



Q2 2023 Conference Call

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Henrik Lundkvist, CFO

Lund, 18th July 2023



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Agenda

1 Executive Overview

2 Financial Review

3 Outlook

4 Q&A

Weak underlying market in the Americas and EMEA

- Net sales in first half of 2023 decreased by 4% (10% adjusted for currency effects) to SEK 316 m (329).
- The EBITDA margin for first half of the year decreased to 19% (26%) burdened by large costs affecting comparison.
- Weaker underlying demand in the Americas and EMEA negatively impacting sales.
- APAC grew by 27% first six months, with Australia and China leading the way.
- Approval of HEAL9™ in Thailand. Enables further expansion in APAC.
- Takeover of distribution of our own brand Probi® in Sweden and entry into Norway with new agreements with pharmacies.
- Exclusive distributor of BLIS K12™ and BLIS M18™ ingredients in the US and Canada as of August 1st.
- New partnership with Clasado Biosciences for the development of synbiotics.



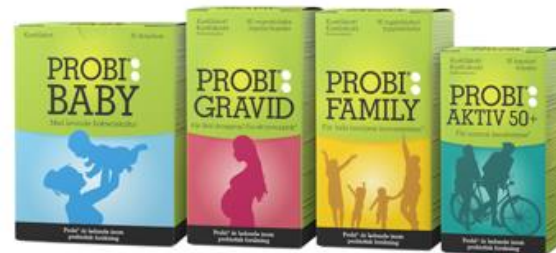
Remediation program initiated in manufacturing and review of organization

- Inefficiencies in our manufacturing have affected results and profitability negatively.
- A remediation program has been initiated focusing on optimizing our manufacturing processes and ways of working to achieve further efficiencies.
- Temporarily increased our stock levels to ensure we meet our customers expectations.
- New VP of Operations has reviewed and strengthened our manufacturing organization.
- Restructuring in Marketing & Sales.
- Recruitment process initiated after resignation of CFO, Henrik Lundkvist.



Probi[®] B2C in Sweden and Norway

- From April 1, 2023, Probi distributes its own brand Probi[®] in Sweden.
- Personal calls with >650 largest self care pharmacies in Q1 and Q2.
- Agreements signed with large pharmacy chains in Sweden.
- Further expansion in Norway initiated.
- Promotional activities planned for remainder of the year



- 1 400 pharmacies
- Health food stores
- Online





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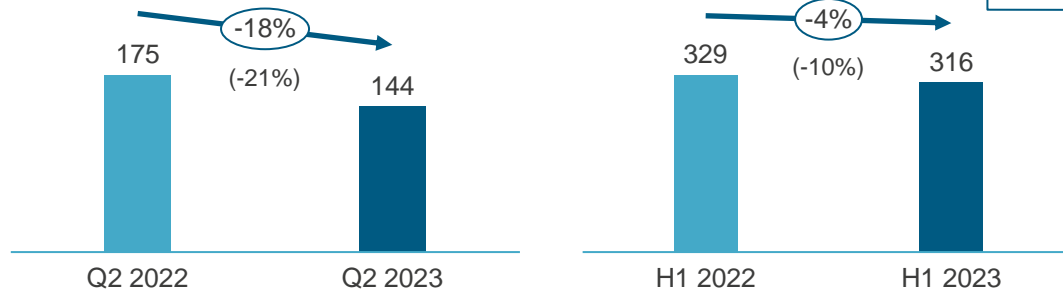
4 Q&A

Weak markets in Americas and EMEA

Net sales

SEK m, sales growth in % (constant currency growth)

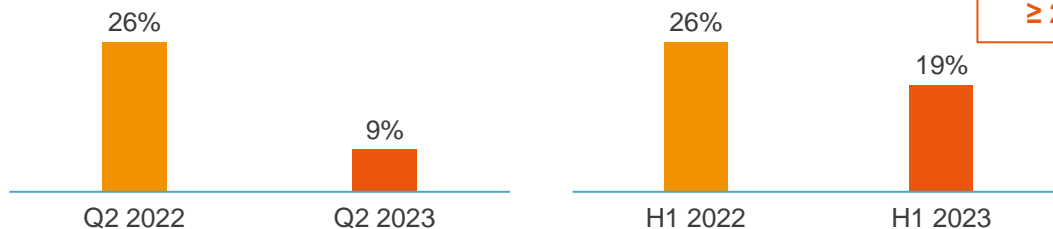
Target
> 7 %



EBITDA %

EBITDA margin as % of Net sales

Target
≥ 29 %



Highlights in the quarter

- Net sales in Q2 decreased by 18% (-21% FX adjusted) and in H1 by 4% (-10% FX adjusted)
- EBITDA-margin lower than previous year reflecting lower sales volumes but also inefficiencies in manufacturing and high costs affecting comparability.
- Adjusted EBITDA margin 17% in Q2 and 23% in H1

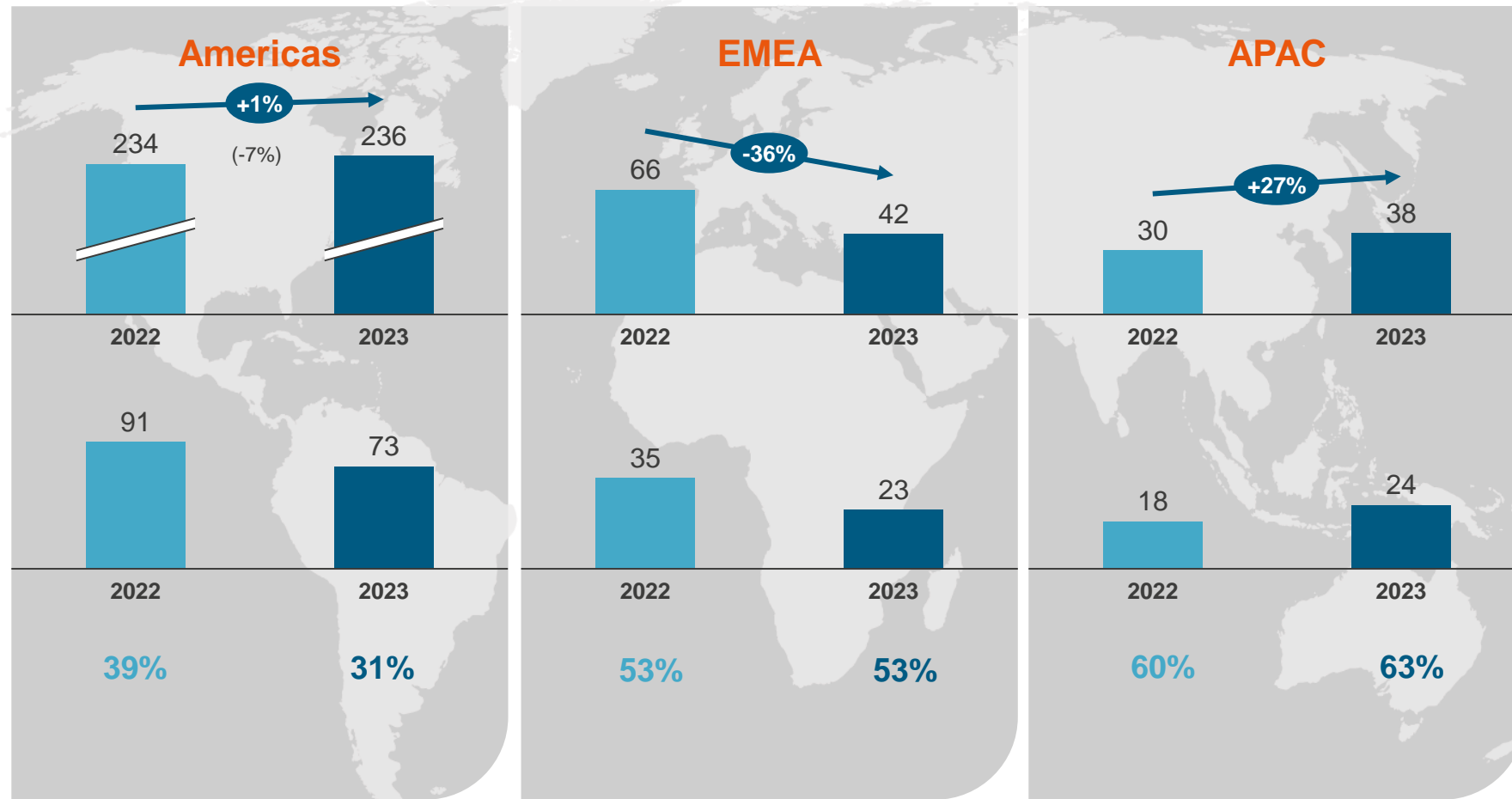


YTD Net Sales and Gross Profit by region

Net sales
SEK m sales
growth in %
(constant currency
growth)

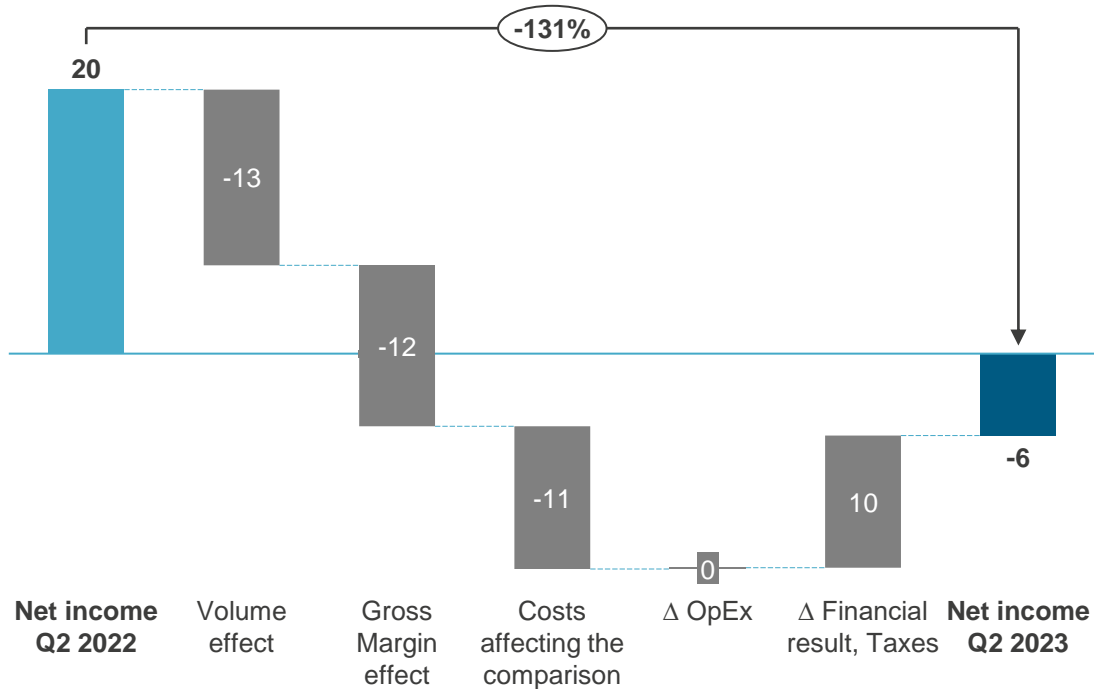
Gross profit
SEK m

Gross margin



Lower sales volumes and inefficiencies in manufacturing reduce net income

Reconciliation of net income SEK m



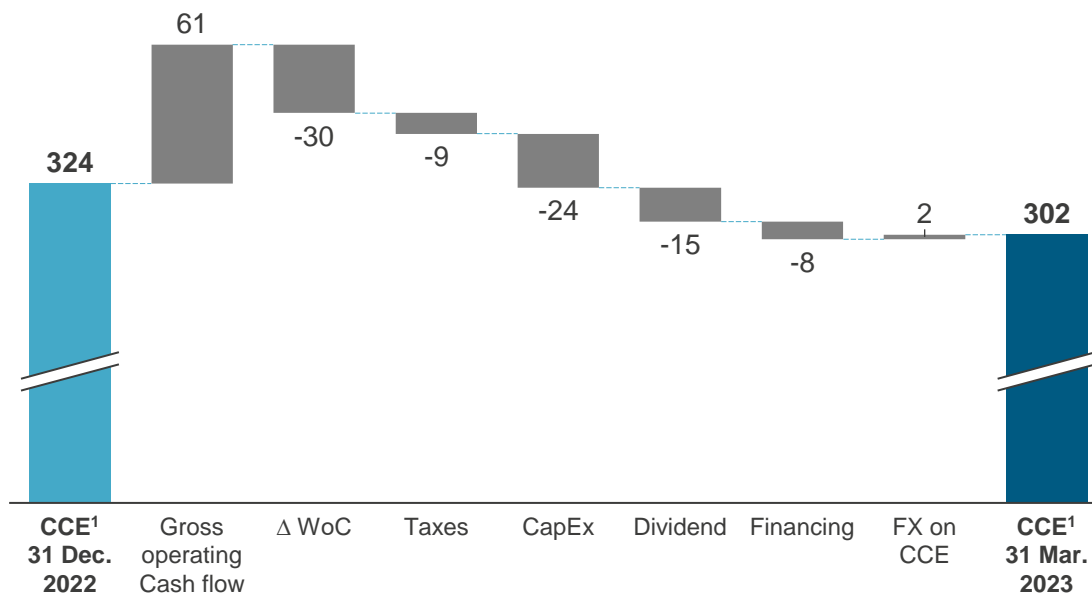
Key aspects

- Net income decreased by SEK 26 m compared to previous year explained by lower sales volumes and inefficiencies in manufacturing
- Large costs in the quarter affecting the comparison
 - Restructuring in Sales & Marketing (SEK 2 m)
 - Establishment cost in Swedish market (SEK 3 m)
 - Remediation program in manufacturing (SEK 6 m)
- Positive effect from favorable financial result and lower taxes



Cash flow reconciliation

Reconciliation of group liquidity SEK m



Key aspects

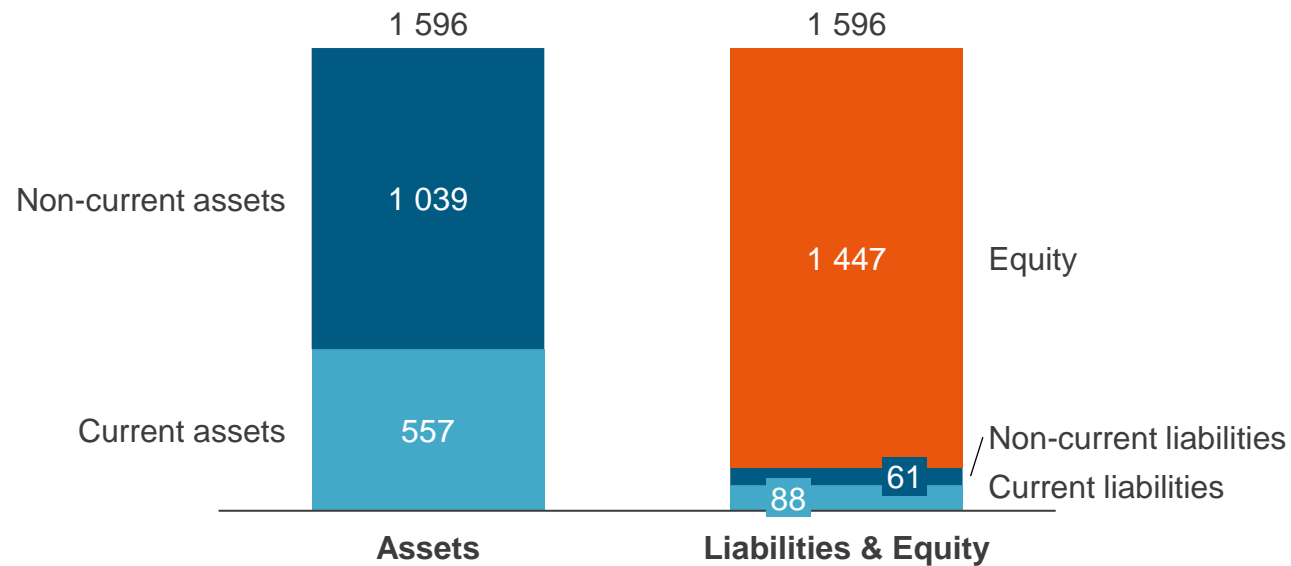
- Gross operating cash flow of SEK 61 m
- Negative working capital effect
- Paid taxes of SEK 9 m
- CapEx of SEK 24 m mainly due to investments in manufacturing facilities
- Dividend paid of SEK 15 m
- Financing includes payments of lease obligations



¹ CCE = Cash and cash equivalents.

Solid balance sheet with no external loans

Balance sheet as per Jun 30, 2023
SEK m



Key aspects

- Total equity of SEK 1 447 m
- No external loans
- Equity ratio 91%





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My agenda for 2023

- **Building a strong leadership team**
- **Increase growth and profitability**
 - **Commercial excellence**
 - **Launch new innovations**
 - **Gaining efficiencies in manufacturing**





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Financial calendar

Interim report Q3 2023
Year-end report 2023

October 24, 2023
January 26, 2024

