

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

In March 2020, the Board of Directors of Cloetta AB (publ), reg. no. 556308-8144, ("Cloetta") decided to withdraw its previous proposal to the Annual General Meeting of a dividend of SEK 1.0 per share, as a consequence of the uncertainty at the time due to the global outbreak of COVID-19. As the consequences of the COVID-19 pandemic now can be better assessed, and considering Cloetta's strong balance sheet and resilient business model that is cash generative also in volatile times, the Board of Directors has proposed that the general meeting resolves on a dividend to the shareholders of the company of SEK 0.5 per share. Hence, 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 nature, scope and risks of the business

The nature and scope of the business are set out in the articles of association and Cloetta's annual report for 2019. The activities carried out by Cloetta and the Cloetta Group do not entail risks beyond what is or can be assumed to prevail in the current industry or risks that are generally associated with conducting business operations. The company's cyclical dependency does not deviate from what is otherwise found in the current industry.

The financial position of Cloetta and the Cloetta Group

Cloetta's profit, share premium reserve and the previous year's retained earnings amounted to SEK 1,764,226,166 as per 31 December 2019. According to the annual report 2019 of Cloetta, the Cloetta Group had an equity/assets ratio of 43.4 per cent and a net debt of SEK 2,302 million as per 31 December 2019. As per 30 June 2020, the Cloetta Group had an equity/assets ratio of 46.1 per cent and a net debt of SEK 2,492 million. Provided that the general meeting resolves on a dividend of SEK 0.5 per share to the shareholders of Cloetta in accordance with the proposal by the Board of Directors, SEK 1,619,916,516.5 will be carried forward. There will be full coverage of Cloetta's and the Cloetta Group's restricted equity following the dividend. Cloetta has, taking agreed credit limits into consideration, access to significant liquid assets.

As of 31 December 2019, Cloetta had a net debt/EBITDA of 2.2 times and as of 30 June 2020 Cloetta had a net debt/EBITDA of 2.6 times. The long-term target is for net debt/EBITDA to be around 2.5 times. Cloetta has a strong balance sheet, and as announced on 29 September 2020, the Board of Directors expects the development for Cloetta to improve gradually. Against this background, the Board of Directors has made the assessment that the conditions allow for a dividend proposal of SEK 0.5 per share.

Cloetta's ambition is that future cash flows should be used for investments that support continued growth, stock dividends, provide financial flexibility for any complementary acquisitions and, if necessary, allow for the payment of debt to be in line with the long-term net debt/EBITDA target.

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. Cloetta's and the Cloetta Group's consolidation needs, liquidity and position in general.

Stockholm in October 2020

Cloetta AB (publ)

The Board of Directors