

# Regional dynamics affecting the quarter

## Significant events during the third quarter

- Net sales decreased by 18% (-17% adjusted for currency changes) to SEK 159 m (195) in Q3 and decreased by 8% (-1% adjusted for currency changes) to SEK 488 m (532) for the first nine months of the year. The comparative period was positively affected by non-recurring income of around SEK 15 m.
- The EBITDA margin was 27% (32%) in Q3 and 26% (28%) for the first nine months of the year.
- Work started with Blis Technologies for the start of production and collaboration in the sales organization and R&D.
- First tolerance study of two different bacterial strains on newborn babies carried out with good results.
- Significant activity among customers with new product launches.

SEK  
**159 m**  
Net sales

**27 %**  
EBITDA margin

## Financial overview

SEK m	Jul-Sep		Jan-Sep		Full-year	
	2021	2020	2021	2020	RTM	2020
Net sales	158.9	194.6	488.1	532.4	672.9	698.5
Growth, %	-18.4%	37.5%	-8.3%	15.7%	-6.2%	11.6%
Currency adjusted growth, %	-17.0%	43.2%	-1.2%	15.8%	1.1%	5.2%
Gross margin, %	41.9%	45.7%	42.1%	43.5%	42.2%	44.4%
EBITDA	42.3	61.5	128.5	149.4	175.5	202.7
EBITDA margin, %	26.6%	31.6%	26.3%	28.1%	26.1%	29.0%
Operating profit (EBIT)	23.9	44.1	75.2	93.9	104.9	128.4
EBIT margin, %	15.1%	22.6%	15.4%	17.6%	15.6%	18.4%
Net income	18.5	33.2	56.9	70.9	78.7	96.7
Earnings per share before and after dilution, SEK	1.62	2.91	4.99	6.22	6.91	8.49

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 22, 2021 at 08:00 CET. This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.*



# Significant customer activity and stable foundation for growth

We saw strong underlying customer activity even though Q3 did not meet our expectations. The third quarter last year was the strongest in Probi's history partly explained by Covid-19 related demand in Americas and customer-related non-recurring revenues. Against this strong comparison quarter, the currency-adjusted net sales decreased by 17%, which is mainly related to the outcome in Americas. The EBITDA margin was 27% for the quarter, which was slightly lower than our long-term financial target.

The Americas region delivered the strongest quarter so far this year. We did not match the very strong third quarter of last year, which was affected by a positive non-recurring item in connection with a product update with one of our largest customers. Adjusted for this non-recurring item and negative currency impact, net sales for the Americas region were on a par with the previous year for the first nine months of the year.

We experience that growth in Americas in 2021 is not quite as strong as in 2020 when we saw some Covid-related demand, but we continue to view our growth potential in the region positively. During Q3, we saw a significant level of activity at the customer level and we are working intensively to return to growth. An example is a product launch with Lp299v® of the reputable lifestyle and health company Goop. Maybe not Probi's largest customer, but it is a good example of the strength of our brand.

The performance in the EMEA region continues to be strong and we increased sales by 20% during the quarter compared with the previous year, largely driven by new launches. During the first nine months of the year we achieved growth of 14%. During Q3, we also signed an exciting collaboration agreement with a large European food and health care company.

Net sales for the APAC region were on a par with the same quarter last year. We expect some of the customers that were added during the year, to give us a positive finish to the year. Our earlier communicated collaboration with Sinopharm Foreign Trade is also progressing well and they are evaluating further product launches in the future in collaboration with Probi.

In accordance with our strategy for acquisition and partnerships, the acquisition of 13% in Blis Technologies was completed at the beginning of the quarter. We have now started intensive work on the technological transfer for the start of production. Training and knowledge transfer within the sales organization and R&D have also begun. We have seen great interest with this collaboration and have had active dialogue with many customers. We are extremely positive about developing this business and being able to complement and grow our portfolio.

It is clear that society is returning to a more normal state of affairs. Several important trade fairs have re-emerged and once again we have the opportunity to meet customers and partners physically in both Europe and the US. We welcome this development and are convinced that it will benefit our business.

We have this year experienced a couple of weaker quarters, which are largely explained by individual customer events. Probi's product portfolio and business model are strong and I have great confidence that we will return to growth in the coming quarters. During the year, we entered into a number of very important agreements with key global customers, which we expect to receive returns on next year. Our long-term financial goals remain the same and I feel confident that we will deliver.

**Tom Rönnlund**  
CEO



## Net sales

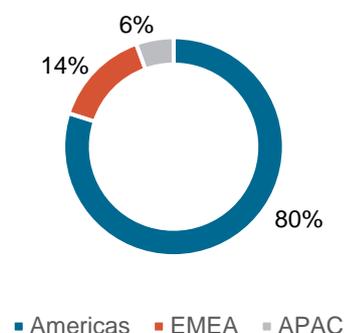
### July – September (third quarter)

During the quarter, net sales amounted to SEK 158.9 m (194.6), which corresponded to a decrease of SEK 35.7 m or 18%. Adjusted for currency effects, net sales amounted to SEK 161.6 m, corresponding to a reduction of 17%.

The decrease of SEK 35.7 m is explained by lower sales in the Americas which decreased by SEK 39.7 m (-24%), while EMEA increased by SEK 3.8 m (20%) and APAC increased by SEK 0.2 m (2%). In the comparative period for the Americas, there was a non-recurring item of around SEK 15 m.

The America's share of total net sales in Q3 was 80%. EMEA represented 14% and APAC 6% of total net sales.

Net sales distribution per segment



### January – September (nine months)

Net sales amounted to SEK 488.1 m (532.4), which corresponded to a decrease of 8%. Adjusted for currency effects, this corresponded to a decrease of 1%. The decrease is mainly explained by a few major customers in Americas, where sales have been affected by inventory build-ups, but also to changes in customers' product portfolios. The Americas region declined by a total of SEK 53.8 m (-13%). EMEA had a strong performance during the first nine months of the year, driven by product launches, and sales increased by SEK 11.5 m (14%). Sales in APAC decreased by SEK 1.9 m (-5%), as a result of the comparative period containing stock accumulation in connection with the start of the pandemic.

### Net sales per segment

SEK m	Jul-Sep			Jan-Sep		
	2021	2020	Change, %	2021	2020	Change, %
Americas	127.0	166.7	-23.8%	356.7	410.5	-13.1%
EMEA	23.1	19.3	19.7%	93.3	81.8	14.1%
APAC	8.8	8.6	2.3%	38.2	40.1	-4.7%
<b>Net sales</b>	<b>158.9</b>	<b>194.6</b>	<b>-18.3%</b>	<b>488.1</b>	<b>532.4</b>	<b>-8.3%</b>



# Earnings

## Operating profit (EBIT)

The operating profit for Q3 amounted to SEK 23.9 m (44.1), which corresponds to a decline of SEK 20.2 m or 46%. Adjusted for currency effects, the operating profit was SEK 24.8 m. The reduced operating profit was mainly due to lower sales volumes.

Sales and marketing expenses amounted to SEK 20.8 m (24.4). The decrease is mainly explained by lower variable remuneration and personnel-related costs.

Research and development costs were higher than in the previous year due to greater activity and amounted to SEK 9.4 m (7.9).

Administrative expenses were on a par with the previous year and amounted to SEK 12.5 m (12.6).

## Operating profit

SEK m	Jul-Sep			Jan-Sep		
	2021	2020	Change, %	2021	2020	Change, %
Gross profit Americas	50.7	73.8	-31.3%	133.0	162.8	-18.3%
Gross profit EMEA	11.6	10.6	9.4%	50.6	47.4	6.8%
Gross profit APAC	4.2	4.5	-6.7%	21.8	21.3	2.3%
<b>Gross profit</b>	<b>66.5</b>	<b>88.9</b>	<b>-25.2%</b>	<b>205.4</b>	<b>231.5</b>	<b>-11.3%</b>
Sales and marketing expenses	-20.8	-24.4	-14.8%	-64.9	-71.5	-9.2%
Research and development expenses	-9.4	-7.9	19.0%	-27.8	-25.2	10.3%
Administration expenses	-12.5	-12.6	-0.8%	-37.6	-41.2	-8.7%
Other operating income	0.1	0.1	0.0%	0.1	0.3	-53.8%
<b>Operating profit (EBIT)</b>	<b>23.9</b>	<b>44.1</b>	<b>-45.8%</b>	<b>75.2</b>	<b>93.9</b>	<b>-19.9%</b>

## Financial result

The Group's financial result for Q3 was SEK -0.4 m (-1.2). 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 result of SEK 0.0 m (-0.8) occurred in Q3.

## Profit for the period

The profit for the period for Q3 was SEK 18.5 m (33.2). The tax cost was SEK 5.1 m (9.6).

## Earnings per share

Earnings per share for Q3 amounted to SEK 1.62 (2.91).



## 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 24% to SEK 127.0 m. Adjusted for currency effects, net sales amounted to SEK 130.0 m, corresponding to a decrease of 22% in the quarter.

The decrease in net sales is partly explained by the fact that the comparative quarter last year was positively affected by non-recurring income of around SEK 15 m, at the same time as it was one of the strongest quarters in Probi's history. The comparison was negatively affected by inventory

build-up at certain customers last year and by changes in a larger customer's product portfolio.

Underlying demand remains good in the region and we see significant activity among customers. Fluctuations between quarters are expected to remain relatively large during the year.

The gross margin for the quarter was 40% (44%). The reduced gross margin is mainly due to lower net sales.

SEK m	Jul-Sep			Jan-Sep		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	127.0	166.7	-23.8%	356.7	410.5	-13.1%
Cost of goods sold	-76.3	-92.9	-17.9%	-223.7	-247.8	-9.7%
<b>Gross profit</b>	<b>50.7</b>	<b>73.8</b>	<b>-31.3%</b>	<b>133.0</b>	<b>162.7</b>	<b>-18.2%</b>
<b>Gross margin</b>	<b>39.9%</b>	<b>44.3%</b>	<b>-4.4 ppt</b>	<b>37.3%</b>	<b>39.6%</b>	<b>-2.3 ppt</b>

### EMEA

Net sales in EMEA increased by 20% in Q3 to SEK 23.1 m compared with SEK 19.3 m in the previous year. The performance in the region remains strong and product launches has developed well, while new customers have been added during the year.

During the quarter, a cooperation agreement with a large European food and health care company began. This is a first step in a potentially larger collaboration.

The gross margin for the quarter was 50% (55). The lower margin was related to the product mix.

SEK m	Jul-Sep			Jan-Sep		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	23.1	19.3	19.7%	93.3	81.8	14.1%
Cost of goods sold	-11.5	-8.7	32.2%	-42.7	-34.4	24.1%
<b>Gross profit</b>	<b>11.6</b>	<b>10.6</b>	<b>9.4%</b>	<b>50.6</b>	<b>47.4</b>	<b>6.8%</b>
<b>Gross margin</b>	<b>50.2%</b>	<b>55.2%</b>	<b>-5.0 ppt</b>	<b>54.2%</b>	<b>58.0%</b>	<b>-3.8 ppt</b>



## APAC

The performance in the region continued to strengthen. Net sales during the quarter amounted to SEK 8.8 m, which was on a par with the previous year. Fluctuations in net sales are high in the region and are strongly affected by individual customers' order patterns.

Sinopharm Foreign Trade is following the plan with orders for Probi Defendum® and Probi® Osteo and is already evaluating further launches in collaboration

with Probi. Other existing customers have shown significant activity and a couple of new customers were added during the quarter, which provides a good position for the fourth quarter and further into 2022.

The gross margin was slightly lower than the previous year and amounted to 48% (51).

SEK m	Jul-Sep			Jan-Sep		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	8.8	8.6	2.3%	38.2	40.1	-4.7%
Cost of goods sold	-4.6	-4.1	12.2%	-16.4	-18.8	-12.8%
<b>Gross profit</b>	<b>4.2</b>	<b>4.5</b>	<b>-6.7%</b>	<b>21.8</b>	<b>21.3</b>	<b>2.3%</b>
<b>Gross margin</b>	<b>47.7%</b>	<b>50.6%</b>	<b>-2.9 ppt</b>	<b>57.1%</b>	<b>53.1%</b>	<b>4.0 ppt</b>

## Cash flow and cash and cash equivalents

The cash flow from operating activities before changes in working capital decreased to SEK 42.7 m (61.1) in the quarter as a result of a lower operating profit.

Working capital increased during the quarter, mainly as a result of greater accounts receivable in connection with higher sales in September, and cash flow from operating activities amounted to SEK 2.4 m (40.4).

The cash flow from investment activities amounted to SEK -64.6 m (-11.4), of which SEK -55.9 m relates to the investment in Blis Technologies, while the remaining part consists of investments in intangible and tangible assets.

The cash flow from financing activities was SEK -4.6 m (-3.6) and mainly consisted of amortization of leasing liabilities.

The cash flow for the period amounted to SEK -65.1 m (22.3) and cash and cash equivalents amounted to SEK 195.9 m (209.8).

## Investments

During Q3, investments in intangible fixed assets amounted to SEK 1.7 m (2.1), of which SEK 1.1 m (1.2) was for patents, SEK 0.6 m (0.9) was for capitalized development expenses and SEK 0.0 m (-) was for IT systems. Investments in tangible fixed assets amounted to SEK 7.0 m (9.4), which primarily refers to investments in the manufacturing unit in Redmond.

## Employees

At the end of the period, Probi had 177 (171) employees, of which 50% (52%) were women. The average number of employees during Q3 was 179 (167).



## Transactions with related parties

During Q3, Probi reported SEK 0.8 m (1.3) in revenue from its largest owner Symrise and 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 Q3, the parent company's operating income amounted to SEK 66.5 m (63.4). The profit for the period was SEK 14.7 m (15.0). and the improvement mainly concerned dividends from subsidiaries. Investments in tangible and intangible assets amounted to SEK 1.7 m (2.1). For further details, please see the information for the Group.

## Financial calendar

Year-end report 2021	2 February 2022
Interim report Q1 2022	26 April 2022
Annual General Meeting 2021	5 May 2022
Interim report Q2 2022	15 July 2022
Interim report Q3 2022	21 October 2022
Year-end report 2022	27 January 2023

## Invitation to teleconference

Probi's interim report for Q3 2021 will be published on October 22, 2021 at 8.00 a.m. 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 59. The presentation is available at [www.probi.com](http://www.probi.com) and [www.financialhearings.com](http://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, October 22, 2021

Jean-Yves Parisot  
*Chairmen 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	
		2021	2020	2021	2020
<b>Net sales</b>	2	<b>158,867</b>	<b>194,649</b>	<b>488,142</b>	<b>532,399</b>
Cost of goods sold	3	-92,326	-105,718	-282,733	-300,914
<b>Gross profit</b>		<b>66,541</b>	<b>88,931</b>	<b>205,409</b>	<b>231,485</b>
Sales and marketing expenses		-20,809	-24,446	-64,950	-71,535
Research and development expenses		-9,416	-7,930	-27,789	-25,213
Administration expenses		-12,454	-12,568	-37,651	-41,136
Other operating income		53	73	131	283
<b>Operating profit (EBIT)</b>		<b>23,915</b>	<b>44,060</b>	<b>75,150</b>	<b>93,884</b>
Financial income		36	13	98	231
Financial expenses		-457	-478	-1,375	-1,684
Exchange result financing activities	4	44	-780	156	-445
<b>Financial result</b>		<b>-377</b>	<b>-1,245</b>	<b>-1,121</b>	<b>-1,898</b>
<b>Earnings before income taxes</b>		<b>23,538</b>	<b>42,815</b>	<b>74,029</b>	<b>91,986</b>
Income taxes		-5,084	-9,641	-17,152	-21,124
<b>Net income</b>		<b>18,454</b>	<b>33,174</b>	<b>56,877</b>	<b>70,862</b>
<b>Other comprehensive income</b>					
<i>Components to be reclassified to net income</i>					
Exchange rate differences resulting from the translation of foreign operations		28,302	-37,444	61,285	-34,498
Cash flow hedge (currency hedges)		—	176	—	-204
Income taxes payable on these components		—	-37	—	44
		<b>28,302</b>	<b>-37,305</b>	<b>61,285</b>	<b>-34,658</b>
<i>Components not to be reclassified to net income</i>					
Equity instruments at fair value through OCI		9,463	—	9,463	—
		<b>9,463</b>	<b>—</b>	<b>9,463</b>	<b>—</b>
<b>Sum of other comprehensive income</b>		<b>37,765</b>	<b>-37,305</b>	<b>70,748</b>	<b>-34,658</b>
<b>Total comprehensive income</b>		<b>56,219</b>	<b>-4,131</b>	<b>127,625</b>	<b>36,204</b>
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		1.62	2.91	4.99	6.22

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 September 2021	31 December 2020
<b>ASSETS</b>		
Capitalized development cost	34,395	39,620
Customer base	239,166	239,482
Technology and other intangible assets	112,472	116,604
Goodwill	298,513	278,238
Property, plant and equipment	79,345	60,058
Right-of-use assets	57,613	43,019
Interests in other entities	118,386	53,032
Deferred tax assets	61	28
<b>Non-current assets</b>	<b>939,951</b>	<b>830,081</b>
Inventories	96,204	98,396
Trade receivables	115,048	89,339
Other assets and receivables	13,585	6,525
Cash and cash equivalents	195,901	215,552
<b>Current assets</b>	<b>420,738</b>	<b>409,812</b>
<b>Total assets</b>	<b>1,360,689</b>	<b>1,239,893</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>	<b>1,230,294</b>	<b>1,115,203</b>
Deferred tax liabilities	8,937	3,906
<b>Provisions</b>	<b>8,937</b>	<b>3,906</b>
Non-current lease liabilities	45,664	30,575
Other non-current liabilities	4,616	4,299
<b>Non-current liabilities</b>	<b>50,280</b>	<b>34,874</b>
Trade payables	32,283	39,922
Current lease liabilities	14,444	13,873
Other current liabilities	24,451	32,115
<b>Current liabilities</b>	<b>71,178</b>	<b>85,910</b>
<b>Total liabilities</b>	<b>130,395</b>	<b>124,690</b>
<b>Total equity and liabilities</b>	<b>1,360,689</b>	<b>1,239,893</b>



## Consolidated changes in equity

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

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Other reserves	Accumulated profit	Total equity
<b>Opening balance, 1 Jan 2021</b>	<b>58,221</b>	<b>600,205</b>	<b>-58,034</b>	<b>—</b>	<b>514,811</b>	<b>1,115,203</b>
Net income	—	—	—	—	56,877	56,877
Other comprehensive income	—	—	70,748	—	—	70,748
<b>Total Comprehensive Income</b>	<b>—</b>	<b>—</b>	<b>70,748</b>	<b>—</b>	<b>56,877</b>	<b>127,625</b>
Dividends	—	—	—	—	-12,534	-12,534
<b>Total transactions with shareholders</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-12,534</b>	<b>-12,534</b>
<b>Closing balance, 30 Sep 2021</b>	<b>58,221</b>	<b>600,205</b>	<b>12,714</b>	<b>—</b>	<b>559,154</b>	<b>1,230,294</b>



# Consolidated cash flow statement

SEK 000	Jul-Sep		Jan-Sep	
	2021	2020	2021	2020
<b>Net income</b>	<b>18,454</b>	<b>33,174</b>	<b>56,877</b>	<b>70,862</b>
Adjustments to reconcile net income to cash from operating activities				
Income taxes	5,085	9,641	17,152	21,125
Interest result	398	424	1,190	1,237
Amortization, depreciation and impairment of non-current assets	18,395	17,420	53,304	55,529
Other non-cash expenses and income	352	398	1,932	2,997
<b>Cash flow before working capital changes</b>	<b>42,684</b>	<b>61,057</b>	<b>130,455</b>	<b>151,750</b>
Change in trade receivables and other current assets	-41,125	8,966	-23,672	-24,472
Change in inventories	5,426	-5,455	8,461	-33,437
Change in trade payables and other current liabilities	-3,751	-18,828	-16,404	-8,715
Income taxes paid	-883	-5,338	-16,109	-27,698
<b>Cash flow from operating activities</b>	<b>2,351</b>	<b>40,402</b>	<b>82,731</b>	<b>57,428</b>
Payments for investing in intangible assets	-1,695	-2,058	-5,759	-7,287
Payments for investing in interests in other entities	-55,891	—	-55,891	—
Payments for investing in property, plant and equipment	-7,009	-9,368	-21,133	-22,832
<b>Cash flow from investing activities</b>	<b>-64,595</b>	<b>-11,426</b>	<b>-82,783</b>	<b>-30,119</b>
Interest paid	-1,532	-482	-2,369	-1,309
Interest received	—	-3	—	93
Repayments for lease obligations	-3,104	-3,144	-9,212	-9,985
Dividends paid	—	—	-12,534	-11,394
<b>Cash flow from financing activities</b>	<b>-4,636</b>	<b>-3,629</b>	<b>-24,115</b>	<b>-22,595</b>
Cash flow for the period	-66,880	25,347	-24,167	4,714
Effects of changes in exchange rates	1,747	-3,036	4,516	-1,913
<b>Change in cash and cash equivalents</b>	<b>-65,133</b>	<b>22,311</b>	<b>-19,651</b>	<b>2,801</b>
<b>Cash and cash equivalents at opening balance</b>	<b>261,034</b>	<b>187,450</b>	<b>215,552</b>	<b>206,960</b>
<b>Cash and cash equivalents at closing balance</b>	<b>195,901</b>	<b>209,761</b>	<b>195,901</b>	<b>209,761</b>



## Parent company's condensed financial statements

SEK 000	Jul-Sep		Jan-Sep	
	2021	2020	2021	2020
<b>Operating revenue</b>	66,456	63,370	213,181	219,503
Operating costs	-18,704	-13,718	-63,866	-68,224
Gross profit	47,752	49,652	149,315	151,279
<b>Operating profit (EBIT)</b>	<b>18,612</b>	<b>19,839</b>	<b>59,329</b>	<b>59,337</b>
Result from financial income and expenses	57	-807	42,529	142
Income before tax	18,669	19,032	101,858	59,479
<b>Net income</b>	<b>14,740</b>	<b>15,029</b>	<b>89,303</b>	<b>46,636</b>

SEK 000	Jul-Sep		Jan-Sep	
	2021	2020	2021	2020
<b>Net income</b>	<b>14,740</b>	<b>15,029</b>	<b>89,303</b>	<b>46,636</b>
Cash flow hedge (currency hedges)	—	178	—	-203
Income taxes payable on these components	—	-39	—	43
<b>Sum of other comprehensive income</b>	<b>—</b>	<b>139</b>	<b>—</b>	<b>-160</b>
<b>Total comprehensive income</b>	<b>14,740</b>	<b>15,168</b>	<b>89,303</b>	<b>46,476</b>

SEK 000	30 September 2021	31 December 2020
<b>ASSETS</b>		
Non-current assets	1,071,144	1,026,553
Current assets	191,223	170,698
<b>Total assets</b>	<b>1,262,367</b>	<b>1,197,251</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	1,235,110	1,158,341
Non-current liabilities	—	4,035
Current liabilities	27,257	34,875
<b>Total equity and liabilities</b>	<b>1,262,367</b>	<b>1,197,251</b>



# 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	Jul-Sep 2021				Jul-Sep 2020			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	125,584	22,249	8,761	<b>156,594</b>	165,027	18,597	8,619	<b>192,243</b>
Royalty	1,451	822	—	<b>2,273</b>	1,685	709	11	<b>2,405</b>
<b>Net sales</b>	<b>127,035</b>	<b>23,071</b>	<b>8,761</b>	<b>158,867</b>	<b>166,712</b>	<b>19,306</b>	<b>8,630</b>	<b>194,648</b>

SEK 000	Jan-Sep 2021				Jan-Sep 2020			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	352,415	83,570	38,154	<b>474,139</b>	405,444	79,960	40,119	<b>525,523</b>
Royalty	4,292	9,711	—	<b>14,003</b>	4,968	1,878	29	<b>6,875</b>
<b>Net sales</b>	<b>356,707</b>	<b>93,281</b>	<b>38,154</b>	<b>488,142</b>	<b>410,412</b>	<b>81,838</b>	<b>40,148</b>	<b>532,398</b>



### 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	
	2021	2020	2021	2020
Exchange gains operating activities	735	-121	1,794	4,456
Exchange losses operating activities	-254	-1,984	-1,214	-6,151
<b>Exchange result operating activities</b>	<b>481</b>	<b>-2,105</b>	<b>580</b>	<b>-1,695</b>

### 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	Jul-Sep		Jan-Sep	
	2021	2020	2021	2020
Exchange gains financing activities	101	720	822	3,935
Exchange losses financing activities	-57	-1,500	-666	-4,381
<b>Exchange result financing activities</b>	<b>44</b>	<b>-780</b>	<b>156</b>	<b>-446</b>

### 5. Definition of alternative performance measures not defined in IFRS

Probi presents some financial measures in the interim report that are not defined in IFRS. Probi 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	Jul-Sep		Jan-Sep	
	2021	2020	2021	2020
Net income	18,454	33,174	56,877	70,862
Income taxes	5,084	9,641	17,152	21,124
Financial result	377	1,245	1,121	1,898
<b>Operating profit (EBIT)</b>	<b>23,915</b>	<b>44,060</b>	<b>75,150</b>	<b>93,884</b>

#### 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	
	2021	2020	2021	2020
Operating profit (EBIT)	23,915	44,060	75,150	93,885
Depreciation and amortization	18,395	17,420	53,304	55,529
<b>EBITDA</b>	<b>42,310</b>	<b>61,480</b>	<b>128,454</b>	<b>149,414</b>



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

## 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.

