



## PRESS RELEASE

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# Notice to Annual General Meeting in Probi AB (publ)

The shareholders of **Probi AB (publ)**, reg. no. 556417-7540, are hereby officially convened to the Annual General Meeting (AGM) which will be held on Wednesday 13 May 2020 at 3:00 p.m. at Elite Hotel, Ideon Gateway, Scheelevägen 27, Lund, Sweden.

### Right to participate

To be entitled to participate in the AGM shareholders must be registered in the shareholders' register maintained by Euroclear Sweden AB as of Thursday 7 May 2020 and have notified the company of their intention to participate no later than Thursday 7 May 2020, preferably before 4:00 p.m.

Shareholders whose shares are registered with a trustee must temporarily re-register their shares in their own name with Euroclear Sweden AB to be able to participate in the meeting. Such registration must be completed no later than Thursday 7 May 2020. This means that shareholders must notify the trustee of their intention to temporarily re-register these shares in ample time before this date.

### Notification of participation

Notification of participation in the AGM is to be made by letter to the address Probi AB (publ), Ideongatan 1 A, SE-223 70 Lund, Sweden, by e-mail to [bolagsstamma@probi.com](mailto:bolagsstamma@probi.com) or by telephone to +46 46 286 89 20. The application must include the shareholder's name, personal identification number or corporate registration number and, where applicable, the number of advisors (maximum two) intending to participate in the meeting. If shareholders intend to be represented by proxy, a power of attorney and other authorisation documents must be included with the application and must be presented in original at the latest at the AGM. A power of attorney form is available from the company's website [www.probi.com](http://www.probi.com).

### Measures due to the coronavirus (covid-19)

As a result of the rapid spread of the virus that causes covid-19 (the coronavirus), the government has implemented restrictions on certain public gatherings and public events and the Public Health Agency of Sweden recommends that the number of social contacts are limited.

Considering this, the Board of Directors has resolved that shareholders in Probi shall be able to exercise its voting rights at the AGM 2020 by post, in accordance with the temporary rules which the Swedish Parliament has resolved upon. The intention of the Board of Directors' resolution is to minimize the number of people gathered at the location of the general meeting. The shareholders are therefore encouraged to, in the manner stated below, exercise the possibility to vote by post.

### Postal voting

Shareholders who wish to exercise the possibility to vote by post shall, in addition to being included in the shareholder's register and having registered their participation in accordance with above, use a postal voting form which will be available on Probi's website, [www.probi.com](http://www.probi.com). The postal voting form shall be sent to Probi by e-mail to [bolagsstamma@probi.com](mailto:bolagsstamma@probi.com) or by regular mail to Probi AB (publ), Att: Kamilla Persson, Ideongatan 1 A, SE-223 70 Lund, Sweden. If the shareholder is a legal entity, a copy of the registration certificate or, if such document does not exist, a similar document of authorisation is to be attached. The postal voting form must be Probi at hand no later than 7 May 2020. The shareholder may not provide the postal vote with specific instructions or conditions. If so, the vote is invalid.

### Other measures due to the coronavirus

Due to the corona virus, Probi will take measures at the AGM in order to limit the risk of the virus being spread. This entails that there will not be served any food and drink in connection with the AGM, that the CEO's speech will be shortened and that some restrictions will be made as to the attendance of non-

shareholders. Shareholders are asked to keep themselves updated through the company's website and shareholders who give notice of attendance will receive relevant information.

Considering the risk of infection, the company advice against physically attending the general meeting, and recommends the shareholders to participate through postal voting as stated above.

### **Proposed agenda**

1. Opening of the meeting.
2. Election of Chairman of the meeting.
3. Preparation and approval of the list of shareholders entitled to vote at the meeting.
4. Approval of the agenda.
5. Election of persons to approve the minutes.
6. Determination of whether the meeting has been duly convened.
7. Presentation of the annual report and the auditors' report, and the consolidated financial report and auditors' report on the consolidated financial report.
8. Address by the Chief Executive Officer.
9. Resolution concerning the adoption of the income statement and balance sheet, and of the consolidated income statement and consolidated balance sheet.
10. Resolution concerning the appropriation of the company's profit or loss in accordance with the adopted balance sheet.
11. Resolution concerning the discharge from liability for the Board of Directors and the Chief Executive Officer.
12. Determination of the number of Board members.
13. Determination of fees to the Board members and the auditor.
14. Election of members of the Board and Chairman of the Board.
15. Election of auditor.
16. The Board's proposal for guidelines for remuneration to senior executives.
17. The Board of Directors' proposal for authorisation of the Board to resolve on repurchase and transfer of the company's own shares
18. The Board of Directors' proposal for authorisation of the Board to resolve on new share issues
19. Appointment of Nomination Committee
20. Closing of the meeting

### **Appropriation of the company's result (item 10)**

The Board has proposed a dividend amounting to SEK 1.00 per share for the financial year 2019. The Board has proposed that the record date for the dividend shall be 15 May 2020. If the AGM resolves in accordance with the Board's proposal, it is expected that the dividend will be distributed by Euroclear Sweden AB on 20 May 2020.

### **Board of Directors, etc. (items 2, 12 - 15)**

The company's Nomination Committee, which has comprised of Heinz-Jürgen Bertram (representing Symrise), Jannis Kitsakis (representing the Fourth Swedish National Pension Fund), Marianne Flink (representing Swedbank Robur funds) and Bengt Jeppsson (representing minor shareholders), has submitted the following proposals:

**Chairman of the meeting:** Attorney Madeleine Rydberger, Mannheimer Swartling Advokatbyrå.

**Number of Board members:** Five Board members and no deputies.

**Director fees:** Amount to a total of SEK 1,750,000 (SEK 1,750,000), remuneration for committee work not included, whereof SEK 500,000 (SEK 500,000) to the Chairman of the Board and SEK 250,000 (SEK 250,000) to each of the other members elected at a general meeting. Remuneration for committee work is proposed as follows: SEK 100,000 (SEK 100,000) to the Chairman of the Audit Committee and SEK 50,000 (SEK 50,000) to each of the other members of the Audit Committee, and SEK 30,000 (SEK 30,000) to the

Chairman of the Remuneration Committee and SEK 20,000 (SEK 20,000) to each of the other members of the Remuneration Committee.

**Audit fee:** According to approved account under submitted quotation.

**Board of Directors:** Re-election of Jean-Yves Parisot, Jörn Andreas, Irène Corthésy Malnoë and Charlotte Hansson. New election of Malin Ruijsenaars.

**Chairman of the Board:** Re-election of Jean-Yves Parisot.

Information regarding Board members who are proposed for re-election is available on the company's website [www.probi.com](http://www.probi.com). Information regarding the Board member who is proposed for new election can be found in the Nomination Committee's reasoned statement.

**Auditor:** In accordance with the Audit Committee's recommendation, re-election of the registered public accountant firm Ernst & Young AB for a term of one year, with authorised public accountant Peter Gunnarsson as the auditor in charge.

### **The Board's proposal for guidelines for remuneration to senior executives (item 16)**

#### **Scope**

The Board of Directors proposes that the AGM resolves to adopt the following guidelines for remuneration and other conditions of employment to the persons included in Probi's senior management, referred to below as "senior executives".

These guidelines shall apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the AGM 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting.

If a Board member performs work for the company in addition to the assignment as Board member, the Board member shall receive cash remuneration on market terms, taking into the account the nature of the assignment and the work effort. Such remuneration is resolved by the Board of Directors (or, if provided by law, by the general meeting).

Remuneration under employments subject to other rules than Swedish may be duly adjusted to comply with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Promotion of the company's business strategy, long-term interests and sustainability**

Probi is a complete, integrated probiotics group with operations throughout most of the world. Probi's vision is to be the innovative research-driven leader within probiotics, with an ambition to enhance people's well-being throughout the world. Probi's mission is to offer probiotic products of high quality, based on science, grown with care and delivered in attractive formats.

The strategy consists of three focus areas where the first strategic goal is to double the company's sales. This is to be achieved through a strengthened position within premium solutions for digestive health and immune function, increased presence in the US, China and other growth markets, an increased number of global key customers and also through more strategic partnerships and acquisitions within relevant geographies and segments. The second strategic goal is to have a leading position within innovation and development, which shall be supported by an extended range with more clinically documented offerings, approved health claims in relevant markets, increased number of international research collaborations and evaluation of growth opportunities in fields related to probiotics. The third goal refer to the company's production capacity; the facilities shall have a secured high qualitative production capacity adapted to the market and address the need for new production opportunities in growth regions, focusing on long-term improvement of the gross margins.

The key to successful implementation of the strategy is committed and dedicated employees who work systematically and strategically. These guidelines are expected to contribute to the implementation of the strategy, including Probi's long-term interests and sustainability, by enabling Probi to offer a total remuneration that is competitive and on market terms in order to recruit and retain senior executives and by promoting the senior executive's abilities to carry out their duties.

### **Principles for different forms of remuneration, etc.**

The total remuneration to senior executives shall be competitive and on market terms and may consist of fixed cash salary (base salary), variable cash remuneration (bonus), pensions and other benefits, and also further variable cash remuneration in certain extraordinary circumstances. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, long-term share-related or share price-related incentive programs.

#### ***Fixed cash salary***

The fixed cash salary (base salary) shall take into account the individual's potential, areas of responsibility and experience.

#### ***Variable cash remuneration***

##### *Annual variable remuneration*

The annual variable cash remuneration may, for the CEO, amount to a maximum of 60% of the fixed annual cash base salary and may, for the other senior executives, amount to a maximum of 50% of the fixed annual cash base salary. For senior executives employed in the American organization, the annual variable cash remuneration may amount to a maximum of 100% of the fixed annual cash base salary. Annual variable cash remuneration shall be linked to the senior executive's fulfilment of pre-determined quantitative and qualitative goals. The goals may be financial, for example by relating to result or net sales and non-financial, for example by relating to how the individual contribute to Probi's work with matters on diversity and the maintenance and building of Probi's culture. The goals shall, among other things, aim to secure a long-term commitment for the company's progress, whereby they are expected to contribute to the successful implementation of Probi's business strategy, long-term interests and sustainability. The fulfilment of criteria for awarding annual variable cash remuneration shall be measured on a yearly basis.

##### *Long-term cash bonus (LTI-bonus)*

In addition to the fixed cash salary and the annual variable cash remuneration, senior executives and other selected key employees (up to ten persons) may each year be granted a variable long-term cash bonus (LTI-bonus). The LTI-bonus shall award EPS growth during the year of inclusion, which is also the performance year (year 1). The initial grant value shall be based on reach of the performance goal and shall amount to a maximum of 7.5-37.5% of the annual salary in the year of inclusion of each participant, depending on position. The initial grant value shall be vested over the following three years (year 2-4) and shall thereafter, upon pay-out, be indexed to reflect the share price development during the vesting period; i.e. if during the vesting period the share price has increased by 25%, the initial grant value shall upon pay-out of the LTI-bonus be increased by 25%. If during the vesting period the share price has declined by more than 33%, there shall be a guaranteed minimum of 67% of the grant value. If the share price has increased by more than 50% during the vesting period, the LTI-bonus pay-out shall be capped at 150% of the initial grant value. Should the initial grant value be the maximum value of 37.5% of the annual salary and the share price development over the vesting period be more than 50%, then the maximum pay-out value of the individual LTI-bonus should be 56.25% of the annual salary as per the year of inclusion. Pay-out of the LTI-bonus is conditional upon continued employment by the end of the vesting period (subject to customary exceptions). The costs associated with the LTI-bonus are regular personnel costs associated with cash compensation.

##### *Determination of the outcome for variable cash remuneration, etc.*

Ahead of each yearly measurement period for the criteria for awarding variable cash remuneration, the Board of Directors shall, based on the Remuneration Committee's proposal, establish which criteria that are deemed to be relevant for the upcoming measurement period. To which extent the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The Board of Directors is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For

variable cash remuneration to other executives, the CEO and the Chairman of the Board is responsible for the evaluation. Evaluations regarding fulfilment of financial targets shall be based on established financial basis for the relevant period.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds.

#### **Further variable cash remuneration**

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining senior executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed 30% of the fixed annual cash base salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors.

#### **Pensions**

For senior executives, pensions, including health insurance (Sw: *sjukförsäkring*), shall be based on defined contribution plans. Variable cash remuneration shall qualify for pension benefits. The pension premiums for the contribution defined pension shall follow the ITP1 plan, and shall amount to not more than 4.5% of the pensionable salary up to 7.5 income base amounts, and not more than 30% on exceeding salary. Additionally, according to applicable collective agreements, a part of the senior executive's pensionable salary may be allocated as a complement to the senior executive's pension as set out in his or her employment contract (Sw: *deltidspensionspremie*).

#### **Other benefits**

Other benefits may include, for example, life insurance, medical insurance (Sw: *sjukvårdsförsäkring*) and company cars, and may be provided to the extent that such benefits are deemed to be on market terms for senior executives in equivalent positions in the market where the senior executive is active. Such benefits may amount to not more than 10% of the fixed annual cash base salary.

#### **Termination of employment**

Senior executives shall be employed until further notice. The notice period may not exceed twelve months for the CEO and nine months for other senior executives if notice of termination of employment is made by the company. Fixed cash base salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash base salary for twelve months. The period of notice may not exceed six months, without any right to severance pay, when termination is made by the executive.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and may only be paid in so far as the previously employed executive does not receive severance pay. The remuneration shall amount to not more than 60% of the fixed cash base salary at the time of termination of the employment, unless otherwise provided by mandatory collective agreement provisions and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of the employment.

#### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

### **The decision-making process to determine, review and implement the guidelines**

The Board of Directors has established a Remuneration Committee. The committee's tasks include preparing the Board of Director's decisions to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for remuneration to senior executives as well as the current remuneration structures and compensation levels in the company. The members of the Remuneration Committee are independent of the company and its senior management. The CEO and other senior executives do not participate in the Board of Director's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

### **Derogation from the guidelines**

The Board of Directors may derogate from these guidelines if the Board of Directors considers that, in a specific case, there is special cause for the derogation and a derogation is necessary to serve Probi's long-term interests, including its sustainability, or to ensure Probi's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

### **The Board of Directors' proposal for authorisation of the Board to resolve on repurchase and transfer of the company's own shares (item 17)**

The Board proposes that the AGM authorises the Board to resolve, during the period until the next AGM, on one or more occasions, on the repurchase of the company's shares as follows.

1. The repurchase shall maximum comprise so many shares that the company after each repurchase holds a maximum of 10 % of the total number of shares in the company.
2. The repurchase of shares shall take place on Nasdaq Stockholm, at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price.
3. Payment of the shares shall be made in cash.

The Board further proposes that the AGM authorises the Board to resolve, during the period until the next AGM, on one or more occasions, on the transfer of the company's own shares as follows.

1. The Board of Directors is entitled to resolve on the transfer of the company's own shares on Nasdaq Stockholm at a price within the share price interval registered at that time, where share price interval means the difference between the highest buying price and the lowest selling price. The transfers may not exceed the number of shares held by the company at the time of transfer.
2. The Board of Directors is further entitled to resolve, with or without preferential right for the company's shareholder, on the transfer of the company's own shares in other manners than as set forth in item 1 above. The transfer may in such case be made for payment in cash, payment in kind or through the offsetting of debt. The Board's resolution regarding transfers is to be executed within the time determined by the Board. The transfers may not exceed the number of shares held by the company at the time of transfer.

The purpose of the proposed authorisations is to provide the Board with increased latitude in its efforts to optimise the company's capital structure, and to enable the company to finance, in whole or in part, company acquisitions with the company's own shares.

In order to be valid, a resolution in accordance with the Board's proposal under item 17 must be supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the AGM.

**The Board of Directors' proposal for authorisation of the Board to resolve on new share issues (item 18)**

The Board proposes that the AGM authorises the Board to resolve, during the period until the next AGM, on one or more occasions, on the issue of not more than 1,164,412 new shares. In this context, the Board shall be entitled to resolve on deviation from the shareholders' preferential right, and that payment shall be made in cash, by set-off or in kind. At deviation from the shareholders' preferential right, the issue price shall be determined in accordance with market practise.

The purpose of the authorization is to provide the Board with increased latitude in its efforts to optimise the company's capital structure and to enable the company to finance, in whole or in part, company acquisitions with the company's own shares.

If the authorisation is exercised in full, it will entail approximately 9% dilution of the share capital and voting rights.

In order to be valid, a resolution in accordance with the Board's proposal under item 18 must be supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the AGM.

**Appointment of Nomination Committee (item 19)**

The shareholders Symrise, the Fourth Swedish National Pension Fund, Swedbank Robur funds and Bengt Jeppsson have proposed that the AGM appoints a Nomination Committee, comprising four members, to perform the duties pursuant to the Swedish Code of Corporate Governance. Heinz-Jürgen Bertram (representing Symrise), Marianne Flink (representing Swedbank Robur funds), Jannis Kitsakis (representing the Fourth Swedish National Pension Fund) and Bengt Jeppsson (representing minor shareholders) are proposed as members of the Nomination Committee. If any of the shareholders who have appointed a member of the Nomination Committee divests a significant portion of its shares in the company before the Nomination Committee has completed its assignment, the member that the shareholder has appointed, should the Nomination Committee so decide, must step down and, should the Nomination Committee see fit, this member will be replaced by a new member appointed by the shareholder who at that point in time is the registered shareholder with the largest number of voting rights who is not already represented on the Nomination Committee. If, before the Nomination Committee has completed its assignment, any of the members of the Nomination Committee ceases to represent the shareholder who has appointed such a member, that member, should the Nomination Committee so decide, is to be replaced by a new member appointed by that shareholder. If the registered ownership conditions should change significantly in other respects before the Nomination Committee has completed its assignment and the Nomination Committee so decides, the composition of the Nomination Committee is to be changed in accordance with principles described above, or the Nomination Committee is to complete its work without appointing a new member.

**Provision of documents**

The Annual Report, Auditor's Report, the auditors statement in accordance with Chapter 8, Section 54 of the Swedish Companies Act and other applicable documentation will be available at the company and on its website, [www.probi.com](http://www.probi.com), no later than three weeks prior to the AGM and will be sent to those shareholders who so request and who state their postal address.

**Shareholders' right to request information**

The shareholders are reminded of their right to request information from the Board of Directors and the CEO at the AGM, provided that the Board of Directors believes that it will not significantly harm the company, in respect of circumstances which may affect the assessment of a matter on the agenda, the company's or subsidiaries' financial position, the company's relationship to other group companies and the group accounts.

**Shares and votes**

The total number of shares in Probi AB amounts to 11,644,125, corresponding to an equal number of votes. Of these shares, 250,000 are held in treasury, which may not be represented at the AGM.



### **Processing of personal data**

For information about the processing of your personal data, see

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>.

Lund in April 2020

### **Board of Directors of Probi AB (publ)**

### **FOR FURTHER INFORMATION, CONTACT:**

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### **ABOUT PROBI**

*Probi AB is a Swedish publicly traded bioengineering company. Probi's vision is to help people live healthier lives by delivering effective and well-documented probiotics, with proven health benefits based on scientific research. Founded by scientists in Sweden in 1991, Probi is a multinational company, active in more than 40 markets around the world and holding over 400 patents worldwide. In 2019, Probi had net sales of MSEK 626. The Probi share is traded on Nasdaq Stockholm, Mid Cap. Probi had about 4,000 shareholders on 31 December 2019. Read more at [www.probi.com](http://www.probi.com).*