

This Base Prospectus was approved by the Swedish Financial Supervisory Authority on 28 November 2018 and is valid for a period of 12 months from such date.



AAK AB (publ)

Base Prospectus for Swedish medium term note programme

Arranger

Svenska Handelsbanken AB (publ)

Dealers

Nykredit Bank A/S

Svenska Handelsbanken AB (publ)

Important information

Words and expressions defined in the general terms and conditions for medium term notes (the “**General Terms and Conditions**”) beginning on page 18, and, as the case may be, in the final terms, the form of which beginning on page 31 (the “**Final Terms**”) have the same meanings when used in this Base Prospectus, unless expressly stated or the context requires otherwise.

In this Base Prospectus, the “**Company**” means AAK AB (publ). “**AAK**” and the “**Group**” means the Company with all its Subsidiaries from time to time (each a “**Group Company**”). The “**Arranger**” means Svenska Handelsbanken AB (publ). The “**CSD**” or “**Euroclear Sweden**” means Euroclear Sweden AB. “**SEK**” refers to Swedish kronor and “**EUR**” means the single currency of the participating member states in accordance with the legislation of the European Community relating to Economic and Monetary Union.

Notice to investors

This Base Prospectus has been prepared by the Company and contains information about its programme for senior unsecured notes (the “**MTN Programme**”). The MTN Programme has been established by AAK to constitute a framework under which the Company from time to time may issue senior unsecured notes (“**MTNs**”) in SEK or EUR in a minimum Nominal Amount corresponding to an amount of EUR 100,000, and with a minimum term of one (1) year. The Company has undertaken towards the Dealers that the total outstanding Nominal Amount of MTNs under the MTN Programme shall not exceed an amount corresponding to an amount of SEK 4,000,000,000 at any time. AAK and the Dealers may agree to increase or decrease such amount. This Base Prospectus does not contain and does not constitute an offer or a solicitation to buy or sell MTNs.

The Base Prospectus has been approved and registered by the Swedish Financial Supervisory Authority (*Finansinspektionen*) (the “**SFSA**”) pursuant to the provisions of Chapter 2, Sections 25 and 26 of the Swedish Financial Instruments Trading Act (*lagen (1991:980) om handel med finansiella instrument*) (the “**Trading Act**”) and is valid for a period of twelve months from the day of approval. Approval and registration by the SFSA do not imply that the SFSA guarantees that the information provided in the Base Prospectus is correct and complete.

This Base Prospectus is governed by Swedish law. The courts of Sweden have exclusive jurisdiction to settle any dispute arising out of or in connection with this Base Prospectus.

This Base Prospectus may not be distributed in any jurisdiction where such distribution would require any additional prospectus, registration or measures other than those required under Swedish law, or otherwise would conflict with regulations in such jurisdiction. Persons into whose possession this Base Prospectus may come are required to inform themselves about, and comply with such restrictions. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. The MTNs have not been, and will not be, registered under the United States Securities Act of 1933 (the “**Securities Act**”) or the securities laws of any state or other jurisdiction outside Sweden. The MTNs may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

No person has been authorised to provide any information or make any statements other than those contained in this Base Prospectus. Should such information or statements nevertheless be furnished, it/they must not be relied upon as having been authorised or approved by the Company and the Company assumes no responsibility for such information or statements. Neither the publication of this Base Prospectus nor the offering, sale or delivery of any Note implies that the information in this Base Prospectus is correct and current as at any date other than the date of this Base Prospectus or that there have not been any changes in the Company’s or the Group’s business since the date of this Base Prospectus. If the information in this Base Prospectus becomes subject to any material change, such material change will be made public in accordance with the provisions governing the publication of supplements to prospectuses in the Trading Act.

Each potential investor in the MTNs must in light of its own circumstances determine the suitability of the investment. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the MTNs, the merits and risks of investing in the MTNs and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the MTNs and the impact the MTNs will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the MTNs, including MTNs where the currency for principal or interest payments is different from the potential investor’s currency;
- (d) understand thoroughly the terms of the MTNs and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Base Prospectus may contain market data, including information related to the sizes of the markets in which the Group participates. The information has been extracted from a number of sources. Although the Company regards these sources as reliable, the information contained in them has not been independently verified and therefore it cannot be guaranteed that this information is accurate and complete. However, as far as the Company is aware and can assure by comparison with other information made public by these sources, no information has been omitted in such a way as to render the information reproduced incorrect or misleading.

The Base Prospectus contains certain forward-looking statements that reflect the Company’s current views or expectations with respect to future events and financial and operational performance. Although the Company believes that these statements are based on reasonable assumptions and expectations, the Company cannot give any assurances that such statements will materialise. Because these forward-looking statements involve known and unknown risks and uncertainties, the outcome could differ materially from those set out in the forward-looking statement.

For the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the “**MiFID Product Governance Rules**”), a determination will be made in relation to each issue about whether any Dealer participating in the issue of the MTNs is a manufacturer in respect of such MTNs. No Dealer nor any of its respective affiliates that do not participate in an issue will be a manufacturer for the purpose of the MiFID Product Governance Rules. Each person offering, selling or recommending the MTNs that is subject to Directive 2014/65/EU (as amended, “**MiFID II**”) is responsible for undertaking its own target market assessment in respect of the MTNs (by either adopting or refining the target market assessment made by the manufacturer) and determining appropriate channels for distribution of the MTNs.

Presentation of financial information

This Base Prospectus contains the Company’s consolidated and unconsolidated financial statements for the periods 1 January 2016–31 December 2016 and 1 January 2017–31 December 2017. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as adopted by the EU and have been audited by the Company’s auditor. This Base Prospectus further contains the unaudited (but reviewed) interim consolidated and unconsolidated financial statements of the Company for the period 1 January 2018–30 September 2018. With the exception of the Company’s consolidated and unconsolidated financial information for the periods 1 January 2016–31 December 2016 and 1 January 2017–31 December 2017, no information in this Prospectus has been audited or reviewed by the Company’s or another Group Company’s auditor. Financial data in this Base Prospectus that have not been audited by the Company’s auditor stem from internal accounting and reporting systems.

Use of benchmark

Amounts payable on the MTNs will be calculated by reference to STIBOR or EURIBOR. As at the date of this Base Prospectus, neither the administrator of STIBOR, the Swedish Bankers’ Association, or the administrator of EURIBOR, the European Money Markets Institute, is included in ESMA’s register of administrators under Article 36 of the Regulation (EU) No. 2016/1011.

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RISK FACTORS

Investments in corporate bonds always entail a certain degree of risk, including the risk of losing the value of the entire investment. A number of factors affect and may come to affect AAK's operations, result, financial position and the MTNs. In this section a number of risk factors are described, both general risks attributable to AAK's operations and main risks linked to the MTNs in their capacity as financial instruments. The intention is to describe risks that are linked to AAK's operations and thus also AAK's ability to fulfil its obligations in accordance with the General Terms and Conditions.

Before deciding to acquire the MTNs, any potential investors should carefully consider the risk factors outlined below, as well as any other information provided in this Base Prospectus. In addition, an investor must, alone or together with its financial and other types of advisers, engage in a general evaluation of external facts, other information provided in this Base Prospectus and general information about AAK's industry and markets from its own perspective. An investor should have adequate knowledge to evaluate the risk factors as well as sufficient financial strength to bear these risks. The below summary of risk factors does not claim to be complete, nor are the risks ranked in order of importance.

Additional risk factors which are currently unknown or which are currently not deemed to be material may also affect AAK's future operations, result and financial position and thus also the Company's ability to fulfil its obligations under the MTNs.

Risks relating to the Company and the Group

Risk relating to the Company being a separate legal entity

Dependency on other Group companies

The Company is a holding company and does not conduct any direct business operations. Consequently, the Company is dependent on receipt of sufficient income related to the operations of the other entities within the Group, which are legally separate and distinct from the Company. The ability of any operating company of the Group to make payments to the Company is subject to, among other things, the availability of funds, corporate restrictions, the terms of each company's indebtedness and local law.

Market and commercial risks

Raw materials and raw material price risks

The raw materials are agricultural products which are harvested. Harvest are weather-dependent. While a year of poor harvests drives up prices, a year of successful harvests reduces them. Most of the Company's raw materials are traded on the international market, where they are purchased in foreign currencies. This exposes AAK to significant currency and raw material price risks, which could have a negative effect on the Group's operations, results and financial position and the performance of the Company under the MTNs.

Since many raw materials are produced at a considerable distance from AAK's production plants and markets, transports costs are an important factor. Particularly the potential impact on margins from the growing demand for environmentally-acceptable transport methods has to be taken into consideration. There is a risk that this could have a negative effect on the Group's operations, results and financial position and the performance of the Company under the MTNs.

The Group's annual costs for raw materials are approximately two-thirds of the sales value of the finished products. Raw material prices fluctuate. A failure by the Group to manage this exposure could impact the Group's total sales and requirement for working capital and adversely affect the Group's business, financial position and results and the performance by the Company under the MTNs.

Exotic raw materials (of which shea is far the most important) must be sourced when they are available right after the harvest season. No efficient hedge markets exists for exotic raw materials. Therefore the Group is typically left with a significant unhedged volume of exotic raw materials in months following the harvest season. A failure by the Group to limit this exposure by entering into new exotic-raw-material-based sales contracts during the month in which the exotic raw materials are sourced could adversely affect the Group's business, financial position and results and the performance by the Company under the MTNs.

The processing industry

The Group is part of the processing industry. Improvements in results are achieved through organic volume growth and by increasing sales of speciality products with higher margins relative to lower-margin commodity products.

Capacity expansion aimed at increasing total volumes in order to meet growing demand has a relatively long planning horizon. AAK must analyse potential growth in good time. In the meantime, it is possible to balance production between our plants to enable processing of specific products closer to their markets and accommodate swings in supply and demand. A failure by AAK could accommodate swings in supply and demand or to identify areas with potential future growth in good time could adversely affect the Group's business, financial position and the performance of the Company under the MTNs.

Energy price risks

The Group's business is energy-demanding, which means that changes in energy costs can have an impact on the Group's earnings. If the energy costs increases and/or the Group cannot successfully decrease its use of energy or increase its price towards its customers, this could adversely effect on the Company's business, financial condition or results of operations and the performance of the Company under the MTNs.

Competition

The sector in which the Group operates is undergoing structural change. As a sector that has existed for just over a century and has a fundamental dependence on natural products, there is a great pressure for more intensive development. This includes demands for sustainable, ethical production, where producers accept responsibility for social issues and the environmental impact of their operations. The Group operates on the basis of an organic growth and selective acquisition strategy.

There is intense competition in the industry. Several global competitors deliver large volumes of commodity products with limited margins. The Group's response is to focus more on customer co-developed solutions with better margins and higher-added value. These include confectionery products and cosmetics, as well as value-adding solutions for the bakery, dairy and infant nutrition industries. If competitors choose to increase their sales quota through aggressive pricing, or if more customers should prefer low price products to refined and specialised products, or if the Group cannot play an active role in the structural change of the sector or adapt to other changes on the markets, it may negatively affect the Group's operations, results and financial position and the performance of the Company under the MTNs.

Global operations risks

Operating globally always carries risks. Although the Group largely operates in mature markets in the US and Europe, much of company growth is generated in developing markets, which are vulnerable to political instability that can impact currencies and exchange rates. The Group also operates in Eastern Europe, the Middle East, Asia, Africa, South America and Latin America, where instability may arise. If instability arises in any of the markets that the Group operates, it may negatively affect the Group's operations, results and financial position and the performance of the Company under the MTNs.

Global operations also involves a number of other risks, including trade barriers, inflation, changes in national or regional legislation e.g. the introduction of protective tariffs and taxes, which prevent the Group from operating in a free market. There is a risk that such circumstances could adversely affect the Group's operations, results and financial position and the performance of the Company under the MTNs.

Macro-economics

The Group is affected by international, national and regional economic conditions. Economic downturns and uncertainty in the international financial markets have an adverse effect on the global economy. Market turbulence and further downturns in the global economy could affect the financial position of customers and suppliers and potentially impact their ability to conduct business with the Group. Technical developments or new inventions may impact the demand for some of the Group's products and certain products may be subject to substitution. Deterioration in the global economy or decreases in demand for the Group's products may adversely impact the Group's operations, financial position and results and the performance of the Company under the MTNs.

There are uncertainties as to the current political climate globally, including (but not limited to) (i) the impact of the United States' presidential administration, including on free trade agreements between the United States and other countries (ii) the introduction of duties and other trade barriers in countries and regions across the world and (iii) the United Kingdom voting in favour of leaving the EU on 29 March 2019 (commonly referred to as 'Brexit'). Any such uncertainties could adversely affect the Group's operations, results and financial position and the performance of the Company under the MTNs.

Development of the business cycle

In all businesses, the general market conditions affect the intention and capacity of the Group's existing and potential customers to invest. A recession in the whole or parts of the world can therefore result in lower market growth falling below expectations. The development in the Group's customer segment is one of the most important risks in relation to the world market. This raises a demand for comprehension of the customers' as well as the ultimate customers' present and future needs, demands and wishes. Even though the Group's business is geographically widespread and has a broad customer base there is a risk that a weak development of the business cycle could negatively affect the Group's operations, results and financial position and the performance of the Company under the MTNs.

Reputational risks and customer trends

There is an ongoing debate on healthy alternative foods. The trans-fat debate, for example, has been quite heated on occasion, resulting in a greater use of raw materials such as palm oil. A failure by AAK to adapt the Group's product range quickly to the latest trends in the health debate and to meet customer needs could adversely affect the Group's operations, financial position and results and the performance of the Company under the MTNs.

It is important for the Group to limit the risks associated with adverse effects on the environment, health and safety, human rights and business ethics in its business operations. In the wake of rapid globalization, individual consumers are more aware of how their consumption patterns affect the environment and social/ethical conditions around the world. Consumers want to know more about product origins, manufacturing methods and raw materials. If the Group or the Group's commercial counterparties (such as suppliers) would fail to take adequate environmental or social responsibility, this could damage the Group's brand.

The aforementioned trends could result in reduced demand for the Group's products, which in turn, may have an adverse effect on the Group's operations, financial position and results and the performance of the Company under the MTNs. Failure by the Group or its commercial counterparties to operate at a sufficiently high standard in these regards may also adversely affect the Group's prejudice the forging of future business relationships which, in turn, may adversely impact the Group's operations, financial position and results and the performance of the Company under the MTNs may be affected negatively.

Regulatory measures also pose a risk. Active involvement in Corporate Social Responsibility-related issues is, therefore, becoming increasingly important to forestall legislation on issues that are a natural development because of the public's demands.

Risks relating to acquisitions

AAK operates on the basis of an organic growth and selective acquisition strategy. AAK regularly acquires companies operating in the same or adjacent lines of business as the Group. There can be no assurance that such acquisitions, or the integration of acquired businesses into the Group, will prove to be successful. Unsuccessful acquisitions or integrations could have an adverse effect on the Group's business, financial position and results and the performance of the Company under the MTNs.

Operational risks

Business interruption

Single units or functions within the Group maybe hit by business interruption or inferior performance due to problems with machinery, strikes and other labour market conflicts, fires, natural catastrophes etc. Business interruptions could adversely impact the Group's operations, financial position and results and the performance of the Company under the MTNs.

Risks relating to suppliers

The Group's products consist of raw materials from several different suppliers. In order to produce, sell and deliver products, the Group depends on deliveries from third parties being in accordance with the terms of e.g. quantity, quality and delivery dates. Fault or default in deliveries from the Group's suppliers can cause the Group's deliveries to be faulty or delayed in turn, which can entail reduced sales and affect the Group's results negatively. The risks are evident for the Group, for example in the event that key raw material such as rapeseed or shea nuts are not delivered as planned. This could adversely affect the Group's operations, financial position and results and the performance of the Company under the MTNs.

Key personnel and employees

The Group's future success depends largely on its ability to keep, recruit and train qualified personnel. The conditions for the Group to recruit, develop, retain and replace appropriately skilled employees are affected by global competition for relevant and skilled personnel. If key employees leave AAK and the Group cannot recruit adequately skilled personnel to replace them, this may adversely impact the Group's operations, financial position and results and the performance of the Company under the MTNs.

Many of the Group's employees are represented by trade union organisations under various collective labour agreements. The Group may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiation or higher wage demands. In addition, existing labour agreements may not prevent a strike or work stoppage at its facilities in the future. A failure to renegotiate labour agreements on reasonable terms and a failure to maintain positive employee relations could adversely impact the Group's operations, financial position and results and the performance of the Company under the MTNs.

Environmental risks

The environmental impact from AAK's plants includes emissions of odorous substances, solvents, smoke and gases into the atmosphere, as well as discharging fats, oxygen-consuming material, and nutrients into the water, and also creating organic waste and noise.

Most companies within the Group are performing activities that require permits or notification according to relevant local environment laws and regulations. There will always be a risk that the Company's assessment that the Group's operations are carried out in accordance with applicable laws and regulations concerning the environment, health and safety is not correct or that it does not correspond to the interpretation of applicable laws and regulations made by relevant authorities. Any violations of or changes to laws and regulations could however lead to costs, other obligations or loss of reputation, which could have a negative effect on the Group's operations, results and financial position and the performance of the Company under the MTNs.

More stringent environmental rules could lead to an increase of expenses as well as a need for further investments in group companies that are subject to such rules. More stringent environmental rules can also affect the opportunities for the Group to expand and increased costs might affect the results of the Group negatively. Even if the Company is not aware of any concrete significant risk, it cannot be guaranteed that there are no pending environmental risks in divested companies or formerly operated businesses that may cause claims for compensation towards the Group in the future based on contamination of hazardous materials such as asbestos. If such claims are being put forward, or environmental rules becomes more stringent, this might lead to a negative effect on the result and the financial standing of the Group and the performance of the Company under the MTNs.

Intellectual property rights

In order to secure the return on the resources that the Group puts into research and development, the Group aims to protect its technical innovations. Patent infringements and copying is a risk that the Group is constantly facing. The Group claims its intellectual property rights through legal proceedings when the Group finds such action is motivated. There is, however, a risk that the Group cannot protect the patents, trademarks and other intellectual property rights obtained or that filed applications will be granted, which in turn could negatively affect the Group's operations, results and financial position and the performance of the Company under the MTNs.

The Company cannot guarantee that the Group is not considered to infringe the intellectual property rights belonging to other persons. Infringement disputes can, like any other dispute be costly and time-consuming and thereby the Group's operations, results and financial position and the performance of the Company under the MTNs may be affected negatively.

Product safety risks

The Group is exposed to risk generally associated with handling of food products. Food product handling sets high standard on traceability, hygiene and handling. In the worst case scenario, 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 handlings of food products may also result in negative publicity for the Company and the Group's brands, which may imply reduce demand and trust in the Group's products. In turn, this may have a materially adverse effect on Group's operations, results and financial position and the performance of the Company under the MTNs.

IT system risk

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. Outage, inadequate functionality or delays to the systems may imply loss of information or the delay of actions, which in turn may have an adverse effect on the Group's operations, financial position and results and the performance of the Company under the MTNs.

Legal risks***Disputes and legal proceedings***

The Group is engaged in extensive national and international operations and is, from time to time, involved in disputes and legal proceedings that arise in the course of its business and operations. Claims against the Group or the Group's active involvement in any legal proceedings against a third party could result in the Group being forced to spend considerable sums and resources and this may adversely impact the Group's operations, financial position and results and the performance of the Company under the MTNs.

Legislation, regulation and authorisations

The Group's activities are subject to extensive laws and regulations, both general and industry-specific, including environmental, property, labour and occupational health and safety standards and tax laws, in each of the geographical markets in which it operates. The Group is also required to conduct its business in accordance with applicable trade sanctions laws and export controls regulations. Compliance with laws and regulations or the enactment of new laws and regulations and changes to existing laws and regulations which impact on the Group and its business activities and operations may result in a risk of reduced revenues and/or increased costs which in turn may adversely impact the Group's operations, results and financial position and the performance of the Company under the MTNs.

Under existing applicable laws and regulations, the Group is generally required to seek licences, permits, authorisations, concessions and other approvals in connection with its activities. There is a risk that necessary permits will not be awarded to the Group or renewed at the relevant time or on reasonable terms. Regular permit assessments are required and, if the Group seeks to increase or change its operations, it must in some cases apply for new or amended permits covering the affected operations. Failure to obtain or renew such necessary authorisations could result in the Group being unable to continue or carry out certain desirable operations which, in turn, may adversely impact the Group's operations, results and financial position and the performance of the Company under the MTNs.

Political risk

The Group operates and owns assets in several countries and, as a result, is exposed to various political, regulatory and tax environments. These environments are subject to change including changes to government policies and regulations governing industrial production, foreign investors, the environment, health and safety, sanction and tax. Such changes in the political landscape or policies may adversely impact the Group's operations, financial position and results and the performance of the Company under the MTNs.

Insurance

The Company estimates that the Group's current insurance cover is in line with best practices in the industry and the Group's current business operations. However, there is a risk that the Group will be not capable of maintaining existing insurance cover on acceptable terms in the future. There is also a risk that any future claims may exceed, or not be covered by, the Group's insurance cover. In the event the Group cannot maintain its insurance cover, at all or on acceptable terms, or in the event a future claim exceeds the insurance cover, the Group's operations, results and financial position and the performance of the Company under the MTNs may be affected negatively.

Financial risks***Currency risk***

Since a significant part of the Group's operations are outside of Sweden, it is affected in many ways by currency rate changes. A significant part of the Group's buying and selling of raw materials is denominated in foreign currency. Moreover, most of the Group's operational subsidiaries are located outside Sweden. Sales contracts and raw material contracts give rise to transaction risk. Profits for the non-Swedish subsidiaries of the Company are affected by changes in currency rates, when they are translated to SEK. Further, the Group's equity is affected when equity in the Company's non-Swedish subsidiaries are translated to SEK.

Currency fluctuations could thus have a negative impact on the Group's operations, results and financial position and the performance of the Company under the MTNs.

Tax

The Group carries out its operations via subsidiaries in a number of different countries. Its operations, including transactions between Group companies, are conducted in accordance with the Group's interpretation of applicable tax laws, tax treaties and regulations in each of the different countries involved as well as with the requirements of the relevant tax authorities. However, there is a risk that the Group's interpretation of applicable laws, tax treaties and regulations, or interpretation of relevant government agencies' decisions or of administrative case law, is incorrect, or that such regulations will be changed, potentially with retroactive effect. The Group's tax situation could be negatively affected by decisions from relevant government agencies, which in turn could have a negative impact on the Group's operations, results and financial position and the performance of the Company under the MTNs.

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its payment obligations at the maturity date without the cost for obtaining cash or cash equivalents increasing significantly. If the Group's liquidity sources prove not to be sufficient, there is a risk that the Group can only meet its payment obligations by raising funds on terms significantly increasing its financing costs or that the Group cannot meet its payment obligations at all and as a result thereof being in default under material agreements entered into by the Group, which could have a material negative impact on the Group's operations, results and financial position and the performance of the Company under the MTNs.

Financing risk

It is possible that the Company in the future may breach financial covenants or other provisions under its credit arrangements due to, for example, the state of the economy and market disruptions, which could have an adverse effect on the Group's operations, results and financial position and the performance of the Company under the MTNs.

In addition, the Group may have a need for additional financial resources in order to e.g. refinance the MTNs, loans or other financing arrangements that have matured, or to enable the Group to make corporate acquisitions or achieve certain strategic objectives. There is a risk that the Group will be unable to procure such financial resources on favourable terms or at all. Access to additional financing is affected by a number of factors, such as restrictions on the Group's current and future financing arrangements, market conditions, the general availability of credit, and the Group's credit rating and credit capacity. Disruptions and uncertainty in the capital and credit markets may also limit access to the capital resources required to conduct the business. Any of these circumstances could have an adverse effect on the Group's operations, results and financial position and the performance of the Company under the MTNs.

Credit and counterparty risk

There is a risk that the Group's counterparties cannot fulfil its commitments to the Group. Losses related to the Group's counterparties are foremost connected with the bankruptcy of such counterparty or, in any case, if the counterparty for other reasons is unable to fulfil its payment obligations. Increased credit losses could have an adverse effect on the Group's business, financial condition and results of operations and the performance of the Company under the MTNs.

Interest rate risk

The Group is exposed to interest rate movements through its floating rate financing arrangements. Interest rates can move in response to numerous factors such as government and central bank policy in the geographic markets in which the Group operates. An increase in interest rates would cause the Group's interest obligations to increase and could have a material adverse effect on the Group's business, financial condition or results of operations and the performance of the Company under the MTNs.

There is a risk that current or future hedging will not protect the Group sufficiently from the adverse effects of interest rate movement. Moreover, the success of the Group's hedging activities depends on the accuracy of its assumptions and forecasts. Any errors affecting such assumptions and forecasts could have a material adverse effect on the Group's business, financial condition or results of operations and the performance of the Company under the MTNs.

Financial reporting

In preparing financial statements of the Group, the Group's management may be obliged to make certain judgements and estimates that can have an impact on the Group's financial statements. Failure to use accurate assumptions in calculations for such estimates could adversely impact the Group's financial position and results and the performance of the Company under the MTNs may be affected negatively.

Risks relating to the MTNs

Credit risk

If the Company's financial position deteriorates it is likely that the credit risk associated with the MTNs will increase, given that there would be an increased risk that the Company cannot fulfil its obligations under the General Terms and Conditions. The Company's financial position is affected by numerous risk factors, some of which have been outlined above. Any increase in credit risk of the Company could result in the market pricing the MTNs with a higher risk premium, which could adversely affect the value of the MTNs.

Decisions by Holders

The General Terms and Conditions include certain provisions allowing the Holders to vote on matters relating to the Holders' interests. Pursuant to these provisions, certain majorities of Holders have the right to make decisions and take measures that bind all Holders, including those who choose to abstain from voting, who did not attend or who vote in a manner contrary to the majority. Consequently, the actions of the majority in such matters could impact the Holders' rights under the Finance Documents in a manner that would be undesirable for some of the Holders.

Certain material interests

The Dealers may have engaged in, and may in the future engage in, lending, investment banking and/or commercial banking or other services for the Group in the ordinary course of business. Accordingly, conflicts of interest may exist or may arise as a result of the Dealers having previously engaged, or will in the future engage, in transactions with other parties, having multiple roles or carrying out other transactions for third parties with conflicting interests.

Exchange rate risks and exchange controls

The Company will pay principal and interest on the MTNs in SEK or in EUR (depending on the applicable Final Terms). This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit other than SEK or EUR (depending on the applicable Final Terms) (the "**Holder's Currency**"). Accordingly, a Holder is exposed to exchange rate risk if relevant exchange rates fluctuate significantly (including, but not limited to, fluctuations due to a devaluation of SEK or EUR or a revaluation of the Holder's Currency) or authorities with jurisdiction over the Holder's Currency impose or modify relevant exchange controls (if any). An appreciation in the value of the Holder's Currency relative to the SEK or EUR (as applicable) would decrease the Holder's Currency-equivalent yield on the MTNs, the Holder's Currency-equivalent value of the principal payable on the MTNs and the Holder's Currency-equivalent market value of the MTNs.

MiFID II and MiFIR

On January 3, 2018, the main part of the MiFID II / MiFIR legislative package came into force. As a result thereof, the reporting and transparency requirements on the interest rate markets have increased, which may lead to financial institutions that act as intermediaries when trading with financial instruments being less inclined to buy securities for their own stock. If this happens to the MTNs, the result could be a decrease in the liquidity of the MTNs, which could adversely affect the Holders.

European Benchmarks Regulation

The process of the calculation of EURIBOR, STIBOR and other interest rate benchmarks have been subject to a number of legislative measures, whereof some have been implemented and others are pending implementation. The biggest initiative within this area is the so-called 'Benchmarks Regulation' (Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014), which came into force on 1 January 2018 and which regulates the provision of reference rates, the reporting of data used for reference rates and the use of reference rates within the European Union. Since the regulation only has been applied for a limited period of time, its effects cannot be fully assessed. However, there is a risk that the Benchmarks Regulation may affect how certain reference rates are determined and developed. This could, for example, lead to increased volatility regarding certain reference rates. Furthermore, the increased administrative requirements, and the associated regulatory risks, may affect the willingness of certain entities to participate in determining reference rates. It could also result in certain reference rates no longer being published. If this happens for EURIBOR or STIBOR, which are the reference rates applicable to the MTNs, it could adversely affect the Holder.

There has been no active trading market for the MTNs

Although the Company shall use its best efforts to ensure that the MTNs are listed on a Regulated Market, there can be no assurance that such application will be accepted or that the MTNs will be so admitted. Prior to any admission to trading, there has been no public market for the MTNs. There can be no assurance that an active trading market for the MTNs will develop or, if developed, will be sustained. The Nominal Amount may not be indicative of the market price for the MTNs. Furthermore, following a listing of the MTNs, the liquidity and trading price of the MTNs may be subject to fluctuations in response to many factors, including those referred to in this section, as well as to market fluctuations and general economic conditions that may adversely affect the liquidity and price of the MTNs, regardless of the actual performance of the Company or any other member of the Group. In addition, transaction costs in any secondary market may be high. Therefore, Holders may not be able to sell their MTNs easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Accordingly, the purchase of MTNs is suitable only for investors who can bear the risks associated with a lack of liquidity in the MTNs and the financial and other risks associated with an investment in the MTNs. Investors must be prepared to hold the MTNs until maturity.

Clearing and settlement in Euroclear Sweden's account-based system

The MTNs are affiliated to and will continue to be affiliated to a central securities depository of notes, currently Euroclear Sweden's account-based system. Clearing and settlement relating to the MTNs and, in the majority of cases, the payment of interest and repayment of principal amounts, will be performed within Euroclear Sweden's account-based system. The investors are therefore dependent on the functionality of Euroclear Sweden's account-based system.

Relationship with the Company

All notices and payments to be delivered to the Holders will be distributed by the Company to such Holders in accordance with the General Terms and Conditions. In the event that a Holder does not receive such notices or payments, its rights may be prejudiced but it may not have a direct claim against the Company therefor.

MTNs as financial instruments

MTNs might not be a suitable investment for all investors based on the risk factors associated with MTNs described herein. Every investor should therefore have sufficient knowledge of MTNs in order to make a meaningful assessment of the merits and risks involved in investing in the MTNs, especially in respect to possible future scenarios involving the Group or with reference to possible future market conditions. A potential investor should furthermore have sufficient financial resources to bear the risks of an investment in the MTNs and thoroughly understand the General Terms and Conditions. If an investor fails to meet any of the conditions enumerated above, or it is otherwise not possible to determine whether the MTNs are a suitable investment for the investor, there is a risk that the investor will not be able to bear losses in respect of the MTNs, that the investor will not have the necessary knowledge and experience to invest in the MTNs, and/or the MTNs will not be compatible with the investment objectives of the investors.

Restrictions on the transferability of the MTNs

The MTNs 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 MTNs may not offer or sell the MTNs in the United States. The Company has not undertaken to register the MTNs under the U.S. Securities Act or any U.S. state securities laws or to effect any exchange offer for the MTNs in the future. Furthermore, the Company has not registered the MTNs under any other country's securities laws. It is the Holder's obligation to ensure that offers and sales of MTNs comply with all applicable securities laws.

Change of law

The MTNs are subject to Swedish and applicable European laws and administrative practice in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision, change to Swedish or European law or administrative practice after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely impact the ability of the Company to make payments under the MTNs.

Structural subordination and insolvency of subsidiaries

The Company is a holding company and holds no significant assets other than the shares in its directly owned subsidiaries, and as such the Company is reliant on the ability of other entities within the Group to advance loans

or make dividend distributions to the Company so as to enable it to make payments under the MTNs. The Company is thus dependent upon receipt of sufficient income arising from the operations of the Group.

The subsidiaries are legally distinct from the Company and have no obligation to make payments to the Company of any profits generated from their business. The ability for the subsidiaries to make payments to the Company is subject to, among other things, the availability of funds (which in turn will depend on the future performance of the subsidiary concerned and therefore to a certain extent on general economic, financial, competitive, legislative, regulatory and other factors that may be beyond its control), corporate law (e.g. limitations on value transfers), local law and the terms of each subsidiary's financing arrangements.

The Company's subsidiaries will have debt obligations in relation to other creditors. If any subsidiary of the Company is subject to any foreclosure, dissolution, winding-up, liquidation, recapitalisation, administrative or other bankruptcy or insolvency proceeding, the creditors of such subsidiary of the Company will generally be prioritised due to their position in the capital structure and will generally be entitled to payment in full from the sale or other disposal of the assets of such a subsidiary before the Company, as a direct or indirect shareholder, will be entitled to receive any distributions from such a subsidiary.

The Group and its assets are not protected from action taken by the creditors of any subsidiary of the Group, whether under bankruptcy law, under a contract or otherwise. In addition, defaults by, or the insolvency of, certain subsidiaries could result in the Group being obliged 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.

Unsecured rights

The MTNs represent an unsecured obligation of the Company and will rank *pari passu* with all other unsecured and unsubordinated obligations of the Company. This means that in the event of the Company's liquidation, company reorganisation or bankruptcy the Holders will only be entitled to receive any proceeds from the realisation of the Company's assets once prioritised creditors (including secured creditors (if any)) have been paid in full.

The Company and the other Group Companies are not prohibited from issuing or incurring further debt

There is no restriction on the amount or type of debt that the Company or any other Group Company may issue or incur. The incurrence of any such debt may reduce the amount recoverable by Holders in the event of the voluntary or involuntary liquidation or bankruptcy of the Company or such Group Company. Similarly, there are no limitations on security pursuant to the General Terms and Conditions which limit the ability of the Company or any other Group Company to provide security for debt obligations, other than security for other Market Loans.

Maturity risk

The market risk with an investment in MTNs increases the longer the term is, since it is more difficult to overview how the market interest rates will develop with a longer term than a shorter term. The market risk also increases with a longer term since the fluctuation in the price of an MTN is greater for an MTN with a longer term than for an MTN with a shorter term. Further, the credit risk in relation to the Company is harder to assess the longer the term of the MTN.

The Company's discretion regarding the use of proceeds

Proceeds are raised by issuing MTNs. The MTN Programme is part of the Company's debt financing and is aimed at investors on the capital market. The Company has great discretion regarding the use of the proceeds. There is a risk that the proceeds will not be used in a manner that generates a maximum, or even positive, result for the Company or the Group.

MTN with fixed interest rate

The value of MTN is highly influenced by the general interest rate level. An increase in the general interest rate level generally means that an MTN bearing fixed interest rate may decrease in value.

MTN with floating interest rate

A decrease in the general interest rate level generally means that the return of MTN bearing floating interest rate may decrease. The fact that the applicable base interest rate in accordance with the General Terms and Conditions may be lower than zero means that an investor in MTN with a floating interest rate is not guaranteed a return corresponding to the applicable margin.

MTN without interest (Zero Coupon)

Investments in MTN not bearing interest (zero coupon) implies a risk that the market value of MTN may be adversely affected by changes in the market interest rate. An increase in the general interest rate level generally means that an MTN not bearing interest may decrease in value. Generally, the longer the remaining term of the MTN not bearing interest, the higher price volatility compared to interest-bearing securities with comparable maturities.

MTN issued at a substantial discount or premium

Generally, the market value of MTN issued at a substantial discount or premium from its principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest bearing securities. Generally, the longer the remaining term of the MTN, the greater the price volatility as compared to conventional interest bearing securities with comparable maturities.

DESCRIPTION OF THE MTN PROGRAMME

The following is a description of the MTN Programme and is qualified in its entirety by the full Conditions included in the section “General Terms and Conditions and form of Final Terms”.

General

The MTN Programme has been established by the Company for the issuance of medium term notes in SEK or EUR. A Note may be issued in a minimum Nominal Amount of EUR 100 000 (or the equivalent in SEK) and with a minimum term of one year. MTN may be issued with fixed rate, floating rate or as zero couponing notes. The Company has undertaken towards the Dealers that the total outstanding Nominal Amount of MTNs under the MTN Programme shall not exceed SEK 4,000,000,000 (or the equivalent in EUR) at any time. The Company and the Dealers may agree to increase or decrease such amount.

The Company has appointed Svenska Handelsbanken AB (publ) as Arranger, and Nykredit Bank A/S and Svenska Handelsbanken AB (publ) as Dealers, in respect of the MTN Programme. Further Dealers may be appointed.

General Terms and Conditions and Final Terms

MTNs issued under the MTN Programme will be governed by the General Terms and Conditions as well as the applicable Final Terms. The General Terms and Conditions are standardised and apply to all MTNs issued under the MTN Programme. For each Loan, Final Terms are prepared that include supplementary terms and conditions for the relevant Loan. Applicable Final Terms must therefore be read in conjunction with the General Terms and Conditions. Any amendments (other than adjustments to clear and obvious errors) to the General Terms and Conditions will not be effective to MTNs issued prior to such amendment, unless a Holders’ Meeting resolves otherwise.

Form of MTNs

MTNs will be issued in dematerialised book-entry form and registered on a Securities Account (maintained with Euroclear Sweden) on behalf of the relevant Holder. Hence, no physical notes will be issued. MTNs will be registered in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (*lag (1998:1479) om värdepapperscentraler och kontoföring av finansiella instrument*). Registration requests relating to MTNs shall be directed to an Account Operator.

Status of MTNs

Upon issuance, MTNs will constitute direct, unconditional, unsubordinated and unsecured debt obligations of the Company and rank *pari passu* and without any preference among themselves and shall rank at least *pari passu* with all other present and future unsubordinated and unsecured obligations (except those obligations preferred by law) of the Company.

Pricing and interest

The Pricing of the MTN cannot be established in advance but set in connection with the relevant issue on the bases of the prevailing market conditions. MTN may be issued at a price below or exceeding the relevant Nominal Amount. The interest (if any) applicable to MTN depends on several factors, one of which is the interest applicable to other investments with a corresponding term. Interest (if any) may be set at a floating interest rate based on EURIBOR or STIBOR, plus a margin, or at a fixed interest rate.

Admission to trading

MTNs issued may be listed on a Regulated Market. If relevant, any intended listing of MTNs will be set out in the applicable Final Terms. The estimated costs associated with such listing will also be set out in the applicable Final Terms.

Time barring of claims

Claims for the repayment of the principal of MTNs will be prescribed and become void ten (10) years after the Maturity Date. Claims for the payment of interest will be prescribed and become void three (3) years from the relevant Interest Payment Date. Upon prescription, the Company will be entitled to keep any funds that may have been reserved for such payments.

If a limitation period is duly interrupted in accordance with the Swedish Limitations Act (*preskriptionslagen (1981:130)*) a new prescription period of ten (10) years will commence for claims in respect of principal and three

years for claims in respect of interest amounts, in both cases calculated from the day indicated by provisions laid down in the Swedish Limitations Act concerning the effect of an interruption in the limitation period.

Governing law

The Loan Terms and any non-contractual obligations issues which arise in connection therewith, shall be governed by the laws of Sweden. Disputes shall be settled by Swedish courts. Stockholm District Court (*Stockholms tingsrätt*) shall be the court of first instance.

Product description

Interest structures

MTNs issued under the MTN Programme may have a fixed or floating interest rate. The interest structure applicable to a specific Loan will be stated in the Final Terms. Below is a short description of the available interest structures.

Fixed interest rate

If the relevant Final Terms of a Loan specify fixed interest rate as applicable to it, the Loan shall bear interest on its Nominal Amount at the Interest Rate from, but excluding, the Interest Commencement Date up to and including the Maturity Date.

Interest accrued during an Interest Period is calculated using the Day Count Convention 30/360, or such other Day Count Convention as may be specified in the Final Terms, and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the first following day that is a Business Day. Day Count Convention 30/360 means that the amount is to be calculated based on a year with 360 days consisting of twelve months each consisting of 30 days and, in the event of a partial month, the actual number of days which have elapsed in the month. Interest is calculated and payable, however, only up to and including the Interest Payment Date.

Floating interest rate (FRN)

If the relevant Final Terms of a Loan specify ‘floating interest rate’ as applicable to it, the Loan shall bear interest on its Nominal Amount from, but excluding, the Interest Commencement Date up to and including the Maturity Date.

The Interest Rate applicable to each respective Interest Period shall, when possible, be calculated by the Administrative Dealer on the respective Interest Quotation Date and is the sum of the Base Interest and the Base Interest Margin for the relevant period. The relevant Base Interest Margin will be set out in the relevant Final Terms and the Base Interest will be either of EURIBOR and STIBOR (as defined in the General Terms and Conditions).

Interest accrued during an Interest Period is calculated using the Day Count Convention Actual/360, or such other Day Count Convention as may be specified in the Final Terms, and paid in arrears on the relevant Interest Payment Date or, to the extent such day is not a Business Day, the Interest Payment Date shall instead be the next Business Day provided that such Business Day does not fall in the new calendar month, in which case the Interest Payment Date shall be the preceding Business Day. Interest is calculated and payable up to and including each relevant Interest Payment Date.

Zero Coupon

Zero Coupon Loans do not bear interest.

Repayment of Loans and payment of interest

Repayment at maturity

MTNs become due and payable in the Nominal Amount on the Maturity Date as set out in the relevant Final Terms. Interest shall be paid on each Interest Payment Date set out in the relevant Final Terms. If the due date in respect of a repayment or payment (other than interest) falls on a day which is not a Business Day, the Loan is not repaid until the following Business Day (and, in respect of interest, as set out above in section “Interest structures”).

Repurchase of MTNs by the Company

The Company may repurchase MTNs from time to time provided that repurchase is in compliance with applicable law. MTNs owned by the Company may, in the discretion of the Company, be retained, sold or cancelled.

Mandatory repurchase

Each Holder is entitled to demand repurchase of all, or some, of the MTNs held by the Holder in accordance with the General Terms and Conditions, provided that (a) the shares in the Company cease to be admitted to trading on the Regulated Market at Nasdaq Stockholm; or (b) an event, or series of events, occurs which leads to any person (other than Mr. Melker Schörling, his spouse, child, brother or sister, or any entity directly or indirectly controlled by any or all of them), alone or together with any other person or persons who are acting in concert with that person acquires shares representing more than fifty (50) per cent. of the total number of shares and/or more than fifty (50) per cent. of the voting rights in the Company.

Termination of Loans

The Administrative Dealer shall declare in writing a relevant Loan, together with accrued interest (if any), immediately due and payable, or payable at such time as the Administrative Dealer or the Holders' Meeting (as applicable) decides, upon the occurrence of any circumstance stated in section 11.1 in the General Terms and Conditions and if:

- i. so decided by the Holders under Loan at a Holders' Meeting; or
- ii. so requested in writing by a Holder who, at the time of the request, represents at least one tenth of the Adjusted Loan Amount under the relevant Loan (such requests can only be made by Holders listed in the Debt Register maintained by Euroclear Sweden on the Business Day immediately preceding the day on which the request was received by the Administrative Dealer and shall, if made by multiply Holders each representing less than one tenth of the Adjusted Loan Amount under the relevant Loan, be made jointly).

GENERAL TERMS AND CONDITIONS

GENERAL TERMS AND CONDITIONS FOR LOANS UNDER THE MTN PROGRAMME

The following general terms and conditions (“**General Terms and Conditions**”) apply to loans issued by AAK AB (publ) (corporate identity number 556669-2850) (the “**Company**”) in the capital markets, pursuant to the agreement entered into on 23 November 2018 (as it may be amended and/or restated from time to time) between the Company and Nykredit Bank A/S and Svenska Handelsbanken AB (publ) regarding an MTN Programme (“**MTN Programme**”), by means of issuing bonds with varying maturity periods, although a minimum of one year, known as *Medium Term Notes*.

1. DEFINITIONS

1.1 In addition to the above definitions, the following terms are to have the meanings stated below.

“**Account Operator**” means a bank or other party which has been granted the right to be an account operator according to the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) and with which a Holder has opened a Securities Account in respect of its MTN.

“**Adjusted Loan Amount**” means the Loan Amount less the amount of all MTNs owned by a Group Company or Main Owner, regardless of whether such Group Company or Main Owner is directly registered as the owner of the MTN or not.

“**Administrative Dealer**” means (i) if Loans have been issued through two or more Relevant Dealers, the Relevant Dealer designated by the Company to be responsible for certain administrative duties regarding the Loan in accordance with the Final Terms, and (ii) if Loans have been issued through one Relevant Dealer, the Relevant Dealer, provided in each case that the Relevant Dealer having received specific authorisation from Euroclear Sweden to manage and register issuances in the VPC system.

“**Arranger**” means Svenska Handelsbanken AB (publ) or another Dealer which, pursuant to an agreement with the Company, may assume this role.

“**Business Day**” means a day other than a Sunday or general public holiday in Sweden or which, concerning payment of instruments of debt, is not equivalent to such public holiday. In this definition, Saturdays, Midsummer Eve, Christmas Eve and New Year’s Eve are considered to be the same as general public holidays.

“**Conditions**” means, for a specific Loan, these General Terms and Conditions, and the Final Terms for such Loan.

“**Day Count Convention**” means the basis of calculation, specified in the Final Terms, applied in the calculation of an amount for a specific calculation period.

- (a) If the “**30/360**” basis of calculation is specified as applicable, the amount shall be calculated for a period of one year of 360 days, comprised of 12 months of 30 days each and, for split months, the actual number of days taking place in the month.
- (b) If the “**Actual/360**” basis of calculation is specified as applicable, the amount shall be calculated for the actual number of days during the relevant period divided by 360.

“**Dealer**” means Svenska Handelsbanken AB (publ) and Nykredit Bank A/S, as well as every other Dealer which is affiliated with this MTN Programme, although only to the extent that such institution has not retired as Dealer.

“**Debt Register**” means the debt register held by Euroclear Sweden of Holders in respect of a Loan.

“**EURIBOR**” means:

- (a) the annual Interest Rate quoted at approximately 11.00 a.m. on the day in question on Reuters’ EURIBOR01 page (or in such other system or other page that replaces this system/page) for loans or deposits in euro during a period comparable with the relevant Interest Period; or

- (b) if no such Interest Rate is quoted for the relevant Interest Period according to paragraph (a), the arithmetic mean of rates (rounded upwards to four decimal places) of the Interest Rate quoted by European Reference Banks in response to a request from the Administrative Dealer for deposits of EUR 10,000,000 for the relevant Interest Period; or
- (c) if no Interest Rate is available under paragraph (a) and only one or zero quotes are received under paragraph (b), the Interest Rate which, in the reasonable estimate of the Administrative Dealer, best corresponds to the Interest Rate for deposits in euro for the relevant Interest Period.

“**Euro**” and “**EUR**” means the currency used by participating member states in accordance with the European Union’s regulatory framework for its Economic and Monetary Union (EMU).

“**Euroclear Sweden**” means Euroclear Sweden AB (Corporate identity number 556112-8074).

“**European Reference Banks**” means the four major commercial banks which, at the time in question, quote EURIBOR and which are designated by the Administrative Dealer.

“**Final Terms**” means the Final Terms established for a specific Loan under this MTN Programme in accordance with Appendix 1 (*Form of Final Terms*) (including any future additions and amendments).

“**Group**” means the group in which the Company is parent company (where the concepts of group and parent company shall have the meaning of “*koncern*” and “*moderbolag*” respectively as defined in the Swedish Companies Act (2005:551) as amended from time to time).

“**Group Company**” means any legal entity being a member of the Group at any given time.

“**Holder**” means the person who is registered on a Securities Account as the direct registered owner (Sw: *ägare*) or nominee (Sw: *förvaltare*) of an MTN.

“**Holders’ Meeting**” means a meeting of Holders as described in Section 12 (*Holders’ Meeting*).

“**Interest Commencement Date**” means, according to the Final Terms, the date from which interest (where applicable) is to begin to accrue.

“**Loan**” means each loan of a certain series, comprising one or more MTNs, issued by the Company under this MTN Programme.

“**Loan Amount**” means, according to the Final Terms, the total aggregate outstanding Nominal Amount of MTNs relating to a specific Loan, less any amount already repaid.

“**Main Owner**” mean any person owning or controlling more than 50 per cent of the shares or votes of the Company.

“**Market Loan**” means a loan obtained by issuing certificates, bonds or other securities (including loans under an MTN or other Market Loan programme), which are sold, distributed or placed in a structured form or which are, or may be, traded on a Regulated Market.

“**Material Group Company**” means (a) the Company and (b) every Group Company for which:

- (i) total assets constitute a minimum of five per cent of the Group’s total consolidated assets, according to the most recently published annual financial statements; or
- (ii) EBIT or turnover constitutes a minimum of five per cent of the Group’s consolidated EBIT or turnover, according to the most recently published annual financial statements.

“**Maturity Date**” means the date on which an MTN is to be repaid according to the Final Terms.

“**MTN**” means a unilateral debt instrument with a Nominal Amount which has been registered in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) and which constitutes a part of Loans issued by the Company under this MTN Programme.

“**Nominal Amount**” means the amount for each MTN stated in the Final Terms.

“**Record Day**” means the fifth Business Day before (or other Business Day before the relevant date which may generally be applicable in the Swedish bond market) (i) the due date for interest or principal amount under the Conditions, (ii) any other date on which the Holders are to receive payment, (iii) the date of a Holders’ Meeting, (iv) the date on which a notice is to be sent, or (v) any other relevant date.

“**Reference Banks**” means Nordea Bank Abp, Skandinaviska Enskilda Banken AB (publ), Svenska Handelsbanken AB (publ) and Swedbank AB (publ) or such substitute banks which provide, at any given time, the Interest Rate for STIBOR and which are designated by the Administrative Dealer.

“**Regulated Market**” means a Regulated Market as defined in Directive 2014/65/EU on markets for financial instruments (or any replacing or supplementing legal act).

“**Relevant Dealer**” means, according to the Final Terms, the Dealer through which a specific Loan has been issued under this MTN Programme.

“**Repurchase Date**” means the date set out in Section 9.2.

“**Securities Account**” means the Securities Account (*VP-konto*) with Euroclear Sweden pursuant to the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479) in which (i) an owner of a security is directly registered as the owner of securities or (ii) an owner’s securities holdings are nominee registered under the nominee’s name.

“**Settlement Date**” means the date on which the proceeds of the issue of MTN are to be disbursed according to the Final Terms.

“**STIBOR**” means:

- (a) the annual Interest Rate quoted at approximately 11.00 a.m. on the day in question on Nasdaq Stockholm’s website for STIBOR fixing (or in such other system or other website that replaces this) for deposits in Swedish krona during a period comparable with the relevant Interest Period; or
- (b) if no such Interest Rate is quoted for the relevant Interest Period according to Section (a), the arithmetic mean of the rates (rounded upwards to four decimal places) of the Interest Rate quoted by the Reference Banks, in response to a request from the Administrative Dealer, for deposits of SEK 100,000,000 for the relevant Interest Period; or
- (c) if no Interest Rate is available under Section (a) and only one or zero quotes are received under Section (b), the Interest Rate which, in the reasonable estimate of the Administrative Dealer, best corresponds to the Interest Rate for deposits in Swedish krona in the Stockholm interbank market for the relevant Interest Period.

“**Swedish krona**” and “**SEK**” means the legal currency in Sweden.

- 1.2 When calculating whether a limit or threshold expressed in Swedish krona has been reached or exceeded, an amount in a different currency is to be calculated according to the conversion rate applying on the Business Day immediately preceding the relevant date in question and published on Reuters’ “SEKFIX=” page (or using the equivalent system or page which replaces the aforementioned system/page) or, if no such rate is published, according to the conversion rate for the Swedish krona against the currency in question published by the Riksbank on its website (www.riksbank.se) on the aforementioned date.
- 1.3 Additional definitions such as Interest Rate, Base Interest, Base Interest Margin, Interest Quotation Date, Interest Payment Date, Interest Period and Currency are set out (where applicable) in the Final Terms.
- 1.4 The definitions listed in these General Terms and Conditions shall also apply to the Final Terms.

2. ISSUANCE OF LOANS

- 2.1 Under this MTN Programme, the Company is entitled to issue MTNs in Swedish krona or euro with a maturity of at least one year. Several tranches of MTNs can be issued under one Loan without the approval of the Holders.
- 2.2 By subscribing to MTN, each initial Holder approves that MTN shall have the rights and be governed by the terms and conditions set out in the Conditions. By acquiring MTN, each new Holder confirms such approval.
- 2.3 The Company undertakes to make payments relating to issued MTNs and to otherwise comply with the Conditions established under this MTN Programme.
- 2.4 In the event that the Company wishes to issue MTN under this MTN Programme, the Company shall enter into a separate agreement for this purpose with one or more Dealer, which are to serve as the Relevant Dealer(s) for such Loans.

3. REGISTRATION OF MTNS

- 3.1 MTNs shall be registered on behalf of a Holder on a Securities Account, and thus no physical securities will be issued. Requests for any action with regard to registration of MTNs shall be directed to the Account Operator.
- 3.2 Those who according to assignment, pledge, the provisions in the Children and Parent Code, terms and conditions of a will or deed of gift or otherwise has acquired entitlement to receive payment under an MTN shall have this right to payment registered.
- 3.3 The Administrative Dealer has the right to receive information from Euroclear Sweden on the content of the Debt Register for MTNs, in order to enable the fulfilment of its duties pursuant to Section 11 (*Events of Default*) and Section 12 (*Holder's Meeting*), or for other purposes, if allowed by Euroclear Sweden. The Administrative Dealer shall accept no responsibility for the content of such excerpts or in any other way accept responsibility for establishing the identities of the Holders.

4. RIGHT TO ACT ON BEHALF OF A HOLDER

- 4.1 If an individual other than a Holder wishes to exercise the Holder's rights under the Conditions or to vote at a Holders' Meeting, such person must provide a power of attorney or other authorisation document issued by the Holder, or a chain of such powers of attorney and/or authorisation documents from the Holder.
- 4.2 The Holder, or other person who exercises the Holder's rights according to Section 4.1 above, can grant one or more persons with the power of attorney to represent the Holder with regard to either specific MTNs or all of the MTNs held by the Holder. Each such person with a power of attorney acts independently.

5. PAYMENTS

- 5.1 Payments relating to MTNs issued in Swedish krona shall be made in Swedish krona and, relating to MTNs issued in euro, shall be made in euro.
- 5.2 Payments relating to MTNs shall be made to the person registered as Holder on the Record Day in respect of each due date, or to another person if such is registered with Euroclear Sweden as entitled to receive these payments.

- 5.3 If a Holder has registered, via the Account Operator, that the principal amount and interest, respectively, are to be deposited in a specific bank account, the deposit shall be made through Euroclear Sweden on the respective due date. Otherwise, Euroclear Sweden will send the amount on the respective due dates to the Holder at the address registered on the Record Day with Euroclear Sweden.
- 5.4 If, due to a delay by the Company or due to another obstacle, Euroclear Sweden is not able to pay the amount pursuant to the above, the Company will procure that this is paid as soon as the obstacle has ceased, to the party which, on the Record Day, was registered as Holder.
- 5.5 If the Company is unable to fulfil its payment obligations via Euroclear Sweden, as stated above, due to an obstacle for Euroclear Sweden, the Company is entitled to postpone payment until the obstacle has ceased. In this case, interest is payable pursuant to Section 7.2.
- 5.6 If the person who has received an amount in accordance with this Section 5 has, in fact, no right to receive it, the Company and Euroclear Sweden will nevertheless be considered to have fulfilled their obligations. However, this will not apply if the Company or Euroclear Sweden was aware that the payment was made to a person not entitled to receive the payment or if they had not observed normal care.

6. INTEREST

- 6.1 Interest on a specific Loan is calculated on the Nominal Amount and is payable in accordance with the Conditions.
- 6.2 The Final Terms shall specify the relevant basis for calculation of return from the following alternatives, or a combination thereof:

(a) Fixed Interest Rate

If the Loan is specified as a Loan with Fixed Interest Rate, the Loan accrues interest according to the Interest Rate from the Interest Commencement Date (exclusive) up to the Maturity Date (inclusive).

Interest accruing during an Interest Period is payable in arrears on the respective Interest Payment Date and is calculated with the application of the Day Count Convention specified in the Final Terms.

(b) Floating Interest Rate

If the Loan is specified as a Loan with Floating Interest Rate, the Loan accrues interest from the Interest Commencement Date (exclusive) up to the Maturity Date (inclusive). The Interest Rate for each Interest Period is calculated by the Administrative Dealer on the appropriate Interest Quotation Date and comprises the Base Interest supplemented by the Base Interest Margin for the same period. If the calculated Interest Rate is below zero, the Interest Rate is to be determined as zero.

If the Interest Rate cannot be calculated on the Interest Quotation Date due to some obstacle referred to in Section 16.1, the Loan will continue to bear the Interest Rate which applies to the Interest Period in question. As soon as the obstacle has ceased, the Administrative Dealer will calculate a new Interest Rate to apply from the second Business Day following the day for calculation, until the end of the Interest Period applying at that time.

Interest accruing during an Interest Period is payable in arrears after the respective Interest Payment Date and is calculated with the application of the Day Count Convention specified in the Final Terms.

(c) Zero Coupon

If the Loan is specified as a Zero Coupon it bears no interest. Loans with Zero Coupon may be issued at a discount, par or premium.

- 6.3 Interest is calculated and paid up to the respective Interest Payment Date.
- 6.4 If the Interest Payment Date for a Loan with Fixed Interest Rate is on a day which is not a Business Day, the interest will be paid on the next following Business Day. However, interest is calculated and paid only up to the respective Interest Payment Date.
- 6.5 If the Interest Payment Date for a Loan with Floating Interest Rate falls on a day which is not a Business Day, the next following Business Day is to serve as the Interest Payment Date, provided this Business Day is not in a new calendar month, in which case the preceding Business Day will be the Interest Payment Date.

7. DEFAULT INTEREST

- 7.1 Where there is a delay in payment of the due amount, default interest is payable on the due amount from the due date up to and including the date when payment is made, at a rate corresponding to the average rate of one week STIBOR for MTNs issued in Swedish krona or one week EURIBOR for MTNs issued in euro during the period of the delay with the addition of two (2) percentage points. Under such circumstances, STIBOR and EURIBOR shall be determined on the first Business Day of each calendar week for the duration of the delay. Default interest in accordance with this Section 7.1 for Loans on which interest accrues shall, however, never be payable at a lower rate than the rate applicable to the relevant Loan on the due date, with the addition of two (2) percentage points. Default interest may not be capitalised.
- 7.2 If the delay is due to an obstacle experienced by the Dealers or Euroclear Sweden, default interest is payable at a rate corresponding to (i) for Loans accruing interest, the interest rate applying to the relevant Loan on the due date in question, or (ii) for Zero Coupon Loans, the average of one week STIBOR or one week EURIBOR, respectively, for the duration of the delay (whereby STIBOR and EURIBOR, respectively, are obtained on the first Business Day of each calendar week for the duration of the delay).

8. REDEMPTION AND PURCHASE

- 8.1 The Loans shall be redeemed on the Maturity Date at an amount per MTN specified in the Final Terms, together with accrued interest (if any). If the Maturity Date is on a day which is not a Business Day, the Loan will be repaid on the next following Business Day.
- 8.2 The Company may repurchase MTNs at any time, provided that this is permitted under applicable law. MTNs owned by the Company may be retained, sold or cancelled at the Company's discretion.

9. CHANGE OF CONTROL – PUT OPTION

- 9.1 Each Holder is entitled to demand the repurchase of all, or some, of its MTNs, if:
- (a) any person (other than Mr. Melker Schörling, his spouse, child, brother or sister, or any entity directly or indirectly controlled by any or all of them), alone or together with any other person or persons who are acting in concert with that person acquires shares representing more than fifty (50) per cent. of the total number of shares and/or more than fifty (50) per cent. of the voting rights in the Company; or
 - (b) the shares of the Company are delisted from the Regulated Market of Nasdaq Stockholm.

- 9.2 As soon as the Company becomes aware of a circumstance referred to in paragraph (a) or paragraph (b) of Section 9.1, the Company is obliged to notify the Holders of such event by way of a press release, information on the Company's website and as set out in Section 15 (*Notices*). The notice is to include instructions as to the actions a Holder who wishes to have its MTNs repurchased shall take and is to specify the Repurchase Date.
- 9.3 The Repurchase Date is to be set at the earliest twenty (20) and, at the latest, forty (40) Business Days after the notice is sent to the Holders pursuant to Section (a), although if the Repurchase Date is not a Business Day, the next following Business Day shall be the Repurchase Date.
- 9.4 If a right to repurchase is applicable, the Company shall, if so requested by a Holder, repurchase relevant MTNs on the Repurchase Date at the price per MTN which would have been repaid on the final Maturity Date, together with accrued interest (if any). For MTN with Zero Coupon, an amount per MTN calculated in accordance with Section 11.4 instead.
- 9.5 A request by a Holder for the repurchase of an MTN is to be delivered to the Company no later than ten (10) Business Days prior to the Repurchase Date.

10. GENERAL UNDERTAKINGS

For as long as any MTN is outstanding, the Company undertakes the following.

10.1 Status of the Loans

The Company shall ensure that its payment obligations under the Loans shall rank at least *pari passu* with the Company's other unsubordinated and unsecured payment obligations, except for those obligations which are mandatorily preferred by law.

10.2 The Company's business and fixed assets

The Company shall (i) ensure that no material change is made to the nature of the Group's business, and (ii) not divest or otherwise dispose of any fixed asset if such divestment or disposal would materially adversely affect the Company's ability to fulfil its payment obligations to the Holders.

10.3 Security for other Market Loans

The Company shall:

- (a) not itself provide security or permit another party to provide security – either in the form of a guarantee or similar undertaking – for other Market Loans which have been issued or may be issued by the Company;
- (b) not itself provide security for other Market Loans, which have been issued or which may be issued by another party than the Company, other than in the form of guarantees which, in turn, may not be secured; and
- (c) ensure that Group Companies (other than the Company), if issuing Market Loans, complies with the provisions in (a) and (b) above, whereby the same is to apply to the Group Companies as applies to the Company (taking into account that the Group Companies are permitted to accept such guarantees as the Company is permitted to provide pursuant to the provisions in (b) above).

10.4 Admission to trading on a Regulated Market

In respect of Loans which, according to the Final Terms, shall be admitted to trading on a Regulated Market, the Company undertakes to apply for this at Nasdaq Stockholm AB or another Regulated Market, and to take the measures necessary to maintain the listing for as long as the relevant Loan is outstanding, although no longer than is possible under applicable regulations.

10.5 Availability of Conditions

The Company undertakes to keep the latest version of these General Terms and Conditions and the Final Terms for all outstanding Loans admitted to trading on a Regulated Market available on the Company's website.

11. EVENTS OF DEFAULT

11.1 The Administrative Dealer shall, (i) if requested in writing by a Holder who, at the time of the request, represents at least one tenth of the Adjusted Loan Amount under the relevant Loan (such requests can only be made by Holders listed in the Debt Register maintained by Euroclear Sweden on the Business Day immediately preceding the day on which the request was received by the Administrative Dealer and shall, if made by multiple Holders each representing less than one tenth of the Adjusted Loan Amount under the relevant Loan, be made jointly), or (ii) if decided by the Holders under a Loan at a Holders' Meeting, declare, in writing, the relevant Loan, together with interest (if any), due for payment immediately or at the time determined by the Administrative Dealer or the Holder Meeting (as applicable), if:

- (a) The Company fails to pay principal amounts or interest due for a Loan under this MTN Programme on its due date, unless the delay:
 - (i) is the result of a technical or administrative error; and
 - (ii) is remedied within three (3) Business Days;
- (b) the Company, other than as stated in (a) above, does not fulfil its obligations under the Conditions with regard to the relevant Loan, on the condition that, if the breach is capable of being remedied, the Company has been requested by the Administrative Dealer in writing to remedy the failure and no such remedy has occurred within fifteen (15) Business Days;
- (c)
 - (i) a Material Group Company does not fulfil its payment obligations under any other loan on its due date or within any applicable grace period, and the relevant loan has been accelerated as a result thereof, or could have been accelerated (or, if there is no provision regarding acceleration or if the defaulted payment should have been the final payment, the delay has continued for ten (10) Business Days); or
 - (ii) a Material Group Company does not, within ten (10) Business Days of the date on which the Material Group Company receives a rightful claim, fulfil its guarantee liability for the payment obligations of another party,

provided that the outstanding debt under the relevant loan(s) or guarantee claim(s) referred to under Section (c)(i)-(ii), amounts to at least of SEK 50,000,000 or the equivalent value in a different currency;
- (d) assets owned by a Material Group Company and which have a value in excess of SEK 50,000,000 are subject to expropriation, attachment, sequestration, distress or execution, or any analogous process in any applicable jurisdiction and is not discharged within thirty (30) Business days from the date of the order notice or the decision to impose a similar arrangement abroad;
- (e) a Material Group Company suspends its payments;
- (f) a Material Group Company applies for, or permits application for, company reconstruction, or similar arrangement;
- (g) a Material Group Company is declared bankrupt;

- (h) it is resolved that the Company shall go into liquidation or be dissolved, or that a Material Group Company shall be put into compulsory liquidation; or
- (i) the Company's board prepares a merger plan under which the Company is the transferring company.

The concepts of “**loan**” and “**obligation**” in Section (c) above also cover overdrafts and sums which have not been obtained as a loan but which shall be paid on the basis of a debt instrument which is clearly intended for trade.

- 11.2 The Administrative Dealer may not declare the relevant Loan, together with interest (if any), due and payable according to Section 11.1, by reference to an event of default, if it has been established at a Holders' Meeting to waive such event of default (temporarily or permanently).
- 11.3 The Company shall immediately notify the Dealers and Holders pursuant to Section 15 (*Notices*) in case a default as described in Section 11.1 has occurred. In the absence of such a notification, neither the Administrative Dealer nor the Dealers shall be regarded as being aware of the default, regardless of their actual knowledge thereof. Neither the Administrative Dealer nor the Dealers are required to monitor whether a default as described in Section 11.1 has occurred.
- 11.4 With regard to the repayment of a Loan upon acceleration pursuant to Section 11.1:
- (a) interest bearing Loans shall be repaid at the amount per MTN which would have been repaid on the final Maturity Date, together with accrued interest until and including the date of repayment; and
 - (b) non-interest-bearing Loans shall be redeemed at an amount per MTN determined by the following formula as per the date of acceleration of the Loan:

$$\frac{\text{Nominal Amount}}{(1 + r)^t}$$

r = the ask rate quoted by the Administrative Agent for Swedish government bonds with an outstanding term to maturity corresponding to the remaining term of the relevant Loan. In the absence of such ask rate, the bid rate shall be used instead, as reduced by a market bid/ask spread, expressed in percentage points. The calculation shall be based on the closing quotation.

t = the remaining term for the relevant Loan, expressed in the Day Count Convention Actual/360 for MTN denominated in SEK or EUR.

12. HOLDERS' MEETING

- 12.1 The Administrative Dealer may and shall, if requested by the Company or a Holder who, at the time of the request, represents a minimum of one tenth of the Adjusted Loan Amount under a specific Loan (such requests can only be made by Holders listed in the Debt Register for MTNs maintained by Euroclear Sweden on the Business Day immediately preceding the day on which the request was received by the Administrative Dealer and shall, if made by multiple Holders each representing less than one tenth of the Adjusted Loan Amount, be made jointly), convene a Holders' Meeting for the Holders under the relevant Loan.
- 12.2 The Administrative Dealer shall convene a Holders' Meeting by notifying each Holder and the Company of this within five (5) Business Days of receiving the request from the Company or Holder pursuant to Section 12.1 (or a later day if necessitated by technical or administrative reasons). The Administrative Dealer shall immediately inform the Relevant Dealer, in writing, of the aforementioned notification.
- 12.3 The Administrative Dealer may refrain from convening a Holders' Meeting if (i) the proposed resolution must be approved by any person in addition to the Holders and such person has informed

- the Administrative Dealer that an approval will not be given, or (ii) the proposed resolution is not in accordance with applicable law.
- 12.4 The notice of the meeting pursuant to Section 12.2 shall include (i) the time of the meeting, (ii) the location of the meeting, (iii) the agenda for the meeting (including all requests for a decision from the Holders), and (iv) a power of attorney form. Only matters included in the notice may be decided on at the Holder Meeting. If it is a requirement that Holders communicate their intention to attend the Holder Meeting, this requirement shall be stated in the notice.
- 12.5 The Holder Meeting must not be held earlier than fifteen (15) Business Days and not later than thirty (30) Business Days after the notice was provided. Holders' Meetings for multiple loans under the MTN Programme can be held on the same occasion.
- 12.6 Insofar as it does not entail a deviation from these General Terms and Conditions, the Administrative Dealer may impose additional provisions regarding the notice of and holding of the Holders' Meeting, as it finds necessary. Such provisions may refer to, for example, the option for Holders to vote without personally attending the meeting, that voting can take place electronically or in writing.
- 12.7 Only persons who are, or have been granted power of attorney pursuant to Section 4 (*Right to act on behalf of Holders*) by a person who is a Holder on the Record Day for the Holders' Meeting are entitled to exercise their voting rights at such Holders' Meeting, on condition that the relevant MTNs are included in the Adjusted Loan Amount. The Administrative Dealer is to ensure that a printed copy of the Debt Register as at the Record Day for the Holder Meeting, is available at the meeting.
- 12.8 Holders and the Administrative Dealer and the Relevant Dealer, as well as their respective representatives and assistants, are entitled to attend Holders' Meetings. It can be resolved at the Holders' Meeting that additional persons may attend. Representatives must produce an authorised power of attorney which is to be approved by the chairman of the Holders' Meeting. Holders' Meetings shall begin with the appointment of a chairman, secretary and persons to verify the minutes. The chairman shall prepare a list of Holders with voting rights in attendance, including information on the proportion of the Adjusted Loan Amount represented by each Holder ("**Voting List**"). The Voting List shall be approved by the Holders' Meeting. Holders voting via an electronic voting procedure, voting slip or equivalent, shall, in the application of these provisions, be regarded as attending the Holders' Meeting. Only those who, on the fifth Business Day prior to the Holders' Meeting, were registered as Holders, or as representatives for such Holders and who are included in the Adjusted Loan Amount, are entitled to vote and are to be included on the Voting List. The Company shall be granted access to relevant voting calculations and the basis for these. The minutes of the meeting shall be completed as soon as possible and shall be made available to Holders, the Company and the Administrative Dealer.
- 12.9 Resolutions on the following matters require the approval of Holders representing at least eighty (80) per cent of the Adjusted Loan Amount for which the Holders are voting under the relevant Loan at the Holders' Meeting:
- (a) amendment of the Maturity Date, reduction of Loan Amounts, amendment of terms related to interest or amounts to be repaid (other than as stated in the Conditions) and amendment of the established Currency for the Loan;
 - (b) amendment of the terms for Holders' Meetings pursuant to this Section 12;
 - (c) change of issuer; and
 - (d) mandatory exchange of MTNs for other securities.
- 12.10 Matters not covered by Section 12.9 require the approval of Holders representing more than fifty (50) per cent of the Adjusted Loan Amount for which the Holders are voting under the relevant Loan at the Holders' Meeting. This includes, but is not limited to, amendments to and waivers of rights in

relation to the Conditions which do not require a higher majority (other than amendments pursuant to Section 13 (*Amendments to Terms, etc.*)) and acceleration of Loans.

- 12.11 A Holders' Meeting is quorate if Holders representing at least fifty (50) per cent of the Adjusted Loan Amount under the relevant Loan, for matters included in Section 12.9 and, for other matters, twenty (20) per cent of the Adjusted Loan Amount under the relevant Loan, attend the meeting in person or via telephone (or appear through duly authorised representatives).
- 12.12 If the Holders' Meeting is not quorate, the Administrative Dealer shall convene a new Holders' Meeting (pursuant to Section 12.2), on condition that the relevant proposal has not been withdrawn by the party/parties initiating the Holders' Meeting. The requirement for a quorum in Section 12.11 shall not apply to such a new Holders' Meeting. If the Holders' Meeting is quorate for certain matters but not others on the agenda at the Holders' Meeting, resolutions shall be made on the matters for which the meeting is quorate and other matters shall be referred to the new Holders' Meeting.
- 12.13 A resolution at a Holders' Meeting that extends the obligations or restricts the rights of the Company or the Relevant Dealers under the Conditions also requires the approval of the affected party.
- 12.14 A Holder holding more than one MTN 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.
- 12.15 The Company may not, directly or indirectly, provide payment or contribute to the provision of compensation to a Holder for giving their consent according to the Conditions, unless the same compensation is offered to all Holders giving consent at the relevant Holders' Meeting.
- 12.16 A resolution passed at a Holders' Meeting is binding for all Holders under the relevant Loan, regardless of whether they attended the Holders' Meeting or not. Holders who did not vote for a resolution shall not be held liable for any damages caused by the resolution to other Holders.
- 12.17 At the request of the Administrative Dealer, the Company shall, without delay, provide the Administrative Dealer with a certificate specifying the total amount of all MTNs owned by Group Companies on the Business Day specified in Section 12.1, and the relevant Record Day prior to a Holders' Meeting, regardless of whether such Group Company is directly registered as the owner of MTNs. The Administrative Dealer shall accept no responsibility for the content of such a certificate or in any other way accept responsibility for establishing whether an MTN is owned by a Group Company.
- 12.18 Information regarding resolutions passed at a Holders' Meeting shall be communicated to the Holders under the relevant Loan without undue delay, by means of a press release, a statement on the Company's website and pursuant to Section 15 (*Notices*). The Administrative Dealer shall, if requested by the Holders and/or Relevant Dealer, provide a copy of the minutes of the relevant Holders' Meeting. Failure to communicate with the Holders in the manner specified above shall not affect the validity of the resolution.

13. AMENDMENT OF TERMS, ETC.

- 13.1 The Company and the Dealers may agree on the rectification of clear and obvious errors in these General Terms and Conditions.
- 13.2 The Company and the Administrative Dealer may agree on the rectification of clear and obvious errors in the Final Terms for a specific Loan.
- 13.3 Amendments or waivers of the Conditions in other cases than as set out in Sections 13.1 and 13.2 require a resolution to be passed at a Holders' Meeting as stated in Section 12 (*Holders' Meeting*).
- 13.4 Approval at a Holders' Meeting to amend or waive any Condition can apply only to the substance of the amendment and does not require the approval of the specific form of the amendment.

- 13.5 A decision to amend the terms of any Condition shall also include a decision regarding the effective date of the amendment. However, a resolution cannot become effective before being registered with Euroclear Sweden (where applicable) and published pursuant to Section 10.5.
- 13.6 Amendments or waivers in the Conditions pursuant to this Section 13 shall be communicated by the Company to the Holders, without undue delay, pursuant to Section 15 (*Notices*) and published pursuant to Section 10.5.
- 13.7 The Company and the Dealers may agree to increase or decrease the programme amount of the MTN Programme.

14. TIME BARRING OF CLAIMS

- 14.1 A claim to the principal amount becomes void ten years after the Maturity Date. A claim to interest payments becomes void three years after the respective Interest Payment Date. If a claim becomes void, the funds reserved for the payment of the claim accrue to the Company.
- 14.2 If a limitation period is duly interrupted then a new limitation period commences of ten years as regards the principal amount and three years as regards interest amounts, in both cases counted from the day specified in provisions in the Act of Limitations (1981:130) concerning the effect of interruption of limitation periods.

15. NOTICES

- 15.1 Notices shall be submitted to Holders for the Loan in question at the address registered with Euroclear Sweden on the Record Day prior to dispatch. A notice to the Holders shall also be publicised by means of a press release and be published on the Company's website.
- 15.2 Notices shall be delivered to the Company and the Dealers at the addresses registered with the Swedish Companies Registration Office on the Record Day prior to dispatch.
- 15.3 A notice to the Company or Holders under the Conditions sent by post to the registered address is to be regarded as delivered to the recipient on the third Business Day after dispatch and notices sent via courier is to be regarded as delivered to the recipient upon delivery at the registered address.
- 15.4 In the event that a notice is not delivered in the correct manner to certain Holders, this shall not affect the validity of the notices to other Holders.

16. FORCE MAJURE AND LIMITATION OF LIABILITY

- 16.1 As regards duties of the Dealers, those are not to be held responsible for any loss or damage resulting from a Swedish or foreign legal enactment, intervention of a Swedish or foreign public authority, act of war, strike, blockade, boycott, lockout, or any other similar circumstance. The reservation in respect of strikes, blockades, boycotts and lockouts applies even if the Dealer concerned is subjected to such measures or takes such measures itself.
- 16.2 Any loss or damage that may occur under other circumstances shall not be indemnified by a Dealer, provided that the Dealer concerned has observed normal care. In no case will indirect damages be indemnified.
- 16.3 Where a Dealer is prevented from taking action as a consequence of such events as are set forth in Section 16.1, the action shall be postponed until the cause of the delay ceases.
- 16.4 The above shall apply unless otherwise prescribed in the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479).

17. GOVERNING LAW AND JURISDICTION

- 17.1 Swedish law is applicable to the Conditions and all non-contractual obligations arising in connection with the application of the Conditions.
- 17.2 Disputes shall be settled by a Swedish court. Stockholm District Court shall be the court of first instance.

We hereby confirm that we are bound by the above General Terms and Conditions.

Malmö, 23 November 2018

AAK AB (publ)

FORM OF FINAL TERMS

The following form is used for the Final Terms for each Loan issued under the MTN Programme.

FORM OF FINAL TERMS

**for loan no. [•]
under AAK AB (publ) (the “Company”)
Swedish MTN Programme**

The General Terms and Conditions of the above-mentioned MTN Programme, as well as the Final Terms specified below, shall apply to the Loan. The General Terms and Conditions of the Company’s MTN Programme are set out in the Company’s base prospectus dated 28 November 2018 as well as any supplementary prospectus in respect of the MTN Programme and published from time to time in accordance with article 5.4 of Directive 2003/71/EC (together with the relevant implementation measures pursuant to this directive in each member state and in its current wording, including amendments through Directive 2010/73/EU to the extent that these have been implemented in the relevant member state, referred to as the “Prospectus Directive”) (the “**Base Prospectus**”) for the MTN Programme. The definitions used below are set out either in the General Terms and Conditions, or in these Final Terms, or in another manner in the Base Prospectus.

These Final Terms have been prepared in accordance with article 5.4 of Directive 2003/71/EC. Complete information regarding the Company and the offer is only available through a combination of the Base Prospectus, its supplementary prospectus(es) and these Final Terms, and thus investors who are considering investing in the MTNs should read the Base Prospectus, these Final Terms and the supplementary prospectus(es). The Base Prospectus and the supplementary prospectus(es) are available on the Company’s website at www.aak.com.

[These Final Terms replace the Final Terms dated *[date]*, in conjunction with the Loan Amount being raised by [SEK/EUR] *[amount in figures]* from [SEK/EUR] *[amount in figures]* to [SEK/EUR] *[amount in figures]*.]

GENERAL

- | | | |
|-----|---|---|
| 1. | Loan Number: | [•] |
| | (i) Tranche name: | [•] |
| 2. | Loan Amount: | |
| | (i) for the Loan: | [•] |
| | (ii) for tranche [•]: | [•] |
| | [(iii) for tranche [•]: (<i>state previous tranches</i>): | [•] |
| 3. | Price per MTN: | [•] % of the Nominal Amount [plus accrued interest starting from <i>[insert date]</i> if appropriate] |
| 4. | Currency: | [SEK]/[EUR] |
| 5. | Nominal Amount: | [SEK]/[EUR] [•] (<i>Minimum EUR 100,000 or the countervalue thereof in SEK.</i>) |
| 6. | Loan Date: | [•] |
| 7. | Interest Commencement Date: | [Loan Date]/[•] |
| 8. | Settlement Date: | [Loan Date]/[•] |
| 9. | Repayment Date: | [•] |
| 10. | Basis for calculation of interest: | [Fixed Interest Rate]
[Floating Rate Notes (FRN)]
[Zero Coupon] |

11. **Amount as basis for calculation of interest:** [Nominal Amount]/[•]

BASIS FOR CALCULATIONS OF RETURN

12. **Fixed Interest Rate:** [Applicable]/[Not applicable]
(If not applicable, delete the remaining sub-headings of this section)
- (i) Interest Rate: [•] % annual interest rate calculated on [Nominal Amount]/[•].
- (ii) Interest Period: The period commencing [•] up to and including [•] (the first Interest Period) and thereafter each period of time of [•] months ending on an Interest Payment Date
- (iii) Interest Payment Date(s): [Annually]/[Semi-annually]/[Quarterly] on [•], the first time on [•] and the last time on [•]
(The above is changed in the event of a shortened or extended Interest Period)
- (iv) Day Count Convention: [30/360]/[Specify]
- (v) Risk Factors: In accordance with the risk factor headed “*MTN with fixed interest rate*” in the Base Prospectus.
13. **Floating Interest Rate (FRN):** [Applicable]/[Not applicable]
(If not applicable, delete the remaining sub-headings of this section)
- (i) Base Interest: [•]-month [STIBOR]/[EURIBOR]
 [The first coupon’s Base Interest shall be linearly interpolated between [•]-month [STIBOR]/[EURIBOR] and [•]-month [STIBOR]/[EURIBOR].]
- (ii) Base Interest Margin: [+/-][•] % annual interest rate calculated on [Nominal Amount]/[•].
- (iii) Interest Quotation Date: [Two] Business Days prior to each Interest Period, the first occasion being [•]
- (iv) Interest Period: The period commencing [•] up to and including [•] (the first Interest Period) and thereafter each period of time of approx. [•] months ending on an Interest Payment Date.
- (v) Interest Payments Date(s): The last day of each Interest Period, [on [•], on [•], on [•] and on [•],] the first time on [•] and the last time on [•]/[the Repayment Date].
- (vi) Day Count Convention: [Actual/360]/[Specify]
- (vii) Risk Factors: In accordance with the risk factor headed “*MTN with floating interest rate*” in the Base Prospectus.
14. **Zero Coupon:** [Applicable]/[Not applicable]
(If not applicable, delete the remaining sub-headings of this section)
- (i) Terms for Loans without interest: [Specify details]
- (ii) Risk Factors: In accordance with the risk factor headed “*MTN without interest (Zero Coupon)*” in the Base Prospectus.

REPAYMENT

15. **Amount of MTN to be repaid on the Repayment Date:** [•] % of [Nominal Amount]/[•]

OTHER

16. **Admittance to trading on a Regulated Market:** [Applicable/Not applicable]
(If not applicable, delete the remaining sub-headings of this section)
- (i) Regulated Market: [Nasdaq Stockholm]/[Specify other Regulated Market]
- (ii) Estimate of total costs in connection with admission to trading: [•]
- (iii) Total number of securities admitted to trading: [•]
- (iv) Earliest date for admission to trading: [•]
17. **Interests:** [Specify]/[Not applicable]
(Interests and any possible conflicts of interest must be described for persons involved in the issue who are of importance regarding the Loan)
18. **Credit Rating for Loan:** [Specify]/[Not applicable]
19. **Resolution approving the issue:** [In accordance with the Base Prospectus]/[Resolution regarding this Loan was taken on *[insert date]*]/Specify]
20. **Information from third parties:** [Information in these Final Terms sourced from a third party has been accurately reproduced and, as far as the Company is aware and is able to ascertain from comparison with other information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading]/[Not applicable]
21. **Relevant Dealer(s):**
- (i) for tranche [•]: [Specify]
- [(ii) for tranche [•]: *(state previous tranches)*] [[Specify]]
22. **Administrative Dealer:** [Specify]
23. **ISIN:** SE[•]

The Company confirms that the above supplementary terms and conditions apply to the Loan, together with the General Terms and Conditions, and accordingly undertakes to pay principal and (if applicable) interest. The Company also confirms that all significant events after the date of this MTN Programme's applicable Base Prospectus which could affect the market's perception of the Company have been published.

[Place, date]

AAK AB (publ)

BUSINESS DESCRIPTION AND STRUCTURE

The business of the Group

Main operations

The Group's core business is to provide value-adding solutions, based on speciality vegetable oils and fats, to the food, confectionary, cosmetic and technical industries. The Group has 20 production facilities and customisation plants and sales offices in more than 25 countries, and in total approximately 3,400 employees. The Group's business is divided into three business areas: Food Ingredients, Chocolate & Confectionery Fats and Technical Products & Feed.

Food Ingredients

The business area Food Ingredients, which is the Group's largest business area, primarily offers solutions to the bakery, dairy, foodservice and special nutrition industries. For the bakery industry, AAK supplies specialty oils and fats. The Group's solutions come in the form of shortenings, laminating fats, frying oils, margarines, flaked shortenings, hardstocks, melanges, and many other products. For the dairy and ice cream industry, AAK customises solutions for segments like ice cream, cheese, whipped toppings, yellow fats, fermented milk products, milk drink & powder and coffee whitener. AAK Foodservice and Retail produces over 200 different specialty oils, condiments, sauces, dressings, frying oils and ingredients. For the special nutrition industry, AAK provides dietary products, beneficial oils and fat supplements that constitute unique solutions for infant, medical and senior nutrition. In 2017, the operating profit of the business area Food Ingredients totalled 58 per cent. of the operating profit of the Group.

Chocolate & Confectionery Fats

The Group's second largest business area is Chocolate & Confectionery Fats, which supplies special vegetable fats used as cocoa butter alternatives for chocolate products. AAK has a wide product portfolio based on customer requirements. Many of AAK's new product launches are developed and customised in close collaboration with the Group's customers. AAK's solutions for the chocolate and confectionery industry cover a wide range of product applications, including chocolate fats and compound fats for coating and molding, filling fats, barrier fats, and spreads. In 2017, the operating profit of the business area Chocolate & Confectionery Fats totalled 38 per cent. of the operating profit of the Group.

Technical Products & Feed

The Technical Products & Feed business area offers fatty acids and glycerine for various applications, and proteins and fats for animal feed. Fatty acids and glycerine are produced by splitting the fat molecule and refining the outcome into high-purity products. Fatty acids are basic oleochemicals which are used as raw materials for production of a wide range of products such as detergents, surfactants, paper chemicals, plastic and rubber additives. They are also used directly in tire manufacturing and candle production. Glycerine is used in a diversity of products, for example anti-freeze agents and surface coatings. In 2017, the operating profit of the business area Technical Products & Feed totalled 4 per cent. of the operating profit of the Group.

Major shareholders

The shares in the Company are listed on the regulated market of Nasdaq Stockholm. The below table sets out the ten largest shareholders of the Company as at 31 October 2018.

The Company's ten largest shareholders as at 28 September 2018

Name of shareholder	Percentage of votes and share capital
Melker Schörling AB	31.8
Alecta Pensionsförsäkringar	4.8
Didner & Gerge Fonder Aktiebolag	3.9
Swedbank Robur Fonder	3.9
AMF – Försäkring och Fonder	3.9
State Street Bank and Trust Co.	2.5
SEB Investment Management	2.2
Kirkbi Invest A/S	1.8
BNY Mellon SA/NV	1.6
NTC Varius Fiduciary Capacity	1.5
Total, ten largest shareholders	57.9

The shares in the Company are listed on the Regulated Market of Nasdaq Stockholm, which means that the Company must comply with provisions regarding independency of certain board members and the Swedish Code of Corporate Governance, in order to ensure that any control of the Company is not abused.

There are no arrangements known to the Company, the operation of which may result in a change in control of the Company.

Group structure

The Company is the parent company of the Group. The Company is a holding company and does not conduct any direct business operations other than intra-group services which mainly consist of group functions connected to the development and management of the Group. The Company is also responsible for the Group strategy and risk management, and provides legal and tax-related services to companies within the Group. Consequently, the Company is dependent on receipt of sufficient income related to the operations of the other entities within the Group, which are legally separate and distinct from the Company. The ability of any operating company of the Group to make payments to the Company is subject to, among other things, the availability of funds, corporate restrictions, the terms of each company's indebtedness and local law.

The below table sets out the Company's directly owned subsidiaries as at the date of this Base Prospectus.

Name of subsidiary, registered office	Registration number	Shareholding and votes
AAK Denmark Holding A/S	556669-2850	100%
AAK Miyoshi JP	110171188047	70%
AarhusKarlshamn Finance AB	556880-4339	100%
AarhusKarlshamn Holding AB	556759-7918	100%
AarhusKarlshamn Invest AB	556747-6931	100%

Through its ownership in AAK Denmark Holding A/S, AAK Miyoshi JP, AarhusKarlshamn Holding AB and AarhusKarlshamn Invest AB, the Company owns a large number of indirect subsidiaries which are not set out above (as of the date of this Base Prospectus, the Company has 79 indirect subsidiaries). Approximately 99.5 per cent. of the Group's revenues stem from operations carried out in AAK Denmark Holding A/S, AAK Miyoshi JP, AarhusKarlshamn Holding AB and AarhusKarlshamn Invest AB and the subsidiaries of such companies.

The Company's subsidiary AarhusKarlshamn Finance AB acts as the internal bank for the Group. The business of AarhusKarlshamn Finance AB comprises, amongst other things, to manage the liquidity of the Group (e.g. by being the top account holder in the Groups cash pool), to enter into currency hedging arrangements (raw material hedging arrangements are entered into by the operating subsidiaries of the Issuer) and to borrow funds from external lenders for the financing of the Group's operations, which includes to provide intragroup loans to the

operating companies within the Group. AarhusKarlshamn Finance AB is thus the borrower in respect of a significant portion of the Group's external debt. Generally, the Company provides guarantees for such external debt. The subsidiaries of AarhusKarlshamn Finance AB only conduct treasury operations (they do not conduct any other business operations).

THE COMPANY

General corporate and Group information

The Company's legal and commercial name is AAK AB (publ), its Swedish Reg. No. is 556669-2850 and its LEI code is 549300GK4LGIDDWJWL07. The registered office is at Skrivaregatan 9, 215 32 Malmö, Sweden. The Company is a public limited liability company (*publikt aktiebolag*) regulated by the Swedish Companies Act (*aktiebolagslagen (2005:551)*) and was registered with the Swedish Companies Registration Office (*Bolagsverket*) on 27 October 2004.

AAK's history stretches back to the year 1871, when Aarhus Palmekærnefabrik was established to process kernels. Pursuant to the Company's Articles of Association, the object of the Company's business shall be to, directly or through subsidiaries, operate manufacturing and trading business, primarily within the food industry, and other associated business.

Board of Directors

Pursuant to AAK's Articles of Association, the Board of Directors shall consist of no less than three and no more than ten members. Under Swedish law, employee organisations have a right to be represented on the Board of Directors. The Board of Directors currently consists of six members elected by the Annual General Meeting held in 2018 and two employee representatives (with two deputy employee representatives) appointed by the employee organisations.

Georg Brunstam

Born 1957. Chairman of the Board of Directors since 2018.

Other on-going principal assignments: Chairman of the Board of Directors of Hexpol AB and Inwido AB. Board member of NIBE Industrier AB, Beckers Industrial Coatings Holding AB and Melker Schörling AB.

Bengt Baron

Born 1962. Board member since 2017.

Other on-going principal assignments: Chairman of the Board of Directors of Thule Group AB (publ), Enzymatica AB and MIPS AB.

Gun Nilsson

Born 1955. Board member since 2017.

Other on-going principal assignments: Chairman of the Board of Directors of Hexagon AB. Board member of Hexpol AB, Loomis AB and Bonnier Holding AB. CEO of Melker Schörling AB.

Lillie Li Valeur

Born 1970. Board member since 2013.

Other on-going principal assignments: -.

Marianne Kirkegaard

Born 1968. Board member since 2015.

Other on-going principal assignments: Board member of Dansk Supermarked.

Märta Schörling Andreen

Born 1984. Board member since 2013.

Other on-going principal assignments: Board member of Melker Schörling AB, Hexpol AB, Hexagon AB and Absolent Group AB.

Leif Håkansson

Born 1957. Board member, employee representative since 2005.

Other on-going principal assignments: -

Lena Nilsson

Born 1960. Board member, employee representative since 2018.

Other on-going principal assignments: -

Ingvar Andersson

Born 1954. Deputy board member, employee representative since 2016.

Other on-going principal assignments: -

Fredrik Rydberg

Born 1973. Deputy board member, employee representative since 2018.

Other on-going principal assignments: -

The Executive Committee**Johan Westman**

Born 1973. President & CEO. Employed since 2018.

Qualifications: MSc. Industrial Engineering and Management.

Other on-going principal assignments: -

Fredrik Nilsson

Born 1977. CFO, Head of Corporate Communications and HR. Vice President. Employed since 2007.

Qualifications: MSc. Business Administration.

Other on-going principal assignments: -

Jan Lenferink

Born 1963. President AAK Europe and Vice President AAK AB. Employed since 2015.

Qualifications: Food Technology

Other on-going principal assignments: -

David Smith

Born 1960. President European Supply Chain and Vice President AAK AB. Employed since 2001.

Qualifications: MBA, Graduate Diploma in Business Management.

Other on-going principal assignments: -

Torben Friis Lange

Born 1963. President AAK Asia, Chairman Global Sourcing and Trading. Vice President AAK AB. Employed since 2010.

Qualifications: BSc. Dairy Technology and Graduate Diploma in Business Administration.

Other on-going principal assignments: Chairman of the Board of Directors of DSHwood A/S, board member of Fediol Federation De l'industrie de l'huilerie de la C.E.E. ADF and Society of Dairy Science (Denmark).

Octavio Diaz de Leon

Born 1967. President AAK USA and North Latin America. Vice President AAK AB. Employed since 2007.

Qualifications: MBA, BSc. Mechanical and Electrical Engineering.

Other on-going principal assignments: -

Gerardo Garza Lopez de Heredia

Born 1961. President AAK South Latin America. Vice President AAK AB. Employed since 2014.

Qualifications: Graduate Diploma in Business Administration, Food Engineering.

Other on-going principal assignments: -

Renald Mackintosh

Born 1963. Chairman Special Nutrition. Vice President AAK AB. Employed since 2002.

Qualifications: MSc. Food Technology.

Other on-going principal assignments: -

Karsten Nielsen

Born 1963. CTO (Chief Technology Officer). Vice President AAK AB. Employed since 1988.

Qualifications: Graduate Diploma in Food Technology.

Other on-going principal assignments: -

Anne Mette Olesen

Born 1964. Chief Marketing Officer including CSR. Vice President AAK AB. Employed since 2010.

Qualifications: MBA, BSc. Chemical Engineering.

Other on-going principal assignments: Board member of Trelleborg AB (publ).

René Schou

Born 1964. President Foodservice Europe and Technical Products & Feed. Vice President AAK AB. Employed since 2011.

Qualifications: MBA, Food Technologist.

Other on-going principal assignments: -

Additional information on the Board of Directors and the Executive Committee

Business address

The business address for Johan Westman, Fredrik Nilsson, Jan Lenferink, Anne-Mette Olesen and all members of the Board of Directors is c/o AAK AB, Skrivaregatan 9, 215 32 Malmö, Sweden.

The business address for David Smith and Renald Mackintosh is Kreeftstraat 1 1544 CK Zaandijk, the Netherlands.

The business address for Torben Friis-Lange, Karsten Nielsen and René Schou is c/o AAK Denmark A/S, Slipvej 4, 8000 Aarhus C, Denmark.

The business address for Octavio Diaz de Leon is 499 Thornall St. Edison, New Jersey 08837, USA.

The business address for Gerardo Garza Lopez de Heredia is c/o AAK do Brasil Indústria e Comércio de Óleos Vegetais Ltda, Av. José Alves de Oliveira, 333, Distrito Industrial, Jundiaí, São Paulo, 13213-105 Brazil.

Conflicts of interest

The board members Georg Brunstam and Märta Schörling Andreen are also members of the Board of Directors of Melker Schörling AB, the largest shareholder in the Company. Further, the board member Gun Nilsson is the CEO of Melker Schörling AB. Aside from this, the Company is not aware of any potential conflict of interest between, on one hand, the duties to the Company of the members of the Board of Directors and the members of the Executive Committee and, on the other hand, such persons' private interests or other duties.

Auditor

PricewaterhouseCoopers AB (Box 4009. 203 11 Malmö, Sweden) has been the Company's auditor for the financial years 2016 and 2017. Sofia Götmar-Blomstedt, born 1969, was the auditor in charge. Sofia Götmar-Blomstedt is an authorised public accountant and member of FAR, the professional institute for accountants in Sweden.

LEGAL CONSIDERATIONS AND SUPPLEMENTARY INFORMATION

Authorisation and responsibility

The Company has obtained all necessary resolutions, authorisations and approvals required in conjunction with the MTNs and the performance of its obligations relating thereto.

The Company accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Board of Directors of the Company is, to the extent provided by law, responsible for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Use of benchmark

Interest payable for MTNs issued under the MTN Programme may be calculated by reference to certain benchmarks, being EURIBOR and STIBOR, as defined in the General Terms. The benchmarks are provided by the European Money Market Institute (EURIBOR) and the Swedish Bankers' Association (STIBOR). At the date of this Base Prospectus, the European Money Market Institute and the Swedish Bankers' Association do not appear on the register of administrators and benchmarks maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (the 'Benchmarks Regulation'). As far as the Company is aware the provisions in Article 51 of the Benchmarks Regulation apply, such that the European Money Market Institute and the Swedish Bankers' Association are not yet required to obtain authorisation or registration (or, if located outside of the European Union, equivalence, recognition or endorsement).

Material Agreements

Neither the Company nor any other Group Company has concluded any material agreements not entered into in the ordinary course of its business which could result in a member of the Group being under an obligation or entitlement that is material to the Company's ability to meet its obligations to the Holders.

Legal and arbitration proceedings

No Group Company has been party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened which the Company is aware of) during the previous 12 months from the date of this Base Prospectus which may have, or have had in the recent past, significant negative effects on the Company's and/or the Group's financial position or profitability.

Trend information

There has been no material adverse change in the prospects of the Company since the date of its last published audited financial statements.

Significant changes

There have been no significant changes in the financial or trading position of the Group since 30 September 2018, being the end of the latest financial period for which interim financial information has been published.

Incorporation by references

The information referred to below has been incorporated into this Base Prospectus by reference and should be read as part of this Base Prospectus. The information incorporated by reference is available at the website of AAK (www.aak.com/investors/financial-information/).

Information in the Annual Reports for 2016 and 2017 and the Interim Report for the period 1 January 2018–30 September 2018 which is not incorporated by reference is either deemed by the Company not to be relevant for

investors in MTNs or covered elsewhere in the Base Prospectus. The Interim Report for the period 1 January 2018–30 September 2018 has been reviewed by the Company’s auditor.

The Company’s Annual Reports for 2016 and 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and in accordance with the Swedish Annual Report Act (*årsredovisningslag (1995:1554)*). With the exception of the Annual Reports, no information in this Base Prospectus has been audited by the Company’s auditor, and with the exception of the Annual Reports and the Interim Report, no information in this Base Prospectus has been reviewed by the Company’s auditor.

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Key figures for the Group's divisions

The below financial information is (i) in respect of the financial years 2017 and 2016, included in the Company's Annual Report for the financial year 2017, (ii) in respect of the financial year 2015, included in the Company's Annual Report for the financial year 2015 and (iii) in respect of the periods 1 January 2017–30 September 2017 and 1 January 2018–30 September 2018, included in the Company's Interim Report for the period 1 January 2018–30 September 2018. The below information has not been audited by the Company's auditors (but the financial information for the period 1 January–30 September 2018 has been reviewed by the Company's auditor).

Food Ingredients	2015	2016	2017	1 Jan – 30 Sep 2017	1 Jan – 30 Sep 2018
Volumes, thousand tons	1,258	1,325	1,447	1,069	1,128
Operating Profit (EBIT), SEK million *	903	996	1,107	808	884
Operating profit per Kilo, SEK *	0.72	0.75	0.77	0.76	0.78

* Alternative performance measure

Chocolate & Confectionary Fats	2015	2016	2017	1 Jan – 30 Sep 2017	1 Jan – 30 Sep 2018
Volumes, thousand tons	312	367	404	303	314
Operating Profit (EBIT), SEK million *	553	664	735	559	565
Operating Profit Per Kilo, SEK *	1.77	1.81	1.82	1.84	1.80

* Alternative performance measure

Technical Products & Feed	2015	2016	2017	1 Jan–30 Sep 2017	1 Jan–30 Sep 2018
Volumes, thousand tons	263	274	278	207	223
Operating Profit (EBIT), SEK million *	88	100	84	53	105
Operating Profit Per Kilo, SEK *	0.33	0.36	0.3	0.26	0.47

* Alternative performance measure

Alternative performance measures (APMs) for the Group

The below alternative performances have been prepared on the basis of (i) in respect of the financial year 2017, financial information included in the Company's Annual Report for the financial year 2017, (ii) in respect of the financial years 2016 and 2015, financial information included in the Company's Annual Report for the financial year 2016 and (iii) in respect of the periods 1 January–30 September 2017 and 1 January–30 September 2018, financial information included in the Company's Interim Report for the period 1 January–30 September 2018. The financial information for the financial years 2016 and 2017 on which the alternative performance measures have been prepared has been audited by the Company's auditors, with the exception of Volumes and Operating Profit Per Kilo, which have not been audited. Of the calculations, only the calculations of EBITDA, Equity to Assets Ratio and Net Debt/EBITDA have been audited. Neither financial information on which the alternative performance measures have been prepared nor the calculations for the financial year 2015 and the periods 1 January 2017–30 September 2017 and 1 January 2018–30 September 2018 have been audited by the Company's auditors. The financial information on which the alternative performance measures have been prepared for the period 1 January 2018–30 September 2018 has been reviewed (but not audited) by the Company's auditors. Of the calculations of the alternative performance measures for the financial year 2015 and the periods 1 January 2017–

30 September 2017 and 1 January 2018–30 September 2018, only the calculations of EBITDA, Equity to Assets Ratio and Net Debt/EBITDA for the period 1 January 2018–30 September 2018 have been reviewed.

EBITDA	2015	2016	2017
SEK million			
Operating Profit (EBIT)	1,409	1,615	1,786
Add back depreciation and amortisation	431	464	491
EBITDA, SEK million	1,840	2,079	2,277

Equity to Assets Ratio	31 Dec 2015	31 Dec 2016	31 Dec 2017
Total Equity Including Non-Controlling Interests, SEK million	6,650	7,576	7,734
Total assets, SEK million	13,896	17,184	16,892
Equity to Assets Ratio, per cent.	47.9	44.1	45.8

Net Debt	31 Dec 2015	31 Dec 2016	31 Dec 2017
SEK million			
Current interest-bearing receivables	8	3	5
Cash and cash equivalents	459	586	480
Pension liabilities	-128	-134	-164
Non-current liabilities to banks and credit institutions	-2,132	-2,857	-2,354
Current liabilities to banks and credit institutions	-287	-217	-628
Other non interest-bearing liabilities	-3	-1	-5
Net Debt, SEK million	-2,083	-2,620	-2,666

Net Debt/EBITDA	2015	2016	2017
Net Debt, SEK million	-2,083	-2,620	-2,666
EBITDA, SEK million	1,840	2,079	2,277
Net Debt/EBITDA, ratio	1.13	1.26	1.17

Net Debt/Equity	2015	2016	2017
Net Debt, SEK million	-2,083	-2,620	-2,666

Total Equity Including Non-Controlling Interests, SEK million	6,650	7,576	7,734
Net Debt/Equity, per cent.	31.3	34.6	34.5

Operating Profit Per Kilo (Group)	2015	2016	2017	1 Jan 2017–30 Sep 2017	1 Jan 2018–30 Sep 2018
Operating Profit (EBIT), SEK million	1,409	1,615	1,786	1,315	1,440
Volumes, thousand tons	1,833	1,966	2,129	1,579	1,665
Operating Profit Per Kilo (Group), SEK	0.77	0.82	0.84	0.83	0.86

Operating Profit Per Kilo (Chocolate & Confectionery)	2015	2016	2017	1 Jan 2017–30 Sep 2017	1 Jan 2018–30 Sep 2018
Operating Profit (EBIT), SEK million	553	664	735	559	565
Volumes, thousand tons	312	367	404	303	314
Operating Profit Per Kilo (Chocolate & Confectionery), SEK	1.77	1.81	1.82	1.84	1.80

Operating Profit Per Kilo (Food Ingredients)	2015	2016	2017	1 Jan 2017–30 Sep 2017	1 Jan 2018–30 Sep 2018
Operating Profit (EBIT), SEK million	903	996	1,107	808	884
Volumes, thousand tons	1,258	1,325	1,447	1,069	1,128
Operating Profit Per Kilo (Food Ingredients), SEK	0.72	0.75	0.77	0.76	0.78

Operating Profit Per Kilo (Technical Products & Feed)	2015	2016	2017	1 Jan 2017–30 Sep 2017	1 Jan 2018–30 Sep 2018
Operating Profit (EBIT), SEK million	88	100	84	53	105
Volumes, thousand tons	263	274	278	207	223
Operating Profit Per Kilo (Technical Products & Feed), SEK	0.33	0.36	0.30	0.26	0.47

Total Equity Including Non-Controlling Interests	31 December 2015	31 December 2016	31 December 2017
SEK million			
Shareholders' equity	6,597	7,522	7,664
Non-controlling interests	53	54	70
Total Equity Including Non-Controlling Interests, SEK million	6,650	7,576	7,734

Definitions of alternative performance measures (APMs)

Alternative performance measure (APM)	Definition	Purpose
EBITDA	Operating Profit (EBIT) after adding back depreciation and amortisation.	Component in Net Debt/EBITDA.
Equity to Assets Ratio	Total Equity Including Non-Controlling Interests divided by total assets.	This ratio is used to show the percentage of the Group's total assets that is financed by the shareholders.
Net Debt	Pension liabilities, non-current liabilities to banks and credit institutions, current liabilities to banks and credit institutions and other interest-bearing liabilities <i>less</i> current interest-bearing receivables and cash and cash equivalents.	Component in Net Debt/EBITDA.
Net Debt/EBITDA	Net Debt (as a positive amount) for a specific date divided by EBITDA for the 12 month period ending on such date.	This performance measure shows the ratio between the Group's Net Debt at a specific date and the Group's EBITDA for the 12 month period ending on such date.
Net Debt/Equity	Net Debt (as a positive amount) as a percentage of Total Equity Including Non-Controlling Interests.	This performance measure shows the debt and equity components of the Group's capital structure by showing the Group's Net Debt as a percentage of the Group's Total Equity Including Non-Controlling Interests.
Operating Profit (EBIT)	Operating profit.	Component in EBITDA and Operating Profit Per Kilo.
Operating Profit Per Kilo	Operating Profit (EBIT) divided by Volumes.	This performance measure shows the Group's operating profit in relation to the Group's Volumes.
Total Equity Including Non-Controlling Interests	The sum of shareholders' equity and non-controlling interests.	Component in Equity to Assets Ratio.
Volumes	Sold quantity measured in weight.	Component in Operating Profit Per Kilo.

Documents on display

Copies of the following documents are electronically available at www.aak.com. Paper copies of the documents are also available at the Company's office, Skrivaregatan 9, 215 32 Malmö, Sweden during the validity period of this Base Prospectus (regular office hours):

- the Company's Articles of Association;
- financial statements for the Company's subsidiaries for the financial years 2016 and 2017; and
- all documents which are incorporated by reference into this Base Prospectus.

Privacy notice

The Dealers may collect and process personal data relating to the Holders, the Holders' representatives or agents, and other persons nominated to act on behalf of the Holders (name, contact details and, when relevant, holding of MTNs). The personal data relating to the Holders is primarily collected from the registry kept by the CSD. The personal data relating to other persons is primarily collected directly from such persons.

The personal data collected will be processed by the Dealers for the following purposes:

- (a) to exercise their respective rights and fulfil their respective obligations under the MTNs;
- (b) to manage the administration of the MTNs and payments under the MTNs;
- (c) to enable the Holders' to exercise their rights under the MTNs; and
- (d) to comply with their obligations under applicable laws and regulations.

The processing of personal data by the Dealers in relation to items (a)-(c) is based on their legitimate interest to exercise their respective rights and to fulfil their respective obligations under the MTNs. In relation to item (d), the processing is based on the fact that such processing is necessary for compliance with a legal obligation incumbent on the Dealers. Unless otherwise required or permitted by law, the personal data collected will not be kept longer than necessary given the purpose of the processing.

Personal data collected may be shared with third parties, such as the CSD, when necessary to fulfil the purpose for which such data is processed.

Subject to any legal preconditions, the applicability of which have to be assessed in each individual case, data subjects have the rights as follows. Data subjects have right to get access to their personal data and may request the same in writing at the address of the Dealers. In addition, data subjects have the right to (i) request that personal data is rectified or erased, (ii) object to specific processing, (iii) request that the processing be restricted and (iv) receive personal data provided by themselves in machine-readable format. Data subjects are also entitled to lodge complaints with the relevant supervisory authority if dissatisfied with the processing carried out.

The Dealers' addresses, and the contact details for their respective Data Protection Officers (if applicable), are found on their websites www.handelsbanken.com and www.nykredit.com.

ADDRESSES

The Company

AAK AB (publ)

Address

Skrivaregatan 9

215 32 Malmö

Telephone

+46 (0) 40 627 83 00

www.aak.com

Auditor to the Company

PricewaterhouseCoopers AB

Postal Address

Box 4009

203 14 Malmö

Visiting address

Anna Lindhs Plats 4

211 19 Malmö

The Dealers

Nykredit Bank A/S

Kalvebod Brygge 1–3

1560 København V

Telephone

+45 70 10 90 00

www.nykredit.dk

Svenska Handelsbanken AB (publ)

Postal Address

106 70 Stockholm

Visiting Address

Blasieholmstorg 11, Stockholm

Telephone

+46 (0) 8 701 10 00

www.handelsbanken.se

The Arranger

Svenska Handelsbanken AB (publ)

Postal Address

106 70 Stockholm

Visiting Address

Blasieholmstorg 11, Stockholm

Telephone

+46 (0) 8 701 10 00

www.handelsbanken.se

Central Securities Depository

Euroclear Sweden AB

Postal address

Box 191

101 23 Stockholm

Visiting address

Klarabergsviadukten 63, Stockholm

www.euroclear.com/sweden/

AAK

www.aak.com