

Solid quarter with exchange rate fueled growth

Important events during the second quarter

- Net sales increased by 10% (-1% adjusted for currency effects) to SEK 175 m (158) in Q2 and amounted to SEK 329 m (329) for H1, which was on a par with previous year (-9% adjusted for currency effects).
- The EBITDA margin was 26% (25) in Q2 and 26% (26) in H1.
- Stable performance in all regions, strongest quarter since 2020 in APAC.
- Increased investments in sales activities and build-up of sales organization in region Americas.
- New skincare product based on by-product from production process, contributes to reduced environmental costs and environmental impact.

SEK
175 m
Net sales

26%
EBITDA margin

Financial overview

SEK m	Apr-Jun		Jan-Jun		Full-year	
	2022	2021	2022	2021	RTM	2021
Net sales	174.5	158.0	329.2	329.3	658.1	658.2
Growth, %	10.5%	-12.2%	0.0%	-2.5%	0.0%	-8.2%
Currency adjusted growth, %	-0.9%	-3.1%	-8.8%	7.9%	-4.4%	-3.3%
Gross margin, %	44.5%	40.9%	43.6%	42.2%	44.5%	43.8%
EBITDA	45.9	39.0	84.2	86.1	180.6	182.5
EBITDA margin, %	26.3%	24.7%	25.6%	26.2%	27.4%	27.7%
Operating profit (EBIT)	25.2	21.1	43.7	51.2	101.7	109.2
EBIT margin, %	14.5%	13.4%	13.3%	15.6%	15.5%	16.6%
Net income	20.0	15.8	34.0	38.4	78.7	83.1
Earnings per share before and after dilution, SEK	1.75	1.39	2.98	3.37	6.91	7.30

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 15, 2022 at 08:00 CET. This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.



We continue to invest in future growth

Growth in Q2 amounted to 10% driven by favorable exchange rates. Adjusted for currency effects, our sales were approximately on a par with the previous year. As Probi reported negative sales growth for several quarters, this is an important step on our way back to showing growth as a company.

Our EBITDA margin was 26%, which was slightly lower than our financial target. During this year, we have actively invested in developing our product pipeline and expanded our sales organization in the Americas region, which together with a significantly higher level of activity in customer interaction in all markets has driven costs. Our product portfolio and future launches have good market potential and we will continue to invest in our future during the year.

Sales in region Americas was up by 14% compared to previous year, largely driven by currency effects. Adjusted for currencies the region had sales approximately in line the previous year. During the first half of the year the US market saw a lower growth rate compared to Europe and APAC. The market is expected to be flat for the full year compared to 2021. At the same time, it is currently difficult to comment on market growth in the autumn given the current macroeconomic dynamics and what possible consequences it may have on consumer behavior.

In the EMEA region, sales were on a par with the previous year, but adjusted for milestone-related revenue in 2021, the growth in the quarter was 10%. During Q2, many of our customers in the region saw positive demand increases, largely driven by more normal market conditions following the easing of Covid restrictions.

The APAC region had its strongest quarter since Q2 2020, which was significantly affected by stockpiling in connection with the pandemic. Sinopharm's rollout is

underway, and the third ClinBac™ concept, Probi Ferrosorb®, will be launched during the autumn. Covid-related restrictions in China has eased somewhat, and our team is again able to meet with customers and partners for additional demand creation.

We are nearing the end of our upgrading of the manufacturing facility in Redmond. It is an important part of our strategy to significantly increase our own production capacity of scientifically documented bacterial strains and also to reduce our vulnerability in the production chain.

During the quarter, we delivered the first batches of SymFerment®, which is an exciting product development in collaboration with Symrise AG. It is based on a by-product from our production process and is part of a skincare product that Symrise launched in April. By reusing materials from our regular fermentation process, we both reduce the environmental impact and costs while creating a new revenue stream. This clearly illustrates how we are working broadly on several fronts in product development.

We are currently experiencing a positive post-pandemic development in EMEA and APAC, but these regions are still relatively small compared to our US market. The growth is currently lower in region Americas, which has an impact on our short-term growth rate.

With a competitive product portfolio and with our upgraded manufacturing facility together with a strong balance sheet, we have a good position for achieving future growth. 2022 will not be a strong year of growth for us, but I see exciting things on the horizon and feel very confident that we will return to growth in 2023.

Tom Rönnlund
CEO



Net sales

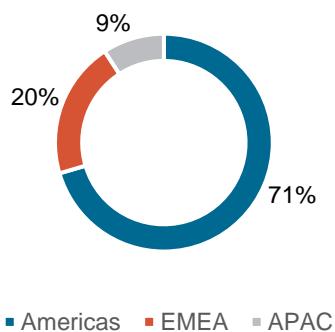
April – June (second quarter)

During the quarter, net sales amounted to SEK 174.5 m (158.0), corresponding to an increase of SEK 16.5 m or 10%. Adjusted for currency effects, net sales amounted to SEK 156.6 m, corresponding to a decrease of 1%.

The increase of SEK 16.5 m is explained by higher reported sales in the Americas which increased by SEK 15.5 m (14%), while EMEA increased by SEK 0.6 m (2%) and APAC by SEK 0.4 m (3%).

The Americas share of total net sales in Q2 was 71%, EMEA accounted for 20% and APAC for 9%.

Net sales distribution per segment



■ Americas ■ EMEA ■ APAC

January – June (six months)

Net sales amounted to SEK 329.2 m (329.3), which was on a par with last year. Adjusted for currency effects, this corresponded to a decrease of 9%. The decrease is mainly explained by a few major customers in the Americas, where sales have been reduced due to delays in orders, but also due to changes in customers' product portfolios. The Americas region increased by SEK 4.2 m (2%). EMEA had a strong underlying performance during the first half of the year, but the comparison period includes milestone-related revenue, which means that reported net sales were SEK 4.5 m lower (-6%). Adjusted for these, the increase in sales was 6% in the region. Sales in APAC increased by SEK 0.2 m (1%), which was on a par with last year.

Net sales per segment

SEK m	Apr-Jun			Jan-Jun		
	2022	2021	Change, %	2022	2021	Change, %
Americas	122.9	107.4	14.4%	233.9	229.7	1.8%
EMEA	35.6	35.0	1.7%	65.7	70.2	-6.4%
APAC	16.0	15.6	2.6%	29.6	29.4	0.7%
Net sales	174.5	158.0	10.4%	329.2	329.3	0.0%



Earnings

Operating profit (EBIT)

The operating profit for Q2 amounted to SEK 25.2 m (21.1), corresponding to an increase of SEK 4.1 m or 19%. Adjusted for currency effects, the operating profit was SEK 20.4 m and was approximately on a par with the previous year.

Sales and marketing expenses amounted to SEK 26.7 m (22.2), where the increase is explained by higher cost for the sales organization in Americas and greater customer activities at the same time as the comparison period was affected by shutdowns in connection with Covid-19.

Research and development costs were higher than the previous year and amounted to SEK 10.4 m (8.7) as a result of greater activity with research projects.

Administrative expenses increased by SEK 2.9 m compared with the previous year and amounted to SEK 15.5 m (12.5). The increase is mainly due to increased personnel and business development expenses.

Operating profit

SEK m	Apr-Jun			Jan-Jun		
	2022	2021	Change, %	2022	2021	Change, %
Gross profit Americas	51.5	35.8	43.9%	91.0	82.3	10.6%
Gross profit EMEA	17.4	18.8	-7.4%	34.8	39.0	-10.8%
Gross profit APAC	8.8	9.9	-11.1%	17.8	17.6	1.1%
Gross profit	77.7	64.5	20.5%	143.6	138.9	3.4%
Sales and marketing expenses	-26.7	-22.2	20.3%	-50.1	-44.1	13.6%
Research and development expenses	-10.4	-8.7	19.5%	-19.6	-18.4	6.5%
Administration expenses	-15.5	-12.5	24.0%	-30.4	-25.3	20.2%
Other operating income	0.1	0.0	233.3%	0.2	0.1	100.0%
Operating profit (EBIT)	25.2	21.1	19.4%	43.7	51.2	-14.6%

Financial result

The financial result for Q2 amounted to SEK 0.4 m (-0.8). Net financial items excluding exchange rate results amounted to SEK -0.6 m (-0.4) and consist mainly of interest on leasing contracts. The exchange rate result amounted to SEK 0.9 m (-0.3) in Q2 and refers to the translation of cash and cash equivalents in foreign currency.

Profit for the period

The profit for the quarter amounted to SEK 20.0 m (15.8). The tax cost was SEK 5.6 m (4.6).

Earnings per share

Earnings per share for Q2 amounted to SEK 1.75 (1.39).



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 Americas increased by 14% and amounted to SEK 123 m. Adjusted for currency effects net sales amounted to SEK 106 m, corresponding to a decrease of 1% in Q2.

Previously announced customer dynamics with the effect of individual orders still affecting development in the region. Continued fluctuations between the

quarters are also expected in the future as larger customers' order patterns are very important for the individual quarter.

The gross margin for Q2 was 42% (33). The higher gross margin is due to a favorable product mix at the same time as the production volumes increased.

SEK m	Apr-Jun			Jan-Jun		
	2022	2021	Change, %	2022	2021	Change, %
Net Sales	122.9	107.4	14.4%	233.9	229.7	1.8%
Cost of goods sold	-71.4	-71.6	-0.3%	-142.9	-147.4	-3.1%
Gross profit	51.5	35.8	43.9%	91.0	82.3	10.6%
Gross margin	41.9%	33.3%	8.6 ppt	38.9%	35.8%	3.1 ppt

EMEA

Net sales in EMEA were on a par with last year at SEK 35 m. The comparison period includes milestone revenues of around SEK 3 m.

The performance in the region was stable. Several customers have had a strong post-pandemic development in the quarter with good growth in both new and existing customers. This was partly offset by a slower than expected roll-out of Perrigo's new products.

Oriflame has received a good response from the initial launch of its Wellness product in the markets where the product has been introduced. Planned launches in Russia and Ukraine are on hold but other markets are instead being evaluated.

The gross margin for Q2 was 49% (54). The slightly lower gross margin is due to the fact that the comparison period contained milestone revenue.

SEK m	Apr-Jun			Jan-Jun		
	2022	2021	Change, %	2022	2021	Change, %
Net Sales	35.6	35.0	1.7%	65.7	70.2	-6.4%
Cost of goods sold	-18.2	-16.2	12.3%	-30.9	-31.2	-1.0%
Gross profit	17.4	18.8	-7.4%	34.8	39.0	-10.8%
Gross margin	48.7%	53.7%	-5.0 ppt	53.0%	55.6%	-2.6 ppt



APAC

Development in the region continues to strengthen. Net sales increased by 3% in Q2 to SEK 16 m (16), which is the highest level since Q2 2020.

The partnership with Sinopharm Foreign Trade is developing according to plan. The third ClinBac™ concept, Probi Ferrosorb®, is planned to be launched during the autumn. Restrictions have been eased somewhat in China, which means increased sales activity.

Developments in the region are expected to continue to fluctuate significantly as individual customer orders have major effects on quarterly outcomes. We remain positive on the outlook for the region based on current sales pipeline.

The gross margin was lower than the previous year and amounted to 55% (64) and was driven by an unfavorable product mix.

SEK m	Apr-Jun			Jan-Jun		
	2022	2021	Change, %	2022	2021	Change, %
Net Sales	16.0	15.6	2.6%	29.6	29.4	0.7%
Cost of goods sold	-7.2	-5.7	26.3%	-11.8	-11.8	0.0%
Gross profit	8.8	9.9	-11.1%	17.8	17.6	1.1%
Gross margin	55.3%	63.5%	-8.2 ppt	60.1%	59.9%	0.2 ppt

Cash flow and cash and cash equivalents

Cash flow from operating activities before changes in working capital increased to SEK 46.9 m (39.7) in Q2 as a result of a better operating profit.

Working capital increased during Q2 as a result of greater accounts receivable and cash flow from operating activities amounted to SEK 20.5 m (43.6).

Cash flow from investment activities was SEK -15.3 m (-10.9) and consisted mainly of investments in tangible assets but also intangible assets.

Cash flow from financing activities was SEK -18.8 m (-15.3), where the dividend corresponded to SEK -14.8 m (-12.5) and the remainder consisted mainly of amortization of leasing liabilities.

Cash flow for the period amounted to SEK -5.6 m (14.3) and cash and cash equivalents amounted to SEK 265.6 m (261.0) at the end of the period.

Investments

During the quarter, investments in intangible fixed assets amounted to SEK 1.9 m (1.5), of which SEK 0.9 m (1.0) related to patents, SEK 1.0 m (0.3) related to capitalized development expenses and SEK 0.0 m (0.2) referred to IT systems. Investments in tangible fixed assets amounted to SEK 13.4 m (9.4), which relates to investments in the manufacturing unit in Redmond and also the rebuilding and upgrading of the laboratory in Lund.

Employees

At the end of the period, Probi had 166 (178) employees, of which 51% (52) were women. The average number of employees during the quarter was 171 (181).



Transactions with related parties

During the quarter, Probi reported SEK 2.9 m (0.2) in revenue from its largest shareholder Symrise and costs amounted to SEK 0.0 m (0.0). No other transactions with related parties occurred during the reporting period.

Significant risks and uncertainties

In February 2022, Russia launched an invasion of Ukraine. Probi has a limited exposure to Russia and Ukraine and the company's assessment is that the effects at both supplier and customer levels are limited. On the other hand, the conflict can lead to indirect effects such as cost increases and changed demands, but these effects are currently difficult to estimate. The cost increases that have arisen in connection with increased inflation are mainly offset by price increases to customers. However, there may be a delay effect until the price increase has full effect depending on agreed terms.

In connection with Covid-19, it is primarily the risks surrounding changing consumer trends and the company's supply of goods that have become relevant. Other risks and uncertainties to which Probi's operations are exposed are described on pages 48–49 in the annual report for 2021.

Parent company

During the quarter, the parent company's operating income amounted to SEK 79.6 m (67.4). The profit for the period was SEK 51.3 m (53.8) and the decrease was due to a lower negative financial result. Investments in tangible and intangible assets amounted to SEK 1.9 m (1.8). For further details, please see the information for the Group.

Financial calendar

Interim report Q3 2022	October 21, 2022
Year-end report 2022	January 27, 2023

Invitation to teleconference

Probi's interim report for Q2 2022 is published on July 15, 2022, at 8.00. On the same day at 10.00, a telephone conference 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 51 63 86 with PIN code 5621393 #. 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 15, 2022

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, 2022 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 15, 2022

Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant



Interim report April-June 2022

Consolidated statement of comprehensive income

SEK 000	Note s	Apr-Jun		Jan-Jun	
		2022	2021	2022	2021
Net sales	2	174,510	157,962	329,228	329,275
Cost of goods sold	3	-96,806	-93,422	-185,623	-190,407
Gross profit		77,704	64,540	143,605	138,868
Sales and marketing expenses		-26,738	-22,196	-50,132	-44,140
Research and development expenses		-10,355	-8,678	-19,558	-18,373
Administration expenses		-15,468	-12,582	-30,364	-25,197
Other operating income		93	35	176	76
Operating profit (EBIT)		25,236	21,119	43,727	51,234
Financial income		67	36	112	62
Financial expenses		-638	-475	-1,263	-918
Exchange result financing activities	4	949	-334	663	112
Financial result		378	-773	-488	-744
Earnings before income taxes		25,614	20,346	43,239	50,490
Income taxes		-5,643	-4,556	-9,249	-12,067
Net income		19,971	15,790	33,990	38,423
Other comprehensive income					
Components to be reclassified to net income					
Exchange rate differences resulting from the translation of foreign operations		96,296	-23,230	118,838	32,983
Cash flow hedge (currency hedges)		238	—	238	—
Income taxes payable on these components		-58	—	-58	—
Total components to be reclassified to net income		96,475	-23,230	119,017	32,983
<i>Components not to be reclassified to net income</i>					
Equity instruments at fair value through OCI		-14,235	—	-18,563	—
Total components not to be reclassified to net income		-14,235	—	-18,563	—
Sum of other comprehensive income		82,240	-23,230	100,454	32,983
Total comprehensive income		102,210	-7,440	134,443	71,406
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		1.75	1.39	2.98	3.37

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 2022	31 December 2021
ASSETS		
Capitalized development cost	28,430	32,096
Customer base	257,171	239,887
Technology and other intangible assets	115,520	111,411
Goodwill	346,562	307,011
Property, plant and equipment	124,480	91,940
Right-of-use assets	73,569	74,739
Interests in other entities	82,638	101,201
Deferred tax assets	331	301
Non-current assets	1,028,701	958,586
 Inventories	111,702	93,822
Trade receivables	130,301	119,060
Other assets and receivables	9,460	9,684
Cash and cash equivalents	265,617	251,017
Current assets	517,080	473,583
Total assets	1,545,781	1,432,169
 EQUITY AND LIABILITIES		
Total equity	1,385,172	1,265,541
 Deferred tax liabilities	15,715	13,359
Provisions	15,715	13,359
 Non-current lease liabilities	61,100	62,733
Other non-current liabilities	5,428	4,748
Non-current liabilities	66,528	67,481
 Trade payables	32,987	46,244
Current lease liabilities	16,523	14,856
Other current liabilities	28,856	24,688
Current liabilities	78,366	85,788
Total liabilities	160,609	166,628
Total equity and liabilities	1,545,781	1,432,169



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Consolidated changes in equity

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Hedging reserve	Fair value reserve	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

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Hedging reserve	Fair value reserve	Accumulated profit	Total equity
Opening balance, 1 Jan 2022	58,221	600,205	29,414	—	-7,721	585,422	1,265,541
Net income	—	—	—	—	—	33,990	33,990
Other comprehensive income	—	—	118,838	179	-18,563	—	100,454
Total Comprehensive Income	—	—	118,838	179	-18,563	33,990	134,443
Dividends	—	—	—	—	—	-14,812	-14,812
Total transactions with shareholders	—	—	—	—	—	-14,812	-14,812
Closing balance, 31 Mar 2022	58,221	600,205	148,252	179	-26,284	604,599	1,385,172



Consolidated cash flow statement

SEK 000	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
Net income	19,971	15,790	33,990	38,423
Adjustments to reconcile net income to cash from operating activities				
Income taxes	5,643	4,556	9,249	12,067
Interest result	540	412	1,099	792
Amortization, depreciation and impairment of non-current assets	20,656	17,879	40,443	34,909
Other non-cash expenses and income	110	1,016	982	1,580
Cash flow before working capital changes	46,920	39,653	85,763	87,771
Change in trade receivables and other current assets	-27,848	18,027	1,985	17,453
Change in inventories	5,284	10,270	-6,431	3,035
Change in trade payables and other current liabilities	1,126	-16,171	-11,127	-12,653
Income taxes paid	-4,972	-8,172	-11,766	-15,226
Cash flow from operating activities	20,510	43,607	58,424	80,380
Payments for investing in intangible assets	-1,935	-1,502	-4,169	-4,063
Payments for investing in interests in other entities	—	—	—	—
Payments for investing in property, plant and equipment	-13,431	-9,401	-26,860	-14,124
Divestments of tangible assets	20	—	20	—
Cash flow from investing activities	-15,346	-10,903	-31,009	-18,187
Interest paid	-616	-31	-1,229	-837
Interest received	8	—	11	—
Repayments for lease obligations	-3,363	-2,781	-6,593	-6,109
Dividends paid	-14,812	-12,534	-14,812	-12,534
Cash flow from financing activities	-18,783	-15,346	-22,623	-19,480
Cash flow for the period	-13,619	17,358	4,792	42,713
Effects of changes in exchange rates	8,040	-3,025	9,808	2,769
Change in cash and cash equivalents	-5,579	14,333	14,600	45,482
Cash and cash equivalents at opening balance	271,196	246,701	251,017	215,552
Cash and cash equivalents at closing balance	265,617	261,034	265,617	261,034



Parent company's condensed financial statements

SEK 000	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
Operating revenue	79,551	67,394	152,999	146,725
Operating costs	-24,319	-23,267	-43,659	-45,162
Gross profit	55,232	44,127	109,340	101,563
Operating profit (EBIT)	18,729	14,941	40,080	40,717
Result from financial income and expenses	36,739	42,037	32,161	42,472
Income before tax	55,468	56,978	72,241	83,189
Net income	51,305	53,834	63,617	74,563

SEK 000	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
Net income	51,305	53,834	63,617	74,563
Sum of other comprehensive income	—	—	—	—
Total comprehensive income	51,305	53,834	63,617	74,563

SEK 000	30 June 2022	31 December 2021
ASSETS		
Non-current assets	1,045,031	1,065,635
Current assets	276,551	214,212
Total assets	1,321,582	1,279,847
EQUITY AND LIABILITIES		
Equity	1,288,853	1,240,049
Current liabilities	32,729	39,798
Total equity and liabilities	1,321,582	1,279,847



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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 are covered on pages 10-17. Disclosures in accordance with IAS 34 Interim Financial Reporting are provided both here and elsewhere in the interim report. The ESMA guidelines on alternative performance measures apply.

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 65-68 of the printed 2021 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 equivalent period the previous year. 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 2022				Apr-Jun 2021			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	121,215	35,082	15,964	172,261	105,708	31,859	15,543	153,110
Royalty	1,715	534	—	2,249	1,672	3,180	—	4,852
Net sales	122,930	35,616	15,964	174,510	107,380	35,039	15,543	157,962

SEK 000	Jan-Jun 2022				Jan-Jun 2021			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	230,661	64,359	29,635	324,655	226,831	61,321	29,393	317,545
Royalty	3,270	1,303	—	4,573	2,841	8,889	—	11,730
Net sales	233,931	65,662	29,635	329,228	229,672	70,210	29,393	329,275



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	
	2022	2021	2022	2021
Exchange gains operating activities	2,609	195	4,341	1,059
Exchange losses operating activities	-865	-461	-1,931	-960
Exchange result operating activities	1,744	-266	2,410	99

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	
	2022	2021	2022	2021
Exchange gains financing activities	1,295	187	2,110	721
Exchange losses financing activities	-346	-521	-1,447	-609
Exchange result financing activities	949	-334	663	112

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	
	2022	2021	2022	2021
Net income	19,971	15,790	33,990	38,423
Income taxes	5,643	4,556	9,249	12,067
Financial result	-378	773	488	744
Operating profit (EBIT)	25,236	21,119	43,727	51,234

EBITDA

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

SEK 000	Apr-Jun		Jan-Jun	
	2022	2021	2022	2021
Operating profit (EBIT)	25,236	21,119	43,727	51,234
Depreciation and amortization	20,656	17,879	40,443	34,909
EBITDA	45,892	38,998	84,170	86,143



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 has expertise 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 658 m in 2021. Probi's shares are listed on Nasdaq Stockholm, Mid-cap, and there were around 3,800 shareholders on December 31, 2021.

