

The Nomination Committee's proposal and reasoned statement ahead of Probi's Annual General Meeting on 4 May 2017

Background

At the Annual General Meeting of Probi AB in 2016, a Nomination Committee was appointed comprising Heinz-Jürgen Bertram, CEO of Symrise AG, Marianne Flink, representing Robur Fonder, Jannis Kitsakis, representing the Fourth Swedish National Pension Fund, and Bengt Jeppsson, representing the minor shareholders.

Heinz-Jürgen Bertram was appointed Chairman of the Nomination Committee.

The tasks of the Nomination Committee ahead of the Annual General Meeting 2017, have been to prepare for the election of auditors, election of a chairman and other members to the Board of Directors, election of a chairman at the Annual General Meeting, remuneration issues and items in relation to this. The Nomination Committee has held three minuted meetings, in addition to continuous consultations over the telephone. These meetings and consultations have mainly focused on the evaluation of the work of the current Board of Directors, discussions on the number of Board members, the need for new recruitments, discussions on the prospective new Board members and discussions on Board fees.

The Nomination Committee's reasoned statement

The Nomination Committee has discussed the Board's composition, in terms of business experience and skills, for example, in order to evaluate the demands that will be placed on the Board of Directors as a result of the current situation of the company and its future direction. An important basis for the work has been that the composition of the Board of Directors should reflect and accommodate various skills and experiences that Probi requires. In its work, the Nomination Committee has, in particular, considered item 4.1 of the Swedish Code of Corporate Governance, which comprises the policy on diversity that the Nomination Committee has applied in preparing its proposal for Board of Directors. In that respect, the Nomination Committee has taken into account the versatility and breadth of the proposed Board members in terms of competency, business experience, background and an equal gender distribution when striving to achieve the appropriate composition of the Board.

The Nomination Committee has, as a basis for its proposal, studied the Chairman of the Board's report on the company's operations, targets and strategies and on the performance of the Board during the past year. Individual meetings with Board members have been conducted. The work of the Nomination Committee has been characterised by transparency and constructive dialogue in order to achieve a well-balanced Board. The Nomination Committee has devoted most of its time to discussing the Board's various expertise profiles and its composition. The Nomination Committee's assessment is that the work of the Board has been functioning well.

The Nomination Committee has identified areas where the Board of Directors requires additional skills in the areas of global probiotics, global commercial skills in life sciences and industrial expertise. Additionally, experience of growth in new markets and board experience from listed companies has also been considered advantageous. In a comprehensive assessment, the Nomination Committee proposes to appoint three new Board members;

Anna Malm Bernsten runs a consultancy business in the area of international business development, strategy, management and brand management issues. Anna has extensive and in-depth experience of

Life Science including as President and CEO at Carmeda AB, as well as having held senior positions at Pharmacia, ASSA ABLOY AB and GE Healthcare. She has extensive experience of Board work, including as Chairman of the Board of Medivir and Board member of Cellavision AB, Arcam AB and Neurovive AB. Up until year-end 2016, Anna was Chairman of the Board of Oatly AB. Anna has a Master's degree in chemical engineering from the Stockholm Royal Institute of Technology.

Charlotte Hansson is CEO of MTD; Morgontidig Distribution KB. Charlotte has extensive experience of Board work in listed and state-owned companies such as B&B Tools AB, BE Group AB and Orio AB. Charlotte has more than 20 years' commercial experience of Transport/Logistics as well as from the Life Science sector and has held a number of leading positions, including that of CEO for Jetpak Sweden. Charlotte has a Bachelor of Science degree in Biochemistry from Copenhagen University and holds a diploma in market economics from IHM.

Scott Bush has more than 20 years' experience in leading positions in the probiotic industry, serving most recently as Global Director in the probiotics segment at DuPont. Scott has also held leading, global positions at Danisco and Rhodia. Scott, who is American and resident in the US, is a Board member of the International Probiotics Association and runs his own consultancy company through Probiotic Consulting LLC. Scott has a Bachelor of Science Degree in Food Science, and an MBA, Finance from the University of Wisconsin.

Jörn Andreas, who was elected Board member at the AGM in 2016, resigned from his position on the Board in conjunction with his appointment as CFO of the company on 1 March 2017. Board members Benedicte Fossum and Eva Redhe have declined re-election.

Of the present Board members, it is proposed to re-elect Jean-Yves Parisot, Jan Nilsson and Jonny Olsson, who have declared themselves available for re-election.

It is proposed to re-elect Jean-Yves Parisot as the Chairman of the Board.

The Nomination Committee considers that the proposed Board of Directors, in view of the company's operations, development phase and other relevant considerations, has the appropriate composition to meet the requirements following from the company's operations. The Nomination Committee has considered the company's strategic development, its governance and control and also the demands that these factors place on the skills and composition of the Board of Directors.

All proposed Board members are considered to be independent in relation to the company and its senior executives. Jean-Yves Parisot is considered dependent in relation to Symrise AG, which is the largest shareholder of the company. The other Board members are considered independent in relation to the company's largest shareholders considering the requirements established by the Swedish Code of Corporate Governance in terms of the independence of members of the Board.

The Nomination Committee proposes that the Board fee for the Chairman of the Board is increased to SEK 400,000 (SEK 300,000) and to SEK 200,000 for other Board members (SEK 175,000). Because the Board of Directors has resolved to establish specific Audit and Remuneration Committees (previously the Board in its entirety formed Audit and Remuneration Committees), the Nomination Committee also proposes fees for the work carried out by the Committees. The proposed fee for the Chairman of the Audit Committee is SEK 70,000 (0) and for a member SEK 40,000 (0). The proposed fee for the Chairman of the Remuneration Committee is SEK 30,000 (0) and for a member SEK 20,000 (0). The increase in fees is deemed reasonable due to the rapid growth of the company and its increased complexity.

Ahead of the Annual General Meeting 2017, the Board of Directors has evaluated the current audit assignment with Deloitte AB. Results showed that there is no reason to change the supplier of these services at present, and the Board of Directors has recommended that Deloitte AB be re-elected. The Nomination Committee proposes that, in accordance with this recommendation, that accounting firm

Deloitte AB is re-elected at the Annual General Meeting. Deloitte AB has stated that Maria Ekelund will serve as the auditor-in-charge in the case that Deloitte AB is re-elected. It is noted that the appointment is for a one-year period.

Probi's Nomination Committee makes the following proposals to the company's Annual General Meeting 2017:

The Nomination Committee's proposal regarding the election of a Chairman at the AGM

The Nomination Committee proposes Madeleine Rydberger, lawyer at Mannheimer Swartling Advokatbyrå.

The Nomination Committee's proposal regarding the number of Board members and deputy Board members on the Board of Directors

The Nomination Committee proposes six Board members and no deputy Board members.

The Nomination Committee's proposal regarding Board fees

The Nomination Committee proposes that Board fees of SEK 1,400,000 (SEK 1,175,000) are resolved for the period until the end of the Annual General Meeting 2018, to be distributed as follows: the Chairman of the Board accounts for SEK 400,000 (SEK 300,000) and other members account for SEK 200,000 (SEK 175,000) each. In addition, it is proposed that the Chairman of the Audit Committee receives SEK 70,000 and other members of the Audit Committee receive SEK 40,000 each. Furthermore, the Nomination Committee proposes that the Chairman of the Remuneration Committee receives SEK 30,000 and other members of the Remuneration Committee receive SEK 20,000 each.

The Nomination Committee's proposal regarding auditors' fees

The Nomination Committee proposes that the auditors' fees, for the period up to the end of the Annual General Meeting 2018, shall remain unchanged and be paid subject to approval.

The Nomination Committee's proposal regarding the election of auditors

The Nomination Committee proposes, in accordance with the Board's recommendation, that the accounting firm Deloitte AB is re-elected as the company's auditor. Deloitte AB has stated that Maria Ekelund will serve as the auditor-in-charge in the case that Deloitte AB is re-elected.

The Nomination Committee's proposal regarding the election of Board members

The Nomination Committee proposes re-election of Jean-Yves Parisot, Jan Nilsson and Jonny Olsson and new election of Anna Malm Bernsten, Charlotte Hansson and Scott Bush.

Jean-Yves Parisot

Chairman of the Board of Directors, born 1964

Education: MBA and Doctor in Veterinary Medicine

History: Chairman of the Board since 2015. CEO of Diana, a division of the Symrise Group. Formerly held executive positions at Air Liquide, Danisco, Rhodia, Rhône-Poulenc, Mérial and Pfizer.

Other Board assignments: Chairman of the Board, VetAgroSup

Holdings in the company:

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: No.

Jan Nilsson

Board member, born 1953

Education: Medical programme and Doctor of Medicine, Karolinska Institute.

History: Board member since 2010. Professor of Experimental Cardiovascular Research at Lund University. Formerly held such positions as Dean of the Faculty of Medicine at Lund University, 2000-2005, and Assistant Head Secretary for the Medical Research Council, 1995-1999.

Other Board assignments: Atherioco AB, MedScienta AB, PetaJoule AB, Cardiovox and the Swedish Research Council.

Holdings in the company:

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Jonny Olsson

Board member, born 1964

Education: Master of Business Administration degree

History: Board member since 2015. Owner and CEO of Jonny Olsson Consulting AB. Previously held executive positions in Tetra Pak, Oriflame and Ericsson.

Other Board assignments: The Incredible Journey AB, Ortelius Management, NGI Denmark, Liquid Consulting Inc & AB.

Holdings in the company: 1,284 shares

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Anna Malm Bernsten

Proposed Board member, born 1961

Education: Master of chemical engineering degree.

History: Owner and CEO of Bernsten Konsult AB. Previously held executive positions in Carmeda AB, ASSA ABLOY AB and Pharmacia&Upjohn.

Other Board assignments: Neurovive AB, CellaVision AB, Medivir AB, Birdstep ASA.

Holdings in the company:

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Charlotte Hansson

Proposed Board member, born 1962

Education: Master of engineering degree.

History: CEO of Morgontidig Distribution KB. Previously held executive positions in Jetpak Group AB, Danzas ASG Eurocargo AB and Carl Zeiss AB.

Other Board assignments: BE Group AB, Formpipe Software AB, RenoNorden ASA, Orio AB, B&B Tools AB, DistIT AB, Alcadon Group AB.

Holdings in the company:

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes

Scott Bush

Proposed Board member, born 1956

Education: Master of engineering degree and Master of Business Administration degree.

History: Owner and CEO of Probiotic Consulting LLC. Previously held executive positions in DuPont, Danisco and Rhodia.

Other board assignments:

Holdings in the company:

Independent in relation to the company and executive management: Yes

Independent in relation to major shareholders: Yes