

Year-end report January-December 2022

Fourth quarter impacted by one-off items

Important events during the fourth quarter

- Net sales decreased by 15% (-27% adjusted for currency effects) to SEK 144 m (170) in Q4. Snowstorms in the USA delayed deliveries to the value of SEK 18 m in net sales.
- The EBITDA margin amounted to 11% (32) in Q4. Adjusted for the delayed deliveries and one-off items, the EBITDA margin was 24%.
- Probi will take over the distribution of its own brand Probi® from April 1, 2023.
- Purchase of strain rights from American partners for faster commercialization of spores.
- The Board appointed Anita Johansen as Interim CEO. New recruitment is underway.

SEK
144 m
Net sales

Important events during the full year 2022

- Net sales decreased by 6% (-17% adjusted for currency effects) to SEK 618 m (658).
- The EBITDA margin amounted to 22% (28).
- The technology transfer of BLIS products started with the first commercial production batch of BLIS K12.
- New skin care product developed based on by-product from the production process, contributing to reduced environmental costs and less environmental impact.
- Pilot study on Gut-Brain with 132 participants completed.
- The Board of Directors proposal to the 2023 Annual General Meeting is for a dividend of SEK 1.30 (1.30) per share corresponding to SEK 14.8 m (14.8) for the 2022 financial year.

11%
EBITDA margin

Financial overview

SEK m	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	144.0	170.0	618.3	658.2
Growth, %	-15.3%	-8.0%	-6.1%	-8.2%
Currency adjusted growth, %	-26.9%	-9.4%	-16.7%	-3.3%
Gross margin, %	36.8%	48.6%	41.3%	43.8%
EBITDA	15.8	54.1	136.3	182.5
EBITDA margin, %	10.9%	31.8%	22.0%	27.7%
Operating profit (EBIT)	-7.6	34.1	50.6	109.2
EBIT margin, %	-5.3%	20.1%	8.2%	16.6%
Net income	-5.7	26.3	40.6	83.1
Earnings per share before and after dilution, SEK	-0.50	2.31	3.57	7.30

See note 5 for definitions of ratios not defined according to IFRS

This information is information that Probi AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the CEO and CFO, on January 27, 2023 at 08:00 CET. This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.



Important measures to increase growth and profitability

My first 50 days as interim CEO of Probi have been intense. Probi is a fantastic company with great potential and I feel extremely honored to have been entrusted to lead this company. At the same time, we have several challenges to deal with, within both our own operations and on the market.

We round off 2022 and can summarize an extremely turbulent year in the outside world, which of course also left its mark on our business. Sales totaled SEK 618 m, a decrease of 6% compared to the previous year. Adjusted for currency effects, this decrease was 17%. The last quarter was negatively affected by the snowstorms that paralyzed parts of the USA at the end of December, which meant that we had to postpone some major deliveries with a value of SEK 18 m until 2023. Sales in Q4 amounted to SEK 144 m, which was 15% lower than the previous year.

In Q4, we saw one-off costs of around SEK 12 m, of which SEK 8 m were personnel-related and the rest business development costs. The reported EBITDA margin for the full year amounted to 22%, but adjusted for one-off costs and the delayed orders, this EBITDA margin was about 25%.

Both the Americas and EMEA saw weak development in 2022. There were specific reasons for some individual customers, but at the same time market sentiment is more cautious in both regions linked to macroeconomic developments. We assess that even in 2023 there will continue to be some caution in the market.

For the APAC region, we saw promising development in 2022 with a revenue increase of 10%. In the region, we have primarily grown in China despite the Covid restrictions prevailing during the year. As these have now been eased, we see opportunities for increasing

our activities, provided that the spread of the disease does not create new obstacles.

For a couple of years, we have made major investments in our manufacturing facility at Redmond. While we have made great progress, we concluded during the autumn that further improvements and investments would be required to optimize our manufacturing process. One of my key priority areas in 2023 will be to continue to improve operations and benefit from our investments in our manufacturing facility.

The pandemic has presented challenges for us in running clinical studies. That's why it's very pleasing that at the end of the year we completed a pilot study on Gut-Brain. This is a wide-ranging health area with great potential in a number of exciting niches. We are now preparing publication of the study and for the product launch in 2023.

In 2023, we will also launch a completely new product category – spores. At the end of the year, we bought the right to the strain from our partners, which means that we can drive product development and commercialization significantly faster. Spores is an area with great commercial potential, for example in the USA.

We were obviously not satisfied with 2022's growth and profitability and we have initiated a number of measures to reverse this trend. My main priorities in 2023 will be to secure production capacity, increase growth and by that also profitability, make sure that we have the right resources in the right places and that we succeed with our new product launches to contribute to our long-term growth.

Anita Johansen
Interim CEO



Net sales

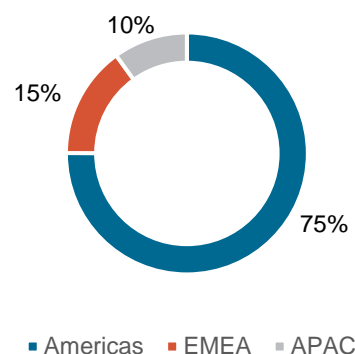
October – December (fourth quarter)

During Q4, net sales amounted to SEK 144.0 m (170.0), corresponding to a decrease of SEK 26.0 m or 15%. Adjusted for currency effects, net sales amounted to SEK 124.4 m, corresponding to a decrease of 27%.

The decrease of SEK 26.0 m is explained by lower sales in the Americas, which decreased by SEK 19.7 m (-15%), while EMEA decreased by SEK 9.3 m (-30%) and APAC increased by SEK 3.0 m (27%).

The share of total net sales in the Americas in Q4 was 75%. EMEA accounted for 15% and APAC 10%.

Net sales distribution by segment



January – December (full year)

Net sales amounted to SEK 618.3 m (658.2), which was 6% lower than the previous year. Adjusted for currency effects, this corresponded to a decrease of 17%. The Americas region decreased by 6% and amounted to SEK 454.5 m. This decrease is mainly explained by a few major customers in the region making changes to their product portfolios. Sales in EMEA decreased by 12% and amounted to SEK 109.6 m. This decrease can be explained by Perrigo's change of strategy, which reduced sales at the same time as the comparative year contained milestone-related income. Sales in APAC increased by SEK 4.7 m (10%).

Net sales per segment

SEK m	Oct-Dec			Jan-Dec		
	2022	2021	Change, %	2022	2021	Change, %
Americas	108.1	127.8	-15.4%	454.5	484.6	-6.2%
EMEA	21.6	30.9	-30.1%	109.6	124.1	-11.7%
APAC	14.3	11.3	26.5%	54.2	49.5	9.5%
Net sales	144.0	170.0	-15.3%	618.3	658.2	-6.1%



Earnings

Operating profit/loss (EBIT)

The operating result for Q4 amounted to SEK -7.6 m (34.1), corresponding to a decrease of SEK 41.7 m. The low operating profit in the quarter can be explained by delayed orders together with high one-off costs. Adjusted for currency effects, the operating result was SEK -11.2 m.

Sales and marketing expenses amounted to SEK 27.1 m (24.0), with the increase mainly linked to fluctuating exchange rates but also increased customer activity. The period also included personnel-related restructuring costs of SEK 1.0 m.

Research and development costs were higher than the previous year and amounted to SEK 11.8 m (9.3), which is explained by accelerated activities in the research projects. The period also includes personnel-related restructuring costs of SEK 0.7 m.

Administrative expenses increased by SEK 4.9 m compared to the previous year and amounted to SEK 21.7 m (16.8). The period included personnel-related restructuring costs of SEK 6.3 m and business development costs of SEK 3.7 m. The comparative period also included costs relating to business development, which amounted to SEK 3.9 m.

Operating profit/loss

SEK m	Oct-Dec			Jan-Dec		
	2022	2021	Change, %	2022	2021	Change, %
Gross profit Americas	35.8	60.2	-40.5%	167.4	193.2	-13.4%
Gross profit EMEA	9.5	16.3	-41.7%	56.5	66.9	-15.5%
Gross profit APAC	7.7	6.1	26.2%	31.5	27.9	12.9%
Gross profit	53.0	82.6	-35.8%	255.4	288.0	-11.3%
Sales and marketing expenses	-27.1	-24.0	12.9%	-100.9	-88.9	13.5%
Research and development expenses	-11.8	-9.3	20.4%	-38.3	-37.1	1.6%
Administration expenses	-21.7	-16.8	29.2%	-65.8	-54.5	20.7%
Other operating income	0.1	1.6	-137.5%	0.3	1.7	-123.5%
Operating profit (EBIT)	-7.6	34.1	-122.3%	50.6	109.2	-53.7%

Financial result

The financial result for Q4 amounted to SEK 1.0 m (-0.7). Net financial items excluding exchange rate results amounted to SEK 0.5 m (-0.5) and mainly consisted of interest income on bank balances and interest expenses on leasing contracts. The exchange rate result amounted to SEK 0.5 m (-0.2) in Q4 and refers to the conversion of cash and cash equivalents into foreign currency.

Profit/loss for the period

The period's loss for the quarter amounted to SEK 5.7 m (+26.3). Tax costs were SEK 0.9 m (-7.1).

Earnings per share

Earnings per share for the quarter amounted to SEK -0.50 (2.31).



Operating segments

Probi's operating segments are based on a geographical division and consist of the Americas (North and South America), EMEA (Europe, the Middle East and Africa) and APAC (Asia and the Pacific).

Americas

Net sales in the Americas decreased by 15% and amounted to SEK 108 m. Adjusted for currency effects net sales amounted to SEK 89 m, corresponding to a decrease of 30% in Q4. For the full year, net sales decreased by 6% to SEK 455 m and adjusted for currency effects net sales fell by 20%.

At the end of December, parts of the USA were hit by extensive snowstorms, which meant that customer orders worth SEK 18 m could not be delivered from the factory in Colorado.

The year was characterized by a generally more cautious market climate, and this is expected to continue in 2023.

The gross margin in Q4 was 33% (47). The lower gross margin compared to the previous year is explained by a lower sales volume and delayed deliveries of high-margin orders, while the margin in the comparative period was unusually high. For the full year, the gross margin was 37% (40).

SEK m	Oct-Dec			Jan-Dec		
	2022	2021	Change, %	2022	2021	Change, %
Net Sales	108.1	127.8	-15.4%	454.5	484.6	-6.2%
Cost of goods sold	-72.3	-67.6	7.0%	-287.1	-291.4	-1.5%
Gross profit	35.8	60.2	-40.5%	167.4	193.2	-13.4%
Gross margin	33.1%	47.1%	-14.0 ppt	36.8%	39.9%	-3.1 ppt

EMEA

Net sales in EMEA decreased by 30% compared to the previous year to SEK 22 m (31). For the full year, net sales decreased by 12% to SEK 110 m.

The lower sales in Q4 are partly explained by the fact that the distributor for the Swedish market is reducing its stocks of Probi's products as Probi is taking over the distribution of its own brand. Sales to Perrigo have also decreased as the customer has

changed its strategy. At the same time, there have been positive developments with a couple of other customers, but these have not fully compensated for the decrease.

The gross margin for Q4 amounted to 44% (53) and for the full year was 52% (54). The lower gross margin in Q4 is due to lower sales volumes.

SEK m	Oct-Dec			Jan-Dec		
	2022	2021	Change, %	2022	2021	Change, %
Net Sales	21.6	30.9	-30.1%	109.6	124.1	-11.7%
Cost of goods sold	-12.1	-14.6	-17.1%	-53.1	-57.2	-7.2%
Gross profit	9.5	16.3	-41.7%	56.5	66.9	-15.5%
Gross margin	43.9%	52.8%	-8.9 ppt	51.6%	53.9%	-2.3 ppt



APAC

The APAC region developed well in 2022 and net sales increased by 27% in Q4 to SEK 14 m (11) and by 10% for the full year to SEK 54 m (50).

Within the region we have primarily grown in China despite the Covid restrictions prevailing during the year. With an easing of restrictions, the conditions are in place to expand activities, provided that the spread of the disease does not create new obstacles.

Development in the region is expected to continue to be subject to major fluctuations as individual customer orders have major effects on quarterly outcomes.

The gross margin in Q4 was at the same level as the previous year and was 54% (54). For the full year, the gross margin strengthened and increased to 58% (56).

SEK m	Oct-Dec			Jan-Dec		
	2022	2021	Change, %	2022	2021	Change, %
Net Sales	14.3	11.3	26.5%	54.2	49.5	9.5%
Cost of goods sold	-6.6	-5.2	26.9%	-22.7	-21.6	5.1%
Gross profit	7.7	6.1	26.2%	31.5	27.9	12.9%
Gross margin	54.1%	54.0%	0.1 ppt	58.1%	56.4%	1.7 ppt

Cash flow and cash and cash equivalents

Cash flow from operating activities before changes in working capital decreased to SEK 18.7 m (54.2) in Q4 as a result of a lower operating profit.

Working capital decreased slightly during Q4, mainly due to higher short-term liabilities, and the cash flow from operating activities was SEK 25.0 m (71.5).

Cash flow from investment activities amounted to SEK -19.5 m (-14.7) and mainly consisted of investments in tangible assets.

Cash flow from financing activities was SEK -2.8 m (-3.9), mainly consisting of amortization of leasing liabilities.

The period's change in cash and cash equivalents amounted to SEK -4.4 m (55.1) and cash and cash equivalents amounted to SEK 323.7 m (251.0) at the end of the period.

Investments

During Q4, investments in intangible assets amounted to SEK 4.5 m (1.7), of which SEK 0.4 m (1.1) related to patents, SEK 0.8 m (0.4) to capitalized development expenses, SEK 1.5 m (0.2) to IT systems and SEK 1.8 m (0.0) to other intangible assets. Investments in tangible assets amounted to SEK 15.0 m (14.0), which mainly related to investments in the manufacturing unit at Redmond.

Employees

At the end of the period, Probi had 154 (175) employees, of which 52% (50) were women. The average number of employees during Q4 was 168 (178).



Transactions with related parties

During Q4, Probi reported SEK 0.9 m (1.7) in revenue from its largest shareholder, Symrise, and costs amounted to SEK 0.3 m (0.0). No other transactions with related parties occurred during the reporting period.

Significant risks and uncertainties

In February 2022, Russia launched an invasion of Ukraine. Probi has a limited exposure to Russia and Ukraine, and the company's assessment is that the effects at both supplier and customer levels are limited. The cost increases that have arisen in connection with increased inflation are mainly compensated by price increases to the customer. However, there may be a delayed effect until the price increases take full effect depending on the agreed terms. As Probi's manufacturing units are located in the USA, the European energy crisis has had a limited impact on the company.

In connection with Covid-19, it is mainly the risks surrounding changing consumer trends and the company's supply of goods that have become relevant. Other risks and uncertainty factors to which Probi's operations are exposed are described on pages 48–49 of the annual report for 2021.

Parent company

During Q4, the parent company's operating income amounted to SEK 61.3 m (72.2). The loss for the period was SEK 9.8 m (+4.9), where the decrease was due to a lower operating profit. Investments in tangible and intangible fixed assets amounted to SEK 7.6 m (6.8). For further details please see the information for the Group.

Financial calendar

Interim report Q1 2023	April 26, 2023
Annual General Meeting 2023	May 4, 2023
Record date for dividend	May 8, 2023
Payment date for dividend	May 11, 2023
Interim report Q2 2023	July 18, 2023
Interim report Q3 2023	October 24, 2023
Year-end report 2023	January 26, 2024

Invitation to teleconference

Probi's year-end statement 2022 is published on January 27, 2023 at 8:00 a.m. On the same day at 10:00 a.m., a telephone conference will be held with Anita Johansen, Interim CEO and Henrik Lundkvist, CFO, who will present the report. The telephone conference can be accessed via the link <https://conference.financialhearings.com/teleconference/?id=5004780>. The presentation is available at www.probi.com and www.financialhearings.com.

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Assurance by the Board of Directors

The Board of Directors and CEO declare that this interim report provides a true and fair overview of the parent company's and Group's operations, financial position and results, and describes the significant risks and uncertainties facing the parent company and the Group.

Lund, January 27, 2023

Jean-Yves Parisot
Chairman of the Board

Jörn Andreas
Board member

Irène Corthésy Malnoë
Board member

Charlotte Hansson
Board member

Malin Ruijsenaars
Board member

Anita Johansen
Interim CEO

This interim report has not been subject to review by the company's auditors.



Consolidated statement of comprehensive income

SEK 000	Notes	Oct-Dec		Jan-Dec	
		2022	2021	2022	2021
Net sales	2	143,983	170,039	618,285	658,180
Cost of goods sold	3	-90,995	-87,440	-362,840	-370,173
Gross profit		52,988	82,599	255,445	288,007
Sales and marketing expenses		-27,115	-23,981	-100,936	-88,931
Research and development expenses		-11,848	-9,293	-38,348	-37,082
Administration expenses		-21,715	-16,793	-65,909	-54,443
Other operating income		73	1,561	322	1,692
Operating profit (EBIT)		-7,617	34,093	50,574	109,243
Financial income		1,079	56	1,705	154
Financial expenses		-596	-508	-2,492	-1,882
Exchange result financing activities	4	522	-231	2,187	-76
Financial result		1,005	-683	1,400	-1,804
Earnings before income taxes		-6,612	33,410	51,974	107,439
Income taxes		879	-7,142	-11,352	-24,294
Net income		-5,733	26,268	40,622	83,145
Other comprehensive income					
Components to be reclassified to net income					
Exchange rate differences resulting from the translation of foreign operations		-66,484	26,164	139,908	87,448
Cash flow hedge (currency hedges)		—	—	—	—
Income taxes payable on these components		—	—	—	—
Total components to be reclassified to net income		-66,484	26,164	139,908	87,448
<i>Components not to be reclassified to net income</i>					
Equity instruments at fair value through OCI		-6,335	-17,184	-20,691	-7,721
Total components not to be reclassified to net income		-6,335	-17,184	-20,691	-7,721
Sum of other comprehensive income		-72,819	8,980	119,217	79,727
Total comprehensive income		-78,552	35,248	159,839	162,872
Number of outstanding shares at end of the reporting period		11,394,125	11,394,125	11,394,125	11,394,125
Average number of shares		11,394,125	11,394,125	11,394,125	11,394,125
Earnings per share before and after dilution		-0.50	2.31	3.57	7.30



Consolidated statement of financial position

SEK 000	31 December 2022	31 December 2021
ASSETS		
Capitalized development cost	24,782	32,096
Customer base	248,452	239,887
Technology and other intangible assets	109,251	111,411
Goodwill	353,887	307,011
Property, plant and equipment	146,806	91,940
Right-of-use assets	65,546	74,739
Interests in other entities	80,510	101,201
Deferred tax assets	357	301
Non-current assets	1,029,591	958,586
Inventories	116,245	93,822
Trade receivables	89,295	119,060
Other assets and receivables	11,051	9,684
Cash and cash equivalents	323,706	251,017
Current assets	540,297	473,583
Total assets	1,569,888	1,432,169
EQUITY AND LIABILITIES		
Total equity	1,410,567	1,265,541
Deferred tax liabilities	13,833	13,359
Provisions	13,833	13,359
Non-current lease liabilities	53,601	62,733
Other non-current liabilities	5,480	4,748
Non-current liabilities	59,081	67,481
Trade payables	34,424	46,244
Current lease liabilities	16,667	14,856
Other current liabilities	35,316	24,688
Current liabilities	86,407	85,788
Total liabilities	159,321	166,628
Total equity and liabilities	1,569,888	1,432,169



Consolidated changes in equity

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Hedging reserve	Fair value reserve	Accumulated profit	Total equity
Opening balance, 1 Jan 2021	58,221	600,205	-58,034	—	—	514,811	1,115,203
Net income	—	—	—	—	—	83,145	83,145
Other comprehensive income	—	—	87,448	—	-7,721	—	79,727
Total Comprehensive Income	—	—	87,448	—	-7,721	83,145	162,872
Dividends	—	—	—	—	—	-12,534	-12,534
Withdrawal of own shares	1250.000	—	—	—	—	1,250	—
Bonus issue	1250.000	—	—	—	—	-1,250	—
Total transactions with shareholders	—	—	—	—	—	-12,534	-12,534
Closing balance, 31 Dec 2021	58,221	600,205	29,414	—	-7,721	585,422	1,265,541

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Hedging reserve	Fair value reserve	Accumulated profit	Total equity
Opening balance, 1 Jan 2022	58,221	600,205	29,414	—	-7,721	585,422	1,265,541
Net income	—	—	—	—	—	40,622	40,622
Other comprehensive income	—	—	139,908	—	-20,691	—	119,217
Total Comprehensive Income	—	—	139,908	—	-20,691	40,622	159,839
Dividends	—	—	—	—	—	-14,812	-14,812
Total transactions with shareholders	—	—	—	—	—	-14,812	-14,812
Closing balance, 31 Dec 2022	58,221	600,205	169,322	—	-28,412	611,232	1,410,567



Consolidated cash flow statement

SEK 000	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net income	-5,733	26,268	40,622	83,145
Adjustments to reconcile net income to cash from operating activities				
Income taxes	-880	7,142	11,352	24,294
Interest result	-483	421	714	1,612
Amortization, depreciation and impairment of non-current assets	23,378	19,981	85,682	73,285
Other non-cash expenses and income	2,394	342	4,036	2,274
Cash flow before working capital changes	18,676	54,154	142,406	184,610
Change in trade receivables and other current assets	2,092	-980	42,091	-24,653
Change in inventories	-10,532	4,839	-8,936	13,300
Change in trade payables and other current liabilities	14,944	11,843	-4,400	-4,561
Income taxes paid	-205	1,608	-15,067	-14,501
Cash flow from operating activities	24,975	71,464	156,094	154,195
Payments for investing in intangible assets	-4,482	-1,656	-12,180	-7,416
Payments for investing in interests in other entities	—	—	—	-55,891
Payments for investing in property, plant and equipment	-15,027	-14,015	-52,429	-35,147
Divestments of tangible assets	—	973	20	973
Cash flow from investing activities	-19,509	-14,698	-64,589	-97,481
Interest paid	-606	-822	-2,458	-3,190
Interest received	1,481	154	1,705	154
Repayments for lease obligations	-3,649	-3,205	-13,743	-12,418
Dividends paid	—	—	-14,812	-12,534
Cash flow from financing activities	-2,774	-3,873	-29,308	-27,988
Cash flow for the period	2,692	52,893	62,197	28,726
Effects of changes in exchange rates	-7,103	2,223	10,492	6,739
Change in cash and cash equivalents	-4,411	55,116	72,689	35,465
Cash and cash equivalents at opening balance	328,117	195,901	251,017	215,552
Cash and cash equivalents at closing balance	323,706	251,017	323,706	251,017



Parent company's condensed financial statements

SEK 000	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating revenue	61,303	72,183	276,902	285,364
Operating costs	-21,194	-20,648	-79,694	-84,514
Gross profit	40,109	51,535	197,208	200,850
Operating profit (EBIT)	-3,961	16,068	56,564	75,397
Result from financial income and expenses	-6,082	-7,928	31,568	34,601
Income before tax	-10,043	8,140	88,132	109,998
Net income	-9,757	4,939	75,295	94,242

SEK 000	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net income	-9,757	4,939	75,295	94,242
Sum of other comprehensive income	—	—	—	—
Total comprehensive income	-9,757	4,939	75,295	94,242

SEK 000	31 December 2022	31 December 2021
ASSETS		
Non-current assets	1,042,975	1,065,635
Current assets	299,369	214,212
Total assets	1,342,344	1,279,847
EQUITY AND LIABILITIES		
Equity	1,300,531	1,240,049
Current liabilities	41,813	39,798
Total equity and liabilities	1,342,344	1,279,847



Notes

1. Accounting and valuation principles

The Group

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The condensed financial statements in the interim report are covered on pages 9-16. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided both here and elsewhere in the interim report. The ESMA guidelines on alternative performance measures apply.

The accounting principles applied when these consolidated accounts were prepared have been applied consistently for all periods presented, unless otherwise stated. Complete accounting principles can be found on pages 65-68 of the annual report for 2021.

The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for both the parent company and the Group. All amounts stated are rounded to the nearest thousand kronor unless otherwise stated.

Amounts and figures in parentheses refer to comparative figures for the corresponding period of the previous year. Amounts are expressed in Swedish kronor (SEK), thousands (TSEK) or millions (SEK million) according to the unit stated.

Parent company

The parent company applies the same accounting principles as the Group apart from IFRS 16 "Leasing" and with the exceptions and additions that appear in RFR 2 "Accounting for legal entities". The interim report complies with the Annual Accounts Act.

2. Revenue from contracts with customers

A breakdown by category of the Group's net sales from contracts with customers is presented below:

SEK 000	Oct-Dec 2022				Oct-Dec 2021			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	106,896	20,763	14,315	141,974	126,253	31,017	11,321	168,591
Royalty	1,165	843	—	2,008	1,600	-152	—	1,448
Net sales	108,061	21,606	14,315	143,983	127,853	30,865	11,321	170,039

SEK 000	Jan-Dec 2022				Jan-Dec 2021			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	448,507	106,434	54,181	609,121	478,668	114,587	49,474	642,729
Royalty	6,028	3,136	—	9,164	5,892	9,559	—	15,451
Net sales	454,535	109,570	54,181	618,285	484,560	124,146	49,474	658,180



3. Currency translation from operating activities

The following table shows the exchange gains and losses from operating activities that are recognized under cost of goods sold:

SEK 000	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Exchange gains operating activities	441	1,259	6,606	3,053
Exchange losses operating activities	-1,289	-484	-4,052	-1,698
Exchange result operating activities	-848	775	2,554	1,355

4. Currency translation from financial activities

The following table shows the exchange gains and losses from financing activities that are recognized in the financial results:

SEK 000	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Exchange gains financing activities	1,005	510	5,094	1,332
Exchange losses financing activities	-483	-741	-2,907	-1,408
Exchange result financing activities	522	-231	2,187	-76

5. Definition of alternative performance indicators not defined in IFRS

Probi presents certain financial key performance indicators (KPIs) in the interim report that are not defined according to IFRS. Probi believes that these indicators provide valuable supplementary information to investors and the company's management. Since not all companies calculate alternative KPIs in the same way, these are not always comparable to indicators used by other companies. However, these indicators should not be considered as a substitute for financial indicators required in accordance with IFRS. The following alternative KPIs are reported in the interim report:

Operating profit/loss (EBIT)

The operating profit/loss (EBIT) is defined as the profit/loss before financial income, expenses and tax for the period and is used as a measure of the company's profitability.

SEK 000	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net income	-5,733	26,268	40,622	83,145
Income taxes	-879	7,142	11,352	24,294
Financial result	-1,005	683	-1,400	1,804
Operating profit (EBIT)	-7,617	34,093	50,574	109,243

EBITDA

EBITDA is defined as the operating profit (EBIT) before depreciation and impairment and is used as a measure of the company's profitability.

SEK 000	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating profit (EBIT)	-7,617	34,093	50,574	109,243
Depreciation and amortization	23,378	19,981	85,682	73,285
EBITDA	15,761	54,074	136,256	182,528



Other alternative KPIs	Definition/Basis of calculation	Purpose
Gross margin	Defined as gross profit divided by net sales	Used to measure product profitability
EBITDA margin	Defined as EBITDA divided by net sales	Used to measure the company's profitability before depreciation and impairment of tangible and intangible assets
Currency adjusted net sales growth	Defined as net sales for the year translated at the preceding year's exchange rates divided by the preceding year's net sales	Used to measure underlying net sales growth
RTM	Rolling twelve months. Refers to full-year figure for the last four quarters	Gives an indication of development without having to wait for the comparative period next year
Operating margin	Defined as the operating profit divided by net sales	Used to measure the company's profitability

About Probi

Probi® is a global Group that focuses exclusively on research, manufacturing and delivery of probiotics in dietary supplements and food. The company has expertise in managing live bacteria from research through all stages of the manufacturing process and is dedicated to making the health-promoting benefits of probiotics available to people around the world. Since the company was founded in 1991 at Lund University in Sweden, Probi has expanded its operations to more than 40 markets and holds around 400 patents worldwide. Probi had sales of SEK 618 m in 2022. Probi's shares are listed on Nasdaq Stockholm, Mid-cap, and there were around 3,700 shareholders on December 31, 2022

