

Strong development in EMEA, Americas affected by customer dynamics

Significant events during the fourth quarter

- Net sales decreased by 8% (-9% adjusted for currency effects) to SEK 170 m (185).
- The EBITDA margin was 32% (25%).
- Strong performance in EMEA and APAC during the quarter, while the Americas continued to be affected by earlier communicated customer dynamics.

SEK
170 m
Net sales

Significant events during full-year 2021

- Net sales decreased by 8% (-3% adjusted for currency effects) to SEK 658 m (717).
- The EBITDA margin was 28% (27%).
- Several important partnerships were entered during the year, including Oriflame and Sinopharm Foreign Trade.
- The pan-European launch with Perrigo contributed to strong growth in EMEA
- Acquisition of shares in the New Zealand company Blis Technologies linked to a long-term strategic partnership.
- The Board of Directors proposal to the 2022 Annual General Meeting is for a dividend of SEK 1.30 (1.10) per share corresponding to SEK 14.8 m (12.5) for the 2021 financial year.

32%
EBITDA margin

Financial overview

SEK m	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	170.0	184.8	658.2	717.2
Growth, %	-8.0%	11.2%	-8.2%	14.5%
Currency adjusted growth, %	-9.4%	19.8%	-3.3%	16.9%
Gross margin, %	48.6%	42.5%	43.8%	43.2%
EBITDA	54.1	47.0	182.5	196.5
EBITDA margin, %	31.8%	25.5%	27.7%	27.4%
Operating profit (EBIT)	34.1	29.8	109.2	123.7
EBIT margin, %	20.1%	16.1%	16.6%	17.2%
Net income	26.3	21.8	83.1	92.7
Earnings per share before and after dilution, SEK	2.31	1.92	7.30	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 February 2, 2022 at 08:00 CET. This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.



A year of both challenges and strong development

Our fourth quarter largely reflects our performance in the whole of 2021. Total net sales for the year decreased by 3% adjusted for currency effects and can be completely explained by the performance in the Americas region. We did not entirely meet our long-term financial profitability target during the year, but given the lower sales volumes, an EBITDA margin of 28% is satisfactory. We ended the year with an improved EBITDA margin of 32% in Q4, which can largely be explained by a favorable product mix and increased volumes in our own manufacturing facilities.

During the year, the regional performance went in different directions. The Americas region had a challenging year compared to a strong 2020, which was affected by positive demand driven by Covid-19. During the year, we lost orders from two major customers and despite hopes of regaining ground here later in the year, we have to state that they will probably not return soon. These two customers accounted for around SEK 50 m of the deficit compared to 2020 over the year. All in all, this meant that the region experienced a challenging year with an exchange rate adjusted decrease in sales of 8%. The last quarter was certainly in line with the previous quarter but decreased by 19% adjusted for currency effects against the strong Q4 of 2020. We believe that the turbulence we have seen in the region in 2021 is temporary and the development going forward will be more stable.

The EMEA region performed well in 2021 and delivered its strongest year ever with growth of 17%. The year also ended strongly with growth of 27% in Q4. During the year, we built up important key customers and signed agreements with new customers, which we expect will develop strongly in the long term. We are therefore optimistic about future developments in the region.

The APAC region ended the year well and achieved year-on-year growth of 6%. Comparative figures for the second half of 2020 were weak due to stock accumulation during the first half of 2020. The region continues to be a priority market for Probi, and we see good opportunities for continued growth through new customers in 2021 and a strong pipeline of potential new customers.

To improve our research capacity and competitiveness, we also initiated a thorough rebuild and upgrade of our laboratory in Lund in 2021 and plan to move in during the first half of 2022. This is an important investment for us that strengthens our ability in pre-clinical research and lead to greater opportunities for product development.

After completing most of the upgrade of our manufacturing facilities in the USA, we have worked on streamlining and stabilizing production in parallel with the technological transfer from Blis Technologies. During the latter half of 2021 we have experienced some supply chain issues, but we expect this to stabilize in 2022. Greater production capacity is expected to have a positive effect on our margins in the future.

Overall, 2021 was a good but also a challenging year. We do not know what the world has to offer in 2022, but with a number of exciting partnerships underway, greater production capacity and a completely new laboratory on the starting blocks, I feel very confident about the future. We stand by our financial targets and together with all our fantastic employees, I am convinced that we will achieve them.

Tom Rönnlund
CEO



Net sales

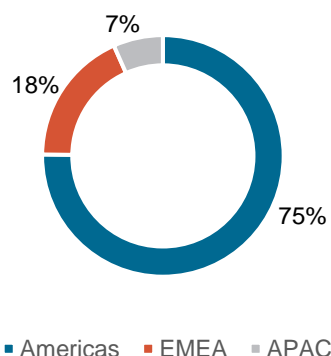
October – December (fourth quarter)

During the quarter, net sales amounted to SEK 170.0 m (184.8), which corresponded to a decrease of SEK 14.8 m or 8%. Adjusted for currency effects, net sales amounted to SEK 167.4 m, corresponding to a decrease of 9%.

The decrease of SEK 14.8 m is explained by lower sales in the Americas which declined by SEK 26.4 m (-17%), while EMEA increased by SEK 6.7 m (28%) and APAC increased by SEK 4.9 m (77%).

The America's share of total net sales in Q4 was 75%. EMEA represented 18% and APAC 7% of total net sales.

Net sales distribution per segment



January – December (full year)

Net sales amounted to SEK 658.2 m (717.2), which corresponds to a decrease of 8%. Adjusted for currency effects, this represents a decrease of 3%. The decrease is mainly explained by a few major customers in the Americas, where sales have been affected by stock accumulation, but also by changes in customers' product portfolios. The Americas region decreased by a total of SEK 80.0 m (-14%). EMEA had a strong performance during the year driven by product launches and sales increased by SEK 18.1 m (17%). Sales in APAC increased by SEK 3.0 m (6%) and growth was primarily from new customers.

Net sales per segment

SEK m	Oct-Dec			Jan-Dec		
	2021	2020	Change, %	2021	2020	Change, %
Americas	127.8	154.2	-17.1%	484.6	564.6	-14.2%
EMEA	30.9	24.2	27.7%	124.1	106.0	17.1%
APAC	11.3	6.4	76.6%	49.5	46.5	6.4%
Net sales	170.0	184.8	-8.0%	658.2	717.2	-8.2%



Earnings

Operating profit (EBIT)

The operating profit for Q4 was SEK 34.1 m (29.8), which corresponds to an increase of SEK 4.3 m or 14%. Adjusted for currency effects, the operating profit was SEK 34.7 m. The improved operating profit was mainly due to a higher gross margin driven by the product mix and greater volumes at the production units.

Sales and marketing expenses amounted to SEK 24.0 m (24.2), which was on a par with the previous year.

Research and development costs were lower than the previous year and amounted to SEK 9.3 m (11.1), which is mainly explained by the phasing out of various research projects over the year.

Administrative expenses increased by SEK 3.4 m compared with the previous year and amounted to SEK 16.8 m (13.4). The quarter was affected by non-recurring business development costs amounting to SEK 3.9 m.

Other operating income includes the sale of a machine generating a profit of SEK 1.0 m during the quarter.

Operating profit

SEK m	Oct-Dec			Jan-Dec		
	2021	2020	Change, %	2021	2020	Change, %
Gross profit Americas	60.2	60.9	-1.1%	193.2	223.8	-13.7%
Gross profit EMEA	16.3	14.6	11.6%	66.9	62.0	7.9%
Gross profit APAC	6.1	2.9	110.3%	27.9	24.2	15.3%
Gross profit	82.6	78.5	5.2%	288.0	310.0	-7.1%
Sales and marketing expenses	-24.0	-24.2	-0.8%	-88.9	-95.8	-7.2%
Research and development expenses	-9.3	-11.1	-16.2%	-37.1	-36.3	2.2%
Administration expenses	-16.8	-13.4	25.4%	-54.5	-54.5	0.0%
Other operating income	1.6	0.1	1,500.0%	1.7	0.4	349.7%
Operating profit (EBIT)	34.1	29.8	14.4%	109.2	123.7	-11.7%

Financial result

The financial result for Q4 amounted to SEK -0.7 m (-1.7). Net financial items excluding exchange rate results amounted to SEK -0.5 m (-0.4) and consist mainly of interest on leasing contracts. The exchange rate effect amounted to SEK -0.2 m (-1.3) in Q4 and refers to the translation of cash and cash equivalents in foreign currencies.

Profit for the period

The profit for the quarter amounted to SEK 26.3 m (21.8). The tax cost was SEK 7.1 m (6.3).

Earnings per share

Earnings per share for Q4 amounted to SEK 2.31 (1.92).



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% and amounted to SEK 127.9. Adjusted for currency effects, net sales amounted to SEK 125.3 m, corresponding to a decrease of 19% during the quarter. For the full year, net sales decreased by 14% to SEK 484.6 m and by 8% when adjusted for currency effects.

The decrease in net sales can be explained by a lack of orders from two major customers, which was announced in Q2. These corresponded to around

SEK 20 m in Q4 and around SEK 50 m over the full year.

Underlying demand remains good, but some fluctuation between quarters is also expected in the future.

The gross margin for the quarter was 47% (40%). The increased gross margin was mainly due to the product mix being favorable at the same time as the production volume increased.

SEK m	Oct-Dec			Jan-Dec		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	127.8	154.2	-17.1%	484.6	564.6	-14.2%
Cost of goods sold	-67.6	-93.3	-27.5%	-291.4	-340.9	-14.5%
Gross profit	60.2	60.9	-1.1%	193.2	223.7	-13.6%
Gross margin	47.1%	39.5%	7.6 ppt	39.9%	39.6%	0.3 ppt

EMEA

Net sales in EMEA climbed by 28% in Q4 to SEK 30.9 m, compared with SEK 24.2 million last year. For the full year, net sales increased by 17% to SEK 124.1 m.

There was strong development in the region during the year. Product launches with new customers took place according to plan and a number of new customers were also added during the year, who

could potentially become future key customers for Probi. Sales activity was high in the region in the last quarter with participation at trade fairs and customer meetings.

The gross margin for Q4 was 53% (60%). This lower margin was related to the product mix.

SEK m	Oct-Dec			Jan-Dec		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	30.9	24.2	27.7%	124.1	106.0	17.1%
Cost of goods sold	-14.6	-9.6	52.1%	-57.2	-44.0	30.0%
Gross profit	16.3	14.6	11.6%	66.9	62.0	7.9%
Gross margin	52.8%	60.3%	-7.5 ppt	53.9%	58.5%	-4.6 ppt



APAC

Our performance in this region continues to improve. Net sales in Q4 amounted to SEK 11.3 m which was an increase of 77% compared with the previous year, which at the same time was a weak quarter in comparison. The quarter's net sales are on a par with the long-term average. For the full year, net sales increased by 6% to SEK 49.5 m, which are the highest annual net sales since 2018.

The partnership with Sinopharm Foreign Trade is developing well and in addition to previous orders for Probi Defendum® and Probi® Osteo, orders have also been received for Probi Ferrosorb®. Although

there has been good activity among customers in China, Australia and Singapore, among others, net sales were somewhat below expectations as an order from one of our customers in South Korea did not materialize during Q4.

The region continues to experience large fluctuations in net sales and is greatly affected by individual customers' order patterns.

The gross margin was higher than the previous year and amounted to 54% (45%) and was driven by greater volumes.

SEK m	Oct-Dec			Jan-Dec		
	2021	2020	Change, %	2021	2020	Change, %
Net Sales	11.3	6.4	76.6%	49.5	46.5	6.5%
Cost of goods sold	-5.2	-3.4	52.9%	-21.6	-22.3	-3.1%
Gross profit	6.1	2.9	110.3%	27.9	24.2	15.3%
Gross margin	54.0%	45.3%	8.7 ppt	56.4%	52.0%	4.4 ppt

Cash flow and cash and cash equivalents

Cash flow from operating activities before changes in working capital increased to SEK 54.2 m (46.2) in the quarter based on the higher operating profit.

Working capital decreased during the quarter, mainly due to reduced stock and increased accounts payable, and cash flow from operating activities amounted to SEK 71.5 m (85.9).

Cash flow from investment activities amounted to SEK -14.7 m (-66.3) and mainly consisted of investments in tangible assets, but also in intangible fixed assets.

Cash flow from financing activities was SEK -3.9 m (-5.1) and consisted mainly of amortization of leasing liabilities.

The cash flow for the period amounted to SEK 55.1 m (5.8) and cash and cash equivalents amounted to SEK 251.0 m (215.6) at the end of the period.

Investments

During the quarter, investments in intangible fixed assets amounted to SEK 1.7 m (4.5), of which SEK 1.1 m (0.8) related to patents, SEK 0.4 m (2.4) to capitalized development expenses and SEK 0.2 m (1.3) to IT systems. Investments in tangible fixed assets amounted to SEK 14.0 m (8.7), which relates to investments in the manufacturing unit at Redmond and rebuilding and upgrading of the laboratory in Lund.

Employees

At the end of the period, Probi had 175 (176) employees, of which 50% (51%) were women. The average number of employees during Q4 was 178 (179).



Transactions with related parties

During Q4, Probi reported SEK 1.7 m (-) in revenue from its largest shareholder 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 the quarter, the parent company's operating income amounted to SEK 72.2 m (69.1). The profit for the period was SEK 4.9 m (15.4) and this decrease was due to an unfavorable product mix and increased costs for marketing and business development. Investments in tangible and intangible fixed assets amounted to SEK 6.8 m (4.7). For further details, please see the information for the Group.

Financial calendar

Interim report Q1 2022	April 26, 2022
Annual General Meeting 2021	May 5, 2022
Record date for dividend	May 9, 2022
Payment date for dividend	May 12, 2022
Interim report Q2 2022	July 15, 2022
Interim report Q3 2022	October 21, 2022
Year-end report 2022	January 27, 2023

Invitation to teleconference

Probi's Year-end report for 2021 was published on February 2, 2022 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 56 64 27 03. The presentation is available at www.probi.com and www.financialhearings.com

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Annual General Meeting

The Annual General Meeting relating to the financial year 2021 will be held in Lund on Friday, May 5, 2022 at 15.00. The location will be announced later. Shareholders who wish to have a matter considered at the AGM are requested to report this to the Chairman of the Board no later than Friday, March 17, 2022. Such a proposal should be sent by email to bolagsstamma@probi.com or by letter to: Probi AB, Bolagsstämman, Ideongatan 1A, 223 70 Lund.

Shareholders who wish to contact the Nomination Committee can do so by email to bolagsstamma@probi.com or by letter to: Probi AB, Nomination Committee, Ideongatan 1A, 223 70 Lund.



Proposal for appropriation of the profit

Based on an assessment of Probi's business operations and strategic investment decisions, the Board of Directors and the CEO proposal to the 2022 Annual General Meeting is for a dividend for the 2021 financial year of a total of SEK 14.8 m (12.5), which corresponds to SEK 1.30 (1.10) per share.

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, February 2, 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 interim report has not been subject to review by the company's auditors.



Consolidated statement of comprehensive income

SEK 000	Notes	Oct-Dec		Jan-Dec	
		2021	2020	2021	2020
Net sales	2	170,039	184,766	658,180	717,165
Cost of goods sold	3	-87,440	-106,294	-370,173	-407,208
Gross profit		82,599	78,472	288,007	309,957
Sales and marketing expenses		-23,981	-24,245	-88,931	-95,780
Research and development expenses		-9,293	-11,135	-37,082	-36,347
Administration expenses		-16,793	-13,388	-54,443	-54,524
Other operating income		1,561	93	1,692	376
Operating profit (EBIT)		34,093	29,797	109,243	123,681
Financial income		56	10	154	241
Financial expenses		-508	-440	-1,882	-2,123
Exchange result financing activities	4	-231	-1,267	-76	-1,712
Financial result		-683	-1,697	-1,804	-3,594
Earnings before income taxes		33,410	28,100	107,439	120,087
Income taxes		-7,142	-6,269	-24,294	-27,394
Net income		26,268	21,831	83,145	92,693
Other comprehensive income					
Components to be reclassified to net income					
Exchange rate differences resulting from the translation of foreign operations		26,164	-83,505	87,448	-118,003
Cash flow hedge (currency hedges)		—	-76	—	-280
Income taxes payable on these components		—	17	—	61
		26,164	-83,564	87,448	-118,222
<i>Components not to be reclassified to net income</i>					
Equity instruments at fair value through OCI		-17,184	—	-7,721	—
		-17,184	—	-7,721	—
Sum of other comprehensive income		8,980	-83,564	79,727	-118,222
Total comprehensive income		35,248	-61,733	162,872	-25,529
Number of outstanding shares at end of the reporting period		11,394,125	11,394,125	11,394,125	11,394,125
Average number of shares		11,394,125	11,394,125	11,394,125	11,394,125
Earnings per share before and after dilution		2.31	1.92	7.30	8.14

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	31 December 2021	31 December 2020
ASSETS		
Capitalized development cost	32,096	39,620
Customer base	239,887	239,482
Technology and other intangible assets	111,411	116,604
Goodwill	307,011	278,238
Property, plant and equipment	91,940	60,058
Right-of-use assets	74,739	43,019
Interests in other entities	101,201	53,032
Deferred tax assets	301	28
Non-current assets	958,586	830,081
Inventories	93,822	98,396
Trade receivables	119,060	89,339
Other assets and receivables	9,684	6,525
Cash and cash equivalents	251,017	215,552
Current assets	473,583	409,812
Total assets	1,432,169	1,239,893
EQUITY AND LIABILITIES		
Total equity	1,265,541	1,115,203
Deferred tax liabilities	13,359	3,906
Provisions	13,359	3,906
Non-current lease liabilities	62,733	30,575
Other non-current liabilities	4,748	4,299
Non-current liabilities	67,481	34,874
Trade payables	46,244	39,922
Current lease liabilities	14,856	13,873
Other current liabilities	24,688	32,115
Current liabilities	85,788	85,910
Total liabilities	166,628	124,690
Total equity and liabilities	1,432,169	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	—	—	—	—	92,693	92,693
Other comprehensive income	—	—	-118,003	-217	—	-118,222
Total Comprehensive Income	—	—	-118,003	-217	92,693	-25,527
Dividends	—	—	—	—	-11,394	-11,394
Total transactions with shareholders	—	—	—	—	-11,394	-11,394
Closing balance, 31 Dec 2020	58,221	600,205	-58,034	—	514,811	1,115,203

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	—	—	—	—	83,145	83,145
Other comprehensive income	—	—	79,727	—	—	79,727
Total Comprehensive Income	—	—	79,727	—	83,145	162,872
Dividends	—	—	—	—	-12,534	-12,534
Withdrawal of own shares	-1,250	—	—	—	1,250	—
Bonus issue	1,250	—	—	—	-1,250	—
Total transactions with shareholders	—	—	—	—	-12,534	-12,534
Closing balance, 31 Dec 2021	58,221	600,205	21,693	—	585,422	1,265,541



Consolidated cash flow statement

SEK 000	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net income	26,268	21,831	83,145	92,693
Adjustments to reconcile net income to cash from operating activities				
Income taxes	7,142	6,269	24,294	27,394
Interest result	421	393	1,612	1,630
Amortization, depreciation and impairment of non-current assets	19,981	17,250	73,285	72,780
Other non-cash expenses and income	342	423	2,274	3,419
Cash flow before working capital changes	54,154	46,166	184,610	197,916
Change in trade receivables and other current assets	-980	10,583	-24,653	-13,890
Change in inventories	4,839	2,464	13,300	-30,973
Change in trade payables and other current liabilities	11,843	27,987	-4,561	19,272
Income taxes paid	1,608	-1,263	-14,501	-28,961
Cash flow from operating activities	71,464	85,937	154,195	143,364
Payments for investing in intangible assets	-1,656	-4,546	-7,416	-13,334
Payments for investing in interests in other entities	—	-53,032	-55,891	-53,032
Payments for investing in property, plant and equipment	-14,015	-8,705	-35,147	-30,036
Divestments of tangible assets	973	—	973	—
Cash flow from investing activities	-14,698	-66,283	-97,481	-96,402
Interest paid	-822	-2,080	-3,190	-3,388
Interest received	154	149	154	241
Repayments for lease obligations	-3,205	-3,162	-12,418	-13,146
Dividends paid	—	—	-12,534	-11,394
Cash flow from financing activities	-3,873	-5,093	-27,988	-27,687
Cash flow for the period	52,893	14,561	28,726	19,275
Effects of changes in exchange rates	2,223	-8,770	6,739	-10,683
Change in cash and cash equivalents	55,116	5,791	35,465	8,592
Cash and cash equivalents at opening balance	195,901	209,761	215,552	206,960
Cash and cash equivalents at closing balance	251,017	215,552	251,017	215,552



Parent company's condensed financial statements

SEK 000	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Operating revenue	72,183	69,114	285,364	288,617
Operating costs	-20,648	-14,570	-84,514	-82,794
Gross profit	51,535	54,544	200,850	205,823
Operating profit (EBIT)	16,068	20,899	75,397	80,236
Result from financial income and expenses	-7,928	-1,292	34,601	-1,150
Income before tax	8,140	19,607	109,998	79,086
Net income	4,939	15,384	94,242	62,020

SEK 000	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net income	4,939	15,384	94,242	62,020
Cash flow hedge (currency hedges)	—	-77	—	-280
Income taxes payable on these components	—	18	—	61
Sum of other comprehensive income	—	-59	—	-219
Total comprehensive income	4,939	15,325	94,242	61,801

SEK 000	31 December 2021	31 December 2020
ASSETS		
Non-current assets	1,065,635	1,026,553
Current assets	214,212	170,698
Total assets	1,279,847	1,197,251
EQUITY AND LIABILITIES		
Equity	1,240,049	1,158,341
Non-current liabilities	—	4,035
Current liabilities	39,798	34,875
Total equity and liabilities	1,279,847	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 are covered on pages 9-16. 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 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 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	Oct-Dec 2021				Oct-Dec 2020			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	126,253	31,017	11,321	168,591	152,850	20,760	6,365	179,975
Royalty	1,600	-152	—	1,448	1,371	3,420	—	4,791
Net sales	127,853	30,865	11,321	170,039	154,221	24,180	6,365	184,766

SEK 000	Jan-Dec 2021				Jan-Dec 2020			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	478,668	114,587	49,474	642,729	558,294	100,721	46,484	705,499
Royalty	5,892	9,559	—	15,451	6,339	5,298	29	11,666
Net sales	484,560	124,146	49,474	658,180	564,633	106,019	46,513	717,165



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	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Exchange gains operating activities	1,259	-982	3,053	3,474
Exchange losses operating activities	-484	-1,432	-1,698	-7,583
Exchange result operating activities	775	-2,414	1,355	-4,109

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	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Exchange gains financing activities	510	28	1,332	3,963
Exchange losses financing activities	-741	-1,295	-1,408	-5,675
Exchange result financing activities	-231	-1,267	-76	-1,712

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	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net income	26,268	21,831	83,145	92,693
Income taxes	7,142	6,269	24,294	27,394
Financial result	683	1,697	1,804	3,594
Operating profit (EBIT)	34,093	29,797	109,243	123,681

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	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Operating profit (EBIT)	34,093	29,797	109,243	123,681
Depreciation and amortization	19,981	17,250	73,285	72,780
EBITDA	54,074	47,047	182,528	196,461



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.

