Interim report
January – March 2017

Probi continues on its successful growth path

Highlights and significant events during the first quarter

- Significant increase in sales and earnings driven by Nutraceutix acquisition and organic growth
- Market launch of patented and clinically documented Probi Select™ product range in North America
- Start of strategic initiatives to increase production capacity and to design a new Group enterprise system (ERP)

Financial overview

MSEK	**Q1 2017**	Q1 2016	Full-year 2016
Net sales	187.4	87.0	443.5
Net sales growth, local currency, %	111.1%	26.2%	103.2%
Gross margin, %	51.7%	68.3%	62.8%
EBITDA	62.4	36.9	152.6
EBITDA margin, %	33.3%	42.5%	34.4%
Operating profit (EBIT)	56.0	35.3	130.3
Net income	47.8	26.9	108.6
Earnings per share before and after dilution, SEK	4.20	2.95	11.43
Share price on closing day, SEK	419.00	114.16	475.50
Market cap on closing day	4,774.1	1,040.6	5,417.9

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

Invitation to Teleconference

Date: 4 May 2017
Time: 10:00 a.m.
Phone: +46 85 664 26 92
Participants from Probi:
Peter Nählstedt, CEO and
Dr. Jörn Andreas, CFO

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The presentation is available at www.probi.se and www.financialhearings.com

About Probi

Probi AB is a Swedish publicly traded bioengineering company. The vision of Probi is to help people live healthier lives by delivering effective and well-documented probiotics, with proven health benefits based on scientific research.

Founded by scientists in Sweden in 1991, Probi is a multinational company with four centers of excellence, active in more than 40 markets around the world and holding over 400 patents worldwide. In 2016, Probi had net sales of MSEK 444. The Probi share is listed on Nasdaq Stockholm, Mid Cap. Probi has about 5,000 shareholders.

probi.com

CEO Comments

Successful start to 2017

Probi has continued last year's growth momentum and had a favourable start to the new fiscal year 2017. We achieved first quarter net sales of MSEK 187, up 115%, of which the acquired operations contributed MSEK 72. Our organic growth of MSEK 29, or 33%, compared with the year-earlier period, marks a new first quarter organic sales record and was driven by both stockbuilding and continued volume growth among our customers. We are very pleased that our profit margin (EBITDA) exceeds 30%, which reflects our high level of competitiveness and the strength of our business model.

Strategic initiatives to build our growth platform

At the same time, we are redeploying capital and are laying some important groundwork to continue on our profitable growth path. We completed the integration of our sales forces and launched the new Probi Select™ range of products in our important North American market. We further initiated strategic projects with the aim of increasing our manufacturing capacity and designing and implementing a new Group-wide enterprise system (ERP). This represents a major leap forward in realising our vision to become a globally leading probiotics Group and to leverage the synergies within and across our businesses.

Driven by our science-based innovation and our fully integrated probiotics value chain, we remain confident of delivering on our long-term strategic and financial goals and continuing to grow faster than the global market for probiotic ingredients in 2017.

Peter Nählstedt, CEO

Probi's customers

Probi offers probiotic expertise and partnership all the way from R&D to finished products for companies within the consumer healthcare and food industry. Probi manufacturing is GMP-certified and produces proven and effective probiotics in custom made formats with value-adding delivery technologies.

Key Developments in the Group

The underlying development of the probiotic market remains strong.

In the important North American market, science continues to build consumer interest and the dietary supplement industry is developing new areas of use and novel combinations for probiotic ingredients. The Group continued its positive performance from the preceding year and significantly increased sales in the North American region in the first quarter 2017. Probi benefitted from its significant customers performing well on the back of promotional activities and from the favourable underlying volume growth of its proprietary, clinically-documented products.

In Europe, companies are re-evaluating the benefits of probiotics and new product launches, driving a continued upward trend in demand. During the first quarter, Probi significantly expanded its sales in Europe following an agreement to launch Probi's patented digestive health capsule in various EU markets that was signed in the preceding year. The investments in the sales and market organization in 2016 are paying off as Probi´s opportunity pipeline grows.

During the first quarter of 2017, Probi launched its new Probi Select™ range of products in North America. Probi Select™ comprises three of Probi's existing probiotic platforms supporting immune and digestive health that were not previously commercialised. Patent-protected and supported by clinical documentation, the Select™ probiotics are designed to bring competitive health benefits to a broad target group. Based on a wider product portfolio and a stronger presence in North America, Probi is now well positioned to make use of market opportunities and of the benefits associated with the acquisition.

To continue delivering long-term profitable growth, Probi started strategic initiatives to invest in additional manufacturing capacity and in a new Group-wide enterprise system (ERP). The capacity expansion, in addition to ongoing process and yield improvements, will strengthen Probi's position to serve the quality requirements of its customers and the growth of their probiotic products on a long-term basis. The new Group-wide enterprise system will create more agile business processes and allow Probi to take full advantage of its integrated supply chain and manufacturing excellence.

Due to changes in the ISO14001 regulation and to Probi's business scope following the acquisition, the Group decided to discontinue the official ISO14001 certification. Sustainability management remains an integral part of Probi's business model and the Group maintains a strong environmental policy. Probi will continue its environmental work, carbon emission compensation related to the impact of business travel, and the development of alternative Corporate Social Responsibility (CSR) programs for the Group.

Sales Development

Current Quarter

Probi's net sales for the first quarter amounted to MSEK 187.4 (87.0), representing a total increase of MSEK 100.4 or 115% compared with the first quarter of 2016. Most of Probi's sales are denominated in foreign currencies, mainly USD and EUR. Based on exchange rates from the preceding year, net sales for the first quarter were MSEK 3.7 lower, corresponding to a net sales growth of 111% year-on-year. Sales from the acquired operations amounted to MSEK 71.6 and organic growth to MSEK 28.8, representing a 33% increase over the first quarter of the preceding year.

Net Sales by Segment

Probi's business operations are organised in two business segments, each with its own operational management: Consumer Healthcare (CHC) and Functional Food (FF). The Consumer Healthcare segment develops, manufactures and markets Probi's probiotics to pharmaceutical companies and other companies specialised in probiotics and self-care products. Revenue is derived from the sale of goods in bulk and consumer packaging. The acquired operations are included in their entirety in CHC. The Functional Food segment develops food that contains Probi's probiotics in partnership with leading food companies. Revenue mainly comprises royalties from partner-generated sales. No business transactions are conducted between the two segments.

KSEK	Q1 2017			Q1 2016		
	CHC	FF	**Total**	CHC	FF	**Total**
Net sales	178,420	8,980	**187,400**	77,369	9,642	**87,011**
Operating expenses	-124,356	-6,998	**-131,354**	-44,177	-7,493	**-51,670**
Operating profit (EBIT)	**54,064**	**1,982**	**56,046**	**33,192**	**2,149**	**35,341**
Financial net	–	–	**2,630**	–	–	**-772**
Earnings before income taxes	–	–	**58,676**	–	–	**34,569**

Net sales in Consumer Healthcare rose MSEK 101 to MSEK 178.4 (77.4). The acquired operations accounted for MSEK 71.6 of this increase. Excluding the acquisition, growth exceeded 38%. Sales growth in Consumer Healthcare during the year remained largely attributable to the positive trend in the North American market and was driven by both stockbuilding in preparation of promotional activities and the continued volume growth of our customers.

Net sales in Functional Food totalled MSEK 9.0 (9.6). During the first quarter of 2017, a lower royalty rate in an agreement offset the favourable underlying volume development across all regions and in Sweden, in particular, where ProViva returned to volume growth again.

Net Sales by Region

KSEK	**Q1 2017**	Q1 2016	Full-year 2016
Sweden	12,358	14,787	54,905
Rest of Europe	10,927	3,935	22,505
North America	154,094	58,810	337,059
Rest of World	10,021	9,479	29,006
Total	**187,400**	**87,011**	**443,475**

Probi generated the strongest sales growth in Europe, excluding Sweden, with an increase of 178% compared with the year-earlier period. This was primarily driven by a new agreement signed the year before and favourable underlying volume growth with existing customers. The sales in North America include a contribution of MSEK 71.6 from the acquired operations. Excluding the acquisition, business in North America also showed strong sales growth, with an increase of 40% or MSEK 23.7, compared with the year-earlier period. Sweden decreased 16% compared with the first quarter of the preceding year, mainly due to a lower royalty rate with a customer in the Functional Food segment. The increase was 6% in Rest of World.

Earnings

Operating Profit

During the first quarter, operating expenses amounted to MSEK 131.4 (51.7), up 154%, due to the consolidation of the acquired operations in the US. Cost of goods sold amounted to MSEK 90.5 (27.5), driven by higher sales and additional manufacturing costs in the US operations, where gross margins are structurally lower than under Probi's previous business model. Sales and marketing expenses amounted to MSEK 11.6 (6.7), up 75%, mainly due to additional costs for the US sales organisation and continued co-marketing efforts with a customer in Sweden. Administrative expenses amounted to MSEK 18.2 (9.9). Research and development expenditure amounted to MSEK 11.1 (7.7), reflecting our continued investment into our long-term innovation capabilities. Integration costs totalling MSEK 0.7 (—) are included in operating expenses, allocated between the various functional areas.

First quarter operating profit for the Consumer Healthcare business area totalled MSEK 54.1 (33.2), up 63%, representing an operating profit margin (EBIT) of 30%. In the first quarter, integration costs of MSEK 0.7 were included in the segment reporting and entirely reported in the Consumer Healthcare segment.

Operating profit for the Functional Food business area totalled MSEK 2.0 (2.1), representing an operating profit margin (EBIT) of 22%. The decline in operating profit is mainly due to lower royalty rates compared with the preceding year and continued co-marketing investments for the ProViva products.

Consolidated operating profit (EBIT) for the year totalled MSEK 56.0 (35.3). Adjusted for currency effects, operating profit (EBIT) totalled MSEK 55.7. Operating profit was charged with integration costs of MSEK 0.7 (—).

Financial results

Interest expense of MSEK 1.6 (—) was charged to earnings.

Exchange gains and losses incurred in connection with the revaluation of the loan, or market valuation and realisation of forward contracts, are recognised in the exchange result from financing activities. A profit of MSEK 4.2 (–0.8) arose in the reporting period, mainly due to the favourable realisation of a forward contract that was entered to hedge the currency risk resulting from financial receivables and liabilities.

Profit after tax

Profit after tax for the first quarter amounted to MSEK 47.8 (26.9). Tax expense was MSEK 10.8 (7.6).

Earnings per share

Earnings per share for the first quarter amounted to SEK 4.20 (2.95).

Cash Flow and Financial Position

Capital Expenditure

During the quarter, investments in intangible assets amounted to MSEK 2.9 (6.5), of which MSEK 0.7 (0.3) pertained to patents and MSEK 2.2 (4.4) to capitalised development expenditure. The preceding year's investments in intangible assets included a MSEK 1.8 investment to acquire a license for bacterial strains from the Swedish company, Probac. Capitalised development expenditure during the first quarter was mainly related to clinical trials in immune function and digestive health. Investments in tangible assets amounted to MSEK 2.6 (—).

Change in cash and cash equivalents

Cash and cash equivalents increased MSEK 46.4 (increase: 10.0) during the quarter, amounting to MSEK 149.5 (153.1) at the end of the reporting period. Cash flow from operating activities was MSEK 37.1 higher year-on-year, mainly due to the large increase in sales but adversely affected by an increase of MSEK 8.6 in income taxes paid.

Research and Development

During the first quarter, the Group continued to invest in further developing its products and strengthening its innovation power. In 2017, Probi is expected to run the most comprehensive clinical program in the history of the company. The ambitious innovation agenda includes the continuation of ongoing clinical trials as well as new trials in existing and completely new indication areas.

Probi continues to make encouraging progress with the clinical trials started in 2015 and 2016, which include five major trials in different indication areas. All projects are proceeding according to plan and are designed to secure and further differentiate today's value propositions. The focus is to demonstrate the attractiveness of our products and innovations in lower age groups and other vulnerable groups, as well as in indication areas that are new to Probi.

Four new development projects have transitioned into the late stage of planning, with expected start in the second quarter of 2017. Three of these studies are within the existing product platforms of Probi Digestis® and Probi FerroSorb®, while the remaining project targets a specific delivery technology developed by the newly acquired part of the company.

In addition to the clinical studies, Probi continues to invest in long-term research and new discoveries, as an increasing number of consumers embrace the benefits of probiotics. Two exploratory studies aimed at new indication areas are being planned for launch at the very beginning of the third quarter. Our research collaboration with Professor Michiel Kleerebezem at the Host Microbe Interactomics Group, Wageningen University, in the Netherlands, aimed at creating future product platforms, is proceeding according to plan. Probi also made further progress in strengthening its innovation capabilities in oral health and skin care in the collaborative development projects with Symrise AG.

Employees

At the end of the period, Probi had 197 (39) employees, of whom 88 (25) were women and 109 (14) men. The average number of employees during the quarter was 198 (36).

Significant Risks and Uncertainties

The risks and uncertainties to which Probi's operations are exposed are described on pages 47-48 of the printed 2016 Annual Report. At 31 March 2017, no significant changes were considered to have occurred in these risks or uncertainties.

Parent Company

Parent company operating revenue increased to MSEK 118.6 (88.3). Income for the year was MSEK 47.3 (28.9). The parent company´s investment in tangible and intangible assets during the quarter amounted to MSEK 3.0 (6.5). In other aspects, please refer to the information for the Group.

Financial Calendar

Annual General Meeting for 2016	4 May 2017, 3:00 p.m. CET
Interim report Q2, 2017	19 July 2017
Interim report Q3, 2017	25 October 2017
Year-end report, 2017	25 January 2018

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 risks and uncertainties facing the Parent Company and the Group.

Lund, 4 May 2017

Jean-Yves Parisot
Chairman of the Board

Benedicte Fossum
Board member

Jan Nilsson
Board member

Jonny Olsson
Board member

Eva Redhe
Board Member

Peter Nählstedt
CEO

The interim report has not been the subject of audit review procedures by an auditor.

Statement of Comprehensive Income

KSEK	Notes	Q1 2017	Q1 2016
Net sales		**187,400**	**87,011**
Cost of goods sold	2	-90,532	-27,543
Gross profit		**96,868**	**59,468**
Sales and marketing expenses		-11,558	-6,588
Research and development expenses		-11,080	-7,714
Administration expenses		-18,225	-9,894
Other operating income		41	69
Other operating expenses		–	–
Operating Profit/EBIT		**56,046**	**35,341**
Financial income		26	2
Financial expenses		-1,577	–
Exchange result financing activities	3	4,181	-774
Financial result		**2,630**	**-772**
Earnings before income taxes		**58,676**	**34,569**
Income taxes		-10,832	-7,639
Net income		**47,844**	**26,930**
Other comprehensive income			
Components to be reclassified to net income			
Exchange rate differences resulting from the translation of foreign operations		-6,793	7
Cash flow hedge (currency hedges)		-1,717	–
Income taxes payable on these components		312	–
Sum of other comprehensive income		**-8,198**	**7**
Total comprehensive income		**39,646**	**26,937**
Number of outstanding shares at end of the reporting period		11,394,125	9,115,300
Average number of shares		11,394,125	9,115,300
Earnings per share before and after dilution		4.20	2.95

Net income 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 arose.

During 2011, Probi bought back company shares and at the end of the reporting period owned 250,000 treasury shares, corresponding to 2.1% of the total number of shares, with a quotient value of SEK 5.00 per share.

Consolidated Statement of Financial Position

KSEK	Notes	31 March 2017	31 March 2016
Capitalised Development Cost		30,877	34,937
Patents and licences		44,028	11,152
Goodwill	4	785,670	2,762
Property, plant and equipment		40,477	4,215
Deferred tax assets		4,681	–
Non-current assets		**905,733**	**53,066**
Inventories		75,352	5,476
Trade receivables		99,072	38,867
Other assets and receivables		9,770	4,593
Cash and cash equivalents		149,492	153,066
Current assets		**333,686**	**202,002**
Total assets		**1,239,419**	**255,068**
Total equity		**938,478**	**214,176**
Other non-current liabilities		1,117	–
Deferred tax liabilities		–	122
Non-current liabilities		**1,117**	**122**
Borrowings		221,814	–
Trade payables		41,710	17,248
Other current liabilities		36,300	23,522
Current liabilities		**299,824**	**40,770**
Total liabilities		**300,941**	**40,892**
Liabilities and equity		**1,239,419**	**255,068**

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Changes in Equity

KSEK	Share capital	Other contributions received	Cumulative translation differences	Other reserves	Accumulated profit	**Total equity**
1 January 2016	46,827	64,740	-4	—	75,676	**187,239**
Net income	—	—	—	—	26,930	**26,930**
Other comprehensive income	—	—	7	—	—	**7**
31 March 2016	**46,827**	**64,740**	**3**	—	**102,606**	**214,176**

KSEK	Share capital	Other contributions received	Cumulative translation differences	Other reserves	Accumulated profit	**Total equity**
1 January 2017	58,221	643,805	21,380	299	175,127	**898,832**
Net income	—	—	—	—	47,844	**47,844**
Other comprehensive income	—	—	-6,793	-1,405	—	**-8,198**
31 March 2017	**58,221**	**643,805**	**14,587**	**-1,106**	**222,971**	**938,478**

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Statement of Cash Flows

KSEK	Q1 2017	Q1 2016
Net income	**47,844**	**26,938**
Adjustments to reconcile net income to cash provided from operating activities		
Income taxes	10,832	7,639
Interest result	1,471	2
Amortisation, depreciation and impairment of non-current assets	6,307	1,598
Other non-cash expenses and income	13,226	762
Cash flow before working capital changes	**79,680**	**36,939**
Change in trade receivables and other current assets	-1,350	-11,218
Change in inventories	-3,723	-1,008
Change in trade payables and other current liabilities	-6,752	-2,515
Income taxes paid	-13,456	-4,883
Cash flow from operating activities	**54,399**	**17,315**
Payments for investing in intangible assets	-2,875	-6,480
Payments for investing in property, plant and equipment	-2,614	-21
Cash flow from investing activities	**-5,489**	**-6,501**
Interest paid	-1,352	–
Interest received	–	2
Dividends paid	–	–
Cash flow from financing activities	**-1,352**	**2**
Net change in cash and cash equivalents	47,558	10,816
Effects of changes in exchange rates	-1,202	-774
Total changes	**46,356**	**10,042**
Cash and cash equivalents as of 1 January	**103,136**	**143,024**
Cash and cash equivalents as of 31 March	**149,492**	**153,066**

Summary Parent Company Financial Statements

KSEK	Q1 2017	Q1 2016
Operating revenue	**118,567**	**88,273**
Operating costs	-38,915	-27,543
Gross profit	79,652	60,730
Operating profit/EBIT	**50,974**	**37,874**
Result from financial income and expenses	6,948	-771
Income before tax	57,922	37,103
Income for the year	**47,298**	**28,893**
Other comprehensive income	-1,405	–
Total comprehensive income for the year	**45,893**	**28,893**

KSEK	Q1 2017	Q1 2016
Fixed assets	1,020,052	54,633
Current assets	196,206	204,994
Total assets	**1,216,258**	**259,627**
Equity	927,664	212,863
Untaxed reserves	470	555
Total long-term liabilities	4,036	4,036
Current liabilities	284,088	42,173
Total equity and liabilities	**1,216,258**	**259,627**

Notes

1. Accounting and Measurement Policies

The Group

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups – January 2017, 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 has been prepared in accordance with IAS 34 "Interim Reporting" and the Swedish Annual Accounts Act. The condensed financial statements in the interim report encompass pages 8-15. Disclosures according to IAS 34 Interim Financial Reporting are provided both here and elsewhere in the interim report. ESMA's guidelines on alternative performance measures are applied.

The accounting policies that were 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 58-61 of the printed 2016 Annual Report.

The Parent Company's functional currency is the Swedish krona, 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 stated 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 2017. This interim report complies with the Swedish Annual Accounts Act.

Presentation of foreign currency translation

The company has decided to change the presentation of currency effects from transactions that are designated in foreign currencies. Any currency translation resulting from operating activities are recorded within cost of goods sold. In previous reports, currency translation gains from operating activities have been recorded in other revenue and currency translation losses from operating activities in other operating expenses. The change in presentation does not affect operating profit. Historic comparative figures have been adjusted accordingly. The impact arising from currency translation from financing activities remain unchanged and are recorded in the financial result.

Financial Instruments – Hedge Accounting

All derivatives are relating to currency hedging contracts for currency exposure as a result of customer payments in dollars and are initially and subsequently valued at fair value in the balance sheet. When applying hedge accounting, the relationship between the hedging instrument and the hedged item is documented, as well as an assessment of hedge effectiveness, at both the inception of the transaction and on an ongoing basis. Effectiveness refers to the degree to which fair value and cash flow changes in the hedging instrument offset corresponding changes in the hedged item.

If the hedge accounting criteria are met, the effective portion of change in fair value when derivatives held for cash flow hedges are revalued is recognised in other comprehensive income and accumulated in the hedging reserve in equity. The cumulative hedging gain or loss that was recognised in the hedging reserve is reversed to profit or loss in the same period as the hedged cash flow affects profit or loss. Any ineffective portion of the change in value is recognised immediately in profit or loss.

Measurement gains/losses from the derivative financial instrument will be reclassified to sales or cost of goods sold depending on the underlying transaction (trade payables or receivables in foreign currency). After reclassification, hedging gains and losses will be balanced out with the actual currency gains and losses from operating business in cost of goods sold.

Measurement gains/losses are recognised in the financial result insofar as currency risk hedges are used to hedge financial activities.

If the hedging relationship is interrupted but cash flow is still expected to occur, the cumulative change in value is recognised in the hedging reserve until the underlying cash flow for the hedging transaction is no longer expected to occur, and the cumulative change in value recognised in the hedging reserve is immediately transferred to profit or loss.

2. Currency translation from operating activities

The following table shows the exchange result from operating activities that has been recorded within cost of goods sold:

KSEK	**Q1 2017**	Q1 2016
Exchange gains operating activities	4,115	1,193
Exchange losses operating activities	-6,083	-1,234
Exchange result operating activities	**-1,898**	**-41**

3. Currency translation from financing activities

The following table shows the exchange result from financing activities that has been recorded within exchange result financing activities:

KSEK	**Q1 2017**	Q1 2016
Exchange gains financing activities	50,512	350
Exchange losses financing activities	-46,331	-1,124
Exchange result financing activities	**4,181**	**-774**

4. Goodwill

On 3 October 2016, Probi acquired the Nutraceutix operations and relevant assets in the form of an asset acquisition. The purchase price was MUSD 105 on a debt-free basis, plus adjustments for working capital on the closing date and other contractual adjustments.

The information required for a complete determination of the purchase price allocation was not available on the publication date of this interim report. A full determination of the purchase price allocation is expected to be provided in the interim report for Q2 2017.

The total overvalue has now been reported as goodwill and no amortizations have thus impacted the result. This may change when the final purchase price allocation has been established. More information, incl. a preliminary acquisition analysis, can be found in the annual report 2016 and the interim report Q4 2016.

5. Definition of ratios not defined according to IFRS

The company presents certain financial ratios in the interim report that are not defined according to IFRS. The company believes that these ratios provide valuable supplementary information to investors and company management. Since companies do not all calculate financial ratios in the same way, these ratios are not always comparable with those used by other companies. Accordingly, these financial ratios are not to be considered to replace key ratios as defined according to IFRS.

The following ratios are presented in the interim report:

Operating Profit / EBIT

Operating Profit / EBIT is defined as net income before financial income and expenses and tax for the period.

KSEK	**Q1 2017**	Q1 2016
Net income	47,844	26,930
Income taxes	10,831	7,639
Financial result	-2,630	772
Operating Profit / EBIT	**56,046**	**35,341**

EBITDA

EBITDA is defined as Operating Profit / EBIT before depreciation, amortisation and impairment.

KSEK	**Q1 2017**	Q1 2016
Operating Profit / EBIT	56,046	35,341
Depreciation and amortisation	6,307	1,598
Impairment	–	–
EBITDA	**62,354**	**36,939**

EBITDA margin

EBITDA margin is defined as EBITDA divided by net sales.

Gross margin

Gross margin is defined as gross profit divided by net sales.

Market capitalisation at closing day

Market capitalisation at closing day is defined as share price at the end of the period multiplied by number of shares outstanding.

Net sales growth, local currency

Net sales growth, local currency, is defined as net sales for the year translated at the preceding year's exchange rates divided by the preceding year's net sales.

Operating expenses

Operating expenses is defined as the sum of costs of goods sold, sales and marketing expenses, research and development expenses, administration expenses, other operating income and other operating expenses.