

Interim report January-September 2020

Strong growth with good profitability

Significant events during the third quarter

- Net sales increased by 38% (43% adjusted for currency changes) to SEK 195 m (142). Positive one-off effect of around SEK 15 m from an American customer's product update program.
- The EBITDA margin was 32% (32%).
- New vice president R&D recruited starting September.
- New research study with Lund University published showing a link between probiotics and reduced side-effects from stress.

SEK
195 m
Net sales

32%
EBITDA margin

Significant events after the end of the period

- Acquisition of shares in Vital Nutrients Holdings and entering into strategic partnership. Total amount of USD 6 m with an ownership slightly below 10%.

Financial overview

SEK m	Jul-Sep		Jan-Sep		Full-year	
	2020	2019	2020	2019	RTM	2019
Net sales	194.6	141.6	532.4	460.1	698.5	626.2
Growth, %	37.5%	-16.1%	15.7%	4.3%	11.6%	3.7%
Currency adjusted growth, %	43.2%	-21.9%	15.8%	0.4%	5.2%	0.1%
Gross margin, %	45.7%	45.8%	43.5%	46.2%	44.4%	46.6%
EBITDA	61.5	45.4	149.4	130.1	202.7	183.4
EBITDA margin, %	31.6%	32.1%	28.1%	28.3%	29.0%	29.3%
Operating profit (EBIT)	44.1	26.7	93.9	77.1	128.4	111.5
EBIT margin, %	22.6%	18.8%	17.6%	16.7%	18.4%	17.8%
Net income	33.2	21.7	70.9	60.0	96.7	85.9
Earnings per share before and after dilution, SEK	2.91	1.90	6.22	5.27	8.49	7.54

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

This information is information that Probi AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the CEO and CFO, on October 21, 2020 at 08:00 CET. This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.



We're on a growth journey

We delivered the strongest quarter in our history with sales growth of 38% compared with last year. Growth was mainly driven by Americas, which had a strong quarter. The EBITDA margin for the group in the third quarter was 32%, which is on a par with last year, and for the nine-month period we had an EBITDA margin of 28%.

Demand for our products continues to be strong in Americas and the negative effects of COVID-19 have been limited. The strong growth in the region of 50% over the quarter is partly explained by the product update that one of our major customers is carrying out, but the majority of our growth comes from increased demand from both existing and new customers. We continue to view our growth opportunities in Americas positively, but at the same time note that variations between quarters can occur depending on how customer orders fall.

Developments in EMEA and APAC have been weaker, with the regions being negatively affected by the stock building up that took place during the previous quarter, driven by the COVID-19 pandemic. Although we judge that these are temporary fluctuations, we are not satisfied with the performance. We have taken measures, especially in our organization in Asia, and see continued strong growth potential in the region.

Our investment program in the manufacturing facilities in the US is developing according to plan. With these investments made, we will have a stronger production capacity next year and at the same time be able to

reduce production costs, which is expected to lead to a positive effect on the gross margin.

Exploring new product areas continues and in August we were able to publish a research study, together with Lund University, which shows a link between probiotics and reduced side effects of acute psychosocial stress. This is potentially a very exciting area where we see attractive opportunities in the future.

I am pleased to now have a complete management team at Probi following our latest recruitment of Peter Dybdahl Hede as the new Vice President R&D. Peter took up his position in September and has extensive experience in R&D from the biotech and pharmaceutical industries.

On the 20th October we announced our acquisition of shares in Vital Nutrients Holdings. The acquisition is part of a strategic partnership with great potential to get leverage on our operations within the companies in the Vital Nutrients Holdings.

Our employees have shown an amazing ability to handle this exceptional time. Although we have all had to challenge ourselves and find new, creative solutions, we have not lost focus. The level of activity at Probi is high in all areas and with the deal with Vital Nutrients Holdings we show our commitment to reach our growth target.

Tom Rönnlund
CEO



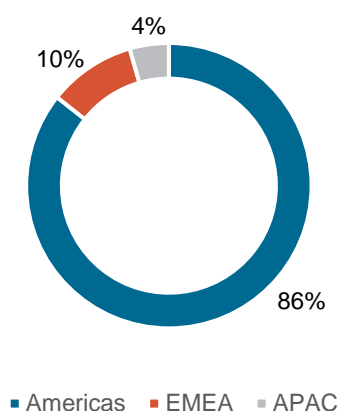
Net sales

July – September (third quarter)

During the quarter, Probi's net sales amounted to SEK 194.6 m (141.6), which corresponded to an increase of SEK 53.0 m or 38%. Adjusted for exchange rate effects, net sales amounted to SEK 203 m, corresponding to an increase of 43%.

The total increase of SEK 53.0 m is explained by strong growth in the Americas which rose by SEK 55.4 m (+50%) at the same time as EMEA declined by SEK 0.9 m (-5%) and APAC fell by SEK 1.5 m (-14%).

The Americas share of total net sales increased during the quarter and amounted to 86%. EMEA represents 10% and APAC 4% of total net sales.



Net sales per segment

SEK m	Jul-Sep			Jan-Sep		
	2020	2019	Change, %	2020	2019	Change, %
Americas	166.7	111.3	49.8%	410.5	340.9	20.4%
EMEA	19.3	20.2	-4.6%	81.8	83.8	-2.3%
APAC	8.6	10.1	-14.3%	40.1	35.4	13.5%
Net sales	194.6	141.6	37.5%	532.4	460.1	15.7%

January – September (nine months)

Net sales amounted to SEK 532.4 m (460.1), which corresponds to an increase of 16%. Adjusted for exchange rate effects, this corresponds to an increase of 16%. The total rise of SEK 72.3 m is mainly explained by

strong growth in the Americas which amounted to an increase of SEK 69.5 m (+20%). EMEA fell by SEK 2.0 m (-2%) while APAC rose by SEK 4.7 m (+14%).



Earnings

Operating profit (EBIT)

The operating profit for Q3 amounted to SEK 44.1 m (26.7), which corresponds to an increase of SEK 17.4 m or 65%. Adjusted for currency effects, the operating profit amounted to SEK 45.4 m. The improved operating profit was mainly due to a higher gross profit in the Americas, which rose by SEK 27.5 m or 59%.

Sales and marketing expenses amounted to SEK 24.4 m (22.2), corresponding to an increase of 10%, which was due to increased commercial resources in the Americas and APAC. At the same time, costs in connection with customer activities have been lower as a result of travel restrictions due to COVID-19 and a conversion to more digital arrangements.

Despite there being difficulties in starting new studies during the period as a result of COVID-19, there has been high level activity in research and development, which has meant that R&D costs rose in the quarter by 22% to SEK 7.9 m (6.5).

Administrative expenses amounted to SEK 12.6 m (9.5 m), corresponding to an increase of 32%. The increase was due to a strengthening of the organization, coupled with higher costs for business development.

Operating profit

SEK m	Jul-Sep			Jan-Sep		
	2020	2019	Change, %	2020	2019	Change, %
Gross profit Americas	73.8	46.3	59.3%	162.8	137.6	18.3%
Gross profit EMEA	10.6	13.3	-20.0%	47.4	54.1	-12.3%
Gross profit APAC	4.5	5.3	-15.1%	21.3	21.1	1.2%
Gross profit	88.9	64.9	37.0%	231.5	212.8	8.8%
Sales and marketing expenses	-24.4	-22.2	10.3%	-71.5	-80.5	-11.2%
Research and development expenses	-7.9	-6.5	21.8%	-25.2	-23.0	9.6%
Administration expenses	-12.6	-9.5	32.2%	-41.2	-34.2	20.6%
Other operating income	0.1	0.0	139.7%	0.3	2.0	-85.9%
Operating profit (EBIT)	44.1	26.7	65.2%	93.9	77.1	21.8%

Financial result

The Group's financial result for Q3 was SEK -1.2 m (0.9). The finance net excluding exchange rate result amounted to SEK -0.5 m (-0.7) and consists of interest on leasing contracts in accordance with IFRS 16. Exchange rate gains and losses on the translation of cash and cash equivalents in other currencies are reported in exchange rate earnings from financing activities. An exchange rate loss of SEK -0.8 m (1.6) arose in Q3 as a result of a stronger Swedish krona.

Profit for the period

The profit for the period for Q3 was SEK 33.2 m (21.7). The tax cost amounted to SEK 9.6 m (5.9).

Earnings per share

Earnings per share in Q3 was SEK 2.91 (1.90).



Operating segments

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

Americas

The Americas had a strong third quarter and net sales rose by 50% to SEK 166.7 m compared with last year, which was also a relatively weak quarter for the region. Demand for Probi's products has been good and sales of premium products continue to increase. In general, growth in customers' e-commerce channels has been strong throughout the year and appears to continue to develop well. Growth in the quarter came from both

increased demand from existing customers and several orders from new customers. Of the total sales increase of SEK 55.4 m, around SEK 15 m consisted of a stock build-up in connection with a planned product update at one of Probi's larger customers. The gross margin in the quarter amounted to 44% (42%) and has strengthened as a result of the increased volumes in the quarter together with a favorable product mix.

SEK m	Jul-Sep			Jan-Sep		
	2020	2019	Change, %	2020	2019	Change, %
Net Sales	166,7	111,3	49,8%	410,5	340,9	20,4%
Cost of goods sold	-92,9	-64,9	43,0%	-247,8	-203,3	21,9%
Gross profit	73,8	46,4	59,0%	162,7	137,6	18,2%
Gross margin	44,3%	41,7%	2,6 ppt	39,6%	40,4%	-0,8 ppt

EMEA

Net sales in EMEA fell by SEK 0.9 m (-5%) in Q3 compared with the previous year. In connection with COVID-19, there was an increase in demand from customers during the first half of the year to ensure the supply of Probi's products. This has driven a stock build-up, which meant weaker demand in Q3. During the quarter, the first order was received within the

framework of the pan-European partnership agreement signed during Q2. The launch is planned for 2021. The gross margin for the quarter was 55% (66%). The decrease is explained by a redistribution of SEK 5 m from royalty income to sales of goods in EMEA at the same time as the customer also bought products in Americas.

SEK m	Jul-Sep			Jan-Sep		
	2020	2019	Change, %	2020	2019	Change, %
Net Sales	19,3	20,2	-4,6%	81,8	83,8	-2,3%
Cost of goods sold	-8,7	-6,9	25,1%	-34,4	-29,7	15,7%
Gross profit	10,6	13,3	-20,0%	47,4	54,1	-12,3%
Gross margin	55,2%	65,8%	-10,6 ppt	58,0%	64,5%	-6,5 ppt



APAC

APAC reported a weak Q3 with a decrease in net sales of SEK 1.5 m (-14%) compared with last year, which was a weak comparative quarter. The region is still affected by the effects of COVID-19, which has meant stock build-up at Probi's customers and limited opportunities for new customer processing. However, a certain

increase in activity is noticeable with new customers in South Korea, among others. In China, pilot studies have started for a launch with one of Probi's US customers. The gross margin was 52% (52%), which was on a par with last year.

SEK m	Jul-Sep			Jan-Sep		
	2020	2019	Change, %	2020	2019	Change, %
Net Sales	8,6	10,1	-14,3%	40,1	35,4	13,5%
Cost of goods sold	-4,2	-4,8	-13,4%	-18,8	-14,3	31,5%
Gross profit	4,4	5,3	-17,0%	21,3	21,1	1,2%
Gross margin	50,6%	52,2%	-1,6 ppt	53,1%	59,5%	-6,4 ppt

Cash flow and cash and cash equivalents

Cash flow from operating activities before changes in working capital improved to SEK 61.1 m (47.1) as a result of strong underlying business activities.

Working capital increased as a result of the stock build-up in connection with the launch of an updated product range for a major customer in the US. During the corresponding period last year, large customer payments were received, which had a major positive impact on the quarter. Cash flow from operating activities was SEK 40.4 m (75.8).

Cash flow from investment activities amounted to SEK -11.4 m (-16.3) and consisted of investments in intangible and tangible assets.

Cash flow from financing activities was SEK -3.6 m (-23.5), which mainly consisted of amortization of leasing liabilities. The corresponding period last year included an amortization of bank loans of SEK -20.0 m.

Cash flow for the period was SEK 22.3 m (40.9) and cash and cash equivalents amounted to SEK 209.8 m (185.6)

Investments

During Q3, investments in intangible assets amounted to SEK 2.1 m (2.0), of which SEK 1.2 m (1.2) was for patents and SEK 0.9 m (0.8) was for capitalized development expenses. Investments in tangible assets amounted to SEK 9.4 m (14.3), which primarily refers to investments in the manufacturing unit at Redmond.

Employees

Probi had 171 (157) employees at the end of the period, of which 52% (50%) were women. The average number of employees during the year was 167 (164).



Transactions with related parties

During Q3, Probi's revenue from its largest owner, Symrise, amounted to SEK 1.3 m (SEK 0.0 m) and refers to sales of ingredients for a skin care product developed through a collaboration between Probi and Symrise. During the first nine months of the year, the amount was SEK 4.5 m (SEK 0.0 m). During the first nine months of the year, Probi's costs from Symrise amounted to SEK 0.0 m (0.1). No other transactions with related parties occurred during the reporting period.

Significant risks and uncertainties

In connection with COVID-19, the main current issues are the risks of changing consumer trends and the company's supply of goods that are being updated. These risks, together with other risks and uncertainties to which Probi's operations are exposed, are described on pages 44-45 of the printed annual report for 2019.

Parent company

During Q3, the parent company's operating income fell to SEK 63.4 m (84.0). The profit after tax was SEK 15.0 m (33.0). Investments in tangible and intangible assets amounted to SEK 2.1 m (2.7). For further details, please see information for the Group.

Financial calendar

Year-end report 2020	February 9, 2021
Interim report Q1 2021	April 23, 2021
Annual General Meeting 2020	May 7, 2021
Interim report Q2 2021	July 16, 2021
Interim report Q3 2021	October 22, 2021
Year-end report 2021	February 2, 2022

Invitation to teleconference

Probi's interim report for Q3 2020 was published on October 21, 2020 at 8.00 am. On the same day at 10.00, a teleconference will be held with Tom Rönnlund, CEO and Henrik Lundkvist, CFO, who will present the report. The conference call can be reached on telephone number +46 (0)8 50 55 83 68. The presentation is available at www.probi.com and www.financialhearings.com

Contacts

Tom Rönnlund, CEO
Tel: +46 (0)46 286 89 40
Email: trd@probi.com

Henrik Lundkvist, CFO
Tel: +46 (0)46 286 89 41
Email: henrik.lundkvist@probi.com



Assurance by the Board of Directors

The Board of Directors and Chief Executive Officer declare that this interim report gives a true and fair view of the parent company and the Group's operations, financial position and results, and describes the significant risks and uncertainties facing the parent company and the Group.

Lund, October 21, 2020

Jean-Yves Parisot
Chairman of the Board

Jörn Andreas
Board member

Irène Corthésy Malnoë
Board member

Charlotte Hansson
Board member

Malin Ruijsenaars
Board member

Tom Rönnlund
CEO

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



Consolidated statement of comprehensive income

SEK 000	Notes	Jul-Sep		Jan-Sep	
		2020	2019	2020	2019
Net sales	2	194,649	141,590	532,399	460,055
Cost of goods sold	3	-105,718	-76,675	-300,914	-247,282
Gross profit		88,931	64,915	231,485	212,773
Sales and marketing expenses		-24,446	-22,259	-71,535	-80,548
Research and development expenses		-7,930	-6,513	-25,213	-22,998
Administration expenses		-12,568	-9,509	-41,136	-34,184
Other operating income		73	31	283	2,013
Operating profit (EBIT)		44,060	26,665	93,884	77,056
Financial income		13	278	231	948
Financial expenses		-478	-977	-1,684	-3,289
Exchange result financing activities	4	-780	1,647	-445	1,813
Financial result		-1,245	948	-1,898	-528
Earnings before income taxes		42,815	27,613	91,986	76,528
Income taxes		-9,641	-5,936	-21,124	-16,482
Net income		33,174	21,677	70,862	60,046
Other comprehensive income					
Components to be reclassified to net income					
Exchange rate differences resulting from the translation of foreign operations		-37,444	54,373	-34,498	85,478
Cash flow hedge (currency hedges)		176	-461	-204	-1,372
Income taxes payable on these components		-37	98	44	293
Sum of other comprehensive income		-37,305	54,010	-34,658	84,399
Total comprehensive income		-4,131	75,687	36,204	144,445
Number of outstanding shares at end of the reporting period		11,394,125	11,394,125	11,394,125	11,394,125
Average number of shares		11,394,125	11,394,125	11,394,125	11,394,125
Earnings per share before and after dilution		2.91	1.90	6.22	5.27

The profit for the period and comprehensive income are attributable in their entirety to the Parent Company's shareholders. The company has no outstanding convertible loans or warrants, so dilution does not occur.

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



Consolidated statement of financial position

SEK 000	30 September 2020	31 December 2019
ASSETS		
Capitalized Development Cost	39,557	42,775
Customer base	268,983	297,832
Technology and other intangible assets	126,589	141,139
Goodwill	305,141	316,202
Property, plant and equipment	60,545	46,785
Right-of-use assets	49,206	60,535
Deferred tax assets	35	6,008
Non-current assets	850,056	911,276
Inventories	109,003	79,497
Trade receivables	105,520	83,341
Other assets and receivables	9,794	8,534
Cash and cash equivalents	209,761	206,960
Current assets	434,078	378,332
Total assets	1,284,134	1,289,608
EQUITY AND LIABILITIES		
Total equity	1,176,936	1,152,126
Non-current lease liabilities	39,865	46,612
Other non-current liabilities	6,755	4,952
Non-current liabilities	46,620	51,564
Trade payables	21,444	37,631
Current lease liabilities	10,784	14,556
Other current liabilities	28,350	33,731
Current liabilities	60,578	85,918
Total liabilities	107,198	137,482
Total equity and liabilities	1,284,134	1,289,608



Consolidated changes in equity

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Other reserves	Accumulated profit	Total equity
Opening balance, 1 Jan 2019	58,221	600,205	23,930	139	347,627	1,030,122
Net income	—	—	—	—	60,046	60,046
Other comprehensive income	—	—	85,478	-1,079	—	84,399
Total Comprehensive Income	—	—	85,478	-1,079	60,046	144,445
Dividends	—	—	—	—	—	—
Total transactions with shareholders	—	—	—	—	—	—
Closing balance, 30 Sep 2019	58,221	600,205	109,408	-940	407,673	1,174,567

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Other reserves	Accumulated profit	Total equity
Opening balance, 1 Jan 2020	58,221	600,205	59,969	217	433,514	1,152,126
Net income	—	—	—	—	70,862	70,862
Other comprehensive income	—	—	-34,498	-160	—	-34,658
Total Comprehensive Income	—	—	-34,498	-160	70,862	36,204
Dividends	—	—	—	—	-11,394	-11,394
Closing balance, 30 Sep 2020	58,221	600,205	25,471	57	492,982	1,176,936



Consolidated cash flow statement

SEK 000	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Net income	33,174	21,677	70,862	60,046
Adjustments to reconcile net income to cash from operating activities				
Income taxes	9,641	5,936	21,125	16,482
Interest result	424	511	1,237	1,911
Amortization, depreciation and impairment of non-current assets	17,420	18,752	55,529	53,060
Other non-cash expenses and income	398	236	2,997	804
Cash flow before working capital changes	61,057	47,112	151,750	132,303
Change in trade receivables and other current assets	8,966	43,494	-24,472	21,945
Change in inventories	-5,455	-8,599	-33,437	-6,759
Change in trade payables and other current liabilities	-18,828	-1,929	-8,715	-903
Income taxes paid	-5,338	-4,252	-27,698	-12,055
Cash flow from operating activities	40,402	75,826	57,428	134,531
Payments for investing in intangible assets	-2,058	-1,997	-7,287	-6,711
Payments for investing in property, plant and equipment	-9,368	-14,345	-22,832	-18,842
Divestments of tangible assets	—	6	—	27
Cash flow from investing activities	-11,426	-16,336	-30,119	-25,526
Interest paid	-482	-644	-1,309	-2,437
Interest received	-3	278	93	948
Redemption of bank borrowings	—	-20,000	—	-119,000
Repayments for lease obligations	-3,144	-3,130	-9,985	-9,239
Dividends paid	—	—	-11,394	—
Cash flow from financing activities	-3,629	-23,496	-22,595	-129,728
Cash flow for the period	25,347	35,994	4,714	-20,723
Effects of changes in exchange rates	-3,036	4,898	-1,913	7,042
Change in cash and cash equivalents	22,311	40,892	2,801	-13,681
Cash and cash equivalents at opening balance	187,450	144,726	206,960	199,299
Cash and cash equivalents at closing balance	209,761	185,618	209,761	185,618



Parent company's condensed financial statements

SEK 000	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Operating revenue	63,370	83,965	219,503	273,907
Operating costs	-13,718	-27,748	-68,224	-87,159
Gross profit	49,652	56,217	151,279	186,748
Operating profit (EBIT)	19,839	32,570	59,337	95,476
Result from financial income and expenses	-807	1,240	142	245
Income before tax	19,032	33,810	59,479	95,721
Net income	15,029	26,490	46,636	74,782

SEK 000	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Net income	15,029	26,490	46,636	74,782
Cash flow hedge (currency hedges)	178	-462	-203	-1,373
Income taxes payable on these components	-39	99	43	294
Sum of other comprehensive income	139	-363	-160	-1,079
Total comprehensive income	15,168	26,127	46,476	73,703

SEK 000	30 September 2020	31 December 2019
ASSETS		
Non-current assets	973,152	976,497
Current assets	200,324	186,145
Total assets	1,173,476	1,162,642
EQUITY AND LIABILITIES		
Equity	1,143,015	1,107,933
Non-current liabilities	4,035	4,035
Current liabilities	26,426	50,674
Total equity and liabilities	1,173,476	1,162,642



Notes

1. Accounting and valuation principles

Group

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

The accounting policies applied in the preparation of these consolidated financial statements have been applied consistently for all presented periods, unless otherwise stated. The complete accounting policies can be found on pages 60-63 of the printed 2019 Annual Report.

The parent company's functional currency is the Swedish krona (SEK), which is also the reporting currency for both the parent company and the Group. All amounts stated have been rounded to the nearest thousand kronor, 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 (TSEK) or s of Swedish kronor (SEKM) according to the unit stated.

Parent company

The parent company applies the same accounting policies as the Group, with the exception of IFRS 16 Leases and the exemptions and supplements stipulated in RFR 2, Accounting for Legal Entities. The interim report complies with the Swedish Annual Accounts Act.

2. Revenue from contracts with customers

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

SEK 000	Jul-Sep 2020				Jul-Sep 2019			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	165,027	18,597	8,619	192,243	108,072	14,225	10,047	132,344
Royalty	1,685	709	11	2,405	3,210	6,014	22	9,246
Net sales	166,712	19,306	8,630	194,648	111,282	20,239	10,069	141,590

SEK 000	Jan-Sep 2020				Jan-Sep 2019			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	405,444	79,960	40,119	525,523	330,499	60,736	35,364	426,599
Royalty	4,968	1,878	29	6,875	10,369	23,065	22	33,456
Net sales	410,412	81,838	40,148	532,398	340,868	83,801	35,386	460,055



3. Currency translation from operating activities

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

SEK 000	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Exchange gains operating activities	-121	5,523	4,456	8,816
Exchange losses operating activities	-1,984	-4,228	-6,151	-6,521
Exchange result operating activities	-2,105	1,295	-1,695	2,295

4. Currency translation from financing activities

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

SEK 000	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Exchange gains financing activities	720	1,724	3,935	2,738
Exchange losses financing activities	-1,500	-77	-4,381	-925
Exchange result financing activities	-780	1,647	-446	1,813

5. Definition of alternative performance measures not defined in IFRS

The company presents some financial measures in the interim report that are not defined in IFRS. The company believes that these measures provide valuable supplementary information to investors and company management. Since not all companies calculate alternative performance measures in the same way, they are not always comparable with the measures used by other companies. However, these non-IFRS measures should not be considered substitutes for financial reporting measures prepared in accordance with IFRS. The following alternative performance measures are presented in the interim report:

Operating profit (EBIT)

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

SEK 000	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Net income	33,174	21,677	70,862	60,046
Income taxes	9,641	5,936	21,124	16,482
Financial result	1,245	-948	1,898	528
Operating profit (EBIT)	44,060	26,665	93,884	77,056

EBITDA

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

SEK 000	Jul-Sep		Jan-Sep	
	2020	2019	2020	2019
Operating profit (EBIT)	44,060	26,665	93,885	77,056
Depreciation and amortization	17,420	18,752	55,529	53,060
EBITDA	61,480	45,417	149,414	130,116



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

About Probi

Probi AB is a Swedish publicly traded bioengineering company. Probi's vision is to help people live healthier lives by delivering effective, well-documented probiotics with proven health benefits based on scientific research. Founded by scientists in Sweden in 1991, Probi is a multinational company active in over 40 markets around the world and holding over 400 patents worldwide. In 2019, Probi had sales of SEK 626 m. Probi's shares are listed on Nasdaq Stockholm, Mid-cap. Probi had around 4,000 shareholders on December 31, 2019.

