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CLOETTA AB (PUBL)

relating to the listing of

**SEK 1,000,000,000
Senior Secured Floating Rate Notes due 2018**

Joint Bookrunners

**Handelsbanken Capital Markets,
Svenska Handelsbanken AB (publ)**

Nordea Bank AB (publ)

Prospectus dated 16 September 2013

IMPORTANT NOTICE:

This prospectus (the “**Prospectus**”) has been prepared by Cloetta AB (publ) (the “**Issuer**”, “**Cloetta**” or the “**Company**” and together with its direct and indirect subsidiaries, unless the context indicates otherwise, the “**Group**”), a public limited liability company (Sw. *aktiebolag*) governed by the laws of Sweden, with its registered office at 590 69 Ljungsbro, Sweden and with Swedish Reg. No. 556308-8144, in relation to the application for the listing of the senior secured floating rate notes (the “**Notes**”) on the corporate bond list on NASDAQ OMX Stockholm, Swedish Reg. No. 556112-8074 (“**NASDAQ OMX**”). Nordea Bank AB (publ) and Handelsbanken Capital Markets, Svenska Handelsbanken AB (publ) have acted as joint bookrunners in connection with the issue of the Notes. This Prospectus has been prepared in accordance with the standards and requirements of the Swedish Financial Instruments Trading Act (Sw. *lag (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”) and the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council. The Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the “**SFSA**”) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Trading Act. Approval and registration by the SFSA does not imply that the SFSA guarantees that the factual information provided in this Prospectus is correct and complete. This Prospectus has been prepared in English only and is governed by Swedish law and the courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Prospectus. This Prospectus is available at the SFSA’s website (www.fi.se) and the Issuer’s website (www.cloetta.com).

Except where expressly stated otherwise, no information in this Prospectus has been reviewed or audited by the Company’s auditor. Certain financial and other numerical information set forth in this Prospectus has been subject to rounding and, as a result, the numerical figures shown as totals in this Prospectus may vary slightly from the exact arithmetic aggregation of the figures that precede them. This Prospectus shall be read together with all documents incorporated by reference in, and any supplements to, this Prospectus. In this Prospectus, references to “**euro**”, “**€**” and “**EUR**” refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, and references to “**SEK**” refer to Swedish krona, the legal currency of Sweden..

Each Note will be issued with a nominal amount of SEK 1,000,000.

Investing in Notes is not appropriate for all investors. Each investor should therefore evaluate the suitability of an investment in the Notes in light of its own circumstances. In particular, each investor should:

- (a) have sufficient knowledge and experience to carry out an effective evaluation of (i) the Notes, (ii) the merits and risks of investing in the Notes, and (iii) the information contained or incorporated by reference in the Prospectus or any supplements;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate in the context of its particular financial situation the investment in the Notes and the impact that such an investment will have on the investor’s overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks resulting from an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the investor’s own currency;
- (d) understand thoroughly the terms and conditions governing the rights and obligations with respect to the Notes (see “*Terms and Conditions of the Notes*”) (the “**Conditions**”) and be familiar with the behaviour of any relevant indices and financial markets; and

- (e) be able to evaluate (either alone or with the assistance of a financial adviser) possible scenarios relating to the economy, interest rates and other factors that may affect the investment and the investor's ability to bear the risks.

This Prospectus is not an offer for sale or a solicitation of an offer to purchase the Notes in any jurisdiction. It has been prepared solely for the purpose of listing the Notes on the corporate bond list on NASDAQ OMX. This Prospectus may not be distributed in or into any country where such distribution would require any additional prospectus, registration or additional measures or contrary to the rules and regulations of such jurisdiction. Persons into whose possession this Prospectus comes or persons who acquire the Notes are therefore required to inform themselves about, and to observe, such restrictions. The Notes have not been and will not be registered under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are being offered and sold outside the United States to purchasers who are not, or are not purchasing for the account of, U.S. persons in reliance upon Regulation S under the Securities Act. In addition, until 40 days after the later of the commencement of the offering and the closing date, an offer or sale of the Notes within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale of the Notes within the United States by a dealer may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the Securities Act.

The offering is not made to individuals domiciled in Australia, Japan, Canada, or in any other country where the offering, sale and delivery of the Notes may be restricted by law.

This Prospectus contains historical market information and industry forecasts. Certain information has been obtained from various external sources and the Company has endeavoured to reproduce such information accurately in the Prospectus. Although the Company regards these sources as reliable, no independent verification has been carried out and consequently it cannot be guaranteed that this information is accurate or complete. By their very nature, market statistics are uncertain and do not necessarily reflect actual market conditions. The value of comparisons of statistics for different markets is limited for a number of reasons, such as the markets being defined differently or that the information may have been gathered using different methods and based on different assumptions. Certain statistics in the Prospectus have been compiled by the Company, in some cases on the basis of various assumptions. Although the Company regards the methods of compilation and assumptions to be reasonable, these have been able to be confirmed or verified by independent sources only to a limited extent. In view of this, the reader's attention is drawn in particular to the fact that market statistics presented in the Prospectus are uncertain and that no guarantee can be given regarding the accuracy of these. As far as the Company is aware and can ensure by comparison with other information published by the third parties from whom the information has been obtained, however, no information has been omitted in such a way as to render the information reproduced incorrect or misleading.

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RISK FACTORS

All investments in notes involve a degree of risk. The financial performance of the Group and the risks associated with the Group's business are important when making a decision on whether to invest in the Notes. A number of factors influence and could influence the Group's operations and financial performance and ultimately the Issuer's ability to make interest payments and payments of principal on maturity or when a Noteholder requests early redemption in accordance with the Conditions. In this section a number of risk factors are illustrated and discussed, both general risks pertaining to the Group's operations and material risks related to the Notes as a financial instrument. The risks described below are not the only ones the Issuer and the Group are exposed to. Additional risks that are not currently known to the Issuer, or that the Issuer currently considers to be immaterial, could have a material adverse effect on the Issuer's and/or the Group's business and the Issuer's ability to fulfil its obligations under the Notes. The order in which the risks are presented is not intended to provide an indication of the likelihood of their occurrence or of their relative significance.

Sector and Market-Related Risk Factors

The Group operates in a competitive market

The confectionery market is highly competitive. The Group competes in the market through active pricing, product innovation, product quality, brand recognition and loyalty, marketing, promotional activity and the ability to predict and satisfy customer preferences. From time to time, the Group may need to reduce the prices of the Group's products to address competition, customer needs, or to retain the Group's market shares. Competition in the market and customer needs may restrict the Group's ability to increase prices to compensate for increased costs of raw materials and other purchase costs. The Group's earnings will suffer if profit margins decrease because of price reductions, increased cost of raw materials and other purchase costs, or other factors, and the Group is unable to compensate for a reduced profit margin by increasing sales volumes.

Food retailers offer proprietary private label brands that compete with certain of the Group's products. It is important that the Group's products continue to offer higher quality to the consumers than less expensive alternatives. If the Group is unable to offer higher quality, to create enough brand image or value proposition, consumers may reduce their purchases of the Group's products.

Cloetta may also need to increase investments in marketing and product development to retain or increase the Group's market shares. Such initiatives in marketing and product development have associated risks, such as uncertainty regarding future consumer behaviour and purchasing patterns. Such increased investments may not necessarily mean that Cloetta retains or increases the Group's market shares, but could lead to lower profitability.

Consolidation in food retailing and exposure to key customers

The European food and convenience store retail sector has undergone recent consolidation. This consolidation resulted in large, sophisticated players with substantial purchasing power being established. Such large retailers are not necessarily dependent on individual trademarks, but can resist price increases and demand price discounting, increase marketing initiatives and specifically tailor products. They can also use shelf space, currently reserved for Cloetta's products, for their own brands. The consolidation of retail customers also increases the risk that a severe adverse impact on their business operations could have a corresponding material adverse effect on Cloetta.

During 2012, the Group's ten largest customers represented approximately 38 per cent of the Group's sales. There can be no assurance that all significant customers will continue to purchase the Group's products in the same quantities that they have in the past. The loss of any of the Group's significant customers, or a material reduction in sales to a significant customer could have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Exposure to raw materials prices and access to certain raw materials

The Group is heavily dependent on the affordability and availability of certain raw materials in the production of its confectionery goods, in particular sugar and cocoa. The Group's manufacturing process depends on the availability and timely supply of raw materials and components from external suppliers. Significantly increased raw materials prices have resulted in manufacturing expenses increasing markedly in recent years; in particular 2011 saw a marked increase in raw material prices, in particular sugar, and prices have remained high in 2012 and 2013, resulting in increased costs and squeezed margins for the Group. The development of raw materials prices primarily depends on supply and demand and lies outside the Group's control. The price of sugar and many of the other raw materials the Group purchases is also affected by external factors such as agricultural policy decisions in the EU regarding quotas, allowances, subsidies and trade barriers, but also an increased standard of living and the activity of financial investors on raw materials exchanges. While the EU has recently announced the abolition of sugar quotas and minimum beet prices effective from 2017, a change which is likely to reduce sugar prices in general, import barriers are to remain in place thereby cutting off competition in the market and keeping prices artificially high. Any further changes in the EU's Common Agricultural Policy may have the effect of increasing or decreasing sugar prices, either of which is likely to affect the Group's profitability significantly. Harvests, good or bad, also affect the supply of raw materials, and accordingly, pricing of raw materials. Even if the Group continuously monitors and works on reducing its exposure to raw materials costs, a change in the price of significant raw materials may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

The Group is dependent on gum arabic and liquorice for certain important products. These products are purchased from countries that are politically and financially unstable, and any political upheaval or financial difficulties in such countries can significantly affect the availability of such products which are critical to the production of certain confectionery. Although, historically, the Group has not been affected by any shortages of these products, any prolonged disruptions to the supply of gum arabic or liquorice to the Group may affect its ability to meet distribution targets thereby affecting key supply contracts and customer relationships and consequently may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Impact of the economy

Consumption patterns are affected by a number of factors outside the Group's control, such as the business cycle, interest rates, exchange rates, inflation levels, taxation, access to credit, stock market developments, unemployment levels and other global and local economic factors. A more favourable business cycle has a positive impact on consumer finances, which usually stimulates increased consumption. Generally, a deterioration of economic conditions has the opposite effect.

The Group's main markets are the Nordic countries, the Netherlands and Italy. In 2011 and 2012, the global financial crisis had a negative impact on consumption patterns in these markets, primarily in the Netherlands and Italy. Even if historically, the confectionery market has only been to a limited extent affected by recessions, a long-lasting recession may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Business-Related Risk Factors

The merger with LEAF

In 2012, Cloetta merged with LEAF Holland B.V. ("**LEAF**") with the intention of creating cost savings through maximising efficiency synergies across the Group. The merger involved significant structural, organisational and strategic changes for both Cloetta and LEAF. While the integration process has now been largely successfully completed, there can be no assurance as to when or if the

Group's estimated cost savings and communicated synergies can be realised. Any failure to achieve the anticipated cost savings and synergies may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Production relocation

The Group produces sugar confectionery and chocolate at a number of facilities in Europe and continuously reviews the efficiency and capacity utilisation of its production and has undertaken a process of concentrating the number of production facilities. This process included the closure of three production facilities in 2011 and 2012 as well as the concentration of warehousing in Scandinavia in one location. Furthermore, the Gävle production facility will close in early 2014 and its production will transfer to Levice and Ljungsbro. While the majority of the production and warehousing has been transferred to other more modern and efficient locations, and management believes it has an experienced and well-functioning organisation capable of managing production and delivery, the closure or transfer of production is a complex process that may involve disruptions and delays to production, which in turn, could have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Information and IT systems

The Group is dependent on information and IT systems to coordinate allocation of resources, control product inventories, purchase and transport raw materials, and for capturing and compiling operational and statistical information. The Group is currently implementing a new integrated IT system and software to receive, analyse and report information. Delays and difficulties in implementation as a result of system errors or other causes may arise. While the roll-out has been successfully completed in Scandinavia and Slovakia, the system has only recently been implemented at Levice, Slovakia and, although no problems have arisen so far, there can be no assurance that difficulties may not occur in future. Outside Scandinavia and Slovakia the implementation is expected to take place over the next few years. Each extended outage, inadequate functionality or delays to the information system may imply the loss of important information or the delay of some actions, which in turn may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Key employees

To a significant degree, the Group's future is dependent on its ability to hire, retain and develop competent senior managers and other key employees. Accordingly, it is very important for Cloetta to be an attractive employer. If key employees leave and suitable successors cannot be hired, this may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Consumer trends

Health trends and the debate on health, weight and sugar can have an effect on confectionery consumption. Health trends have also resulted in an increased interest in natural raw materials.

In the wake of increased globalisation, individual consumers' consciousness of the effect of their consumer goods on the environment and circumstances, not only in their immediate surroundings, but worldwide, is continuously increasing. As a result fair trade labelling is increasing, and any publicity that Cloetta, or its suppliers, are not taking enough responsibility for the environment, or social responsibility, may affect Cloetta's reputation in the consumer market.

Even if the Group works continuously to satisfy consumer preferences and sensibilities, the aforementioned trends may result in reduced demand for the Group's products, which in turn, may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Environmental, health and safety risks

The environmental impact of the confectionery industry primarily arises through water and energy consumption, wastewater, raw materials and packaging waste, production wastage and transportation. Some environmental impact also arises from coolants and other chemicals, as well as noise and dust. The largest direct environmental impacts are the emission of nutrients and fat into the wastewater network.

Management believes that its operations are conducted in accordance with applicable laws and regulations regarding the environment, health and safety set by the relevant authorities, as well as in accordance with applicable environmental permits. However, there are risks associated with the Group's operations, linked to the ownership and operation of industrial property, such as the risk of needing to conduct inspections and clean-up measures for previous or current emissions affecting the environment. It should be noted that limited contamination has been confirmed in respect of properties owned by the Group. Although management believes the effect of such contamination to be immaterial to its business, any required inspections or clean-up measures in respect of such contaminated properties may cause significant costs or other commitments on behalf of the Group, and may negatively affect upcoming divestment of the relevant properties.

Progress in the form of more stringent standards in law and regulations of the environment, health and safety, stricter application of these laws and regulations by the authorities, and claims for personal injury or property damage caused by environmental, health or safety shortcomings in the Group's operations or from previous contamination, may result in financial penalties or fines, or civil or criminal proceedings. Such events may also prevent or limit the Group's operations, any of which may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Tax risks

The Group conducts its operations through companies in a number of different jurisdictions. Its operations, including intra-group transactions, are conducted in accordance with the Group's interpretation of applicable tax law, tax treaties and regulations in the affected countries and the requirements of the relevant tax authorities. Even if the Group and its advisers have processes and a framework prepared for transfer pricing and other transactions that may have tax effects, the possibility that the Group's interpretation of applicable laws, tax treaties and regulations, or the affected relevant authorities' interpretation of these or administrative practice is not entirely correct, or that such regulations change, potentially with retroactive effect, cannot be universally ruled out.

The Group is currently subject to tax audits in Italy, Germany and Finland. The Group is appealing adverse tax rulings by the Italian tax authorities, but as of yet no further tax payments are required in either Germany or Finland. As regards the Italian court proceedings, the tax authority carried out an audit regarding former LEAF's Italian subsidiary with respect to the financial years 2005 to 2007. The disputes regarding the financial years 2005 and 2007 are currently pending at the general court, while the dispute regarding the financial year 2006 has been decided in the Group's favour in the first instance, but may still be appealed by the tax authority. The deadline for such appeal is 15 October 2013. At the merger with LEAF, the seller gave an undertaking to indemnify Cloetta for tax related claims that might be brought against Cloetta with respect to the proceedings in Italy. This indemnity is limited to an amount of EUR 9,200,000 and covers the financial years 2005 to 2007.

Management believes that the maximum risk exposure relating to the Italian tax proceedings amount to approximately EUR 35,000,000 (whereof approximately EUR 12,000,000 relates to the dispute regarding the financial year 2006, which has been decided in Cloetta's favour, and EUR 9,200,000 is covered by the indemnity from the former owners of LEAF), but it cannot be ruled out that the Group may be levied with additional penalties for fiscal years not yet assessed. Hence, adverse rulings from the relevant authorities could change the Group's tax status or incur a sizeable penalty potentially

resulting in a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Food handling

The Group is exposed to risks generally associated with food handling. Food handling sets high standards on traceability, hygiene and handling. In the worst case, poor control may result in contamination, infection or allergic reactions. The Group may also become subject to claims for damages based on product liability. Shortcomings in food handling may also result in negative publicity for Cloetta and the Group's brands, which may imply reduced demand and trust in the Group's products. In turn, this may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Dependency on brands and marketing

The Group is dependent upon its brands and marketing, protected mainly by a large number of registered trademarks in different jurisdictions, as well as a number of registered designs within the EU. While management believe that they currently have valid, uncontested rights to all material trademarks and other intellectual property, there can be no assurance that the Group will be successful in maintaining, obtaining and enforcing relevant intellectual property rights in all relevant markets. The Group's ability to expand into new markets under current brands is also dependent upon that no third party asserts prior right to identical or similar brands.

The Group is also from time to time involved in disputes concerning intellectual property rights. Failure to maintain, obtain or enforce intellectual property rights could ultimately have a materially adverse effect on the Group's business, competitive and financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Reputational risk

The Group's well-known brands such as Malaco, Läkerol, Kexchoklad, Center, Polly, Ahlgrens bilar, Tupla, Saila, Sperlari, Red Band and Jenkki are central to the Company's operations and earnings capacity. Demand for the Group's products is based on consumers associating these brands with positive values. If Cloetta's or one of the Group's suppliers, distributors or other partners take any action that is in conflict with the values represented by its brands, Cloetta's reputation may be damaged, which ultimately could have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Financial Risk Factors

In its operations, the Group is exposed to various types of financial risk. The Group's financial management and risk management are conducted by its finance function according to the guidelines adopted by Cloetta's board of directors and intended to limit the potential unfavourable effects that may arise on the Group's results of operations and cash flow. The Group's financial risks primarily consist of currency, financing, interest and credit risks.

Currency risks

The Group is exposed to currency risk, i.e., the risk that currency exchange rate fluctuations will have an adverse effect on cash flow, income statement or balance sheet, in many aspects of its business. Exchange rate fluctuations affect the Group's results partly when sales and purchases in foreign subsidiaries are conducted in different currencies (transaction exposure), and partly when the profit and loss accounts and balance sheet items are translated in SEK (translation exposure).

The Group's transaction exposure arises from the generation of income in markets with currencies other than those in which certain raw materials, finished products and equipment are procured. This outflow is offset by the Group's exports to other countries. The Group is primarily active in the European Union and Norway. The Group's transaction exposure risk mainly relates to the positions and future transactions in Euro (EUR), Swedish Kronor (SEK), Danish Kronor (DKK), Norwegian Kronor (NOK), US Dollars (USD) and British Pounds (GBP). Transaction exposure is to be considered significant if a subsidiary has income and costs in different currencies (e.g. sales in EUR and costs in SEK). As the majority of the Group's sales and costs at subsidiary level are in the same currency, the transaction risk in the Group is considered limited.

Based on the reporting currency of the Group being SEK and the majority of Cloetta's subsidiaries having a functional currency of EUR, the translation exposure of the Group is significant and the comparability of the Group results between periods is affected by changes in currency exchange rates (mainly EUR/SEK).

Financing risk

Financing risk means the risk that finance cannot be arranged, or only at significantly increased costs. As a result of the acquisition of the shares of LEAF, Cloetta had net indebtedness of 4.2 times net debt/EBITDA (pro forma) for the year ended 31 December 2011, 4.9 times net debt/EBITDA for the year ended 31 December 2012 and 4.7 times net debt/EBITDA for the twelve months ended 30 June 2013. Cloetta's interest-bearing liabilities consist of bank loans and pension liabilities, as well as other long-term employee benefits. Furthermore, the Conditions restrict the amount of debt which the Group may incur which could affect the availability of cash needed for acquisitions or other purposes.

A deterioration of Cloetta's profitability or financial position may seriously affect the Group's ability to fulfil its undertakings according to applicable loan agreements which would potentially lead to default under existing financings, restructuring at a more expensive cost of financing. In addition, the Group currently benefits from advantageous pricing of its financing partly due to the prevailing low interest rates in the market. If commercial banks were to increase their lending rate then the Group may only be able to refinance at significantly more expensive rates or not at all. Any such deterioration in profitability or increase in the cost of financing may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Interest risks

The Group is exposed to interest risks on interest-bearing current and non-current liabilities. Changes in interest rates on the Group's liabilities affect the Group's results of operations. In addition, the Group's results of operations and financial position are exposed to the effect of market interest rates.

Credit risks in accounts receivable

Credit risks in accounts receivable are relatively limited considering that the Group's customer base is diverse and mainly comprises large customers, as distribution primarily takes place through major food retail chains. However, there can be no assurance that financial difficulties at one of the Group's large customers or simultaneously at a number of customers will not occur. If such a situation did arise it may have a materially adverse effect on the Group's business, financial position, results of operations and the Issuer's ability to repay amounts due under the Notes.

Changes in value of fixed assets

The Group has fixed assets, of which intangible assets such as goodwill and trademarks represent a large part. Whether or not write-downs of goodwill and trademarks are required is evaluated annually or whenever there is an indication that tests might be necessary. In the event that future tests regarding continuing changes in the value of tangible as well as intangible assets would lead to write-downs, this may have a materially adverse effect on the Group's business and financial position.

Risks Relating to the Notes, the Note Guarantees and the Security Structure

Market risk

The market value of the Notes depends on several factors, including, but not limited to, market interest rate. Investments in the Notes involve the risk that fluctuations in market interest rates may adversely affect the value of the Notes.

Credit risks

Investors in the Notes carry a credit risk relating to the Group as investors' ability to receive payment under the Conditions is dependent on the Group's ability to meet its payment obligations, which in turn is largely dependent upon the performance of the Group's operations and its financial position. An increased credit risk or decrease in the Group's creditworthiness may cause the market to charge a higher risk premium on the Notes, which could have a materially adverse effect on the market price thereof. Another aspect of the credit risk is that a deterioration in the financial position of the Group may reduce the Group's ability to obtain any debt financing required to repay Noteholders at the time of the maturity of the Notes.

Refinancing risk

The Issuer may be required to refinance certain or all of its outstanding debt, including the Notes. The Issuer's ability to successfully refinance such debt is dependent on the conditions of the financial markets in general at such time. As a result, the Issuer's access to financing sources at a particular time may not be available on favourable terms, or at all. The Issuer's inability to refinance its debt obligations on favourable terms, or at all, could have a material adverse effect on the Group's business, financial condition and results of operations and on the Issuer's ability to repay amounts due under the Notes.

Liquidity risks

The Group has applied for listing of the Notes on the corporate bond list of NASDAQ OMX. However, it cannot be guaranteed that the Notes will be admitted to trading. Further, even if securities are admitted to trading on a regulated market, active trading in the securities does not always occur and hence there is no guarantee that a liquid market for trading in the Notes will occur or be maintained. This may have the effect that the Noteholders cannot sell their Notes when desired or at a price level which allows for a profit comparable to similar investments with an active and functioning secondary market. Accordingly, an investment in the Notes is only suitable for investors who can bear the risks associated with a lack of liquidity in the Notes. There is no guarantee that the redemption amount due to a listing failure will amount to or exceed the price level at which the Notes could have been sold on NASDAQ OMX. Furthermore, the nominal value of the Notes may not be indicative compared to the market price of the Notes if the Notes are admitted for trading on NASDAQ OMX.

Risks related to the Security

Cloetta's obligations under the Finance Documents (as defined in the Conditions) will initially (see "*Risks related to release of Transaction Security*" below) be secured by the Transaction Security (as defined below) and the Guarantees. The Noteholders will share the security interest under the Transaction Security with the lenders under the Senior Facilities Agreement (as defined below) (or one or more lenders refinancing the Senior Facilities Agreement) (the "**Senior Bank Debt**

Providers") and certain hedging counterparties (the "**Hedging Counterparties**", and together with the Noteholders and the Senior Bank Debt Providers, the "**Secured Parties**") on a *pari passu* basis.

The relationship between the Secured Parties and Svenska Handelsbanken AB (publ), acting as the security agent under the Senior Facilities Agreement (the "**Security Agent**") will be governed by an intercreditor agreement (the "**Intercreditor Agreement**") between, among others, CorpNordic Sweden AB, acting as agent for the Noteholders pursuant to the Conditions (the "**Notes Agent**"), the other Secured Parties and the Security Agent. The Notes Agent and the agent appointed by the Senior Bank Debt Providers will act as senior representatives ("**Senior Representatives**") for the Secured Parties under the Intercreditor Agreement. The Security Agent will in accordance with the Intercreditor Agreement in some cases take instructions from the Senior Representatives. There is no guarantee that the Security Agent and/or the Senior Representatives will act in a manner or give instructions preferable to the Noteholders. If the outstanding indebtedness (including for the avoidance of doubt commitments) of the Issuer towards the Senior Bank Debt Providers (the "**Senior Bank Debt**") exceed the obligations under the Notes, the agent representing the Senior Bank Debt Providers will be able to give enforcement instructions to the Security Agent, and the Noteholders or the Notes Agent will therefore not be in a position to control the enforcement procedure. As a general rule, the Security Agent shall take instructions from the Secured Party (the Noteholders and the Senior Bank Debt Providers and Hedging Counterparties) representing the majority of the secured debt, which may be other debt than the Notes, and in such case the Noteholders will not be able to control the relevant action being taken.

If the outstanding obligations of the Group towards the Senior Bank Debt Providers or the Hedging Counterparties increase or the Issuer issues additional Notes, the security position of the current Noteholders will be impaired. Furthermore, there is no guarantee that the Transaction Security will at all times cover the outstanding claims of the Noteholders and the other Secured Parties.

The Noteholders and the other Secured Parties will be represented by the Security Agent, in all matters relating to the Transaction Security. There is a risk that the Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Transaction Security. The Transaction Security is subject to certain hardening periods during which times the Secured Parties do not fully, or at all, benefit from the Transaction Security.

Risks relating to the Security Agent acting on behalf of Noteholders

Subject to the terms of the Intercreditor Agreement, the Security Agent is entitled to enter into agreements with the Issuer or a third party or take any other actions necessary for the purpose of maintaining, releasing or enforcing the Transaction Security (as defined in "*Description of Material Contracts*") or for the purpose of settling, among others, the Noteholders rights to the Transaction Security. Although there is a limitation set out in the Intercreditor Agreement that such actions shall not be taken if the Security Agent deems the action to be detrimental to the interests of the Noteholders, it cannot be guaranteed that actions will not be taken that may be considered to be detrimental in the view of some or all of the Noteholders. The aforementioned limitation does not apply to release provisions set out in the Conditions, the Intercreditor Agreement or the documents which governs the Transaction Security (such as the Security Release (as defined below)).

Certain of the subsidiaries of the Issuer (excluding, among others, the Italian subsidiaries) have granted guarantees and security in relation to Cloetta's and other group companies' obligations under

the Senior Finance Documents (as defined in the Intercreditor Agreement). The Secured Parties' right to payment under those guarantees and security is subject to, among other things, the availability of funds, corporate restrictions, the terms of each guarantor's indebtedness (including, but not limited to, the Senior Bank Debt) and local law.

Risks related to the Intercreditor Agreement

The Intercreditor Agreement contains provisions for the sharing of the Transaction Security (as defined below) between the Secured Parties. If a Secured Party receives enforcement proceeds or other payments in excess of what is stipulated by the Intercreditor Agreement, such Secured Party is obligated to share such proceeds or payments. However, it is not certain that a bankruptcy administrator of such Secured Party would respect the Intercreditor Agreement which potentially could adversely affect the other Secured Parties.

Pari passu structure

While the Transaction Security secures the Secured Parties *pari passu*, the Notes and the Senior Bank Debt do not have the same tenure and the Issuer may amortise and make prepayments under the Senior Bank Debt without having to make corresponding amortisations or prepayments under the Notes. The shorter tenor of the Senior Bank Debt could have a negative impact on the interests of the Noteholders.

Except for a second ranking pledge over the shares in Cloetta Italia S.r.l. which the Secured Parties indirectly benefit from, the shares in the Italian subsidiaries of the Issuer and the assets of such subsidiaries are not included in the Transaction Security. Such assets are pledged to Svenska Handelsbanken AB (publ) as security for the obligations of such subsidiaries under three separate facility agreements. The claims of the Senior Bank Debt Providers and the Noteholders under the second ranking pledge are *pari passu*, subject to local law limitations.

The Issuer has granted a guarantee for the obligations under the above mentioned three separate facility agreements (the "**Italian Guarantee**") which could have a negative impact on the interests of the Noteholders.

Structural subordination and insolvency of subsidiaries

The Issuer is dependent on its subsidiaries' ability to make payments to it in order to fulfil its payment obligations under the Notes. Most assets are owned by and all revenues are generated in subsidiaries of the Issuer. The subsidiaries are legally separated from the Issuer and have no obligation to make payments to the Issuer of any surpluses generated from their business. The subsidiaries' ability to make payments is restricted by, among other things, the availability of funds, corporate restrictions and local law.

The Noteholders (and the other Secured Parties) benefit from guarantees provided by certain of the Issuer's subsidiaries. In the event of insolvency, liquidation or a similar event relating to one of the guarantors, all other creditors of such subsidiary would be entitled to payment out of the assets of such subsidiary with the same priority as the Noteholders to the extent the Transaction Security does not provide for a prioritised position for the Secured Parties. In case of such an insolvency event in a subsidiary not being a guarantor, an entity within the Group, as a shareholder, or the Noteholders as secured parties in relation to a share pledge over the shares in such subsidiary would be entitled to any payments only after the other creditors (including in some cases the Senior Bank Debt Provider) have

received full payment for their claims. Thus the Notes are in the latter case structurally subordinated to the liabilities of such subsidiaries to the extent there is no provision for a prioritised position.

There can be no assurance that the Group and its assets would be protected from any actions by the creditors of any subsidiary of the Issuer, whether under bankruptcy law, by contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries of the Issuer could result in the obligation of the Group to make payments under parent company financial or performance guarantees in respect of such subsidiaries' obligations or the occurrence of cross defaults on certain borrowings of the Group.

Should the Italian subsidiaries be unable to fulfil their obligations towards Svenska Handelsbanken AB (publ), the Issuer may be forced to make payments under the Italian Guarantee which could adversely affect the Issuer's ability to make payments under the Notes.

Risks related to release of Transaction Security

If and when the Group meets a certain leverage ratio (calculated pursuant to the Intercreditor Agreement), the Security Agent shall release the Transaction Security and the Guarantees (as defined below) (both pursuant to the terms of the Senior Finance Documents) in full (the "**Security Release**"). After such release, the Noteholders will be unsecured and lose priority in case of foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceedings of any member of the Group.

In connection with a refinancing of the Senior Bank Debt, the Security Agent may from time to time, at the request of the Issuer, amend vary and/or restate the Transaction Security on behalf of itself and the Secured Parties in order to release Transaction Security provided to an existing Senior Bank Debt Providers and/or to create Transaction Security in favour of a new Senior Bank Debt Providers. Such actions by the Security Agent may have a negative impact on the security interest of the Noteholders.

Furthermore, the Security Agent may at any time (without the prior consent of the Noteholders), acting on instructions of the Senior Bank Debt Providers, release the Transaction Security and the Guarantees in accordance with the terms of the Intercreditor Agreement. Although the Transaction Security shall be released *pro rata* between the Secured Parties and continue to rank *pari passu* between the Secured Parties, such release will impair the security interest and the secured position of the Noteholders.

Agents' and other charges may rank ahead of Secured lenders when receiving enforcement proceeds

The proceeds of an enforcement will be applied in accordance with the terms of the Intercreditor Agreement whereas certain fees to the Security Agent, Notes Agent, and the agent representing the Senior Bank Debt Providers as well as certain costs and indemnifications will be paid by the Security Agent before applying proceeds to the Noteholders and the Senior Bank Debt Providers.

If the proceeds of an enforcement sale are not sufficient to repay all amounts due on or in respect of the Notes, then the Noteholders will only have an unsecured claim against the remaining assets (if any) in the Issuer for the amounts which remain outstanding on or in respect of the Notes.

To the extent that the Noteholders do not have secured claims, under bankruptcy law, certain debts and claims must be paid in priority to other debts and claims (for example, costs and expenses of a liquidator and certain payments to employees).

Risks related to early redemption

Pursuant to the Conditions, the Issuer has the right to redeem all outstanding Notes prior to the final redemption date. If the Notes are redeemed before the final redemption date, the holders of the Notes will receive an early redemption amount which exceeds the nominal amount of the Notes. However, there is a risk that the market value of the Notes is higher than the early redemption amount and that it may not be possible for Noteholders to reinvest such proceeds at an effective interest rate as high as the interest rate on the Notes and may only be able to do so at a significantly lower rate. In addition, the Conditions contain certain mandatory prepayment rights in favour of the Noteholders, however it is possible that the Issuer will not have sufficient funds at the time of the mandatory prepayment to make the required redemption of Notes.

No action against the Issuer and Noteholders' representation

In accordance with the Conditions, the Notes Agent will represent all Noteholders in all matters relating to the Notes and the Noteholders are prevented from taking actions on their own against the Issuer. Consequently, individual Noteholders do not have the right to take legal actions to declare any default by claiming any payment from or enforcing any security granted by the Issuer and may therefore lack effective remedies unless and until a requisite majority of the Noteholders agree to take such action.

However, the possibility that a Noteholder, in certain situations, could bring its own action against the Issuer (in breach of the Conditions) cannot be ruled out, which could negatively impact an acceleration of the Notes or other action against the Issuer.

To enable the Notes Agent to represent Noteholders in court, the Noteholders may have to submit a written power of attorney for legal proceedings. The failure of all Noteholders to submit such a power of attorney could negatively affect the legal proceedings.

Under the Conditions, the Notes Agent will in some cases have the right to make decisions and take measures that bind all Noteholders. Consequently, the actions of the Notes Agent in such matters could impact a Noteholder's rights under the Conditions in a manner that would be undesirable for some of the Noteholders.

Noteholders' meetings

The Conditions will include certain provisions regarding Noteholders' meeting. Such meetings may be held in order to resolve on matters relating to the Noteholders' interests. The Conditions will allow for stated majorities to pass certain resolutions which are binding upon all Noteholders, including Noteholders who have not taken part in the meeting and those who have voted differently to the required majority at a duly convened and conducted Noteholders' meeting. Consequently, the actions of the majority in such matters could impact a Noteholder's rights in a manner that would be undesirable for some of the Noteholders.

Restrictions on the transferability of the Notes

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, or any U.S. state securities laws. Subject to certain exemptions, a holder of the Notes may not offer or sell the Notes in the United States. The Issuer has not undertaken to register the Notes under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the Notes in the future. Furthermore, the Issuer has not registered the Notes under any other country's

securities laws. It is the Noteholder's obligation to ensure that the offers and sales of Notes comply with all applicable securities laws.

Certain material interests

Svenska Handelsbanken AB (publ) and Nordea Bank AB (publ) (the "**Joint Bookrunners**") have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests. In this respect, it may be noted that the proceeds from the Notes issue shall be used to refinance debt incurred to Svenska Handelsbanken AB (publ).

Amended or new legislation

The Senior Finance Documents (including the Conditions) will be based on Swedish law in force as at the Issue Date. No assurance can be given on the impact on the rights of the Noteholders of any possible future legislative measures or changes or modifications to administrative practices in Sweden.

THE OFFERING

The following summary of the offering contains basic information about the Notes and the offering. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes, including certain definitions of terms used in this summary, see "Terms and Conditions of the Notes".

Issuer	Cloetta AB (publ).
Notes Offered	SEK 1,000,000,000 in aggregate principal amount of senior secured floating rate notes due 2018.
Issue Date	17 September 2013.
Issue Price	100 per cent.
Interest Rates	Interest on the Notes will be paid at a rate equal to the sum of (i) three-month STIBOR plus (ii) 3.10 per cent.
Interest Payment Dates	Quarterly in arrear on 17 March, 17 June, 17 September and 17 December in each year, commencing on 17 December 2013. Interest will accrue from the Issue Date.
Nominal Amount	The Notes will have a nominal amount of SEK 1,000,000 and the minimum permissible investment upon issuance of the Notes is SEK 1,000,000.
Status of the Notes	The Notes constitute senior, secured obligations of the Issuer and: <ul style="list-style-type: none">• will rank <i>pari passu</i> in right of payment with any existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes, including the obligation of the Issuer under the Senior Bank Debt Documents (as defined in the Conditions);• will rank senior in right of payment to any existing and future indebtedness of the Issuer that is expressly subordinated in right of payment to the Notes;• will be guaranteed on a senior basis by the Guarantors (as defined below);• will be effectively subordinated to any existing or future indebtedness or obligation of the Issuer and its subsidiaries that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness; and• will be structurally subordinated to any existing or future indebtedness of the subsidiaries of the Issuer that are not Guarantors, including obligations to trade creditors.

Guarantees..... The Issuer’s obligations under the Notes will be jointly and severally guaranteed (the “**Guarantee**”) by each of:

- AB Karamellpojka;
- Cloetta Produktion Sverige AB;
- Cloetta Sverige AB;
- LEAF Sweden IP AB;
- Cloetta Holland B.V.;
- LEAF Slovakia s.r.o.;
- Cloetta Suomi Oy;
- LEAF Leasing Oy;
- Cloetta Danmark ApS;
- Cloetta Norge AS;
- Cloetta Finance Holland B.V.;
- Cloetta Deutschland GmbH; and
- Cloetta België NV,

each a “**Guarantor**” and together the “**Guarantors**”. See “*Description of Material Contracts – Guarantee Agreement*” for further details.

Ranking of the Guarantees . The Guarantee of each Guarantor will be a general senior obligation of such Guarantor and:

- will rank *pari passu* in right of payment with any existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Guarantee, including the indebtedness under the Senior Bank Debt;
- will rank senior in right of payment to any existing and future indebtedness of such Guarantor that is expressly subordinated in right of payment to such Guarantee; and
- will be effectively subordinated to any existing or future indebtedness or obligation of such Guarantor that is secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such indebtedness.

The Guarantees will also be subject to certain limitations under local law and the terms of the Intercreditor Agreement. The Guarantees will be subject to release under certain circumstances. See “*Terms and Conditions of the Notes – Security Release*”.

Collateral On the Issue Date, the Notes, together with obligations under the Senior Bank Debt Documents, will be secured by security interests granted on an equal and rateable first-priority basis over the share capital of certain Group Companies, the Group’s trademarks and other assets of the Group. See “*Terms and Conditions of the Notes – Schedule 1 (Security Documents)*”.

Intercreditor Agreement The terms of the Intercreditor Agreement governing the relationship between the senior creditors of the Issuer are summarised in “*Description of Material Contracts – Intercreditor Agreement*”.

Optional Redemption

Call Option..... The Issuer has the right to redeem outstanding Notes in full at any time at the applicable Call Option Amount in accordance with Clause 10.3 (*Voluntary Total Redemption*) of the Conditions.

Call Option Amount..... Call Option Amount means:

- 100 per cent of the Nominal Amount plus the Applicable Premium, together with accrued but unpaid interest, if the Call Option is exercised any time before the First Call Date;
- 103.00 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the First Call Date to, but not including, the date falling 42 months after the Issue Date;
- 102.50 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 42 months after the Issue Date to, but not including, the date falling 48 months after the Issue Date;
- 102.00 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 48 months after the Issue Date to, but not including, the date falling 54 months after the Issue Date; and
- 101.50 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 54 months after the Issue Date to, but not including, the Final Maturity Date.

Applicable Premium Applicable Premium means the higher of:

- (a) 3.00 per cent of the Nominal Amount; or

(b) an amount equal to:

(i) 103.00 per cent of the Nominal Amount;
plus

(ii) all remaining scheduled Interest payments (assuming that the Interest Rate for the period from the relevant redemption date to the First Call Date will be equal to the interpolated SEK mid-swap rate for the remaining term from the redemption date until the First Call Date plus the Floating Rate Margin) on the Notes until the First Call Date,

discounted (for the time period starting from the date the relevant Notes are redeemed to the First Call Date) using a discount rate equal to the Swedish Government Bond Rate plus 0.50 per cent; minus

(iii) accrued but unpaid Interest up to the relevant redemption date; and

(iv) the Nominal Amount.

First Call Date..... First Call Date means the date falling three (3) years after the First Issue Date.

Change of Control

Change of Control Clause..... Upon a Change of Control Event or a Listing Failure occurring, each Noteholder shall have the right to request that all, or only some, of its Notes be repurchased at a price per Note equal to 101 per cent of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business Days following a notice from the Issuer of the Change of Control Event or a Listing Failure (both as defined in the Conditions).

Change of Control Event A Change of Control Event means:

- the occurrence of an event or series of events whereby one or more Persons, not being AB Malfors Promotor (“**Malfors Promotor**”) (or an Affiliate of Malfors Promotor), acting in concert, control shares in the Issuer representing more than 30 per cent of the votes in the Issuer or otherwise gain direct or indirect control of the Issuer;
- the shares in the Issuer ceasing to be listed on NASDAQ OMX; or
- the sale of all or substantially all of the assets of the

Group whether in a single transaction or a series of related transactions.

Certain Covenants The Conditions contain a number of covenants which restrict the ability of the Issuer and other Group Companies, including, *inter alia*:

- restrictions on paying distributions;
- restrictions on making any changes to the nature of their business;
- restrictions on the incurrence of Financial Indebtedness (as defined in the Conditions);
- restrictions on the disposal of assets;
- restrictions on dealings with related parties;
- a negative pledge, restricting the granting of security on Financial Indebtedness; and
- the Issuer must list the Notes within 2 months of the Issue Date.

Each of these covenants is subject to significant exceptions and qualifications. See “*Terms and Conditions of the Notes*”.

Use of Proceeds..... The net proceeds of the offering will be used to refinance part of the Senior Facilities Agreement (as defined below).

Transfer Restrictions The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from the registration requirements of the U.S. Securities Act.

Listing Application has been made to list the Notes on NASDAQ OMX.

Notes Agent..... CorpNordic Sweden AB.

Security Agent Svenska Handelsbanken AB (publ).

Governing Law of the Notes, the Guarantee Agreement and the Intercreditor Agreement Swedish law.

Risk Factors..... Investing in the Notes involves substantial risks and prospective investors should refer to “*Risk Factors*” for a discussion of certain factors that they should carefully consider before deciding to invest in the Notes.

STATEMENT OF RESPONSIBILITY

The issuance of SEK 1,000,000,000 of the Notes was authorised by resolutions taken by the board of directors of the Issuer on 29 August 2013, and was subsequently issued by the Issuer on 17 September 2013. This Prospectus has been prepared in connection with the Issuer's application to list the Notes on the corporate bond list of NASDAQ OMX, in accordance with the Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC as amended by the Directive 2010/73/EC of the European Parliament and of the Council and Chapter 2 of the Trading Act.

The Issuer is responsible for the information given in this Prospectus. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omissions likely to affect its import. Any information in this Prospectus and in the documents incorporated by reference which derive from third parties has, as far as the Issuer is aware and can be judged on the basis of other information made public by that third party, been correctly represented and no information has been omitted which may serve to render the information misleading or incorrect. The board of directors confirms that, having taken all reasonable care to ensure that such is the case, the information in this Prospectus is, to the best of the board of directors' knowledge, in accordance with the facts and contains no omission likely to affect its import.

16 September 2013

CLOETTA AB (PUBL)

The Board of Directors

DESCRIPTION OF MATERIAL CONTRACTS

The following is a summary of the material terms of material contracts to which the Issuer is a party. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements.

Multicurrency Term and Revolving Facilities Agreement

Cloetta entered into a multicurrency term and revolving facilities agreement with Svenska Handelsbanken AB (publ) on 15 December 2011 (as amended and restated from time to time) (the “**Original Senior Facilities Agreement**”).

The facilities under the Senior Facilities Agreement were provided in respect of the financing of the repayment (in part) of certain vendor loan notes issued in connection with the acquisition of LEAF and the refinancing of LEAF’s existing debt, and towards working capital and general corporate purposes (including financing of permitted acquisitions of shares or business operations).

The termination date in respect of the facility A (the part of the Senior Bank Debt used to finance the acquisition of LEAF, which is intended to be refinanced by the proceeds from the issue of the Notes) is 30 September 2015. The remaining part of the facility is due for final repayment five years after the first utilisation date.

On 17 September 2013, Cloetta entered into a Third Amendment and Restatement Facilities Agreement to amend the terms of the Original Senior Facilities Agreement (as amended the “**Senior Facilities Agreement**”). The Senior Facilities Agreement includes customary terms and conditions and undertakings. The terms of the loans are linked to various agreed covenants relating to, *inter alia*, net debt/EBITDA, interest cover ratios, and equity to total assets. These covenants are subject to quarterly review. Furthermore, the Senior Facilities Agreement prescribes that Cloetta shall not, with certain agreed exceptions, declare, make or pay any distribution (including dividends) until total leverage (net debt/EBITDA multiple) has reached the pre-agreed ratio of 4.0:1 in accordance with the terms set out in the Senior Facilities Agreement.

The transaction security (the “**Transaction Security**”) granted in favour of Svenska Handelsbanken AB (publ) and the Noteholders consists of Cloetta’s rights under the acquisition agreement relating to the acquisition of LEAF as well as in respect of shares in Cloetta’s material subsidiaries, certain intra-group loans, trademarks, business mortgage certificates and properties owned by each of Cloetta and its subsidiaries, respectively. In respect of intra-group liabilities the Senior Facilities Agreement specifically provides for that the bank has the right to security over 75 per cent of the outstanding amount under such intra-group liabilities from time to time.

Various provisions (including the release of transaction security) in the Senior Facilities Agreement are linked to the De-leverage Release Event (as defined below). The De-leverage Release Event (as defined below) will occur when the net debt/EBITDA in respect of the two most recent consecutive financial quarters was equal to or less than (i) 2.8:1 in respect of the first relevant financial quarter and (ii) 2.6:1 in respect of the second relevant financial quarter in the two most recent consecutive financial quarters (the “**De-leverage Release Event**”). Upon the occurrence of the De-leverage Release Event, the Security Agent shall, at the request and cost of the Issuer, release all transaction security granted under and in connection with the Senior Facilities Agreement.

The facilities may be subject to prepayment in full in the event that, *inter alia*, any person or group of persons other than Malfors Promotor would own or control shares in Cloetta representing more than 30 per cent of the votes in Cloetta or otherwise gain direct or indirect control of Cloetta.

Furthermore, the Senior Facilities Agreement provides for customary restrictions on the Group relating to mergers, change of business, acquisitions of companies, providing security, disposals of assets, further borrowing or providing further guarantees, other than as permitted under the Senior

Facilities Agreement. Some of these restrictions will be fully or partially released or cancelled upon the De-leverage Release Event.

According to the Senior Facilities Agreement, repayment instalments are to be made quarterly in accordance with market terms. The interest rate levels under the Senior Facilities Agreement are based on the applicable base rate of the bank increased by a margin based on total consolidated leverage of Cloetta.

Certain direct and indirect subsidiaries of Cloetta will guarantee the Group's obligations under the Senior Finance Documents, including the Senior Facilities Agreement.

Intercreditor Agreement

The Issuer will enter into an intercreditor agreement to be dated on or about the date of the Notes issue between, *inter alios*, Svenska Handelsbanken AB (publ) as Original Senior Bank Debt Provider, Senior Bank Debt Hedge Provider, Senior Bank Debt Representative, Senior Notes Hedge Provider and Security Agent and CorpNordic Sweden AB as Senior Notes Representative (the "**Intercreditor Agreement**").

According to the terms of the Intercreditor Agreement, the relevant debt shall rank in right and priority of payment in the following order: (a) first, the Senior Debt (*pari passu* between the senior bank debt, senior notes debt and the hedging debt); (b) secondly, the vendor debt; and (c) thirdly, the intercompany debt.

The Intercreditor Agreement contains a mechanism corresponding to that contained in the Senior Facilities Agreement in respect of the release of transaction security and guarantees upon the De-leverage Release Event.

The Intercreditor Agreement further contains customary provisions regarding, *inter alia*, the role of the security agent, hedging, vendor and intercompany debt, payment restrictions and permitted payments, enforcement, payment block, application of recoveries and sharing among the finance parties.

Guarantee Agreement

The Guarantors and the Issuer have entered into a guarantee agreement dated on or around the date of the Notes issue between the Issuer, the Guarantors and the Security Agent (the "**Guarantee Agreement**"), pursuant to which the Guarantors have agreed to jointly and severally guarantee the Group's obligations as follows:

- the full and punctual payment and performance within applicable grace periods of all present and future obligations and liabilities of the Issuer and the Guarantors, including all payment of principal of, and premium, if any, and interest under the Senior Finance Documents (as defined in the Intercreditor Agreement) when due, whether at maturity, by acceleration, by redemption or otherwise, and interest on any such obligation which is overdue, and of all other monetary obligations of the Issuer or Guarantors to the Secured Parties under the Senior Finance Documents;
- the full and punctual performance within applicable grace periods of all other obligations and liabilities of the Issuer or Guarantors under the Senior Finance Documents; and
- the full and punctual performance of all obligations and liabilities of the Issuer or Guarantors under any Security Document (as defined in the Conditions) to which it is a party.

Under the terms of the Senior Finance Documents, the Issuer and the Guarantors must represent over 70 per cent of the total assets and EBITDA of the Group, and any subsidiaries of the Issuer which reach a certain proportion of Group EBITDA or total assets (other than subsidiaries incorporated in Italy) must accede to the Guarantee Agreement.

The Guarantees will be subject to the Intercreditor Agreement and certain other limitations imposed by local law requirements in certain jurisdictions.

Upon the occurrence of a De-leverage Release Event, the guarantees under the Guarantee Agreement shall terminate.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes, which upon issue will represent the terms and conditions applicable to all Notes.

1. Definitions and Construction

1.1 Definitions

In these terms and conditions (the “**Terms and Conditions**”):

“**Account Operator**” means a bank or other party duly authorised to operate as an account operator pursuant to the Financial Instruments Accounts Act and through which a Noteholder has opened a Securities Account in respect of its Notes.

“**Accounting Principles**” means international financial reporting standards (IFRS) within the meaning of Regulation 1606/2002/EC (or as otherwise adopted or amended from time to time).

“**Adjusted Nominal Amount**” means the Total Nominal Amount less the Nominal Amount of all Notes owned by a Group Company or an Affiliate of a Group Company, irrespective of whether such person is directly registered as owner of such Notes.

“**Advance Purchase Agreements**” means (a) an advance or deferred purchase agreement if the agreement is in respect of the supply of assets or services and payment is due not more than 90 days after the date of supply, or (b) any other trade credit incurred in the ordinary course of business.

“**Affiliate**” means any Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purpose of this definition, “**control**” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Agency Agreement**” means the agreement entered into between the Agent and the Issuer on or about the First Issue Date regarding, *inter alia*, the remuneration payable to the Agent.

“**Agent**” means CorpNordic Sweden AB, Swedish Reg. No. 556625-5476, P.O. Box 16285, 103 25 Stockholm, Sweden or another party replacing it, as Agent, in accordance with these Terms and Conditions.

“**Applicable Premium**” means the higher of:

- (a) 3.00 per cent of the Nominal Amount; and
- (b) an amount equal to:
 - (i) 103.00 per cent of the Nominal Amount; plus
 - (ii) all remaining scheduled Interest payments (assuming that the Interest Rate for the period from the relevant Redemption Date to the First Call Date will be equal to the interpolated SEK mid-swap rate for the remaining term from the Redemption Date until the First Call Date plus the Floating Rate Margin) on the Note until the First Call Date,

discounted (for the time period starting from the date the relevant Notes are redeemed to the First Call Date) using a discount rate equal to the Swedish Government Note Rate plus 0.50 per cent; minus

- (iii) accrued but unpaid Interest up to the relevant Redemption Date; and
- (iv) the Nominal Amount.

“**Borrowings**” means, as at any particular time, the aggregate outstanding principal, capital or nominal amount (and any fixed or minimum premium payable on prepayment or redemption) of the Financial Indebtedness (excluding any Financial Indebtedness under any Treasury Transactions) of members of the Group (excluding any Financial Indebtedness between members of the Group).

“**Business Day**” means a day in Sweden other than a Sunday or other public holiday. Saturdays, Midsummer Eve (*midsommarafton*), Christmas Eve (*julafton*) and New Year’s Eve (*nyårsafton*) shall for the purpose of this definition be deemed to be public holidays.

“**Business Day Convention**” means the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.

“**Call Option**” means the Issuer’s right to redeem outstanding Notes in full in accordance with Clause 10.3 (*Voluntary Total Redemption*).

“**Call Option Amount**” means:

- (a) 100.00 per cent of the Nominal Amount plus the Applicable Premium, together with accrued but unpaid interest, if the Call Option is exercised anytime before the First Call Date;
- (b) 103.00 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the First Call Date to, but not including, the date falling 42 months after the First Issue Date;
- (c) 102.50 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 42 months after the First Issue Date to, but not including, the date falling 48 months after the First Issue Date;
- (d) 102.00 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 48 months after the First Issue Date to, but not including, the date falling 54 months after the First Issue Date; and
- (e) 101.50 per cent of the Nominal Amount, together with accrued but unpaid interest, if the Call Option is exercised on or after the date falling 54 months after the First Issue Date to, but not including, the Final Maturity Date.

“**Change of Control Event**” means:

- (a) the occurrence of an event or series of events whereby one or more Persons, not being Malfors (or an Affiliate of Malfors), acting in concert, control shares in the Issuer representing more than 30.00 per cent of the votes in the Issuer or otherwise gain direct or indirect control of the Issuer;
- (b) the shares in the Issuer ceasing to be listed on NASDAQ OMX Stockholm; or
- (c) the sale of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions,

whereas “**control**” means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to (i) appoint or remove all, or the majority, of the directors or other equivalent officers of the Issuer or (ii) give directions with respect to the operating and financial policies of the Issuer with which the directors or other equivalent officers of the Issuer are obliged to comply, and “**acting in concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate control of the Issuer.

“**Consultation Period**” has the meaning set forth in Clause 11.4(b).

“**Compliance Certificate**” means a certificate, in form and substance satisfactory to the Agent, signed by the Issuer certifying (i) the Incurrence Test upon incurrence of Financial Indebtedness or making of any Restricted Payments, and (ii) that so far as it is aware no Event of Default is continuing or, if it is aware that such event is continuing, specifying the event and steps, if any, being taken to remedy it.

“**CSD**” means the Issuer’s central securities depository and registrar in respect of the Notes, from time to time, initially Euroclear Sweden AB, Swedish Reg. No. 556112-8074, P.O. Box 191, 101 23 Stockholm, Sweden.

“**Debt Instruments**” means bonds, notes or other debt securities (however defined), which are or are intended to be quoted, listed, traded or otherwise admitted to trading on a Regulated Market or a multilateral trading facility (as defined in Directive 2004/39/EC on markets in financial instruments).

“**EBIT**” means, in respect of the Relevant Period, the consolidated profit of the Group from ordinary activities according to the latest Financial Report(s) and without double-counting:

- (a) before deducting any amount of tax on profits, gains or income paid or payable by any member of the Group;
- (b) before deducting any Net Finance Charges;
- (c) not including any accrued interest owing to any member of the Group;
- (d) before taking into account any extraordinary items, in accordance with IFRS and before taking into account any other material items of an extraordinary and non-recurring nature which has been presented in the financial statements of the Issuer;
- (e) before deducting any Transaction Costs;
- (f) before deducting any amount payable on or following an Early Termination Date (as defined in the Intercreditor Agreement) or any termination or close out of any transaction under any Hedging Agreement (as defined in the Intercreditor Agreement), as a result of an application of Clause 3.5 (*Limitations on hedging transactions*) of the Intercreditor Agreement;
- (g) before taking into account any unrealised gains or losses on any derivative instrument (other than any derivative instruments which is accounted for on a hedge accounting basis), *provided that* such losses or gains relates to the business and operations of the Group and not to Financial Indebtedness under the Finance Documents;
- (h) after adding back or deducting, as the case may be, the amount of any loss or gain against book value arising on a disposal of any asset (other than in the ordinary course of trading) and any loss or gain arising from an upward or downward revaluation of any asset;

- (i) after deducting the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests; and
- (j) plus or minus the Group's share of the profits or losses of a Person not being a Group Company,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the profits of the Group before taxation.

“**EBITDA**” means, in respect of any Relevant Period, EBIT for that Relevant Period after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group.

“**Enforcement Action**” has the meaning ascribed to such term in the Intercreditor Agreement.

“**Escrow Account**” means a bank account of the Issuer held with a reputable bank, into which the Net Proceeds will be transferred and which has been pledged in favour of the Agent and the bondholders (represented by the Agent) under the Escrow Account Pledge Agreement.

“**Escrow Account Pledge Agreement**” means the pledge agreement entered into between the Issuer and the Agent on or about the Issue Date in respect of a first priority pledge over the Escrow Account and all funds held on the Escrow Account from time to time, granted in favour of the Agent and the bondholders (represented by the Agent).

“**Event of Default**” means an event or circumstance specified in any of the Clauses 15.1 (*Non-Payment*) to and including Clause 15.10 (*Continuation of the Business*).

“**Final Maturity Date**” means 17 September 2018.

“**Finance Charges**” means, for any Relevant Period, the aggregate amount (excluding any Transaction Costs) of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of Borrowings (including, for the avoidance of doubt, the amount of the capital element of any payments in respect of that Relevant Period payable under any Finance Lease entered into by any member of the Group, but excluding any amount payable on or following an termination or close out of any transaction under any Hedging Agreement (as defined in the Intercreditor Agreement), as a result of an application of Clause 3.5 (*Limitations on hedging transactions*) of the Intercreditor Agreement), whether paid, payable or capitalised by any member of the Group (calculated on a consolidated basis) in respect of that Relevant Period.

“**Finance Documents**” means these Terms and Conditions, the Intercreditor Agreement, the Security Documents, the Agency Agreement, the Escrow Account Pledge Agreement, the Guarantee Agreement and any other document designated by the Issuer and the Agent as a Finance Document.

“**Finance Lease**” means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance lease.

“**Financial Indebtedness**” means any indebtedness in respect of:

- (a) monies borrowed or raised, including Market Loans;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

- (d) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (e) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (f) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease;
- (g) any amount of any liability under an advance or deferred purchase agreement if (a) the primary reason behind entering into the agreement is to raise finance or (b) the agreement is in respect of the supply of assets or services and payment is due more than 90 days after the date of supply;
- (h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark to market value shall be taken into account, *provided that* if any actual amount is due as a result of a termination or a close-out, such amount shall be used instead);
- (i) any counter indemnity obligation in respect of a financial guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution (excluding, for the avoidance of doubt, performance guarantees); and
- (j) (without double counting) any guarantee (other than a Permitted Guarantee) or other assurance against financial loss in respect of a type referred to in the above items (a)-(i),

provided that, any obligation of the Group existing on the date of these Terms and Conditions up to an aggregate maximum amount of EUR 10,000,000 (i) that is not included as a finance lease obligation on the latest available audited consolidated balance sheet of the Issuer, (ii) that on the date of these Terms and Conditions is classified as an operational lease, and (iii) that is subsequently recharacterised as a finance lease obligation solely due to a change in accounting treatment, shall not be treated as Financial Indebtedness. For the avoidance of doubt, any operational leases in excess of EUR 10,000,000 which are reclassified as financial leases will be treated as Financial Indebtedness.

“**Financial Instruments Accounts Act**” means the Swedish Financial Instruments Accounts Act (*lag (1998:1479) om kontoföring av finansiella instrument*).

“**Financial Report**” means the Group’s annual audited financial statements or quarterly interim unaudited reports, which shall be prepared and made available in accordance with Clause 12.1 (*Information from the Issuer*).

“**Financial Year**” means the annual accounting period of the Group ending on or about 31 December in each year.

“**First Call Date**” means the date falling three (3) years after the First Issue Date.

“**First Issue Date**” means 17 September 2013.

“**Floating Rate Margin**” means 3.10 per cent.

“**Group**” means the Issuer and its Subsidiaries from time to time (each a “**Group Company**”).

“**Guarantee Agreement**” means the guarantee agreement dated on or about the date of these Terms and Conditions between the Issuer, the Guarantors and the Agent pursuant to which the Guarantors guarantee the Secured Obligations.

“**Guarantees**” means the guarantees provided by the Guarantors under the Guarantee Agreement.

“**Guarantor**” means, on the First Issue Date, each entity listed in Schedule 2 (*Guarantors*).

“**Incurrence Test**” means the test of the financial incurrence covenants as set out in Clause 13.1 (*Incurrence Covenants*).

“**Initial Notes**” means the Notes issued on the First Issue Date.

“**Initial Outstanding Indebtedness**” means the debt outstanding under the Senior Facilities Agreement and the Italian Facility Agreements, on the First Issue Date, after repayment with the net proceeds of the issue of the Notes, together with any available revolving commitments under the Senior Facilities Agreement on the First Issue Date after repayment with the net proceeds of the issue of the Notes.

“**Initial Senior Bank Debt**” means the debt outstanding under the Senior Facilities Agreement, on the First Issue Date, after repayment with the net proceeds of the issue of the Notes, together with any available revolving commitments under the Senior Facilities Agreement on the First Issue Date after repayment with the net proceeds of the issue of the Notes.

“**Insolvent**” means, in respect of a relevant person, that it is deemed to be insolvent, or admits inability to pay its debts as they fall due, in each case within the meaning of Chapter 2, Sections 7-9 of the Swedish Bankruptcy Act (*konkurslagen (1987:672)*) (or its equivalent in any other jurisdiction), suspends making payments on any of its debts or by reason of actual financial difficulties commences negotiations with its creditors (other than the Noteholders) with a view to rescheduling any of its indebtedness (including company reorganisation under the Swedish Company Reorganisation Act (*lag (1996:764) om företagsrekonstruktion*) (or its equivalent in any other jurisdiction)) or is subject to involuntary winding-up, dissolution or liquidation.

“**Interest**” means the interest on the Notes calculated in accordance with Clauses 9(a) to 9(d).

“**Interest Coverage Ratio**” means the ratio of EBITDA to Net Finance Charges.

“**Interest Payment Date**” means 17 March, 17 June, 17 September and 17 December in each year or, to the extent such day is not a Business Day, the Business Day following from an application of the Business Day Convention. The first Interest Payment Date shall be 17 December 2013 and the last Interest Payment Date shall be the relevant Redemption Date.

“**Interest Period**” means (i) in respect of the first Interest Period, the period from (but excluding) the First Issue Date to (and including) the first Interest Payment Date, and (ii) in respect of subsequent Interest Periods, the period from (but excluding) an Interest Payment Date to (and including) the next succeeding Interest Payment Date (or a shorter period if relevant).

“**Interest Rate**” means STIBOR plus the Floating Rate Margin per annum.

“**Intercreditor Agreement**” means the intercreditor agreement dated on or about the date of these Terms and Conditions between, among others, the Issuer, the Guarantors, the Agent and Svenska Handelsbanken AB (publ).

“**Issuer**” means Cloetta AB (publ), a public limited liability company incorporated under the laws of Sweden with Reg. No. 556308-8144.

“**Issuing Agent**” means Svenska Handelsbanken AB (publ), or another party replacing it, as Issuing Agent, in accordance with these Terms and Conditions.

“**Italian Facility Agreements**” means (i) the EUR 80,000,000 facility agreement entered into on or about 25 October 2006 between Cloetta Italia S.r.l. (formerly LEAF Italia S.r.l.) (as borrower) and the Original Lender, (ii) the EUR 10,000,000 facility agreement entered into on or about 9 February 2007 between Cloetta Italia S.r.l. (as borrower) and the Original Lender, and (iii) the EUR 5,000,000 originally entered into on or about 1 March 2007 between Saila S.p.A. (as original borrower) and the Original Lender, and subsequently transferred from Saila S.p.A. to Cloetta Italia S.r.l. on 18 December 2007 (each agreement as amended and restated from time to time).

“**Italian Security Documents**” means the security documents set out in Part 2 of Schedule 1 to these Terms and Conditions.

“**Joint Lead Managers**” means Svenska Handelsbanken AB (publ), reg. no. 502007-7862, 106 70 Stockholm, Sweden and Nordea Bank AB (publ), reg. no. 516406-0120, 105 71 Stockholm, Sweden.

“**Listing Failure**” has the meaning set forth in Clause 14.8(c).

“**Malfors**” means AB Malfors Promotor, Swedish Reg. No. 556049-6928.

“**Management Incentive Plan**” means the management incentive plan in connection with which the Issuer has entered into equity swaps with Nordea Bank Finland Plc pursuant to a confirmation letter agreement dated 30 May 2013.

“**Market Loan**” means any loan or other indebtedness where an entity issues commercial paper, certificates, subordinated debentures, bonds or any other debt securities (including, for the avoidance of doubt, medium term note programmes and other market funding programmes), provided in each case that such instruments and securities are or can be subject to trade on NASDAQ OMX Stockholm or any other regulated or unregulated recognised market place.

“**Material Adverse Effect**” means a material adverse effect on

- (a) the business, financial condition or operations of the Group taken as a whole;
- (b) the Issuer’s ability to perform and comply with the undertakings set out in Clause 14 (*General Undertakings*); or
- (c) the validity or enforceability of the Finance Documents (including the ranking of the Transaction Security as set out in such Finance Documents).

“**Material Financial Indebtedness**” means any Financial Indebtedness in an amount exceeding SEK 20,000,000 (or its equivalent in any other currency).

“**Material Group Company**” means the Issuer or a Group Company representing more than 10.00 per cent of the total assets or EBITDA of the Group on a consolidated basis according to the latest Financial Report.

“**Net Finance Charges**” means, for any Relevant Period, the Finance Charges for that Relevant Period after deducting any interest payable in that Relevant Period to any member of the Group on any Cash (as defined in the Intercreditor Agreement) or Cash Equivalent Investment (as defined in the Intercreditor Agreement).

“**Net Interest Bearing Debt**” means the aggregate interest bearing debt less Cash (as defined in the Intercreditor Agreement) or Cash Equivalent Investment (as defined in the Intercreditor Agreement) of the Group in accordance with the applicable Accounting Principles of the Group from time to time (for the avoidance of doubt, excluding Shareholder Loans and interest bearing debt borrowed from any Group Company).

“**Net Proceeds**” means the proceeds from the Initial Notes after deduction has been made for the Transaction Costs payable by the Issuer to the Joint Lead Managers and Issuing Agent for the services provided in relation to the placement and issuance of the Notes.

“**New Senior Bank Debt**” means any debt used to replace all of the Initial Senior Bank Debt in accordance with Clause 11.2(a).

“**Nominal Amount**” has the meaning set forth in Clause 2(c).

“**Noteholder**” means the person who is registered on a Securities Account as direct registered owner (*ägare*) or nominee (*förvaltare*) with respect to a Note.

“**Noteholders’ Meeting**” means a meeting among the Noteholders held in accordance with Clause 18 (*Noteholders’ Meeting*).

“**Notes**” means the debt instrument (*skuldförbindelse*) for the Nominal Amount and of the type set forth in Chapter 1 Section 3 of the Financial Instruments Accounts Act and which are governed by and issued under these Terms and Conditions, including the Initial Notes and any Subsequent Notes.

“**Permitted Debt**” means any Financial Indebtedness:

- (a) of the Group incurred pursuant to any financial leasing arrangements incurred in the ordinary course of the Group’s business, not exceeding an aggregate amount of EUR 10,000,000 (or its equivalent in any other currency);
- (b) owed by one Group Company to another Group Company;
- (c) being the Initial Outstanding Indebtedness, subject to an increase of the Initial Outstanding Indebtedness by 10.00 per cent;
- (d) following a total refinancing of the Initial Senior Bank Debt, being any New Senior Bank Debt incurred in accordance with Clause 11.2(a) and the terms and the conditions set out in the Intercreditor Agreement and subject to a total Financial Indebtedness under such New Senior Bank Debt not being higher than 110.00 per cent of the Initial Senior Bank Debt;
- (e) incurred as a result of a refinancing of the Italian Facility Agreements *provided that* the Financial Indebtedness of the Group does not increase as a result of such refinancing;
- (f) being the Notes, the Senior Bank Debt Hedge and the Senior Notes Hedge;
- (g) arising under the Management Incentive Plan;
- (h) arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure arises in the ordinary course of business or in respect of payments to be made under these Terms and Conditions, but not a foreign exchange transaction for investment or speculative purposes;

- (i) incurred as a result of any Group Company acquiring another entity with existing Financial Indebtedness, *provided that* the Incurrence Test is met, tested pro forma including the acquired entity in question;
- (j) incurred in the ordinary course of business under Advance Purchase Agreements;
- (k) incurred by the Issuer if such Financial Indebtedness meets the Incurrence Test tested pro forma including such incurrence, and ranks *pari passu* or is subordinated to the obligations of the Issuer under these Terms and Conditions and under the Agency Agreement, and has a final redemption date or, when applicable, early redemption dates or installment dates which occur after the Final Maturity Date; or
- (l) any other Financial Indebtedness incurred by any Group Company and not being permitted by any of the preceding paragraphs and which in aggregate does not exceed EUR 10,000,000 (or its equivalent in any other currency) in aggregate for the Group at any time.

“Permitted Guarantee” means:

- (a) parent company guarantees for the obligations of any direct or indirect Subsidiaries (other than Target Companies), *provided that* the obligations guaranteed by such parent company guarantee are permitted under the Finance Documents;
- (b) any guarantee qualifying as Permitted Debt or securing any Permitted Debt;
- (c) any guarantee provided in relation to any lease agreement (Sw. *hyresavtal*) entered into by any Group Company (other than Target Companies);
- (d) any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trading;
- (e) any guarantee granted pursuant to a declaration of joint and several liability used for the purpose of Section 2:403 of the Dutch Civil Code (and any residual liability under such declaration arising pursuant to section 2:404(2) of the Dutch Civil Code);
- (f) any joint and several liability arising as a result of a fiscal unity (Du: *fiscale eenheid*) between the members of the Group incorporated in the Netherlands; and
- (g) any guarantee not permitted by the preceding paragraphs which does not exceed EUR 10,000,000 (or its equivalent) in aggregate for the Group at any time.

“Permitted Security” means any Security:

- (a) granted to the Senior Bank Debt Providers under the Initial Senior Bank Debt, subject to an increase of the Initial Senior Bank Debt by 10.00 per cent;
- (b) granted to the Noteholders under these Terms and Conditions and the Intercreditor Agreement, to the Senior Bank Debt Hedge Providers under the Senior Bank Debt Hedge and to the Senior Notes Hedge Provider under the Senior Notes Hedge;
- (c) granted to any Senior Bank Debt Providers under any New Senior Bank Debt subject to Clause 11.2(a) and the terms and conditions set out in the Intercreditor Agreement;
- (d) granted pursuant to the Italian Security Documents or, if the Italian Facility Agreements are refinanced in full, any Security provided pursuant to the Italian Security Documents on the First Issue Date may be granted to secure the Financial Indebtedness used to refinance the Italian Facility Agreements, *provided that* the Financial Indebtedness of the Group does not increase as a result of such refinancing;

- (e) granted pursuant to a second ranking quota pledge deed in respect of the quotas in Cloetta Italia S.r.l. between Cloetta Holland B.V. as pledgor and the Issuer as pledgee as security for an intra-group loan owed by Cloetta Holland B.V. to the Issuer;
- (f) arising by operation of law or in the ordinary course of business (including collateral or retention of title arrangements in connection with Advance Purchase Agreements but, for the avoidance of doubt, not including guarantees or security in respect of any monies borrowed or raised);
- (g) provided in relation to any lease agreement (*Sw. hyresavtal*) entered into by a Group Company (other than Target Companies);
- (h) provided in relation to any financial lease arrangement which is considered to be Permitted Debt;
- (i) incurred as a result of any Group Company acquiring another entity and which is due to that such acquired entity has provided security, *provided that* the Financial Indebtedness secured with such security is Permitted Debt in accordance with paragraph (i) of Permitted Debt above;
- (j) created to secure Financial Indebtedness incurred to finance the acquisition of a Target Company, *provided that* (i) the Financial Indebtedness secured constitutes Permitted Debt in accordance with paragraph (k) of the definition “Permitted Debt” above, and (ii) Security is only provided over the shares in the Target Company or the assets in the Target Company; or
- (k) any guarantee or security granted by any Group Company and not being permitted by any of the preceding paragraphs and which in aggregate does not exceeds EUR 10,000,000 (or its equivalent in any other currency) in aggregate for the Group at any time.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government, or any agency or political subdivision thereof or any other entity, whether or not having a separate legal personality.

“**Quotation Day**” means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period.

“**Record Date**” means the fifth (5) Business Day prior to (i) an Interest Payment Date, (ii) a Redemption Date, (iii) a date on which a payment to the Noteholders is to be made under Clause 16 (*Distribution of Proceeds*), (iv) the date of a Noteholders’ Meeting, or (v) another relevant date, or in each case such other Business Day falling prior to a relevant date if generally applicable on the Swedish bond market.

“**Redemption Date**” means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Clause 10 (*Redemption and Repurchase of the Notes*).

“**Reference Date**” means the last day in any financial quarter.

“**Refinance Debt**” means the portion of the debt under the Senior Facilities Agreement, which will be refinanced with the Net Proceeds.

“**Regulated Market**” means NASDAQ OMX Stockholm or any other regulated market (reglerad marknad) (as defined in the Swedish Securities Market Act (lag (2007:528) om värdepappersmarknaden)).

“**Relevant Period**” means each period of twelve (12) consecutive calendar months.

“**Restricted Payment**” has the meaning set forth in Clause 14.2 (*Distributions*).

“**Secured Obligations**” means all present and future obligations and liabilities of the Issuer to the Secured Parties under the Senior Bank Debt Documents, these Terms and Conditions, the Senior Bank Debt Hedge and the Senior Notes Hedge from time to time.

“**Secured Parties**” means the Noteholders, the Agent (including in its capacity as Agent under the Agency Agreement), the Senior Bank Debt Representative, the Senior Notes Hedge Providers, the Senior Bank Debt Providers and the Senior Bank Debt Hedge Providers, the Security Agent and the agent under the Senior Bank Debt Documents.

“**Securities Account**” means the account for dematerialised securities maintained by the CSD pursuant to the Financial Instruments Accounts Act in which (i) an owner of such security is directly registered or (ii) an owner’s holding of securities is registered in the name of a nominee.

“**Security**” means a mortgage, charge, pledge, lien, security assignment or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

“**Security Agent**” means the security agent, appointed by the Secured Parties pursuant to the Intercreditor Agreement, holding the Transaction Security on behalf of the Secured Parties, being Svenska Handelsbanken AB (publ) on the First Issue Date.

“**Security Documents**” means, on the First Issue Date, the documents set out in Part 1 of Schedule 1 to these Terms and Conditions.

“**Security Enforcement Principles**” has the meaning ascribed to such term in the Intercreditor Agreement.

“**SEK**” means Swedish Kronor, the lawful currency of Sweden.

“**Senior Bank Debt**” means the Initial Senior Bank Debt or the New Senior Bank Debt.

“**Senior Bank Debt Documents**” means the Senior Facilities Agreement or, following a refinancing thereof, the new credit facility agreement.

“**Senior Bank Debt Hedge**” means the outstanding hedging liabilities of the Issuer under any interest rate hedge entered into to hedge the interest rate exposure under the Senior Bank Debt Documents.

“**Senior Bank Debt Hedge Providers**” means the hedge providers under the Senior Bank Debt Documents, from time to time, being Svenska Handelsbanken AB (publ) on the First Issue Date.

“**Senior Bank Debt Providers**” means the lenders under the Senior Bank Debt Documents, from time to time, being Svenska Handelsbanken AB (publ) on the First Issue Date.

“**Senior Bank Debt Representative**” means the Facility Agent under the Senior Facilities Agreement or, following refinancing thereof, the agent under any new credit facility agreement.

“**Senior Creditors**” means the Senior Bank Debt Providers, represented by the Senior Bank Debt Representative, the Noteholders, represented by the Agent, the Senior Bank Debt Hedge Providers, or the Senior Notes Hedge Providers.

“**Senior Debt**” has the meaning ascribed to such term in the Intercreditor Agreement.

“Senior Debt Enforcement Event” means:

- (a) a non payment Event of Default under the Senior Bank Debt or the Notes;
- (b) the acceleration of any Material Financial Indebtedness or the making of any declaration that any Material Financial Indebtedness are prematurely due and payable;
- (c) the making of any declaration that any Material Financial Indebtedness is payable on demand;
- (d) the suing for, commencing or joining of any legal or arbitration proceedings against any member of the Group to recover any Material Financial Indebtedness; and
- (e) the premature termination or close-out of any hedging transaction under the Senior Bank Debt Hedge or the Senior Notes Hedge (unless such premature termination or close-out is made in accordance with Clause 3.5 (*Limitations on hedging transactions*) in the Intercreditor Agreement).

“Senior Facilities Agreement” means the facilities agreement originally dated 15 December 2011 (as amended on 27 February 2012, as amended and restated on 26 April 2012 and on 29 June 2012, as amended on 5 June 2013 and as further amended and restated on or about the date of these Terms and Conditions) by and between the Issuer and Svenska Handelsbanken AB (publ) as agent, among others, pursuant to which Svenska Handelsbanken AB (publ) as lender made available certain credit facilities to the Issuer, as amended from time to time.

“Senior Finance Document” has the meaning ascribed to such term in the Intercreditor Agreement.

“Senior Notes Hedge” means the outstanding hedging liabilities of the Issuer under any interest rate hedge entered into to hedge the interest rate exposure under the Notes.

“Senior Notes Hedge Provider” means the hedge providers under the Senior Notes Hedge, from time to time, being Svenska Handelsbanken AB (publ) on the First Issue Date.

“Senior Representatives” means the Senior Bank Debt Representative and the Agent.

“Shareholder Loans” means any shareholder loans of any other Group Company, where the relevant Group Company is the debtor, if such shareholder loans (a) according to its terms and pursuant to the Intercreditor Agreement, are subordinated to the obligations of the Issuer under these Terms and Conditions, (b) according to its terms have a final redemption date or, when applicable, early redemption dates or instalment dates which occur after the Final Maturity Date, and (c) according to its terms yield only payment-in-kind interest.

“STIBOR” means:

- (a) the applicable percentage rate per annum displayed on NASDAQ OMX’s website for STIBOR fixing (or through another website replacing it) as of or around 11.00 a.m. on the Quotation Day for the offering of deposits in Swedish Kronor and for a period comparable to the relevant Interest Period; or
- (b) if no rate is available for the relevant Interest Period, the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Issuing Agent at its request quoted by leading banks in the Stockholm interbank market reasonably selected by the Issuing Agent, for deposits of SEK 100,000,000 for the relevant period; or

- (c) if no quotation is available pursuant to paragraph (b), the interest rate which according to the reasonable assessment of the Issuing Agent best reflects the interest rate for deposits in Swedish Kronor offered in the Stockholm interbank market for the relevant period; and

if any such rate is below zero, STIBOR will be deemed to be zero.

“**Subsequent Notes**” means any Notes issued after the First Issue Date on one or more occasions.

“**Subsidiary**” means, in relation to any person, a subsidiary of the Issuer according to Chapter 1 Section 11 of the Swedish Companies Act (or under such provision as may replace this provision).

“**Swedish Government Note Rate**” means the interpolated SGB rate between the SGB 12 July 2016 (series 1050) and the SGB 12 August 2017 (series 1051) (mid rates), as determined by the Issuing Agent on or about 11.00 am on the date of the notification of redemption. If a quote for any aforementioned SGB rate is unavailable on the relevant date, the Issuing Agent may select a SGB rate it deems appropriate for the purpose of the calculation set out in this definition (acting reasonably).

“**Target Company**” means a limited liability entity incorporated in Europe which is acquired by a Group Company subsequent to the First Issue Date and shall also include any new entity established for the purpose of acquiring such Target Company.

“**Total Leverage**” means, in respect of any Relevant Period, the ratio of Net Interest Bearing Debt on the last day of that Relevant Period to EBITDA in respect of that Relevant Period (as defined in the Intercreditor Agreement).

“**Total Nominal Amount**” means the total aggregate Nominal Amount of the Notes outstanding at the relevant time.

“**Transaction Costs**” means all fees, costs and expenses, stamp, registration and other taxes incurred by the Issuer or any other member of the Group in connection with (i) the issuance of the Notes, and (ii) the refinancing of the Refinance Debt.

“**Transaction Security**” means the Security provided for the Secured Obligations pursuant to the Security Documents.

“**Treasury Transactions**” means any derivative transaction entered into in connection with protection against or benefit from fluctuations in any rate or price.

“**Written Procedure**” means the written or electronic procedure for decision making among the Noteholders in accordance with Clause 19 (*Written Procedure*).

1.2 Construction

- (a) Unless a contrary indication appears, any reference in these Terms and Conditions to:
- (i) “**assets**” includes present and future properties, revenues and rights of every description;
 - (ii) any agreement or instrument is a reference to that agreement or instrument as supplemented, amended, novated, extended, restated or replaced from time to time;
 - (iii) a “**regulation**” includes any regulation, rule or official directive, request or guideline (whether or not having the force of law) of any governmental,

- intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (iv) an Event of Default is continuing if it has not been remedied or waived;
 - (v) a provision of law is a reference to that provision as amended or re-enacted; and
 - (vi) a time of day is a reference to Stockholm time.
- (b) When ascertaining whether a limit or threshold specified in Swedish Kronor has been attained or broken, an amount in another currency shall be counted on the basis of the rate of exchange for such currency against SEK for the previous Business Day, as published by the Swedish Central Bank (*Riksbanken*) on its website (*www.riksbank.se*). If no such rate is available, the most recently published rate shall be used instead.
- (c) A notice shall be deemed to be sent by way of press release if it is made available to the public within Sweden promptly and in a non-discriminatory manner.
- (d) No delay or omission of the Agent or of any Noteholder to exercise any right or remedy under the Finance Documents shall impair or operate as a waiver of any such right or remedy.

2. Status of the Notes

- (a) The Notes are denominated in SEK and each Note is constituted by these Terms and Conditions. The Issuer undertakes to make payments in relation to the Notes and to comply with these Terms and Conditions and the other Finance Documents.
- (b) By subscribing for Notes, each initial Noteholder agrees that the Notes shall benefit from and be subject to the Finance Documents and by acquiring Notes, each subsequent Noteholder confirms such agreement.
- (c) The nominal amount of each Note is SEK 1,000,000 (the “**Nominal Amount**”). The total nominal amount of the Initial Notes is SEK 1,000,000,000. All Initial Notes are issued on a fully paid basis, at an issue price of 100.00 per cent of the Nominal Amount.
- (d) *Provided that* no Event of Default is continuing or would result from such issue, the Issuer may, at one or several occasions, issue Subsequent Notes. Subsequent Notes shall benefit from and be subject to the Finance Documents, and, for the avoidance of doubt, the applicable ISIN, the interest rate (fixed or floating), the currency, the nominal amount and the final maturity applicable to the Initial Notes shall apply to Subsequent Notes. The price of the Subsequent Notes may be set at a discount or at a premium compared to the Nominal Amount. The maximum total nominal amount of the Notes (the Initial Notes and all Subsequent Notes) may not exceed SEK 2,000,000,000.
- (e) Notes constitute direct, general, unconditional, unsubordinated and secured obligations of the Issuer and shall at all times rank (i) *pari passu* with the Senior Bank Debt, the Senior Bank Debt Hedge and the Senior Notes Hedge and (ii) at least *pari passu* with all direct, unconditional, unsubordinated and unsecured obligations of the Issuer, except those obligations which are mandatorily preferred by law, and without any preference among them.

- (f) Except as set out in Clause 5 (*Transfer restrictions*) below, and subject to any restrictions to which a Noteholder may be subject due to local law or otherwise, the Notes are freely transferrable.
- (g) No action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes or the possession, circulation or distribution of any document or other material relating to the Issuer or the Notes in any jurisdiction other than Sweden, where action for that purpose is required. Each Noteholder must inform itself about, and observe, any applicable restrictions to the transfer of material relating to the Issuer or the Notes.

3. Use of Proceeds

The Issuer shall use the proceeds from the issue of the Initial Notes, less the Transaction Costs, for refinancing the Refinance Debt, and shall use the proceeds from the issue of any Subsequent Notes for refinancing of the Senior Bank Debt, in accordance with the terms of the Intercreditor Agreement.

4. Conditions Precedent for Disbursement

- (a) The Issuer shall provide, or procure the provision of, to the Agent, in form and substance satisfactory to the Agent (acting reasonably):
 - (i) copies of all Security Documents duly executed by all parties thereto together with legal opinions regarding the capacity of the relevant Group Companies and enforceability of the Transaction Security;
 - (ii) a duly executed notice from the lender under the Senior Bank Debt confirming that all Transaction Security will be shared *pro rata* and *pari passu* with the Noteholders in accordance with the terms of the Intercreditor Agreement upon application of the Net Proceeds to repay of the Refinance Debt;
 - (iii) copies of the Intercreditor Agreement and the Guarantee Agreement each duly executed by all parties thereto; and
 - (iv) evidence that the Net Proceeds shall be applied towards repayment of the Refinance Debt in accordance with Clause 3 (*Use of Proceeds*).
- (b) When the conditions precedent for disbursement set out in paragraph (a) above have been fulfilled to the satisfaction of the Agent (acting reasonably), the Agent shall transfer the funds from the Escrow Account for the purpose of repayment of the Refinance Debt and in accordance with Clause 3 (*Use of Proceeds*).

5. Transfer Restrictions

Each Noteholder shall comply with purchase or transfer restrictions with regard to the Notes, as applicable from time to time under local laws to which such Noteholder may be subject (due to its nationality, its residency, its registered address or its place(s) for business or otherwise). Each Noteholder must ensure compliance with applicable local laws and regulations at their own cost and expense.

6. Notes in Book-Entry Form

- (a) The Notes will be registered for the Noteholders on their respective Securities Accounts and no physical bonds will be issued. Accordingly, the Notes will be registered in accordance with the Financial Instruments Accounts Act. Registration requests relating to the Notes shall be directed to an Account Operator.
- (b) Those who according to assignment, Security, the provisions of the Swedish Children and Parents Code (*föräldrabalken (1949:381)*), conditions of will or deed of gift or otherwise have acquired a right to receive payments in respect of a Note shall register their entitlements to receive payment in accordance with the Financial Instruments Accounts Act.
- (c) The Issuer (and the Agent when permitted under the CSD's applicable regulations) shall be entitled to obtain information from the debt register (*skuldbok*) kept by the CSD in respect of the Notes. At the request of the Agent, the Issuer shall promptly obtain such information and provide it to the Agent.
- (d) For the purpose of or in connection with any Noteholders' Meeting under Clause 18 (*Noteholders' Meeting*) or any direct communication to the Noteholders under Clause 19 (*Written Procedure*), the Issuing Agent shall be entitled to obtain information from the debt register kept by the CSD in respect of the Notes.
- (e) The Issuer shall issue any necessary power of attorney to such persons employed by the Agent, as notified by the Agent, in order for such individuals to independently obtain information directly from the debt register kept by the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Agent or unless consent thereto is given by the Noteholders.

7. Right to Act on behalf of a Noteholder

- (a) If any person other than a Noteholder wishes to exercise any rights under the Finance Documents, it must obtain a power of attorney or other proof of authorisation from the Noteholder or a successive, coherent chain of powers of attorney or proofs of authorisation starting with the Noteholder and authorising such person.
- (b) A Noteholder may issue one or several powers of attorney to third parties to represent it in relation to some or all of the Notes held by it. Any such representative may act independently under the Finance Documents in relation to the Notes for which such representative is entitled to represent the Noteholder and may further delegate its right to represent the Noteholder by way of a further power of attorney.
- (c) The Agent shall only have to examine the face of a power of attorney or other proof of authorisation that has been provided to it pursuant to Clause 7(b) and may assume that it has been duly authorised, is valid, has not been revoked or superseded and that it is in full force and effect, unless otherwise is apparent from its face.

8. Payments in Respect of the Notes

- (a) Any payment or repayment under the Finance Documents shall be made to such person who is registered as a Noteholder on a Securities Account on the Record Date for the relevant payment.
- (b) If a Noteholder has registered, through an Account Operator, that principal and interest shall be deposited in a certain bank account, such deposits will be effected by the CSD on the relevant payment date. In other cases, payments will be transferred

by the CSD to the Noteholder at the address registered with the CSD on the Record Date. Should the CSD, due to a delay on behalf of the Issuer or some other obstacle, not be able to effect the payment of amounts according to the aforesaid, the CSD will pay such amount to the relevant Noteholder being registered as such on the Record Date as soon as possible after such obstacle has been removed.

- (c) If, due to any obstacle for the CSD, the Issuer cannot make a payment or repayment, such payment or repayment may be postponed until the obstacle has been removed. Interest shall accrue in accordance with Clause 9(d) during such postponement.
- (d) If payment or repayment is made in accordance with this Clause 8, the Issuer and the CSD shall be deemed to have fulfilled their obligation to pay, irrespective of whether such payment was made to a person not entitled to receive such amount.
- (e) The Issuer shall pay any stamp duty and other taxes accruing in connection with the issuance of the Notes, but not in respect of trading in the secondary market (except to the extent required by applicable laws), and shall deduct at source any applicable withholding tax payable pursuant to law.
- (f) Notwithstanding paragraphs (a)-(e), upon a Senior Debt Enforcement Event, the Issuer may not make any payments under the Notes except in accordance with the Intercreditor Agreement. For the avoidance of doubt, the failure by the Issuer to timely make any payments due under the Notes shall constitute an Event of Default and the unpaid amount shall carry default interest.

9. Interest

- (a) Each Initial Note carries Interest at the Interest Rate from (but excluding) the First Issue Date up to (and including) the relevant Redemption Date. Any Subsequent Note will carry Interest at the Interest Rate from (but excluding) the Interest Payment Date falling immediately prior to its issuance up to (and including) the relevant Redemption Date.
- (b) Interest accrues during an Interest Period. Payment of Interest in respect of the Notes shall be made to the Noteholders on each Interest Payment Date for the preceding Interest Period.
- (c) Interest on the Notes shall be calculated on the basis of the actual number of days in the Interest Period in respect of which payment is being made divided by 360 (actual/360-days basis).
- (d) If the Issuer fails to pay any amount payable by it on its due date, default interest shall accrue on the overdue amount from (but excluding) the due date up to (and including) the date of actual payment at a rate which is 2.00 per cent higher than the Interest Rate. Accrued default interest shall not be capitalised. No default interest shall accrue where the failure to pay was solely attributable to the Agent or the CSD, in which case the Interest Rate shall apply instead.

10. Redemption and Repurchase of the Notes

10.1 Redemption at Maturity

The Issuer shall redeem all, but not only some, of the outstanding Notes in full on the Final Maturity Date with an amount per Note equal to the Nominal Amount together with accrued but unpaid Interest. If the Final Maturity Date is not a Business Day, then the redemption shall occur on the first following Business Day.

10.2 Issuer's Purchase of Notes

- (a) The Issuer may, subject to applicable law, at any time and at any price purchase Notes on the market or in any other way. The Notes held by the Issuer may at the Issuer's discretion be retained, sold or cancelled by the Issuer.
- (b) No repurchases of Notes may be made by the Issuer for as long as a Senior Debt Enforcement Event is continuing.

10.3 Voluntary Total Redemption

- (a) The Issuer may redeem all, but not only some, of the outstanding Notes in full with an amount per Note equal to the applicable Call Option Amount.
- (b) Redemption in accordance with Clause 10.3(a) shall be made by the Issuer giving not less than twenty (20) Business Days' notice prior to the relevant Redemption Date to the Noteholders and the Agent and in accordance with the instructions of the Issuer or the Issuing Agent, as applicable. Any such notice is irrevocable and, upon expiry of such notice, the Issuer is bound to redeem the Notes in full at the applicable amounts.

10.4 Mandatory Repurchase due to a Change of Control Event or Listing Failure

- (a) Upon a Change of Control Event or a Listing Failure occurring, each Noteholder shall have the right to request that all, or only some, of its Notes be repurchased at a price per Note equal to 101.00 per cent of the Nominal Amount together with accrued but unpaid Interest, during a period of sixty (60) Business Days following a notice from the Issuer of the Change of Control Event pursuant to Clause 12.1(d)(ii) or the Listing Failure pursuant to Clause 14.8(c) (as applicable, the "**Mandatory Repurchase Notice**") (after which time period such right shall lapse).
- (b) The Mandatory Repurchase Notice shall specify the repurchase date and include instructions about the actions that a Noteholder needs to take if it wants Notes held by it to be repurchased. If a Noteholder has so requested, and acted in accordance with the instructions in the notice from the Issuer, the Issuer shall repurchase the relevant Notes and the repurchase amount shall fall due on the repurchase date specified in the Mandatory Repurchase Notice. The repurchase date must fall no later than twenty (20) Business Days after the end of the period referred to in paragraph (a).
- (c) The Issuer shall comply with the requirements of any applicable securities laws or regulations in connection with the repurchase of Notes. To the extent that the provisions of such laws and regulations conflict with the provisions in this Clause 10.4, the Issuer shall comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Clause 10.4 by virtue of the conflict.
- (d) Any Notes repurchased by the Issuer pursuant to this Clause 10.4 may at the Issuer's discretion be retained, sold or cancelled.

10.5 Early Redemption due to Illegality

- (a) The Issuer may redeem all, but not some only, of the outstanding Notes at an amount per Note equal to the applicable Call Option Amount on a date determined by the Issuer if it is or becomes unlawful for the Issuer to perform its obligations under the Finance Documents.
- (b) The Issuer shall give notice of any redemption pursuant to paragraph (a) no later than twenty (20) Business Days after having received actual knowledge of any event specified therein (after which time period such right shall lapse).

- (c) A notice of redemption in accordance with paragraph (a) is irrevocable and, on the date specified in such notice, the Issuer is bound to redeem the Notes in full at the applicable amounts.

11. Transaction Security

11.1 The Security Agent

- (a) As continuing Security for the due and punctual fulfilment of the Secured Obligations, the Issuer and the relevant Subsidiaries (subject to corporate law limitations) grant the Transaction Security and the Guarantees to the Secured Parties as represented by the Security Agent on the terms set out in the Security Documents and the Guarantee Agreement.
- (b) The Security Agent shall hold the Transaction Security and the Guarantees on behalf of the Secured Parties in accordance with the Security Documents and the Intercreditor Agreement. The Issuer and the Subsidiaries shall enter into the Security Documents and the Guarantee Agreement and perfect the Transaction Security in accordance with the Security Documents.
- (c) The Security Agent shall (without first having to obtain the Noteholders' consent) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Security Agent's opinion, necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or the Guarantees or for the purpose of settling the Secured Parties' or the Issuer's rights to the Transaction Security or the Guarantees, in each case in accordance with the terms of the Security Documents, the Guarantee Agreement, the Intercreditor Agreement and these Terms and Conditions and *provided that* such agreements or actions are not in the sole opinion of the Security Agent detrimental to the interests of the Noteholders (for the avoidance of doubt, a release in accordance with Clauses 15.4 and 15.5 shall for the purpose of this paragraph (c) not be deemed detrimental to the Secured Parties).
- (d) The Agent shall be entitled to give instructions relating to the Transaction Security and the Guarantees to the Security Agent in accordance with the Intercreditor Agreement.
- (e) The Issuer shall indemnify the Security Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Security Agent (otherwise than by reason of its gross negligence or wilful misconduct) in acting as Security Agent under the Senior Finance Documents (unless it has been reimbursed by a Group Company pursuant to a Senior Finance Document).

11.2 Refinancing

- (a) The Issuer shall from time to time, irrespective of whether the De-leverage Release Event has occurred or not, be entitled to let a bank that refinances the Initial Senior Bank Debt in full have the benefit of the Transaction Security and the Guarantees in accordance with the terms of the Intercreditor Agreement, *provided that*:
 - (i) the Transaction Security and the Guarantees shall secure the New Senior Bank Debt on the same terms, including ranking, (without limiting the application of Clause 15.4 (*Release of Security*) of the Intercreditor Agreement), *mutatis mutandis*, as it secures the Initial Senior Bank Debt, subject to an increase of the debt to a maximum amount corresponding to 110.00 per cent of the Initial Senior Bank Debt;

- (ii) each new Senior Bank Debt Provider shall directly or through an agent or a trustee be a party to the Transaction Security and the Guarantee Agreement;
 - (iii) the Security Agent shall hold the Transaction Security and the Guarantees on behalf of the new Senior Bank Debt Providers on the same terms, including ranking, *mutatis mutandis*, as the Transaction Security and the Guarantees are held by the Security Agent on behalf of the Secured Parties;
 - (iv) an Event of Default under the Notes shall also constitute an event of default under the New Senior Bank Debt;
 - (v) if the De-leverage Release Event has occurred at the time of incurring the New Senior Bank Debt, any new Security and/or new guarantees provided for the New Senior Bank Debt shall also be provided to the Noteholders on a *pari passu* basis and on the same terms and conditions;
 - (vi) each new Senior Bank Debt Provider shall directly or through an agent or a trustee be a party to the Intercreditor Agreement;
 - (vii) the Transaction Security and the Guarantees may contain a right for the new Senior Bank Debt Providers, the Senior Hedge Providers or the Senior Note Hedge Providers to, after having consulted with the other senior creditors for 40 days, instruct the Security Agent in respect of the enforcement process regarding the Transaction Security or the Guarantees; and
 - (viii) upon an enforcement of the Transaction Security or the Guarantees, the proceeds shall be distributed in accordance with Clause 13.1 (*Order of Application*) of the Intercreditor Agreement and Clause 16 (*Distribution of Proceeds*).
- (b) *Provided that* the terms set out above are complied with, the Security Agent may from time to time, at the request of the Issuer, amend vary and/or restate the Transaction Security or the Guarantees on behalf of itself and the Secured Parties in order to release Security or guarantees provided to an existing Senior Bank Debt Provider (with the prior consent of such existing Senior Bank Debt Provider) and/or to create Security and guarantees in favour of a new Senior Bank Debt Provider.

11.3 Release of Security

- (a) The Security Agent may at any time (without the prior consent of the Noteholders), acting on instructions of the Senior Bank Debt Providers, release Transaction Security and the Guarantees in accordance with the terms of the Security Documents, the Guarantee Agreement and the Intercreditor Agreement. For the avoidance of doubt any Transaction Security or Guarantees will always be released *pro rata* between the Noteholders, the Senior Bank Debt Providers, the Senior Bank Debt Hedge Providers and the Senior Notes Hedge Providers and the remaining Transaction Security will continue to rank *pari passu* between the Noteholders, the Senior Bank Debt Providers, the Senior Bank Debt Hedge Providers and the Senior Notes Hedge Providers as set forth in the Security Documents, the Guarantee Agreement and the Intercreditor Agreement.
- (b) If, in the reasonable determination of the Security Agent:
 - (i) the Total Leverage in respect of the two most recent consecutive Reference Dates was equal to or less than (i) 2.8:1, in respect of the first Reference Date of the two most recent consecutive Reference Dates, and (ii) 2.6:1, in respect of the second Reference Date of the two most recent consecutive Reference Dates;

- (ii) no Change of Control has occurred;
- (iii) no Event of Default under the Senior Facilities Agreement or these Terms and Conditions is continuing or has been continuing during the last two consecutive financial quarters; and
- (iv) the Senior Bank Debt Providers have confirmed the release of the Transaction Security and the Guarantees in accordance with the terms of the Senior Bank Debt Documents,

the Security Agent shall, at the request and cost of the Issuer:

- (i) release to each relevant Group Company all rights and interest of the Secured Parties in or to the Security Assets; and
 - (ii) release each Guarantor from its liabilities as Guarantor after which each Guarantor shall cease to be Guarantor under the Finance Documents.
- (c) In connection with a release pursuant to paragraph (b) above, the Security Agent shall give such instructions and directions, and deliver such documents, as the obligors reasonably may require in order to effect such release. The Security Agent shall notify the Issuer when the Transaction Security and the Guarantees have been released.

11.4 Enforcement of Security

- (a) Save for in accordance with paragraph (b) and (c) below, no Senior Creditor may take Enforcement Actions without the consent of all Senior Representatives.
- (b) Upon an Event of Default, any Senior Representative may, in accordance with the Intercreditor Agreement, deliver an Enforcement Notice to the Security Agent (with a copy to the other Senior Representative) and request that the Security Agent takes Enforcement Actions. Following the giving of such Enforcement Notice, the Senior Representatives shall enter into consultations for a period of 40 days (or such other period as agreed between Senior Representatives) (the “**Consultation Period**”) to agree on whether Enforcement Actions shall be taken or not.
- (c) If:
 - (i) the Senior Representatives have not before the last day of the Consultation Period agreed on whether Enforcement Actions shall be taken and *provided that* one of the Senior Representatives after expiry of the Consultation Period requests that Enforcement Actions shall be taken; or
 - (ii) the Senior Representatives have agreed to take Enforcement Actions; or
 - (iii) an Insolvency Event (as defined in the Intercreditor Agreement) has occurred and one of the Senior Representatives requests that Enforcement Actions are taken (even if the Consultation Period has not expired),

the Security Agent shall, in accordance with the Intercreditor Agreement, take Enforcement Actions and enforce the Transaction Security and claims under the Guarantees *provided that* the Transaction Security and/or the Guarantees is enforceable in accordance with its terms.

- (d) If any Senior Representative (acting reasonably) considers that the Security Agent takes Enforcement Actions in a manner which is inconsistent with the Security Enforcement Principles or instructions properly given by the Senior Representatives, such Senior Representative shall give notice to the other Senior Representative after

which the Senior Representatives and the Security Agent shall consult for a period of 20 days (or such lesser period that the Senior Representatives may agree) with a view to agreeing on the manner of enforcement. If no agreement on the manner of enforcement has been reached during such period, the Senior Representative representing at least 50.1 per cent of the aggregate of the debt under the Notes, the Senior Bank Debt Documents, the Senior Bank Debt Hedge and the Senior Notes Hedge, shall be entitled to decide on the manner of enforcement.

- (e) The Security Agent may only take Enforcement Actions towards the Transaction Security and/or the Guarantees in accordance with the Intercreditor Agreement.
- (f) If the Transaction Security is being enforced, the Security Agent shall enforce the Transaction Security and/or the Guarantees in such manner as instructed by the Senior Representatives in accordance with the Intercreditor Agreement. Enforcement Actions shall always be conducted in a manner consistent with the Security Enforcement Principles.
- (g) Upon an enforcement of the Transaction Security and/or the Guarantees, the proceeds shall be distributed in accordance with the Intercreditor Agreement.
- (h) All security and/or guarantees or arrangement having similar effects may be released by the Security Agent, without the need for any further referral to or authority from anyone, upon any enforcement *provided that* the proceeds are distributed in accordance with the provisions set out in the Intercreditor Agreement.

12. Information to Noteholders

12.1 Information from the Issuer

- (a) The Issuer shall make the following information available in the English language to the Noteholders by publication on the website of the Issuer:
 - (i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, the annual audited consolidated financial statements of the Group and the annual audited unconsolidated financial statements of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (ii) as soon as the same become available, but in any event within two (2) months after the end of each quarter of its financial year, the quarterly interim unaudited consolidated reports of the Group and the quarterly interim unaudited unconsolidated reports of the Issuer, including a profit and loss account, a balance sheet, a cash flow statement and management commentary or report from the Issuer's board of directors;
 - (iii) its unaudited consolidated financial statements and the year-end report (*bokslutskommuniké*) (as applicable) for such period; and
 - (iv) any other information required by the Swedish Securities Markets Act (Sw. *lag (2007:582) om värdepappersmarknaden*) and the rules and regulations of the Regulated Market on which the Notes are listed.
- (b) When the financial statements and other information are made available the Noteholders pursuant to paragraph (a) above, the Issuer shall send copies of such financial statements and other information to the Agent.

- (c) The Issuer shall:
- (i) upon the incurrence of Financial Indebtedness or upon a Restricted Payment; and
 - (ii) within twenty (20) Business Days upon request by the Agent,
- submit to the Agent a Compliance Certificate which shall, in case of paragraph (i) above, also contain, calculations and figures in respect of the ratio of Net Interest Bearing Debt to EBITDA and the Interest Coverage Ratio.
- (d) The Issuer shall immediately notify:
- (i) the Agent (with full particulars) when the Issuer is or becomes aware of the occurrence of any event or circumstance which constitutes an Event of Default; and
 - (ii) the Agent and the Noteholders (with full particulars) when the Issuer is or becomes aware of the occurrence of a Change of Control Event,
- and shall provide the Agent with such further information as it may reasonably request in writing following receipt of such notice. Should the Agent not receive such information, the Agent is entitled to assume that no such event or circumstance exists or can be expected to occur, *provided that* the Agent does not have actual knowledge of such event or circumstance.
- (e) The Issuer is only obliged to inform the Agent according to this Clause 12.1 if informing the Agent would not conflict with any applicable laws or, when the Notes are listed, the Issuer's registration contract with the Regulated Market. If such a conflict would exist pursuant to the listing contract with the Regulated Market or otherwise, the Issuer shall however be obliged to either seek approval from the Regulated Market or undertake other reasonable measures, including entering into a non-disclosure agreement with the Agent, in order to be able to timely inform the Agent according to this Clause 12.1.
- (f) When and for as long as the Notes are listed, the Issuer shall also make the information set out in paragraph 12.1(a) above available by way of press releases.

12.2 Information from the Agent

The Agent is entitled to disclose to the Noteholders any event or circumstance directly or indirectly relating to the Issuer or the Notes. Notwithstanding the foregoing, the Agent may if it considers it to be beneficial to the interests of the Noteholders delay disclosure or refrain from disclosing certain information other than in respect of an Event of Default that has occurred and is continuing.

12.3 Publication of Finance Documents

- (a) The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Agent.
- (b) The latest versions of the Finance Documents shall be available to the Noteholders at the office of the Agent during normal business hours.

13. Financial Undertakings

13.1 Incurrence Covenants

The Incurrence Test is met if, at the relevant time:

- (a) the ratio of Net Interest Bearing Debt to EBITDA for the Relevant Period ending on the relevant testing date does not exceed 4.0:1; and
- (b) the Interest Coverage Ratio for the Relevant Period ending on the last day of the period covered by the most recent Financial Report exceeds 3.5:1,

calculated in accordance with the calculation principles set out in Clause 13.2 (*Calculation Adjustments*).

13.2 Calculation Adjustments

- (a) Any calculation of the ratio of Net Interest Bearing Debt to EBITDA for the purpose of the Incurrence Test shall be made as per a testing date determined by the Issuer, falling no more than one month prior to the incurrence of the new Financial Indebtedness or making of the distribution (as applicable). The Net Interest Bearing Debt shall be measured on the relevant testing date so determined, but include the new Financial Indebtedness provided it is an interest bearing obligation (however, any cash balance resulting from the incurrence of the new Financial Indebtedness shall not reduce the Net Interest Bearing Debt). EBITDA shall be calculated as set out in paragraph (b) below.
- (b) The figures for EBITDA, Finance Charges and Net Finance Charges for the Relevant Period ending on the last day of the period covered by the most recent Financial Report (in case of a calculation pursuant to Clause 13.1 (*Incurrence Covenants*)) shall be used, but adjusted so that entities acquired or disposed of by the Group during the Relevant Period, or after the end of the Relevant Period but before the relevant testing date, shall be included or excluded (as applicable), *pro forma*, for the entire Relevant Period.

14. General Undertakings

14.1 General

The Issuer undertakes to (and shall, where applicable, procure that each other Group Company will) comply with the undertakings set out in this Clause 14 for as long as any Notes remain outstanding.

14.2 Distributions

- (a) The Issuer shall not, and shall procure that no other Group Company will:
 - (i) pay any dividend on its shares (other than loans and group contributions to the Issuer or a Subsidiary of the Issuer);
 - (ii) repurchase any of its own shares;
 - (iii) redeem its share capital or other restricted equity with repayment to shareholders;
 - (iv) grant any loans (other than to the Issuer or a wholly-owned Subsidiary of the Issuer); or

- (v) make any other similar distribution or transfers of value to the direct or indirect shareholder of the Issuer, or any Affiliates of the Issuer (other than the Issuer or another Subsidiary of the Issuer),
- ((i)-(v) above each being a “**Restricted Payment**”).
- (b) Notwithstanding paragraph (a) above, a Restricted Payment may be made by:
 - (i) the Issuer by way of dividend distributions to a direct or indirect shareholder of the Issuer, if at the time of the payment:
 - (A) no Event of Default is continuing;
 - (B) the Incurrence Test is fulfilled (calculated on a proforma basis including the relevant Restricted Payment); and
 - (C) if, at the time of the payment, the aggregate amount of all Restricted Payments of the Group in any Financial Year (including the Restricted Payment in question) does not exceed 60.00 per cent of the Group’s consolidated net profit for the previous Financial Year, *provided that* additional dividend distributions may be made if and to the extent necessary to comply with mandatory provisions of the Swedish Companies Act relating to dividend distributions to minority shareholders, *provided that*, the Issuer in such case shall ensure that any such dividends shall be paid at the lowest level allowed by applicable law;
 - (ii) a Subsidiary of the Issuer by way of dividend distributions if made to the Issuer or any of the Issuer’s Subsidiaries and, if made by a Subsidiary which is not wholly-owned, is made on a *pro rata* basis;
 - (iii) the Issuer, if such Restricted Payment consists of a group contribution, *provided that* no cash or other funds are transferred from the Issuer as a result thereof (i.e., the group contributions are merely accounting measures) and *provided that* such distribution is subsequently converted into a shareholder’s contribution by the Issuer as soon as practically possible; or
 - (iv) the Issuer by way of repurchase of shares as part of any applicable long term incentive plan (including the Management Incentive Plan) or similar to employees and/or management.

14.3 Nature of Business

The Issuer shall procure that no substantial change is made to the general nature of the business carried on by the Group as of the First Issue Date if such substantial change would have a Material Adverse Effect.

14.4 Financial Indebtedness

The Issuer shall not, and shall procure that none of its Subsidiaries, incur any additional Financial Indebtedness, *provided however that* the Issuer and the Subsidiaries have a right to incur Financial Indebtedness that constitute Permitted Debt, if such Permitted Debt is incurred on market terms (or better).

14.5 Disposal of Assets

The Issuer shall not, and shall procure that none of its Subsidiaries, sell or otherwise dispose (including by way of a merger) of all or a substantial part of its assets or operations (including shares in other Subsidiaries) which represents:

- (a) in aggregate for any Financial Year, more than 15.00 per cent; or
- (b) in aggregate for the period from First Issue Date until the Final Maturity Date, more than 30.00 per cent,

of the total assets or EBITDA of the Group on a consolidated basis measured at the latest Reference Date, *provided that* this Clause 14.5 shall not restrict any transactions or mergers between Group Companies (unless a Target Company merges with a Group Company that is not a Target Company).

14.6 Dealings with Related Parties

The Issuer shall, and shall procure that its Subsidiaries, conduct all dealings with the direct and indirect shareholders of the Group Companies (excluding other Group Companies) and/or any Affiliates of such direct and indirect shareholders at arm's length terms.

14.7 Negative Pledge

The Issuer shall not, and shall procure that none of its Subsidiaries, provide, prolong or renew any guarantee or security over any of its/their assets (present or future) to secure any loan or other Financial Indebtedness, *provided however that* the Group Companies have a right to provide, prolong and renew any Permitted Security and Permitted Guarantee.

14.8 Listing of the Notes

- (a) The Issuer shall use its best efforts to ensure that the Notes are listed on NASDAQ OMX Stockholm within two (2) months after the First Issue Date, and that they remain admitted for as long as any Notes remain outstanding or, if such listing is not possible to obtain or maintain, listing on another Regulated Market. Upon any issue of Subsequent Note, the Issuer shall promptly, but not later than ten (10) Business Days after the relevant issue date, procure that the volume of Notes listed is increased accordingly.
- (b) The Issuer shall, following the listing, take all actions on its part to maintain the admission as long as any Notes are outstanding, however not longer than up to and including the last day on which the listing reasonably can, pursuant to the then applicable regulations of the Regulated Market and the CSD, subsist.
- (c) The Issuer shall promptly inform the Agent and Noteholders if the Notes are not listed on NASDAQ OMX Stockholm within four months after the First Issue Date or if the Notes are delisted at any time thereafter (a "**Listing Failure**").

14.9 Additional Guarantors

The Issuer shall procure that any Subsidiary (other than a Subsidiary incorporated in Italy) that becomes a Material Group Company accedes to the Guarantee Agreement.

15. Events of Default and Acceleration of the Notes

Each of the events or circumstances set out in this Clause 15 (other than Clause 15.11 (*Acceleration of the Notes*)) is an Event of Default.

15.1 Non-Payment

The Issuer does not pay on the due date any amount payable by it under the Finance Documents, unless the non-payment:

- (a) is caused by technical or administrative error; and
- (b) is remedied within five (5) Business Days from the due date.

15.2 Non-Payment under the Senior Bank Debt

The Issuer does not pay on the due date any amount payable by it under the Senior Bank Debt Documents, unless the non-payment:

- (a) is caused by technical or administrative error; and
- (b) is remedied within five (5) Business Days from the due date.

15.3 Other Obligations

The Issuer does not comply with the Finance Documents or a subordination undertaking, in any other way than as set out in Clause 15.1 (*Non-Payment*) or 15.2 (*Non-Payment under the Senior Bank Debt*), provided that the Agent has requested the Issuer in writing to remedy such failure and the Issuer has not remedied the failure within twenty (20) Business Days from such request (if, in the reasonable opinion of the Agent, the failure or violation is not capable of being remedied, the Agent may declare the Notes payable without such prior written request).

15.4 Cross-Acceleration

Any Material Financial Indebtedness of the Issuer or any Subsidiary is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

15.5 Insolvency

- (a) Any Material Group Company is unable or admits inability to pay its debts as they fall due or is declared to be unable to pay its debts under applicable law, suspends making payments on its debts generally; or
- (b) a moratorium is declared in respect of the Financial Indebtedness of any Material Group Company.

15.6 Insolvency Proceedings

Any corporate action, legal proceedings or other procedures are taken (other than (i) proceedings or petitions which are being disputed in good faith and are discharged, stayed or dismissed within 30 days of commencement or, if earlier, the date on which it is advertised and (ii), in relation to Subsidiaries, solvent liquidations) in relation to:

- (a) the suspension of payments, winding-up, dissolution, administration or reorganisation (Sw. *företagsrekonstruktion*) (by way of voluntary agreement, scheme of arrangement or otherwise) of any Material Group Company; and
- (b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Material Group Company or any of its assets or any analogous procedure or step is taken in any jurisdiction.

15.7 Mergers and Demergers

- (a) A decision is made that any Material Group Company shall be demerged or merged into a company which is not a Group Company if such demerger or merger can be expected to have an Material Adverse Effect, unless the Agent has given its consent (not to be unreasonably withheld or delayed) in writing prior to the merger and/or demerger (where consent is not to be understood as a waiver of the rights that applicable law at the time assigns the concerned creditors).
- (b) The Issuer merges with any other person, or is subject to a demerger, with the effect that the Issuer is not the surviving entity.

15.8 Creditors' Process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of any Material Group Company having an aggregate value of an amount equal to or exceeding SEK 50,000,000 and is not discharged within 30 days.

15.9 Impossibility or Illegality

It is or becomes impossible or unlawful for the Issuer to fulfill or perform any of the provisions of the Finance Documents or if the obligations under the Finance Documents are not, or cease to be, legal, valid, binding and enforceable and such impossibility or illegality can be expected to have a Material Adverse Effect.

15.10 Continuation of the Business

The Issuer or any other Material Group Company ceases to carry on its business (other than in the case of (i) a merger or demerger as stipulated Clause 15.7 (*Mergers and Demergers*) or (ii) a disposal of assets which is permitted in accordance with Clause 14.5 (*Disposal of Assets*)).

15.11 Acceleration of the Notes

- (a) If an Event of Default has occurred and is continuing and the enforcement rules in Clause 10 (*Enforcement*) of the Intercreditor Agreement have been complied with, the Agent is entitled to, on behalf of the Noteholders (i) by notice to the Issuer, declare all, but not only some, of the Notes due for payment together with any other amounts payable under the Finance Documents, immediately or at such later date as the Agent determines (but such date may not fall after the Final Maturity Date), and (ii) exercise any or all of its rights, remedies, powers and discretions under the Finance Documents. Following a demand in writing from a Noteholder (or Noteholders) representing at least 50.00 per cent of the Adjusted Nominal Amount (such demand may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the demand is received by the Agent and shall, if made by several Noteholders, be made by them jointly), the Agent shall take actions in accordance with paragraphs (i) and (ii) above, *provided that* an Event of Default has occurred and is continuing and *provided that* the enforcement rules in Clause 10 (*Enforcement*) of the Intercreditor Agreement have been complied with.
- (b) If a moratorium occurs, the ending of that moratorium will not prevent termination for payment prematurely on the grounds mentioned under Clause 15.5 (*Insolvency*) above.
- (c) If an Event of Default has occurred and is continuing and the Noteholders instruct the Agent to accelerate the Notes, the Agent shall, *provided that* the enforcement rules in Clause 10 (*Enforcement*) of the Intercreditor Agreement have been complied with,

promptly declare the Notes due and payable and take such actions as, in the opinion of the Agent, may be necessary or desirable to enforce the rights of the Noteholders under the Finance Documents.

- (d) If the right to accelerate the Notes is based upon a decision of a court of law or a government authority, it is not necessary that the decision has become enforceable under law or that the period of appeal has expired in order for cause of acceleration to be deemed to exist.
- (e) In the event of an acceleration of the Notes in accordance with this Clause 15, the Issuer shall redeem all Notes with an amount equal to the redemption amount specified in Clause 10.3 (*Voluntary Total Redemption*), as applicable considering when the acceleration occurs.

16. Distribution of Proceeds

- (a) All payments by the Issuer relating to the Notes and the Finance Documents following an acceleration of the Notes in accordance with Clause 15 (*Events of Default and Acceleration of the Notes*) and any proceeds received from an enforcement of the Transaction Security and/or the Guarantees shall be distributed in accordance with the Intercreditor Agreement.
- (b) Any amount which pursuant to the Intercreditor Agreement is payable in respect of the Notes shall be applied in the following order of priority, in accordance with the instructions of the Agent:
 - (i) first, in or towards payment *pro rata* of (i) unpaid fees, costs, expenses and indemnities payable by the Issuer to the Agent in accordance with the Agency Agreement (other than any indemnity given for liability against the Noteholders), (ii) other costs, expenses and indemnities relating to the acceleration of the Notes or the protection of the Noteholders' rights as may have been incurred by the Agent, (iii) any costs incurred by the Agent for external experts that have not been reimbursed by the Issuer in accordance with Clause 21.2(e) or paid to the Agent, and (iv) any costs and expenses incurred by the Agent in relation to a Noteholders' Meeting or a Written Procedure that have not been reimbursed by the Issuer in accordance with Clause 17(c), *provided however that* no payments under subparagraphs (i) - (iv) above shall be made if the Agent has already been reimbursed for such costs or expenses in accordance with the Intercreditor Agreement;
 - (ii) secondly, in or towards payment *pro rata* of accrued but unpaid Interest under the Notes (Interest due on an earlier Interest Payment Date to be paid before any Interest due on a later Interest Payment Date);
 - (iii) thirdly, in or towards payment *pro rata* of any unpaid principal under the Notes; and
 - (iv) fourthly, in or towards payment *pro rata* of any other costs or outstanding amounts unpaid under the Finance Documents.

Any excess funds after the distribution of proceeds in accordance with paragraphs (i) to (iv) above shall be paid to the Issuer.

- (c) Funds that the Agent receives (directly or indirectly) in connection with the acceleration of the Notes or the enforcement of the Transaction Security and/or the Guarantees constitute escrow funds (*redovisningsmedel*) and must be promptly turned

over to the Security Agent to be applied in accordance with the Intercreditor Agreement.

17. Decisions by Noteholders

- (a) Any decision by the Noteholders on a matter relating to the Finance Documents shall (at the option of the Agent) be dealt with at a Noteholders' Meeting or by way of a Written Procedure.
- (b) Any request from the Issuer or a Noteholder (or Noteholders) representing at least 10.00 per cent of the Adjusted Nominal Amount (such request may only be validly made by a person who is a Noteholder on the Business Day immediately following the day on which the request is received by the Agent and shall, if made by several Noteholders, be made by them jointly) for a decision by the Noteholders on a matter relating to the Finance Documents shall be directed to the Agent and dealt with at a Noteholders' Meeting or by way a Written Procedure, as determined by the Agent. The person requesting the decision may suggest the form for decision making, but if it is in the Agent's opinion more appropriate that a matter is dealt with at a Noteholders' Meeting than by way of a Written Procedure, it shall be dealt with at a Noteholders' Meeting.
- (c) The Agent may refrain from convening a Noteholders' Meeting or instigating a Written Procedure if (i) the suggested decision must be approved by any person in addition to the Noteholders and such person has informed the Agent that an approval will not be given, or (ii) the suggested decision is not in accordance with applicable laws.
- (d) Only a person who is, or who has been provided with a power of attorney pursuant to Clause 7 (*Right to Act on Behalf of a Noteholder*) from a person who is, registered as a Noteholder:
 - (i) on the Record Date prior to the date of the Noteholders' Meeting, in respect of a Noteholders' Meeting, or
 - (ii) on the Business Day specified in the communication pursuant to Clause 19(c), in respect of a Written Procedure,may exercise voting rights as a Noteholder at such Noteholders' Meeting or in such Written Procedure, *provided that* the relevant Notes are included in the definition of Adjusted Nominal Amount.
- (e) The following matters shall require the consent of Noteholders representing at least 75.00 per cent of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19(c):
 - (i) a change to the terms of any of Clause 2(a), and Clauses 2(e) to 2(g);
 - (ii) a change to the Interest Rate or the Nominal Amount;
 - (iii) a change to the terms for the distribution of proceeds set out in Clause 16 (*Distribution of Proceeds*);
 - (iv) a change to the terms dealing with the requirements for Noteholders' consent set out in this Clause 17;
 - (v) the release of the Transaction Security or the Guarantees (partially or in whole);

- (vi) an extension of the tenor of the Notes or any delay of the due date for payment of any principal or interest on the Notes;
 - (vii) a mandatory exchange of the Notes for other securities;
 - (viii) early redemption of the Notes, other than upon an acceleration of the Notes pursuant to Clause 15 (*Events of Default and Acceleration of the Notes*) or as otherwise permitted or required by these Terms and Conditions.
- (f) Any matter not covered by Clause 17(e) shall require the consent of Noteholders representing more than 50.00 per cent of the Adjusted Nominal Amount for which Noteholders are voting at a Noteholders' Meeting or for which Noteholders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 19(c). This includes, but is not limited to, any amendment to, or waiver of, the terms of any Finance Document that does not require a higher majority (other than an amendment permitted pursuant to Clause 20(a)(i) or 20(a)(ii)), an acceleration of the Notes or the enforcement of any Transaction Security or the Guarantees (which enforcement may, for the avoidance of doubt, only be made in accordance with the Intercreditor Agreement).
- (g) Quorum at a Noteholders' Meeting or in respect of a Written Procedure only exists if a Noteholder (or Noteholders) representing at least 50.00 per cent of the Adjusted Nominal Amount in case of a matter pursuant to Clause 17(e), and otherwise 20.00 per cent of the Adjusted Nominal Amount:
- (i) if at a Noteholders' Meeting, attend the meeting in person or by telephone conference (or appear through duly authorised representatives); or
 - (ii) if in respect of a Written Procedure, reply to the request.
- (h) If a quorum does not exist at a Noteholders' Meeting or in respect of a Written Procedure, the Agent or the Issuer shall convene a second Noteholders' Meeting (in accordance with Clause 18(a)) or initiate a second Written Procedure (in accordance with Clause 19(a)), as the case may be, *provided that* the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Noteholders' consent. The quorum requirement in Clause 17(g) shall not apply to such second Noteholders' Meeting or Written Procedure.
- (i) Any decision which extends or increases the obligations of the Issuer or the Agent, or limits, reduces or extinguishes the rights or benefits of the Issuer or the Agent, under the Finance Documents shall be subject to the Issuer's or the Agent's consent, as applicable.
- (j) A Noteholder holding more than one Note need not use all its votes or cast all the votes to which it is entitled in the same way and may in its discretion use or cast some of its votes only.
- (k) The Issuer may not, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Noteholder for or as inducement to any consent under these Terms and Conditions, unless such consideration is offered to all Noteholders that consent at the relevant Noteholders' Meeting or in a Written Procedure within the time period stipulated for the consideration to be payable or the time period for replies in the Written Procedure, as the case may be.
- (l) A matter decided at a duly convened and held Noteholders' Meeting or by way of Written Procedure is binding on all Noteholders, irrespective of them being present or represented at the Noteholders' Meeting or responding in the Written Procedure. The

Noteholders that have not adopted or voted for a decision shall not be liable for any damages that this may cause other Noteholders.

- (m) All costs and expenses incurred by the Issuer or the Agent for the purpose of convening a Noteholders' Meeting or for the purpose of carrying out a Written Procedure, including reasonable fees to the Agent, shall be paid by the Issuer.
- (n) If a decision shall be taken by the Noteholders on a matter relating to the Finance Documents, the Issuer shall promptly at the request of the Agent provide the Agent with a certificate specifying the number of Notes owned by Group Companies, irrespective of whether such person is directly registered as owner of such Notes. The Agent shall not be responsible for the accuracy of such certificate or otherwise be responsible to determine whether a Note is owned by a Group Company.
- (o) Information about decisions taken at a Noteholders' Meeting or by way of a Written Procedure shall promptly be sent by notice to the Noteholders and published on the websites of the Issuer and the Agent, *provided that* a failure to do so shall not invalidate any decision made or voting result achieved. The minutes from the relevant Noteholders' Meeting or Written Procedure shall at the request of a Noteholder be sent to it by the Issuer or the Agent, as applicable.

18. Noteholders' Meeting

- (a) The Agent shall convene a Noteholders' Meeting by sending a notice thereof to each Noteholder no later than five (5) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons).
- (b) Should the Issuer want to replace the Agent, it may convene a Noteholders' Meeting in accordance with Clause 18(a) with a copy to the Agent. After a request from the Noteholders pursuant to Clause 21.4(c), the Issuer shall no later than five (5) Business Days after receipt of such request (or such later date as may be necessary for technical or administrative reasons) convene a Noteholders' Meeting in accordance with Clause 18(a).
- (c) The notice pursuant to Clause 18(a) shall include (i) time for the meeting, (ii) place for the meeting, (iii) agenda for the meeting (including each request for a decision by the Noteholders) and (iv) a form of power of attorney. Only matters that have been included in the notice may be resolved upon at the Noteholders' Meeting. Should prior notification by the Noteholders be required in order to attend the Noteholders' Meeting, such requirement shall be included in the notice.
- (d) The Noteholders' Meeting shall be held no earlier than ten (10) Business Days and no later than twenty (20) Business Days from the notice.
- (e) Without amending or varying these Terms and Conditions, the Agent may prescribe such further regulations regarding the convening and holding of a Noteholders' Meeting as the Agent may deem appropriate. Such regulations may include a possibility for Noteholders to vote without attending the meeting in person.

19. Written Procedure

- (a) The Agent shall instigate a Written Procedure no later than five (5) Business Days after receipt of a request from the Issuer or the Noteholder(s) (or such later date as may be necessary for technical or administrative reasons) by sending a

communication to each such person who is registered as a Noteholder on the Record Date prior to the date on which the communication is sent.

- (b) Should the Issuer want to replace the Agent, it may send a communication in accordance with Clause 19(a) to each Noteholder with a copy to the Agent.
- (c) A communication pursuant to Clause 19(a) shall include (i) each request for a decision by the Noteholders, (ii) a description of the reasons for each request, (iii) a specification of the Business Day on which a person must be registered as a Noteholder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Noteholder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to Clause 19(a)). If the voting shall be made electronically, instructions for such voting shall be included in the communication.
- (d) When the requisite majority consents of the total Adjusted Nominal Amount pursuant to Clauses 17(e) and 17(f) have been received in a Written Procedure, the relevant decision shall be deemed to be adopted pursuant to Clause 17(e) or 17(f), as the case may be, even if the time period for replies in the Written Procedure has not yet expired.

20. Amendments and Waivers

- (a) The Issuer and the Agent (acting on behalf of the Noteholders) may agree to amend the Finance Documents or waive any provision in a Finance Document, *provided that*:
 - (i) such amendment or waiver is not detrimental to the interest of the Noteholders, or is made solely for the purpose of rectifying obvious errors and mistakes;
 - (ii) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or
 - (iii) such amendment or waiver has been duly approved by the Noteholders in accordance with Clause 17 (*Decisions by Noteholders*).
- (b) The Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Clause 20(a), setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Finance Documents are published in the manner stipulated in Clause 12.3 (*Publication of Finance Documents*). The Issuer shall ensure that any amendments to the Finance Documents are duly registered with the CSD and each other relevant organisation or authority.
- (c) An amendment to the Finance Documents shall take effect on the date determined by the Noteholders Meeting, in the Written Procedure or by the Agent, as the case may be.

21. Appointment and Replacement of the Agent and the Security Agent

21.1 Appointment of Agent and the Security Agent

- (a) By subscribing for Notes, each initial Noteholder appoints:
 - (i) the Agent to act as its agent in all matters relating to the Notes and the Finance Documents, and authorises the Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in any legal or arbitration proceedings relating to the Notes held by such Noteholder; and
 - (ii) confirms the appointment under the Intercreditor Agreement of the Security Agent to act as its agent in all matters relating to the Transaction Security, the Security Documents, the Guarantees and the Guarantee Agreement, including any legal or arbitration proceeding relating to the perfection, preservation, protection or enforcement of the Transaction Security and the Guarantees and acknowledges and agrees that the rights, obligations, role of and limitations of liability for the Security Agent is further regulated in the Intercreditor Agreement.
- (b) By acquiring Notes, each subsequent Noteholder confirms the appointment and authorisation for the Agent and the Security Agent to act on its behalf as set out in paragraph (a).
- (c) Each Noteholder shall immediately upon request provide the Agent and the Security Agent with any such documents, including a written power of attorney (in form and substance satisfactory to the Agent or the Security Agent), that the Agent or the Security Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents. The Agent and the Security Agent are under no obligation to represent a Noteholder which does not comply with such request.
- (d) The Issuer shall promptly upon request provide the Agent and the Security Agent with any documents and other assistance (in form and substance satisfactory to the Agent and the Security Agent), that the Agent or the Security Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Finance Documents.
- (e) The Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Finance Documents and the Agency Agreement and the Agent's obligations as Agent under the Finance Documents are conditioned upon the due payment of such fees and indemnifications.
- (f) The Agent may only act as agent or trustee for several issues of securities issued by or relating to the Issuer and other Group Companies where these issues are ranked *pari passu* and do not otherwise entail any obvious conflicts of interest for the Agent.

21.2 Duties of the Agent

- (a) The Agent shall represent the Noteholders in accordance with the Finance Documents, and, where relevant, in relation to instructions to the Security Agent to enforce the Transaction Security or the Guarantees on behalf of the Noteholders. The Agent is not responsible for the execution or enforceability of the Finance Documents or for monitoring the performance of the Security Agent.
- (b) When acting in accordance with the Finance Documents, the Agent is always acting with binding effect on behalf of the Noteholders. The Agent shall carry out its duties

under the Finance Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

- (c) The Agent is entitled to delegate its duties to other professional parties selected with due care, but the Agent shall remain liable for the actions of such parties under the Finance Documents.
- (d) The Agent shall treat all Noteholders equally and, when acting pursuant to the Finance Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Finance Documents.
- (e) The Agent is entitled to engage external experts when carrying out its duties under the Finance Documents. The Issuer shall, subject to the Intercreditor Agreement, on demand by the Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Agent reasonably believes is or may lead to an Event of Default or (ii) a matter relating to the Issuer which the Agent reasonably believes may be detrimental to the interests of the Noteholders under the Finance Documents. Any compensation for damages or other recoveries received by the Agent from external experts engaged by it for the purpose of carrying out its duties under the Finance Documents shall be distributed in accordance with Clause 16 (*Distribution of Proceeds*).
- (f) Notwithstanding any other provision of the Finance Documents to the contrary, the Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.
- (g) If in the Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding and indemnities (or adequate Security has been provided therefore) as it may reasonably require.

21.3 Limited liability for the Agent

- (a) The Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Finance Document, unless directly caused by its negligence or wilful misconduct. The Agent shall never be responsible for indirect loss.
- (b) The Agent shall not be considered to have acted negligently if it has acted in accordance with advice from or opinions of reputable external experts engaged by the Agent or if the Agent has acted with reasonable care in a situation when the Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.
- (c) The Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Finance Documents to be paid by the Agent to the Noteholders, *provided that* the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) The Agent shall have no liability to the Noteholders for damage caused by the Agent acting in accordance with instructions of the Noteholders given in accordance with

Clause 17 (*Decisions by Noteholders*) or a demand by Noteholders given pursuant to Clause 15.11(a).

- (e) Any liability towards the Issuer which is incurred by the Agent in acting under, or in relation to, the Finance Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Finance Documents.

21.4 Replacement of the Agent

- (a) Subject to Clause 21.4(f), the Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall appoint a successor Agent at a Noteholders' Meeting convened by the retiring Agent or by way of Written Procedure initiated by the retiring Agent.
- (b) Subject to Clause 21.4(f), if the Agent is Insolvent, the Agent shall be deemed to resign as Agent with immediate effect and the Issuer shall within ten (10) Business Days appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (c) A Noteholder (or Noteholders) representing at least 10.00 per cent of the Adjusted Nominal Amount may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder on the Business Day immediately following the day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Agent and appointing a new Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of Written Procedure initiated by it, propose to the Noteholders that the Agent be dismissed and a new Agent appointed.
- (d) If the Noteholders have not appointed a successor Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Agent which shall be an independent financial institution or other reputable company which regularly acts as agent under debt issuances.
- (e) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation or dismissal shall only take effect upon the appointment of a successor Agent and acceptance by such successor Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Agent.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of the Finance Documents and remain liable under the Finance Documents in respect of any action which it took or failed to take whilst acting as Agent. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Finance Documents as they would have had if such successor had been the original Agent.
- (h) In the event that there is a change of the Agent in accordance with this Clause 21.4, the Issuer shall execute such documents and take such actions as the new Agent may reasonably require for the purpose of vesting in such new Agent the rights, powers

and obligation of the Agent and releasing the retiring Agent from its further obligations under the Finance Documents and the Agency Agreement.

22. Appointment and Replacement of the Issuing Agent

- (a) The Issuer appoints the Issuing Agent to manage certain specified tasks under these Terms and Conditions and in accordance with the legislation, rules and regulations applicable to and/or issued by the CSD and relating to the Notes.
- (b) The Issuing Agent may retire from its assignment or be dismissed by the Issuer, *provided that* the Issuer has approved that a commercial bank or securities institution approved by the CSD accedes as new Issuing Agent at the same time as the old Issuing Agent retires or is dismissed. If the Issuing Agent is Insolvent, the Issuer shall immediately appoint a new Issuing Agent, which shall replace the old Issuing Agent as issuing agent in accordance with these Terms and Conditions.

23. No Direct Actions by Noteholders

- (a) A Noteholder may not take any steps whatsoever against the Issuer or with respect to the Transaction Security or the Guarantees to enforce or recover any amount due or owing to it pursuant to the Finance Documents, or to initiate, support or procure the winding-up, dissolution, liquidation, company reorganisation (*företagsrekonstruktion*) or bankruptcy (*konkurs*) (or its equivalent in any other jurisdiction) of the Issuer in relation to any of the liabilities of the Issuer under the Finance Documents.
- (b) Clause 23(a) shall not apply if (i) the Agent has been instructed by the Noteholders to take certain actions but is legally unable to take such actions or (ii) the Security Agent has been instructed by the Senior Representatives (as defined in the Intercreditor Agreement) in accordance with the Intercreditor Agreement to enforce the Transaction Security and the Guarantees but is legally unable to take such enforcement actions.
- (c) When these Terms and Conditions stipulate that a Senior Creditor may act, actions of Noteholders can only be taken by the Agent on behalf of and as representative for the Noteholders and no Noteholder may act individually.

24. Force Majeure and Limitation of Liability

- (a) Neither the Agent nor the Issuing Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a “**Force Majeure Event**”). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Agent or the Issuing Agent itself takes such measures, or is subject to such measures.
- (b) The Issuing Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuing Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct.
- (c) Should a Force Majeure Event arise which prevents the Agent or the Issuing Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

- (d) The provisions in this Clause 24 apply unless they are inconsistent with the provisions of the Financial Instruments Accounts Act which provisions shall take precedence.

25. Prescription

- (a) The right to receive repayment of the principal of the Notes shall be prescribed and become void ten (10) years from the Redemption Date. The right to receive payment of interest (excluding any capitalised interest) shall be prescribed and become void three (3) years from the relevant due date for payment. The Issuer is entitled to any funds set aside for payments in respect of which the Noteholders' right to receive payment has been prescribed and has become void.
- (b) If a limitation period is duly interrupted in accordance with the Swedish Act on Limitations (*preskriptionslag (1981:130)*), a new limitation period of ten (10) years with respect to the right to receive repayment of the principal of the Notes, and of three (3) years with respect to receive payment of interest (excluding capitalised interest) will commence, in both cases calculated from the date of interruption of the limitation period, as such date is determined pursuant to the provisions of the Swedish Act on Limitations.

26. Notices and Press Releases

26.1 Notices

- (a) Any notice or other communication to be made under or in connection with the Finance Documents:
 - (i) if to the Agent, shall be given at the address registered with the Swedish Companies Registration Office (*Bolagsverket*) on the Business Day prior to dispatch;
 - (ii) if to the Issuer or a Guarantor, shall be given at the address registered with the Swedish Companies Registration Office for the relevant company on the Business Day prior to dispatch; and
 - (iii) if to the Noteholders, shall be given at their addresses as registered with the CSD, on the Record Date prior to dispatch, and by either courier delivery or letter for all Noteholders. A Notice to the Noteholders shall also be published on the websites of the Issuer and the Agent (www.corpnordic.se).
- (b) Any notice or other communication made by one person to another under or in connection with the Finance Documents shall be sent by way of courier, personal delivery or letter and will only be effective, in case of courier or personal delivery, when it has been left at the address specified in Clause 26.1(a) or, in case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Clause 26.1(a).

27. Governing Law and Jurisdiction

- (a) These Terms and Conditions, and any non-contractual obligations arising out of or in connection therewith, shall be governed by and construed in accordance with the laws of Sweden.

- (b) The Issuer submits to the non-exclusive jurisdiction of the City Court of Stockholm (Stockholms tingsrätt).

Schedule 1

Security Documents

Part 1

Security Documents

The relevant Group Companies will enter into security documents pursuant to which the following security will be granted to the Secured Parties:

- (a) Pledge in respect of all shares in Cloetta België NV;
- (b) Pledge in respect of all shares in Cloetta Danmark ApS;
- (c) Pledge in respect of certain trademarks registered in Danmark owned by Cloetta Sverige AB;
- (d) Pledge in respect of an intra-group loan owed by Cloetta Suomi Oy to LEAF Slovakia s.r.o.;
- (e) Pledge in respect of all shares in Cloetta Suomi Oy;
- (f) Pledge in respect of all shares in LEAF Leasing Oy;
- (g) Pledge in respect of all shares in Karkkikatu Oy;
- (h) Pledge in respect of enterprise mortgage notes issued in and community trademarks and Finnish trademarks owned by Cloetta Suomi Oy;
- (i) Pledge in respect of certain trademarks registered in Finland owned by Cloetta Sverige AB;
- (j) Pledge in respect of certain intra-group loans owed by Cloetta Suomi Oy to Cloetta Holland B.V.;
- (k) Pledge in respect of all shares in Cloetta Deutschland GmbH;
- (l) Pledge in respect of certain trademarks registered in Germany owned by Cloetta Holland B.V.;
- (m) Pledge in respect of an intra-group loan owed by Cloetta Holland B.V. to Cloetta AB (publ) with a second ranking pledge in respect of the shares in Cloetta Italia S.r.l. attached;
- (n) Pledge in respect of all shares in Cloetta Holland B.V.;
- (o) Pledge in respect of all shares in Cloetta Holland Finance B.V.;
- (p) Pledge in respect of movable assets in Cloetta Holland B.V.;
- (q) Mortgage in respect of real estate owned by Cloetta Holland B.V.;
- (r) Pledge in respect of a receivable owned by Cloetta Holland B.V.;
- (s) Pledge in respect of certain trademarks registered in Benelux owned by Cloetta Holland B.V.;
- (t) Pledge in respect of enterprise assets owned by Cloetta Norge AS;
- (u) Pledge in respect of all shares in Cloetta Norge AS;
- (v) Pledge in respect of the ownership interest in LEAF Slovakia s.r.o.;
- (w) Pledge in respect of real property owned by LEAF Slovakia s.r.o.;

- (x) Pledge in respect of a floating charge in LEAF Slovakia s.r.o.;
- (y) Pledge in respect of all shares in Cloetta Sverige AB;
- (z) Pledge in respect of in respect of all shares in Cloetta Produktion Sverige AB and Aktiebolaget Karamellpojarna;
- (aa) Pledge in respect of in respect of all shares in LEAF IP Sweden AB;
- (bb) Pledge in respect of certain contractual rights of Cloetta AB (publ) under a share purchase agreement;
- (cc) Pledge in respect of certain intellectual property rights owned by Cloetta AB (publ);
- (dd) Pledge in respect of certain intellectual property rights owned by Cloetta Sverige AB;
- (ee) Pledge in respect of certain intellectual property rights owned by LEAF Sweden IP AB;
- (ff) Pledge in respect of certain intellectual property rights owned by Cloetta Suomi Oy;
- (gg) Pledge in respect of a real property mortgage notes of Cloetta Produktion Sverige AB;
- (hh) Pledge in respect of real property mortgage notes of Cloetta Sverige AB;
- (ii) Pledge in respect of a floating charge in Cloetta Produktion Sverige AB;
- (jj) Pledge in respect of a floating charge in Cloetta Sverige AB;
- (kk) Pledge in respect of an intra-group loan owned by Cloetta Sverige AB; and
- (ll) Pledge in respect of certain trademarks registered in Denmark owned by LEAF Sweden IP AB.

Part 2
Italian Security Documents

- (a) First ranking quota pledge agreement in respect of the quotas in Cloetta Italia S.r.l. originally entered into between Cloetta Holland B.V. as pledgor and Svenska Handelsbanken AB (publ) as bank;
- (b) First ranking mortgage agreement in respect of immovable properties owned by Cloetta Italia S.r.l. between Cloetta Italia S.r.l. as pledgor and Svenska Handelsbanken AB (publ) as mortgagee;
- (c) Second ranking mortgage agreement in respect of immovable properties owned by Cloetta Italia S.r.l. between Cloetta Italia S.r.l. as pledgor and Svenska Handelsbanken AB (publ) as mortgagee;
- (d) First ranking trademark pledge agreement in respect of trademarks owned by Cloetta Italia S.r.l. between Cloetta Italia S.r.l. as pledgor and Svenska Handelsbanken AB (publ) as bank;
- (e) Second ranking trademark pledge agreement in respect of trademarks owned by Cloetta Italia S.r.l. between Cloetta Italia S.r.l. as pledgor and Svenska Handelsbanken AB (publ) as bank;
- (f) First ranking trademark pledge agreement in respect of trademarks owned by Cloetta Italia S.r.l. between Cloetta Italia S.r.l. as pledgor and Svenska Handelsbanken AB (publ) as bank;
- (g) First ranking trademark pledge agreement in respect of trademarks owned by Cloetta Italia S.r.l. between Saila s.p.a as pledgor and Svenska Handelsbanken AB (publ) as bank;
- (h) Special privilege agreement between Cloetta Italia S.r.l. as grantor and Svenska Handelsbanken AB (publ) as bank;
- (i) Special privilege agreement between Cloetta Italia S.r.l. as grantor and Svenska Handelsbanken AB (publ) as bank;
- (j) First ranking share pledge agreement in respect the shares of Saila s.p.a. between Cloetta Italia S.r.l. as pledgor and Svenska Handelsbanken AB (publ) as bank;
- (k) Second ranking share pledge agreement in respect of the shares of Saila s.p.a. between Cloetta Italia S.r.l. as pledgor and Svenska Handelsbanken AB (publ) as bank;
- (l) Security assignment agreement in respect of certain claims arising from a SPA between Cloetta Italia S.r.l. as assignor and Svenska Handelsbanken AB (publ) as bank.

Schedule 2

Guarantors

AB Karamellpojarna

Cloetta Produktion Sverige AB

Cloetta Sverige AB

LEAF Sverige IP AB

Cloetta Holland B.V.

LEAF Slovakia S.r.o

Cloetta Suomi Oy

LEAF Leasing Oy

Cloetta Danmark ApS

Cloetta Norge AS

Cloetta Finance Holland B.V.

Cloetta Deutschland GmbH

Cloetta België NV

DESCRIPTION OF THE GROUP

Overview

The Company, in its current form, was created by the merger in February 2012 of Cloetta, a leading Swedish producer of chocolate confectionery, and LEAF, a leading producer of European sugar confectionery and refreshers, creating a diversified confectionery company with extensive operations in sugar confectionery and refreshers throughout Europe. Cloetta has many high profile consumer brands, several of which have traditions dating back to the 1800s and strong local ties. Examples of these include Läkerol, Red Band, Sperlari, Kexchoklad, Jenkki, Malaco and Venco.

In 2012, Cloetta's underlying net sales¹ amounted to SEK 5,028 million compared to SEK 5,242 million in 2011, a decrease of 4.1 per cent. Cloetta's largest market was Sweden, which represented approximately 32 per cent of total sales in 2012. The rest of the Nordic countries represented approximately 28 per cent, the Netherlands approximately 13 per cent, Italy approximately 15 per cent and other markets approximately 12 per cent of total sales in 2012. Cloetta's products are sold in over 50 countries worldwide.

In 2012, Cloetta produced a total of 96,700 tonnes of confectionery from 12 factories in 6 countries and is close to completing the process of rationalising its supply chain and manufacturing further to realise the opportunities created by the merger. As at the date of this Prospectus, Cloetta has 10 factories in five countries and expects to close one further factory in 2014.

Cloetta AB (publ) is a Swedish Limited liability company with its registered office located at 590 69 Ljungbro, Sweden and telephone number +46 8 527 28 800. The Company's head office is located at Kista Science Tower, SE-164 51 Kista, Sweden. The Company's corporate registration number is 556308-8144 and its legal form is regulated by the Swedish Companies Act.

Cloetta has its class B and class A shares listed on NASDAQ OMX, Nordic List since 16 February 2009 under the ticker symbols SE0002626861 and SE0002626853, respectively.

The business objective of the Company is to hold and to exploit grocery brands and directly or indirectly produce and/or market chocolate, confectionery and other groceries and to administer and hold assets, lease real estate and movable assets and trade shares and other instruments, and conduct any related business.

History

Cloetta

1862	The Company was incorporated in as "Brødrene Cloëtta" as a chocolate and confectionery manufacturer in Copenhagen, Denmark.
1872	Production was extended to Malmö, Sweden, becoming the first factory-based producer of chocolate in Sweden.
1901	Production moved to southwest of Stockholm, Sweden.
1917	Svenska Chokladfabriks AB acquired a majority of the shares in Cloetta from the Cloetta family.
1971	Choklad-Thule was merged with Cloetta.

¹ Based on constant exchange rates and the current structure (excluding the distribution business in Belgium and third-party distribution in Italy) and excluding items affecting comparability. Includes the former Cloetta's financial history for better comparability.

1980-1990	Cloetta acquired a series of food businesses, making Cloetta one of the leading trading houses for food in Sweden by the late 1990s.
1994	Cloetta Class B shares were listed on the Stockholm Stock Exchange, and Reppe AB was sold.
2000	Cloetta merged with the confectionery division of the Fazer Group, forming Cloetta Fazer.
2008	Cloetta Fazer was demerged into Fazer Konfektyr and Cloetta.
2009	Cloetta was listed on the NASDAQ OMX.

LEAF

1986	CSM, a Dutch sugar and grocery company, acquired the Red Band and Venco brands
1999	Malaco and LEAF were merged through CSM's acquisition of LEAF from Huhtamäki.
2000	CSM acquired the confectionery company Continental Sweets, thereby giving it a stronger presence in France, Belgium, the Netherlands and the United Kingdom
2005	CVC and Nordic Capital became the new owners of the confectionery division of CSM and changed its name to LEAF.
2007	LEAF acquired Cadbury Italy.
2005 to 2008	LEAF sold off or restructured its business in a number of areas, including Poland, Russia, North America and France to sharpen its focus on its main markets and own brands
February 2012	Cloetta and LEAF were merged.

Merger of Cloetta and LEAF

On 16 December 2011, the Company announced that it had entered into an agreement to acquire the entire share capital of LEAF. This acquisition was subject to certain terms and approval from relevant competition regulators. On 16 February 2012, all conditions for the acquisition had been fulfilled, whereupon Cloetta acquired 100 per cent of the shares and 100 per cent of the voting rights in LEAF Holland B.V. from Yllop Holding S.A. (formerly LEAF Holding S.A.).

The Company regarded the strategic, industrial and financial motives for the merger as convincing, and expects it to result in the Company becoming a leader in the Nordic confectionery market with leading positions in Italy and the Netherlands. The merger is complementary from several perspectives and means that the Company is now able to offer a comprehensive product range in chocolate confectionery, sugar confectionery and refreshers (pastilles and chewing gum); provides stronger sales channels, primarily in the Nordic region; and offers a broader-based product range and increased size, which will enhance the Company's attraction to customers and suppliers. Furthermore, the merger is expected to offer the possibility of significant annual cost and efficiency synergies, including cost synergies arising in tandem with the rationalisation measures LEAF has taken in its supply chain. The most important areas of expected synergies are greater efficiency in the commercial organisation in Scandinavia; potential in-sourcing of production; greater efficiency in the supply chain; utilising LEAF's already strong sales channels and reduced overheads and administrative expenses.

The acquisition was accounted for as a reverse acquisition, and thus LEAF Holland B.V. was considered to be the acquirer for Group accounting purposes. The final purchase price amounted to SEK 6.9 billion. The acquisition was financed through a cash payment of SEK 100 million and an interest-bearing vendor loan note of SEK 1,400 million as well as an issue in kind of class C shares in Cloetta with a fair market value of SEK 2,556 million. The total fair value of the consideration amounted to SEK 4,056 million. Subsequently, the Company raised funding from Svenska Handelsbanken AB (publ) and also conducted a rights issue raising approximately SEK 1,056 million in April 2012 in order to repay the vendor loan note which has now been fully repaid.

Recent Developments

Goody Good Stuff

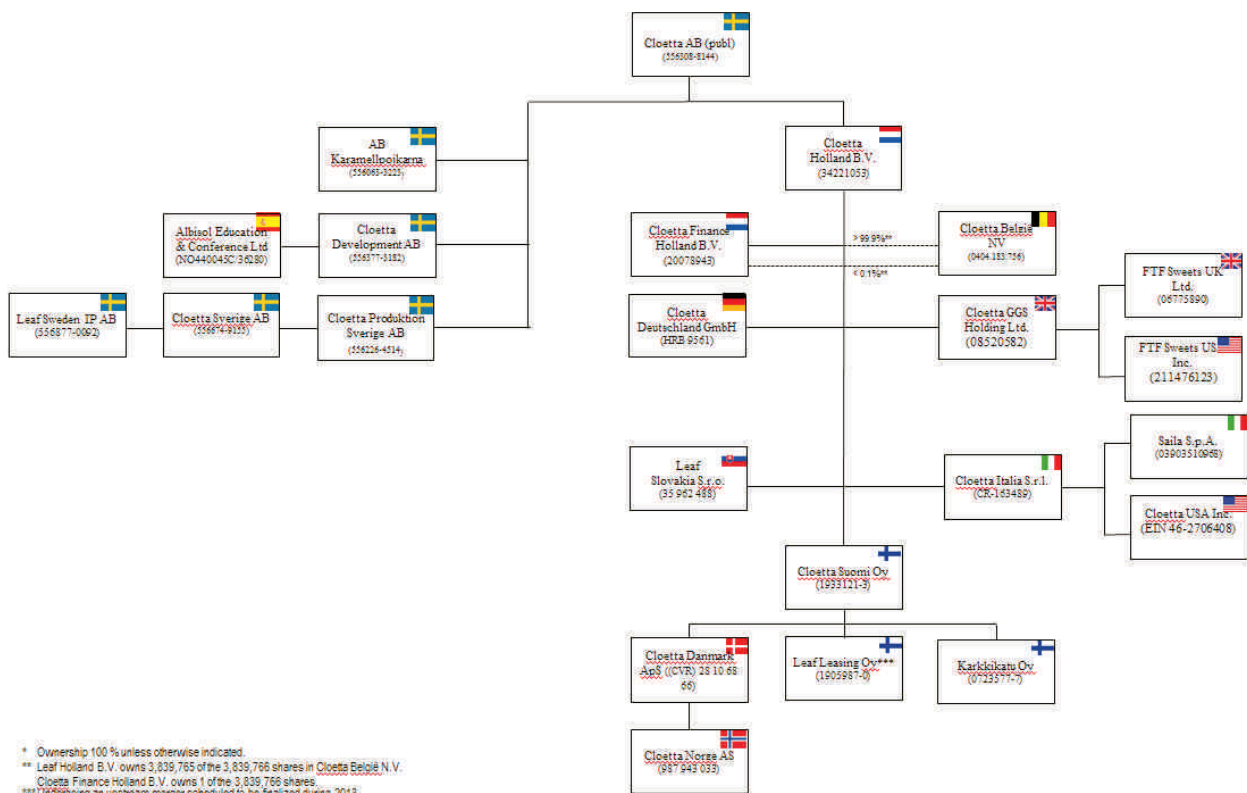
In May 2013, Cloetta acquired the British company FTF Sweets Ltd, which owns the brand “Goody Good Stuff”, a sweet confectionery within the natural candy segment. This acquisition strengthens the Company’s position in that growing segment, and also increases its presence in the UK and US markets. FTF Sweets Ltd. has recently signed a nationwide distribution agreement with one of the leading convenience stores in the US.

Long-term Share-based Incentive Plan

On 11 April 2013, the annual general meeting of the Company approved the introduction of a long-term share-based incentive plan covering 45 key employees. The maximum number of Class B shares that may be allocated under the plan is 811,500 shares representing approximately 0.3 per cent of the outstanding share capital of the Company and 0.2 per cent of the votes.

Group Structure

The below chart shows the legal structure of the Company:



Strategy

The Company has distinct strategies for the growth of its business as follows:

Focus on volume growth and margin expansion

The Group focuses on strong brands with local traditions. Following the merger with LEAF, the Group has a far stronger positioning in the Nordic market. Growth is expected to be generated through the introduction of new flavours, packaging and sizes as well as cross-border initiatives. These initiatives will involve increased efforts to sell Cloetta's product range on LEAF's various markets to broaden the product portfolio geographically. Cloetta considers their chocolate confectionery brands as another growth opportunity. The Group may consider further acquisition opportunities in the future.

Focus on cost-efficiency

Cost rationalisations include the cost and efficiency synergies expected to arise from the merger with LEAF as well as savings from the closure of facilities in Denmark, Sweden and Finland. Greater cost-efficiency as a result of improved internal processes and systems will also make a positive contribution. The merger with LEAF will mean that Cloetta will have the majority of the relevant production technologies in-house, creating greater flexibility in product development as well as the potential for continued improvements of efficiency in the supply chain, including procurement and value-creation in production and marketing.

Long-term Financial Targets

The Company's long-term financial targets are as follows:

Organic sales growth – Cloetta intends to increase its sales organically at least at the same rate as the market

According to Datamonitor, historical annual growth in the markets where the Company is active was two per cent in 2006–2011. 2012 was the first year that certain individual markets and segments decreased or remained unchanged, contributing to the Company's negative underlying sales growth during the year. The potential sales synergies the merger creates are expected to contribute to Cloetta's total sales growth in the medium to long term ensuring that this goal is met. From an accounting standpoint, however, the merger between Cloetta and LEAF meant that growth during the year reached 4.3 per cent.

EBITA margin – Cloetta's target is an underlying EBITA margin of at least 14 per cent.

The goal is to meet this target after the full cost and efficiency synergies from the merger and the production restructuring have been realised. Weak market development and a resulting drop in sales, higher raw material costs and certain temporary costs in production contributed to a lower underlying EBITA margin. The underlying EBITA margin in 2012 was 8.7 per cent.

Net debt – Cloetta's long-term target is a net debt/EBITA ratio of around 2.5.

Cloetta has a higher net debt at present but is expected to meet this target within two to three years after the merger through earnings growth and strong cash flows. In 2012, SEK 358m was amortised.

Dividend policy – Cloetta's long-term intention is a dividend payout of 40–60 per cent of profit after tax

The primary focus at present is on reinvesting the cash flow in order to further strengthen competitiveness through rationalisations, product development, marketing initiatives and amortisation of bank loans. No dividend is expected to be paid for a period of two to three years after the merger.

Products and Brands

Cloetta has a broad brand portfolio that has substantial value and a strong position in the confectionery market in those countries where the Company is active. Many of these brands originated from the first half of the 20th century and have strong local links including Malaco, Cloetta, Läkerol and Sperlari. The ten largest brands represented approximately 60 per cent of net sales in 2012 and 2011.

One of the Company's primary competitive advantages is its ability to develop brands and present attractive new products under these brands. Brands in confectionery are highly localised and consumers in markets that are mature have high loyalty, and accordingly, expansion and sales are largely about utilising the strengths of these well-known brands.

Product development and marketing

The majority of marketing function resources are allocated to product development and marketing, which in combination with a strong own-sales organisation are the two most decisive factors for success on a mature market where products are often purchased on impulse. New products strengthen Cloetta's offering to customers and consumers. Effective marketing, from advertising to in-store activities, increase consumer awareness of, and demand for, Cloetta's products.

Market analysis and trend monitoring provide important data to the marketing department. Knowledge of trends on the market and consumer behaviour is necessary for delivering successful new products and hence changes in consumption patterns are monitored and analysed continuously.

Product development

Product development and innovation begin by analysing trends in the market and new consumer needs and determining how these can be optimally combined with existing brands.

New products get effective sales support with marketing through campaigns, events, in-store activities and advertising. Brands must be contemporary and tailored to market trends, and have strong imagery, to be appreciated by the consumer. Content and packaging are in constant development, and new products must always be of high quality. By introducing new flavours, packaging and brand sizes, modernity is maintained and the changing needs of consumers are satisfied.

Packaging and marketing can attract consumers to make a first purchase, but if the quality is not good, a second purchase will never take place. That is why it is crucial that new products launched by Cloetta satisfy consumer demand. The taste is always central when Cloetta develops new products. All new products undergo consumer testing to obtain the consumer's view of factors such as taste, texture and overall impression. Without prior approval in a consumer test, a product is not launched on the market.

Investments in the Company's brands and marketing start from brand positioning in the market, and marketing features image-building brand advertising in mass media, sponsorship and events addressing select target groups. Because confectionery is exclusively an impulse purchase, strong sales-promoting initiatives at the store level are highly significant. The ambition of Cloetta's marketing is to be visible and noticed in all locations where the consumer is, in order to encounter the consumer more often. The Company focuses its marketing efforts increasingly on social media such as Facebook and Twitter.

Overview of Cloetta's largest brands

Chocolate Products

The largest brands which Cloetta's chocolate products are sold under include Cloetta, Kexchoklad, Center, Polly, Plopp, Sportlunch, Guldnougat, Tarragona, Sperlari and Tupla.

Sugar Confectionery Products

The largest brands which Cloetta's sugar confectionery products are sold under include Malaco, Red Band, Sperlari, Ahlgrens bilar, Chewits, Juleskum, Venco, Galatine, Dietorelle and Goody Good Stuff.

Refreshers

Refreshers is composed of pastilles and chewing gum. Cloetta's largest pastilles brand is Läkerol. Other strong pastilles (brands) include Extra Starka, Mynthon, Saila, King, Sisu and Leijona. The Company's chewing gum brands are Jenkki, Sportlife, Xylifresh, Läkerol, Saila and TOY.

Intellectual Property

Cloetta's brands are its biggest asset, and the Company puts great emphasis on protecting them. All significant trademarks are owned by companies in the Group. There are no significant licensing agreements regarding trademarks, apart from the right to utilise trademarks that may be in place for Cloetta's distributors, and in certain cases, Cloetta has issued licences to produce and sell certain products, such as ice cream, by utilising the Group's trademarks. Cloetta has assigned external agents in different jurisdictions to monitor that there is no infringement of the Company's trademarks from time to time.

Sales Channels

Cloetta's primary sales channels are the grocery retail trade and the service trade.

The Grocery Retail Trade

The grocery retail trade has undergone extensive consolidation and restructuring in the past ten years, during which the number of stores has decreased while floor space per store has grown. Concentration in the grocery trade is high. In Cloetta's main markets in the Nordic region and the Netherlands, the three largest chains in each country account for more than 70 per cent of total grocery sales. The concentration of the grocery trade enables this channel to place rigorous requirements on its suppliers.

Examples of grocery stores Cloetta sells its products through are Coop, Spar, ICA, Carrefour, Esselunga and Kesko.

The Service Trade

A large share of everyday consumption of confectionery has traditionally been sold via the service trade, including filling stations, service and convenience stores and kiosks. Over the past decade, the service trade has developed an increasing number of snack alternatives that compete with confectionery which has reduced the number of units in the confectionery segment.

Examples of service trade outlets Cloetta sells its products through are Seven Eleven, Mix, Statoil, R kiosk, Pressbyrån and Shell.

Other

Other sales channels include ferry lines, movie theatres, airports, building supply stores, hotels, arenas and other places that are not traditionally associated with confectionery sales but where many consumers are found. Because availability and strong brands are among the most important factors for impulse-driven purchases, new types of sales channels are evaluated continuously

Examples of other sales channels Cloetta sells its products through are Swedavia, Jula, SJ, Autogrill, SF Bio, Viking Line and K-Rauta.

Markets

Sweden

- Population: 9.4 million
- Market size: Consumer sales of approx. EUR 1.4 billion
- Largest customers: Axfood, Coop, ICA and Privab
- Top-selling brands: Malaco, Kexchoklad, Läkerol, Ahlgrens bilar, Polly, Center, Juleskum, Plopp and Sportlunch

Source: Datamonitor

Sweden is the largest single market in the Nordic region, with around one third of the region's total confectionery consumption. Consumer sales in the Swedish confectionery market amount to around EUR 1.4 billion annually. In 2012 the total market showed weak positive development. In terms of value, sugar confectionery accounts for around 20 per cent, chocolate confectionery around 58 per cent, pastilles around 10 per cent and chewing gum around 12 per cent. Pick-and-mix also accounts for an important share of the total market.

Cloetta's sales and competitors

Cloetta's sales in the Swedish market accounted for 32 per cent of the Group's total sales in 2012.

Cloetta has a long history in Sweden. In 1872, the Cloetta brothers set up a factory in Malmö and were thus the first to establish industrial manufacturing of chocolate in Sweden. Fredrik Ahlgren founded his company in 1885 and launched Läkerol in 1909. In 1934, a factory was opened in Malmö to specialise in liquorice, which later became Malaco.

Both Cloetta and Läkerol hold the prestigious position of Purveyor to the Royal Swedish Court.

Cloetta is the second largest player in Sweden, with around 24 per cent of the confectionery market. The market leader is Mondelez (former Kraft Foods, among other things with the Marabou brand) with approximately 30 per cent of the market.

Retail chains' private labels have a share of around 6 per cent of the Swedish market.

Sales channels

The Swedish grocery retail trade is increasingly centrally-controlled. The task for Cloetta's sales force is to ensure that the central agreements are followed and to provide support in implementation according to the needs of each customer.

Cloetta's sales in the service trade have been declining for several years, mainly due to a decrease in the number of manned petrol stations.

Sales organisation

As part of the merger between Cloetta and LEAF, a joint sales and marketing organisation was established in Sweden during the autumn 2012.

There are a total of around 210 employees in the sales organisation and at the Scandinavian head office in Malmö.

Denmark

- Population: 5.5 million

- Market size: Consumer sales of approx. EUR 1.0 billion
- Largest customers: Coop, Dansk Supermarked and SuperGros
- Top-selling brands: Malaco, Lakrisal, Läkerol, Center and Juleskum

Source: Datamonitor

Denmark is the second largest market in the Nordic region, with around one fourth of the region's total confectionery consumption. Consumer sales in the Danish confectionery market amount to around EUR 1.0 billion annually and shrank in volume during 2012 due to the increased sugar tax, but grew somewhat in value. In terms of value, sugar confectionery accounts for around 38 per cent, chocolate confectionery around 58 per cent and pastilles around 8 per cent.

Cloetta's sales and competitors

Cloetta's sales in Denmark accounted for 4 per cent of the Group's total sales in 2012.

Several of Cloetta's brands have a long history in Denmark. Läkerol, the market leader in the pastilles segment, was launched as early as 1910.

Cloetta is the third largest player in Denmark with around 15 per cent of the pastille and sugar confectionery market. The market leaders are Haribo and Toms, with approximately 32 per cent and 19 per cent respectively, of the Danish pastille and sugar confectionery market.

The retail chains' private labels have a share of around 4 per cent and 1 per cent, respectively, of the Danish pastille and sugar confectionery market.

Sales channels

The grocery trade in Denmark is moving towards greater centralisation, but is still more decentralised than in the other Nordic countries. Extensive efforts at the store level are therefore required to increase distribution.

Sales organisation

In Denmark there are around 40 employees at the office in Brøndby and in the sales organisation. Sales of brands distributed by third parties were taken over by the Group's own sales organisation at year-end 2012.

Finland

- Population: 5.4 million
- Market size: Consumer sales of approx. EUR 0.9 billion
- Largest customers: SOK, Kesko and Tuko
- Top-selling brands: Malaco, Jenkki, Mynthon, Läkerol, Sisu and Tupla

Source: Datamonitor

Finland is the third largest market in the Nordic region, with around one fifth of the region's total confectionery consumption. Consumer sales in the Finnish confectionery market amount to around EUR 0.9 billion annually.

In 2011, Finland introduced a new law on selective purchase tax on confectionery, ice cream and carbonated beverages. This led to a decrease in confectionery sales by around 5 per cent in volume during 2011. Although the tax was raised further in 2012, part of the drop in sales during 2011 was recovered in 2012. Volume growth was therefore positive during the year, while value sales rose sharply as a result of the higher tax. In terms of value, sugar confectionery accounted for around 32 per cent, chocolate confectionery around 29 per cent, pastilles for around 11 per cent, chewing gum for around 9 per cent and other products for around 19 per cent.

Cloetta's sales and competitors

Cloetta's sales in Finland accounted for 18 per cent of the Group's total sales in 2012.

Cloetta has long held a strong position in the Finnish market. The legendary pastille brand Sisu was launched in 1928 and in 1951 Cloetta launched Jenkki, which is today the market-leading chewing gum. Tupla, which was launched in 1960, is the market leader in the chocolate countline segment. With Mynthon, Läkerol and Sisu, Cloetta is the market leader in the pastille segment.

Cloetta is the second largest player in the Finnish market, with a share of around 25 per cent of the confectionery market. The market leader is Fazer, with approximately 44 per cent of the confectionery market.

The retail chains' private labels have a share of around 6 per cent of confectionery sales in the Finnish market.

Sales channels

The Finnish grocery retail trade is dominated by large players and is the market with the most centralised purchasing in the Nordic region. Thanks to centralised purchasing, new products can achieve wide distribution and become quickly available to consumers.

Sales organisation

In Finland there are around 150 employees at the office in Turku and in the sales organisation. Sales of brands distributed by third parties were taken over by the Group's own sales organisation at year-end 2012.

Norway

- Population: 4.9 million
- Market size: Consumer sales of approx. EUR 0.9 billion
- Largest customers: Coop, ICA, NorgesGruppen and Rema
- Top-selling brands: Malaco, Läkerol, Pops and Ahlgrens bilar

Source: Datamonitor

Norway is the smallest market in the Nordic region, with just under one fifth of the region's total confectionery consumption. Consumer sales in the Norwegian confectionery market amount to around EUR 0.9 billion annually. The Norwegian confectionery market showed weakly positive development in 2012.

Cloetta's sales and competitors

Cloetta's sales in Norway accounted for 6 per cent of the Group's total sales in 2012.

Cloetta has a long history in Norway. Läkerol was launched in 1912 and is still the market-leading pastille in Norway today.

Other strong brands include Malaco, Ahlgrens bilar, Pops and Popsy (Polly), which have increased their market shares in recent years.

Cloetta is the third largest player in the Norwegian confectionery market. Cloetta is the leading player in the sugar confectionery and pastilles market, with a market share of 27 per cent. The market leader Nidar (owned by Orkla) has around 20 per cent and Galleberg has around 16 per cent of the Norwegian sugar confectionery and pastilles market.

The retail chains' private labels have a share of confectionery sales of around 4 per cent in the Norwegian market including pastilles.

Sales channels

As in the other Nordic countries, the grocery retail trade is dominated by major chains. Decisions about the product range are made at a central level and effective cultivation by the sales force is decisive in achieving product listings. The Norwegian market is also more driven by product innovations than the other Nordic markets.

Sales organisation

In 2012, Cloetta had an average of 54 employees at the office in Høvik and in the sales organisation in Norway. Sales of brands distributed by third parties were taken over by the Group's own sales organisation in the autumn of 2012.

The Netherlands

- Population: 16.6 million
- Market size: Consumer sales of approx. EUR 1.5 billion
- Largest customers: Albert Heijn, Superunie, Jumbo Supermarkten and Maxxam
- Top-selling brands: Sportlife, XyliFresh, King, Red Band and Venco.

Source: Datamonitor

The Netherlands are the sixth largest market in Western Europe with just over 4 per cent of the region's confectionery consumption. Consumer sales in the Dutch confectionery market amount to EUR 1.5 billion annually. The Dutch market for pastilles and chewing gum decreased during 2012, while the market for sugar confectionery was essentially unchanged.

Cloetta's sales and competitors

Cloetta's sales in the Netherlands accounted for 13 per cent of the Group's total sales in 2012.

Cloetta's oldest brand in the Netherlands is Venco, which was launched in 1878. Venco is the Cloetta Group's only stand-alone liquorice brand, and has a market-leading position in the liquorice segment. With the chewing gum brands Sportlife and XyliFresh, Cloetta is also the market leader in the Dutch chewing gum market, and Red Band holds the number two position in the Dutch bagged candy market.

Together with Perfetti, Cloetta holds the top two positions with a market share of around 17 per cent each in the sugar confectionery market.

Sales channels

The grocery retail trade is concentrated around a few major players. With primarily centralised purchasing, it is possible to achieve wide and rapid distribution of the new products that are launched.

Sales organisation

In the Netherlands Cloetta has around 80 employees at the office in Oosterhout and in the sales organisation.

Italy

- Population: 60.7 million
- Market size: Consumer sales of approx. EUR 3.6 billion
- Largest customers: Coop, Esselunga, Carrefour Group and CONAD
- Top-selling brands: Sperlari, Diator, Saila and Dietorelle

Source: Datamonitor

Italy is the fourth largest market in Western Europe, with close to one tenth of the region's total confectionery consumption. Consumer sales in the Italian confectionery market amount to around EUR 3.6 billion annually. In 2012 the Italian confectionery market shrank as a result of the economic situation in the country. In terms of value, sugar confectionery accounts for around 26 per cent, chocolate confectionery for around 30 per cent, pastilles for around 16 per cent, and chewing gum for around 28 per cent.

Cloetta's sales and competitors

Cloetta's sales in Italy accounted for 15 per cent of the Group's total sales in 2012.

Cloetta has an impressive history in the Sperlari brand from 1836, which is Cloetta's oldest brand and the leading Christmas confectionery in Italy. The Saila brand is more than 70 years old. Sugar-free Dietorelle essentially created the sugar-free segment in Italy and like the sweetener Dietor, is the market leader.

Cloetta is the second largest player in the Italian market for sugar confectionery and pastilles, with a share of around 15 per cent. The foremost competitors are the market leaders Perfetti and Ferrero. Perfetti's market share is approximately 22 per cent and Ferrero's approximately 10 per cent.

The retail chains' private labels have a share of around 10 per cent of sugar confectionery sales in the Italian market.

Sales channels

In Italy, the grocery retail trade is more fragmented than in the Nordic markets and the Netherlands. The three largest grocery retail chains have a significantly lower share of Cloetta's sales than in the Nordic countries and the Netherlands. Aside from the more modern grocery stores, most sales take place via a very large number of small shops and are handled among other things by sales agents that act as distribution units and work for several suppliers.

Sales organisation

In Italy Cloetta has around 150 employees at the office in Cremona and in the sales organisation.

Other markets

Other markets accounted for 12 per cent of the Group's total sales in 2012.

Other markets consist primarily of sales to countries outside Cloetta's main markets, a total of more than 40 countries. These are countries where Cloetta is active but does not have its own sales force or distribution organisation.

Sales organisation

In certain countries, such as Germany, the United Kingdom, the Baltic countries and Singapore, Cloetta has a small organisation and its own staff, but handles sales and distribution through external distributors.

Other key markets where Cloetta has no sales and distribution organisation of its own are Belgium, Canada, Russia, Switzerland, Austria, the Middle East and Hong Kong. The common denominator for these markets is that Cloetta has a strong niche position in certain categories. The most important brands in these markets are Chewits, Red Band, Läkerol and products for Weight Watchers.

Production and Supply Chain

Suppliers

A large part of Cloetta's costs are attributable to the purchase of raw material and packaging, but also to finished goods which are outsourced to contract manufacturer. Cloetta's raw material and packaging are traded globally, regionally or locally, but follows more or less the world market prices on exchanges around the world. Cloetta uses several suppliers for most of its raw material. The ten largest suppliers of raw material and packaging correspond to approximately 41 per cent of total purchases and are as follows:

<u>Ranking</u>	<u>Supplier</u>	<u>Materials</u>
1	Cargill	(Iso)glucose, Polyols, Starches
2	SuikerUnie	Sugar
3	Nordzucker	Sugar
4	Roquette	Glucose, Polyols, Starches
5	Südzucker	Sugar
6	Rousselot	Gelatine
7	Bak	Film flexibles
8	Amcor	Film and Paper flexibles
9	SKG	Corrugated
10	Syral	Glucose, Polyols, Starches

Supply chain

The supply chain is responsible for production, procurement, planning, logistics, quality and safety. The supply chain is organised centrally to create synergies and economies of scale within production and procurement. It also works on continuous improvement (lean and value engineering) to thus increase efficiency and quality.

Production

In 2012, Cloetta produced approximately 96,700 tonnes of confectionery compared to approximately 98,000 tonnes in 2011 (calculated on a pro forma basis). The Company's manufacture of confectionery products takes place at 10 facilities in Sweden, Italy, the Netherlands, Belgium and Slovakia. Three facilities in Denmark, Sweden and Finland have been closed over the last three years as part of the current efficiency drive. Their operations have been transferred to more modern facilities in Slovakia.

Production by factory

The following table shows production by factory in 2012 in tonnes:

<u>Factory</u>	<u>Production volume (2012)</u> <u>(Tonnes)</u>
Ljungsbro, Sweden	15,900
Roosendaal, the Netherlands	15,700
Levice, Slovakia	15,300
Turnhout, Belgium	14,000
Gävle, Sweden ¹	7,800

Cremona, Italy	7,800
Sneek, the Netherlands	5,600
Aura, Finland ²	5,500
Gordona, Italy	4,500
San Pietro in Casale, Italy	2,300
Silvi Marina, Italy	1,300
Alingsås, Sweden ³	1,000

Notes:

1. This factory is expected to close at the beginning of 2014.
2. This factory was closed at the beginning of 2013.
3. This factory was closed in 2012.

Ljungsbro, Sweden

The production facility at Ljungsbro produced 15,900 tonnes of goods in 2012. It employs approximately 230 employees and has 12 machine lines with online packaging and 6 packaging lines. The largest brands produced there include Kexchoklad, Center, Polly, Plopp, Bridge and Juleskum. Manufacturing methods include chocolate moulding, mogul moulding, coating and wafer production. The factory has a BRC Global Standard for Food Safety and ISO 14001.

Roosendaal, the Netherlands

The production facility at Roosendaal produced 15,700 tonnes of goods in 2012. It employs approximately 140 employees and has 5 production lines and 9 packaging lines. The largest brands are Red Band, Malaco, Venco and Lakrisal. Manufacturing methods include mogul moulding, coating and compression of pastilles. The factory has a BRC Global Standard for Food Safety.

Levice, Slovakia

The production facility at Levice produced 15,300 tonnes of goods in 2012. It employs approximately 660 employees and has 10 production lines and 14 packaging lines. The largest brands are Malaco, Red Band, Chewits, Venco, Läkerol Dents, and Mynthon. Manufacturing methods include mogul moulding, extrusion, coating, hard boiled candy manufacturing and chewing toffee manufacturing. The factory has a BRC Global Standard for Food Safety.

Turnhout, Belgium

The production facility at Turnhout produced 14,000 tonnes of goods in 2012. It employs approximately 110 employees and has 2 production lines and 4 packaging lines. The largest brands are Malaco and Red Band. Manufacturing methods include mogul moulding. The factory has a BRC Global Standard for Food Safety.

Gävle, Sweden

The production facility at Gävle produced 7,800 tonnes of goods in 2012. It employs approximately 150 employees and has 2 production lines and 8 packaging lines. The largest brands are Läkerol, Ahlgrens bilar, Zoo, Fruxo and PimPim. Manufacturing methods include mogul moulding. The factory has a BRC Global Standard for Food Safety and ISO 14001.

Cremona, Italy

The production facility at Cremona produced 7,800 tonnes of goods in 2012. It employs approximately 120 employees and has 8 production lines and 23 packaging lines. The largest brands

are Sperlari, Dietorelle, Galatine and Dondi. Manufacturing methods include hard boiled candy manufacturing, compressing of pastilles and nougat forming. The factory has an ISO 9001, ISO 14001 and OHSAS 18001.

Sneek, the Netherlands

The production facility at Sneek produced 5,600 tonnes of goods in 2012. It employs approximately 100 employees and has 5 production lines and 19 packaging lines. The largest brands are Sportlife, XyliFresh, King and Jenkki. Manufacturing methods include extrusion and coating of chewing gum, hard boiled candy manufacturing and compression of pastilles. The factory has a BRC Global Standard for Food Safety and ISO 14001.

Gordona, Italy

The production facility at Gordona produced 4,500 tonnes of goods in 2012. It employs approximately 60 employees and has 3 production lines and 10 packaging lines. The largest brands are Sperlari, Red Band, Galatine and Kick. Manufacturing methods include mogul moulding and toffee manufacturing. The factory has an ISO 9001, ISO 14001 and OHSAS 18001.

San Pietro in Casale, Italy

The production facility at San Pietro in Casale produced 2,300 tonnes of goods in 2012. It employs approximately 90 employees and has 4 production lines and 10 packaging lines. The largest brands are Diator, Dietorelle, Läkerol and Frutil. Manufacturing methods include manufacturing of sweetener and mogul moulding. The factory has a BRC Global Standard for Food Safety, ISO 14001 and OHSAS 18001.

Silvi Marina, Italy

The production facility at Silvi Marina produced 1,300 tonnes of goods in 2012. It employs approximately 50 employees and has 4 production lines and 10 packaging lines. The largest brand is Saila. Manufacturing methods include coating and compression of pastilles. The factory has an ISO 9001, ISO 14001 and OHSAS 18001.

Procurement of raw materials and packaging

The largest cost items in production consist of raw materials and packaging, which represent approximately 57 per cent of production costs. In value terms, the largest raw materials are sugar, cocoa, glucose/fructose, polyol and milk powder/milk products. The raw materials Cloetta purchases are commodities with prices set in international or European commodity markets. This means that Cloetta is dependent on market pricing for the procurement costs of these raw materials.

The following table show the breakdown of raw material and packaging costs:

<u>Raw Material/Packaging</u>	<u>Percentage of costs represented</u>
Packaging	23%
Sugar	20%
Glucose Syrup	8%
Cocoa	7%
Polyols	6%
Milk powder/milk products	6%
Other	30%

The prices of many of the raw materials Cloetta purchases are also affected by agricultural policy decisions on grants, subsidies and trade barriers. Prices of the majority of the raw materials Cloetta

uses have risen sharply in recent years. By utilising its central procurement function, purchasing can be conducted more effectively and the Company can also influence the total cost of raw materials by using raw materials more efficiently.

Sugar

In recent years the sugar price has reached record levels. The EU consumes some 16 million tonnes of sugar annually, but produces only around 13 million tonnes that are permitted for use in manufacturing of food products. The deficit is an effect of the partial deregulation and quota system that have been introduced in the EU. At the same time that there is a shortage of sugar in Europe, imported sugar has been levied with customs duties that have pushed up sugar prices in the EU to a level far higher than the global market price. A decision was taken in July 2013 to abolish the quota system and minimum sugar beet prices from 2017 although import barriers will remain in place.

Cocoa

Although the price of cocoa is lower than it was a year ago, it remains high. The cocoa price is often subject to sharp fluctuations that are partly explained by the fact that the cocoa exchange is comparatively small and therefore of interest for speculation. The cocoa price is naturally also dependent on the level of supply, i.e., the harvest and trends in demand. Furthermore, the cocoa bean price is affected by the political situation in the Ivory Coast, from which most of Europe's cocoa is sourced.

Other raw materials and packages

The price of wheat and corn has a powerful influence on the price of glucose syrup. Poor harvests due to global weather conditions, such as the drought in the USA in the summer of 2012, which was exacerbated by speculation, have driven up the price to historically high levels. The price of polyols is less affected by grain prices and has not risen as dramatically. The recent American drought has also impacted the price of milk powder in Europe, due to decreased exports of milk powder from the USA. Added to this, packaging costs have reached a historical high level. The Group is also highly dependent on suppliers of gum arabica and liquorice, which are exposed to both unpredictable weather conditions and volatile political regimes.

Planning and logistics

Cloetta has a highly developed planning system that integrates the whole value chain from suppliers to production and end customer. This system also integrates financial planning and pricing. This enables the Company to plan the chain from supplier to end customer more effectively. During 2012, the decision was taken to close warehouse operations in Oslo, Norway, Slagelse, Denmark and Malmö, Sweden and concentrate operations in a joint facility in Helsingborg, Sweden. The new warehouse is operated by an external supplier.

Competition

The global market for confectionery is dominated by multinational corporations like Nestlé, Mars/Wrigley, Mondelez (formerly Kraft Foods), Lindt, Perfetti and Ferrero. However, on local markets, these players encounter intense resistance from players with brands with local connections, such as Toms, Haribo, Fazer and Orkla.

Consolidation in the confectionery sector is progressing slowly over time, as reflected in Perfetti's acquisition of Van Melle of the Netherlands in 2001, Orkla's acquisition of Panda of Finland in 2005, the 2008 merger between Mars and Wrigley, and Kraft Foods' acquisition of Cadbury in the UK in 2010. The market is fragmented, and no player yet has a strong position on all the European markets.

The industry itself has a long history, and there are few technological changes. Brands and product ranges that develop are required to retain and strengthen an already strong position.

Environment

Cloetta's greatest environmental impact comes from water and energy consumption, wastewater emissions, waste and transport, as well as raw materials and packaging production. It works to reduce that impact through systematic environmental management.

Cloetta complies with the legislated environmental standards of those countries where the Company is active, as well as with applicable environmental permits. By measuring and monitoring different environmental actions, there is greater awareness of the effects different working methods have on the environment and quality.

Limited contamination has been confirmed in respect of properties owned by the Group. For instance, the production facility in Gävle, Sweden, comprises an old industrial area, which has been used for other types of industry in the past. Previous operations have led to soil contaminations, which were discovered in connection with an extension of a parking lot situated on the site. Investigations showed that the soil contamination was widespread in the subject area. Remediation has been performed and approved, but the area is still considered as contaminated land. Furthermore, it shall be noted that no comprehensive investigation covering the entire site has been performed, which could have an impact on the upcoming divestment of the property.

Each year, Cloetta conducts an assessment of various environmental considerations with the aim of identifying current risks and opportunities. For every environmental consideration of special significance, measurable performance indicators are set, which are then followed up on a yearly basis.

Employees

All conditions of employment comply with existing collective agreements or local equal agreements, national legislation as well as relevant ILO-conventions (International Labour Organization).

The average number of employees in 2012 was 2,579 (2,192 in 2011). Of the total number of employees 57 per cent are employed under collective agreements and 43 per cent are salaried employees.

The Company currently runs training programmes to develop the competences of its employees and a rewards system and incentive programme are in place.

The following table shows the number of employees by country:

<u>Country</u>	<u>Average number of employees in 2012</u>
Sweden	699
Slovakia	623
Italy	467
The Netherlands	342
Finland	238
Belgium	106
Norway	54
Denmark	33
Germany	7
UK	5
Other	5

Properties

The Group owns all of the properties where the Group's production facilities are located as well as the factories themselves and all machinery and equipment relating thereto. These production facilities are described above, see "*Production*".

The Group's sales and administration offices are leased.

Litigation

Except from the proceedings relating to the results of the tax audit in Italy described below, the Group is not party to any legal proceedings in any court of law or any dispute proceedings judged to be able to have any material effect on the Company's financial position or profitability.

In Italy, the tax authority carried out an audit regarding former LEAF's Italian subsidiary with respect to the financial years 2005 to 2007. The audit concerns the financing and interest expenses as well as expenses for consultants in relation to acquisitions in Italy that, in the Italian tax authority's view, should have been re-invoiced to the parent company. Furthermore, the tax authority has decided on additional withholding tax that the tax authority claims the Company should pay. LEAF Italy has contested the tax authority's decision. The disputes regarding the financial years 2005 and 2007 are currently pending at the general court. The dispute regarding the financial year 2006, relating to approximately €12,000,000, has been decided in Cloetta's favour in the first instance but this decision may still be appealed by the tax authority until 15 October 2013. Management has estimated Cloetta's overall maximum risk exposure at approximately EUR 35,000,000 in the event that the verdict is appealed and not decided in favour of Cloetta, and the disputes in relation to the other two years are decided against Cloetta. However, in the share transfer agreement, LEAF Holding gave an undertaking to indemnify Cloetta for tax related claims that might be brought against Cloetta with respect to the proceedings in Italy. This indemnity is limited to an amount of EUR 9,200,000 and covers the financial years 2005 to 2007.

Share Capital and Ownership Structure

Cloetta's share capital at 31 December 2012 amounted to SEK 1,443,096,495. The total number of shares is 288,619,299, consisting of 9,861,614 class A shares and 278,757,685 class B shares, equal to a quota value of SEK 5 per share. According to the Articles of Association, the share capital shall amount to at least SEK 400,000,000 and at most SEK 1,600,000,000, divided between not fewer than 80,000,000 shares and not more than 320,000,000 shares.

Cloetta's Articles of Association contain a CSD provision and the company's shares are affiliated with Euroclear Sweden AB, which means that Euroclear Sweden AB administers the company's share register and registers the shares to owners. Each A share grants the right to ten votes and each B share to one vote in shareholder meetings. All shares grant equal entitlement to participate in the company's profits and an equal share in any surplus arising on liquidation.

The rights issue that was carried out in the spring of 2012 was fully subscribed, which raised the number of shares in Cloetta by 9,440,000 class A shares and 89,305,900 class B shares and increased the share capital by SEK 493,729,500. This was equal to an increase in the share capital by around 52 per cent.

In connection with the merger between Cloetta and LEAF, class C shares were issued as part of the purchase consideration for the acquisition of LEAF. These represented 57.6 per cent of the share capital in Cloetta after full dilution for the issue of new class A and B shares with preferential rights for holders of class A and B shares that was carried out in the spring of 2012. The reason for issuing class C shares was that these did not grant entitlement to participate in the rights issue. The C shares

have now been converted to B shares, following which there are no longer any outstanding C shares in Cloetta.

Malfors Promotor has undertaken, in relation to CVC and Nordic Capital, to convert parts of its holding of class A shares to B shares so that Malfors Promotor's share of the total number of votes in Cloetta after conversion is equal to 39.9 per cent in the first phase and 33.34 per cent in the second phase. Conversion to 40.2 per cent (39.9 per cent after full exercise of the outstanding option programme issued by the three principal shareholders) was carried out in December 2012. 1,938,386 class A shares were then converted to class B shares, after which the number of votes in Cloetta decreased by 17,445,474. In accordance with Cloetta's Article of Association, all other holders of class A shares in Cloetta were asked to notify the company of any interest in exchanging class B for class A shares. However, none of the holders of class A shares requested such exchange. Conversion to 33.34 per cent will take place when Cloetta's net debt to EBITDA ratio is lower than a multiple of 2.7 according to the stipulations in the loan agreement between Cloetta and Svenska Handelsbanken AB (publ), at which time Cloetta will also be free under the loan agreement to decide on and pay dividends.

The stated percentages for Malfors Promotor's conversion undertaking apply on a fully diluted basis for the outstanding incentive schemes in Cloetta. Currently, there is no incentive scheme issued by Cloetta available. However, Cloetta's principal shareholders (Malfors Promotor, CVC and Nordic Capital) have offered members of the Group Management Team and certain other key staff the opportunity to acquire call options on market-based terms. Furthermore, the shares that have been acquired by Malfors Promotor after the settlement date for the rights issue, including any shares subscribed for by Malfors Promotor as a result of the issue guarantee, will not be included in the calculation.

The following table shows the ten largest shareholders as at 31 August 2013:

As of 31 August 2013					
	Votes,%	Capital,%	Total no. of shares	No. of A-shares	No. of B-shares
AB Malfors Promotor	40,8	22,5	65 063 560	9 855 934	55 207 626
Cidron Pord S.A.R.L.	9,5	12,5	35 996 929	0	35 996 929
Godis Holdings S.A.R.L.	7,5	9,9	28 449 149	0	28 449 149
AMF - Försäkring och Fonder	7,5	9,8	28 192 075	0	28 192 075
Lannebo Fonder	7,3	9,6	27 631 788	0	27 631 788
Handelsbanken Fonder	2,3	3,0	8 779 853	0	8 779 853
Odin Sverige Aksjefondet	1,9	2,5	7 165 030	0	7 165 030
Nordea Investment Funds	1,6	2,1	6 188 350	0	6 188 350
UBS Securities	1,4	1,8	5 345 000	0	5 345 000
JPM Chase NA	1,4	1,8	5 129 851	0	5 129 851
Total, the 10 largest shareholders	81,2	75,5	217 941 585	9 855 934	208 085 651
Other shareholders	18,8	24,5	70 677 714	5 680	70 672 034
Total	100	100	288 619 299	9 861 614	278 757 685

Source: Euroclear

Shareholder Agreements

Shareholder agreement between Malfors Promotor, CVC and Nordic Capital

In connection with the merger between Cloetta and LEAF in February 2012, a shareholder agreement was signed between the three principal shareholders Malfors Promotor, CVC and Nordic Capital regarding these parties' shareholdings in Cloetta. According to the agreement, Cloetta's Board of Directors shall consist of nine members elected by the general meeting of shareholders. Malfors Promotor, CVC and Nordic Capital have the right to nominate two Board members each, on the understanding that the aforementioned parties shall exercise their influence in Cloetta to ensure that individuals nominated in this manner are elected to Cloetta's Board of Directors. In addition, Malfors Promotor, CVC and Nordic Capital shall together nominate three independent members of the Board of Directors.

The Chairman of the Board of Directors shall be one of the independent board members.

If any of the aforementioned shareholders' holdings in Cloetta is less than 10 per cent of the share capital but more than 5 per cent of the share capital, the shareholder shall have the right to nominate one member of the Board of Directors. If a party's holding falls below 5 per cent of the share capital, the right to nominate any member of the Board of Directors shall be forfeited and the shareholder agreement shall cease to apply to the party in question. As long as CVC and Nordic Capital together hold at least 10 per cent of the share capital in Cloetta and are together one of the Company's three largest shareholders in terms of voting power, Malfors Promotor shall endeavour to ensure that CVC and Nordic Capital are represented on the nominating committee. The shareholder agreement also contains rules regarding quora which state that the Board of Directors is quorate only if at least one member of the Board of Directors appointed by Malfors Promotor is present, and as long as CVC and Nordic Capital have the right to nominate two members of the Board of Directors of Cloetta, at least one member of the Board of Directors appointed by CVC and Nordic Capital each is present. Furthermore, the shareholder agreement contains items such as stipulations regarding the parties' right to representation on the audit committee.

The shareholder agreement also states that two types of board decisions (so-called veto issues) require one member of the Board of Directors nominated by each of the parties Malfors Promotor, CVC and Nordic Capital to participate in the decision. These veto issues, which are primarily established in Malfors Promotor's interest, are linked to decisions for downsizing at Cloetta's plant in Ljungsbro and refinancing of the Group with the aim of paying dividends to shareholders, if such refinancing means that the Group's indebtedness exceeds predetermined levels in relation to operating profit.

Lock-up agreements, etc.

In the aforementioned shareholder agreement, Malfors Promotor has undertaken not to sell any shares in Cloetta for a period of two years from the execution of the issue in kind of class C shares to CVC and Nordic Capital through Yllop Holding S.A. (former LEAF Holding S.A.). The issue in kind was completed in mid-February 2012.

Furthermore, Malfors Promotor has stated that the company's intention is to remain an anchor investor in Cloetta in the long term.

Shareholder agreement between Malfors Promotor and Fazer et al. regarding prohibition on purchasing shares in Cloetta

Oy Karl Fazer Ab, Conclo Ab, Oy Cacava Ab and certain private individuals affiliated with Oy Karl Fazer Ab have, in relation to Malfors Promotor, undertaken to refrain from acquiring, directly or indirectly, shares in Cloetta during a ten-year period starting on the first date of trading for Cloetta's class B shares on NASDAQ OMX First North on 8 December 2008, provided that the Hjalmar Svenfelt Foundation does not reduce its direct or indirect holding during this period to a level of less than 30 per cent of the votes in Cloetta.

MANAGEMENT

The Issuer's board of directors currently consists of 12 members. The Issuer's board of directors and the senior management can be contacted through the Issuer at its head office at Kista Science Tower, SE-164 51 Kista, Sweden. Information on the members of the board of directors and the senior management is set forth below.

Board of Directors

Lennart Bylock, Chairman of the board, member of the remuneration committee

Mr. Bylock was elected Chairman of the board of the Issuer in 2012. He is also a member of the remuneration committee. Mr. Bylock also chairs the board of AS3 Companies and Sigur Holding S/A and is a member of the board of directors of Swede Ship Marine Aktiebolag, Förvaltningsbolaget Villa Godthem and Bylock Konsult AB. Mr. Bylock has a background as Chairman of the board of Endomines AB (publ), Stiftelsen Natur & Kultur and B&N (Transatlantic) AB. His experience also includes being a member of the board of L E Lundbergsföretagen Aktiebolag (publ), Cellmark, Cloetta AB (publ), Cloetta Fazer AB (publ). Furthermore, he has been CEO of Nitro Nobel Group AB, and has had a number of assignments within the shipping, bank and financial sector.

Hans Eckerström, member of the board, Chairman of the audit committee and member of the remuneration committee

Mr. Eckerström was elected a member of the board of the Issuer in 2012. He chairs the Issuer's audit committee and is a member of the remuneration committee. Mr. Eckerström is currently also a Partner at Nordic Capital Advisory AB, and is Chairman of the board of Britax Childcare Ltd. Furthermore, Mr. Eckerström is a board member of Yllop Holding SA, Eckis Holding AB, NRS Holding AB, Thule Group AB, ENC Products AB, Nordic Cecilia Four AB, Nordic Outsourcing Services AB and ENC Holding AB. Mr. Eckerström has previously been on the board of directors of SiC Processing GmbH, Aditro Group AB, Tradimus Holding AB, Nossegem AB, SATS Holding AB and has had board assignments within the C More Group AB and has been active at Arthur D. Little.

Lilian Fossum Biner, member of the board

Ms. Fossum Biner was elected a member of the board in 2013. Ms. Fossum Biner is currently also a member of the board of directors of Oriflame Cosmetics S.A., Thule Group AB, Nobia AB, Melon Fashion Group OJSS, a-connect AG and Givaudan SA. Ms. Fossum Biner has previously worked at McKinsey & Co Inc, AB Electrolux and Axel Johnson AB. She has long experience of financial management, strategic pricing, HR issues and multi-brand strategy

Håkan Kirstein, member of the board

Mr. Kirstein was elected a member of the board in 2012. Mr. Kirstein is currently also a member of the board of directors in Kemetyl Holding AB. Mr. Kirstein has a background as CEO of Svenska Statoil Aktiebolag, along with other assignments within Statoil. He has further been CEO and a member of the board of Niscayah Group AB and Intersport AB.

Adriaan Nühn, member of the board

Mr. Nühn was elected a member of the board in 2012. Mr. Nühn is currently also Chairman of the board of Sligro Food Group N.V. and is also a member of the board of Kuoni AG, Plukon Foodgroup N.V., Anglovaal Industries Ltd and Stern Group N.V. Mr. Nühn has previously been CEO and Chairman of the board for Sara Lee International and has held a number of assignments within the Sara Lee Corporation and Procter & Gamble.

Olof Svenfelt, member of the board and member of the audit committee

Mr. Olof Svenfelt was elected a member of the board in 2008. Aside from his commitments to the Issuer, Mr. Svenfelt is a board member of Aktiebolaget Malfors Promotor, Highland Group AB, Hjalmar Svenfelts Stiftelse, Wilhelm Stenhammars Stiftelse and Georg Hultners Stiftelse. Mr. Olof Svenfelt has a background as the Chairman of Cloetta AB (publ) and Alternate Chairman of Cloetta Fazer AB (publ) and as a board member of Metoden Agenturer AB and the Hagdahl Academy Foundation.

Mikael Svenfelt, member of the board, member of the remuneration committee

Mr. Mikael Svenfelt was elected a member of the board in 2008. Mr. Svenfelt is currently also the CEO and a member of the board of Aktiebolaget Malfors Promotor, Fjärilshuset Haga Trädgård Café AB and Rollox AB. Mikael Svenfelt has previously held assignments for Nicator Group, Dell Financial Services and GE Capital Equipment Finance AB.

Meg Tivéus, member of the board and member of the audit committee

Ms. Tivéus was elected a member of the board in 2008. Apart from her assignments for the Issuer, Ms. Tivéus is currently Chairman of the board of Arkitektkopia Aktiebolag, Björn Axén Institut Aktiebolag and Folktandvården Stockholms län AB. Furthermore she is a member or the board of Swedish Match AB, Nordea Fonder Aktiebolag, Endomine AB, Meg Tivéus Aktiebolag and 02 El ekonomisk förening. Ms. Tivéus has a background as Chairman of the board of Boss Media AB, and as a board member of Danderyds Sjukhus AB, Billerud Aktiebolag, Addici AB, Frösunda LSS Aktiebolag, IUC Sverige AB, SC Intressenter AB, Nordic Cable Acquisitions Company Sub-Holding AB, Victoria Park AB and Apoteket Farmaci AB. Furthermore, Ms. Tivéus has been CEO for Svenska Spel AB, Vice CEO of Posten AB and has held assignments for Holmen AB, Åhléns AB, Nordiska Kompaniet AB and Modo AB.

Peter Törnquist, member of the board, member of the audit committee

Mr. Törnquist was elected a member of the board in 2012. He is currently a partner at CVC Capital Partner Ltd and Managing Director and Chairman of the board of CVC Capital Partners Svenska AB, CEO and board member of Keravel AB and Crozon Invest AB, and Chairman of the board of Svenska M Holding AB and a board member of Yllop Finance Sweden AB, Ahlsell AB, P Törnquist Invest i Stockholm AB, United Waters AG and Pure Sailing AB. Mr. Törnquist has previously been chairman of the board of TV4 Retail Television AB, Starbreeze Studios AB and he has been on the board of Posten A/S. Mr. Törnquist has also been a Managing Director at Lehman Brothers as well as a Senior Partner and board member of Bain & Company.

Robert-Jan van Ogtrop, member of the board and Chairman of the remuneration committee

Mr. van Ogtrop was elected a member of the board in 2012. Aside from his commitment to the Issuer, Mr. van Ogtrop chairs the board of Yllop Holding S.A., African Parks and TBL Mirror Fund, and he is on the board of C1000 and Xindao B.V. Mr. van Ogtrop is also an Industrial Partner and advisory board member of CVC Capital Partners Ltd. Mr. van Ogtrop has a background as CEO and President of Remy Cointreau, President and Chairman of the board of Bols Royal Distilleries and CEO of Bols International B.V. He has also been the Chairman of the Foundation for Natural Leadership.

Lena Grönedal, employee board member, Swedish Food Workers' Union

Ms. Grönedal was elected employee board member of the Issuer in 2008.

Shahram Nikpour Badr, deputy employee board member, Swedish Food Workers' Union

Mr. Nikpour Badr was elected deputy employee board member 2013.

Senior Management

Bengt Baron, CEO and President

Mr. Baron was employed by Cloetta in 2012, and had been employed by LEAF since 2009. Aside from his assignment for the Issuer, Mr. Baron is a member of the board of Thule Group AB, 5653 Sweden AB and MIPS AB. Mr. Baron has previously been CEO for LEAF and has held a number of assignments in the LEAF Group. He has also been CEO and President of V&S Vin & Sprit, Chairman of the board of Pendulum AB, board member of Lundhags Förvaltning Aktiebolag, Five Seasons Försäljningsaktiebolag, EQ Oy, Nordnet AB, and Tenson Group AB. He also has a background as CEO for V&S Absolut Spirits, Nordic President for Stepstone, CEO for Consumer Imaging Kodak Nordic, President for Frionor Sweden, Business Manager for Coca-Cola Sweden and Management Consultant with McKinsey & Co.

Danko Maras, CFO

Mr. Maras was employed by Cloetta in 2012, and had been employed by LEAF since 2010. Mr. Maras has experience from a number of assignments, including CFO, in the LEAF Group and from being Chairman of the board of Slottsfabriken Fastighets AB. He has further been CFO and COO for Unilever Nordic and has had several other assignments within the Unilever Group.

Jacqueline Hoogerbrugge, President Operations

Ms. Hoogerbrugge was employed by Cloetta in 2012 and had been employed by LEAF since 2010. Ms. Hoogerbrugge is currently also on the board of directors of Cederroth Intressenter AB. She has a background as President Operations for LEAF, Vice President Operations for Danone's Medical Nutrition Division and Vice President Procurement for Numico Baby & Medical Food. Furthermore, she has also held a number of assignments with Unilever and with Fluor Daniel.

Lars Pålsson, President Scandinavia

Mr. Pålsson was employed by Cloetta in 2012, and had been employed by LEAF since 2008. Mr. Pålsson is currently also Chairman of the board of directors of DLF Service Aktiebolag and Cleano AB, board member of Validoo AB, GS1 Sweden AB and Partner of Sandslottet Handelsbolag. Mr. Pålsson has a background as CEO and board member of LEAF Scandinavia, CEO for Cambells Nordic along with other assignment in Cambells Nordic. Furthermore, he has been Senior Vice President for Carlsberg Nordic, CEO for Falcon Brewery, Chairman for Rasta Group AB and Vice President for Nestlé Nordic BU Findus along with a number of assignments with the Nestlé Group in Sweden and Switzerland.

David Nuutinen, President Finland

Mr. Nuutinen was employed by Cloetta in 2012, and had been employed by LEAF since 2003. Mr. Nuutinen is currently also Chairman of Kamyx Oy and has previous experience as President for LEAF Finland, board member of Turun Vapaavarasto Oy and DNA Oy. Mr. Nuutinen has also been Commercial Director for LEAF Finland, General Manager for PepsiCo Beverages Finland, Baltics, Ukraine, operations director for McDonalds Finland and has held several assignments within Vaasamills Oy.

Erwin Segers, Chief Marketing Officer

Mr. Segers was employed by Cloetta in 2012, and had been employed by LEAF since 2010. Mr. Segers has a background as Chief Marketing Officer for LEAF Holland, Senior Marketing Director for Philips and as Marketing Director in the Netherlands for Cadbury. He has further had a number of assignments within marketing and sales for Sigma Coatings, Hero and Maxxium.

Ewald Frénay, President Middle

Mr. Frénay was employed by Cloetta in 2012, and had been employed by LEAF since 2000. His previous experience includes President Middle for LEAF, CMO and Senior Vice President Sales Rest

of the World for LEAF, member of LEAF's executive committee, Vice President Segment Sugar Confectionery for LEAF, Marketing Director Sugar Confectionery Division for LEAF, Marketing Director for RBV LEAF The Netherlands, marketing and sales assignments within Mars Inc., European Franchise Manager for Snickers, Divisional Sales Manager for Snackfood and Brand Manager for Snack and Petfood.

Giorgio Boggero, President Italy (including Rest of the world)

Mr. Boggero was employed by Cloetta in 2012, and had been employed by LEAF since 2009. Mr. Boggero has a background as President and Commercial Director for LEAF Italy, CEO for Bialetti Industries International Markets, Commercial Director, Marketing and Category Manager and various other assignments for L'Oreal Italy and various leading positions for Kimberly Clark in Italy and France.

Edwin Kist, Senior Vice President, Human Resources

Mr. Kist was employed by Cloetta in 2012, and had been employed by LEAF since 2005. He has experience as SVP Human Resources for LEAF, Interim Manager with various assignments, Vice President Human Resources for Royal Wessanen, HR Director for KNP/BT and HR Director for Royal Nijverdal – Ten Cate.

Jacob Broberg, Senior Vice President Corporate Communications and Investor Relations

Mr. Broberg was employed by Cloetta in 2012, and had been employed by LEAF since 2010. His experience includes SVP Corporate Communications for LEAF, Vice President Corporate Communications for TeliaSonera and Senior Vice President Corporate Affairs and Communications for V&S Vin & Sprit AB, Vice President Media Relations for Electrolux and Vice President Corporate Communications for Länsförsäkringar. Mr. Broberg has further had a number of assignments within Moderata Samlingspartiet e.g. as head of Media Relations.

Johnny Engman, Senior Vice President Corporate Development and M&A

Mr. Engman was employed by Cloetta in 2012 and is also currently on the board of directors of Menigo AB. Mr. Engman has experience as Director at Nordic Capital Advisory AB, Management Consultant at McKinsey & Company, as board member of StudentConsulting AB, Luvata Ltd., and Saferoad AS.

Conflicts of interest within administrative, management and control bodies

Other than as set out below, there are no conflicts of interest between the duties of the board members or senior executives in respect of Cloetta AB (publ) and their private interests or other commitments.

Mr. Eckerström is currently a Partner at Nordic Capital, whose Nordic Capital Fund V owns Cidron Pord S.á.r.l., one of the Issuer's largest shareholders.

Mr. Olof Svenfelt is currently a board member, and Mr. Michael Svenfelt is currently also the CEO and a member of the board, of Aktiebolaget Malfors Promotor, which is the Issuer's largest shareholder.

Mr. Törnquist is a partner at CVC Capital Partners Ltd, which advises funds which own Godis Holdings S.á.r.l., one of the Issuer's largest shareholders.

Mr. van Ogtrop is currently an industrial partner and advisory board member of CVC Capital Partners Ltd.

While the Issuer recognizes the potential conflicts, the Issuer does not believe that such appointments constitute an actual conflict of interest between such persons' duties to the Issuer and their duties to Nordic Capital, Aktiebolaget Malfors Promotor, or CVC Capital Partners Ltd., respectively.

Work of the board of directors

The board of directors' primary responsibility is to safeguard the Company's and the shareholders' interests. The board of directors is responsible for the Company's organisation and the management of the Company's affairs. The board of directors is also responsible to ensure that the Group has an appropriate corporate structure in order for the board of directors to practice its shareholder responsibility in the best possible manner over the subsidiaries and associated companies in the Group. The board of directors is responsible to ensure that the Company complies with applicable laws and regulations, the articles of association and the Code.

The board of directors shall regularly assess the Company's and the Group's financial position and ensure that the Company is organised so that the accounting, the management of funds and the Company's finances in general are monitored in a satisfactory manner.

The duties and procedures of the board of directors are regulated by the Swedish Companies Act, the articles of association and the Code. Furthermore, the board of directors have adopted working procedures together with an internal reporting instruction to the board of directors which regulates the board of directors, the Chairman of the board, board committees, the general meeting, reports to the market, conflicts, liabilities, remunerations, etc. Furthermore, the board of directors has issued and adopted a financial policy, a policy for internal control, a code of conduct, an HR policy, a communication and IR policy, an insider policy, an IT security policy, an insurance policy and a mergers and acquisitions policy.

Audit committee

The audit committee is formed from within the board of directors. The members of the audit committee are independent of the Company. At least one member must be independent of the Company's major shareholders and have accounting or auditing proficiency. The audit committee shall, without any further impact on the responsibility and tasks of the board of directors, regularly meet with the Company's auditors in order to receive information on the focus and scope of the audit. The Company's auditor, Helene Willberg, participates in all regular meetings of the audit committee. On one occasion the auditor also met with the committee without the presence of the senior management and on another occasion without the presence of the auditor. Minutes shall be kept at the audit committee meetings. The audit committee shall inform the board of directors as to what is addressed in the committee.

The audit committee consists of Hans Eckerström (Chairman), Peter Törnquist, Olof Svenfelt and Meg Tivéus.

Remuneration committee

The remuneration committee's main task is to prepare the board of directors' resolutions on matters in respect of remuneration principles, compensation and other employment terms for the Group's senior management to follow up on and evaluate current and during the year completed programmes for variable remuneration for the senior management and to follow up and evaluate the guidelines for remuneration to senior management resolved by the annual general meeting, as well as current remuneration structures and compensation levels of the Group.

The remuneration committee consists of Robert-Jan van Ogtrop (Chairman), Lennart Bylock, Hans Eckerström and Mikael Svenfelt.

Corporate Governance

Cloetta AB (publ) is a Swedish public company and its B-shares are listed on NASDAQ OMX. The Group's corporate governance is regulated by law, the articles of association, the listing agreement, other applicable rules and norms, the Code of Conduct and other instructions and policies. Cloetta is required to apply the Swedish Code of Corporate Governance (the "Code"), which is based on the "comply or explain" principle. This means that a Company can deviate from the Code's provisions

without this entailing a breach of the Code. However, a company that deviates from a rule in the Code must explain the reason for doing so. At present Cloetta complies with the provisions in the Code without any deviations.

HISTORICAL FINANCIAL INFORMATION

Historical Financial Information

The Group's annual reports for 2011 and 2012 are incorporated into this Prospectus by reference. The documents incorporated by reference are to be read as part of this Prospectus. All such reports are available on the Company's website www.cloetta.com and can also be obtained from the Company in hard copy.

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations provided by the International Financial Reporting Interpretations Committee ("IFRIC") as adopted by the EU. Furthermore, the Group also applies the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

Other than the auditing of the Group's annual reports, the Group's accountants have not audited or reviewed any part of this Prospectus.

The Group's consolidated income statement, balance sheet, cash flow statement, statement of changes in equity and audit report for 2012 can be found in its annual report for 2012 on the following pages:

- consolidated income statement, page 78;
- consolidated balance sheet, page 80;
- consolidated cash flow statement, page 82;
- consolidated statement of changes in equity, page 84; and
- the audit report, page 131.

The Group's consolidated income statement, balance sheet, cash flow statement, statement of changes in equity and audit report for 2011 can be found in its annual report for 2011 on the following pages:

- consolidated income statement, page 68;
- consolidated balance sheet, page 70;
- consolidated cash flow statement, page 72;
- consolidated statement of changes in equity, page 74; and
- the audit report, page 103.

Factors affecting comparability of the Annual Historical Financial Information

Prior to the annual report for 2012, the financial year of the Issuer ran from 1 September to 31 August, therefore the periods covered are not identical and accordingly the amounts presented in Cloetta's annual reports of 2011 and 2012 are not entirely comparable. In addition, the annual report of 2012 reflects the acquisition in 2012 of LEAF. Due to the fact that the acquisition is accounted for as a reverse takeover, the comparable figures in the annual report of 2012 are those of LEAF. See "*Note 1 (General information and accounting and valuation policies of the Group)*" of the annual report for 2012 for further details.

Auditing of the Annual Historical Financial Information

The auditing of the annual reports was conducted in accordance with generally accepted auditing standards in Sweden and the audit reports submitted were unqualified without other modifications.

At the annual general meeting held on 11 April 2013, KPMG AB was elected as the Company's auditor to serve until the end of the annual general meeting in 2014. Authorised public accountant Helene Willberg (born 1967) is the chief auditor. KPMG AB has been the Company's auditor since 2007. Helene Willberg is a member of FAR, the professional institute for the accountancy sector in Sweden. The office address of KPMG AB is: Tegelbacken 4A, Stockholm 103 23, Sweden.

Age of the Most Recent Financial Information

The most recent financial information has been taken from the annual report for 2012, which was published on 15 March 2013.

OTHER INFORMATION

Assurance Regarding the Prospectus

Cloetta AB (publ) (corporate registration no. 556308-8144), with its registered office at 590 69 Ljungbro, Sweden, is responsible for the content of the Prospectus and has taken all reasonable precautions to ensure that, as far as the Company is aware, the information in the Prospectus accords with the facts and contains no omission likely to affect its import. To the extent prescribed by law, the board of directors of the Company is also responsible for the content of the Prospectus. The board of directors has taken all reasonable care to ensure that the information in the Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Clearing and Settlement

The Notes amount in total to a maximum of SEK 2,000,000,000. The nominal amount of each Note is SEK 1,000,000. The ISIN for the Notes is SE0005364437. As of the date of this Prospectus, SEK 1,000,000,000 of the Notes has been issued.

The Notes have been issued in accordance with Swedish law and are connected to the account-based system of Euroclear. No physical notes have been or will be issued. Payment of principal, interest and, if applicable, withholding tax will be made through Euroclear's book-entry system.

Legal Proceedings and Arbitration Proceedings

Other than as described in “*Description of the Group – Litigation*”, neither the Issuer nor the Group is, or has been over the past twelve months, a party to any legal proceedings or arbitration proceedings that have had or would have a material effect on the Group’s financial position or profitability, nor has the Issuer been informed of any claims that could lead to the Issuer or any member of the Group becoming a party to such proceedings.

Significant Change

There has been no significant change in the financial or trading position of the Issuer or the Guarantors since 31 December 2012 and no material adverse change in the financial position or prospects of Issuer or the Guarantors since 31 December 2012.

The Guarantors

The Subsidiary Guarantors

- AB Karamellpojka is a private limited liability company incorporated in Sweden since 17 July 1956. It is registered with the Swedish Companies Registration Office under Swedish Reg. No. 556063-3223. Its registered address is Box 535, 441 15 Alingsås, Sweden.
- Cloetta Produktion Sverige AB is a private limited liability company incorporated in Sweden since 16 March 1983. It is registered with the Swedish Companies Registration Office under Swedish Reg. No. 556226-4514. Its registered address is 590 69 Ljungbro, Sweden.
- Cloetta Sverige AB is a private limited liability company incorporated in Sweden since 19 January 2005. It is registered with the Swedish Companies Registration Office under Swedish Reg. No. 556674-9155. Its registered address is Brogatan 7, 205 42 Malmö, Sweden.
- LEAF Sweden IP AB is a private limited liability company incorporated in Sweden since 19 December 2011. It is registered with the Swedish Companies Registration Office under Swedish Reg. No. 556877-0092. Its registered address is Brogatan 7, 205 42 Malmö, Sweden.

- Cloetta Holland B.V. is a limited liability company incorporated in the Netherlands. It is registered with the Dutch Trade Register under Reg. No. 34221053. Its registered address is Hoevestein 26, NB 4903SC Oosterhout, the Kingdom of the Netherlands.
- LEAF Slovakia s.r.o. is a limited liability company incorporated in the Slovak Republic. It is registered with the Slovak Commercial Register of the District Nitra, Section Sro, Insert No. 21135/N, ID No. 35 962 488. Its registered address is Ul. Zeppelina 5, 934 01 Levice, Slovak Republic.
- Cloetta Suomi Oy is a limited liability company incorporated in Finland since 13 December 2004. It is registered with the Finnish Patent and Registration Board, Reg. No. 1933121-3. Its registered address is PL 406 20101 Finland.
- LEAF Leasing Oy is a limited liability company incorporated in Finland since 31 December 2004. It is registered with the Finnish Patent and Registration Board, Reg. No. 1905987-0. Its registered address is PL 406 20101 Finland.
- Cloetta Danmark ApS is a limited liability company incorporated in Denmark. It is registered with the Danish Business Authority, Reg. No. 28106866. Its registered address is Vallensbækvej 18 D, 2605 Brøndby.
- Cloetta Norge AS is a limited liability company incorporated in Norway since 4 March 2005. It is registered with the Norwegian Brønnøysund Register Centre, Reg. No. 987 943 033. Its registered address is Postboks 263, 1323 Høvik, Norway.
- Cloetta Finance Holland B.V. is a limited liability company incorporated in the Netherlands. It is registered with the Dutch Trade Register under Reg. No. 20078943. Its official seat is in Amsterdam, the Netherlands.
- Cloetta Deutschland GmbH is a limited liability company incorporated in Germany. It is registered with the German Trade Register under Reg. No. HRB 9561. Its registered address is Ritterstrasse 24, 46399 Bocholt, Germany.
- Cloetta België NV is a limited liability company incorporated in Belgium. It is registered with the Belgian Crossroad Bank for Enterprises under Reg. No. 404.183.756. Its registered address is Everdongenlaan 25, 2300 Turnhout, Belgium.

Material Agreements

Other than as described under the section entitled “*Description of Material Contracts*” herein, neither the Issuer nor the Group has entered into any material agreements not in the ordinary course of its business and which may affect the Issuer’s or the Group’s ability to fulfil its obligations under the Notes.

Documents Incorporated by Reference

This Prospectus is, in addition to this document, comprised of the following documents which are incorporated by reference and available in electronic format on the Issuer’s webpage at www.cloetta.com:

- the Group’s consolidated audited annual reports and audit reports for 2011 and 2012.

Documents Available for Inspection

The following documents are available in electronic form on the Company’s website www.cloetta.com. Copies of the documents are also available at the Company’s head office at Kista Science Tower, Färögatan 33, 164 51 Kista, Sweden, on weekdays during the Company’s regular office hours throughout the period of validity of the Prospectus:

- the Company's articles of association;
- the Group's consolidated audited annual report and audit report for 2011 and 2012;
- the Prospectus;
- approval decision by the Swedish Financial Supervisory Authority for the Prospectus; and
- the Intercreditor Agreement; and
- the Guarantee Agreement.

Certain Material Interests

The Joint Bookrunners have engaged in, and may in future engage in, investment banking and/or commercial banking or other services for the Issuer and the Group in the ordinary course of business. In particular, it should be noted that Svenska Handelsbanken AB (publ) is the lender under certain credit facilities with certain members of the Group as borrowers. Accordingly, conflicts of interest may exist or may arise as a result of the Joint Bookrunners having previously engaged, or engaging in future, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Listing Costs

The estimated costs of listing are SEK 38,000.00.

ISSUER

Cloetta AB (publ)
Kista Science Tower
SE-164 51 Kista
Sweden

JOINT BOOKRUNNERS

Handelsbanken Capital Markets
Debt Capital Markets
106 70 Stockholm
Sweden

Nordea Bank AB (publ)
Smålandsgatan 17
105 71 Stockholm
Sweden

ISSUING AGENT

Handelsbanken Capital Markets
Debt Capital Markets
106 70 Stockholm
Sweden

LEGAL COUNSEL

(to the Issuer)
White & Case Advokat AB
Biblioteksgatan 12
P.O. Box 5573
114 85 Stockholm
Sweden

(to the Joint Bookrunners)
Roschier Advokatbyrå AB
Blasieholmsgatan 4 A
P.O. Box 7358
SE-103 90 Stockholm
Sweden

SECURITY AGENT

Svenska Handelsbanken AB (publ)
Medium and Long Term Finance, Agency Team
SE-106 70 Stockholm

NOTES AGENT

CorpNordic Sweden AB
P.O. Box 162 85
SE-103 25 Stockholm
Sweden

AUDITORS

KPMG AB
Box 16106
103 23 Stockholm
Sweden

CENTRAL SECURITIES DEPOSITORY

Euroclear Sweden AB
P.O. Box 191
SE-101 23 Stockholm
Sweden