

Year-end report January-December 2023

Eventful quarter caps transformative year

Important events during the fourth quarter

- Net sales increased by 8% (9% adjusted for currency effects) to SEK 156 m (144).
- The EBITDA margin amounted to 12% (11) or 15% adjusted for items affecting comparability.
- Probi launched Probi® Sensia, a brand new product concept in mental health.
- Probi launched two new scientifically proven synbiotic solutions together with Clasado Biosciences at Supply Side West in Las Vegas.
- Per Lindblad took over as CFO on November 1st.
- The Board of Directors proposed a dividend for the fiscal year 2023 of a total of SEK 14,8m, corresponding to SEK 1,30 per share.

SEK

156 m

Net sales

Important events during the full year 2023

- Anita Johansen was appointed CEO.
- Probi established its own B2C market organization and took over the distribution and sales of the Probi® brand in Sweden. Probi also expanded into Norway.
- Probi strengthened its position in North America by becoming sole distributor of BLIS K12™ and BLIS M18™ in the US and Canada.
- Probi launched the spore-forming probiotic Weizmannia coagulans GX-1, a Probi strain with high stability fit for beverages and confectionary type formats.
- Probi published results of the 3rd clinical study on HEAL9™ in gut-brain area.
- Probi was granted 23 new patents in 2023.

12 %

EBITDA margin

Financial overview

SEK m	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net sales	156.1	144.0	627.7	618.3
Growth, %	8.4%	-15.3%	1.5%	-6.1%
Currency adjusted growth, %	9.1%	-26.9%	-2.0%	-16.7%
Gross margin, %	31.6%	36.8%	35.1%	41.3%
EBITDA	19.1	15.8	107.5	136.3
EBITDA margin, %	12.3%	10.9%	17.1%	22.0%
Operating profit (EBIT)	-5.3	-7.6	11.3	50.6
EBIT margin, %	-3.4%	-5.3%	1.8%	8.2%
Net income	-2.6	-5.7	16.8	40.6
Earnings per share before and after dilution, SEK	-0.23	-0.50	1.48	3.57

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. The information was submitted for publication, through the agency of the CEO and CFO, on January 26, 2024 at 08:00 CET. This is a translation of the Swedish version of the. When in doubt, the Swedish wording prevails.



Concluding a year of decisive and transformative action

Rounding off my first year leading Probi it is clear that 2023 was recognized by both challenges and remarkable achievements. I am particularly proud of the launch of our new concept Probi® Sensia, as well as the partnership with Clasado Biosciences around Synbiotics – both marking historical milestones for Probi.

Overall, 2023 was a tough year characterized by a general market softness, especially in the North American market. Our sales totaled SEK 628 m, an increase of 1.5% compared to the previous year (-2.0% adjusted for currency effects). A stabilization of the market was seen throughout the second half of 2023, and in the fourth quarter our sales amounted to SEK 156 m, which was 8.4% higher than the same period last year (9.1% adjusted for currency effects).

By region, the full-year result in North America was on par with last year. EMEA declined, mainly due to the reduction of safety stock levels with some of our B2B customers. In APAC the full-year growth was an impressive 26%, and we see further potential to grow.

Probi's EBITDA margin for the full year was 17.1%. Adjusted for costs affecting comparability, the profitability amounted to 20.4%. The reduced margin primarily relates to our ongoing optimization program in manufacturing, which adds some temporary expenses as we address certain unwanted inefficiencies and prioritize long-term improvements. The program is progressing, and we are confident that this is a worth-while investment that will gradually contribute to greater profitability over time.

Q4 was largely characterized by "Probi Reinforced", our new strategic direction alongside revised financial targets for 2024-2028. In general, we have put a lot of effort into strengthening our strategy and organizational capabilities for the coming years. These initiatives are expected to start coming into effect by 2025, as 2024 is expected to mainly be a transitional year.

In terms of commercialization, several major events took place in Q4. First, we hosted a 2-day customer workshop in

Thailand for APAC customers and partners. Later in October we exhibited at the leading event for food supplements, Supply Side West, in Las Vegas. At both events we introduced new innovations that underline our ability as pioneers in probiotics.

Probi launched Probi® Sensia, a whole new concept within cognitive health, based on a strong clinically proven effect. We also launched two new synbiotic solutions in partnership with Clasado Biosciences, combining their scientifically proven prebiotic with the extensively studied strains of Probi Defendum® and Probi Digestis®. These new concept launches in cognitive health and synbiotics represent major milestones for the company and holds significant commercial potential.

The initial feedback from our customers has been very positive. Sales cycles to implement new ingredients into our customers brands however are long, and our teams will continue supporting these key launches with activities throughout 2024.

Additionally, several changes were made to reinforce the organization over the year. During Q4 we further strengthened our new management team with CFO Per Lindblad. He has highly relevant financial and business development experience from specialty ingredients industries, including probiotics, and his contributions will be important in further developing our business.

Overall, we have laid a strong foundation and readied the organization for accelerated growth in the coming years. Our focus remains steadfast on innovation, customer focus, and achieving operational excellence on our continued journey. As we now enter a new chapter I am filled with optimism, looking forward to continuing pushing boundaries and pioneering the probiotics market with effective solutions that improve people's health.

Anita Johansen
CEO



Net sales

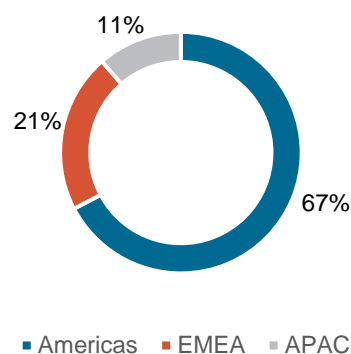
October – December (fourth quarter)

During Q4, net sales amounted to SEK 156.1 m (144.0) corresponding to an increase of SEK 12.1 m or 8%. Adjusted for currency effects, net sales amounted to SEK 157.1 m, corresponding to an increase of 9%.

The increase of SEK 12.1 m is mainly due to a 54% growth in EMEA, totaling SEK 11.7 m, driven by the strategic B2C insourcing and quarterly dynamics. APAC also saw a 24% rise, gaining SEK 3.4 m while Americas experienced a 3% drop, decreasing by SEK 3.0 m.

The share of total net sales in the Americas during Q4 was 67%. EMEA accounted for 21% and APAC 11%.

Net Sales distribution per segment



January – December (full year)

Net sales amounted to SEK 627.7 m (618.3), which is an increase of 2%. Adjusted for currency effects, this corresponded to a decrease of 2%. Sales in EMEA were SEK 6.5 m (-6%) lower than the previous year due to a weaker underlying market. A major customer also postponed its orders due to the reduction of its buffer stock. The Americas region increased by SEK 1.7 m (0%), but adjusted for currency effects, the region decreased by 4% due to a weaker market. Sales in APAC increased by SEK 14.2 m (26%).

Net sales per segment

SEK m	Oct-Dec			Jan-Dec		
	2023	2022	Change, %	2023	2022	Change, %
Americas	105.1	108.1	-2.8%	456.2	454.5	0.4%
EMEA	33.3	21.6	54.2%	103.1	109.6	-5.9%
APAC	17.7	14.3	23.8%	68.4	54.2	26.2%
Net sales	156.1	144.0	8.4%	627.7	618.3	1.5%



Earnings

Operating profit/loss (EBIT)

The operating profit for Q4 amounted to SEK -5.3 m (-7.6), corresponding to an increase of SEK 2.3 m. Adjusted for currency effects, the operating profit was SEK -4.4 m. The gross margin was impacted by both high inventory scrapping and consulting costs related to Probi's remediation program in the manufacturing process.

Sales and marketing costs amounted to SEK 28.2 m (27.1), where the increase is explained by strengthening of our sales and marketing teams and increased marketing expenses to support the Swedish BTC business.

Research and development expenses were slightly lower than last year and amounted to SEK 9.4 m (11.8). This is mainly explained by how the phasing of various research projects runs over the year and is not reflecting underlying activity.

Administration expenses amounted to SEK 17.0 m (21.7). Last year was impacted by restructuring costs.

Operating profit/loss

SEK m	Oct-Dec			Jan-Dec		
	2023	2022	Change, %	2023	2022	Change, %
Gross profit Americas	20.9	35.8	-41.6%	121.6	167.4	-27.4%
Gross profit EMEA	18.8	9.5	97.9%	58.4	56.5	3.4%
Gross profit APAC	9.6	7.7	24.7%	40.2	31.5	27.6%
Gross profit	49.3	53.0	-7.0%	220.2	255.4	-13.8%
Sales and marketing expenses	-28.2	-27.1	4.1%	-113.9	-100.9	12.9%
Research and development expenses	-9.4	-11.8	-20.3%	-36.4	-38.3	-5.0%
Administration expenses	-17.0	-21.7	-21.7%	-58.6	-65.8	-10.9%
Other operating income	0.0	0.1	-100.0%	0.0	0.3	-100.0%
Operating profit (EBIT)	-5.3	-7.6	-30.3%	11.3	50.6	-77.7%

Financial result

The financial result for Q4 amounted to SEK 1.1 m (1.0). Net financial items excluding exchange rate results amounted to SEK 2.1 m (0.5) and consisted mainly of interest on bank balances and leasing contracts. The exchange rate result amounted to SEK -0.9 m (0.5) in Q4 and refers to the translation of cash and cash equivalents into foreign currency.

Profit/loss for the period

The period's profit for the quarter amounted to SEK -2.6 m (-5.7). Tax for the period amounted to SEK 1.6 m (0.9).

Earnings per share

Earnings per share for Q4 amounted to SEK -0.23 (-0.5).



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 3% and amounted to SEK 105 m. Adjusted for currency effects, net sales amounted to SEK 106 m, corresponding to a decrease of 2% in the quarter.

Despite a challenging underlying market, the performance in the region was relatively stable with a steady order intake.

The region's sales organization was strengthened during Q4, which is expected to lead to positive effects in future development.

The gross margin for Q4 was 20% (33) and was in line with the previous quarter because of inventory scrapping but also process development activities. Customer order dynamics and product mix also impact profitability significantly from quarter to quarter.

SEK m	Oct-Dec			Jan-Dec		
	2023	2022	Change, %	2023	2022	Change, %
Net Sales	105.1	108.1	-2.8%	456.2	454.5	0.4%
Cost of goods sold	-84.2	-72.3	16.5%	-334.6	-287.1	16.5%
Gross profit	20.9	35.8	-41.6%	121.6	167.4	-27.4%
Gross margin	19.8%	33.1%	-13.3 ppt	26.7%	36.8%	-10.1 ppt

EMEA

Net sales in EMEA increased by 54% in Q4 to SEK 33 m compared to SEK 22 m last year.

The increase in sales in the quarter is mainly a consequence of timing between quarters. Yet, the insourcing of the BTC business on the Swedish market, because of the company's takeover of the distribution of the Probi® brand, implies both higher sales prices but also added costs.

The gross margin for Q4 was 57% (44). Gross profit was also favorably impacted as the B2C insourcing implying increase in sales and gross profit. Noted net impact on EBIT is lower due to added marketing & sales costs also.

SEK m	Oct-Dec			Jan-Dec		
	2023	2022	Change, %	2023	2022	Change, %
Net Sales	33.3	21.6	54.2%	103.1	109.6	-5.9%
Cost of goods sold	-14.5	-12.1	19.8%	-44.7	-53.1	-15.8%
Gross profit	18.8	9.5	97.9%	58.4	56.5	3.4%
Gross margin	56.5%	43.9%	12.6 ppt	56.6%	51.6%	5.0 ppt



APAC

Net sales in APAC developed well and increased by 24% to SEK 18 m. The increase is mainly explained by the continued strong development in the Chinese market. Probi continue to invest significant resources in this region.

The gross margin in Q4 was 54% (54) which is in line with last year.

SEK m	Oct-Dec			Jan-Dec		
	2023	2022	Change, %	2023	2022	Change, %
Net Sales	17.7	14.3	23.8%	68.4	54.2	26.2%
Cost of goods sold	-8.1	-6.6	22.7%	-28.2	-22.7	24.2%
Gross profit	9.6	7.7	24.7%	40.2	31.5	27.6%
Gross margin	54.0%	54.1%	-0.1 ppt	58.8%	58.1%	0.7 ppt

Cash flow and cash and cash equivalents

Cash flow from operating activities before changes in working capital decreased to SEK 18.1 m (18.7) in Q4 as a result of a lower operating profit.

Working capital increased slightly during Q4 due to higher accounts receivable and the cash flow from operating activities amounted to SEK 46.9 m (25.0).

Cash flow from investment activities amounted to SEK -17.5 (-19.5) and mainly consisted of investments in intangible and tangible fixed assets.

Cash flow from financing activities was SEK 2.7 m (-2.8), and mainly consisted of bank interest received and amortization of leasing liabilities.

The period's cash flow was SEK 28.8 m (-4.4) and cash and cash equivalents amounted to SEK 329.7 m (323.7).

Investments

During Q4, investments in intangible fixed assets amounted to SEK 4.7 m (4.5), of which SEK 1.1 m (0.4) related to patents, SEK 1.6 m (0.8) to capitalized development expenses, SEK 2.0 m (1.5) to IT systems and SEK 0.0 m (1.8) to other intangible assets. Investments in tangible fixed assets amounted to SEK 12.9 m (15.0), which mainly related to investments in the manufacturing unit at Redmond.

Employees

At the end of the period, Probi had 160 (154) employees, of which 52% (52) were women. The average number of employees during Q4 amounted to 165 (168).



Transactions with related parties

During Q4, Probi reported SEK 1.9 m (0.9) in revenue from its largest shareholder, Symrise, and costs amounted to SEK 0.0 m (0.3). No other transactions with related parties occurred during the reporting period.

Significant risks and uncertainties

Probi pursues continuous efforts to identify and evaluate the various types of risks to which its operations are exposed. To mitigate risks associated with raw material procurement, Probi is securing long-term price agreements. Additionally, in response to rising inflation and cost pressures, Probi has adjusted its pricing strategies, although the full financial impact of these changes may manifest with a delay. Probi is also closely monitoring global geopolitical developments, such as the Russian invasion of Ukraine, for potential indirect impacts on our operations. Other risks and uncertainties to which Probi's operations are exposed are described on pages 48-49 of the annual report for 2022.

Parent company

During Q4, the parent company's operating income amounted to SEK 70.0 m (61.3). The profit for the period was SEK 6.9 m (-9.8) and the increase was due to a better operating profit and net financial items. For further details, please see the information for the Group.

Financial calendar

Interim report Q1 2024	April 23, 2024
Annual General Meeting 2024	May 7, 2024
Record date for dividend	May 10, 2024
Payment date for dividend	May 15, 2024
Interim report Q2 2024	July 16, 2024
Interim report Q3 2024	October 22, 2024
Year-end report 2024	January 28, 2025

Invitation to teleconference

Probi's interim report for Q4 2023 was published on January 26, 2024, at 8:00 a.m. On the same day at 10:00 a.m., a teleconference is held with Anita Johansen, CEO and Per Lindblad, CFO, who will present the report. The telephone conference can be accessed via the link <https://conference.financialhearings.com/teleconference/?id=50047274>. 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 2023 will be held in Lund on Friday, May 7, 2024 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 Tuesday, March 19, 2024. 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 proposal to the 2024 Annual General Meeting is for a dividend for the 2023 financial year of a total of SEK 148 m (14.8), which corresponds to SEK 1.30 (1.30) per share.

Assurance by the Board of Directors

The Board of Directors and CEO declare that this interim report provides a true and fair overview of the parent company's and Group's operations, financial position and results, and describes the significant risks and uncertainties facing the parent company and the Group.

Lund, January 26, 2024

Jean-Yves Parisot
Chairman of the Board

Jörn Andreas
Board member

Irène Corthésy Malnoë
Board member

Charlotte Hansson
Board member

Malin Ruijsenaars
Board member

Anita Johansen
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	
		2023	2022	2023	2022
Net sales	2	156,121	143,983	627,687	618,285
Cost of goods sold	3	-106,861	-90,995	-407,474	-362,840
Gross profit		49,260	52,988	220,213	255,445
Sales and marketing expenses		-28,195	-27,115	-113,908	-100,936
Research and development expenses		-9,388	-11,848	-36,438	-38,348
Administration expenses		-17,000	-21,715	-58,587	-65,909
Other operating income		36	73	40	322
Operating profit (EBIT)		-5,287	-7,617	11,320	50,574
Financial income		2,529	1,079	8,048	1,705
Financial expenses		-463	-596	-2,027	-2,492
Exchange result financing activities	4	-949	522	41	2,187
Financial result		1,117	1,005	6,062	1,400
Earnings before income taxes		-4,170	-6,612	17,382	51,974
Income taxes		1,580	879	-563	-11,352
Net income		-2,590	-5,733	16,819	40,622
Other comprehensive income					
Components to be reclassified to net income					
Exchange rate differences resulting from the translation of foreign operations		-74,528	-66,484	-36,028	139,908
Cash flow hedge (currency hedges)		—	—	—	—
Income taxes payable on these components		—	—	—	—
Total components to be reclassified to net income		-74,528	-66,484	-36,028	139,908
Components not to be reclassified to net income					
Equity instruments at fair value through OCI		-4,977	-6,335	-7,466	-20,691
Total components not to be reclassified to net income		-4,977	-6,335	-7,466	-20,691
Sum of other comprehensive income		-79,505	-72,819	-43,494	119,217
Total comprehensive income		-82,095	-78,552	-26,675	159,839
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		-0.23	-0.50	1.48	3.57

The period's result as well as comprehensive income is attributable in its entirety to the parent company's shareholders. There is no dilution effect, as the company has no outstanding convertible loans or warrants.



Consolidated statement of financial position

SEK 000	31 December 2023	31 December 2022
ASSETS		
Capitalized development cost	23,497	24,782
Customer base	211,718	248,452
Technology and other intangible assets	105,053	109,251
Goodwill	340,580	353,887
Property, plant and equipment	145,822	146,806
Right-of-use assets	49,010	65,546
Interests in other entities	73,044	80,510
Deferred tax assets	1,345	357
Non-current assets	950,069	1,029,591
Inventories	116,705	116,245
Trade receivables	79,792	89,295
Other assets and receivables	14,227	11,051
Cash and cash equivalents	329,650	323,706
Current assets	540,374	540,297
Total assets	1,490,443	1,569,888
EQUITY AND LIABILITIES		
Total equity	1,369,080	1,410,567
Deferred tax liabilities	—	13,833
Provisions	—	13,833
Non-current lease liabilities	38,212	53,601
Other non-current liabilities	5,272	5,480
Non-current liabilities	43,484	59,081
Trade payables	34,376	34,424
Current lease liabilities	15,585	16,667
Other current liabilities	27,918	35,316
Current liabilities	77,879	86,407
Total liabilities	121,363	159,321
Total equity and liabilities	1,490,443	1,569,888



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 2022	58,221	600,205	29,414	—	-7,721	585,422	1,265,541
Net income	—	—	—	—	—	40,622	40,622
Other comprehensive income	—	—	139,908	—	-20,691	—	119,217
Total Comprehensive Income	—	—	139,908	—	-20,691	40,622	159,839
Dividends	—	—	—	—	—	-14,812	-14,812
Total transactions with shareholders	—	—	—	—	—	-14,812	-14,812
Closing balance, 31 Dec 2022	58,221	600,205	169,322	—	-28,412	611,232	1,410,567

SEK 000	Share capital	Other contributions received	Cumulative translation differences	Hedging reserve	Fair value reserve	Accumulated profit	Total equity
Opening balance, 1 Jan 2023	58,221	600,205	169,322	—	-28,412	611,232	1,410,567
Net income	—	—	—	—	—	16,819	16,819
Other comprehensive income	—	—	-36,028	—	-7,466	—	-43,494
Total Comprehensive Income	—	—	-36,028	—	-7,466	16,819	-26,675
Dividends	—	—	—	—	—	-14,812	-14,812
Total transactions with shareholders	—	—	—	—	—	-14,812	-14,812
Closing balance, 31 Dec 2023	58,221	600,205	133,294	—	-35,878	613,238	1,369,080



Consolidated cash flow statement

SEK 000	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net income	-2,590	-5,733	16,819	40,622
Adjustments to reconcile net income to cash from operating activities				
Income taxes	-1,580	-880	563	11,352
Interest result	-2,066	-483	-6,021	714
Amortization, depreciation and impairment of non-current assets	24,426	23,378	96,203	85,682
Other non-cash expenses and income	-132	2,394	-66	4,036
Cash flow before working capital changes	18,058	18,676	107,498	142,406
Change in trade receivables and other current assets	33,047	2,092	5,498	42,091
Change in inventories	6,348	-10,532	-4,444	-8,936
Change in trade payables and other current liabilities	-7,639	14,944	-6,215	-4,400
Income taxes paid	-2,958	-205	-16,786	-15,067
Cash flow from operating activities	46,856	24,975	85,551	156,094
Payments for investing in intangible assets	-4,678	-4,482	-21,023	-12,180
Payments for investing in property, plant and equipment	-12,852	-15,027	-33,163	-52,429
Divestments of tangible assets	0	—	15	20
Cash flow from investing activities	-17,530	-19,509	-54,171	-64,589
Interest paid	-474	-606	-2,069	-2,458
Interest received	7,029	1,481	8,048	1,705
Repayments for lease obligations	-3,850	-3,649	-15,124	-13,743
Dividends paid	—	—	-14,812	-14,812
Cash flow from financing activities	2,705	-2,774	-23,957	-29,308
Cash flow for the period	32,031	2,692	7,423	62,197
Effects of changes in exchange rates	-3,228	-7,103	-1,479	10,492
Change in cash and cash equivalents	28,803	-4,411	5,944	72,689
Cash and cash equivalents at opening balance	300,847	328,117	323,706	251,017
Cash and cash equivalents at closing balance	329,650	323,706	329,650	323,706



Parent company's condensed financial statements

SEK 000	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Operating revenue	69,969	61,303	277,567	276,902
Operating costs	-22,232	-21,194	-74,820	-79,694
Gross profit	47,737	40,109	202,747	197,208
Operating profit (EBIT)	14,029	-3,961	68,156	56,564
Result from financial income and expenses	-3,879	-6,082	-870	31,568
Income before tax	10,150	-10,043	67,286	88,132
Net income	6,864	-9,757	51,519	75,295

SEK 000	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Net income	6,864	-9,757	51,519	75,295
Sum of other comprehensive income	—	—	—	—
Total comprehensive income	6,864	-9,757	51,519	75,295

SEK 000	31 December 2023	31 December 2022
ASSETS		
Non-current assets	1,033,004	1,042,975
Current assets	337,125	299,369
Total assets	1,370,129	1,342,344
EQUITY AND LIABILITIES		
Equity	1,337,238	1,300,531
Current liabilities	32,981	41,813
Total equity and liabilities	1,370,129	1,342,344



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 principles applied when these consolidated accounts were prepared have been applied consistently for all periods presented, unless otherwise stated. Complete accounting principles can be found on pages 65-68 of the annual report for 2022.

The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for both the parent company and the Group. All amounts stated are rounded to the nearest thousand kronor unless otherwise stated.

Amounts and figures in parentheses refer to comparative figures for the corresponding period of the previous year. Amounts are expressed in Swedish kronor (SEK), thousands (TSEK) or millions (SEK million) according to the unit stated.

Parent company

The parent company applies the same accounting principles as the Group apart from IFRS 16 "Leasing" and with the exceptions and additions that appear in RFR 2 "Accounting for legal entities". The interim report complies with the Annual Accounts Act.

2. Revenue from contracts with customers

A breakdown by category of the Group's net sales from contracts with customers is presented below:

SEK 000	Oct-Dec 2023				Oct-Dec 2022			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	103,582	32,641	17,711	153,934	106,896	20,763	14,315	141,974
Royalty	1,482	704	—	2,186	1,165	843	—	2,008
Net sales	105,064	33,345	17,711	156,121	108,061	21,606	14,315	143,983

SEK 000	Jan-Dec 2023				Jan-Dec 2022			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	449,763	100,714	68,402	618,879	448,507	106,434	54,181	609,121
Royalty	6,470	2,338	—	8,808	6,028	3,136	—	9,164
Net sales	456,233	103,052	68,402	627,687	454,535	109,570	54,181	618,285



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	
	2023	2022	2023	2022
Exchange gains operating activities	976	441	3,766	6,606
Exchange losses operating activities	-1,646	-1,289	-4,711	-4,052
Exchange result operating activities	-670	-848	-945	2,554

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	
	2023	2022	2023	2022
Exchange gains financing activities	644	1,005	3,408	5,094
Exchange losses financing activities	-1,593	-483	-3,367	-2,907
Exchange result financing activities	-949	522	41	2,187

5. Definition of alternative performance indicators not defined in IFRS

Probi presents certain financial key performance indicators (KPIs) in the interim report that are not defined according to IFRS. Probi believes that these indicators provide valuable supplementary information to investors and the company's management. Since not all companies calculate alternative KPIs in the same way, these are not always comparable to indicators used by other companies. However, these indicators should not be considered as a substitute for financial indicators required in accordance with IFRS. The following alternative KPIs are reported in the interim report:

Operating profit/loss (EBIT)

The operating profit/loss (EBIT) is defined as the profit/loss 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	
	2023	2022	2023	2022
Net income	-2,590	-5,733	16,819	40,622
Income taxes	-1,580	-879	563	11,352
Financial result	-1,117	-1,005	-6,062	-1,400
Operating profit (EBIT)	-5,287	-7,617	11,320	50,574

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	Oct-Dec		Jan-Dec	
	2023	2022	2023	2022
Operating profit (EBIT)	-5,287	-7,617	11,320	50,574
Depreciation and amortization	24,426	23,378	96,203	85,682
EBITDA	19,139	15,761	107,523	136,256



Other alternative KPIs	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 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 around 400 patents worldwide. Probi had sales of SEK 628 m in 2023. Probi's shares are listed on Nasdaq Stockholm, Mid-cap, and there were around 3,400 shareholders on December 31, 2023.

