

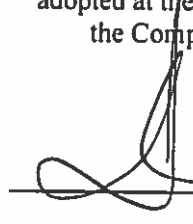
Cloetta Danmark ApS

**Vallensbækvej 18 D
2605 Brøndby**

CVR no. 28 10 68 66

Annual report 2015/16

The annual report was presented and
adopted at the annual general meeting of
the Company on 31 May 2016



Chairman

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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Cloetta Danmark ApS for the financial year 2 January 2015 - 1 January 2016.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

It is our opinion that the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 1 January 2016 and of the results of the Company's operations for the financial year 2 January 2015 - 1 January 2016.

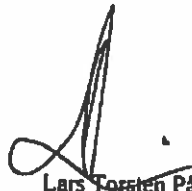
In our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, of the results for the year and of the company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Brøndby, 31 May 2016


Executive Board

David Nuutinen


Lars Torsten Pahlson


Danko Maras

Independent auditor's report

To the shareholders of Cloetta Danmark ApS

Independent auditor's report on the financial statements

We have audited the financial statements of Cloetta Danmark ApS for the financial year 2 January 2015 - 1 January 2016. The financial statements comprise accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 1 January 2016 and of the results of the Company's operations for the financial year 2 January 2015 - 1 January 2016 in accordance with the Danish Financial Statements Act.

Independent auditor's report

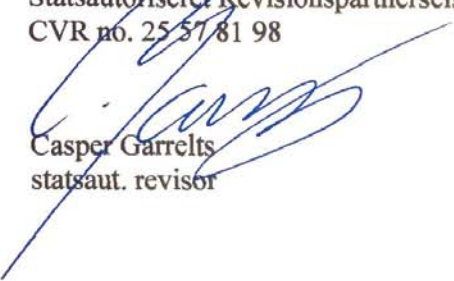
Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 31 May 2016

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Casper Garrelts
statsaut. revisor

Management's review

Company details

Company

Cloetta Danmark ApS
Vallensbækvej 18 D
2605 Brøndby
Denmark

CVR no.: 28 10 68 66
Financial year: 2 January - 1 January
Registered office: Brøndby

Executive Board

David Nuutinen
Lars Torsten Pålsson
Danko Maras

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen Ø
Denmark

General meeting

The annual general meeting will be held on 31 May 2016 at the Company's address.

Management's review

Financial highlights

The Company's development in the last five years can be described as follows::

	<u>2015/16</u>	<u>2014/15</u>	<u>2013/14</u>	<u>2012/13</u>	<u>2011/12</u>
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	245,363	225,406	186,066	177,954	372,787
Gross profit	90,040	72,135	66,808	63,272	87,912
Operating profit/loss	25,839	11,357	9,176	1,381	21,141
Net financials	-10,736	-7,202	-11,411	-7,091	-12,209
Profit for the year	15,332	1,860	-9,284	-26,694	-36,839
Total assets	385,838	428,396	270,377	323,850	386,627
Investment in property, plant and equipment	0	680	0	45	0
Equity	167,835	152,503	12,009	-8,547	18,147
Number of employees	37	36	33	62	227
Gross margin	36,7%	32,0%	35,9%	35,6%	23,6%
Solvency ratio	43,5%	35,6%	4,4%	-2,6%	4,7%
Return on equity	9,6%	2,3%	-536,3%	-556,1%	-135,1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Principal activities of the Company

Cloetta Danmark ApS sells confectionery products.

Development in the year

The income statement of the Company for 2015/16 shows a profit of DKK 15,332 thousand, and at 1 January 2016, the balance sheet of the Company showed equity of DKK 167,835 thousand.

Profit for the year

The profitability of the Company improved further compared with previous years, mainly due to increased sales and reduced other operating costs.

Outlook

Cloetta Danmark is well-equipped to continue its growth in the Danish market and thereby improve profitability.

General risks

In Management's opinion, the Company is not affected by any special operating and/or financial risks.

Environment

In Management's opinion, the Company's production has no material impact on the external environment.

Research and development activities

The Company does not carry out material research and development activities.

Uncertainty relating to recognition and measurement

Recognition and measurement in the annual report have not been subject to any uncertainty.

Unusual events

The financial position of the Company at 1 January 2016 and the results of the activities of the Company's operations for the financial year 2015/16 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements for the period 2 January - 1 January

Accounting policies

The annual report of Cloetta Danmark ApS for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized entities of reporting class C.

The accounting policies applied remain unchanged from previous years.

The annual report for 2015/16 is presented in DKK'000.

Pursuant to section 112(1) of the Danish Financial Statements Act, consolidated financial statements are not prepared as the Company is included in the group annual report of Cloetta AB.

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as the Company is included in the consolidated financial statements of Cloetta AB.

Income statement

Revenue

Revenue is recognised in the income statement when delivery and transfer of risk have taken place before year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Production costs

Production costs comprise costs related to finished goods.

Distribution costs

Costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., during the year are recognised as distribution costs, including costs relating to sales staff, advertising, exhibitions and depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Company, including expenses for administrative staff, management, office premises, office expenses and depreciation.

Other operating costs

Other operating costs comprise items secondary to the activities of the Company, including losses on the disposal of intangible assets and property, plant and equipment.

Financial statements for the period 2 January - 1 January

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the Danish tax prepayment scheme, etc.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Interest expenses on loans to finance the production of property, plant and equipment which relate to the production period are included in cost. All other borrowing costs are recognised in the income statement.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciation amount, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives are as follows:

Buildings	30	years
Plant and machinery	10	years
Fixtures and fittings, tools and equipment	3	years

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial statements for the period 2 January - 1 January

Accounting policies

Investments in subsidiaries

Investment in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the expected net cash flows from the use of the asset or the group of assets, including expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Financial statements for the period 2 January - 1 January

Accounting policies

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity dividends

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes, office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income. Where alternative tax rules can be applied to determine the tax value, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustments are made to deferred tax resulting from elimination of unrealised intra-group profit and losses.

Deferred tax is measured in accordance with the tax rules and the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Financial statements for the period 2 January - 1 January

Accounting policies

Financial highlights overview

Financial highlights are calculated as follows:

Gross margin $\text{Gross profit} \times 100 / \text{Revenue}$

Solvency ratio $\text{Equity at year end} \times 100 / \text{Total assets}$

Return on equity $\text{Profit for the year} \times 100 / \text{Average equity}$

Financial statements for the period 2 January - 1 January

Income statement

	<u>Note</u>	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
Revenue	1	245,363	225,406
Production costs		<u>-155,323</u>	<u>-153,271</u>
Gross profit		90,040	72,135
Distribution costs		-21,543	-20,938
Administrative expenses	10	<u>-42,658</u>	<u>-39,840</u>
Ordinary operating profit		25,839	11,357
Other operating costs		<u>-1,276</u>	<u>-2,340</u>
Profit before financial income and expenses		24,563	9,017
Financial income	2	4,263	6,069
Financial expenses	3	<u>-14,999</u>	<u>-13,271</u>
Profit before tax		13,827	1,815
Tax on profit for the year	4	<u>1,505</u>	<u>45</u>
Profit for the year		<u>15,332</u>	<u>1,860</u>
Proposed profit appropriation			
Retained earnings		<u>15,332</u>	<u>1,860</u>
		<u>15,332</u>	<u>1,860</u>

Financial statements for the period 2 January - 1 January

Balance sheet

	<u>Note</u>	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
Assets			
Fixtures and fittings, tools and equipment		452	1,007
Property, plant and equipment	5	<u>452</u>	<u>1,007</u>
Investments in subsidiaries	6	212,956	212,956
Receivables from group entities		105,967	102,129
Fixed asset investments		<u>318,923</u>	<u>315,085</u>
Total non-current assets		<u>319,375</u>	<u>316,092</u>
Inventories		137	513
Inventories		<u>137</u>	<u>513</u>
Trade receivables		31,805	35,695
Receivables from group entities		27,322	68,385
Other receivables		1,379	2,471
Deferred tax asset	7	5,820	5,234
Receivables		<u>66,326</u>	<u>111,785</u>
Cash at bank and in hand		<u>0</u>	<u>6</u>
Total current assets		<u>66,463</u>	<u>112,304</u>
Total assets		<u>385,838</u>	<u>428,396</u>

Financial statements for the period 2 January - 1 January

Balance sheet

	<u>Note</u>	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
Equity and liabilities			
Share capital		500	500
Retained earnings		<u>167,335</u>	<u>152,003</u>
Total equity	8	<u>167,835</u>	<u>152,503</u>
Credit institutions		42,501	109,345
Payables to group entities		<u>116,643</u>	<u>106,700</u>
Non-current liabilities	9	<u>159,144</u>	<u>216,045</u>
Trade payables		5,626	8,703
Payables to group entities		22,136	21,677
Corporation tax		237	1,157
Other payables		<u>30,860</u>	<u>28,311</u>
		<u>58,859</u>	<u>59,848</u>
Total liabilities		<u>218,003</u>	<u>275,893</u>
Total equity and liabilities		<u><u>385,838</u></u>	<u><u>428,396</u></u>
Contractual obligations, contingencies, etc.	11		
Related parties and ownership	12		

Financial statements 2 January - 1 January

Statement of changes in equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 2 January 2015	500	152,003	152,503
Profit for the year	0	15,332	15,332
Equity at 1 January 2016	<u>500</u>	<u>167,335</u>	<u>167,835</u>

Financial statements 2 January - 1 January

Notes

1 Information on segments

Activities - primary segment

The Company operates solely on the market for confectionery in Denmark, and therefore no specific segment information has been included.

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
2 Financial income		
Interest received from group entities	4,263	4,772
Other financial income	0	447
Foreign exchange gains	<u>0</u>	<u>850</u>
	<u>4,263</u>	<u>6,069</u>
3 Financial expenses		
Interest received from group entities	9,696	8,894
Other financial expenses	3,621	4,377
Foreign exchange loss	<u>1,682</u>	<u>0</u>
	<u>14,999</u>	<u>13,271</u>
4 Tax on profit for the year		
Current tax for the year	237	0
Deferred tax for the year	-583	-639
Adjustment regarding prior year	-1,159	0
Adjustment related to changes in tax rates	<u>0</u>	<u>594</u>
	<u>-1,505</u>	<u>-45</u>

Financial statements 2 January - 1 January

Notes

5 Property, plant and equipment

	Fixtures and fittings, tools and equipment
Cost at 2 January 2015	<u>6,098</u>
Cost at 1 January 2016	<u>6,098</u>
Impairment losses and depreciation at 2 January 2015	5,091
Depreciation for the year	<u>555</u>
Impairment losses and depreciation at 1 January 2016	<u>5,646</u>
Carrying amount at 1 January 2016	<u><u>452</u></u>

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
6 Investments in subsidiaries		
Cost at 2 January 2015	212,956	74,322
Additions for the year	<u>0</u>	<u>138,634</u>
Cost at 1 January 2016	<u>212,956</u>	<u>212,956</u>
Carrying amount at 1 January 2016	<u><u>212,956</u></u>	<u><u>212,956</u></u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Votes and ownership</u>	<u>Equity</u>	<u>Loss for the year</u>
Cloetta Norge AS	Oslo, Norway	100%	160,236	-28,784

Cloetta Norge AS has not yet presented its financial statements for 2015, and consequently, the figures stated relate to the financial year 2014.

Financial statements 2 January - 1 January

Notes

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
7 Provision for deferred tax		
Property, plant and equipment	-3,991	-5,828
Provision	-412	594
Tax loss carry-forward	-1,414	0
Transferred to deferred tax asset	<u>5,817</u>	<u>5,234</u>
	<u>0</u>	<u>0</u>
Deferred tax asset		
Calculated tax asset	<u>5,820</u>	<u>5,234</u>
Carrying amount	<u>5,820</u>	<u>5,234</u>

8 Equity

The share capital consists of 500,000 shares of a nominal value of DKK 1 each. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years apart from the change in 2011/12.

The share capital was changed from DKK 23,400 thousand to DKK 500 thousand in 2011/12.

9 Non-current liabilities

	<u>2 January</u> 2014	<u>1 January</u> 2015	<u>Payment</u> within 1 year	<u>Debt</u> after 5 years
Credit institutions	109,345	42,501	0	0
Payables to group entities	<u>106,700</u>	<u>116,643</u>	<u>0</u>	<u>116,643</u>
	<u>216,045</u>	<u>159,144</u>	<u>0</u>	<u>116,643</u>

Financial statements 2 January - 1 January

Notes

	<u>2015/16</u> DKK'000	<u>2014/15</u> DKK'000
10 Staff cost		
Wages and salaries	20,886	18,457
Pensions	1,713	1,713
Other social security costs	253	282
Other staff costs	<u>1,551</u>	<u>1,159</u>
	<u>24,403</u>	<u>21,611</u>

Wages and salaries, pensions, other social security costs and other staff costs are charged to the income statement under the following item:

Administrative expenses	<u>24,403</u>	<u>21,611</u>
	<u>24,403</u>	<u>21,611</u>

The remuneration of the Executive Board amounts to DKK 630 thousand for 2015.

11 Contractual obligations, contingencies, etc.

Contractual obligations

The Company has entered into operating leases. The leases have a remaining term of up to 45 months with a total remaining lease payment of approximately DKK 3.0 million.

Contingent liabilities

Shares in Cloetta Norge AS have been provided as security for the Group's loans from credit institutions.

Financial statements 2 January - 1 January

Notes

12 Related parties and ownership

Cloetta Danmark ApS' related parties comprise the following:

Parties exercising control

Cloetta Suomi Oy, Finland, which is the major shareholder

Other related parties

Entities affiliated with Cloetta Holland BV

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5 % of the votes or at least 5 % of the share capital:

Cloetta Suomi Oy, Finland