



# Q3 2022 Conference Call

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Lund, 21<sup>st</sup> October 2022



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# Agenda

**1 Executive Overview**

**2 Financial Review**

**3 Outlook**

**4 Q&A**

# Challenges in the US

- Net sales decreased by 9% (-22% currency adjusted) in Q3
- EBITDA margin 25% in Q3 (27%)
- Weaker development in the Americas region, down 11% in the quarter supported by the strong dollar
- Temporary disruptions in supply chain caused delayed deliveries and affected sales in Americas
- Sales in EMEA stable, however Perrigo launch has not developed according to plan
- Growth in APAC with Sinopharm on track with roll-out of four concepts with Probi products
- Pilot study with 132 participants in mental health completed, analysis of data ongoing

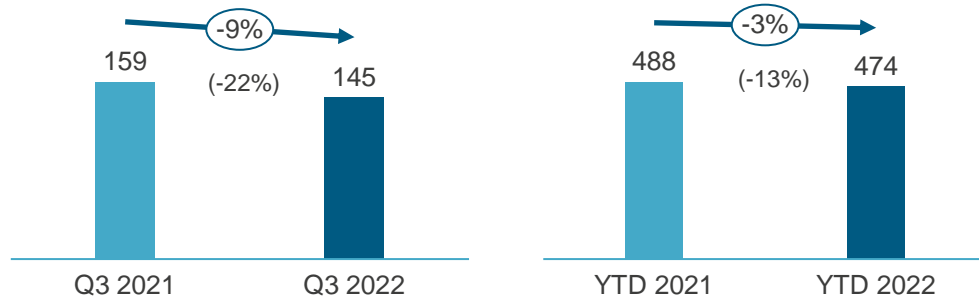


# Region Americas sales affecting growth

## Net sales

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

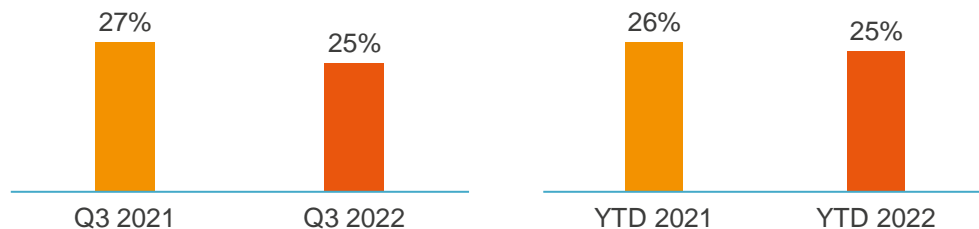
Target  
> 7 %



## EBITDA %

EBITDA margin as % of Net sales

Target  
≥ 29 %



## Highlights in the quarter

- Net sales in Q3 decreased by 9%
- Net sales YTD down 3% from previous year
- EBITDA-margin lower than previous year due to lower volumes in Americas

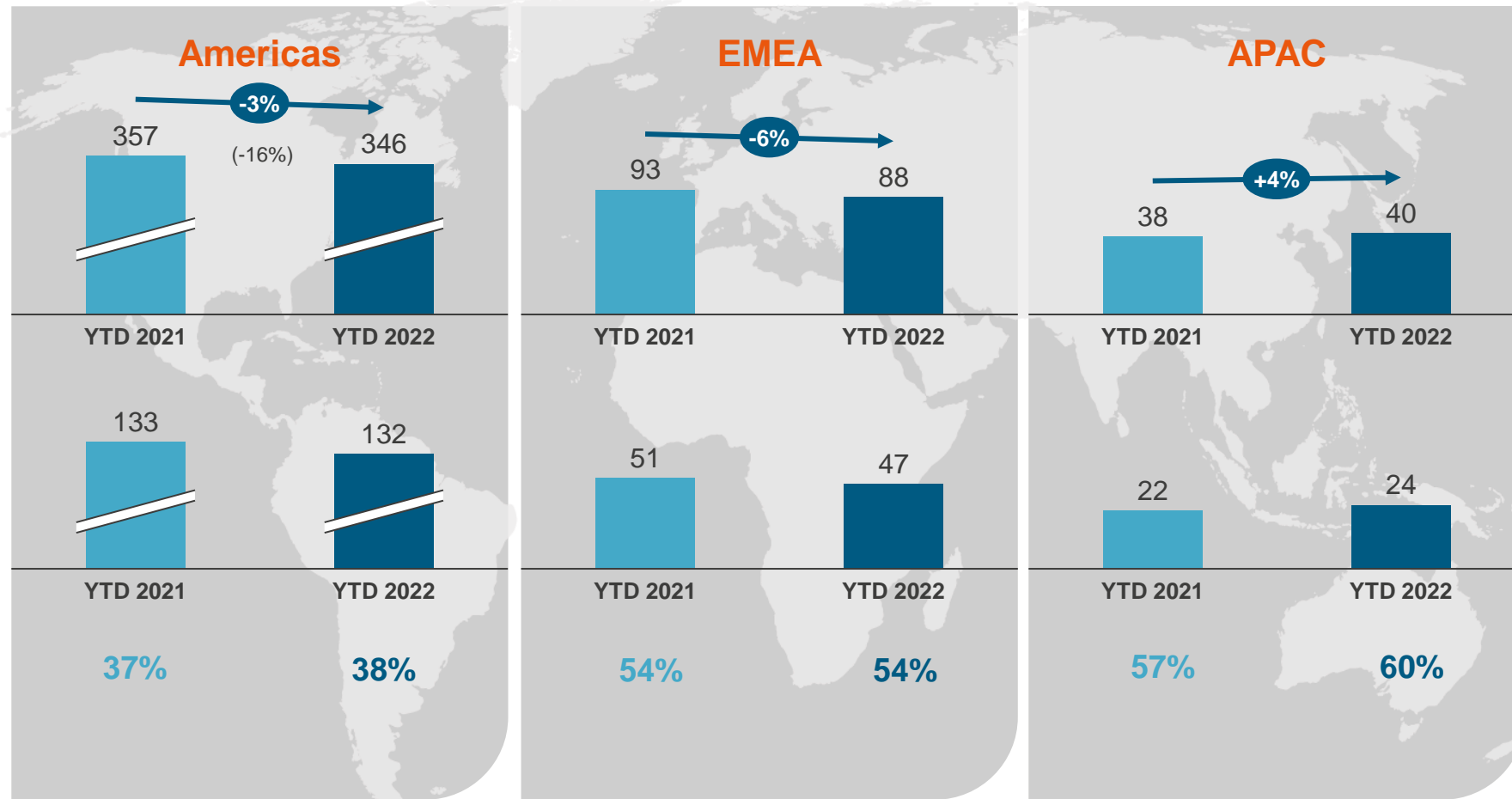


# YTD Net Sales and Gross Profit by region

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

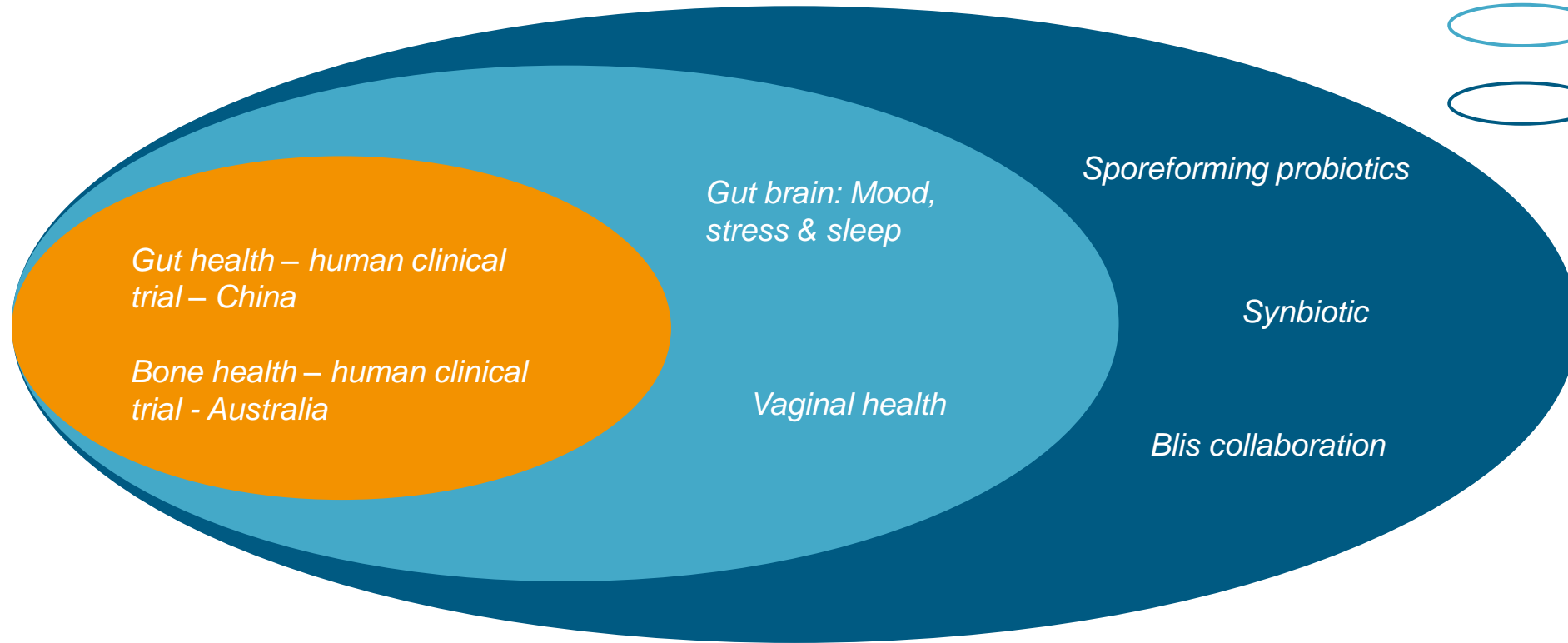
**Gross profit**  
SEK m

**Gross margin**



# Current R&D pipeline

-  Existing health areas
-  New health areas
-  New products

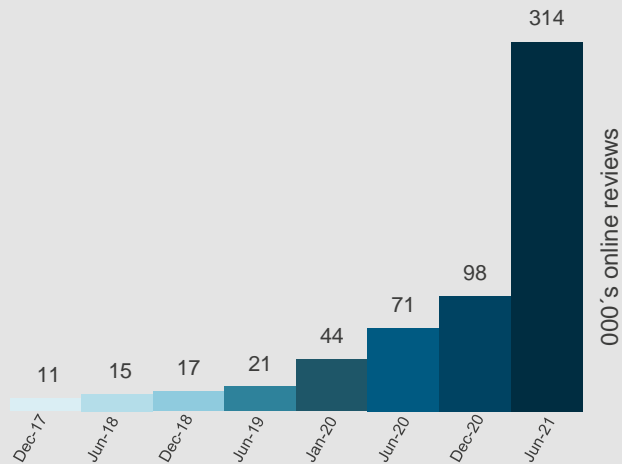


# Gut-Brain axis – pilot study completed

## Growing commercial interest

- Scientifically validated gut-brain products still few
- Brand owners seizing the opportunity
  - 2017: 49 products on the market
  - 2021: 215 products on the market
- Gut-Brain consumer awareness growing

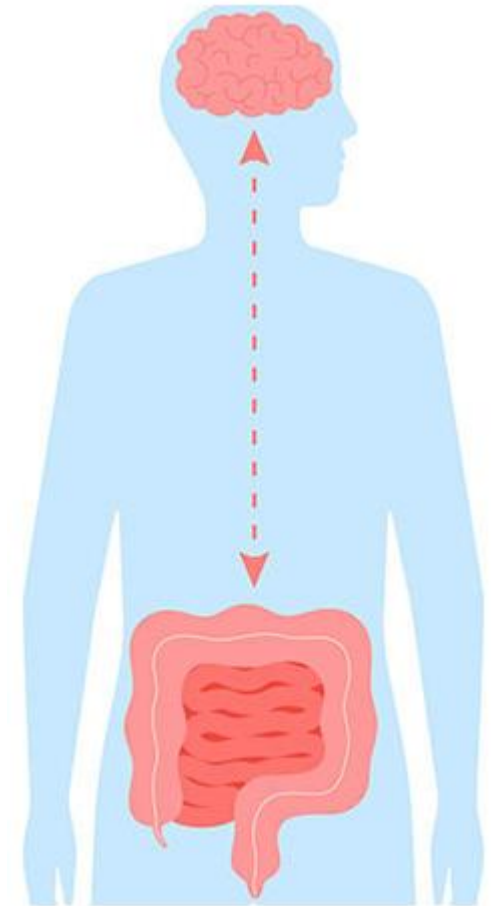
No. of online customer reviews Dec 2017 to June 2021\*



\*The gut-brain axis: Psychobiotic opportunity in 25 countries”  
Lumina Intelligence 2022

## Probi study: ProStress21

- Targeting development of new offering for gut-brain axis market segment
- Large clinical pilot-study recently completed
- Probi strain for 12 weeks in placebo-controlled study on healthy subjects with moderate stress
- Study parameters:
  - Stress level
  - Cognition
  - Mood
  - Sleep quality
  - Inflammation
- 132 participants included
- Results expected in Q4 2022







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**1 Executive Overview**

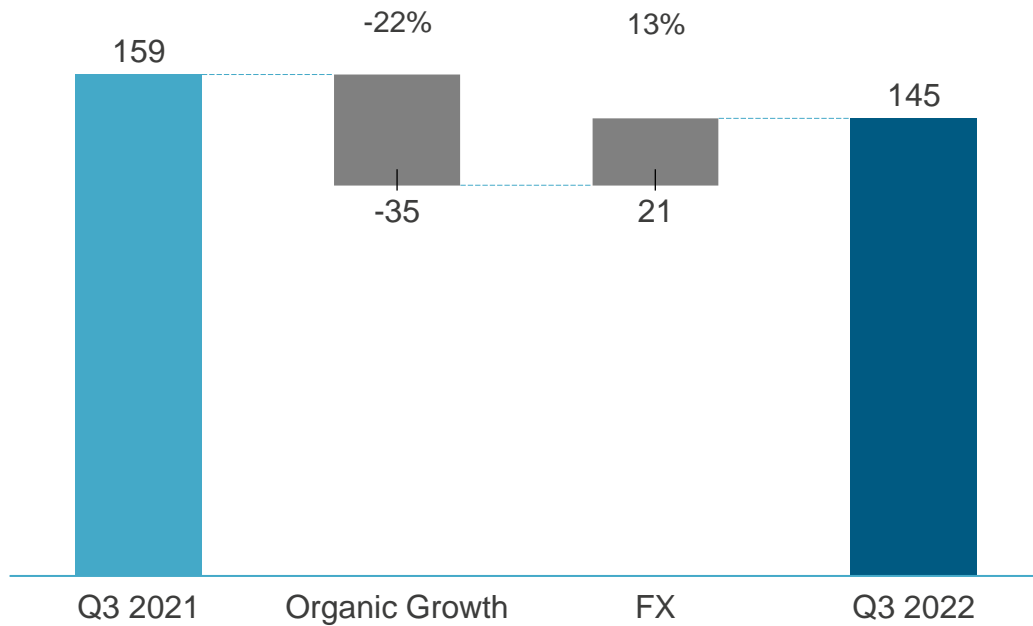
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# Pressure on organic growth albeit FX support

**Probi sales bridge**  
SEK m, sales in %



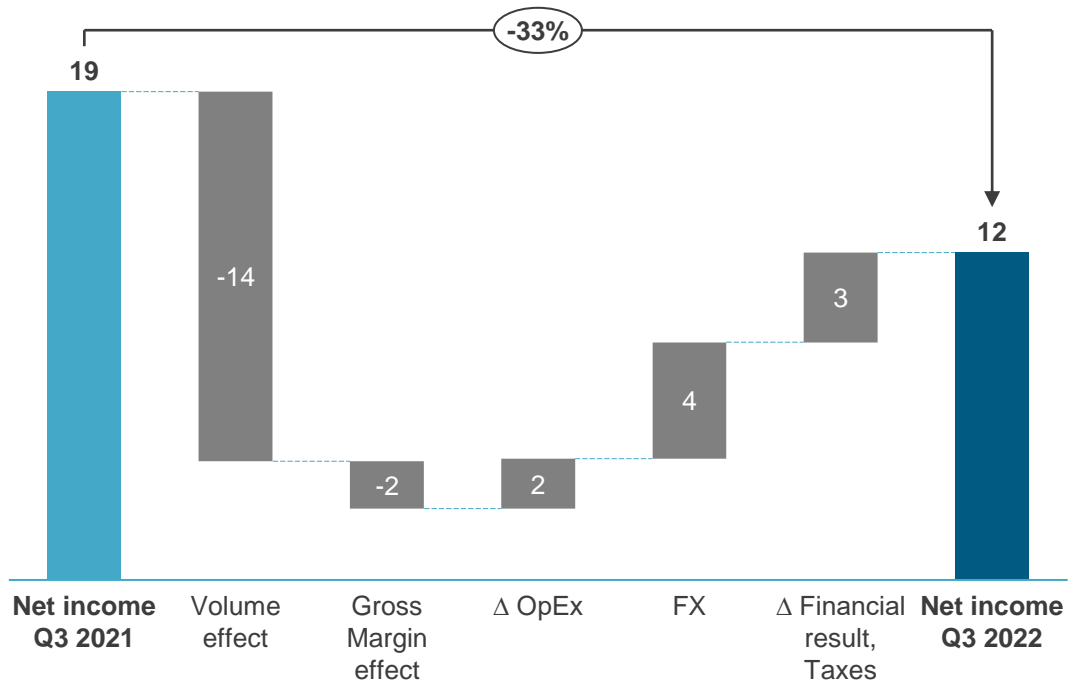
**Condensed P&L**  
SEK m

	Q3 2022	Q3 2021	Change
<b>Net sales</b>	145.1	158.9	▼ -9%
<b>EBITDA</b>	36.3	42.3	▼ -14%
<b>EBITDA margin</b>	25.0%	26.6%	▼ -1.6pp
<b>EBIT</b>	14.5	23.9	▼ -40%
<b>Net income</b>	12.4	18.5	▼ -33%
<b>EPS</b>	1.09	1.62	▼ -33%



# Lower volumes put pressure on net income

## Reconciliation of net income SEK m



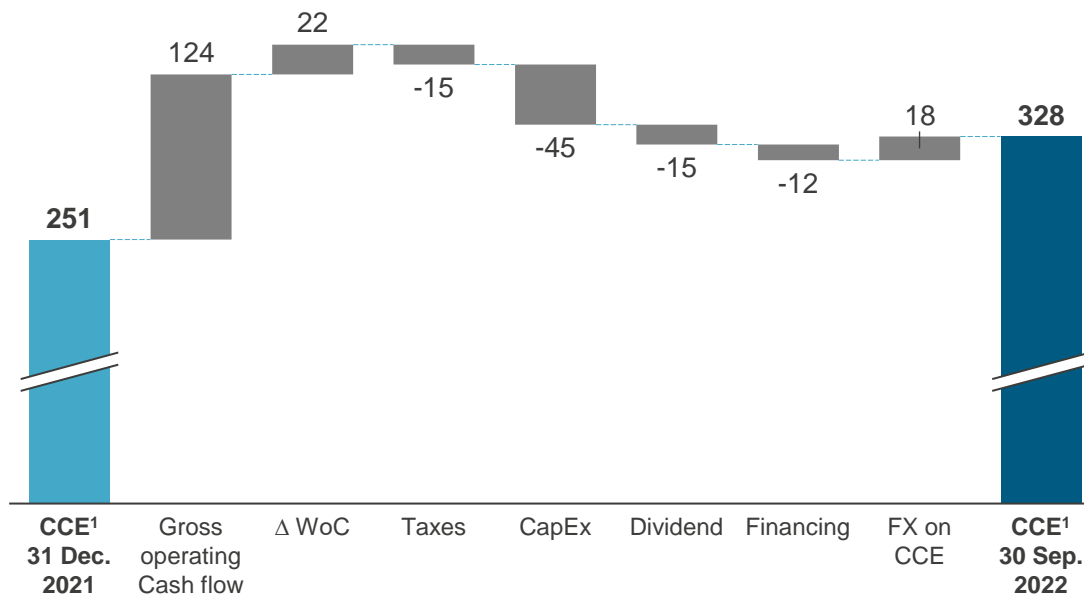
## Key aspects

- Net income decreased by SEK 7 m compared to previous year mainly explained by lower volumes in region Americas
- Favorable FX development contribute to SEK 4 m on net income



# Solid cash flow from operations

## Reconciliation of group liquidity SEK m



## Key aspects

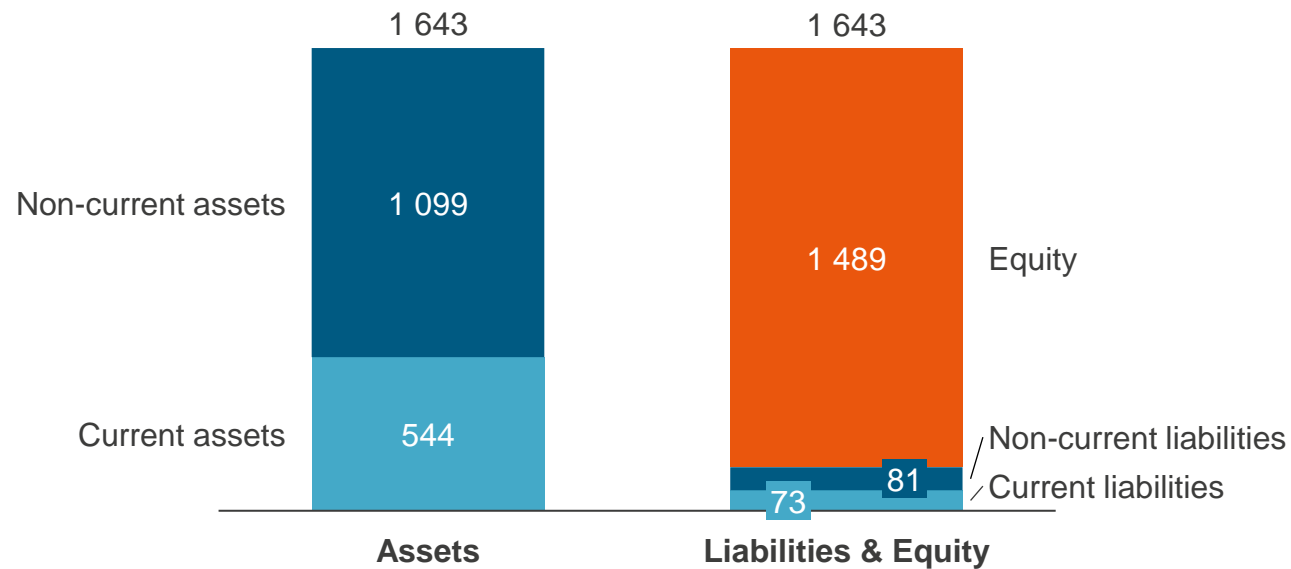
- Gross operating cash flow of SEK 124 m YTD
- Positive working capital effect
- CapEx of SEK 45 m mainly due to investments in production facilities
- Dividend of SEK 15 m (SEK 2 m higher than previous year)
- Financing includes payments of lease obligations
- Positive FX effect on cash of SEK 18 m



<sup>1</sup> CCE = Cash and cash equivalents.

# Solid balance sheet with no external loans

Balance sheet as per Sep 30, 2022  
SEK m



## Key aspects

- Total equity of SEK 1 489 m
- No external loans
- Equity ratio 91%





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# Strategic focus

**Doubled sales**



**Growth**

- Stronger presence in growth markets
- Solidify position in premium probiotic segments
- Expand global key account portfolio
- Strategic partnerships and acquisitions

**Lead the way in probiotic innovation and science**



**Accelerate development of new products**

- Expand range of clinically documented offerings
- Increase international collaborations
- Evaluate growth potential in probiotic related market segments

**Manufacturing excellence**



**More efficient manufacturing**

- High quality production adapted to market needs
- Develop manufacturing capabilities/partnerships in growth regions
- Gradually improved gross margins





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# Financial calendar

Year-end report 2022	January 27, 2023
Interim report Q1 2023	April 26, 2023
Annual General Meeting 2023	May 4, 2023
Interim report Q2 2023	July 18, 2023
Interim report Q3 2023	October 24, 2023
Year-end report 2023	January 26, 2024

