

## NEW LAUNCHES IN US AND SWITZERLAND

### THIRD QUARTER OF 2013

- **NET SALES** amounted to MSEK 24.1 (20.8).
- **OPERATING PROFIT** totalled MSEK 4.5 (4.0).
- **PROFIT AFTER TAX** amounted to MSEK 3.7 (2.9).
- **PROFIT AFTER TAX PER SHARE** was SEK 0.41 (0.32).
- **CASH FLOW** amounted to MSEK 4.2 (neg: 1.8).

### ACCUMULATED 2013

- **NET SALES** amounted to 76.1 MSEK (73.4).
- **OPERATING PROFIT** totalled MSEK 15.1 (14.6).
- **PROFIT AFTER TAX** amounted to MSEK 12.4 (11.4).
- **PROFIT AFTER TAX PER SHARE** was SEK 1.36 (1.25).
- **CASH FLOW** amounted to MSEK 4.1 (9.9).  
Probi paid dividends of MSEK 6.8 (6.8).

### INFORMATION FOR COMPARATIVE PURPOSES:

The accumulated comparative figures for the year-earlier period have been impacted by contractual changes pertaining to NextFoods and Danone. Adjusted for these changes, which totalled MSEK 6.3, net sales increased MSEK 9.0, from MSEK 67.1 to MSEK 76.1 and operating profit increased MSEK 6.8, from MSEK 8.3 to MSEK 15.1.

### SIGNIFICANT EVENTS DURING THE THIRD QUARTER:

- Probi signed an agreement with BioLife for the distribution of Probi Digestis® in Malaysia.
- Probi signed an agreement with Botanic Pharma for the distribution of Probi Digestis® in Morocco.
- Probi's partnership with Health World in Australia was expanded to include the launch of Probi Defendum®.
- Vifor Pharma launched Probi's digestive health capsules in the Swiss market.

### CEO'S COMMENTS:

"Probi reported a strong third quarter with a healthy increase in sales, improved earnings and a strong cash flow. The positive trend is primarily driven by growth in Consumer Healthcare. Net sales in this business area to date this year have risen 28% compared with the corresponding period in 2012. The North American market continues to account for a significant portion of this growth. The first launch through the Viva 5 partnership took place in September and more launches in the US are planned for later this year. Our gut health product has now also been launched in Switzerland in partnership with Vifor Pharma," says Gun-Britt Fransson, interim CEO of Probi.

### FOR FURTHER INFORMATION, PLEASE CONTACT:

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*This information is such that Probi AB is required to disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. The information was submitted for publication on 22 October 2013 at 8:45 a.m.*

This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.

### ABOUT PROBI

Probi is a leading player in probiotic research and development of effective and well-documented probiotics. The research areas are: the gastrointestinal tract, immune system, metabolic syndrome and stress and recovery. Probi's customers are leading companies in the Functional Food and Consumer Healthcare segments. Total income for 2012 was MSEK 100.4. Probi's share is listed on Nasdaq OMX Stockholm, Small Cap. Probi has approximately 5,000 shareholders. Read more on [www.probi.se](http://www.probi.se)



## ABOUT THE OPERATIONS

Net sales during the January-September 2013 reporting period increased MSEK 2.7, or 4%, to MSEK 76.1 (73.4). The year-on-year comparison was impacted by two contractual changes pertaining to NextFoods and Danone, as described below. Adjusted for these changes, which totalled MSEK 6.3, net sales increased MSEK 9.0, from MSEK 67.1 to MSEK 76.1. All growth is attributable to Consumer Healthcare, which increased 28% year-on-year.

Net sales for 2012 included royalties of MSEK 3.8 from NextFoods under the agreement that was applicable at the time, which entitled NextFoods to retain the rights to *Lactobacillus plantarum* 299v (DSM 9843) in the North American market. Under the new agreement signed with NextFoods in the first quarter of 2013, the minimum royalty amount has been replaced by an exit fee, which is payable if NextFoods terminates the agreement prior to 2020. The new agreement also entails higher royalty levels for Probi from mid-2014. During the reporting period, NextFoods' sales revenue was 20% higher in local currency, compared with the year-earlier period.

Probi has previously announced that the royalty estimation for ProViva sales in Sweden had been changed at the end of 2012 to match the agreements signed with Danone in 2010. The year-on-year sales volume for ProViva has risen slightly to date in 2013. However, Probi's royalty revenue from ProViva up to and including September was MSEK 2.5 lower than it would have been with the royalty level applying until the end of 2012.

Probi's sales in the significant and growing North American market showed a continued positive trend. Pharmavite, which launched Probi's gut health capsules in 2012, accounted for a significant portion of growth in the Consumer Healthcare business area. In 2012, Probi also signed a business development agreement with the US-based probiotics specialist Viva 5. The first launch within the framework of this agreement has now taken place. In September, a leading player in the Health Food channel, Wakunaga, launched digestive health capsules under the ProBiata brand at the Natural Products Expo East convention in Baltimore in the US. The products are based on Probi's *Lactobacillus plantarum* 299v (DSM 9843) and are available in a range of product variants. As a result of the Viva 5 partnership, Probi has received product orders from additional distributors prior to future launches in both retail chains and health food stores. Discussions are also under way with several other leading US companies.

In the third quarter, Probi signed agreements with BioLife in Malaysia and Botanic Pharma in Morocco concerning the distribution of Probi Digestis® in each market. Probi's long-standing partnership with Health World in Australia was also expanded to include Probi's immune product, Probi Defendum®. Business development was intensified in a number of markets throughout Asia and Eastern Europe and discussions are ongoing in regard to new distribution solutions in these regions.

Probi's largest owner, the German company Symrise, increased its ownership in Probi during the third quarter. At the end of the reporting period, Symrise's shareholding amounted to 26.5% of the share capital, compared with 15.0% at the end of 2012.

## SALES AND COSTS

### Reporting period, January – September 2013

Probi's net sales during the reporting period amounted to MSEK 76.1 (73.4).

Net sales in the Functional Food business area totalled MSEK 31.8 (38.7). The comparative figure for the year-earlier period would have been MSEK 32.4 had the impact of the contractual changes pertaining to Danone and NextFoods described above been excluded. Royalty revenue from ProViva totalled MSEK 29.4 (32.1).

Net sales in the Consumer Healthcare business area rose MSEK 9.5, or 28%, to MSEK 44.2 (34.7). The increase derived from deliveries of Probi's gut health capsules to Pharmavite in the US, which has reported a very positive sales trend, and from Vifor, which launched in the Swiss market in September. Probi's revenue from Probi Mage® and Probi Frisk® in the Nordic market was in line with the year-earlier level.

Operating expenses amounted to MSEK 62.1 (59.4), up MSEK 2.7. Product deliveries rose 33% compared with the corresponding period in 2012, entailing higher product costs. Marketing costs were lower than in the year-earlier period, because these investments in the partnerships with Bringwell and Vifor have been concentrated to the second half of the current year.

### The third quarter, July– September 2013

Probi's net sales in the third quarter amounted to MSEK 24.1 (20.8). The overall increase was MSEK 3.3, or 16%.

Net sales in Functional Food declined from MSEK 10.8 to MSEK 9.7, which was mainly due to the changed level of remuneration for ProViva. The volume of sales for ProViva increased 3% year-on-year. Net sales in Consumer Healthcare rose MSEK 4.5 to MSEK 14.5 (10.0). Deliveries to Pharmavite and Vifor accounted for the largest portion of this increase.

Operating expenses increased MSEK 3.1 year-on-year to MSEK 20.0 (16.9). Deliveries rose 64% compared with the third quarter of 2012, which led to higher product costs.

#### Distribution of operating revenue:

SEK 000s	Q3 2013	Q3 2012	Q1 – Q3 2013	Q1 – Q3 2012	Full-year 2012
Sales, goods	13,551	8,277	38,343	28,799	41,120
Royalty, licenses, etc.	10,587	12,566	37,710	44,590	58,442
<b>Net sales</b>	<b>24,138</b>	<b>20,843</b>	<b>76,053</b>	<b>73,389</b>	<b>99,562</b>
Other operating income	391	61	1,097	661	830
<b>Total operating revenue</b>	<b>24,529</b>	<b>20,904</b>	<b>77,150</b>	<b>74,050</b>	<b>100,392</b>

#### Profit after tax

Profit after tax for the reporting period amounted to MSEK 12.4 (11.4). Tax expense was MSEK 3.6 (4.0).

#### Earnings per share

Earnings per share for the reporting period amounted to SEK 1.36 (1.25).

#### Cash flow

Cash and cash equivalents increased MSEK 8.6 during the reporting period to MSEK 91.4 (86.1) at the end of the quarter. Cash flow from operating activities during the reporting period declined MSEK 0.5 to MSEK 20.9 (21.4) year-on-year.

#### Investments

Investments in intangible assets during the reporting period amounted to MSEK 9.7 (4.2), of which MSEK 1.7 (2.4) pertained to patents and MSEK 8.0 (2.1) to capitalised development expenditure. Capitalised development expenditure primarily pertains to clinical trials in the immune and gastrointestinal health areas, which are intended to provide supplementary information for health claim applications to the EFSA. Investments in tangible fixed assets totalled MSEK 0.3 (0.7).

Probi invests in prioritised research and development projects to ensure long-term growth. The R&D proportion of total costs, excluding goods for resale and depreciation, was 33% (31). This proportion would have increased to 44% (34) had the capitalised development expenditure for the year been included.

## SEGMENT INFORMATION

### General information

Probi's operations are organised in two business segments, with two separate managers: Functional Food and Consumer Healthcare.

The Functional Food segment focuses on developing food that provides beneficial health effects. This development is conducted in partnership with leading food companies in order to commercialise and market products with a high volume potential.

The Consumer Healthcare segment develops, markets and sells Probi probiotics in partnership with pharmaceutical companies and other companies specialised in probiotics and health and wellness products, under Probi's proprietary brands or those of its partners.

There are no business transactions between the two segments.

#### Operating profit/loss per segment, Q3:

SEK 000s	Q3 2013			Q3 2012		
	FF	CHC	Total	FF	CHC	Total
Operating revenue	9,761	14,768	<b>24,529</b>	10,844	10,060	<b>20,904</b>
Operating expenses	-5,404	-14,603	<b>-20,007</b>	-6,547	-10,391	<b>-16,938</b>
<b>Operating profit/loss</b>	<b>4,357</b>	<b>165</b>	<b>4,522</b>	<b>4,297</b>	<b>-331</b>	<b>3,966</b>

SEK 000s	Q1 – Q3, 2013			Q1 – Q3, 2012			Full-year, 2012		
	FF	CHC	Total	FF	CHC	Total	FF	CHC	Total
Operating revenue	32,091	45,059	<b>77,150</b>	38,842	35,208	<b>74,050</b>	50,573	49,819	<b>100,392</b>
Operating expenses	-18,626	-43,437	<b>-62,063</b>	-23,697	-35,745	<b>-59,442</b>	-31,496	-51,687	<b>-83,183</b>
<b>Operating profit/loss</b>	<b>13,465</b>	<b>1,622</b>	<b>15,087</b>	<b>15,145</b>	<b>-537</b>	<b>14,608</b>	<b>19,077</b>	<b>-1,868</b>	<b>17,209</b>

FF= Functional Food CHC= Consumer Healthcare

Probi's growth strategy comprises increased investment to develop the Consumer Healthcare business area. This investment includes new distribution solutions, the establishment of proprietary brands and more intensive business development in primarily the US, as well as selected markets throughout Asia and Eastern Europe. In line with the growth strategy, new resources have been allocated to Consumer Healthcare in recent years, leading to higher personnel costs. Some existing resources have also been transferred, resulting in a comparable decrease in operating expenses in Functional Food. However, most of the year-on-year cost increase in Consumer Healthcare was due to product costs resulting from the higher sales volume.

#### Operating revenue distributed by geographic market:

SEK 000s	Q3 2013	Q3 2012	Q1 – Q3 2013	Q1 – Q3 2012	Full-year 2012
Sweden	13,980	14,253	45,201	47,997	64,749
Rest of Europe	5,261	2,762	11,007	7,592	11,347
North America	3,714	1,671	13,226	10,512	12,969
Rest of the world	1,574	2,218	7,716	7,949	11,327
<b>Total</b>	<b>24,529</b>	<b>20,904</b>	<b>77,150</b>	<b>74,050</b>	<b>100,392</b>

The revenue decline in Sweden was primarily due to a decrease of MSEK 2.7 in royalty revenue from ProViva sales. The sales volume for ProViva was slightly higher than in the corresponding period of 2012. The decrease was mainly due to the contractual change in the royalty rate estimation, which became effective at the end of 2012.

Higher revenue in the Rest of Europe was a result of deliveries to Vifor in Switzerland, which has now launched Probi's gut health capsules. The increase in North America resulted primarily from deliveries to Pharmavite, which has reported a very positive sales trend. The comparative figure for North America in the preceding year also includes minimum royalty payments of MSEK 3.8 from NextFoods in accordance with the agreement applicable at the time, which entitled NextFoods to retain the rights to *Lactobacillus plantarum* 299v (DSM 9843) in the North American market.

### Functional Food

During the summer half-year, Danone launched ProViva 50 in the Swedish market. The new ProViva fruit beverages do not contain any added sugar, only the natural sugars found in the beverage's berries and fruits. The sugar substitute Stevia is used to provide a pleasant taste. Consumer response to the products has been positive and sales are higher than expected to date. The ProViva 50 range is available in the following flavours: Orange, Mango, Raspberry, Blackberry and Tropical.

NextFoods' sales of the Good Belly range in the North American market continue to show a positive trend. Sales revenue was 20% higher in local currency, compared with the year-earlier period.

### Consumer Healthcare

Probi's gut health capsules based on *Lactobacillus plantarum* 299v (DSM 9843) were launched in Switzerland in September. The launch was a result of the agreement signed in 2012 with Vifor Pharma, one of the leading consumer healthcare companies in the Swiss market. Vifor is a company in the Galenica Group. The product is marketed under the Vitafor® brand, with Probi Intestis® as the product name. Probi Intensis is being launched in pharmacies and drugstores, and is supported by advertising in the health-focused press.

Probi has a long-standing partnership with Health World Ltd., one of the leading probiotic players in Australia. Health World has successfully marketed Probi Digestis® over the past eight years. In September, the companies signed an agreement to expand their partnership with Probi's immune product, Probi Defendum®. The launch is scheduled for the first quarter of 2014 under the Inner Health Immune brand.

In the third quarter, Probi signed two agreements to launch *Lactobacillus Plantarum* 299v (Probi Digestis®) in new markets:

An agreement with Bio-Life Marketing Sdn was signed in July. The product will be launched in leading pharmacies throughout Malaysia during the second half of 2013 under the Bio-Life brand and the product name PROBI LP299V®. PROBI LP299V® will be positioned as a remedy for the symptoms of IBS (Irritable Bowel Syndrome). Bio-Life is an expansive healthcare company with extensive experience in launching probiotic products. The company is part of the Swiss DKSH Group, a leading global player focused on market expansion in Asia in multiple product areas. This will provide conditions for further launches of Probi's products in additional markets throughout Southeast Asia at a later stage.

In August, Probi also signed an agreement with Botanic Pharma to launch the product in Morocco during the first quarter of 2014. The market for gastrointestinal-health products in Morocco is growing and amounts to about MEUR 35. The launch will be directed toward general practitioners, gastroenterologists and consumers through pharmacies and health food stores.

### RESEARCH AND DEVELOPMENT

The clinical research programme is proceeding according to plan. A number of new clinical trials were launched during the autumn. A project to define Probi's long-term research focus was also initiated. In conjunction with this initiative, the organisation was strengthened. (See the section on Employees.)

The United States Patent and Trademark Office has announced its intention to issue a Notice of Allowance for the bacterial diversity patent that was approved in Europe in the autumn. The patent, pertaining to the increased bacterial diversity observed when a single strain, *Lactobacillus plantarum* 299v, is given to individuals, includes the manufacture of a composition containing *Lactobacillus plantarum* 299v for use in treatment, or for prophylactic treatment, of low bacterial diversity, small and large intestinal bacterial

overgrowth and translocation. The patent is highly significant, since new scientific evidence supports the positive health effects of high bacterial diversity.

As a commercial player, Probi will participate in a research collaboration project together with ProViva AB, the Faculty of Engineering at Lund University, Lund University and several other parties, which has been funded by an external research grant from Vinnova/Tvärlivs. The project, called “Innovative production systems for more attractive vegetable-based products,” addresses the overall challenge of enhancing the industry’s capacity for innovative and cost-effective product development.

## **EMPLOYEES**

At the end of the period, Probi had 27 (24) employees, of whom 18 (15) were women and nine (eight) men. The average number of employees was 24 (23).

Probi’s research organisation was bolstered by the employment of Anna-Karin Robertson, who is leading the project to define the company’s long-term research focus. Anna-Karin is a specialist in immunology and inflammation, holds a PhD from Karolinska University Hospital and has several years of research experience from Yale University in the US. Anna-Karin previously held the role of Principal Scientist at BioInvent International AB.

Anna-Lena Karlsson has been appointed Head of Regulatory Affairs and will manage the registration of Probi’s products in connection with launches in new markets. Anna-Lena has lengthy experience of regulatory procedures in the industry, from such companies as Astra Zeneca, and most recently held the position of Senior Regulatory Affairs Manager at McNeil AB.

## **RELATED-PARTY TRANSACTIONS**

During the reporting period, Jan Nilsson, Board member, via Atherioco AB, invoiced fees of SEK 60,000 (60,000) pertaining to Probi’s Scientific Advisory Board and Mats Lidgard, Board member, via Lavindia AB, invoiced consulting fees of SEK 39,000 (0) pertaining to legal issues during the reporting period. No additional significant related-party transactions have occurred during 2013.

## **SIGNIFICANT RISKS AND UNCERTAINTIES**

The risks and uncertainties to which Probi’s operations are exposed are described on pages 31-32 of the 2012 Annual Report. At 30 September 2013, no significant changes are considered to have occurred to these risks or uncertainties.

## **CALENDAR**

Year-end report, 2013	23 January 2014
Interim report Q1, 2014	29 April 2014
Annual General Meeting 2013	29 April 2014
Interim report Q2, 2014	19 August 2014
Interim report Q3, 2014	29 October 2014
Year-end report, 2014	28 January 2015



## **ANNUAL GENERAL MEETING**

The 2013 Annual General Meeting will be held in Lund on Tuesday, 29 April 2014 at 3:00 p.m. The location is to be announced.

Shareholders who wish to have matters considered at the Annual General Meeting are requested to submit proposals to the Chairman of the Board not later than Friday, 14 March 2014. Such proposals are to be e-mailed to [sofie.forsman@probi.se](mailto:sofie.forsman@probi.se) or sent by mail to "Annual General Meeting, Probi AB, Att: Sofie Forsman, Ideon Gamma 1, SE-223 70 Lund."

## **ACCOUNTING AND MEASUREMENT POLICIES**

### **Group**

The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Regulations for Groups – January 2013, and the International Financial Reporting Standards (IFRS) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Union. This interim report was prepared in compliance with IAS 34 "Interim Reporting" and the Swedish Annual Accounts Act.

The accounting policies applied when these consolidated financial statements were prepared were consistent for all presented periods, unless otherwise stated. The complete accounting policies can be found on pages 48-51 of the 2012 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 off to the nearest thousand Swedish kronor (KSEK), 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 (KSEK) or millions of Swedish kronor (MSEK) according to that which is stated.

### **Parent Company**

The Parent Company applies the same accounting policies as the Group, with the exceptions and supplements stipulated in "RFR 2, Accounting for Legal Entities – January 2013." The interim report complies with the Swedish Annual Accounts Act.

## **ASSURANCE BY THE BOARD OF DIRECTORS**

The Board of Directors and the CEO provide their assurance that this interim report gives a fair and accurate view of the Parent Company's and the Group's operations, financial position and revenue, and describes the material risks and uncertainties facing the Parent Company and the Group.

Lund, 22 October 2013

Per Lundin  
*Chairman of the Board*

Benedicte Fossum  
*Board member*

Mats Lidgard  
*Board member*

Declan MacFadden  
*Board member*

Jan Nilsson  
*Board member*

Eva Redhe Ridderstad  
*Board member*

*Gun-Britt Fransson*  
*Interim CEO*



Auditor's review report of the interim financial information in summary (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Swedish Annual Accounts Act (1995:1554).

To the Board of Directors of Probi AB (publ), Corp. Reg. No. 556417-7540

#### Introduction

We have conducted a review of the interim report for Probi AB (publ) as of 30 September 2013 and the nine-month period that ended on this date. The Board of Directors and the Chief Executive Officer are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim financial information based on our review.

#### Focus and scope of the review

We have conducted our review in accordance with the Standard on Review Engagements (SÖG) 2410, *Review of Interim Financial Information 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 has a different focus and significantly less scope than an audit in accordance with International Standards on Auditing (ISA), and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that would have been identified if an audit had been conducted. Accordingly, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

#### Opinion

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

Malmö, 22 October 2013

Deloitte AB

Per-Arne Pettersson

Authorised Public Accountant



## Probi AB (publ)

### Statement of comprehensive income (Group)

	Q3 2013	Q3 2012	Q1-Q3 2013	Q1-Q3 2012	Full-year 2012
<b>Currency: KSEK</b>					
<b>Operating revenue</b>					
Net sales	24,138	20,843	76,053	73,389	99,562
Other revenue	<u>391</u>	<u>61</u>	<u>1,097</u>	<u>661</u>	<u>830</u>
<b>Total operating revenue</b>	<b>24,529</b>	<b>20,904</b>	<b>77,150</b>	<b>74,050</b>	<b>100,392</b>
<b>Operating expenses</b>					
Cost of goods sold	-5,595	-3,721	-17,907	-11,982	-18,477
Employee benefit expenses	-6,264	-5,410	-20,497	-18,769	-25,659
Other external costs	-6,865	-6,200	-20,063	-23,953	-32,696
Depreciation and impairment of fixed assets	<u>-1,283</u>	<u>-1,607</u>	<u>-3,596</u>	<u>-4,738</u>	<u>-6,351</u>
<b>Total operating expenses</b>	<b>-20,007</b>	<b>-16,938</b>	<b>-62,063</b>	<b>-59,442</b>	<b>-83,183</b>
<b>Operating profit</b>	<b>4,522</b>	<b>3,966</b>	<b>15,087</b>	<b>14,608</b>	<b>17,209</b>
Financial income	421	436	1,212	1,679	2,000
Financial expenses	<u>-174</u>	<u>-380</u>	<u>-281</u>	<u>-886</u>	<u>-887</u>
<b>Profit before tax</b>	<b>4,769</b>	<b>4,022</b>	<b>16,018</b>	<b>15,401</b>	<b>18,322</b>
Tax for the period	<u>-1,073</u>	<u>-1,073</u>	<u>-3,588</u>	<u>-4,043</u>	<u>-4,817</u>
<b>Profit for the period</b>	<b>3,696</b>	<b>2,949</b>	<b>12,430</b>	<b>11,358</b>	<b>13,505</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,696</b>	<b>2,949</b>	<b>12,430</b>	<b>11,358</b>	<b>13,505</b>
Number of shares at end of the reporting period	9 115 300	9 115 300	9 115 300	9 115 300	9 115 300
Average no.of shares	9 115 300	9 115 300	9 115 300	9 115 300	9 115 300
Earnings per share before and after dilution	0,41	0,32	1,36	1,25	1,48

Net profit and total comprehensive income are attributable in their entirety to the Parent Company's shareholders

Since the company has no outstanding convertible loans or outstanding warrants, no dilution effect arises.

During 2011, Probi bought back company shares and at the end of the reporting period owned 250,000 treasury shares, corresponding to 2.7% of the total number of shares, with a quotient value of SEK 5.00 per share.

### Income statement (Parent Company)

	Q3 2013	Q3 2012	Q1-Q3 2013	Q1-Q3 2012	Full-year 2012
<b>Currency: KSEK</b>					
<b>Operating revenue</b>					
Net sales	24,138	20,843	76,053	73,389	99,562
Other revenue	<u>391</u>	<u>61</u>	<u>1,097</u>	<u>661</u>	<u>830</u>
<b>Total operating revenue</b>	<b>24,529</b>	<b>20,904</b>	<b>77,150</b>	<b>74,050</b>	<b>100,392</b>
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Employee benefit expenses	-6,264	-5,410	-20,497	-18,769	-25,659
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Depreciation and impairment of fixed assets	<u>-1,283</u>	<u>-1,607</u>	<u>-3,596</u>	<u>-4,738</u>	<u>-6,351</u>
<b>Total operating expenses</b>	<b>-20,007</b>	<b>-16,938</b>	<b>-62,063</b>	<b>-59,442</b>	<b>-83,183</b>
<b>Operating profit</b>	<b>4,522</b>	<b>3,966</b>	<b>15,087</b>	<b>14,608</b>	<b>17,209</b>
Financial income	421	436	1,212	1,679	2,000
Financial expenses	<u>-174</u>	<u>-380</u>	<u>-281</u>	<u>-886</u>	<u>-887</u>
Appropriations	-	-	-	-	<u>-5,193</u>
<b>Profit before tax</b>	<b>4,769</b>	<b>4,022</b>	<b>16,018</b>	<b>15,401</b>	<b>13,129</b>
Tax for the period	<u>-1,073</u>	<u>-1,073</u>	<u>-3,588</u>	<u>-4,043</u>	<u>-3,675</u>
<b>Profit for the period</b>	<b>3,696</b>	<b>2,949</b>	<b>12,430</b>	<b>11,358</b>	<b>9,454</b>
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>3,696</b>	<b>2,949</b>	<b>12,430</b>	<b>11,358</b>	<b>9,454</b>

**Consolidated statement of financial position (Group)**

	30 Sep. 2013	30 Sep. 2012	31 Dec. 2012
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	14,314	7,074	7,969
Patents and licenses	8,482	8,830	7,888
Goodwill	2,762	2,762	2,762
Equipment, tools and fixtures	<u>2,467</u>	<u>2,907</u>	<u>3,021</u>
<b>Total fixed assets</b>	<b>28,025</b>	<b>21,573</b>	<b>21,640</b>
<b>Current liabilities</b>			
Inventories	4,834	3,597	2,466
Current receivables	20,846	21,421	25,337
Cash and cash equivalents	<u>91,405</u>	<u>86,128</u>	<u>87,285</u>
<b>Total current assets</b>	<b>117,085</b>	<b>111,146</b>	<b>115,088</b>
<b>Total assets</b>	<b>145,110</b>	<b>132,719</b>	<b>136,728</b>
<b>Equity and liabilities</b>			
Equity	128,410	120,670	122,816
Deferred tax	1,142	-	1,142
Current liabilities	<u>15,558</u>	<u>12,049</u>	<u>12,770</u>
<b>Total equity and liabilities</b>	<b>145,110</b>	<b>132,719</b>	<b>136,728</b>

**Balance sheet (Parent Company)**

	30 Sep. 2013	30 Sep. 2012	31 Dec. 2012
<b>Assets</b>			
<b>Fixed assets</b>			
Capitalised development expenses	14,314	7,074	7,969
Patents and licenses	8,482	8,830	7,888
Equipment, tools and fixtures	2,467	2,907	3,021
Participation in Group Companies	<u>4,031</u>	<u>4,031</u>	<u>4,031</u>
<b>Total fixed assets</b>	<b>29,294</b>	<b>22,842</b>	<b>22,909</b>
<b>Current liabilities</b>			
Inventories	4,834	3,597	2,466
Current receivables	20,846	21,421	25,337
Cash and cash equivalents	<u>91,405</u>	<u>86,128</u>	<u>87,285</u>
<b>Total current assets</b>	<b>117,085</b>	<b>111,146</b>	<b>115,088</b>
<b>Total assets</b>	<b>146,379</b>	<b>133,988</b>	<b>137,997</b>
<b>Equity and liabilities</b>			
Equity	121,592	117,903	115,998
Untaxed reserves	5,193	-	5,193
<b>Long-term liabilities</b>	4,036	4,036	4,036
Current liabilities	<u>15,558</u>	<u>12,049</u>	<u>12,770</u>
<b>Total equity and liabilities</b>	<b>146,379</b>	<b>133,988</b>	<b>137,997</b>

### Changes in equity (Group)

	Share capital	Other contributions received	Result brought forward	Total equity
<b>Reporting period, 1 Jan. 2012 - 30 Sep. 2012</b>				
Opening balance, 1 Jan 2012	46,827	71,578	-2,256	116,149
Total comprehensive income for the period			11,358	11,358
Dividends for 2011		-6,837		-6,837
<b>Equity, 30 Sep. 2012</b>	<b>46,827</b>	<b>64,741</b>	<b>9,102</b>	<b>120,670</b>

	Share capital	Other contributions received	Result brought forward	Total equity
<b>Reporting period, 1 Jan. 2013 - 30 Sep. 2013</b>				
Opening balance, 1 Jan 2013	46,827	64,740	11,249	122,816
Total comprehensive income for the period			12,430	12,430
Dividends for 2012		-6,836		-6,836
<b>Equity, 30 Sep. 2013</b>	<b>46,827</b>	<b>57,904</b>	<b>23,679</b>	<b>128,410</b>

### Statement of cash flows

	Q1-Q3 2013	Q1-Q3 2012	Full-year 2012
<b>Operating activities</b>			
Profit before tax	16,018	15,401	18,322
Depreciation/amortisation	3,596	4,738	6,351
Capital gains/losses from disposal of tangible fixed assets	-	-40	-31
Income tax paid	<u>-3,243</u>	<u>-3,996</u>	<u>-4,264</u>
<b>Cash flow from operating activities before changes in</b>	<b>16,371</b>	<b>16,103</b>	<b>20,378</b>
Change in inventories	-2,368	807	1,938
Change in operating receivables	4,490	5,724	1,808
Change in operating liabilities	<u>2,443</u>	<u>-1,279</u>	<u>77</u>
<b>Cash flow from operating activities</b>	<b>20,936</b>	<b>21,355</b>	<b>24,201</b>
<b>Investing activities</b>			
Acquisition of intangible fixed assets	-9,694	-4,161	-5,446
Acquisition of tangible fixed assets	-286	-698	-1,102
Divestment of tangible fixed assets	-	<u>267</u>	<u>267</u>
<b>Cash flow from investing activities</b>	<b>-9,980</b>	<b>-4,592</b>	<b>-6,281</b>
<b>Change in cash and cash equivalents</b>			
Dividend to shareholders	<u>-6,836</u>	<u>-6,837</u>	<u>-6,837</u>
<b>Cash flow from financing activities</b>	<b>-6,836</b>	<b>-6,837</b>	<b>-6,837</b>
<b>Change in cash and cash equivalents</b>	<b>4,120</b>	<b>9,926</b>	<b>11,083</b>
Cash and cash equivalents at the beginning of the year	87,285	76,202	76,202
Cash and cash equivalents at the end of the period	91,405	86,128	87,285
<b>Interest paid and received</b>			
Interest received	59	2	1,615
Interest paid	-	-	-

Key ratios	2013				2012				2011
	Def.	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net sales Functional Food, quarterly		9 685	10 087	12 032	11 704	10 814	11 406	16 518	11 118
Net sales Consumer Healthcare, quarterly		14 453	16 434	13 362	14 469	10 029	10 504	14 118	13 442
Total net sales, quarterly		24 138	26 521	25 394	26 173	20 843	21 910	30 636	24 560
Operating profit		4 522	4 555	6 010	2 601	3 966	2 167	8 475	-693
Growth, accumulated, %	1	3,6	-1,2	-17,1	5,5	5,1	9,7	28,4	17,4
R&D expenses as part of operating income, %		17	19	18	18	18	18	15	18
Operating margin, %	2	19,8	20,4	23,7	17,3	19,9	20,3	27,7	18,9
Net margin, %	3	21,1	21,7	24,9	18,4	21,0	21,7	28,7	20,7
Average no. of employees		24	24	24	23	23	22	21	20
Assets		145 110	140 517	142 233	136 728	132 719	130 642	137 348	129 430
Working capital	4	101 527	100 339	106 506	103 011	99 097	95 632	100 375	94 470
Liquid ratio, %	5	722	756	879	933	893	813	755	778
Equity ratio, %	6	88,5	88,8	89,8	89,8	90,9	90,1	89,3	89,7
Debt/equity ratio, %	7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Return on total assets, %	8	11,4	8,1	4,5	14,1	12,1	8,8	6,7	14,7
Return on equity, %	9	12,9	9,1	5,0	15,3	13,0	9,7	7,4	16,3
Equity per share, SEK		14,09	13,68	14,01	13,47	13,24	12,91	13,45	12,74
Cash flow per share, SEK		0,45	0,00	0,95	1,22	1,09	0,79	1,07	-1,49
Share price, SEK		41,10	40,50	39,20	44,40	49,80	58,00	62,00	52,50
Market cap		374 639	369 170	357 320	404 719	453 942	528 687	565 149	491 678

#### Definitions of key ratios

1. Change in net sales
2. Operating income as a percentage of net sales
3. Profit before tax as a percentage of net sales
4. Total current assets less current liabilities
5. Total current assets excluding inventories as a percentage of current liabilities
6. Equity as a percentage of balance sheet total
7. Interest-bearing liabilities as a percentage of equity
8. Operating income and interest income as a percentage of average total assets
9. Profit before tax as a percentage of average equity