

Probi enters new strategic partnerships

Significant events during the second quarter

- Net sales decreased by 12% (-3% adjusted for currency changes) to SEK 158 m (180) in Q2 and decreased by 3% (+8% adjusted for currency changes) to SEK 329 m (338) in H1.
- EBITDA margin was 25% (32%) in Q2 and 26% (26%) in H1.
- New partnership with Oriflame and launch of product based on Probi Digestis®.
- New long-term research collaboration focusing on vaginal health with the Estonian company Tervisetehnoloogiate Arenduskeskus AS.
- The number of shares and voting rights has been reduced by cancellation of the 250,000 company's treasury shares in accordance with the decision of the Annual General Meeting on May 7, 2021. The number of shares and votes in Probi amounts to 11,394,125.

SEK
158 m
Net sales

25%
EBITDA margin

Events after the end of the quarter

- Investment of around NZD 9 m (about SEK 56 m) in newly issued shares in New Zealand's Blis Technologies, corresponding to an ownership of 13%, in connection with a long-term strategic partnership.

Financial overview

SEK m	Apr-Jun		Jan-Jun		Full-year	
	2021	2020	2021	2020	RTM	2020
Net sales	158.0	180.0	329.3	337.8	708.7	717.2
Growth, %	-12.2%	-0.2%	-2.5%	6.1%	-1.2%	14.5%
Currency adjusted growth, %	-3.1%	-2.2%	7.9%	3.6%	6.8%	16.9%
Gross margin, %	40.9%	45.0%	42.2%	42.2%	43.2%	43.2%
EBITDA	39.0	58.1	86.1	87.9	194.7	196.5
EBITDA margin, %	24.7%	32.3%	26.2%	26.0%	27.5%	27.4%
Operating profit (EBIT)	21.1	38.9	51.2	49.8	125.1	123.7
EBIT margin, %	13.4%	21.6%	15.6%	14.8%	17.7%	17.2%
Net income	15.8	27.0	38.4	37.7	93.4	92.7
Earnings per share before and after dilution, SEK	1.39	2.37	3.37	3.31	8.20	8.14

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 and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the CEO and CFO, on July 16, 2021 at 08:00 CET. This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.



Another piece of the puzzle in place for a stronger Probi

After a strong start to the year, the second quarter was not in line with our expectations. Currency-adjusted growth was -3% and nominal net sales decreased by 12% over the quarter. The EBITDA margin was 25%, which was lower than the unusually strong Q2 figure last year. It was mainly lower sales volumes that are behind Q2's lower EBITDA margin.

The Americas region explains a large part of the performance during the quarter. Net sales decreased by 17% (-5% adjusted for currency effects) and was mainly attributable to a few of our larger customers where sales have not occurred. This was due to delayed orders, but also to changes in customers' product portfolios. Developments with our largest customer in the region were positive after the upgrade of their product range last year and we see the potential for further growth with them in the future.

The positive trend continued in the EMEA region, which equaled its record level from Q1 and saw growth of 7% despite a strong quarter last year. The roll-out of Perrigo is going according to plan and contributed significantly to the performance in the region. We have also started an exciting collaboration with Oriflame on a joint product that will be launched in their Wellness category. During Q2, we also signed an agreement with a new customer in Italy for Probi Ferrosorb® and its potential looks promising.

In the APAC region, the trend is moving in the right direction. The stock accumulation at the customer level last year means that the comparative figures were tough in this quarter, but seen over the past three years, it was one of our strongest quarters in the region. It is particularly pleasing that we have signed a three-year agreement with a large Korean customer, which is expected to contribute with net sales of

around SEK 10 m during the current year.

We continue to have considerable ambition to grow both organically and through acquisitions. After the end of the quarter, we made an investment in the New Zealand company Blis Technologies. The investment is part of a long-term strategic partnership and an important piece of the puzzle to grow in new health areas and increase profitability through greater capacity utilization of our production resources. Through Blis, we have access to a portfolio of clinically documented bacterial strains within the ear, nose and throat health, which are areas that are relatively uncharted for Probi. In addition to the commercial agreement, we will collaborate within R&D to evaluate new attractive products. Blis is listed on the New Zealand stock exchange NZX and we will be an active owner, including through board representation.

We are fully focused on achieving our long-term financial targets and will intensify our work with customers during the second half of the year as our sales teams are expected to be able to start traveling again. At the same time, many of the important agreements and strategic collaborations we have had in place during the first half of the year will not see visible results until 2022.

After a challenging year marked by the pandemic, we are beginning to see a return to normalization on several levels. We can meet our customers and consumers and can again shop at pharmacies and stores. The underlying demand for our products remains strong and we will of course benefit from this.

Tom Rönnlund
CEO



Net sales

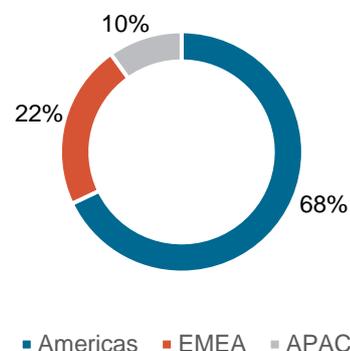
April – June (second quarter)

During the quarter, net sales amounted to SEK 158.0 m (180.0), which corresponded to a decrease of SEK 22.0 m or 12%. Adjusted for currency effects, net sales amounted to SEK 174.5 m, corresponding to a reduction of 3%.

The decrease of SEK 22.0 m is explained by lower sales in the Americas, which declined by SEK 21.4 m (-17%). Adjusted for currency effects, the decrease was SEK 6.0 m (-5%). EMEA increased by SEK 2.2 m (7%) and APAC decreased by SEK 2.8 m (-15%).

The America's share of total net sales in Q2 was 68%. EMEA represented 22% and APAC 10% of total net sales.

Net Sales distribution per segment



January – June (six months)

Net sales amounted to SEK 329.3 m (337.8), which corresponded to a decrease of 3%. Adjusted for currency effects, this corresponded to an increase of 8%. The decrease is mainly explained by a few major customers in Americas where sales have not occurred due to delayed orders but also to changes in customers' product portfolios. The Americas region decreased by a total of SEK 14.0 m (-6%). EMEA had a strong performance during the first half of the year, driven by Perrigo's product launches among other things, and net sales increased by SEK 7.7 m (12%). Net sales in APAC decreased by SEK 2.1 m (-7%), as a result of the comparison period containing stock accumulation in connection with the start of the pandemic.

Net sales per segment

SEK m	Apr-Jun			Jan-Jun		
	2021	2020	Change, %	2021	2020	Change, %
Americas	107.4	128.8	-16.6%	229.7	243.7	-5.7%
EMEA	35.0	32.8	6.7%	70.2	62.5	12.3%
APAC	15.6	18.4	-15.2%	29.4	31.5	-6.7%
Net sales	158.0	180.0	-12.2%	329.3	337.8	-2.5%



Earnings

Operating profit (EBIT)

The operating profit for Q2 amounted to SEK 21.1 m (38.9), which corresponds to a decline of SEK 17.8 m or 46%. Adjusted for currency effects, the operating profit was SEK 21.5 m. The decreased operating profit was largely due to lower sales volumes.

Sales and marketing expenses amounted to SEK 22.2 m (21.5). The increase is explained by increased customer activities in the quarter in connection with it becoming possible again to travel in some regions.

Research and development costs were marginally higher than the previous year and amounted to SEK 8.7 m (8.0).

Administrative expenses were on a par with the previous year and amounted to SEK 12.5 m (12.8).

Operating profit

SEK m	Apr-Jun			Jan-Jun		
	2021	2020	Change, %	2021	2020	Change, %
Gross profit Americas	35.8	53.2	-32.7%	82.3	88.9	-7.4%
Gross profit EMEA	18.8	18.4	2.2%	39.0	36.8	6.0%
Gross profit APAC	9.9	9.4	5.3%	17.6	16.9	4.1%
Gross profit	64.5	81.0	-20.4%	138.9	142.6	-2.6%
Sales and marketing expenses	-22.2	-21.5	3.3%	-44.1	-47.1	-6.4%
Research and development expenses	-8.7	-8.0	8.7%	-18.4	-17.3	6.4%
Administration expenses	-12.5	-12.8	-2.3%	-25.3	-28.6	-11.5%
Other operating income	0.0	0.2	0.0%	0.1	0.2	-63.1%
Operating profit (EBIT)	21.1	38.9	-45.8%	51.2	49.8	2.8%

Financial result

The Group's financial result for Q2 was SEK -0.8 m (-3.3). Net financial items excluding exchange rate results amounted to SEK -0.4 m (-0.5) and consist of interest on leasing contracts in accordance with IFRS 16. Exchange rate gains and losses on translation of cash and cash equivalents in foreign currency are reported in exchange rate results from financing activities. An exchange rate loss of SEK -0.3 million (-2.7) arose in Q2 as a result of a weaker Swedish krona.

Profit for the period

The profit for the period for Q2 amounted to SEK 15.8 m (27.0). The tax cost was SEK 4.6 m (8.6).

Earnings per share

Earnings per share for Q2 amounted to SEK 1.39 (2.37).



Operating segments

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

Americas

Net sales in the Americas decreased by 17% to SEK 107.4 m. Adjusted for currency effects net sales amounted to SEK 122.8 m, corresponding to a decline of 5%.

The reduced net sales are mainly explained by a few major customers in the region where sales have not occurred due to delayed orders but also to changes in customers' product portfolios. Underlying demand

remains good in the region. Fluctuations between quarters are expected to remain relatively large during the year.

The gross margin for the quarter was 33.3% (41.3%). The reduced gross margin is mainly due to lower net sales but also to an unfavorable product mix.

SEK m	Apr-Jun			Jan-Jun		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	107.4	128.8	-16.6%	229.7	243.7	-5.8%
Cost of goods sold	-71.6	-75.6	-5.3%	-147.4	-154.8	-4.8%
Gross profit	35.8	53.2	-32.7%	82.3	88.9	-7.4%
Gross margin	33.3%	41.3%	-8.0 ppt	35.8%	36.5%	-0.7 ppt

EMEA

Net sales in EMEA increased by 7% in Q2 to SEK 35.0 m compared with SEK 32.8 m the previous year. Development in the region remains strong and is driven, among other things, by new customer agreements.

The rollout of Perrigo's launch is going according to plan, which contributed to the strong quarter. During the quarter, the first order was received from Oriflame with a jointly developed product based on

Probi Digestis®. The launch of the probiotic dietary supplement will take place under Oriflame's "Wellness" segment and is a completely new product for the company. In Italy, an agreement was also signed with a new customer regarding Probi Ferrosorb® where the launch has started well.

The gross margin for the quarter was 53.7% (56.1%). The slightly lower margin is related to the product mix.

SEK m	Apr-Jun			Jan-Jun		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	35.0	32.8	6.7%	70.2	62.5	12.3%
Cost of goods sold	-16.2	-14.4	12.5%	-31.2	-25.7	21.4%
Gross profit	18.8	18.4	2.2%	39.0	36.8	6.0%
Gross margin	53.7%	56.1%	-2.4 ppt	55.6%	58.9%	-3.3 ppt



APAC

The performance in the region continued to strengthen. Net sales in the quarter amounted to SEK 15.6 m, which was a decrease of 15% compared with the previous year. However, Q2 2020 was strongly characterized by stock accumulation at the customer level, which meant a high comparative figure.

During the quarter, the first order was received from Sinopharm Foreign Trade regarding Probi Defendum® and Probi® Osteo.

In South Korea, agreements were signed with two new customers, one of which is estimated to involve net sales for the current year of approximately SEK 10 m.

The gross margin was significantly higher than the previous year and amounted to 63.5% (51.1%). The improved gross margin is due to a favorable product mix.

SEK m	Apr-Jun			Jan-Jun		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	15.6	18.4	-15.2%	29.4	31.5	-6.7%
Cost of goods sold	-5.7	-9.0	-36.7%	-11.8	-14.6	-19.2%
Gross profit	9.9	9.4	5.3%	17.6	16.9	4.1%
Gross margin	63.5%	51.1%	12.4 ppt	59.9%	53.7%	6.2 ppt

Cash flow and cash and cash equivalents

The cash flow from operating activities before changes in working capital decreased to SEK 39.7 m (57.0) in the quarter as a result of a lower operating profit.

Working capital decreased during the quarter as a result of reduced inventory and accounts receivable and cash flow from operating activities amounted to SEK 43.6 m (-14.5). The comparison period was negatively affected by stock accumulation connected with a product upgrade on behalf of a major customer.

The cash flow from investment activities amounted to SEK -10.9 m (-11.6) and consisted of investments in intangible and tangible fixed assets.

The cash flow from financing activities was SEK -15.3 m (-15.2), where the largest part consisted of a dividend of SEK -12.5 m (-11.4) and where the remaining part mainly consisted of amortization of leasing liabilities. The cash flow for the period amounted to SEK 14.3 m (-47.8) and cash and cash equivalents amounted to SEK 261.0 m (187.5).

Investments

During Q2, investments in intangible fixed assets amounted to SEK 1.5 m (3.2), of which SEK 1.0 m (1.1) was for patents, SEK 0.3 m (2.1) was for capitalized development expenses and SEK 0.2 m (-) was for IT systems. Investments in tangible fixed assets amounted to SEK 9.4 m (8.4), which primarily refers to investments in the manufacturing unit in Redmond.

Employees

At the end of the period, Probi had 178 (169) employees, of which 52% (52%) were women. The average number of employees during Q2 was 181 (167).



Transactions with related parties

During Q2, Probi reported SEK 0.2 m (1.0) in revenue from its largest owner Symrise and the costs amounted to SEK 0.0 m (-). 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 changes in consumer trends and the company's supply of goods which is becoming relevant. These risks, together with other risks and uncertainties to which Probi's operations are exposed, are described on pages 46–47 in the annual report for 2020.

Parent company

During Q2, the parent company's operating income amounted to SEK 67.4 m (76.2). The profit for the period was SEK 53.8 m (17.2). Investments in tangible and intangible fixed assets amounted to SEK 1.8 m (4.4). During the period, the two dormant subsidiaries Probi Feed AB and Probi Food AB were liquidated. For further details, please see the information for the Group.

Financial calendar

Interim report Q3 2021	October 22, 2021
Year-end report 2021	February 2, 2022

Invitation to teleconference

Probi's interim report for Q2 2021 was published on July 16, 2021 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 accessed on +46 (0)8 50 55 83 53 (PIN: 39394326#). The presentation is available at www.probi.com and www.financialhearings.com

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Assurance by the Board of Directors

The Board of Directors and 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 July 16, 2021

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 IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Probi Aktiebolag corporate identity number 556417-7540

Introduction

We have reviewed the condensed interim report for Probi Aktiebolag as of June 30, 2021 and for the six months period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements 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 is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Malmö July 16, 2021

Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant



Consolidated statement of comprehensive income

SEK 000	Note s	Apr-Jun		Jan-Jun	
		2021	2020	2021	2020
Net sales	2	157,962	179,983	329,275	337,750
Cost of goods sold	3	-93,422	-99,011	-190,407	-195,196
Gross profit		64,540	80,972	138,868	142,554
Sales and marketing expenses		-22,196	-21,549	-44,140	-47,089
Research and development expenses		-8,678	-7,958	-18,373	-17,282
Administration expenses		-12,582	-12,810	-25,197	-28,568
Other operating income		35	210	76	210
Operating profit (EBIT)		21,119	38,865	51,234	49,825
Financial income		36	16	62	219
Financial expenses		-475	-537	-918	-1,206
Exchange result financing activities	4	-334	-2,738	112	334
Financial result		-773	-3,259	-744	-653
Earnings before income taxes		20,346	35,606	50,490	49,172
Income taxes		-4,556	-8,586	-12,067	-11,484
Net income		15,790	27,020	38,423	37,688
Other comprehensive income					
Components to be reclassified to net income					
Exchange rate differences resulting from the translation of foreign operations		-23,230	-74,000	32,983	2,946
Cash flow hedge (currency hedges)		—	1,012	—	-380
Income taxes payable on these components		—	-217	—	81
Sum of other comprehensive income		-23,230	-73,205	32,983	2,647
Total comprehensive income		-7,440	-46,185	71,406	40,335
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		1.39	2.37	3.37	3.31

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.



Consolidated statement of financial position

SEK 000	30 June 2021	31 December 2020
ASSETS		
Capitalized Development Cost	36,472	39,620
Customer base	237,313	239,482
Technology and other intangible assets	113,193	116,604
Goodwill	289,065	278,238
Property, plant and equipment	72,462	60,058
Right-of-use assets	59,845	43,019
Interests in other entities	53,032	53,032
Deferred tax assets	41	28
Non-current assets	861,423	830,081
Inventories	98,830	98,396
Trade receivables	73,160	89,339
Other assets and receivables	14,296	6,525
Cash and cash equivalents	261,034	215,552
Current assets	447,320	409,812
Total assets	1,308,743	1,239,893
EQUITY AND LIABILITIES		
Total equity	1,174,075	1,115,203
Deferred tax liabilities	7,471	3,906
Provisions	7,471	3,906
Non-current lease liabilities	46,183	30,575
Other non-current liabilities	4,468	4,299
Non-current liabilities	50,651	34,874
Trade payables	32,704	39,922
Current lease liabilities	15,842	13,873
Other current liabilities	28,000	32,115
Current liabilities	76,546	85,910
Total liabilities	134,668	124,690
Total equity and liabilities	1,308,743	1,239,893



Consolidated changes in equity

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	—	—	—	—	37,688	37,688
Other comprehensive income	—	—	2,946	-299	—	2,647
Total Comprehensive Income	—	—	2,946	-299	37,688	40,335
Dividends	—	—	—	—	-11,394	-11,394
Total transactions with shareholders	—	—	—	—	-11,394	-11,394
Closing balance, 31 Mar 2020	58,221	600,205	62,915	-82	459,808	1,181,067

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Other reserves	Accumulated profit	Total equity
Opening balance, 1 Jan 2021	58,221	600,205	-58,034	—	514,811	1,115,203
Net income	—	—	—	—	38,423	38,423
Other comprehensive income	—	—	32,983	—	—	32,983
Total Comprehensive Income	—	—	32,983	—	38,423	71,406
Dividends	—	—	—	—	-12,534	-12,534
Total transactions with shareholders	—	—	—	—	-12,534	-12,534
Closing balance, 31 Mar 2021	58,221	600,205	-25,051	—	540,700	1,174,075



Consolidated cash flow statement

SEK 000	Apr-Jun		Jan-Jun	
	2021	2020	2021	2020
Net income	15,790	27,020	38,423	37,688
Adjustments to reconcile net income to cash from operating activities				
Income taxes	4,556	8,586	12,067	11,484
Interest result	412	493	792	813
Amortization, depreciation and impairment of non-current assets	17,879	19,203	34,909	38,109
Other non-cash expenses and income	1,016	1,700	1,580	2,599
Cash flow before working capital changes	39,653	57,002	87,771	90,693
Change in trade receivables and other current assets	18,027	-38,102	17,453	-33,438
Change in inventories	10,270	-36,227	3,035	-27,983
Change in trade payables and other current liabilities	-16,171	8,177	-12,653	10,113
Income taxes paid	-8,172	-5,338	-15,226	-22,360
Cash flow from operating activities	43,607	-14,488	80,380	17,025
Payments for investing in intangible assets	-1,502	-3,209	-4,063	-5,229
Payments for investing in property, plant and equipment	-9,401	-8,415	-14,124	-13,464
Divestments of tangible assets	—	—	—	0
Cash flow from investing activities	-10,903	-11,624	-18,187	-18,693
Interest paid	-31	-329	-837	-827
Interest received	—	0	—	96
Repayments for lease obligations	-2,781	-3,509	-6,109	-6,840
Dividends paid	-12,534	-11,394	-12,534	-11,394
Cash flow from financing activities	-15,346	-15,232	-19,480	-18,965
Cash flow for the period	17,358	-41,344	42,713	-20,633
Effects of changes in exchange rates	-3,025	-6,235	2,769	1,123
Change in cash and cash equivalents	14,333	-47,579	45,482	-19,510
Cash and cash equivalents at opening balance	246,701	235,029	215,552	206,960
Cash and cash equivalents at closing balance	261,034	187,450	261,034	187,450



Parent company's condensed financial statements

SEK 000	Apr-Jun		Jan-Jun	
	2021	2020	2021	2020
Operating revenue	67,394	76,159	146,725	156,133
Operating costs	-23,267	-25,499	-45,162	-54,506
Gross profit	44,127	50,660	101,563	101,627
Operating profit (EBIT)	14,941	24,050	40,717	39,498
Result from financial income and expenses	42,037	-2,084	42,472	949
Income before tax	56,978	21,966	83,189	40,447
Net income	53,834	17,194	74,563	31,607

SEK 000	Apr-Jun		Jan-Jun	
	2021	2020	2021	2020
Net income	53,834	17,194	74,563	31,607
Cash flow hedge (currency hedges)	-	1,011	-	-381
Income taxes payable on these components	-	-216	-	82
Sum of other comprehensive income	-	795	-	-299
Total comprehensive income	53,834	17,989	74,563	31,308

SEK 000	30 June 2021	31 December 2020
ASSETS		
Non-current assets	1,018,224	1,026,553
Current assets	227,301	170,698
Total assets	1,245,525	1,197,251
EQUITY AND LIABILITIES		
Equity	1,220,370	1,158,341
Non-current liabilities	-	4,035
Current liabilities	25,155	34,875
Total equity and liabilities	1,245,525	1,197,251



Notes

1. Accounting and valuation principles

The Group

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The condensed financial statements in the interim report 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 63-66 of the printed 2020 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 millions of Swedish kronor (SEK m) 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	Apr-Jun 2021				Apr-Jun 2020			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	105,708	31,859	15,543	153,110	127,284	32,032	18,411	177,727
Royalty	1,672	3,180	—	4,852	1,492	764	0	2,256
Net sales	107,380	35,039	15,543	157,962	128,776	32,796	18,411	179,983

SEK 000	Jan-Jun 2021				Jan-Jun 2020			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	226,831	61,321	29,392	317,545	240,417	61,363	31,500	333,280
Royalty	2,841	8,889	—	11,730	3,283	1,169	18	4,470
Net sales	229,672	70,210	29,392	329,275	243,700	62,532	31,518	337,750



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	Apr-Jun		Jan-Jun	
	2021	2020	2021	2020
Exchange gains operating activities	195	296	1,059	4,577
Exchange losses operating activities	-461	-1,467	-960	-4,167
Exchange result operating activities	-266	-1,171	99	410

4. Currency translation from financial activities

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

SEK 000	Apr-Jun		Jan-Jun	
	2021	2020	2021	2020
Exchange gains financing activities	187	0	721	3,215
Exchange losses financing activities	-521	-2,738	-609	-2,881
Exchange result financing activities	-334	-2,738	112	334

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 of the company's profitability.

SEK 000	Apr-Jun		Jan-Jun	
	2021	2020	2021	2020
Net income	15,790	27,020	38,423	37,688
Income taxes	4,556	8,586	12,067	11,484
Financial result	773	3,259	744	653
Operating profit (EBIT)	21,119	38,865	51,234	49,825

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.



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 net sales growth	Defined as net sales for the year translated at the preceding year's exchange rates divided by the preceding year's net sales	Used to measure underlying net sales growth
RTM	Rolling twelve months. Refers to full-year figure for the last four quarters	Gives an indication of development without having to wait for the comparative period next year
Operating margin	Defined as the operating profit divided by net sales	Used to measure the company's profitability

About Probi

Probi® is a global Group that focuses exclusively on research, manufacturing and delivery of probiotics in dietary supplements and food. The company is an expert in managing live bacteria from research through all stages of the manufacturing process and is dedicated to making the health-promoting benefits of probiotics available to people around the world. Since the company was founded in 1991 at Lund University in Sweden, Probi has expanded its operations to more than 40 markets and holds more than 400 patents worldwide. Probi had sales of SEK 717 m in 2020. Probi's shares are listed on Nasdaq Stockholm, Mid-cap, and there were around 4,200 shareholders on December 31, 2020.

