

PROBI AB

PRELIMINARY ANNUAL REPORT 2010

Probi's best year yet, with a turnover increase of 23 percent and an EBIT increase of 31 percent

- **Net sales** amounted to 80.4 million SEK (65.5) for the year and to 21.9 million SEK (15.8) for the fourth quarter.
- **EBIT** amounted to 18.1 million SEK (13.8) for the year and to 3.0 million SEK (1.8) for the fourth quarter.
- **Profit after tax** amounted to 13.7 million SEK (10.8) for the year and to 2.4 million SEK (1.4) for the fourth quarter.
- **Earnings per share** amounted to 1.46 SEK (1.15) for the year and to 0.26 SEK (0.15) for the fourth quarter.
- **Cash flow** amounted to 18.1 million SEK (10.4) for the year and to 12.4 million SEK (1.3) for the fourth quarter.
- Probi and Danone entered into a ten year license agreements regarding ProViva.
- A compensation of 10 million SEK that Probi received from Skånemejerier as the Danone agreements closed is included in net sales and result.
- The launch of ProbiMage and ProbiFrisk in cooperation with Bringwell has created a leading position on the Swedish market for probiotic supplements.
- A distribution agreement gave Camox Pharmaceuticals the right to sell Probi's supplement products for both immune health and gastro health on the South African market.
- Royalty income from ProViva increased by 11 percent during 2010.
- Write-off of activated development costs by 3.0 million SEK.
- The Board of Directors propose a dividend total of 9.4 million SEK consisting of 0.50 SEK per share in accordance with the company's dividend policy and an extra dividend of 0.50 SEK per share.

Important events during the fourth quarter:

- New long-term agreement with Institut Rosell regarding the gastro supplements based on *Lp299v*. The cooperation with Institut Rosell is the basis of 20 percent of Probi's turnover.
- New license agreement with Alapis Group regarding Probi's dietary supplement for immune health in Greece and Cyprus.

CEO's comments:

"Probi's strong growth in both turnover and EBIT during 2010 is thanks to the success of our key projects. The new agreements with Danone and the successful launch of ProbiMage and ProbiFrisk in Sweden are the most important reasons for 2010 being such a successful year. The cooperation with Danone will be of great importance to Probi, as it secures royalty revenues from ProViva in Sweden. We also see significant international potential for ProViva as Danone will give priority to the product in the international market. ProViva fits in both with their focus on probiotics and their strategy in fruit juices and fruit drinks," says Michael Oredsson, CEO of Probi.

FOR FURTHER INFORMATION, CONTACT:

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The information is such that Probi AB must disclose in accordance with the Swedish Securities Market Act and/or the Financial Instruments Trading Act. This information was submitted for disclosure on 26 January 2011 at 10.10 (CET).

ABOUT PROBI

Probi is a leading player in the probiotic research and the development of efficient and well-documented probiotics. The research areas include: gastrointestinal tracts, immune system, metabolic syndrome and stress and recovery. Probi's customers are leading companies in the functional foods and dietary supplement business areas. Total income for 2009 was MSEK 65.5, of which the majority represented royalties. Probi's share is listed on the Nasdaq OMX Stockholm, Small Cap. Probi has approximately 4,500 shareholders. For more information, please visit www.probi.com.

