

Minutes kept at the Annual General Meeting of shareholders in Cloetta AB (publ), 556308-8144, on Monday 16 April 2018, at 3pm-4.45pm at Stockholm Waterfront Congress Centre, Nils Ericsons Plan 4 in Stockholm

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

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

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

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

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

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

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

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

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

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

The statements and reports of the Board and the nomination committee, and also the other documents to the Annual General Meeting, which had been held available in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, were presented.

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

The meeting resolved that the minutes of the meeting would be approved, in addition to by the Chairman, by Patricia Jonsell representing a number of foreign funds and Charlotta Malm representing the Swedish Shareholders' Association (Sw. Sveriges Aktiesparares Riksförbund).

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

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

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

The annual report for the financial year 1 January – 31 December 2017 and the consolidated accounts for the financial year 1 January – 31 December 2017 were presented, including the administration report, income statement and the balance sheet for the parent company and the group, as well as the auditor's reports for the parent company and the group for the same period of time.

The company's auditor in charge, Thomas Forslund, gave his comments to the audit work during 2017, the auditor's report and the auditor's statement regarding compliance with the previously adopted guidelines regarding remuneration to the executive management.

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

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

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

The President of the company Henri De Sauvage-Nolting accounted for Cloetta's business and its development during the preceding financial year.

Henri De Sauvage-Nolting and the Chairman of the Board responded to questions from the shareholders concerning, among other, Cloetta's view on live web-streaming of its general meetings, trends regarding e-commerce, the fire in one of Cloetta's factories, Cloetta's work on product development, the effects of Brexit on Cloetta, conditions for employees with disability variations, product waste and animal product components.

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

The meeting resolved to adopt the income statement and the balance sheet included in the annual report for the parent company and the consolidated income statement and the consolidated balance sheet for the consolidated group for the financial year 2017.

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

The meeting resolved, in accordance with the proposal by the Board, Appendix 2, to dispose of the earnings of the company through an ordinary dividend of SEK 0.75 per share and an extra dividend of SEK 0.75 per share, in total SEK 1.50 per share, and that the record date for the dividend shall be 18 April 2018.

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

It was resolved to discharge the directors and the President from liability for the management of the company's business during the preceding financial year 1 January – 31 December 2017.

It was noted that the President and those directors who were also present in their capacity as shareholders or representatives of shareholders did not participate in the resolution and that all present shareholders supported the resolution.

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

Olof Svenfelt, the Chairman of the nomination committee, presented the nomination committee's proposals on number of directors, remuneration to be paid to the directors and to the auditor, the Board's composition, Chairman of the Board, auditor, rules for the nomination committee as well as the nomination committee's statement regarding its proposals. Alan McLean Raleigh, who was proposed as a new director of the Board, presented himself.

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

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

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

- The Chairman of the Board shall receive remuneration in the amount of SEK 620,000 and the other directors appointed by the meeting shall receive SEK 285,000 each. Remuneration for work on the Board's committee's shall be payable with SEK 100,000 to each member of the audit committee and with SEK 150,000 to the Chairman of the audit committee and with SEK 100,000 to the members of the remuneration committee and with SEK 150,000 to the Chairman of the remuneration committee. It was noted that the total remuneration to the directors appointed by the meeting, including for committee work, amounts to SEK 3,030,000.
- Remuneration to the auditors shall be paid in accordance with approved invoices.

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

The Chairman informed about the assignments that the proposed directors hold in other companies. The meeting thereafter resolved in accordance with the nomination committee's proposals to re-

elect Lilian Fossum Biner, Mikael Aru, Lottie Knutson, Mikael Norman, Camilla Svenfelt and Mikael Svenfelt as directors of the Board and to elect Alan McLean Raleigh as new director of the Board.

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

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

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

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

The meeting resolved in accordance with the nomination committee's proposal to re-elect the registered public accounting firm KPMG AB to be the company's auditor until the end of the next annual general meeting. It was noted that Thomas Forslund will continue as the auditor in charge.

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

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

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

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

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

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

**§ 20 Proposal regarding long term share based incentive plan (LTI 2018) (item 20 on the agenda)**

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

Mikael Svenfelt responded to questions from the shareholders concerning how the company has evaluated earlier plans and if the company finds the plans working well.

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

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

Lilian Fossum Biner, the Chairman of the Board, expressed her gratitude and thanks, on behalf of the company, to the resigning Board member Adriaan Nühn and to Cloetta's employees for the good efforts during the past year.

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

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At the minutes:

Fredrik Lundén

Minutes approved by:

Wilhelm Lüning

Patricia Jonsell

Charlotta Malm



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Attachment to item 11

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

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

Share premium reserve	SEK 2,711,620,366
Profit brought forward	SEK -267,680,709
<u>Profit for the year (parent company)</u>	<u>SEK 1,414,727</u>
Total	SEK 2,445,354,384

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

SEK 432,928,948 is distributed to the shareholders, which corresponds to a dividend of SEK 1.50 per share.

To be distributed to the shareholders according to above	SEK 432,928,948
<u>To be carried forward</u>	<u>SEK 2,012,425,436</u>
Total	SEK 2,445,354,384

3. The Board of Directors proposes that the record day for the dividend payment shall be 18 April 2018. If the Annual General Meeting resolves in accordance with the proposal, payment through Euroclear Sweden AB is estimated to be made on 23 April 2018.

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

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The Board of Directors has proposed that the Annual General Meeting on 16 April 2018 resolves to distribute SEK 1.50 per share to the shareholders of the company. Due to the Board of Directors' proposal to declare a dividend, the Board of Directors hereby makes the following statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act.

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

The company's profit, share premium reserve and the previous year's retained earnings amounted to SEK 2,445,354,384 in total as per 31 December 2017. According to the annual report 2017 of the company, the group had an equity/assets ratio of 41.3 per cent and a net debt of SEK 2,035,000,000 as per 31 December 2017. Provided that the Annual General Meeting resolves on a dividend of SEK 1.50 per share to the shareholders of the company in accordance with the proposal by the Board of Directors, SEK 2,012,425,436 will be carried forward. There will be full coverage of the group's and the parent company's restricted equity following the dividend.

The Board of Directors has in particular considered whether a dividend is justified in light of the size of the company's net debt. Taking into account the stable cash flow, the fact that the company has met its financial target of net debt/EBITDA the last two years and that the company is expected to be able to meet its short-term as well as long-term obligations, the Board of Directors have assessed that the prerequisites are met for proposing an unchanged ordinary dividend of SEK 0.75 per share. In addition, due to the proceeds from the divestment of Cloetta Italy, the Board of Directors is proposing a special dividend of SEK 0.75 per share. Cloetta's long-term target is a net debt/EBITDA ratio of around 2,5x. The long term target remains unchanged. The ambition is to continue using future cash flows for payment of share dividends and to provide financial flexibility for complementary acquisitions. The long-term target to distribute 40-60 per cent of profit after tax continues to apply.

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

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

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Cloetta AB (publ)  
Board of Directors  
March 2018



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Attachment to item 18

To the Annual General Meeting in Cloetta AB (publ) on 16 April 2018

### **Proposal regarding rules for the nomination committee**

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

## Attachment to item 18

eligible for the nomination committee or if it renounces its right to appoint a member, the right to appoint such new member shall be transferred to the largest shareholder in turn in terms of votes which is not already represented on, or has renounced its right to appoint a member to, the nomination committee. If a member that has been appointed by the other members of the nomination committee resigns or is otherwise unable to continue as member, the other members of the nomination committee may elect a new member.

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



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Attachment to item 19

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

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

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Cloetta AB (publ)  
Board of Directors  
March 2018

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Attachment to item 20

## **PROPOSAL BY THE BOARD OF DIRECTORS OF CLOETTA AB (PUBL) REGARDING A LONG TERM SHARE BASED INCENTIVE PLAN (LTI 2018)**

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The Board of Directors proposes that the Annual General Meeting resolves on a long term share based incentive plan (LTI 2018) for Cloetta AB (publ) ("Cloetta") as follows.

### **1.1 LTI 2018 in brief**

The Annual General Meetings 2013, 2014, 2015, 2016 and 2017 in Cloetta resolved to introduce long term share based incentive plans. The Board of Directors now proposes a long term share based incentive plan with a similar structure as the incentive plans that were adopted the preceding years. The main reason for LTI 2018 is to align the interests of the shareholders on the one hand and group management and other key employees on the other hand in order to ensure maximum long term value creation. In line with previous Long Term Incentive Programs, also LTI 2018 will create a long term group-wide focus on increased profit and growth among the participants. It is also considered that incentive plans facilitate Cloetta's recruitment and retention of group management and other key employees.

LTI 2018 comprises of 54 employees as a maximum, consisting of the group management and other key employees. To participate in LTI 2018, a personal shareholding in Cloetta is required. Following a defined vesting period, the participants will be allocated B-shares in Cloetta free of charge provided that certain conditions are fulfilled. In order for so-called matching share rights to entitle the participant to receive B-shares in Cloetta, continued employment with Cloetta is required and the personal shareholding in Cloetta must have been continuously maintained during the same time. Allocation of B-shares on the basis of performance share rights requires, in addition, that two performance targets have been met, one of which is related to Cloetta's EBIT and the other to Cloetta's net sales value. The maximum number of B-shares in Cloetta which may be allocated under LTI 2018 shall be limited to 1,201,602 representing approximately 0.4 per cent of the outstanding shares and 0.4 per cent of the outstanding votes.

### **1.2 Participants in LTI 2018**

LTI 2018 comprises up to 54 employees as a maximum, consisting of group management and certain key employees within the Cloetta Group, divided into three categories. The first category comprises of the President and CEO and the other twelve members of the group management, the second category is comprised of up to 25 employees, who have been considered to have a significant direct impact on the results of Cloetta. The third category is comprised of up to 16 employees, consisting of individuals who have been considered to have an indirect impact on the results of Cloetta.

### **1.3 Personal shareholding, grant of share rights and vesting period**

To participate in LTI 2018, the participant must have a personal shareholding in Cloetta ("Investment Shares"), which shall be allocated to LTI 2018. The Investment Shares may be acquired specifically for purposes of LTI 2018, or be shares already held by the participant, provided that these have not been

allocated to the previous incentive plan. The participant may as a maximum invest 10 per cent of the participant's annual salary for 2018 before tax, in LTI 2018.

For the first category of participants, each Investment Share gives entitlement to one (1) matching share right ("Matching Share Right") and six (6) performance share rights ("Performance Share Right") (together referred to as "Share Rights"). For the second category, each Investment Share gives entitlement to one (1) Matching Share Right and four (4) Performance Share Rights. For the third category, each Investment Share gives entitlement to one (1) Matching Share Right and two (2) Performance Share Rights. The Share Rights will be granted to the participant following the Annual General Meeting 2018 in connection with, or shortly after, an agreement is made between the participant and Cloetta concerning participation in LTI 2018.

#### **1.4 Terms for all Share Rights**

For all Share Rights the following conditions apply:

- The Share Rights are granted free of charge.
- The participants are not entitled to transfer, pledge or dispose of the Share Rights or perform any shareholders' rights regarding the Share Rights during the vesting period.
- Allocation of Cloetta shares shall normally take place within two weeks after announcement of Cloetta's interim report for the first quarter of 2021. Each Matching Share Right entitles the participant to receive, free of charge, one (1) Cloetta B-share on condition that the participant remains employed within the Cloetta Group until the announcement of Cloetta's interim report for the first quarter of 2021 and that the participant continues to hold all the Investment Shares. Allocation of B-shares on the basis of Performance Share Rights requires, in addition, fulfilment of two performance targets.
- Cloetta will not compensate the participants in the plan for dividends made in respect of the shares that the respective Share Right qualifies for.

#### **1.5 Performance Share Rights**

The number of Cloetta B-shares that will be allocated to the participant based on the participant's holding of Performance Share Rights will depend on the level of fulfilment of two performance targets, one of which relates to Cloetta's EBIT level during 2020 and the other relates to growth in Cloetta's compounded net sales value during 2018-2020. A minimum level and a maximum level for each of the performance targets have been established by the Board of Directors. In order for every Performance Share Right to give entitlement to one (1) B-share in Cloetta, the maximum level for both performance targets must have been fulfilled. Where the level of fulfilment is between the minimum and maximum levels, allotment will occur on a linear basis, whereby each of the two performance targets is given equal importance in terms of entitling the participant to B-shares.<sup>1</sup> Cloetta intends to present the level of fulfilment of the performance targets in the 2020 annual report.

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

## **1.6 Formulation and administration**

The Board of Directors, or a specific committee appointed by the Board of Directors, shall be responsible for the formulation and administration of LTI 2018, and the terms that will apply between Cloetta and the participant in the plan, within the scope of the terms and directions set out herein. In connection therewith, the Board of Directors shall be authorised to establish divergent terms for the plan regarding inter alia the vesting period and allocation of Cloetta shares in the event of termination of employment during the vesting period as a result of e.g. early retirement. The Board of Directors shall be authorised to make the necessary adjustments to fulfil specific rules or market prerequisites in other jurisdictions. In the event that the delivery of shares to persons outside of Sweden cannot be achieved at reasonable cost and with reasonable administrative efforts, the Board of Directors may decide that the participating person may instead be offered cash based settlement. The Board of Directors shall, in certain circumstances, be entitled to reduce the final allocation of Cloetta shares or, in whole or in part, terminate the plan prematurely without compensation to the participants if significant changes occur in the company or on the market.

## **1.7 Scope**

As a maximum, 1,201,602 B-shares in Cloetta can be allocated to the participants under LTI 2018, which represents approximately 0.4 per cent of all shares and 0.4 per cent of all votes in the company. The number of B-shares included in LTI 2018 shall, under conditions that the Board of Directors stipulates, be subject to recalculation where Cloetta implements a bonus issue, a share split or a reverse share split, a rights issue or similar measures, taking into account customary practice for similar incentive plans.

## **1.8 Hedging**

Cloetta will enter into a share swap agreement with a bank, whereby the bank shall be able to in its own name acquire and transfer shares to the participants in order to fulfil Cloetta's obligation to deliver shares under the plan. Such a share swap agreement with a bank may also be used for the purpose to cover social security fees that accrue under LTI 2018.

## **1.9 Estimated costs, and value, of LTI 2018**

The Share Rights cannot be pledged or transferred to others, but an estimated value for each right can be calculated. The Board of Directors has estimated that the value of each Share Right is SEK 32.92. This estimate is based on the closing price for the Cloetta share on 19 February 2018. Based on the assumption that all persons who have been offered participation in the plan participate, that they make the maximum investment, that there is a 100 per cent fulfilment of the two performance targets and that they continue as employees of Cloetta, the aggregate estimated value of the Share Rights is approximately MSEK 40. This value is equivalent to approximately 0.4 per cent of the market capitalisation for Cloetta as of 19 February 2018.

The costs are treated as staff costs in the profit and loss accounts during the vesting period, in accordance with IFRS 2 on share-based payments. In the profit and loss accounts, social security costs will accrue in accordance with UFR 7 over the vesting period. The size of these costs will be calculated based on the Cloetta share price development during the vesting period and allocation of the Share Rights. Based on the assumptions stated above and a constant share price during the plan, and a vesting period of three (3) years, the total cost of LTI 2018 including social security costs is estimated to amount to approximately

MSEK 44, which on an annual basis is approximately 1.5 per cent of Cloetta's total staff costs during the financial year 2017. LTI 2018 has no limitation on maximum profits per Share Right for the participants and therefore no maximum social security costs can be calculated.

The interest cost for the equity swap is estimated to amount to approximately MSEK 2 based on market conditions as of 19 February 2018 and a three-year term. In addition, the equity swap may lead to both positive and negative cash flows, which, while not affecting the income statement, will be booked directly against equity and may be recorded as debt in the balance sheet.

#### **1.10 Effects on key ratios**

In the event of full participation in LTI 2018, Cloetta's staff costs are expected to increase with approximately MSEK 17 annually (including social security costs). On a pro-forma basis for 2017, these costs are equal to a negative effect on Cloetta's operating margin of approximately 0.3 per cent units and a decrease of earnings per share of approximately SEK 0.05. Nevertheless, the Board of Directors considers that the positive effects on Cloetta's financial performance which are expected from an increased shareholding by the participants, and the possibility to be allocated further shares in Cloetta under LTI 2018, outweigh the costs related to LTI 2018.

#### **1.11 The preparation of the proposal**

LTI 2018 has been initiated by the Board of Directors in Cloetta and prepared together with external advisors. The plan has been reviewed by the Remuneration Committee and dealt with at meetings of the Board of Directors during the beginning of 2018.

#### **1.12 Other incentive plans in Cloetta**

Please refer to Cloetta's annual report 2017, note 25 or the company's website [www.cloetta.com](http://www.cloetta.com) for a description of other share based incentive plans in Cloetta.

#### **1.13 The proposal by the Board of Directors**

Referring to the description above, the Board of Directors proposes that the Annual General Meeting resolves on LTI 2018.

#### **1.14 Majority requirement**

A resolution on LTI 2018 in accordance with the Board of Directors' proposal is valid where supported by shareholders holding more than half of the votes cast at the Annual General Meeting.

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Cloetta AB (publ)  
Board of Directors  
March 2018