

Interim report April-June 2023

Weak underlying market in the Americas and EMEA

Important events during the second quarter

- Net sales decreased by 18% (21% adjusted for currency effects) to SEK 144 m (175).
- The EBITDA margin amounted to 9% (26) and was burdened by items affecting comparability. Adjusted for these, the EBITDA margin was 17%.
- 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 1.
- New partnership with Clasado Biosciences for the development of synbiotics.

SEK
144 m
Net sales

9%
EBITDA-margin

Important events after the end of the period

- Resignation of the CFO, Henrik Lundkvist. He will continue to work as CFO until a successor has been appointed or until the end of the year at the latest.

Financial overview

SEK m	Apr-Jun		Jan-Jun		Full-year	
	2023	2022	2023	2022	RTM	2022
Net sales	143.7	174.5	315.5	329.2	604.6	618.3
Growth, %	-17.6%	10.5%	-4.2%	0.0%	-2.2%	-6.1%
Currency adjusted growth, %	-21.3%	-0.9%	-10.3%	-8.8%	-12.1%	-16.7%
Gross margin, %	32.5%	44.5%	37.9%	43.6%	38.3%	41.3%
EBITDA	12.9	45.9	60.2	84.2	112.3	136.3
EBITDA margin, %	9.0%	26.3%	19.1%	25.6%	18.6%	22.0%
Operating profit (EBIT)	-11.0	25.2	12.6	43.7	19.5	50.6
EBIT margin, %	-7.6%	14.5%	4.0%	13.3%	3.2%	8.2%
Net income	-6.3	20.0	13.0	34.0	19.6	40.6
Earnings per share before and after dilution, SEK	-0.55	1.75	1.14	2.98	1.72	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 Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the CEO and CFO, on July 18, 2023 at 08:00 CET. This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.



Remediation program initiated in manufacturing

Sales in the first half of the year were down 4% (10% adjusted for currency effects) as a result of weaker underlying demand in the Americas and EMEA. The EBITDA margin was 19% for the first six months of the year. Profitability in Q2 was negatively affected by some major costs affecting comparability for establishment costs relating to the takeover of distribution in Sweden along with personnel-related restructuring costs. Furthermore, we have experienced challenges in our manufacturing, which also affected the results in the quarter. To address this, a remediation program has been initiated focusing on optimizing our manufacturing processes and achieving further efficiencies. Adjusted for the above effects, the EBITDA margin amounted to 17% in Q2 and 23% for the first half of the year.

Our assessment is that net sales for the full year will be approximately on par with the previous year and that the reported EBITDA margin will be lower as a result of the additional cost connected to the initiated remediation program.

Both the Americas and EMEA declined in Q2 compared to the previous year and we saw a weaker underlying market with increased price sensitivity among end customers and a shift towards less premium priced products. Our customers also reduced their inventory levels, leading to lower order frequency. EMEA was affected by some major order delays and reduced buffer stocks at one of our larger customers.

On the positive side, we can state that the takeover of the distribution of our own brand in Sweden has been well received and had a consistently good impact. We also entered Norway with our own distribution and we see good opportunities for growth in that market. It is also very satisfying that during the quarter we secured a

multiyear supply agreement with our largest American customer.

APAC is developing well and in the first half of the year saw 27% growth compared to the previous year, with Australia and China accounting for the greatest growth in the region. During Q2, we received approval for HEAL9™ in Thailand, which means we can expand with our concepts Probi® Osteo and Probi Digestis® in the growing Thai market.

In the area of product development and innovation, we have started an exciting collaboration with Clasad Biosciences. We will take advantage of our respective portfolios within pre- and probiotics to develop new synbiotic products, a market segment expected to grow.

To achieve our goal of sustainable growth, it is crucial that we have talented and passionate employees and a healthy corporate culture with clear purpose, strategy and direction. Therefore, I have spent a lot of time reviewing the organization and in the quarter we have made changes in the organizational design to better meet our customer needs. At the same time, I regret that our CFO Henrik Lundkvist has decided to leave his position. He will remain until a successor has been appointed or until the end of the year.

It is the highest priority that the remediation program we have initiated for manufacturing quickly shows results and that we establish a strong and dynamic organization that will return us to growth and good profitability. I have a strong belief in Probi and what we do and am convinced that we will succeed in overcoming these challenges.

Anita Johansen
CEO



Net sales

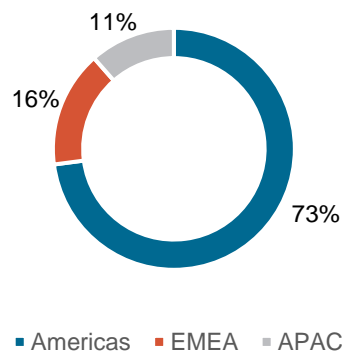
April – June (second quarter)

During Q2, net sales amounted to SEK 143.7 m (174.5), corresponding to a decrease of SEK 30.8 m or 18%. Adjusted for currency effects, net sales amounted to SEK 137.3 m, corresponding to a decrease of 21%.

The decrease of SEK 30.8 m is explained by lower sales in the Americas, which decreased by SEK 18.1 m (15%) and EMEA, which decreased by SEK 13.2 m (37%). APAC increased by SEK 0.5 m (3%).

The share of total net sales in the Americas during Q2 was 73%. EMEA accounted for 16% and APAC 11%.

Net sales distribution per segment



January – June (six months)

Net sales amounted to SEK 315.5 m (329.2), a decrease of 4%. Adjusted for currency effects, this corresponded to a decrease of 10%. The decrease is mainly explained by the fact that sales in EMEA were SEK 23.4 m (-36%) lower than the previous year as a result of a weaker underlying market, at the same time as one large customer postponed their orders due to the reduction of their safety stock. The Americas region increased by SEK 1.6 m (1%), but adjusted for currency effects, the region decreased by 7%, which was due to a weaker market. Sales in APAC increased by SEK 8.1 m (27%).

Net sales per segment

SEK m	Apr-Jun			Jan-Jun		
	2023	2022	Change, %	2023	2022	Change, %
Americas	104.8	122.9	-14.7%	235.5	233.9	0.7%
EMEA	22.4	35.6	-37.1%	42.3	65.7	-35.6%
APAC	16.5	16.0	3.1%	37.7	29.6	27.4%
Net sales	143.7	174.5	-17.7%	315.5	329.2	-4.2%



Earnings

Operating profit/loss (EBIT)

The operating loss for Q2 was SEK -11.0 m (25.2), corresponding to a decrease of SEK 36.2 m. Adjusted for currency effects, the operating loss was SEK -10.5 m. The declining operating loss was due to lower sales but also to inefficiency in manufacturing, which is addressed by a remediation program. Furthermore, Q2 was affected by high establishment costs due to distribution in Sweden being taken over on April 1, as well as personnel-related restructuring costs.

Sales and marketing expenses amounted to SEK 33.6 m (26.7), the increase being explained by high establishment costs connected with the takeover of distribution in Sweden, while Q2 was affected by personnel-related restructuring costs.

Research and development expenses were roughly at the same level as last year and amounted to SEK 9.7 m (10.4).

Administrative expenses decreased by SEK 1.1 m compared to last year and amounted to SEK 14.4 m (15.5). This reduction is mainly due to lower business development costs.

Operating profit/loss

SEK m	Apr-Jun			Jan-Jun		
	2023	2022	Change, %	2023	2022	Change, %
Gross profit Americas	25.3	51.5	-50.9%	73.4	91.0	-19.3%
Gross profit EMEA	11.5	17.4	-33.9%	22.5	34.8	-35.3%
Gross profit APAC	9.9	8.8	12.5%	23.8	17.8	33.7%
Gross profit	46.7	77.7	-39.9%	119.7	143.6	-16.6%
Sales and marketing expenses	-33.6	-26.7	25.8%	-59.9	-50.1	19.6%
Research and development expenses	-9.7	-10.4	-6.7%	-20.1	-19.6	2.6%
Administration expenses	-14.4	-15.5	-7.1%	-27.8	-30.4	-8.6%
Other operating income	0.0	0.1	0.0%	0.7	0.2	250.0%
Operating profit (EBIT)	-11.0	25.2	-143.7%	12.6	43.7	-71.2%

Financial result

The financial result for Q2 amounted to SEK 2.3 m (-0.4). Net financial items excluding exchange rate results amounted to SEK 1.3 m (-0.6) and consisted mainly of interest on bank balances and leasing contracts. The exchange rate result amounted to SEK 1.3 m (1.0) in Q2 and refers to the conversion of cash and cash equivalents into foreign currency.

Profit/loss for the period

The loss for the quarter amounted to SEK -6.3 m (20.0). The tax for the period was SEK 2.4 m (-5.6).

Earnings per share

Earnings per share for the quarter amounted to SEK -0.55 SEK (1.75).



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 15% and amounted to SEK 105 m. Adjusted for currency effects, net sales amounted to SEK 99 m, corresponding to a decrease of 20% in Q2. Net sales were negatively affected by a weaker underlying market and a lower order frequency.

After BLIS cancelled its agreement with its previous distributor, Probi will become the exclusive distributor of ingredients for BLIS K12™ and BLIS M18™ in the US and Canada as per August 1st.

During Q2, a multiyear supply agreement was secured with the largest customer in the region.

The gross margin in Q2 amounted to 24% (42). The margin was affected by the lower volumes and inefficiency in the manufacturing process, which led to higher costs over the quarter.

SEK m	Apr-Jun			Jan-Jun		
	2023	2022	Change, %	2023	2022	Change, %
Net Sales	104.8	122.9	-14.7%	235.5	233.9	0.7%
Cost of goods sold	-79.5	-71.4	11.3%	-162.1	-142.9	13.4%
Gross profit	25.3	51.5	-50.9%	73.4	91.0	-19.3%
Gross margin	24.1%	41.9%	-17.8 ppt	31.2%	38.9%	-7.7 ppt

EMEA

Net sales in EMEA decreased by 37% in Q2 to SEK 22 m compared to SEK 36 m last year. A drop in order frequency indicates a weaker underlying market and reduced stock levels. One of the largest customers reduced their safety stock and a couple of larger orders were moved forward.

The takeover of the distribution of the Probi® brand in Sweden has progressed well and the first contracts with pharmacies in Norway have also been signed.

The gross margin for Q2 was 51% (49) and was slightly higher than last year.

SEK m	Apr-Jun			Jan-Jun		
	2023	2022	Change, %	2023	2022	Change, %
Net Sales	22.4	35.6	-37.1%	42.3	65.7	-35.6%
Cost of goods sold	-10.9	-18.2	-40.1%	-19.8	-30.9	-35.9%
Gross profit	11.5	17.4	-33.9%	22.5	34.8	-35.3%
Gross margin	51.3%	48.9%	2.4 ppt	53.2%	53.0%	0.2 ppt



APAC

Net sales in APAC increased by 3% to SEK 17 m. The first half of the year was the strongest ever for the region with a year-on-year increase of 27% and Australia and China being the driving forces in the region.

During Q2, the Thai FDA approved HEAL9™, enabling the launch of Probi® Osteo and Probi Digestis® on the Thai market.

The region is still subject to large fluctuations but is expected to continue to grow.

The gross margin in Q2 was slightly higher than last year and amounted to 60% (55) as a result of a favorable product mix.

SEK m	Apr-Jun			Jan-Jun		
	2023	2022	Change, %	2023	2022	Change, %
Net Sales	16.5	16.0	3.1%	37.7	29.6	27.4%
Cost of goods sold	-6.6	-7.2	-8.3%	-13.9	-11.8	17.8%
Gross profit	9.9	8.8	12.5%	23.8	17.8	33.7%
Gross margin	59.7%	55.0%	4.7 ppt	63.1%	60.1%	3.0 ppt

Cash flow and cash and cash equivalents

Cash flow from operating activities before changes in working capital decreased to SEK 13.7 m (46.9) in Q2 as a result of a lower operating profit.

Working capital decreased slightly during Q2 as a result of lower accounts receivable and the cash flow from operating activities amounted to SEK 9.0 m (20.5).

Cash flow from investment activities amounted to SEK -9.2 (-15.3) and mainly consisted of investments in intangible but also tangible fixed assets.

Cash flow from financing activities was SEK -18.8 m (-18.8), of which SEK 14.8 m involved dividends paid and the remainder mainly consisted of amortization of leasing liabilities.

Cash flow for the period was SEK -16.6 m (-5.6) and cash and cash equivalents amounted to SEK 301.4 m (265.6).

Investments

During Q2, investments in intangible fixed assets amounted to SEK 5.6 m (1.9), of which SEK 1.0 m (0.9) related to patents, SEK 2.0 m (1.0) to capitalized development expenses and SEK 2.6 m (0.0) to IT systems. Investments in tangible fixed assets amounted to SEK 3.6 m (13.4), which mainly related to investments in the manufacturing unit at Redmond.

Employees

At the end of the period, Probi had 164 (166) employees, of which 53% (51) were women. The average number of employees during Q2 amounted to 165 (171).



Transactions with related parties

During Q2, Probi reported SEK 0.1 m (2.9) in revenue from its largest shareholder, Symrise, and costs amounted to SEK 0.0 m (0.0). No other transactions with related parties occurred during the reporting period.

Significant risks and uncertainties

In February 2022, Russia launched an invasion of Ukraine. Probi has a limited exposure to Russia and Ukraine, and the company's assessment is that the effects at both supplier and customer levels are limited. The cost increases that have arisen in connection with increased inflation are mainly compensated by price increases to the customer. However, there may be a delayed effect until the price increases take full effect depending on the agreed terms. 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 Q2, the parent company's operating income amounted to SEK 62.8 m (79.6). The profit for the period was SEK 2.2 m (51.3) and this decrease was due to a lower operating profit and a lower financial result. The decreased financial result was explained by lower dividends from the subsidiaries. Investments in tangible and intangible assets amounted to SEK 3.0 m (1.9). For further details, please see the information for the Group.

Financial calendar

Interim report Q3 2023

October 23, 2023

Year-end report 2023

January 26, 2024

Invitation to teleconference

Probi's interim report for Q2 2023 will be published on July 18, 2023, at 8:00 a.m. On the same day at 10:00 a.m., a teleconference will be held with Anita Johansen, CEO and Henrik Lundkvist, CFO, who will present the report. The telephone conference can be accessed via the link <https://conference.financialhearings.com/teleconference/?id=200845>. The presentation is available at www.probi.com and www.financialhearings.com.

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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, July 18, 2023

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 IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Review report

Probi Aktiebolag corporate identity number 556417-7540

Introduction

We have reviewed the condensed interim report for Probi Aktiebolag as of June 30, 2023 and for the six months period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements 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 is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Malmö July 18, 2023

Ernst & Young AB

Peter Gunnarsson
Authorized Public Accountant



Consolidated statement of comprehensive income

SEK 000	Notes	Apr-Jun		Jan-Jun	
		2023	2022	2023	2022
Net sales	2	143,718	174,510	315,537	329,228
Cost of goods sold	3	-96,998	-96,806	-195,813	-185,623
Gross profit		46,720	77,704	119,724	143,605
Sales and marketing expenses		-33,558	-26,738	-59,864	-50,132
Research and development expenses		-9,675	-10,355	-19,396	-19,558
Administration expenses		-14,422	-15,468	-27,819	-30,364
Other operating income		-26	93	-26	176
Operating profit (EBIT)		-10,961	25,236	12,619	43,727
Financial income		1,880	67	3,271	112
Financial expenses		-518	-638	-1,061	-1,263
Exchange result financing activities	4	975	949	627	663
Financial result		2,337	378	2,837	-488
Earnings before income taxes		-8,624	25,614	15,456	43,239
Income taxes		2,364	-5,643	-2,442	-9,249
Net income		-6,260	19,971	13,014	33,990
Other comprehensive income					
Components to be reclassified to net income					
Exchange rate differences resulting from the translation of foreign operations		47,427	96,296	39,428	118,838
Cash flow hedge (currency hedges)		—	238	—	238
Income taxes payable on these components		—	-59	—	-59
Total components to be reclassified to net income		47,427	96,475	39,428	119,017
Components not to be reclassified to net income					
Equity instruments at fair value through OCI		-4,859	-14,235	-1,127	-18,563
Total components not to be reclassified to net income		-4,859	-14,235	-1,127	-18,563
Sum of other comprehensive income		42,568	82,240	38,301	100,454
Total comprehensive income		36,308	102,211	51,315	134,444
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		-0.55	1.75	1.14	2.98

The period's results 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	30 June 2023	31 December 2022
ASSETS		
Capitalized development cost	24,133	24,782
Customer base	243,543	248,452
Technology and other intangible assets	105,269	109,251
Goodwill	367,809	353,887
Property, plant and equipment	158,114	146,806
Right-of-use assets	59,899	65,546
Interests in other entities	79,383	80,510
Deferred tax assets	323	357
Non-current assets	1,038,473	1,029,591
Inventories	139,180	116,245
Trade receivables	102,563	89,295
Other assets and receivables	14,202	11,051
Cash and cash equivalents	301,357	323,706
Current assets	557,302	540,297
Total assets	1,595,775	1,569,888
EQUITY AND LIABILITIES		
Total equity	1,447,070	1,410,567
Deferred tax liabilities	7,865	13,833
Provisions	7,865	13,833
Non-current lease liabilities	47,526	53,601
Other non-current liabilities	5,697	5,480
Non-current liabilities	53,223	59,081
Trade payables	31,864	34,424
Current lease liabilities	17,499	16,667
Other current liabilities	38,254	35,316
Current liabilities	87,617	86,407
Total liabilities	148,705	159,321
Total equity and liabilities	1,595,775	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	—	—	—	—	—	33,990	33,990
Other comprehensive income	—	—	118,838	179	-18,563	—	100,454
Total Comprehensive Income	—	—	118,838	179	-18,563	33,990	134,443
Dividends	—	—	—	—	—	-14,812	-14,812
Total transactions with shareholders	—	—	—	—	—	-14,812	-14,812
Closing balance, 30 Jun 2022	58,221	600,205	148,252	179	-26,284	604,599	1,385,172

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	—	—	—	—	—	13,014	13,014
Other comprehensive income	—	—	39,428	—	-1,127	—	38,301
Total Comprehensive Income	—	—	39,428	—	-1,127	13,014	51,315
Dividends	—	—	—	—	—	-14,812	-14,812
Total transactions with shareholders	—	—	—	—	—	-14,812	-14,812
Closing balance, 30 Jun 2023	58,221	600,205	208,750	—	-29,539	609,433	1,447,069



Consolidated cash flow statement

SEK 000	Apr-Jun		Jan-Jun	
	2023	2022	2023	2022
Net income	-6,260	19,971	13,014	33,990
Adjustments to reconcile net income to cash from operating activities				
Income taxes	-2,364	5,643	2,442	9,249
Interest result	-1,362	540	-2,210	1,099
Amortization, depreciation and impairment of non-current assets	23,909	20,656	47,595	40,443
Other non-cash expenses and income	-206	110	-165	982
Cash flow before working capital changes	13,717	46,920	60,676	85,763
Change in trade receivables and other current assets	14,880	-27,848	-13,253	1,985
Change in inventories	-5,549	5,284	-18,243	-6,431
Change in trade payables and other current liabilities	-9,312	1,126	1,668	-11,127
Income taxes paid	-4,777	-4,972	-9,100	-11,766
Cash flow from operating activities	8,959	20,510	21,748	58,424
Payments for investing in intangible assets	-5,619	-1,935	-10,373	-4,169
Payments for investing in property, plant and equipment	-3,562	-13,431	-13,146	-26,860
Divestments of tangible assets	10	20	10	20
Cash flow from investing activities	-9,171	-15,346	-23,509	-31,009
Interest paid	-528	-616	-1,081	-1,229
Interest received	310	8	741	11
Repayments for lease obligations	-3,751	-3,363	-7,432	-6,593
Dividends paid	-14,812	-14,812	-14,812	-14,812
Cash flow from financing activities	-18,781	-18,783	-22,584	-22,623
Cash flow for the period	-18,993	-13,619	-24,345	4,792
Effects of changes in exchange rates	2,395	8,040	1,996	9,808
Change in cash and cash equivalents	-16,598	-5,579	-22,349	14,600
Cash and cash equivalents at opening balance	317,955	271,196	323,706	251,017
Cash and cash equivalents at closing balance	301,357	265,617	301,357	265,617



Parent company's condensed financial statements

SEK 000	Apr-Jun		Jan-Jun	
	2023	2022	2023	2022
Operating revenue	62,773	79,551	144,784	152,999
Operating costs	-16,982	-24,319	-35,832	-43,659
Gross profit	45,791	55,232	108,952	109,340
Operating profit (EBIT)	6,574	18,729	37,773	40,080
Result from financial income and expenses	-2,443	36,739	1,823	32,161
Income before tax	4,132	55,468	39,597	72,241
Net income	2,193	51,305	31,011	63,617

SEK 000	Apr-Jun		Jan-Jun	
	2023	2022	2023	2022
Net income	2,193	51,305	31,011	63,617
Sum of other comprehensive income	—	—	—	—
Total comprehensive income	2,193	51,305	31,011	63,617

SEK 000	30 June 2023	31 December 2022
ASSETS		
Non-current assets	1,039,333	1,042,975
Current assets	316,121	299,369
Total assets	1,355,454	1,342,344
EQUITY AND LIABILITIES		
Equity	1,316,729	1,300,531
Current liabilities	38,725	41,813
Total equity and liabilities	1,355,454	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	Apr-Jun 2023				Apr-Jun 2022			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	103,395	21,988	16,508	141,891	121,215	35,082	15,964	172,261
Royalty	1,418	409	—	1,827	1,715	534	—	2,249
Net sales	104,813	22,397	16,508	143,718	122,930	35,616	15,964	174,510

SEK 000	Jan-Jun 2023				Jan-Jun 2022			
	Americas	EMEA	APAC	Total	Americas	EMEA	APAC	Total
Goods	232,065	41,023	37,675	310,763	230,661	64,359	29,635	324,655
Royalty	3,447	1,327	—	4,774	3,270	1,303	—	4,573
Net sales	235,512	42,350	37,675	315,537	233,931	65,662	29,635	329,228



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	Apr-Jun		Jan-Jun	
	2023	2022	2023	2022
Exchange gains operating activities	1,694	2,609	2,681	4,341
Exchange losses operating activities	-1,239	-865	-1,852	-1,931
Exchange result operating activities	455	1,744	829	2,410

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	Apr-Jun		Jan-Jun	
	2023	2022	2023	2022
Exchange gains financing activities	1,056	1,295	1,894	2,110
Exchange losses financing activities	-81	-346	-1,267	-1,447
Exchange result financing activities	975	949	627	663

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	Apr-Jun		Jan-Jun	
	2023	2022	2023	2022
Net income	-6,260	19,971	13,014	33,990
Income taxes	-2,364	5,643	2,442	9,249
Financial result	-2,337	-378	-2,837	488
Operating profit (EBIT)	-10,961	25,236	12,619	43,727

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	Apr-Jun		Jan-Jun	
	2023	2022	2023	2022
Operating profit (EBIT)	-10,961	25,236	12,619	43,727
Depreciation and amortization	23,909	20,656	47,595	40,443
EBITDA	12,948	45,892	60,214	84,170



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 618 m in 2022. Probi's shares are listed on Nasdaq Stockholm, Mid-cap, and there were around 3,700 shareholders on December 31, 2022

