

Minutes kept at the Annual General Meeting of shareholders in Cloetta AB (publ), 556308-8144, on Thursday 4 April 2019, at 3.00pm-5.10pm at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4 in Stockholm

§ 1 Opening of the meeting (item 1 on the agenda)

The Chairman of the Board, Lilian Fossum Biner, welcomed the shareholders to the Annual General Meeting and declared the meeting open.

§ 2 Election of the Chairman of the meeting (item 2 on the agenda)

The meeting resolved to elect the lawyer Wilhelm Luning as Chairman of the meeting in accordance with the proposal by the nomination committee. The Chairman informed that the lawyer Fredrik Lundén had been asked to keep the minutes at the meeting, that the meeting was simultaneously interpreted and that audio or video recording was not permitted.

The meeting resolved that shareholders who had not effected voting right registration, employees in the company and other persons who were not shareholders who had been recorded at the entrance, were entitled to attend the meeting.

It was noted that the Board, representatives of the nomination committee and the company's auditor in charge were present at the meeting.

§ 3 Drawing up and approval of voting list (item 3 on the agenda)

The attached list of present shareholders, Appendix 1, was approved to serve as voting list for the meeting.

The Chairman informed that a number of foreign funds that were represented at the meeting had, in advance of the meeting, informed Cloetta of their voting instructions regarding certain of the proposed resolutions. Furthermore, the Chairman informed that the voting instructions were available for review at the meeting, if any shareholder so requested, and that votes against and abstain would only be recorded in the minutes if they would have a significance on the resolutions.

§ 4 Approval of the agenda (item 4 on the agenda)

The meeting resolved to approve the Board's proposed agenda for the meeting, which had been included in the notice to the meeting.

The annual report, the consolidated financial statements, the auditor's report and the consolidated report for the financial year 2018, and the statements of the Board and the nomination committee, which had been held available in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, were presented.

§ 5 Election of two persons to verify the minutes (item 5 on the agenda)

The meeting resolved that the minutes of the meeting would be approved, in addition to by the Chairman, by Charlotta Malm representing the Swedish Shareholders' Association (Sw. Sveriges Aktiesparares Riksförbund) and by Susanne Beijar.

§ 6 Determination as to whether the meeting had been duly convened (item 6 on the agenda)

It was noted that notice to the meeting had been given within the period stated in the Articles of Association. The meeting resolved to approve the notice procedure and declared the meeting duly convened.

§ 7 Presentation of the annual report and the auditor's report and the consolidated financial statements and the consolidated audit report for the preceding financial year (item 7 on the agenda)

The Chairman found that the annual report, the consolidated financial statements and the auditor's report for the parent company and the group for the financial year 2018 had been presented.

The company's auditor in charge Thomas Forslund, KPMG, gave his comments to the audit work during 2018, the auditor's report and the auditor's statement regarding compliance with the previously adopted guidelines regarding remuneration to the executive management.

§ 8 Report by the Chairman of the Board on the work of the Board (item 8 on the agenda)

The Chairman of the Board, Lilian Fossum Biner, presented the work of the Board during the preceding financial year.

§ 9 Presentation by the President (item 9 on the agenda)

The President of the company Henri de Sauvage-Nolting accounted for Cloetta's business and its development during the preceding financial year. The company's CFO Frans Rydén accounted for the company's financial development for the same period and described the company's financial targets.

Lilian Fossum Biner, Henri de Sauvage-Nolting and Frans Rydén responded to questions from the shareholders concerning, among other, product volumes, valuation of intangible assets, launch of new products, the financial target concerning organic sales growth, persons with disabilities within the company, the proposed dividend in relation to the earnings of the year, e-commerce related actions, development of more healthy products, the Board members' shareholdings, methods for sustainability certification and strategy for reduced energy consumption in the company's factories.

§ 10 Resolution on adoption of the income statement and the balance sheet as well as the consolidated income statement and consolidated balance sheet (item 10 on the agenda)

The meeting resolved to adopt the income statement and the balance sheet included in the annual report for the parent company and the consolidated income statement and the consolidated balance sheet for the consolidated group for the financial year 2018.

§ 11 Resolution on disposition of the company's earnings according to the approved balance sheet, and record day for any dividend (item 11 on the agenda)

The meeting resolved, in accordance with the proposal by the Board, Appendix 2, to dispose of the earnings of the company through a dividend of SEK 1.0 per share, and that the record date for the dividend shall be 8 April 2019.

§ 12 Resolution on discharge from personal liability of the directors and the President (item 12 on the agenda)

It was resolved to discharge the directors and the President from liability for the management of the company's business during the preceding financial year 1 January – 31 December 2018.

It was noted that the President and those directors who were also present in their capacity as shareholders or representatives of shareholders did not participate in the resolution as far as concerning their own discharge from personal liability and that all present shareholders supported the resolution, except for shareholders representing 155 495 shares represented by Patricia Jonsell, who in advance had given special instructions for abstain voting.

§ 13 Resolution on the number of directors (item 13 on the agenda)

Olof Svenfelt, the Chairman of the nomination committee, presented the nomination committee's proposals on number of directors, remuneration to be paid to the directors and to the auditor, the Board's composition, Chairman of the Board, auditor, rules for the nomination committee as well as motivated the nomination committee's proposal of the Board. Patrick Bergander, who was proposed as a new director of the Board, presented himself. Since the registered auditing firm Öhrlings PricewaterhouseCoopers AB had been proposed to be the company's new auditor with Sofia Götmar-Blomstedt as auditor in charge, Sofia Götmar-Blomstedt presented herself to the shareholders.

The meeting resolved, thereafter, in accordance with the proposals by the nomination committee that the number of directors elected by the meeting shall be seven with no deputies.

§ 14 Resolution on remuneration to be paid to the directors and to the auditor (item 14 on the agenda)

The meeting resolved in accordance with the proposals by the nomination committee that:

- The Chairman of the Board shall receive remuneration in the amount of SEK 685,000 and the other directors appointed by the meeting shall receive SEK 315,000 each. Remuneration for work on the Board's committee's shall be payable with SEK 100,000 to each member of the audit committee and with SEK 150,000 to the Chairman of the audit committee and with SEK 100,000 to the members of the remuneration committee and with SEK 150,000 to the Chairman of the remuneration committee. It was noted that the total remuneration to the directors appointed by the meeting, including for committee work, amounts to SEK 3,275,000.
- Remuneration to the auditors shall be paid in accordance with approved invoices.

§ 15 Resolution on election of directors (item 15 on the agenda)

The Chairman informed about the assignments that the proposed directors hold in other companies. The meeting thereafter resolved in accordance with the nomination committee's proposals to re-elect Lilian Fossum Biner, Mikael Aru, Lottie Knutson, Alan McLean Raleigh, Camilla Svenfelt and Mikael Svenfelt as directors of the Board and to elect Patrick Bergander as new director of the Board. Mikael Norman had declined re-election.

The Chairman informed that the employee trade unions have elected Lena Grönedal and Mikael Ström as employee directors of the Board and Shahram Nikpour Badr and Christina Lönnborn as deputy directors.

§ 16 Resolution on election of the Chairman of the Board (item 16 on the agenda)

The meeting resolved in accordance with the nomination committee's proposal to re-elect Lilian Fossum Biner as Chairman of the Board.

§ 17 Resolution on election of auditor (item 17 on the agenda)

The meeting resolved in accordance with the nomination committee's proposal, and in accordance with the audit committee's recommendation, to elect the registered public accounting firm Öhrlings PricewaterhouseCoopers AB to be the company's auditor until the end of the next annual general meeting. It was noted that Sofia Götmar-Blomstedt will be appointed as the auditor in charge.

§ 18 Proposal regarding rules for the nomination committee (item 18 on the agenda)

The nomination committee's proposal regarding rules for the nomination committee was presented in accordance with [Appendix 3](#).

The meeting resolved in accordance with the proposal by the nomination committee regarding rules for the nomination committee.

§ 19 Proposal regarding guidelines for remuneration to the executive management (item 19 on the agenda)

The proposal by the Board regarding guidelines for remuneration to the executive management was presented in accordance with [Appendix 4](#).

The meeting resolved to adopt guidelines for remuneration to the executive management in accordance with the proposal by the Board.

§ 20 Proposal regarding long term share based incentive plan (LTI 2019) (item 20 on the agenda)

The Board member, also being Chairman of the remuneration committee, Mikael Svenfelt, presented the Board's proposal regarding a long term share based incentive plan, in accordance with [Appendix 5](#).

Mikael Svenfelt and Lilian Fossum Biner responded to questions from the shareholders concerning, among other, the number of participants in the plan and the total cost of the plan.

The meeting resolved on a long term share based incentive plan in accordance with the Board's proposal.

§ 21 Closing of the meeting (item 21 on the agenda)

Lilian Fossum Biner, the Chairman of the Board, expressed her gratitude, on behalf of the company, to the resigning Board member Mikael Norman and auditor in charge Thomas Forslund, and to Cloetta's employees for the good efforts during the past year.

The Chairman thereafter noted that no further matters were on the agenda and declared the meeting closed.

At the minutes:

Fredrik Lundén

Minutes approved by:

Wilhelm Lüning

Charlotta Malm

Susanne Beijar

DISPOSITION OF THE COMPANY'S EARNINGS ACCORDING TO THE APPROVED BALANCE SHEET, RECORD DATE FOR ANY DIVIDEND AND REASONED STATEMENT PURSUANT TO CHAPTER 18, SECTION 4 OF THE SWEDISH COMPANIES ACT

1. In the parent company Cloetta AB, the following unappropriated earnings are at the disposal of the Annual General Meeting:

Share premium reserve	SEK 2,711,620,366
Profit brought forward	SEK - 697,207,220
<u>Profit for the year (parent company)</u>	<u>SEK 247,810</u>
Total	SEK 2,014,660,956

2. The Board of Directors proposes that the unappropriated earnings shall be allocated as follows.

SEK 288,619,299 is distributed to the shareholders, which corresponds to a dividend of SEK 1.00 per share.

To be distributed to the shareholders according to above	SEK 288,619,299
<u>To be carried forward</u>	<u>SEK 1,726,041,657</u>
Total	SEK 2,014,660,956

3. The Board of Directors proposes that the record day for the dividend payment shall be 8 April 2019. If the Annual General Meeting resolves in accordance with the proposal, payment through Euroclear Sweden AB is estimated to be made on 11 April 2019.

STATEMENT BY THE BOARD OF DIRECTORS OF CLOETTA AB (PUBL) PURSUANT TO CHAPTER 18, SECTION 4 OF THE SWEDISH COMPANIES ACT

The Board of Directors has proposed that the Annual General Meeting on 4 April 2019 resolves to distribute SEK 1.00 per share to the shareholders of the company. Due to the Board of Directors' proposal to declare a dividend, the Board of Directors hereby makes the following statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act.

The reason that the Board of Directors considers that the proposed dividend is justified taking into account Chapter 17, Section 3, paragraphs 2-3 of the Swedish Companies Act, is as follows.

The company's profit, share premium reserve and the previous year's retained earnings amounted to SEK 2,014,660,956 in total as per 31 December 2018. According to the annual report 2018 of the company, the group had an equity/assets ratio of 43.3 per cent and a net debt of SEK 2,091,000,000 as per 31 December 2018. Provided that the Annual General Meeting resolves on a dividend of SEK 1.00 per share to the shareholders of the company in accordance with the proposal by the Board of Directors, SEK 1,726,041,657 will be carried forward. There will be full coverage of the group's and the parent company's restricted equity following the dividend.

The Board of Directors has in particular considered whether a dividend is justified in light of the size of the company's net debt. Taking into account the stable cash flow, the fact that the company has met its financial target of net debt/EBITDA the last three years and that the company is expected to be able to meet its short-term as well as long-term obligations, the Board of Directors have assessed that the prerequisites are met for proposing a changed dividend of SEK 1.00 per share.

Cloetta has previously communicated that the company's long-term target is a net debt/EBITDA ratio of around 2,5x. In light of the strong cash flow and improved EBITDA, the board proposes a dividend before the long-term target for net debt has been met. The long-term target remains unchanged. The long term target remains unchanged. The ambition is to continue using future cash flows for payment of share dividends and to provide financial flexibility for complementary acquisitions. The long-term target to distribute 40-60 per cent of profit after tax continues to apply.

With reference to the foregoing, the Board of Directors believes that the proposed dividend is justified considering;

1. the demands with respect to the nature, scope and risks associated with the operations (of the group as well as of the company) impose on the size of the shareholders' equity, and
2. the company's and the group's consolidation needs, liquidity and position in general.

Cloetta AB (publ)
Board of Directors
February 2019

To the Annual General Meeting in Cloetta AB (publ) on 4 April 2019

Proposal regarding rules for the nomination committee

1. The company shall have a nomination committee consisting of not less than four and not more than six members. Three of the members shall be appointed by the major shareholders and one member shall be appointed by the Board of Directors amongst its directors. These members of the nomination committee may appoint one additional member. In those cases referred to in item 6 below, the number of members can amount to six.
2. Based on ownership register received as per 31 July, the chairman of the board shall each year, without delay, contact the three largest shareholders in the company in terms of votes, and offer such shareholders to, within reasonable time, each appoint a representative to be part of the nomination committee. If any of these shareholders elects to renounce from its right to appoint a representative, the right to appoint a representative shall be transferred to the largest shareholder in turn in terms of votes which is not already entitled to be represented on the nomination committee. The nomination committee shall not include a representative of a shareholder that itself or through others conducts competing activities with the group.
3. The member of the nomination committee who represents the shareholder controlling the largest number of votes shall chair the nomination committee.
4. The members of the nomination committee are appointed for a term up until a new nomination committee has been appointed.
5. The composition of the nomination committee shall be announced as soon as the nomination committee has been formed and in all events no later than 30 September the year before the next Annual General Meeting.
6. In the event that the ownership structure of the company is changed after 31 July and not later than 31 December the year before the next Annual General Meeting, and if a shareholder that has become one of the three largest shareholders in terms of votes following this change asks the chairman of the nomination committee to be represented on the nomination committee, such shareholder is entitled to, in the nomination committee's discretion, either appoint an additional member to the nomination committee or to replace the member who represents, following the change of the ownership structure, the smallest shareholder in terms of votes.
7. If a member of the nomination committee that represent a shareholder resigns or otherwise is unable to continue as member, the nomination committee shall – if time allows and if the change is not due to a specific circumstance e.g. that the shareholder has sold its

Attachment 3

shares – request the shareholder that had appointed that member to, within reasonable time, appoint a new member of the nomination committee. If the shareholder is no longer eligible for the nomination committee or if it renounces its right to appoint a member, the right to appoint such new member shall be transferred to the largest shareholder in turn in terms of votes which is not already represented on, or has renounced its right to appoint a member to, the nomination committee. If a member that has been appointed by the other members of the nomination committee resigns or is otherwise unable to continue as member, the other members of the nomination committee may elect a new member.

8. The members of the nomination committee are not to receive any remuneration from the company. However, the company shall be liable for costs incurred by the nomination committee in its work.
9. The nomination committee shall present proposals regarding
 - Chairman of the Annual General Meeting
 - Number of members of the Board of Directors
 - Members of the Board of Directors to be elected by the Annual General Meeting
 - Chairman of the Board of Directors
 - Remuneration to the Board of Directors elected by the Annual General Meeting, distributed between the chairman of the board, the deputy chairman of the board, if any, and the other members of the Board of Directors, and remuneration for work on the committees
 - Remuneration to the auditor
 - Election of auditor
 - Rules for the nomination committee.
10. At shareholders' meetings other than the Annual General Meeting, the nomination committee shall submit proposals for elections, if any, to take place at such shareholders' meeting.

PROPOSAL BY THE BOARD OF DIRECTORS OF CLOETTA AB (PUBL) REGARDING GUIDELINES FOR REMUNERATION TO THE EXECUTIVE MANAGEMENT

The Board of Directors proposes that the remuneration to the President and other members of the group management, as well as other executives reporting directly to the President, shall consist of fixed salary, variable salary, other benefits and pension. Where the Board of Directors finds it appropriate, such executives shall also be offered to participate in long term share based incentive plans, which shall be decided by the general meeting (see item 20). Any variable salary should be linked to predetermined and measurable criteria and be limited to the equivalent of one fixed annual salary. The total remuneration shall be in line with market practice and be competitive, and be related to responsibility and authority. Upon termination of employment agreements by the company, the notice period shall be no longer than 12 months. Any severance pay shall not exceed one fixed annual salary on top of the notice period. The company shall strive to have defined contribution pension benefits. The retirement age shall be not less than 60 years and not more than 67 years. These guidelines apply to agreements entered into after the Annual General Meeting, and in case changes are made to existing agreements after this point in time. The Board of Directors shall be entitled to deviate from the guidelines in individual cases if there are special reasons for it.

Cloetta AB (publ)
Board of Directors
February 2019

PROPOSAL BY THE BOARD OF DIRECTORS OF CLOETTA AB (PUBL) REGARDING A LONG-TERM SHARE-BASED INCENTIVE PLAN (LTI 2019)

The Board of Directors proposes that the Annual General Meeting resolves on a long-term share-based incentive plan (LTI 2019) for Cloetta AB (publ) ("Cloetta") as follows.

1.1 LTI 2019 in brief

The Board of Directors proposes a long term share based incentive plan with a new structure compared to the long-term share-based incentive plans resolved by the Annual General Meeting's 2013 to 2018.

The main changes compared to previous programs are that fewer employees will be invited to join the incentive plan and that the matching share right will be removed and replaced by a performance share right.

The proposed plan is considered to be aligned with market developments regarding LTI programs while it at the same time aligns the interests of the shareholders on the one hand and the group management team and other senior managers on the other hand in order to ensure maximum long-term value creation. LTI 2019 will incentivise a long-term group-wide focus for the participants on increased profit and growth. The long-term incentive plan is also important for Cloetta to be able to recruit and retain senior employees.

LTI 2019 comprises 45 employees as a maximum, consisting of the group management team and other senior managers.

To participate in LTI 2019, a personal shareholding in Cloetta is required. Following a defined vesting period, the participants will be allocated B-shares in Cloetta free of charge provided that certain conditions are fulfilled. In order for the participant to receive B-shares in Cloetta, continued employment with Cloetta is required and that the personal shareholding in Cloetta for LTI 2019 has been unchanged during the same time. Allocation of B-shares requires, in addition, that certain performance targets related to Cloetta's EBIT and net sales value (organic growth) have been met. The maximum number of B-shares in Cloetta which may be allocated under LTI 2019 shall be limited to 1,656,101 representing approximately 0.6 per cent of the outstanding shares and 0.5 per cent of the outstanding votes.

1.2 Participants in LTI 2019

LTI 2019 comprises up to 45 employees as a maximum, consisting of the group management team and senior managers within the Cloetta Group, divided into three categories. These employees are considered to have a large impact on the results of Cloetta. The first category comprises the President and CEO and the other eleven members of the group management team, the second category is comprised of up to 10 senior managers, who belongs to a certain management level. The third category is comprised of up to 23 senior managers, consisting of individuals who have a certain other employment level.

1.3 Personal shareholding, grant of performance share rights and vesting period

To participate in LTI 2019, the participant must have a personal shareholding in Cloetta ("Investment Shares"), which shall be allocated to LTI 2019. The Investment Shares may be acquired specifically for purposes of LTI 2019, or be shares already held by the participant, provided that these have not been allocated to the previous incentive plans. The President and CEO and the group management team may as a maximum invest 12 per cent of the participant's fixed annual salary for 2019 before tax, the participants in the second category may as a maximum invest 10 per cent of the participant's fixed annual salary for 2019 before tax, and the participants in the third category may as a maximum invest 8 per cent of the participant's fixed annual salary for 2019 before tax in LTI 2019.

For the first category of participants, each Investment Share gives entitlement to six and a half (6.5) performance share rights. For the second category, each Investment Share gives entitlement to five (5) performance share rights. For the third category, each Investment Share gives entitlement to three and a half (3.5) performance share rights. The performance share rights will be granted to the participant following the Annual General Meeting 2019 in connection with, or shortly after, an agreement is made between the participant and Cloetta concerning participation in LTI 2019.

1.4 Terms for the performance share rights

For the performance share rights the following conditions apply:

- The performance share rights are granted free of charge.
- The participants are not entitled to transfer, pledge or dispose of the performance share rights or perform any shareholders' rights regarding the performance share rights during the vesting period.
- Allocation of B- shares shall normally take place within two weeks after announcement of Cloetta's interim report for the first quarter of 2022.
- Allocation of B-shares based on performance share right is conditional upon that the participant remains employed within the Cloetta Group until the announcement of Cloetta's interim report for the first quarter of 2022, and also not before that terminated her or his employment, been made redundant or dismissed and that the participant continues to hold all the Investment Shares. Allocation of B-shares on the basis of performance share rights requires, in addition, fulfilment of performance targets.
- Cloetta will not compensate the participants in the plan for dividends made in respect of the shares that the respective performance share right qualifies for.

1.5 Performance targets

The performance share rights are divided into Series A and Series B according to the different performance targets that LTI 2019 includes and that drive long-term value for Cloetta. Of each participant's allocation of performance share rights shall one (1) be of Series A and the rest of the performance share rights shall be of Series B. Allocation of B-shares will depend on the level of fulfilment of the performance targets.

Series A Allocation is conditional upon that Cloetta's average annual EBIT level for 2019-2021 is higher than the EBIT level for 2018.

Series B The Board of Directors has established a minimum level and a maximum level for the performance target. The maximum level, which entitles to full allocation, is that Cloetta's compounded net sales value is at least 2 per cent annually for 2019-2021 and that Cloetta's EBIT margin for 2021 is at least 14 per cent. The minimum level is a compounded net sales value that is above 0 per cent annually for 2019-2021 and an EBIT margin that is above 11.1 per cent for 2021. Where the level of fulfilment is between the minimum and maximum levels, allocation will occur on a linear basis, whereby each of the two performance targets is given equal importance in terms of entitling the participant to B-shares.¹

1.6 Formulation and administration

The Board of Directors, or a specific committee appointed by the Board of Directors, shall be responsible for the formulation and administration of LTI 2019, and the terms that will apply between Cloetta and the participant in the plan, within the scope of the terms and directions set out herein. In connection therewith, the Board of Directors shall be authorised to establish divergent terms for the plan regarding inter alia the vesting period and allocation of Cloetta shares in the event of termination of employment during the vesting period as a result of e.g. early retirement. The Board of Directors shall be authorised to make the necessary adjustments to fulfil specific rules or market prerequisites in other jurisdictions. In the event that the delivery of shares to persons outside of Sweden cannot be achieved at reasonable cost and with reasonable administrative efforts, the Board of Directors may decide that the participating person may instead be offered cash-based settlement. The Board of Directors shall, in certain circumstances, be entitled to reduce the final allocation of Cloetta shares or, in whole or in part, terminate the plan prematurely without compensation to the participants if significant changes occur in the company or on the market.

1.7 Scope

As a maximum, 1,656,101 B-shares in Cloetta can be allocated to the participants under LTI 2019, which represents approximately 0.6 per cent of all shares and 0.5 per cent of all votes in the company. The number of B-shares included in LTI 2019 shall, under conditions that the Board of Directors stipulates, be subject to recalculation where Cloetta implements a bonus issue, a share split or a reverse share split, a rights issue or similar measures, taking into account customary practice for similar incentive plans.

1.8 Hedging

Cloetta will enter into a share swap agreement with a bank, whereby the bank shall be able to in its own name acquire and transfer shares to the participants in order to fulfil Cloetta's obligation to deliver shares under the plan. Such a share swap agreement with a bank may also be used for the purpose to cover social security fees that accrue under LTI 2019.

1.9 Estimated costs, and value, of LTI 2019

The performance share rights cannot be pledged or transferred to others, but an estimated value for each right can be calculated. The Board of Directors has estimated that the value of each performance share right is SEK 23.38. This estimate is based on the closing price for the Cloetta share on 5 February 2019. Based on the assumption that all persons who have been offered participation in the plan participate, that they make the maximum investment, that there is a 100 per cent fulfilment of the performance targets and

¹ For the purpose of determining the level of fulfilment of the performance targets, Cloetta's EBIT and net sales value will be adjusted so to be unaffected by structural changes such as acquisitions and divestures as well as extra ordinary items.

that they continue as employees of Cloetta, the aggregate estimated value of the performance share rights is approximately SEK 39m. This value is equivalent to approximately 0.6 per cent of the market capitalisation for Cloetta as of 5 February 2019. Historic performance for earlier Cloetta long-term programs shows an average pay out of 28 per cent of the maximum number of shares.

The costs are treated as personnel expenses in the profit and loss accounts during the vesting period, in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 over the vesting period. The size of these costs will be calculated based on the Cloetta share price development during the vesting period and allocation of the performance share rights. Based on the assumptions stated above and a constant share price during the plan, and a vesting period of three (3) years, the total cost of LTI 2019 including social security costs is estimated to amount to approximately SEK 44m which on an annual basis is approximately 1.2 per cent of Cloetta's total personnel expenses during the financial year 2018. LTI 2019 has no limitation on maximum profits per performance share right for the participants and therefore no maximum social security costs can be calculated because it depends on the share price.

The interest cost for the equity swap is estimated to amount to approximately SEK 2m based on market conditions as of 5 February 2019 and a three-year term. In addition, the equity swap may lead to both positive and negative cash flows, which, while not affecting the profit and loss account, will be booked directly against equity and may be recorded as debt in the balance sheet.

1.10 Effects on key ratios

In the event of full participation in LTI 2019, Cloetta's personnel expenses are expected to increase with approximately SEK 17m annually (including social security costs). On a pro-forma basis for 2018, these costs are equal to a negative effect on Cloetta's operating margin of approximately 0.3 per cent units and a decrease of earnings per share of approximately SEK 0.06. Nevertheless, the Board of Directors considers that the positive effects on Cloetta's financial performance which are expected from an increased shareholding by the participants, and the possibility to be allocated further shares in Cloetta under LTI 2019, outweigh the costs related to LTI 2019.

1.11 The preparation of the proposal

LTI 2019 has been initiated by the Board of Directors in Cloetta. The plan has been prepared and reviewed by the Remuneration Committee and dealt with at meetings of the Board of Directors during the beginning of 2019.

1.12 Other incentive plans in Cloetta

Please refer to Cloetta's annual report 2018, note 25 or the company's website www.cloetta.com for a description of other share based incentive plans in Cloetta.

1.13 The proposal by the Board of Directors

Referring to the description above, the Board of Directors proposes that the Annual General Meeting resolves on LTI 2019.

1.14 Majority requirement

A resolution on LTI 2019 in accordance with the Board of Directors' proposal is valid where supported by shareholders holding more than half of the votes cast at the Annual General Meeting.

Cloetta AB (publ)
Board of Directors
February 2019