

# PROBI AB INTERIM REPORT

## 1 January 2015 - 30 September 2015

## NEW FOOD PRODUCT LAUNCH IN SOUTH KOREA

### THIRD QUARTER OF 2015

- **NET SALES** amounted to MSEK 51.9 (37.1).
- **OPERATING PROFIT** totalled MSEK 16.3 (9.0).
- **PROFIT AFTER TAX** amounted to MSEK 13.1 (7.1).
- **PROFIT AFTER TAX PER SHARE** was SEK 1.44 (0.77).
- **CASH FLOW** amounted to MSEK 21.5 (3.3).

### ACCUMULATED 2015

- **NET SALES** amounted to MSEK 179.8 (95.3).
- **OPERATING PROFIT** totalled MSEK 59.4 (20.5).
- **PROFIT AFTER TAX** amounted to MSEK 46.3 (16.4).
- **PROFIT AFTER TAX PER SHARE** was SEK 5.08 (1.80).
- **CASH FLOW** amounted to MSEK 34.8 (6.3).

### SIGNIFICANT EVENTS DURING THE THIRD QUARTER:

- Peter Nählstedt, Probi's CEO, appointed Chairman of the International Probiotics Association Europe (IPA Europe).

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

- Agreement signed with Seoul Dairy Cooperative, South Korea, to launch new Functional Food product.

### CEO COMMENTS ON THE OPERATIONS AND FUTURE DEVELOPMENT:

"Net sales for the period up to including September this year amounted to MSEK 180, representing growth of 89%. Adjusted for currency effects, net sales amounted to MSEK 155, an increase of 62%. To date this year, deliveries to our major customers in North America, NBTY and Pharmavite, have been extensive, to ensure their supply capacity in conjunction with launches. We will see a temporary decline in these deliveries in the fourth quarter. We estimate net sales for the full-year 2015 to increase about 60% compared with 2014. We expect growth to continue in 2016. It is very gratifying that our efforts to identify new business solutions in the Functional Food business area resulted in a new agreement and an initial delivery. Our new business partner is the largest milk producer in South Korea, and the company will launch a dairy product containing our Lp299v<sup>®</sup> bacterium at the end of the year. We consider this launch of a food product containing Probi's probiotics in a key and growing Asian market to be a significant strategic step," says Peter Nählstedt, CEO of Probi.

### INVITATION TO TELECONFERENCE (SWEDISH):

Time: Thursday, 22 October 2015 at 10.00 a.m. Tel: +46 (0)8 566 426 61 Participants from Probi: Peter Nählstedt, CEO and Niklas Brandt, CFO. The presentation is available at [www.probi.se](http://www.probi.se) and [www.financialhearings.com](http://www.financialhearings.com)

### FOR FURTHER INFORMATION, PLEASE CONTACT:

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Niklas Brandt, CFO, Probi, tel: +46 (0)46-286 89 26 or +46 (0)706-62 98 83, e-mail: [niklas.brandt@probi.se](mailto:niklas.brandt@probi.se)

*This information is such that Probi AB is required to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 22 Oct 2015 at 8:45 a.m.*

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

## ABOUT PROBI

Probi AB is a Swedish publicly traded bioengineering company that develops effective and well-documented probiotics. Through its world-leading research, Probi has created a strong product portfolio in the gastrointestinal health and immune system niches. Probi's products are available to consumers in more than 30 countries worldwide. Probi's customers are leading food, health-product and pharmaceutical companies in the Functional Food and Consumer Healthcare segments. In 2014, Probi had sales of MSEK 135. The Probi share is listed on NASDAQ OMX Stockholm, Small Cap. Probi has about 3,500 shareholders. Read more at [www.probi.se](http://www.probi.se).



## ABOUT THE OPERATIONS

After the end of the reporting period, Probi signed a new agreement in the Functional Food business area for a product launch in South Korea. This is Probi's first agreement for a dairy product containing Probi's Lp299v<sup>®</sup> bacterium. The business partner is Seoul Dairy Cooperative and the launch is planned for the end of 2015. Seoul Dairy is the largest producer of dairy products in South Korea and also manufactures juices and other beverages.

In the Consumer Healthcare business area, Probi holds an established position in the growing South Korean market. In 2014, agreements were signed with Sanofi and Dongkook to launch Probi Digestis and Probi Mage in South Korea. Both these partnerships have now been expanded through launches of additional product variants for digestive health. Under its Cenovis Superbiotics brand, Sanofi has launched a product for children in a stick pack. The product contains a combination of probiotics and prebiotics, and is mainly marketed in retail stores. Dongkook, the largest OTC player in South Korea, has launched ProbiMage Plus – which contains Probi's LP299V<sup>®</sup> – in the pharmacy channel.

During the reporting period, Probi's revenue in North America amounted to MSEK 117.2 (24.2). The third quarter also showed a sharp increase compared with the year-earlier period, with revenue more than doubling to MSEK 29.6 (13.5). Both of Probi's business partners in the US, NBTY and Pharmavite, have conducted extensive probiotic launches in 2015. NBTY has decided to include Probi's probiotic strains for digestive and immune health in its Probiotic 10 product, which is already available in US retail stores under the Nature's Bounty brand. Probiotic 10 is one of the six largest probiotic products in the North American market. Pharmavite has launched a new range comprising combination products containing probiotics plus vitamins and minerals, for example, aimed at various consumer groups. The sharp growth in sales is partly linked to stock accumulation to ensure supply capacity in conjunction with these launches.

Probi's partnership with Swedish Bringwell continues to show a positive trend. The market share for Probi's products in the Swedish market has continued to grow, and amounted to 54% for the July 2014-June 2015 period according to GfK MedicScope.

In 2014, two clinical trials were concluded and demonstrated that Probi's probiotics can increase iron absorption in women of child-bearing age. On the basis of these findings, Probi established a new product platform in 2015, Probi FerroSorb. The product comprises a combination of LP299V<sup>®</sup> and ferrous fumarate. A number of Probi's existing business partners have shown great interest in the product. The first launch will take place in a minor European market in early 2016.

Probi's CEO Peter Nählstedt has been appointed Chairman of IPA Europe, the European branch of the International Probiotics Association. IPA Europe is a newly formed NGO with the mission of supporting its members, disseminating knowledge about probiotics in the European food industry and stimulating probiotic innovation and research. The organisation was formed by merging the European branch of IPA with two other organisations – the Yoghurt and Live Fermented Milks Association (YLFA) and the Global Alliance for Probiotics (GAP). IPA Europe was launched in Brussels on 30 September. One of IPA Europe's objectives is to bring the status of probiotics in the EU into line with international conventions. The topic was debated in a panel discussion at the launch event, with participants from the European Food Safety Authority (EFSA), the European Commission and the European Parliament.

## SALES AND COSTS

### Reporting period, January-September, 2015

Probi's net sales in the reporting period amounted to MSEK 179.8 (95.3). The overall increase was MSEK 84.5, or 89%. Adjusted for currency effects, net sales amounted to MSEK 154.7, up 62%.

Net sales in Consumer Healthcare rose MSEK 84.6, or 125%, to MSEK 152.2 (67.6). Deliveries to the US companies Pharmavite and NBTY accounted for most of this growth. In the reporting period, Probi delivered substantial volumes to both of these customers in conjunction with stock accumulations prior to launches in 2015. Net sales in Functional Food amounted to MSEK 27.5 (27.7).

Operating expenses during the reporting period amounted to MSEK 124.7 (76.3), up MSEK 48.4 compared with the year-on-year period. Cost of goods sold rose MSEK 25.8, due to increased sales. Personnel costs were MSEK 7.7 higher than in the same period of 2014. The number of employees rose by seven people, compared with the end of September in 2014. The allocation of variable remuneration to personnel also

increased. Among other costs, the marketing costs attributable to partnerships with Swedish Bringwell and Swiss Vifor, in particular, were higher compared with the year-on-year period.

Probi's operating profit in the reporting period amounted to MSEK 59.4 (20.5). Adjusted for currency effects, operating profit amounted to MSEK 41.2.

### **Third quarter, July-September 2015**

In the third quarter, Probi's net sales amounted to MSEK 51.9 (37.1). The overall increase was MSEK 14.8, or 40%. Adjusted for currency effects, net sales amounted to MSEK 44.4, up 20%.

Net sales in Consumer Healthcare rose MSEK 15.0, or 53%, to MSEK 43.4 (28.4). This year-on-year increase was mainly a result of deliveries to US companies Pharmavite and NBTY in conjunction with their launches in the North American market. Net sales in Functional Food amounted to MSEK 8.4 (8.6).

In the third quarter, operating expenses amounted to MSEK 36.3 (28.9), representing a year-on-year increase of MSEK 7.4. Costs attributable to clinical trials and consulting services in sales and administration, in particular, were higher compared with the year-earlier quarter. In addition, personnel costs increased due to new recruitments in 2015.

In the third quarter, operating profit amounted to MSEK 16.3 (9.0). Adjusted for currency effects, operating profit amounted to MSEK 10.7.

### **Profit after tax**

Profit after tax for the reporting period amounted to MSEK 46.3 (16.4). Tax expense was MSEK 13.2 (4.7).

### **Earnings per share**

Earnings per share for the reporting period amounted to SEK 5.08 (1.80).

### **Cash flow**

Cash and cash equivalents rose MSEK 34.8 (6.3) during the reporting period, amounting to MSEK 143.0 (97.6) at period-end.

### **Investments**

Investments in intangible assets during the reporting period amounted to MSEK 14.1 (7.7), of which MSEK 1.8 (1.5) pertained to patents and MSEK 12.3 (6.2) to capitalised development expenses. Capitalised development expenditure mainly pertains to clinical trials in immune and digestive health. Investments in tangible fixed assets totalled MSEK 1.1 (0.6).

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

## **SEGMENT INFORMATION**

### **General information**

Probi's business operations are organised into two business segments, each with its own operational manager: Consumer Healthcare and Functional Food.

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

The Functional Food segment focuses on developing food that provides health benefits. This development 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 2015			Q3 2014		
	CHC	FF	Total	CHC	FF	Total
Sales, goods	40,818	319	<b>41,137</b>	26,522	259	<b>26,781</b>
Royalty, licenses, etc.	2,629	8,097	<b>10,726</b>	1,893	8,382	<b>10,275</b>
<b>Net sales</b>	<b>43,447</b>	<b>8,416</b>	<b>51,863</b>	<b>28,415</b>	<b>8,641</b>	<b>37,056</b>
Other revenue	662	112	<b>774</b>	793	50	<b>843</b>
<b>Operating revenue</b>	<b>44,109</b>	<b>8,528</b>	<b>52,637</b>	<b>29,208</b>	<b>8,691</b>	<b>37,899</b>
Operating expenses	-29,315	-6,975	<b>-36,290</b>	-22,532	-6,342	<b>-28,874</b>
<b>Operating profit</b>	<b>14,794</b>	<b>1,553</b>	<b>16,347</b>	<b>6,676</b>	<b>2,349</b>	<b>9,025</b>

SEK 000s	Q1-Q3 2015			Q1-Q3 2014			Full-year, 2014		
	CHC	FF	Total	CHC	FF	Total	CHC	FF	Total
Sales, goods	144,290	978	<b>145,268</b>	61,878	617	<b>62,495</b>	91,101	621	<b>91,722</b>
Royalty, licenses, etc.	7,939	26,565	<b>34,504</b>	5,705	27,122	<b>32,827</b>	8,041	35,479	<b>43,520</b>
<b>Net sales</b>	<b>152,229</b>	<b>27,543</b>	<b>179,772</b>	<b>67,583</b>	<b>27,739</b>	<b>95,322</b>	<b>99,142</b>	<b>36,100</b>	<b>135,242</b>
Other revenue	4,099	263	<b>4,362</b>	1,268	216	<b>1,484</b>	2,210	300	<b>2,510</b>
<b>Operating revenue</b>	<b>156,328</b>	<b>27,806</b>	<b>184,134</b>	<b>68,851</b>	<b>27,955</b>	<b>96,806</b>	<b>101,352</b>	<b>36,400</b>	<b>137,752</b>
Operating expenses	-103,812	-20,937	<b>-124,749</b>	-56,765	-19,559	<b>-76,324</b>	-83,479	-27,224	<b>-110,703</b>
<b>Operating profit</b>	<b>52,516</b>	<b>6,869</b>	<b>59,385</b>	<b>12,086</b>	<b>8,396</b>	<b>20,482</b>	<b>17,873</b>	<b>9,176</b>	<b>27,049</b>

CHC = Consumer Healthcare FF = Functional Food

**Operating revenue distributed by geographic market:**

SEK 000s	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full-year 2014
Sweden	12,076	12,528	37,111	38,914	52,685
Rest of Europe	4,948	6,350	13,414	13,577	15,854
North America	29,616	13,492	117,231	24,195	44,455
Rest of world	5,997	5,529	16,378	20,120	24,758
<b>Total</b>	<b>52,637</b>	<b>37,899</b>	<b>184,134</b>	<b>96,806</b>	<b>137,752</b>

The sharp increase in revenue in Consumer Healthcare during the reporting period was mainly attributable to extensive deliveries to NBTY and Pharmavite in conjunction with their 2015 launches in the North American market. This also led to increased costs in the business area. Of the total increase of MSEK 47.0, product costs accounted for MSEK 25.9. Resources have also been allocated to the business area during the year in the form of new recruitments, resulting in higher personnel costs. In addition, marketing costs attributable to the Bringwell and Vifor partnerships were higher compared with the same period in 2014.

Rest of world revenue was lower year-on-year due to Probi's extensive deliveries to Sanofi in the first quarter of 2014, prior to its launch of Probi Digestis® in South Korea in the second quarter of 2014.

## RESEARCH AND DEVELOPMENT

The ongoing clinical research projects aimed at further strengthening the clinical documentation for Probi Digestis<sup>®</sup> and Probi Defendum<sup>®</sup> are expected to be complete around year-end. During the first six-month period, a new long-term trial in a new area of indication for Probi was initiated in partnership with Lund University Hospital, Sweden.

Another clinical trial has commenced in one of Probi's current product platforms. Another two projects, one in an existing product platform, the other in a totally new indication, are now in the late planning phase. In addition to the clinical research programme, a number of application projects are also ongoing to strengthen the development platform for new food products in Functional Food.

The ongoing research collaboration with Professor Michiel Kleerebezem from Host-Microbe Interactomics at Wageningen University in the Netherlands is progressing as planned. The aim of the project is to clarify the anti-inflammatory mechanisms of action of probiotic bacteria.

The *in vitro* trials conducted during the year to determine the mechanism of action for the previously demonstrated positive effect of *Lactobacillus Plantarum* DSM 9843 (Lp299v<sup>®</sup>) on iron absorption from a meal have now been concluded, and efforts to patent the results are in progress. A now-completed trial to determine the effect of Lp299v on iron absorption was recently published in the British Journal of Nutrition (2015,114,1195-120: "Probiotic strain *Lactobacillus plantarum* 299v increases iron absorption from an iron-supplemented fruit drink: a double-isotope cross-over single-blind study in women of reproductive age. Hoppe et al). The trial showed that iron absorption from a fruit drink increased 50% when the drink contained *Lactobacillus plantarum* DSM 9843.

## EMPLOYEES

At the end of the period, Probi had 35 (28) employees, of whom 23 (19) were women and 12 (9) men. The average number of employees was 31 (25). Most of the new appointments during the year were in marketing and sales. Probi's R&D organisation was also strengthened by new appointments in both clinical application and research.

## RELATED-PARTY TRANSACTIONS

During the year, Board member Jan Nilsson invoiced fees of SEK 30,000 (-) via Atherioco AB, pertaining to Probi's Scientific Advisory Board. During the same period, Probi's principal owner, Symrise AG, invoiced SEK 29,000 (-) pertaining to laboratory material. Goods and services are purchased from related parties on market-based terms.

## SIGNIFICANT RISKS AND UNCERTAINTIES

The risks and uncertainties to which Probi's operations are exposed are described on pages 47-48 of the printed 2014 Annual Report. At 30 September 2015, no significant changes are considered to have occurred to these risks or uncertainties.

## CALENDAR

Year-end report, 2015	26 January 2016
Interim report Q1, 2016	27 April 2016
2015 Annual General Meeting	27 April 2016
Interim report Q2, 2016	15 July 2016
Interim report Q3, 2016	25 October 2016
Year-end report, 2016	24 January 2017

## **ANNUAL GENERAL MEETING**

The 2015 AGM will be held in Lund on Thursday, 27 April 2016 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 2016. Such proposals are to be e-mailed to [sofie.forsman@probi.se](mailto:sofie.forsman@probi.se), or posted to: Annual General Meeting, Probi AB, Att: Sofie Forsman, Ideon Gamma 1, SE-223 70 Lund, Sweden.

## **ACCOUNTING AND MEASUREMENT POLICIES**

### **Group**

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups – January 2015, the International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union. This interim report was prepared in compliance with IAS 34 “Interim Reporting” and the Swedish Annual Accounts Act.

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 2014 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 2015. 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, 22 October 2015

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 Ridderstad  
*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 2015 and the nine-month period that ended on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim financial information based on our review.

#### Focus and scope of the review

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

#### Opinion

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

Malmö, 22 October 2015

Deloitte AB

Per-Arne Pettersson

Authorized Public Accountant

**Statement of comprehensive income (Group)**

	Q3 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full-year 2014
<b>Currency: KSEK</b>					
<b>Operating revenue</b>					
Net sales	51,863	37,056	179,772	95,322	135,242
Other revenue	<u>774</u>	<u>843</u>	<u>4,362</u>	<u>1,484</u>	<u>2,510</u>
<b>Total operating revenue</b>	<b>52,637</b>	<b>37,899</b>	<b>184,134</b>	<b>96,806</b>	<b>137,752</b>
<b>Operating expenses</b>					
Cost of goods sold	-14,172	-12,678	-54,164	-28,406	-41,677
Employee benefit expenses	-9,306	-7,956	-30,736	-23,031	-31,937
Other external costs	-11,168	-6,888	-35,280	-20,848	-27,930
Depreciation of fixed assets	-1,538	-1,352	-4,463	-4,039	-5,419
Discarding of fixed assets	<u>-106</u>	<u>-</u>	<u>-106</u>	<u>-</u>	<u>-3,740</u>
<b>Total operating expenses</b>	<b>-36,290</b>	<b>-28,874</b>	<b>-124,749</b>	<b>-76,324</b>	<b>-110,703</b>
<b>Operating profit</b>	<b>16,347</b>	<b>9,025</b>	<b>59,385</b>	<b>20,482</b>	<b>27,049</b>
Financial income	948	493	3,153	1,335	1,648
Financial expenses	<u>-434</u>	<u>-464</u>	<u>-3,036</u>	<u>-723</u>	<u>-607</u>
<b>Profit before tax</b>	<b>16,861</b>	<b>9,054</b>	<b>59,502</b>	<b>21,094</b>	<b>28,090</b>
Tax for the period	<u>-3,723</u>	<u>-2,002</u>	<u>-13,190</u>	<u>-4,695</u>	<u>-6,325</u>
<b>Profit for the period</b>	<b>13,138</b>	<b>7,052</b>	<b>46,312</b>	<b>16,399</b>	<b>21,765</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>13,138</b>	<b>7,052</b>	<b>46,312</b>	<b>16,399</b>	<b>21,765</b>

Number of shares at end of the reporting period	9 115 300	9 115 300	9 115 300	9 115 300	9 115 300
Average no.of shares	9 115 300	9 115 300	9 115 300	9 115 300	9 115 300
Earnings per share before and after dilution	1,44	0,77	5,08	1,80	2,39

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 2015	Q3 2014	Q1-Q3 2015	Q1-Q3 2014	Full-year 2014
<b>Currency: KSEK</b>					
<b>Operating revenue</b>					
Net sales	51,863	37,056	179,772	95,322	135,242
Other revenue	<u>774</u>	<u>843</u>	<u>4,362</u>	<u>1,484</u>	<u>2,510</u>
<b>Total operating revenue</b>	<b>52,637</b>	<b>37,899</b>	<b>184,134</b>	<b>96,806</b>	<b>137,752</b>
<b>Operating expenses</b>					
Cost of goods sold	-14,172	-12,678	-54,164	-28,406	-41,677
Employee benefit expenses	-9,306	-7,956	-30,736	-23,031	-31,937
Other external costs	-11,168	-6,888	-35,280	-20,848	-27,930
Depreciation of fixed assets	-1,538	-1,352	-4,463	-4,039	-5,419
Discarding of fixed assets	<u>-106</u>	<u>-</u>	<u>-106</u>	<u>-</u>	<u>-3,740</u>
<b>Total operating expenses</b>	<b>-36,290</b>	<b>-28,874</b>	<b>-124,749</b>	<b>-76,324</b>	<b>-110,703</b>
<b>Operating profit</b>	<b>16,347</b>	<b>9,025</b>	<b>59,385</b>	<b>20,482</b>	<b>27,049</b>
Financial income	948	493	3,153	1,335	1,648
Financial expenses	-434	-464	-3,231	-723	-412
Appropriations	-	-	-	-	<u>-62</u>
<b>Profit before tax</b>	<b>16,861</b>	<b>9,054</b>	<b>59,307</b>	<b>21,094</b>	<b>28,223</b>
Tax for the period	<u>-3,723</u>	<u>-2,002</u>	<u>-13,147</u>	<u>-4,695</u>	<u>-6,355</u>
<b>Profit for the period</b>	<b>13,138</b>	<b>7,052</b>	<b>46,160</b>	<b>16,399</b>	<b>21,868</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>13,138</b>	<b>7,052</b>	<b>46,160</b>	<b>16,399</b>	<b>21,868</b>



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

	30 Sep. 2015	30 Sep. 2014	31 Dec. 2014
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	28,561	20,911	18,340
Patents and licenses	9,352	9,047	8,910
Goodwill	2,762	2,762	2,762
Equipment, tools and fixtures	4,849	2,079	4,864
Deferred tax	-	-	43
<b>Total fixed assets</b>	<b>45,524</b>	<b>34,799</b>	<b>34,919</b>
<b>Current liabilities</b>			
Inventories	3,599	2,402	3,561
Current receivables	27,911	32,387	29,328
Cash and cash equivalents	<u>143,026</u>	<u>97,615</u>	<u>108,181</u>
<b>Total current assets</b>	<b>174,536</b>	<b>132,404</b>	<b>141,070</b>
<b>Total assets</b>	<b>220,060</b>	<b>167,203</b>	<b>175,989</b>
<b>Equity and liabilities</b>			
Equity	184,516	140,587	145,953
Deferred tax	145	132	145
Current liabilities	<u>35,399</u>	<u>26,484</u>	<u>29,891</u>
<b>Total equity and liabilities</b>	<b>220,060</b>	<b>167,203</b>	<b>175,989</b>

**Balance sheet (Parent Company)**

	30 Sep. 2015	30 Sep. 2014	31 Dec. 2014
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	28,561	20,911	18,340
Patents and licenses	9,352	9,047	8,910
Equipment, tools and fixtures	4,849	2,079	4,864
Participation in Group Companies	<u>4,031</u>	<u>4,031</u>	<u>4,031</u>
<b>Total fixed assets</b>	<b>46,793</b>	<b>36,068</b>	<b>36,145</b>
<b>Current liabilities</b>			
Inventories	3,599	2,402	3,561
Current receivables	27,911	32,387	29,189
Cash and cash equivalents	<u>143,026</u>	<u>97,615</u>	<u>108,181</u>
<b>Total current assets</b>	<b>174,536</b>	<b>132,404</b>	<b>140,931</b>
<b>Total assets</b>	<b>221,329</b>	<b>168,472</b>	<b>177,076</b>
<b>Equity and liabilities</b>			
Equity	181,234	137,354	142,822
Untaxed reserves	660	598	660
Long-term liabilities to group companies	4,036	4,036	4,036
Current liabilities	<u>35,399</u>	<u>26,484</u>	<u>29,558</u>
<b>Total equity and liabilities</b>	<b>221,329</b>	<b>168,472</b>	<b>177,076</b>

### Changes in equity (Group)

Currency: KSEK

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

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

### Statement of cash flows

	Q1-Q3 2015	Q1-Q3 2014	Full-year 2014
<b>Operating activities</b>			
Profit before tax	59,502	21,094	28,090
Depreciation and discarding of fixed assets	4,569	4,039	9,159
Capital gains/losses from disposal of tangible fixed assets	31	-	30
Income tax paid	<u>-10,216</u>	<u>-2,757</u>	<u>-5,147</u>
<b>Cash flow from operating activities before changes in working capital</b>	<b>53,886</b>	<b>22,376</b>	<b>32,132</b>
Change in inventories	-38	277	-882
Change in operating receivables	1,417	-7,202	-4,143
Change in operating liabilities	<u>2,578</u>	<u>5,989</u>	<u>10,125</u>
<b>Cash flow from operating activities</b>	<b>57,843</b>	<b>21,440</b>	<b>37,232</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets	-14,132	-7,708	-9,824
Acquisition of tangible fixed assets	-1,117	-582	-3,823
Divestment of tangible fixed assets	-	-	<u>131</u>
<b>Cash flow from investing activities</b>	<b>-15,249</b>	<b>-8,290</b>	<b>-13,516</b>
<b>Change in cash and cash equivalents</b>			
Dividend to shareholders	<u>-7,749</u>	<u>-6,836</u>	<u>-6,836</u>
<b>Cash flow from financing activities</b>	<b>-7,749</b>	<b>-6,836</b>	<b>-6,836</b>
<b>Change in cash and cash equivalents</b>	<b>34,845</b>	<b>6,314</b>	<b>16,880</b>
Cash and cash equivalents at the beginning of the year	108,181	91,301	91,301
Cash and cash equivalents at the end of the period	143,026	97,615	108,181
<b>Interest paid and received</b>			
Interest received	101	754	1,219
Interest paid	-19	-	-

Currency: KSEK

Key ratios		2015			2014				2013
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	Def.								
Net sales Functional Food, quarterly		8 417	9 148	9 979	8 360	8 641	9 296	9 802	9 461
Net sales Consumer Healthcare, quarterly		43 446	49 830	58 952	31 560	28 415	22 586	16 582	16 696
Total net sales, quarterly		51 863	58 978	68 931	39 920	37 056	31 882	26 384	26 157
EBITDA, quarterly	1	17 991	17 239	28 724	11 687	10 377	6 723	7 421	4 393
Operating profit, quarterly		16 347	15 694	27 344	6 567	9 025	5 329	6 128	3 055
Growth, accumulated, %	2	88,6	119,5	161,3	32,3	25,3	12,2	3,9	2,7
R&D expenses as part of operating income, %		12	11	10	16	18	18	19	19
EBITDA margin, %	3	34,7	29,2	41,7	29,3	28,0	21,1	28,1	16,8
Operating margin, %	4	31,5	26,6	39,7	16,5	24,4	16,7	23,2	11,7
Net margin, %	5	33,1	33,3	41,7	20,8	22,1	20,7	24,5	19,1
Average no. of employees		31	28	26	26	25	25	25	25
Assets		220 060	210 861	213 564	175 989	167 203	154 464	152 919	149 715
Working capital	6	139 137	127 056	125 454	111 179	105 920	100 839	104 337	100 606
Liquid ratio, %	7	483	409	260	460	491	569	708	628
Equity ratio, %	8	83,8	81,3	78,8	82,9	84,0	86,4	88,9	87,5
Debt/equity ratio, %	9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Return on total assets, %	10	30,1	22,3	14,1	17,2	13,5	8,0	4,3	13,7
Return on equity, %	11	36,0	26,9	18,3	20,3	15,5	9,1	4,9	15,4
Equity per share, SEK		20,24	18,80	18,47	16,01	15,42	14,65	14,93	14,37
Cash flow per share, SEK		3,82	1,47	2,03	1,85	0,69	0,33	0,39	0,44
Share price, SEK		138,50	131,00	108,75	61,50	46,80	50,50	40,50	39,50
Market cap		1 262 469	1 194 104	991 289	560 591	426 596	460 323	369 170	360 054

**Definitions of key ratios**

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