

ACQUISITION OF NUTRACEUTIX COMPLETED AND A NEW QUARTERLY SALES RECORD

THIRD QUARTER OF 2016

- **NET SALES** amounted to MSEK 89.2 (51.9).
- **OPERATING PROFIT**¹ totalled MSEK 30.7 (16.3). Operating profit was charged with acquisition costs of MSEK 4.2.
- **PROFIT AFTER TAX** amounted to MSEK 30.3 (13.1).
- **PROFIT AFTER TAX PER SHARE** was SEK 3.32 (1.44).
- **CHANGE IN CASH AND CASH EQUIVALENTS** amounted to MSEK 797,8 (21.5). Probi paid dividends of MSEK 9.1 (7.7).

ACCUMULATED 2016

- **NET SALES** amounted to MSEK 249.5 (179.8).
- **OPERATING PROFIT**¹ totalled MSEK 86.7 (59.4). Operating profit was charged with acquisition costs of MSEK 11.7.
- **PROFIT AFTER TAX** amounted to MSEK 74.3 (46.3).
- **PROFIT AFTER TAX PER SHARE** was SEK 8.15 (5.08).
- **CHANGE IN CASH AND CASH EQUIVALENTS** amounted to MSEK 824.2 (34.8). Probi paid dividends of MSEK 9.1 (7.7).

SIGNIFICANT EVENTS DURING THE THIRD QUARTER:

- Probi decided on a preference share issue and published the terms and conditions
- New quarterly sales record
- Probi Digestis® launched on the German market

SIGNIFICANT EVENTS AFTER THE CLOSE OF THE PERIOD:

- Probi completed the acquisition of Nutraceutix on 3 October
- Probi published the prospectus for its preference share issue on 4 October

CEO COMMENTS ON THE BUSINESS:

"We have taken a major step in the building of an important group within the probiotics world by completing the acquisition of Nutraceutix. The combination of both operations is highly complementary. Through the acquisition, Probi is positioned in the top tier of integrated probiotic players, with enhanced size and capacity. The manufacturing operations in the U.S. improves our position in the value chain. The market position in North America is improving and the opportunity for further growth globally is increasing considerably. In addition, the acquisition will add important new technologies, manufacturing capabilities and customers, and create a strong platform for further acquisitions in the future. Plans for the integration work were completed in the third quarter and implementation commenced immediately following transfer of the operation in an excellent spirit of cooperation. The ongoing new share issue will secure financing of the acquisition at a low level of risk exposure for the company.

During the quarter, regular operations performed to a high level of satisfaction and we were able to note a new sales record for a single quarter of MSEK 89.2, an increase of a whole 72% compared with the year-earlier period. The nine-month period produced growth of 39% compared with the first nine months of 2015. The earnings trend is also highly satisfactory, with an EBITDA of MSEK 91.8 for the first three quarters, which is an EBITDA margin of nearly 37%. Excluding acquisition and integration costs, the EBITDA margin¹ was slightly more than 42%.

Probi has delivered its first order to the German market, where a new agreement has been signed. This is a significant step into the largest market in Europe."

INVITATION TO TELECONFERENCE:

Time: Tuesday, 18 October 2016 at 10.00 a.m. Telefonnummer: +46 8 56 64 26 91. Participants from Probi: Peter Nählstedt, CEO and Niklas Brandt, CFO. The presentation is available at www.probi.se and 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

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

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 contact person set out above, at 8:45 CET on 18 October 2016.

¹ Definitions to key ratios not defined by IFRS on page 14

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 2015 Probi had sales of MSEK 216. The Probi share is listed on Nasdaq Stockholm, Small Cap. Probi has about 4,400 shareholders. Read more at www.probi.se.



ONGOING NEW ISSUE IN BRIEF

- The issue comprises not more than 2,278,825 shares. Shareholders in Probi have preferential rights to subscribe for one (1) new share per four (4) existing shares, which is a subscription ratio of 1:4.
- The exercise price has been set at SEK 264 per new share, which will result in total issue proceeds of about MSEK 602 before issue expenses, provided that the issue is fully subscribed.
- Symrise AG (“Symrise”), which controls about 51.4% of the outstanding capital and voting rights in Probi, and Fourth Swedish National Pension Fund, which controls 5.9% of the outstanding capital and voting rights, have each undertaken to subscribe for their pro rata percentage holding in the new share issue on the generally accepted terms.
- In addition, Swedbank Robur Fonder and Handelsbanken Fonder, which jointly control approximately 12.1% of the outstanding capital and voting rights in the Company, have indicated their intention to subscribe their pro rata percentage holdings in the new share issue. Consequently, subscription undertakings and declarations of intent to subscribe for pro rata percentage holdings in the issue have been received from shareholders that control approximately 69.5% of outstanding capital and voting rights in Probi.

For more detailed information, refer to the issue prospectus.

IMPORTANT INFORMATION

The information in this interim report does not comprise an offer to acquire, subscribe for or in any other manner trade in shares, warrants or other securities in Probi. The invitation to relevant persons to subscribe for shares in Probi is made exclusively through this prospectus, which Probi published on 4 October 2016.

No Securities, paid subscribed shares or shares in Probi have been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or the securities legislation of any state or other jurisdiction in the United States and may not be offered, subscribed for, used, pledged, sold, resold, delivered or otherwise transferred, directly or indirectly, in or into the United States except under an available exemption from, or in a transaction not subject to, the registration requirements under the Securities Act and in compliance with the securities legislation in the relevant state or any other jurisdiction of the United States. There is no intention to register any of the above securities or to provide any offer to the public in the US.

ACQUISITION OF NUTRACEUTIX

On 6 June 2016, Probi announced that its US subsidiary, Probi USA Inc., had signed an agreement to purchase the assets of US probiotic company TnTGamble, Inc., which operated under the name of Nutraceutix. On 3 October 2016, the acquisition was completed, which increases more than threefold Probi’s market share of the North American market. The acquisition of Nutraceutix, establishes Probi in the top layer of integrated probiotics players, with considerably increased size, strengthened capacity and improved presence, both geographically and in the value chain. In addition, the acquisition will add important new technologies, manufacturing capabilities and customers, and create a strong platform for further acquisitions in the future.

Probi has paid a cash purchase consideration of USD 105 (corresponding to MSEK 900), which was financed through available cash and cash equivalents, a credit facility and bridge financing within the framework of the credit facility agreement that the company has signed with Handelsbanken.

Nutraceutix is one of the largest producers and suppliers of probiotics in North America, with net sales of approximately MUSD 34 (MSEK 290) and EBITDA of approximately MUSD 8 (MSEK 70) in 2015. Since 2011, the operation has shown double-digit percentage sales growth². Nutraceutix’s customer base comprises US and global brand distributors, resellers and direct sellers, as well as other contract manufacturers, of mainly dietary supplements. Nutraceutix has its head office and a fermentation facility in Redmond, near Seattle in Washington State, and a packaging facility in Lafayette, near Denver, Colorado in the US. Through the company’s patented delivery technology BIO-tract[®], Nutraceutix has built a strong corporate and ingredient brand among both B2B customers and end-consumers.

As a result of the acquisition, Probi’s current net sales more than double, with pro forma net sales of approximately MSEK 506 for 2015. The overall EBITDA for 2015 amounts to approximately MSEK 139, corresponding to a total EBITDA margin¹ of approximately 27%.

The acquisition is expected to make a positive contribution to earnings per share for Probi on an overall basis for 2016 and onward, even taking into consideration the preferential rights issue of approximately MSEK 602, which the Board of Probi, supported by the authorisation of the Annual General Meeting, decided on 28 September 2016.

¹ Definitions to key ratios not defined by IFRS on page 14

² This refers to the underlying operations, adjusted for a loss of revenue in 2015 of one product. Even in 2016 growth have been on similar levels

SALES AND COSTS

Reporting period, January-September, 2016

During the first nine months of the year, Probi's net sales amounted to MSEK 249.5 (179.8). The overall increase was MSEK 69.7, or 39%. Most of Probi's sales are denominated in foreign currencies, mainly USD and EUR. At last year's exchange rates net sales would have been MSEK 248,5

Net sales in Consumer Healthcare rose MSEK 70.9, or 47%, to MSEK 223.1 (152.2). It is North America and Rest of World that are driving growth at a rate of nearly 50%. Sweden and Rest of Europe are also growing by approximately 12% and 18%, respectively. Net sales in Functional Food totalled MSEK 26.4 (27.5). Overall, increased volumes were offset by a lower royalty rate in an agreement.

During the first nine months of 2016, operating expenses amounted to MSEK 166.4 (124.7), corresponding to an increase of 33.4%. The cost of goods sold amounted to MSEK 72.0 (54.2), up 33.4% as a result of increased sales. Payroll expenses amounted to MSEK 34.9 (30.9), an increase of 13.7%. The number of employees has increased by six people since 30 September 2015. Other external costs amounted to MSEK 54.3 (35.3), up 54.1%. Of the increase of 19.1, MSEK 11.7 is transaction costs and MSEK 2.3 integration costs.

During the first nine months of 2016, operating expenses in the Consumer Healthcare business area amounted to MSEK 98.8 (52.5), corresponding to an increase of 44.2%. Operating loss for the Functional Food business area was MSEK 0.3 (pos: 6.9), corresponding to an operating margin of 0%. The decrease is mainly attributable to investment in major marketing activities aimed at turning around the sales development in Sweden.

Operating profit for reporting period totalled MSEK 86.7 (59.4). Adjusted for currency effects, operating profit amounted to MSEK 86,3.

Third quarter, July-September 2016

Probi's net sales for the quarter amounted to MSEK 89.2 (51.9). The overall increase was MSEK 37.3, or 72%. Most of Probi's sales are denominated in foreign currencies, mainly USD and EUR. At constant exchange rates compared with the third quarter of 2015, net sales would have been MSEK 0,7 lower. Growth would then have been 71 %.

Net sales in Consumer Healthcare rose MSEK 37.5, or 86%, to MSEK 80.9 (43.4). Sales of goods and royalty revenue in the North American market rose more than 100%. In addition, sales to other regions increased at double-digit growth rates. Net sales in Functional Food totalled MSEK 8.3 (8.4).

In the third quarter, operating expenses amounted to MSEK 59.3 (36.3), representing a year-on-year increase of MSEK 23.0. Cost of goods sold increased MSEK 11.6, due to an increase in goods sold. Personnel costs were MSEK 1.7 higher year-on-year. Compared with the year-earlier period, the average number of employees increased by six. Other external costs rose MSEK 9.6, of which MSEK 4.2 comprised acquisition costs and MSEK 2.3 integration costs.

Operating profit for the quarter totalled MSEK 30.7 (16.3). Adjusted for currency effects, operating profit amounted to MSEK 29,7.

Financial Net

Financial revenue of MSEK 10,0 for the nine month period and MSEK 8,6 for the third quarter contains a positive result of MSEK 7,3 as a result of market valuation of a currency forward contract taken to secure cash against the repayment of the bridging loan.

Profit after tax

Profit after tax was MSEK 74.3 (46.3) for the quarter. Tax expense was MSEK 21.1 (13.2).

Earnings per share

Earnings per share for the reporting period amounted to SEK 7,87 (5.08).

Change in cash and cash equivalents

Cash and cash equivalents rose MSEK 824.6 (34.8) during the reporting period, amounting to MSEK 967.6 (143.0) at period-end. The main reason for the improved cash flow was the borrowing of funds of MSEK 801,5 for the acquisition made on 3 October. During the period, a dividend was paid amounting to MSEK 9.1 (7.7). Cash flow from operating activities were MSEK 9,9 lower for the period ending September compared to the corresponding period previous year, mainly caused by higher sales ties up more capital in accounts receivable.

Investments

During the period, investments in intangible assets amounted to MSEK 13.2 (14.1) of which MSEK 1.6 (1.8) pertained to patents, MSEK 9.8 (12.3) to capitalised development expenditure and MSEK 1.8 to a license for bacterial strains acquired from Swedish company Probac. Capitalised development expenditure mainly pertained to clinical trials in immune and digestive health. Investments in tangible assets totalled MSEK 0.5 (1.1).

Probi conducts prioritised research and development projects to ensure long-term growth. The R&D proportion of net sales were 9 percent (13). In nominal values the R&D expense were unchanged compared to last year.

SEGMENT INFORMATION

General information

Probi's business operations are organised in two business segments, each with its own operational manager: Consumer Healthcare and Functional Food. The Consumer Healthcare segment focuses on developing, marketing and selling Probi's probiotics in cooperation with healthcare companies and other companies that specialise in probiotics and health and wellness products under Probi's proprietary brands or those of its partners. The Functional Food segment develops foods that generate positive health benefits. Development in this segment is conducted in partnership with leading food companies, with the aim of commercialising and marketing products with high volume potential.

No business transactions are conducted between the two segments.

Operating revenue and profit per segment:

SEK 000s	Q3 2016			Q3 2015		
	CHC	FF	Total	CHC	FF	Total
Sales, goods	78 107	342	78 449	40 818	319	41 137
Royalty, licenses, etc.	2 841	7 918	10 759	2 629	8 097	10 726
Net sales	80 948	8 260	89 208	43 447	8 416	51 863
Other revenue	816	62	878	662	112	774
Operating revenue	81 764	8 322	90 086	44 109	8 528	52 637
Operating expense	-43 512	-11 592	-55 104	-29 315	-6 975	-36 290
Operating profit	38 252	-3 270	34 982	14 794	1 553	16 347

SEK 000s	Q1-Q3 2016			Q1-Q3 2015			Full-year, 2015		
	CHC	FF	Total	CHC	FF	Total	CHC	FF	Total
Sales, goods	216 343	956	217 299	144 290	978	145 268	167 537	2 558	170 095
Royalty, licenses, etc.	6 765	25 432	32 197	7 939	26 565	34 504	10 030	35 586	45 616
Net sales	223 108	26 388	249 496	152 229	27 543	179 772	177 567	38 144	215 711
Other revenue	3 379	239	3 618	4 099	263	4 362	4 648	325	4 973
Operating revenue	226 487	26 627	253 114	156 328	27 806	184 134	182 215	38 469	220 684
Operating expense	-127 721	-26 919	-154 640	-103 812	-20 937	-124 749	-129 949	-27 667	-157 616
Operating profit	98 766	-292	98 474	52 516	6 869	59 385	52 266	10 802	63 068

CHC = Consumer Healthcare FF = Functional Food

The negative operating profit in the Functional Food segment during the third quarter was largely attributable to the major marketing efforts for the Proviva products. Probi is making a onetime investment during Q3 and Q4 in a large relaunch ProViva in the Swedish market which aims at generating sales growth for the years to come.

In the third quarter, acquisition costs of MSEK 4.2 are not included in the segment reporting. The corresponding figure for the first until the third quarters is MSEK 11.7.

The revenue increase within Consumer Healthcare during the nine-month period in 2016 continued to derive mainly from the positive trend in North American market. Significant investments were made in R&D in Functional Food to support the agreements regarding new markets and applications signed during the first six months of the year.

Operating income distributed by geographic market:

SEK 000s	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full-year 2015
Sweden	13 345	12 076	41 539	37 111	50 670
Operating revenue	6 463	4 948	15 802	13 414	18 640
North America	63 452	29 616	171 783	117 231	132 128
Rest of world	6 826	5 997	23 990	16 378	19 246
Total	90 086	52 637	253 114	184 134	220 684

North America and Rest of World accounted for the largest increase during the nine-month period, each at 47%, while Sweden and Rest of Europe grew 12% and 18%, respectively, compared with the corresponding period in 2015. During the third quarter, North America grew 114% compared with the third quarter of the preceding year.

RESEARCH AND DEVELOPMENT

Probis strategy is to identify, plan and execute a risk balanced portfolio of short, medium and long-term research and development projects, based on existing and new clinical product platforms. The aim of the clinical trials within the existing Product Platforms, ProbiDigestis®, ProbiDefendum® and Probi FerroSorb®, is to secure and build on today's value creation by updating the scientific documentation for the platforms and by expanding the documentation to include lower age groups or other vulnerable groups.

Two of the main ongoing platform studies are aimed at increasing the clinical documentation for future health claims applications on markets within as well as outside EU. The results from these studies will be available by the end of 2016.

An additional pilot study in the gastro area, where the impact of LP299V® on gas formation was studied, is now completed. The study showed positive results, which has led us to start planning a full-scale follow-up study, expected to commence in 2017.

The remaining two platform studies aim at expanding the product applications to younger age groups. A new clinical platform trial has been started during Q3, aiming at studying the effect of a probiotic product in a vulnerable group, pregnant women.

The two studies on new clinical indications, as well as the research collaboration with Professor Michiel Kleerebezem at the Host Microbe Interactomics Group, Wageningen University, the Netherlands, all aiming at creating future product platforms, are proceeding according to plan, which is also the case for the collaborative projects with Symrise in oral health and skin care.

The focus on Probi's business development in the functional food area has also this period continued to lead to new projects based on Probi's formulation expertise.

To ensure that the ongoing clinical studies, as well as an expanded research activity following the acquisition of Nutraceutix can be implemented, we have recruited two new employees in R&D, a clinical trial manager and an associate scientist.

EMPLOYEES

At the end of the period, Probi had 38 (35) employees, of whom 25 (23) were women and 13 (12) men. The average number of employees during the reporting period was 37 (31).

RELATED-PARTY TRANSACTIONS

During the reporting period, Symrise AG, Probi's largest owner, was invoiced for SEK 283,000 (29,000) for laboratory material. Jan Nilsson, Board member, invoiced a fee of SEK 30,000 (30,000) via Atherioco AB relating to Probi Scientific Advisory Board. Purchases and sales of goods and services from and to related parties occur on market-based terms. No other related-party transactions occurred during the reporting period.

SIGNIFICANT RISKS AND UNCERTAINTIES

The risks and uncertainties to which Probi's operations are exposed are described on pages 51-52 of the printed 2015 Annual Report. At 30 September 2016, there were no significant changes in these risks or uncertainties.

CALENDAR

Year-end report, 2016	24 January 2017
Interim report Q1, 2017	4 May 2017
Annual General Meeting for 2016	4 May 2017
Interim report Q2, 2017	19 July 2017
Interim report Q3, 2017	25 October 2017
Year-end report, 2017	25 January 2018

ANNUAL GENERAL MEETING

The Annual General Meeting for 2016 will be held in Lund on Thursday 4 May 2017 at 3:00 p.m. The location is to be announced. Shareholders who wish to have matters considered at the AGM are requested to notify the Chairman of the Board no later than Friday, 4 March 2017. Such proposals are to be e-mailed to 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

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 2016, 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 8-11. Disclosures according to IAS 34 Interim Financial Reporting are provided both here and elsewhere in the interim report. As of the interim report June, 2016, EMSA's guidelines on alternative performance measures will be 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 60-63 of the printed 2015 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 2016. 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 risks and uncertainties facing the Parent Company and the Group.

Lund, 18 October 2016

Jean-Yves Parisot
Chairman of the Board

Jörn Andreas
Board member

Benedicte Fossum
Board member

Jan Nilsson
Board member

Jonny Olsson
Board member

Eva Redhe
Board member

Peter Nählstedt
CEO

Auditor's review report of the interim financial information in summary (interim report) 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 2016 and the three-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, 18 October 2016

Deloitte AB

Per-Arne Pettersson

Authorized Public Accountant

Statement of comprehensive income (Group)

	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full-year 2015
Currency: KSEK					
Operating revenue					
Net sales	89,208	51,863	249,496	179,772	215,711
Other revenue	<u>878</u>	<u>774</u>	<u>3,618</u>	<u>4,362</u>	<u>4,973</u>
Total operating revenue	90,086	52,637	253,114	184,134	220,684
Operating expenses					
Cost of goods sold	-25,761	-14,172	-72,018	-54,164	-63,120
Employee benefit expenses	-10,995	-9,306	-34,941	-30,736	-41,251
Other external costs	-20,813	-11,168	-54,349	-35,280	-47,069
Depreciation of fixed assets	-1,779	-1,538	-5,064	-4,463	-6,070
Discarding of fixed assets	-	<u>-106</u>	-	<u>-106</u>	<u>-106</u>
Total operating expenses	-59,348	-36,290	-166,372	-124,749	-157,616
Operating profit	30,738	16,347	86,742	59,385	63,068
Financial income	8,174	948	9,954	3,153	3,248
Financial expenses	<u>-48</u>	<u>-434</u>	<u>-1,325</u>	<u>-3,036</u>	<u>-3,226</u>
Profit before tax	38,864	16,861	95,371	59,502	63,090
Tax for the period	<u>-11,152</u>	<u>-3,723</u>	<u>-23,645</u>	<u>-13,190</u>	<u>-14,051</u>
Profit for the period	27,712	13,138	71,726	46,312	49,039
Other comprehensive income					
Currency translation difference in the group	<u>409</u>	-	<u>432</u>	-	<u>-4</u>
Total comprehensive income for the period	28,121	13,138	72,158	46,312	49,035
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	3,04	1,44	7,87	5,08	5,38
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 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Full-year 2015
Currency: KSEK					
Operating revenue					
Net sales	89,207	51,863	249,496	179,772	215,711
Other revenue	<u>900</u>	<u>774</u>	<u>3,619</u>	<u>4,362</u>	<u>4,973</u>
Total operating revenue	90,107	52,637	253,115	184,134	220,684
Operating expenses					
Cost of goods sold	-25,761	-14,172	-72,018	-54,164	-63,120
Employee benefit expenses	-10,996	-9,306	-34,942	-30,736	-41,251
Other external costs	-16,586	-11,168	-42,725	-35,280	-47,142
Depreciation of fixed assets	-1,779	-1,538	-5,064	-4,463	-6,070
Discarding of fixed assets	-	<u>-106</u>	-	<u>-106</u>	<u>-106</u>
Total operating expenses	-55,122	-36,290	-154,749	-124,749	-157,689
Operating profit	34,985	16,347	98,366	59,385	62,995
Financial income	8,174	948	9,954	3,153	3,248
Financial expenses	-47	-434	-1,325	-3,231	-3 422
Appropriations	-	-	-	-	<u>105</u>
Profit before tax	43,112	16,861	106,995	59,307	62,926
Tax for the period	<u>-9,505</u>	<u>-3,723</u>	<u>-23,645</u>	<u>-13,147</u>	<u>-14,031</u>
Profit for the period	33,607	13,138	83,350	46,160	48,895

Statement of comprehensive income (Parent Company)

Profit for the period	33,607	13,138	83,350	46,160	48,895
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	33,607	13,138	83,350	46,160	48,895

Consolidated statement of financial position (Group)

	30 Sep. 2016	30 Sep. 2015	31 Dec. 2015
Assets			
Fixed assets			
Capitalised development expenses	38,769	28,561	31,250
Patents and licenses	11,280	9,352	9,570
Goodwill	2,762	2,762	2,762
Equipment, tools and fixtures	3,799	4,849	4,581
Financial assets	<u>2,644</u>	-	-
Total fixed assets	59,254	45,524	48,163
Current assets			
Inventories	8,697	3,599	4,468
Current receivables	76,397	27,911	32,229
Cash and cash equivalents	<u>967,612</u>	<u>143,026</u>	<u>143,024</u>
Total current assets	1 052,706	174,536	179,721
Total assets	1 111,960	220,060	227,884
Equity and liabilities			
Equity	250,281	184,516	187,239
Deferred tax	122	145	122
Current liabilities	<u>861,557</u>	<u>35,399</u>	<u>40,523</u>
Total equity and liabilities	1 111,960	220,060	227,884

Balance sheet (Parent Company)

	30 Sep. 2016	30 Sep. 2015	31 Dec. 2015
Assets			
Fixed assets			
Capitalised development expenses	38,769	28,561	31,250
Patents and licenses	11,280	9,352	9,570
Equipment, tools and fixtures	3,799	4,849	4,581
Financial assets	<u>928,768</u>	<u>4,031</u>	<u>4,329</u>
Total fixed assets	982,616	46,793	49,730
Current assets			
Inventories	8,697	3,599	4,468
Current receivables	89,699	27,911	32,423
Cash and cash equivalents	<u>45,081</u>	<u>143,026</u>	<u>142,718</u>
Total current assets	143,477	174,536	179,609
Total assets	1 126,093	221,329	229,339
Equity and liabilities			
Equity	258,205	181,234	183,970
Untaxed reserves	555	660	555
Long-term liabilities to group companies	4,036	4,036	4,036
Current liabilities	<u>863,297</u>	<u>35,399</u>	<u>40,778</u>
Total equity and liabilities	1 126,093	221,329	229,339

Changes in equity (Group)

Currency: KSEK

Reporting period, 1 Jan. 2015 - 30 Sep. 2015	Share capital	Other contributions received	Reserves	Result brought forward	Total equity
Opening balance, 1 Jan. 2015	46,827	64,740	-	34,386	145,953
Profit for the year				46,312	46,312
Dividends for 2014			-	-7,749	-7,749
Equity, 30 Sep. 2015	46,827	64,740	-	72,949	184,516

Reporting period, 1 Jan. 2016 - 30 Sep. 2016	Share capital	Other contributions received	Reserves	Result brought forward	Total equity
Opening balance, 1 Jan. 2016	46,827	64,740	-4	75,676	187,239
Profit for the year				71,726	71,726
Other comprehensive income			432		432
Dividends for 2015				-9,116	-9,116
Equity, 30 Sep. 2016	46,827	64,740	428	138,286	250,281

Statement of cash flows

	Q1-Q3 2016	Q1-Q3 2015	Full-year 2015
Operating activities			
Profit before tax	95,371	59,502	63,090
Depreciation and discarding of fixed assets	5,064	4,569	6,176
Capital gains/losses from disposal of tangible fixed assets	21	31	31
Income tax paid	<u>-16,396</u>	<u>-10,216</u>	<u>-16,689</u>
Cash flow from operating activities before changes in working capital	84,060	53,886	52,608
Change in inventories	-4,229	-38	-907
Change in operating receivables	-44,168	1,417	-2,901
Change in operating liabilities	<u>12,231</u>	<u>2,578</u>	<u>13,286</u>
Cash flow from operating activities	47,894	57,843	62,086
Investing activities			
Acquisition of intangible fixed assets	-13,159	-14,132	-18,256
Acquisition of tangible fixed assets	-487	-1,117	-1,238
Divestment of tangible fixed assets	<u>134</u>	-	-
Cash flow from investing activities	-13,512	-15,249	-19,494
Change in cash and cash equivalents			
New borrowings	801,539	-	-
Fees for new borrowings	-2,644	-	-
Dividend to shareholders	<u>-9,116</u>	<u>-7,749</u>	<u>-7,749</u>
Cash flow from financing activities	789,779	-7,749	-7,749
Change in cash and cash equivalents	824,161	34,845	34,843
Cash and cash equivalents at the beginning of the year	143,024	108,181	108,181
Exchange rate differences in cash and cash equivalents	427	-	-
Cash and cash equivalents at the end of the period	967,612	143,026	143,024
Interest paid and received			
Interest received	-	101	128
Interest paid	-	-19	-19

Currency: KSEK

Key ratios	Def.	2016			2015				2014
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales Functional Food, quarterly		10 759	8 486	9 642	10 600	8 417	9 148	9 979	8 360
Net sales Consumer Healthcare, quarterly		78 449	64 791	77 369	25 339	43 446	49 830	58 952	31 560
Total net sales, quarterly		89 208	73 277	87 011	35 939	51 863	58 978	68 931	39 920
Operating profit, quarterly*	1	30 738	20 663	35 341	3 683	16 347	15 694	27 344	6 567
EBITDA, quarterly*	2	32 517	22 350	36 939	5 290	17 991	17 239	28 724	11 687
Growth, accumulated, %*	3	38,8	25,3	26,2	59,5	88,6	119,5	161,3	32,3
R&D expenses as part of operating income, %*	4	9	10	8	13	12	11	10	16
Operating margin, %*	5	34,5	28,2	40,6	10,2	31,5	26,6	39,7	16,5
EBITDA margin, %*	6	36,5	30,5	42,5	14,7	34,7	29,2	41,7	29,3
Net margin, %*	7	38,2	35,3	39,7	29,2	33,1	33,3	41,7	20,8
Average no. of employees		37	37	36	32	31	28	26	26
Total assets		1 111 960	258 786	255 068	227 884	220 060	210 861	213 564	175 989
Working capital*	8	191 149	166 809	161 232	139 198	139 137	127 056	125 454	111 179
Liquid ratio, %*	9	121	536	482	432	483	409	260	460
Equity ratio, %*	10	22,5	85,8	84,0	82,2	83,8	81,3	78,8	82,9
Return on total assets, %*	11	12,9	23,0	14,6	31,3	30,1	22,3	14,1	17,2
Return on equity, %*	12	43,6	27,6	17,2	37,9	36,0	26,9	18,3	20,3
Equity per share, SEK*	13	27,46	24,37	23,50	20,54	20,24	18,80	18,47	16,01
Cash flow per share, SEK*	14	90,46	2,90	1,10	3,82	3,82	1,47	2,03	1,85
Share price, SEK		350,00	248,00	121,00	141,50	138,50	131,00	108,75	61,50
Market cap	15	3 190 355	2 260 594	1 102 951	1 289 815	1 262 469	1 194 104	991 289	560 591

* Key ratios not defined according to IFRS.

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

Definitions of key ratios

- Total operating revenue less costs for goods for resale, employee benefit expenses, other external costs, depreciation/amortisation and disposal of assets
- Operating profit before depreciation, impairment, financial incomes and expenses and tax for the period
- Annual change in accumulated net sales
- Annual accumulated R&D expenses as a percentage of operating revenue. R&D expenses as a part of operating income is a key ratio that the Company considers to be relevant for investors who want to assess the Company's ability to develop new products and retain its competitiveness.
- Operating profit as a percentage of net sales, quarterly. Operating margin is a key ratio that the Company considers to be relevant for investors who want to assess the Company's possibilities to reach an industry level profitability.
- EBITDA as a percentage of net sales, quarterly. EBITDA margin is a key ratio that the Company considers to be relevant for investors who want to assess the Company's possibilities to reach an industry level profitability and if the Company's financial target of an EBITDA margin exceeding 20 percent is fulfilled.
- Profit before tax as a percentage of net sales
- Total current assets less current liabilities
- Total current assets excluding inventories as a percentage of current liabilities
- Equity as a percentage of total equity and liabilities. Equity ratio shows the share of the balance sheet total consisting of equity and has been included in order for investors to obtain a view of the Company's capital structure.
- Operating profit plus interest income as a percentage of average total equity and liabilities. Return on total assets is a key ratio that the Company considers to be relevant for investors who want to assess the Company's possibilities to reach reasonable, industry level return on the total capital made disposable by the shareholders and the lenders.
- Profit before tax as a percentage of average equity. Return on total equity is a key ratio that the Company considers to be relevant for investors who want to assess the Company's possibilities to reach an expected industry level return on the equity made disposable by the shareholders.
- Equity in relation to the number of shares outstanding
- Change in cash and cash equivalents in relation to the number of shares outstanding
- Share price at end of the period multiplied with number of shares outstanding.

Reconciliation of key ratios not defined according to IFRS		Q3	Q1-Q3	Q3	Q1-Q3	Q1-Q4
		2016	2016	2015	2015	2015
1. Operating profit	Total operating revenue	90 086	253 114	52 637	184 134	220 684
	Goods for resale	-25 761	-72 018	-14 172	-54 164	-63 120
	Employee benefit expenses	-10 995	-34 941	-9 306	-30 736	-41 251
	Other external costs	-20 813	-54 349	-11 168	-35 280	-47 069
	Depreciation of non-current assets	-1 779	-5 064	-1 538	-4 463	-6 070
	Disposal of non-current assets	-	-	-106	-106	-106
	Operating profit	30 738	86 742	16 347	59 385	63 068
4. Annual accumulated R&D expenses as a percentage of total operating revenue	R&D expenses		21 802		21 939	28 132
	Operating profit		253 114		184 134	220 684
			9%		12%	13%
11. Return on total capital, %	Interest income		-		126	128
	Average total capital		669 922		198 025	201 888
12. Return on equity, %	Average equity		218 760		165 235	166 596