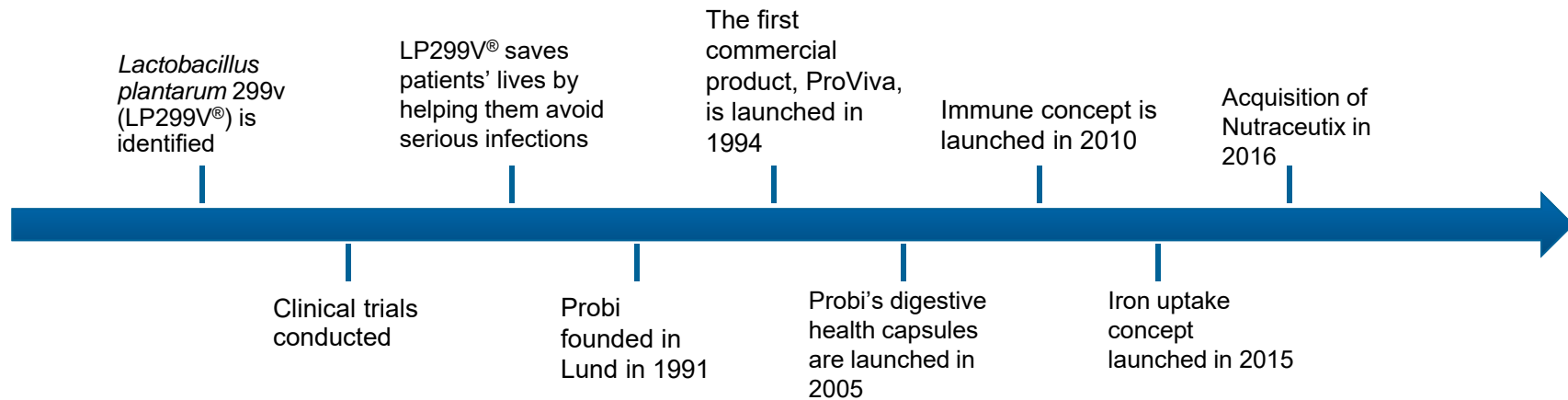

Year-end report – Q4 2016
24 January, 2017

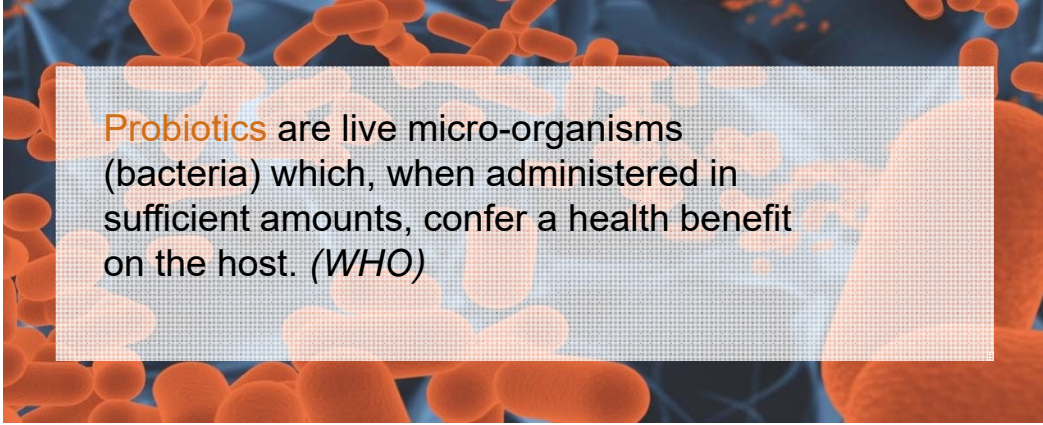
Peter Nählstedt, CEO
Niklas Brandt, CFO

About Probi



- An international Probiotics group with production in US, R&D in Sweden and commercial operations in US, Europe and Asia
- Well documented and patented product platforms launched in more than 35 countries
- Extensive research portfolio targeting the most important areas of human probiotics applicable in both consumer healthcare and functional foods





Probiotics are live micro-organisms (bacteria) which, when administered in sufficient amounts, confer a health benefit on the host. (WHO)

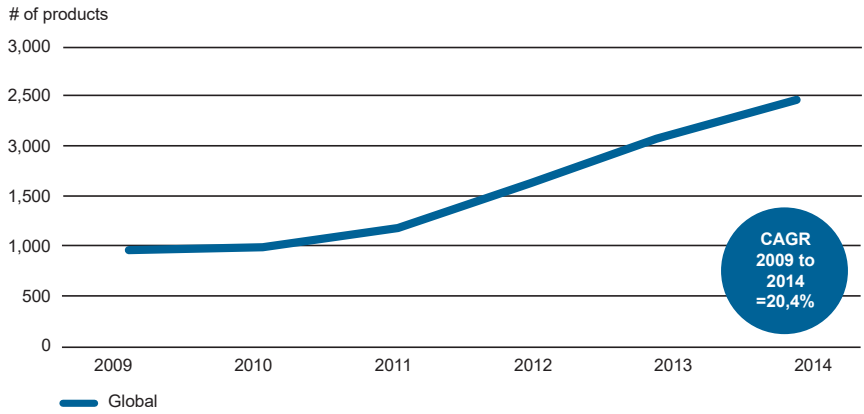
Probi offerings

- **Probi Premium:** Probiotic health concepts with world leading clinical documentation. Probi Digestis®, Probi Defendum® and Probi FerroSorb®
- **Probi Select:** Probiotic strains based on clinical documentation.
- **Probi Livebac:** Live and active probiotic cultures.
- **Probi Delivery technology:** BIO-tract®



Probiotic market

- Global market: 38 billion USD (2015)
- Global market growth: >7% p.a.



Probi's performance in Q4 2016

- Probi delivers record quarterly figures - net sales increased by 158 MSEK to 194 MSEK (36) in Q4 2016.
 - 82 MSEK of the increase represents organic growth compared to Q4 2015.
 - 76 MSEK represents net sales in Probi USA Inc, which is included for the period October-December 2016.
- Operating profit increased by 40 MSEK and amounted to 44 MSEK (4).
- The acquisition of Nutraceutix was completed on October 3, and increases Probi's market in North America more than three-fold. Probi has paid a cash purchase price of 105 MUSD, which was financed through cash reserves, credit facility and bridge facility.
- Integration of Nutraceutix proceeding according to plan.

Probi's performance during 2016

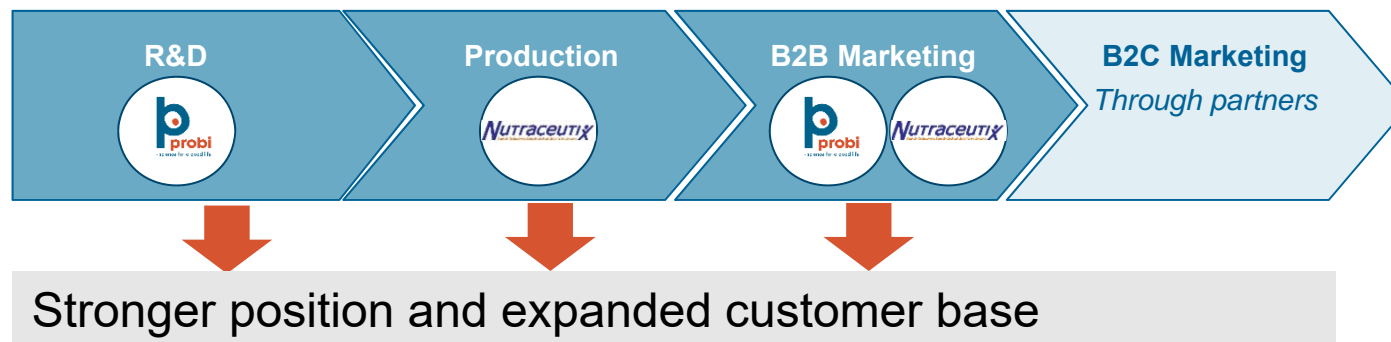
- Net sales increased by 227 MSEK, or 105 %, to MSEK 443 (216)
 - 151 MSEK of the increase represents organic growth and 76 MSEK represents net sales in Probi USA Inc.
- Operating profit amounted to 130 MSEK (63).
- Agreement with french Ipsen for launch of Probi's digestive health capsules in 18 markets, mainly in EU and several growth markets. First launch 2017.
- Acquisition of Probiotic strains from Probac to enable functional food products in dairy.
- Continued growth in the US, but also in Sweden and South Korea. Growth in the US driven primarily by NBTY's launch of Probiotic10.

Probi's performance during 2016

- Successful launch of Probi Iron in Sweden and a second launch lined up in Austria with Sanova. A number of Probi's existing business partners have shown great interest in the product.
- Launches in Singapore and Iceland.
- Broadening of NextFood's Functional Food range in the US through the addition of new products.
- Launch of new Probiotic ice cream with BoFoods in Europe.
- Launch in Germany

Acquisition of Nutraceutix - Creating Probi USA Inc

- Probi has acquired the assets of Nutraceutix on October 3 2016 for a consideration of \$105M on a cash- and debt free basis corresponding to an EBITDA multiple of 12.7x
- The purchase was financed with available cash a credit facility and a share issue of 602 MSEK completed during Q4 2016
- After the acquisition Probi USA Inc is now the legal entity, Nutraceutix is retained as a brand
- The acquisition creates a global leader in probiotics with a strong value chain position and expanded customer base



Strategic motives

Strengthened presence in North America

The worlds largest and fastest growing probiotic market for dietary supplements

Broadened capability to enhance the product offering

With patented delivery technology and turn key solutions

Strengthened position in the value chain

with integrated production and broadened customer base

Significant synergy potential

By combining the two companies unique strengths and competencies.

Platform for further growth

Through increased size, cash flow generation and market access

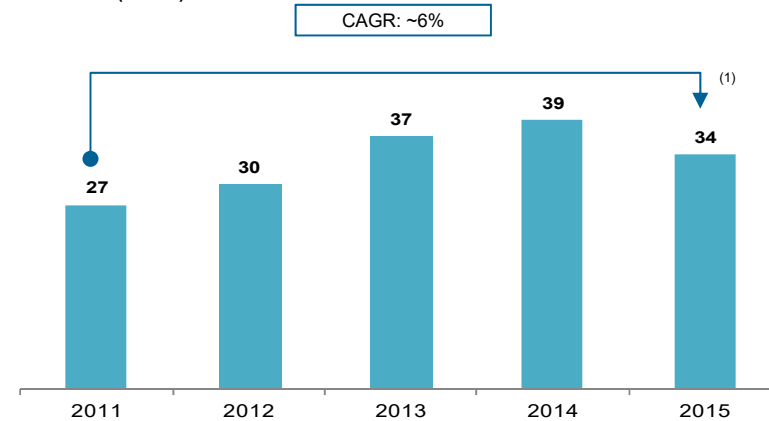
Acquisition of Nutraceutix - US-based probiotic company

Overview

- Nutraceutix is specialized in B2B marketing, production and supply of probiotics for the attractive North American market.
- Nutraceutix' proprietary delivery technology BIO-tract® is a key differentiator and loyalty creating product feature
- The company sells to 175 US and global brand distribution companies, retailers and direct-sellers, and other contract manufacturers.
- 160 employees
- Established in 1983 and headquartered in Redmond, Washington
 - Blending and fermentation in Redmond, Washington
 - Manufacturing, packaging and distribution in Lafayette, Colorado
 - GMP quality compliance in place at both manufacturing sites

Nutraceutix sales development⁽²⁾

Net sales (USDm)



2016

Net sales growth 8 %

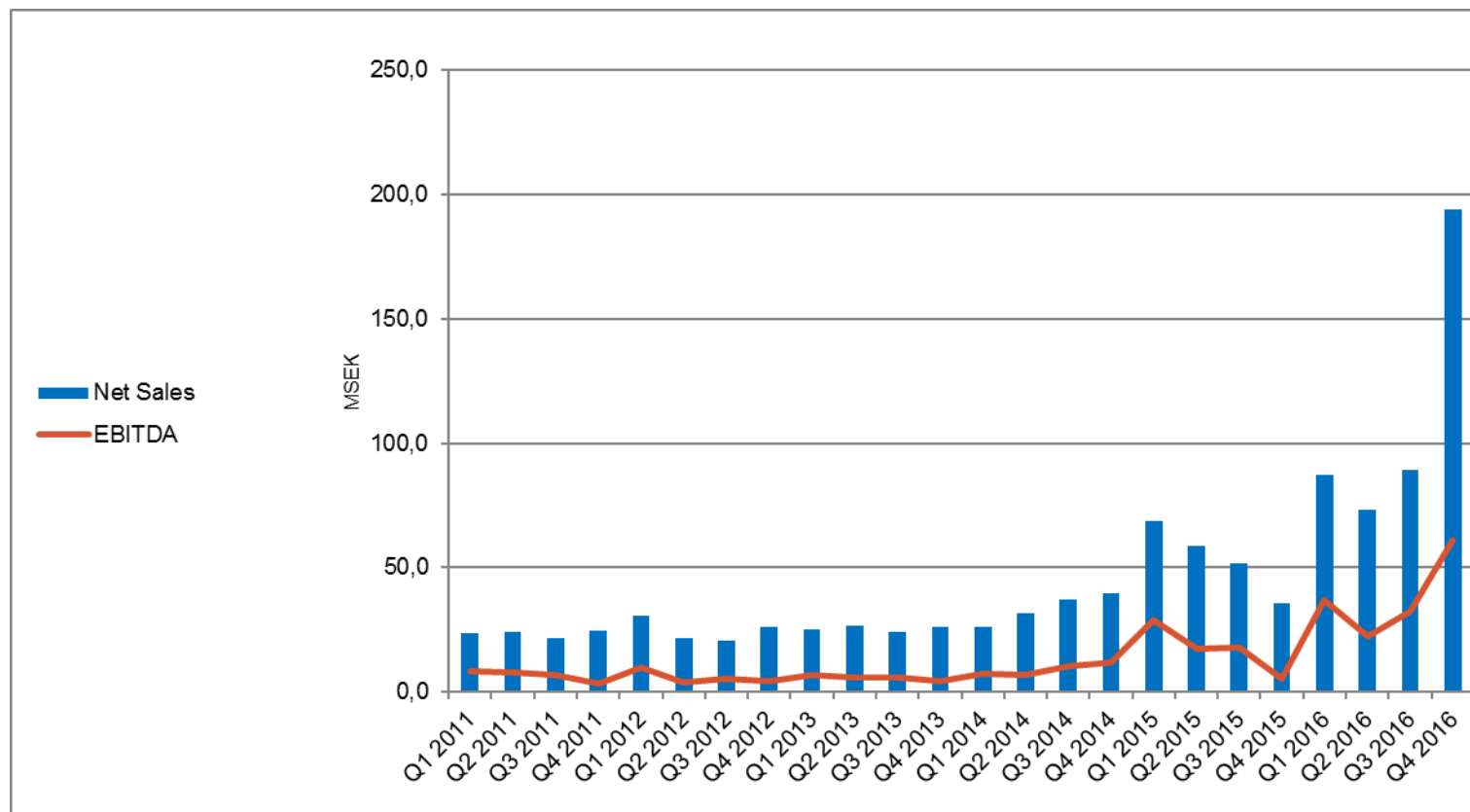
Note: (1) Nutraceutix has, adjusted for the sales decline in 2015 due to the termination of a customer's market investment in a product that was significant for Nutraceutix, in recent years delivered double digit percentage sales growth.
(2) TNTGamble's annual reports 2011-2015. Nutraceutix figures are according to US GAAP

Q4 2016

MSEK	2016 Q4	2015 Q4	2016 Q1-Q4	2015 Q1-Q4	
Consumer Healthcare	185,3	25,3	408,5	177,6	
Functional Food	8,6	10,6	35,0	38,1	
Net Sales	193,9	35,9	443,5	215,7	+106%
Fx adjusted	188,8		436,0		+102%
Consumer Healthcare	52,8	-0,2	151,5	52,3	
Functional Food	-4,7	3,9	-5,0	10,8	
Transaction costs	-4,5		-16,2		
EBIT	43,6	3,7	130,3	63,1	+106%
EBIT %	23%	10%	29%	29%	
Fx adjusted	40,4		124,2		+97%
EBIT % justerat	21%		28%		
EBITDA	60,8	5,3	152,6	69,2	+121%
EBITDA %	31%	15%	34%	32%	

Whereof Probi USA Inc 75,6 msek

Net Sales & EBITDA by quarter 2011-2016



Q4 2016 including net sales 75,6 msek from Probi USA Inc

Operating income distributed by geographic market

MSEK	2016 Q1-Q4	2015 Q1-Q4	Change
Sweden	56,0	50,7	+10%
Rest of Europe	23,4	18,6	+26%
North America	341,9	132,1	+159%
Rest of world	29,9	19,3	+55%
Total	451,2	220,7	+104%

Whereof Probi USA Inc 75,6 msek

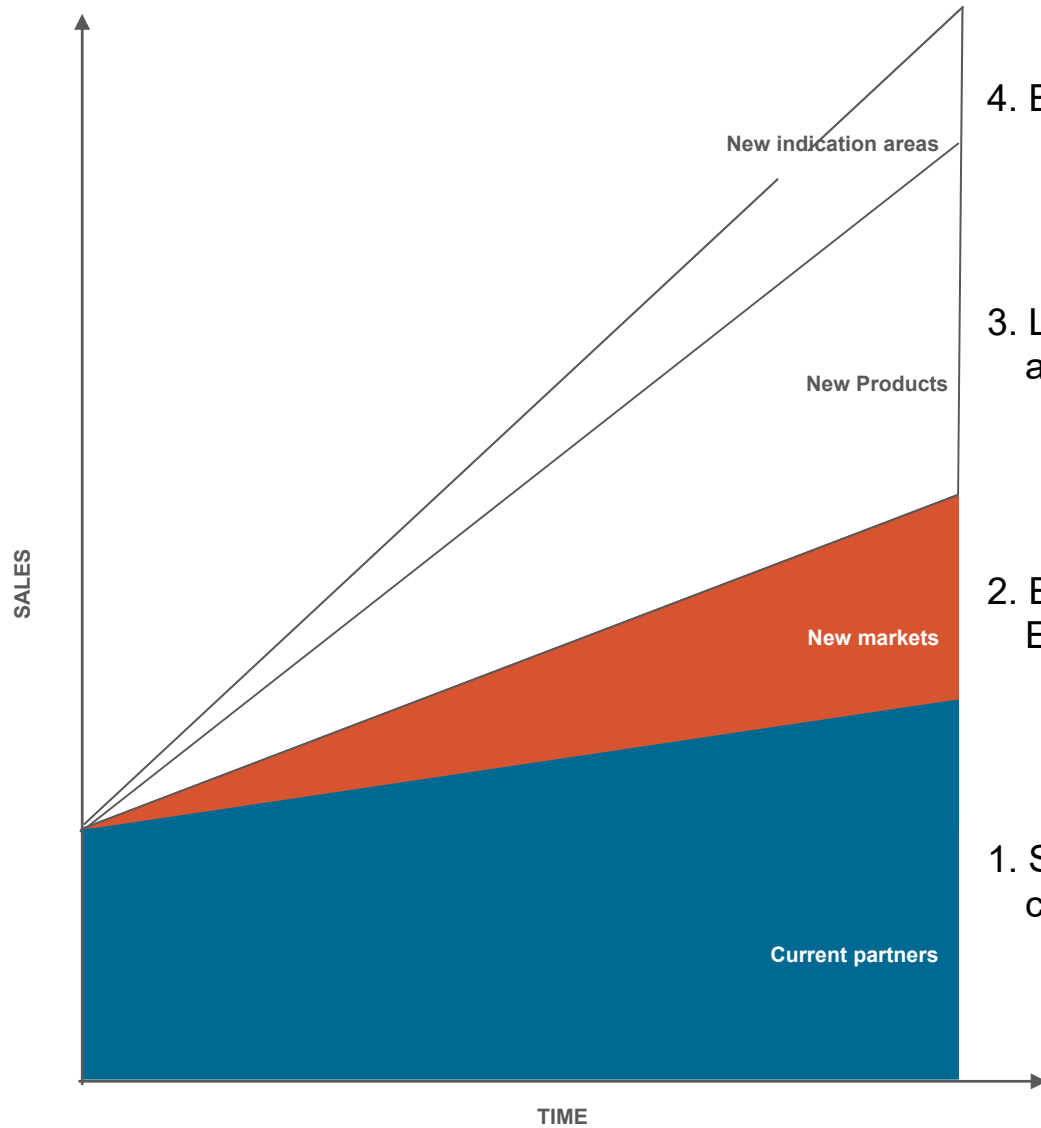
Q4 2016 – Balance sheet

MSEK	31 dec 2016	31 dec 2015
Cap development exp.	29,7	31,3
Patents	46,3	9,6
Goodwill	799,7	2,8
Equipment and tools	41,5	4,6
Financial assets	4,6	-
Fixed assets	921,8	48,3
Inventories	72,7	4,5
Current receivables	113,5	32,2
Cash	103,2	143,0
Current assets	289,4	179,6
Total assets	1 211,2	227,9
Equity	898,8	187,2
Bank loan	225,7	-
Current liabilities	86,7	40,7
Total equity and liabilities	1 211,2	227,9

Q4 2016 – Cash flow

MSEK	2016 Q1-Q4	2015 Q1-Q4
Cash flow from operating activities	122,4	62,1
Cash flow from investing activities	-930,1	-19,5
Cash flow from financing activities	767,9	-7,7
Change in cash	-39,8	34,9
Cash at the end of the period	103,2	143,0

Probi strategy – new markets and innovations



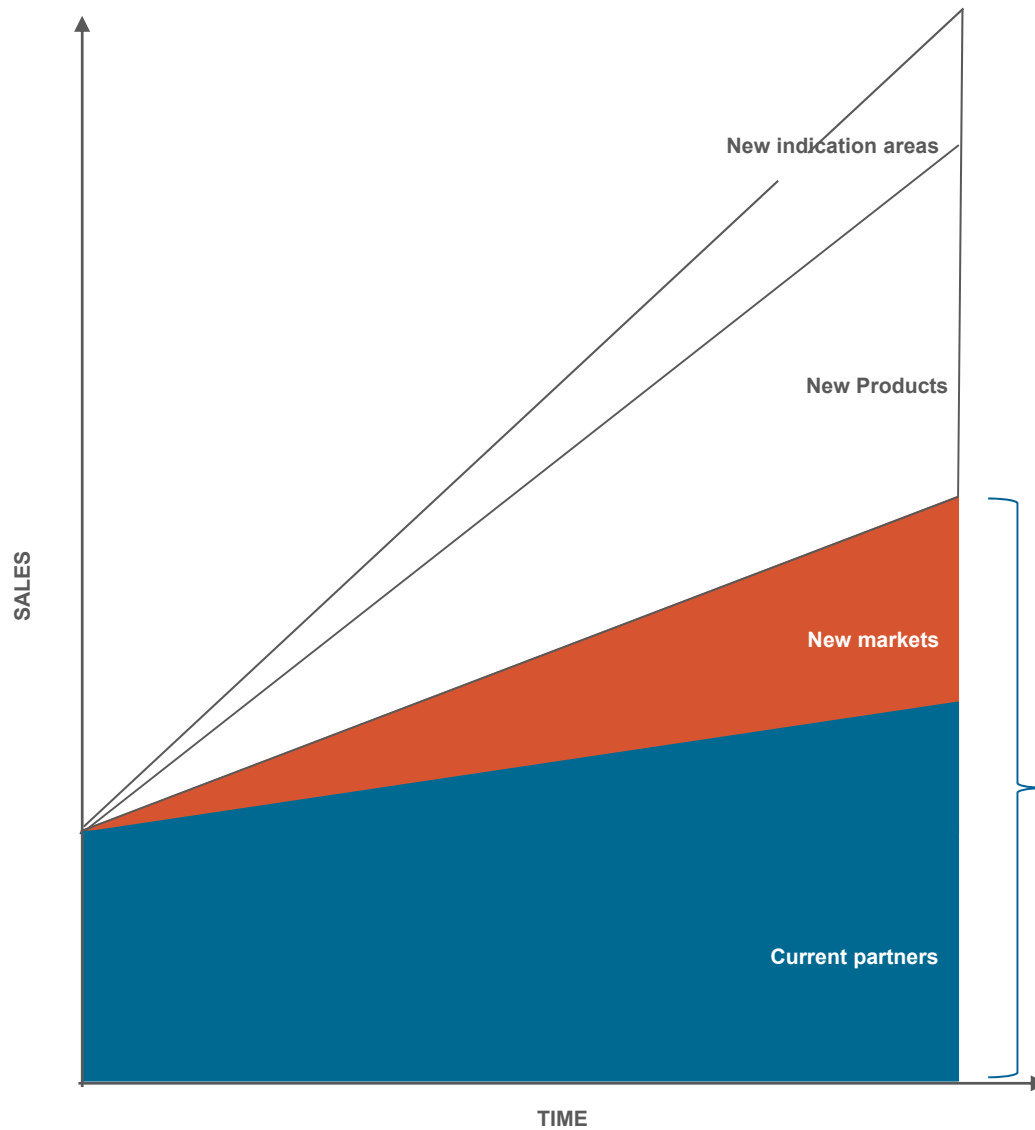
4. Establish within new indication areas

3. Launch new products such as Probi Iron and functional food solutions

2. Establish in new markets in Americas, EMEA and Asia

1. Secure growth for launched products with current partners

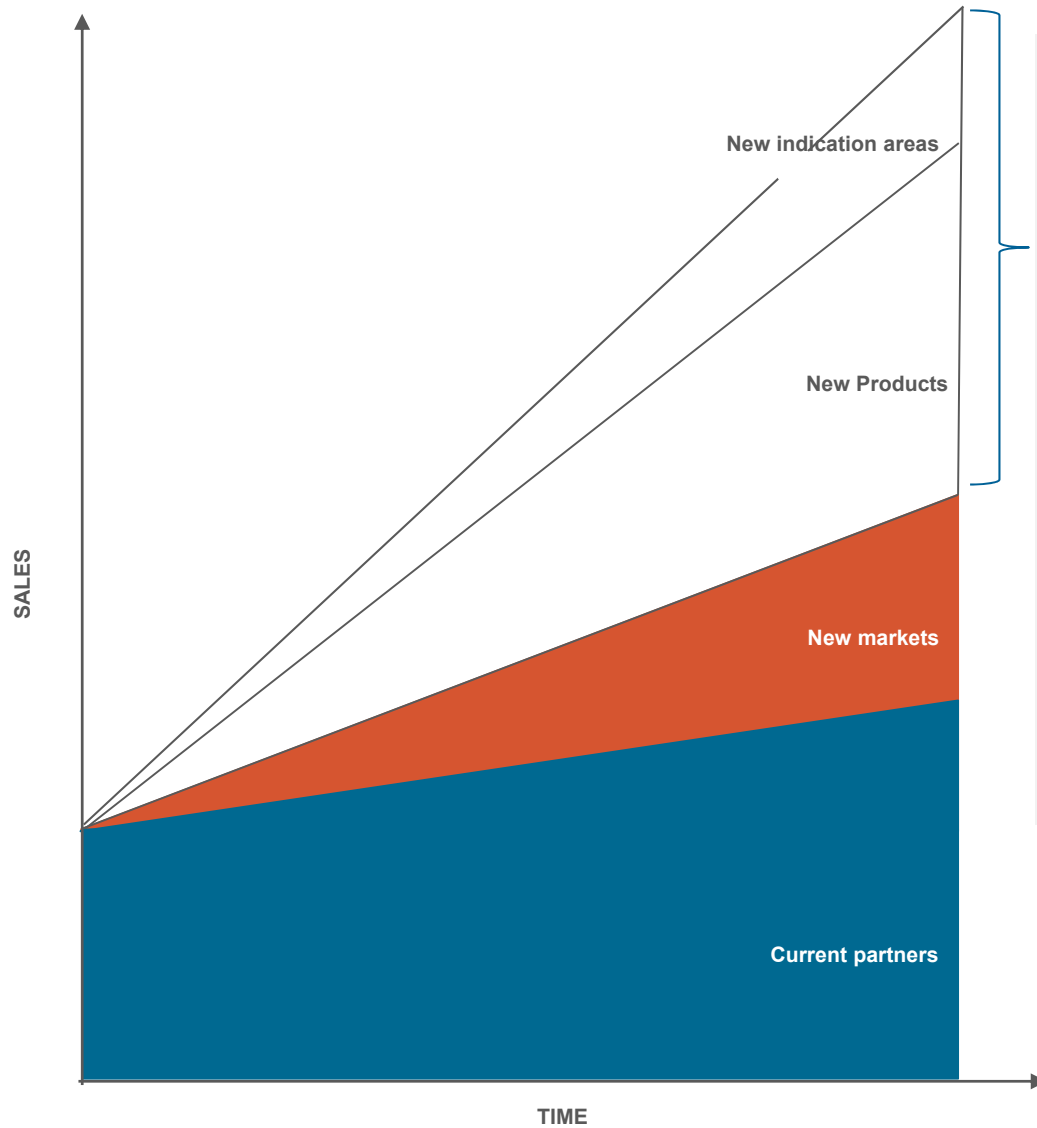
Marketing and Sales



Goals 2016

- Develop and broaden Probi's customer base in both consumer healthcare and food
- Growth through acquisitions and investments
 - ⇒ Nutraceutix acquisition completed
 - ⇒ Strategic agreement with Ipsen for 18 markets
 - ⇒ New launch in Germany
 - ⇒ New launches in Iceland, Singapore and Austria
 - ⇒ Market investments in Sweden

Research and Development



Goals 2016

- Offer the industrys most interesting R&D pipeline
 - Finish three clinical project studies during 2016
 - Start two new clinical projects
- ⇒ Significant results obtained in pilot study in the gastro area
- ⇒ Significant results obtained in the IBS study
- ⇒ Did not obtain significant results for primary endpoint in Immune study however significant reduction in number of episodes obtained
- ⇒ Started clinical study on pregnant women in the iron absorption field

