 29 October 2014 at 10.00 a.m. Phone number: +46 (0)8-519 99 030 Participants from Probi: Peter Nählstedt, CEO and Niklas Brandt, CFO. The presentation is available at: [www.probi.se](http://www.probi.se) and [www.financialhearings.com](http://www.financialhearings.com)

### FOR FURTHER INFORMATION, PLEASE CONTACT:

Peter Nählstedt, CEO Probi, tel: +46 (0)46-286 89 23 or +46 (0)723-86 99 83, e-mail: [peter.nahlstedt@probi.se](mailto:peter.nahlstedt@probi.se)  
Niklas Brandt, CFO Probi, tel: +46 (0)46-286 89 26 or +46 (0)706-62 98 83, e-mail: [niklas.brandt@probi.se](mailto:niklas.brandt@probi.se)

*This information is such that Probi AB is required to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 29 October 2014 at 8:45 a.m.*

*This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.*

### ABOUT PROBI

Probi AB is a Swedish publicly traded bioengineering company that develops effective and well-documented probiotics. Through its world-leading research, Probi has created a strong product portfolio in the gastrointestinal health and immune system niches. Probi's products are available to consumers in more than 30 countries worldwide. Probi's customers are leading food, health-product and pharmaceutical companies in the Functional Food and Consumer Healthcare segments. In 2013, Probi had sales of MSEK 102. The Probi share is listed on NASDAQ OMX Stockholm, Small Cap. Probi has about 3,500 shareholders. Read more at [www.probi.se](http://www.probi.se).



## ABOUT THE OPERATIONS

In 2014, Probi's operations have thus far been characterised by breakthroughs in two key growth markets – the US and South Korea. In the US, NBTY and Pharmavite conducted several launches of Probi's probiotic products. In South Korea, Sanofi launched Probi's digestive health capsules in the second quarter. These launches have been successful and led to strong growth for Probi.

In the third quarter of 2014, the largest US player in the VMS segment (Vitamins, Minerals and Supplements), NBTY, launched products based on Probi Digestis<sup>®</sup> in the retail market under the Nature's Bounty and Sundown Naturals brands. Earlier this year, NBTY conducted launches in the Health Food channel through its subsidiary Solgar. The products have been well received by consumers and NBTY has placed additional orders with deliveries scheduled for the fourth quarter. NBTY and Probi are now discussing further launches of probiotic products in the North American market.

Pharmavite, which has partnered with Probi since 2011, accounted for a large proportion of Probi's growth in the US in 2013. In the third quarter, Probi and Pharmavite signed a new long-term agreement covering distribution and marketing of Probi's products. The agreement entails that Pharmavite will broaden its distribution to include additional sales channels in the US market. The Nature Made<sup>®</sup> range will also be expanded with more probiotic products from Probi. Pharmavite will also launch Probi Digestis<sup>®</sup> in markets outside the US, where Pharmavite currently sells products under the Nature Made<sup>®</sup> brand. The first international launch will take place in the United Arab Emirates.

Two launches of Probi's immune product, Probi Defendum<sup>®</sup>, have been scheduled for the second half of 2014. In the third quarter, Vifor was launched under the Probi Immun<sup>®</sup> brand through pharmacies and health food stores in the Swiss market. Since 2012, Probi has partnered with Vifor, which also markets Probi's digestive health capsules under the Probi Intestis<sup>®</sup> brand in Switzerland. In late 2014, Probi Defendum<sup>®</sup> will be launched for the first time in the North American market. Probi's business partner, Metagenics, will launch Probi's immune product to the market for physicians and the prescribing chain. Since 2007, Probi has partnered with Metagenics in the US, which has since marketed Probi Digestis digestive health capsules directly to medical practitioners.

Bringwell has been marketing and distributing Probi Mage<sup>®</sup> and Probi Frisk<sup>®</sup> to pharmacies and health food stores in the Nordic market since 2010. The products quickly established a market-leading position and have consolidated their market share of about 50%. Since the first launch, the range has been extended with additional pack sizes and Probi and Bringwell are planning to expand the product range in 2015.

In 2014, Probi has thus far signed four new agreements to launch Probi Digestis<sup>®</sup> in key growth markets such as South Korea, Turkey and Brazil. In South Korea, agreements have been signed with Sanofi and Dongkook. In the Turkish market, an agreement have been signed with Impexia. After the reporting period, Probi signed a distribution agreement with Laboratório Daudt for the launch of Probi Digestis<sup>®</sup> in Brazil. Laboratório Daudt, the oldest pharmaceutical company in Brazil, plans to conduct the launch in 2015. The Brazilian probiotics market is growing and sales exceed MUS\$ 60. Laboratório Daudt has a well-established contact network with Brazil gastroenterologists and established distribution networks to some 65,000 of Brazil's most important pharmacies.

In the third quarter, a second clinical trial was completed, confirming previous findings that Probi's probiotics can increase iron absorption in women of child-bearing age. Probi believes there is a great need for a product with bioavailable iron that is gentle on the stomach. Preparations for a product launch in 2015 are in progress.

## SALES AND COSTS

### Reporting period January-September 2014

During the reporting period, Probi's net sales amounted to MSEK 95.3 (76.1), up MSEK 19.2 or 25%.

Net sales in the Consumer Healthcare business area rose MSEK 23.4, or 53%, to MSEK 67.6 (44.2). This strong growth in the period including the third quarter was primarily driven by launches in the South Korean and North American markets. The Swiss market also showed a positive trend.

Net sales in the Functional Food business area amounted to MSEK 27.7 (31.8). Revenue in Functional Food mainly comprises royalty revenue from ProViva. This revenue declined year-on-year, due to a combination of

slightly lower sales volumes and changes to the royalty rate under agreements signed with Danone in 2010. The volume change for ProViva was in line with a total market decline for chilled juices and fruit drinks.

Operating expenses rose MSEK 14.2 to MSEK 76.3 (62.1). Most of this increase, MSEK 10.5, was due to higher product costs resulting from increased supplies.

### Third quarter, July-September 2014

In the third quarter, Probi's net sales amounted to MSEK 37.1 (24.1). The overall increase was MSEK 13.0, or 54%.

Net sales in the Consumer Healthcare business area rose MSEK 13.9, or 96%, to MSEK 28.4 (14.5). Deliveries to Probi's US partners accounted for slightly more than half of this increase. Deliveries to Sanofi in South Korea and Vifor in Switzerland were also higher than in the year-earlier period of 2013.

Net sales in Functional Food amounted to MSEK 8.6, down MSEK 1.1 compared with the third quarter of 2013. The decline was a combined result of slightly lower sales volumes and changes to the royalty rate under agreements signed with Danone in 2010.

Operating expenses in the third quarter amounted to MSEK 28.9 (20.0), up MSEK 8.9 year-on-year. Product costs attributable to increased sales accounted for MSEK 7.1 of this increase.

#### Distribution of operating revenue:

SEK 000s	Q3 2014	Q3 2013	Q1 – Q3 2014	Q1 – Q3 2013	Full-year 2013
Sales, goods	26,781	13,551	62,496	38,343	53,446
Royalty, licenses, etc.	10,275	10,587	32,826	37,710	48,764
<b>Net sales</b>	<b>37,056</b>	<b>24,138</b>	<b>95,322</b>	<b>76,053</b>	<b>102,210</b>
Other operating revenue	843	391	1,484	1,097	1,344
<b>Total operating revenue</b>	<b>37,899</b>	<b>24,529</b>	<b>96,806</b>	<b>77,150</b>	<b>103,554</b>

#### Profit after tax

Profit after tax for the reporting period amounted to MSEK 16.4 (12.4). Tax expense was MSEK 4.7 (3.6).

#### Earnings per share

Earnings per share for the reporting period amounted to SEK 1.80 (1.36).

#### Cash flow

Cash and cash equivalents rose MSEK 6.3 (4.1) during the reporting period and amounted to MSEK 97.6 (91.4) at the end of the quarter. In the reporting period, cash flow from operating activities rose MSEK 0.5 to MSEK 21.4 (20.9) year-on-year. Due to increased sales, operating receivables and operating liabilities rose relative to the comparison period.

#### Investments

During the reporting period, investments in intangible assets amounted to MSEK 7.7 (9.7), of which MSEK 1.5 (1.7) pertained to patents and MSEK 6.2 (8.0) to capitalised development expenditure. Capitalised development expenditure mainly pertains to clinical trials in the immune and gastrointestinal health area. Investments in tangible fixed assets amounted to MSEK 0.6 (0.3).

Probi conducts prioritised research and development projects to ensure long-term growth. The R&D proportion of total expenses, excluding goods for resale and depreciation/amortisation, was 39% (33). Including capitalised development expenditure for the period, this figure increased to 46% (44).

## SEGMENT INFORMATION

### General information

Probi's operations are organised in two business segments with two separate managers: Functional Food and Consumer Healthcare.

The Functional Food segment focuses on developing food that provides health benefits. This development is conducted in partnership with leading food companies in order to commercialise and market products with high volume potential.

The Consumer Healthcare segment develops, markets and sells Probi probiotics in partnership with pharmaceutical companies and other companies specialised in probiotics and health and wellness products, under Probi's proprietary brand and those of its partners.

No business transactions are conducted between the two segments.

### Operating profit per segment:

SEK 000s	Q3 2014			Q3 2013		
	FF	CHC	Total	FF	CHC	Total
Operating revenue	8,691	29,208	<b>37,899</b>	9,761	14,768	<b>24,529</b>
Operating expenses	-6,342	-22,532	<b>-28,874</b>	-5,404	-14,603	<b>-20,007</b>
<b>Operating profit</b>	<b>2,349</b>	<b>6,676</b>	<b>9,025</b>	<b>4,357</b>	<b>165</b>	<b>4,522</b>

SEK 000s	Q1 – Q3 2014			Q1 – Q3 2013			Full-year 2013		
	FF	CHC	Total	FF	CHC	Total	FF	CHC	Total
Operating revenue	27,955	68,851	<b>96,806</b>	32,091	45,059	<b>77,150</b>	41,640	61,914	<b>103,554</b>
Operating expenses	-19,559	-56,765	<b>-76,324</b>	-18,626	-43,437	<b>-62,063</b>	-25,782	-59,629	<b>-85,411</b>
<b>Operating profit</b>	<b>8,396</b>	<b>12,086</b>	<b>20,482</b>	<b>13,465</b>	<b>1,622</b>	<b>15,087</b>	<b>15,858</b>	<b>2,285</b>	<b>18,143</b>

FF= Functional Food CHC= Consumer Healthcare

Probi's focus in recent years on developing the Consumer Healthcare business area has included new distribution solutions, the establishment of proprietary brands and more intense business development – primarily in North and South America, and in Asia. In conjunction with these initiatives, new resources have been allocated to the business area. Up to and including the third quarter of 2014, revenue in the business area rose 53% compared with the year-earlier period, accompanied by a sharp improvement in operating profit.

### Operating revenue distributed by geographic market:

SEK 000s	Q3 2014	Q3 2013	Q1 – Q3 2014	Q1 – Q3 2013	Full-year 2013
Sweden	12,528	13,980	38,914	45,201	59,073
Rest of Europe	6,350	5,261	13,577	11,007	14,585
North America	13,492	3,714	24,195	13,226	18,250
Rest of the world	5,529	1,574	20,120	7,716	11,646
<b>Total</b>	<b>37,899</b>	<b>24,529</b>	<b>96,806</b>	<b>77,150</b>	<b>103,554</b>

Sales volumes for ProViva and Bringwell decreased, compared with the corresponding period in 2013, resulting in a revenue decline in Sweden. Some of this decline is also a result of contractual changes to the royalty rate for ProViva under agreements signed with Danone in 2010. The revenue increase in Rest of the

world was mainly attributable to deliveries to Sanofi, which launched Probi Digestis® in South Korea during the second quarter of 2014. Compared with the corresponding period of 2013, Probi's sales to the North American market rose 83%, driven by launches of NBTY and Pharmavite.

## RESEARCH AND DEVELOPMENT

### Iron deficiency

In 2014, Probi concluded two clinical trials showing that Probi's probiotics can increase iron absorption in women of child-bearing age. The second trial was concluded in the third quarter and confirms the results of the first trial. The trials were conducted by a research team led by Lena Hulthén, Professor of Clinical Nutrition at the University of Gothenburg. Women of child-bearing age ate meals with a capsule that did, or did not, contain freeze-dried *Lactobacillus Plantarum DSM 9843*. Absorption of iron from the meals was measured using stable iron isotopes. The findings show that iron absorption from the meals with a capsule containing *Lactobacillus Plantarum DSM 9843* was significantly higher than absorption from the meals with capsules that did not contain the probiotic bacteria.

Iron deficiency and low iron status are common in children, adolescents and women of child-bearing age, both in the Western World and in developing countries. This can lead to iron deficiency anaemia, with cognition impairment and a resulting weaker immune response. Menstruating women need extra iron and often do not get enough iron and/or eat iron-rich foods. Iron deficiency may cause the body to increase its iron intake, but not usually enough to keep pace with the body's demands. One alternative for people with iron deficiency is to take supplements with high doses of iron. However, these often have side effects such as gastrointestinal discomfort.

Probi is now proceeding to prepare for a joint product launch with the company's distributors in 2015.

### Scientific Advisory Board

Probi has appointed Glenn Gibson, Maria Rescigno and Henrik Vestergaard to its Scientific Advisory Board. The appointments are made to further strengthen Probi's business by increasing the understanding of the microbiome and its impact on health.

Glenn Gibson is Professor of Food Microbiology and Head of Food Microbial Sciences at the University of Reading, UK. Glenn's current research includes acute and chronic gut disease, autism, obesity, novel prebiotics, and human metatranscriptomics. Additional areas of expertise include probiotics, gastroenteritis in sports, metabolic syndrome and gut flora development with age.

Prof. Maria Rescigno, is Director of the Dendritic Cell Biology and Immunotherapy Unit at the European Institute of Oncology in Milan, Italy. Her major field of interest is the mucosal immune system, in particular antigen-presentation by dendritic cells and bacterial handling in the gut. Her line of research includes studies of host-microbe interactions at mucosal surfaces.

Henrik Vestergaard, is Associate Professor at the Novo Nordic Foundation Center for Basic Metabolic Research in Copenhagen, Denmark. As a specialist in internal medicine and endocrinology, Henrik brings clinical experience and expertise within the area of metabolic diseases. His current research includes genetics of cardiometabolic diseases, gene-environment interaction, glycemic control, prediabetes and type 2 diabetes.

Additional members of Probi Scientific Advisory Board, are:

Hans Wigzell, Professor of Immunology at the Department of microbiology, tumor and cellbiology of Karolinska Institute, Stockholm, Sweden.

Lars Gatenbeck, MD, PhD, Founder and Chairman at Life Equity Group, Stockholm, Sweden.

Jan Nilsson, Professor of Cardiovascular Experimental Research at Lund University, Lund, Sweden.

## EMPLOYEES

At the end of the period, Probi had 28 (27) employees, of whom 19 (18) were women and 9 (9) men. The average number of employees during the year was 25 (24).



## RELATED-PARTY TRANSACTIONS

During the year, Jan Nilsson, Board member, invoiced fees of SEK 30,000 (60,000) via Atherioco AB pertaining to Probi's Scientific Advisory Board and Mats Lidgard, Board member, invoiced SEK 13,000 (39,000) via Lavindia AB for consulting fees regarding legal issues.

## SIGNIFICANT EVENTS AFTER THE CLOSE OF THE REPORTING PERIOD

Probi signed a distribution agreement with Laboratório Daudt for the launch of Probi Mage<sup>®</sup> in Brazil. For more information, please refer to the About the operations section on page 2.

## SIGNIFICANT RISKS AND UNCERTAINTIES

The risks and uncertainties to which Probi's operations are exposed are described on page 53 of the printed 2013 Annual Report. At 30 September 2014, no significant changes are considered to have occurred to these risks or uncertainties.

## CALENDAR

Year-end report, 2014	28 January 2015
Interim report Q1, 2015	23 April 2015
2014 Annual General Meeting	23 April 2015
Interim report Q2, 2015	16 July 2015
Interim report Q3, 2015	22 October 2015
Year-end report, 2015	26 January 2016

## ANNUAL GENERAL MEETING

The 2014 Annual General Meeting will be held in Lund on Thursday, 23 April 2015 at 3.00 p.m. The location is to be announced.

Shareholders who wish to have matters considered at the Annual General Meeting are requested to notify the Chairman of the Board no later than Friday, 6 March 2015. Such proposals are to be e-mailed to [sofie.forsman@probi.se](mailto:sofie.forsman@probi.se) or posted to: Annual General Meeting, Probi AB, Att: Sofie Forsman, Ideon Gamma 1, SE-223 70 Lund, Sweden

## ACCOUNTING AND MEASUREMENT POLICIES

### Group

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups – January 2014, the International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union. This interim report was prepared in compliance with IAS 34 "Interim reporting" and the Swedish Annual Accounts Act.

As of the second quarter of 2014, forward contracts have been signed to cover the risk of exchange-rate fluctuations. Since Probi does not apply hedge accounting, these forward exchange contracts pertain to the hedging of future cash flows and are measured at fair value. The change in value is recognised in profit and loss as financial income or financial expense, respectively.

The accounting policies applied when these consolidated financial statements were prepared were consistent for all presented periods, unless otherwise stated. The complete accounting policies can be found on pages 64-67 of the printed 2013 Annual Report.

The Parent Company's functional currency is the Swedish krona (SEK), which is also the reporting currency for both the Parent Company and the Group. All amounts stated have been rounded off to the nearest thousand SEK, unless otherwise stated.

Amounts and figures in parentheses pertain to comparative figures for the year-earlier period. Amounts are expressed in Swedish kronor (SEK), thousands of Swedish kronor (KSEK) or millions of Swedish kronor (MSEK), according to that which is stated.

### **Parent Company**

The Parent Company applies the same accounting policies as the Group, with the exceptions and supplements stipulated in RFR 2, Accounting for Legal Entities – January 2014. The interim report complies with the Swedish Annual Accounts Act.

### **ASSURANCE BY THE BOARD OF DIRECTORS**

The Board of Directors and the CEO provide their assurance that this interim report gives a fair and accurate view of the Parent Company's and the Group's operations, financial position and revenue, and describes the material risks and uncertainties facing the Parent Company and the Group.

Lund, 29 October 2014

Per Lundin  
*Chairman of the Board*

Jörn Andreas  
*Board member*

Benedicte Fossum  
*Board member*

Mats Lidgard  
*Board member*

Declan MacFadden  
*Board member*

Jan Nilsson  
*Board member*

Eva Redhe Ridderstad  
*Board member*

Peter Nählstedt  
*CEO*

The auditor's review report of the condensed interim financial information (interim report) has been prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act (1995:1554).

To the Board of Directors of Probi AB (publ), Corp. Reg. No. 556417-7540

## Introduction

We have conducted a review of the interim report for Probi AB (publ) as of 30 September 2014 and the nine-month period that ended on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim financial information based on our review.

## Focus and scope of the review

We have conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and significantly less scope than an audit in accordance with the International Standards on Auditing (ISA), and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that would have been identified if an audit had been conducted. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

## Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information has not, in all material respects, been prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Malmö, 29 October 2014

Deloitte AB

Per-Arne Pettersson

Authorised Public Accountant



**Statement of comprehensive income (Group)**

	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Full-year 2013
<b>Currency: KSEK</b>					
<b>Operating revenue</b>					
Net sales	37,056	24,138	95,322	76,053	102,210
Other revenue	<u>843</u>	<u>391</u>	<u>1,484</u>	<u>1,097</u>	<u>1,344</u>
<b>Total operating revenue</b>	<b>37,899</b>	<b>24,529</b>	<b>96,806</b>	<b>77,150</b>	<b>103,554</b>
<b>Operating expenses</b>					
Cost of goods sold	-12,678	-5,595	-28,406	-17,907	-25,792
Employee benefit expenses	-7,956	-6,264	-23,031	-20,497	-27,639
Other external costs	-6,888	-6,865	-20,848	-20,063	-27,046
Depreciation of fixed assets	<u>-1,352</u>	<u>-1,283</u>	<u>-4,039</u>	<u>-3,596</u>	<u>-4,934</u>
<b>Total operating expenses</b>	<b>-28,874</b>	<b>-20,007</b>	<b>-76,324</b>	<b>-62,063</b>	<b>-85,411</b>
<b>Operating profit</b>	<b>9,025</b>	<b>4,522</b>	<b>20,482</b>	<b>15,087</b>	<b>18,143</b>
Financial income	493	421	1,335	1,212	1,645
Financial expenses	<u>-464</u>	<u>-174</u>	<u>-723</u>	<u>-281</u>	<u>-297</u>
<b>Profit before tax</b>	<b>9,054</b>	<b>4,769</b>	<b>21,094</b>	<b>16,018</b>	<b>19,491</b>
Tax for the period	<u>-2,002</u>	<u>-1,073</u>	<u>-4,695</u>	<u>-3,588</u>	<u>-4,446</u>
<b>Profit for the period</b>	<b>7,052</b>	<b>3,696</b>	<b>16,399</b>	<b>12,430</b>	<b>15,045</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>7,052</b>	<b>3,696</b>	<b>16,399</b>	<b>12,430</b>	<b>15,045</b>
Number of shares at end of the reporting period	9 115 300	9 115 300	9 115 300	9 115 300	9 115 300
Average no.of shares	9 115 300	9 115 300	9 115 300	9 115 300	9 115 300
Earnings per share before and after dilution	0,77	0,41	1,80	1,36	1,65

Net profit and total comprehensive income are attributable in their entirety to the Parent Company's shareholders

Since the company has no outstanding convertible loans or outstanding warrants, no dilution effect arises.

During 2011, Probi bought back company shares and at the end of the reporting period owned 250,000 treasury shares, corresponding to 2.7% of the total number of shares, with a quotient value of SEK 5.00 per share.

**Income statement (Parent Company)**

	Q3 2014	Q3 2013	Q1-Q3 2014	Q1-Q3 2013	Full-year 2013
<b>Currency: KSEK</b>					
<b>Operating revenue</b>					
Net sales	37,056	24,138	95,322	76,053	102,210
Other revenue	<u>843</u>	<u>391</u>	<u>1,484</u>	<u>1,097</u>	<u>1,344</u>
<b>Total operating revenue</b>	<b>37,899</b>	<b>24,529</b>	<b>96,806</b>	<b>77,150</b>	<b>103,554</b>
<b>Operating expenses</b>					
Cost of goods sold	-12,678	-5,595	-28,406	-17,907	-25,792
Employee benefit expenses	-7,956	-6,264	-23,031	-20,497	-27,639
Other external costs	-6,888	-6,865	-20,848	-20,063	-27,046
Depreciation of fixed assets	<u>-1,352</u>	<u>-1,283</u>	<u>-4,039</u>	<u>-3,596</u>	<u>-4,934</u>
<b>Total operating expenses</b>	<b>-28,874</b>	<b>-20,007</b>	<b>-76,324</b>	<b>-62,063</b>	<b>-85,411</b>
<b>Operating profit</b>	<b>9,025</b>	<b>4,522</b>	<b>20,482</b>	<b>15,087</b>	<b>18,143</b>
Financial income	493	421	1,335	1,212	1,645
Financial expenses	-464	-174	-723	-281	-297
Appropriations	-	-	-	-	<u>4,595</u>
<b>Profit before tax</b>	<b>9,054</b>	<b>4,769</b>	<b>21,094</b>	<b>16,018</b>	<b>24,086</b>
Tax for the period	<u>-2,002</u>	<u>-1,073</u>	<u>-4,695</u>	<u>-3,588</u>	<u>-5,457</u>
<b>Profit for the period</b>	<b>7,052</b>	<b>3,696</b>	<b>16,399</b>	<b>12,430</b>	<b>18,629</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>7,052</b>	<b>3,696</b>	<b>16,399</b>	<b>12,430</b>	<b>18,629</b>

**Consolidated statement of financial position (Group)**

	30 Sep. 2014	30 Sep. 2013	31 Dec. 2013
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	20,911	14,314	16,611
Patents and licenses	9,047	8,482	8,818
Goodwill	2,762	2,762	2,762
Equipment, tools and fixtures	<u>2,079</u>	<u>2,467</u>	<u>2,359</u>
<b>Total fixed assets</b>	<b>34,799</b>	<b>28,025</b>	<b>30,550</b>
<b>Current liabilities</b>			
Inventories	2,402	4,834	2,679
Current receivables	32,387	20,846	25,185
Cash and cash equivalents	<u>97,615</u>	<u>91,405</u>	<u>91,301</u>
<b>Total current assets</b>	<b>132,404</b>	<b>117,085</b>	<b>119,165</b>
<b>Total assets</b>	<b>167,203</b>	<b>145,110</b>	<b>149,715</b>
<b>Equity and liabilities</b>			
Equity	140,587	128,410	131,025
Deferred tax	132	1,142	132
Current liabilities	<u>26,484</u>	<u>15,558</u>	<u>18,558</u>
<b>Total equity and liabilities</b>	<b>167,203</b>	<b>145,110</b>	<b>149,715</b>

**Balance sheet (Parent Company)**

	30 Sep. 2014	30 Sep. 2013	31 Dec. 2013
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	20,911	14,314	16,611
Patents and licenses	9,047	8,482	8,818
Equipment, tools and fixtures	2,079	2,467	2,359
Participation in Group Companies	<u>4,031</u>	<u>4,031</u>	<u>4,031</u>
<b>Total fixed assets</b>	<b>36,068</b>	<b>29,294</b>	<b>31,819</b>
<b>Current liabilities</b>			
Inventories	2,402	4,834	2,679
Current receivables	32,387	20,846	25,185
Cash and cash equivalents	<u>97,615</u>	<u>91,405</u>	<u>91,301</u>
<b>Total current assets</b>	<b>132,404</b>	<b>117,085</b>	<b>119,165</b>
<b>Total assets</b>	<b>168,472</b>	<b>146,379</b>	<b>150,984</b>
<b>Equity and liabilities</b>			
Equity	137,354	121,592	127,791
Untaxed reserves	598	5,193	598
<b>Long-term liabilities</b>	4,036	4,036	4,036
Current liabilities	<u>26,484</u>	<u>15,558</u>	<u>18,559</u>
<b>Total equity and liabilities</b>	<b>168,472</b>	<b>146,379</b>	<b>150,984</b>

### Changes in equity (Group)

	Share capital	Other contributions received	Result brought forward	Total equity
<b>Reporting period, 1 Jan. 2013 - 30 Sep. 2013</b>				
Opening balance, 1 Jan. 2013	46,827	64,740	11,249	122,816
Total comprehensive income for the period			12,430	12,430
Dividends for 2012			-6,836	-6,836
<b>Equity, 30 Sep. 2013</b>	<b>46,827</b>	<b>64,740</b>	<b>16,843</b>	<b>128,410</b>

	Share capital	Other contributions received	Result brought forward	Total equity
<b>Reporting period, 1 Jan. 2014 - 30 Sep. 2014</b>				
Opening balance, 1 Jan. 2014	46,827	71,578	12,620	131,025
Total comprehensive income for the period			16,399	16,399
Dividends for 2013			-6,837	-6,837
<b>Equity, 30 Sep. 2014</b>	<b>46,827</b>	<b>71,578</b>	<b>22,182</b>	<b>140,587</b>

### Statement of cash flows

	Q1-Q3 2014	Q1-Q3 2013	Full-year 2013
<b>Operating activities</b>			
Profit before tax	21,094	16,018	19,491
Depreciation/amortisation	4,039	3,596	4,934
Income tax paid	<u>-2,757</u>	<u>-3,243</u>	<u>-4,151</u>
<b>Cash flow from operating activities before changes in working capital</b>	<b>22,376</b>	<b>16,371</b>	<b>20,274</b>
Change in inventories	277	-2,368	-213
Change in operating receivables	-7,202	4,490	152
Change in operating liabilities	<u>5,989</u>	<u>2,443</u>	<u>4,483</u>
<b>Cash flow from operating activities</b>	<b>21,440</b>	<b>20,936</b>	<b>24,696</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets	-7,708	-9,694	-13,373
Acquisition of tangible fixed assets	<u>-582</u>	<u>-286</u>	<u>-471</u>
<b>Cash flow from investing activities</b>	<b>-8,290</b>	<b>-9,980</b>	<b>-13,844</b>
<b>Change in cash and cash equivalents</b>			
Dividend to shareholders	<u>-6,836</u>	<u>-6,836</u>	<u>-6,836</u>
<b>Cash flow from financing activities</b>	<b>-6,836</b>	<b>-6,836</b>	<b>-6,836</b>
<b>Change in cash and cash equivalents</b>	<b>6,314</b>	<b>4,120</b>	<b>4,016</b>
Cash and cash equivalents at the beginning of the year	91,301	87,285	87,285
Cash and cash equivalents at the end of the period	97,615	91,405	91,301
<b>Interest paid and received</b>			
Interest received	754	59	1,196
Interest paid	-	-	-

Key ratios		2014			2013			2012	
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Def.								
Net sales Functional Food, quarterly		8 641	9 296	9 802	9 461	9 685	10 087	12 032	11 704
Net sales Consumer Healthcare, quarterly		28 415	22 586	16 582	16 696	14 453	16 434	13 362	14 469
Total net sales, quarterly		37 056	31 882	26 384	26 157	24 138	26 521	25 394	26 173
Operating profit		9 025	5 329	6 128	3 055	4 522	4 555	6 010	2 601
Growth, accumulated, %	1	25,3	12,2	3,9	2,7	3,6	-1,2	-17,1	5,5
R&D expenses as part of operating income, %		18	18	19	19	17	19	18	18
Operating margin, %	2	21,5	19,7	23,2	17,8	19,8	20,4	23,7	17,3
Net margin, %	3	22	20,7	24,5	19,1	21,1	21,7	24,9	18,4
Average no. of employees		25	25	25	25	24	24	24	23
Assets		167 203	154 464	152 919	149 715	145 110	140 517	142 233	136 728
Working capital	4	105 920	100 839	104 337	100 606	101 527	100 339	106 506	103 011
Liquid ratio, %	5	491	569	708	628	722	756	879	933
Equity ratio, %	6	84,0	86,4	88,9	87,5	88,5	88,8	89,8	89,8
Debt/equity ratio, %	7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Return on total assets, %	8	13,5	8,0	4,3	13,7	11,4	8,1	4,5	14,1
Return on equity, %	9	15,5	9,1	4,9	15,4	12,9	9,1	5,0	15,3
Equity per share, SEK		15,42	14,65	14,93	14,37	14,09	13,68	14,01	13,47
Cash flow per share, SEK		0,69	0,33	0,39	0,44	0,45	0,00	0,95	1,22
Share price, SEK		46,80	50,50	40,50	39,50	41,10	40,50	39,20	44,40
Market cap		426 596	460 323	369 170	360 054	374 639	369 170	357 320	404 719

**Definitions of key ratios**

1. Change in net sales
2. Operating income as a percentage of net sales
3. Profit before tax as a percentage of net sales
4. Total current assets less current liabilities
5. Total current assets excluding inventories as a percentage of current liabilities
6. Equity as a percentage of balance sheet total
7. Interest-bearing liabilities as a percentage of equity
8. Operating income and interest income as a percentage of average total assets
9. Profit before tax as a percentage of average equity