Key messages

- Continued negative impact due to COVID-19
- Improved sales during the second half of the quarter
- Branded food retail up, P&M and OOH branded sales down
- EBIT impact partly mitigated by phasing of supply chain costs
- Managing costs to continue investments in A&P
- Solid financial position and clear strategic priorities

"Cloetta is well positioned for a gradual recovery."
Agenda

1. Sales results
2. COVID-19
3. Financials
4. Strategic update
5. Q&A
Q2 2020: Improved sales during second half

Total Organic sales growth

-21.2%
April: -25.4%
May: 27.6%
June: -10.1%

Branded Organic sales growth

-6.3%
April: -3.6%
May: -16.6%
June: +1.5%

Pick & mix Organic sales growth

-58.5%
April: -70.5%
May: -60.2%
June: -41.1%

-12.6% organic sales growth YTD
Sales development
Sales in the quarter impacted by COVID-19

Branded, % of Q2 '20 sales
- April: -3.6%
- May: -16.6%
- June: +1.5%

Pick & mix, % of Q2 '20 sales
- April: -70.5%
- May: -60.2%
- June: -41.1%
Agenda

1. Sales results
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Thank you to all our employees!
Managing through COVID-19

Consumers & customers

Employees

Production & suppliers

Cost & cash
Branded packaged products

Branded sales by channel*

- Food: 30%
- Other channels: 70%

Status of branded

- Increased demand in Food, including e-commerce
- Shoppers gradually returning as other channels starting to open up
- Negative mix from less impulse sales

Actions to mitigate

- Continued investment in brands
- Adjusting to new market and consumer realities
- Advertising spend adjusted to new media consumption

* Approximate % based on 2019 full year figures
**Nielsen, Kesko, SOK market data last 3 months 2020. Candybags and pastilles; FI, DK, NO, SWE. Gums; FI.
## Pick & mix

<table>
<thead>
<tr>
<th>Channels at Q2 close</th>
<th>Consumer demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>![Green Icon]</td>
</tr>
<tr>
<td>Norway</td>
<td>![Green Icon]</td>
</tr>
<tr>
<td>Denmark</td>
<td>![Yellow Icon]</td>
</tr>
<tr>
<td>Finland</td>
<td>![Green Icon]</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>![Red Icon]</td>
</tr>
</tbody>
</table>

### Status of pick & mix
- Most Nordic fixtures opening
- Recovery of consumer demand will take time
- Unfavorable geographical mix

### Actions to mitigate
- ✓ Store trials to convince retailers to open
- ✓ In-store communication and increased hygiene
- ✓ Repositioning of Candyking started
- ✓ Merchandising cost reduced
### Consumers & customers

- Cost & cash

### Employees

- Working under restrictions
  - Travel ban
  - IT step-up for virtual workplace
  - Offices partly opened with meeting restrictions
  - New office and concept store in Malmö
  - Reinforced hygiene routines
  - Strategic agenda kept going

### Production & suppliers

### Cost & cash
Status of supply chain

- Factories operational
- Absenteeism back to normal
- High stock levels of P&M and OOH products
- Delay in CAPEX and Perfect Factory

Actions to mitigate

✓ Increased hygiene routines and separated shifts
✓ Policy restricting external visitors
✓ Inventory secured on critical components
✓ Measures to reduce inventory levels and avoid obsolescence, such as production closures
Consumers & customers

- VIP+
  - tightened restrictions on spend
  - acceleration of efficiency initiatives
  - closure of two warehouses

Employees

- Perfect Factory
  - program runs virtual
  - production closures during summer
  - increased preventative maintenance
  - training of factory employees

Production & suppliers

- Cash
  - loan extension finalized
  - working capital program
  - reduce current inventory levels

Cost & cash
Agenda

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**Net Sales**

Sales in the quarter impacted by COVID-19

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**Second quarter**

- **2019**
  - Organic growth: 1,583
  - FX: -21.2%
  - Pick & mix: -58.5%
  - Branded packaged: -6.3%

- **2020**
  - Organic growth: 1,237
  - FX: -0.7%

**6 months**

- **2019**
  - Organic growth: 3,142
  - FX: -12.6%
  - Pick & mix: -33.7%
  - Branded packaged: -4.4%

- **2020**
  - Organic growth: 2,755
  - FX: +0.3%
**Operating profit, adjusted**

Impact of lost volumes partly offset by cost savings and phasing of supply chain costs

- **Half of lost gross profit mitigated.** Gross profit down SEK 119 m, while operating profit, adjusted, down SEK 51 m.

- **Lower volume key driver of loss,** totaling SEK 126 m despite phasing of approximately SEK 35 m in supply chain costs to Q3.

- **Good cost control partly mitigates volume loss,** together with positive mix due to lower share of P&M.

---

**Operating profit, adjusted**

<table>
<thead>
<tr>
<th></th>
<th>Volume</th>
<th>Mix/Price /Cost</th>
<th>FX</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second quarter</td>
<td>10,2%</td>
<td>-126</td>
<td>87</td>
<td>161</td>
<td>110</td>
</tr>
<tr>
<td>6 months</td>
<td>10,4%</td>
<td>-155</td>
<td>122</td>
<td>327</td>
<td>262</td>
</tr>
</tbody>
</table>

*FX:* -12

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**Cloetta**
Lower SG&A from good cost control and lower marketing activities

**Second quarter**

- 2019: 26.5%
- 2020: 28.7%
- Cost savings: 26,5% (2019) to 28.7% (2020)
- Items affecting comparability: -420
- FX: 2
- Cost savings: 63
- Total: -355

**6 months**

- 2019: 26.2%
- 2020: 27.1%
- Cost savings: 26.2% (2019) to 27.1% (2020)
- Items affecting comparability: -822
- FX: -2
- Cost savings: 82
- Total: -746
Cash flow

Cash flow impacted by lower profit

- **Lower profit drives lower Free cash flow** as higher investments in PP&E offset by lower increase in working capital.

- **Working capital driven by lower payables** due to reduced production and sourcing from third party contractors, and cost savings. Inventory variance more than offset by lower receivables.

- **Cash flow from financing activities driven by reduced debt.** Activities last year also reflect payment of dividend.

### Comparison of Cash Flow

<table>
<thead>
<tr>
<th><strong>Q2 ‘19</strong></th>
<th><strong>Q2 ‘20</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow before changes in working capital</td>
<td>201</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>-204</td>
</tr>
<tr>
<td>Investments in PP&amp;E and intangible assets</td>
<td>-38</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>-466</td>
</tr>
<tr>
<td>Other investing activities</td>
<td>-41</td>
</tr>
<tr>
<td>Cash flow from financing activities</td>
<td>2</td>
</tr>
<tr>
<td>Cash flow for the period</td>
<td>-505</td>
</tr>
</tbody>
</table>
Strong financial position

- Good access to cash with extension of loan facility maturing in July 2020 and all facilities now non-current.

- Continued compliance with covenant requirements on Net debt/EBITDA.

- Cash pooling operational enabling less cash on hand, less debt, and lower interest expense.
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Key business priorities

Prioritized activities for achieving organic growth and a 14% operating profit margin, adjusted

1. Investments in brands to remain the preferred choice
   - Focus on marketing visible to consumers
   - Adjusting advertising spend to new media consumption
   - Next steps in Marketing Competence - Academy

2. Repositioning of Candyking to a more premium concept
   - Rebuilding profitability through scale, pricing and efficiency
   - Contract negotiations
   - Category supported by global trends

3. Efficiency initiatives delivering, new cost savings identified
   - Enhanced management processes to monitor working capital
   - Gear up CAPEX and Perfect Factory roadmap
Branded growth

Focus on marketing visible to consumers

Share of working media vs. non-working media

2017 2018 2019 LTM

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Working media Non-working media

Fewer and bigger

Working media

Focus on core

New realities

Accelerating strategic initiatives
We believe in the Power of True Joy

Purpose impact on our new CSR agenda

**KEY AREAS**

**We provide choices for you**

We create joyful moments through the quality of our products. We aim to meet the variety of consumer preferences.

**Goal-setting**

- Strategic goals set to develop our offering to meet more consumer needs while upholding sustainability standards and product quality.

**We care about people**

We support our employees, our suppliers and farmers, as well as our communities.

**Strengthening Relationships**

- Exploring positive impacts across our supply chain with stronger partnerships between our suppliers and 3rd party organizations.

**We improve our footprint**

Our business depends on the environment. We own our responsibility for our impacts; from sourcing to packaging.

**Future-focused**

- Launched PlantPack, a step closer to future-proof plant-based packaging
- Our factories achieved RSPO & UTZ certificates.
Repositioning of Candyking

Build a brand in order to drive premium pricing

Social media and in-store activation
Attractive merchandising and signage

Higher quality and premium concept
Hygiene and tidiness

NO PLASTIC PACKAGING
E-COMMERCE
INDIVIDUALISM
Drive efficiencies to enable investments

Perfect Factory

ONE Cloetta

VIP +

Cash
H2 2020: Expected impact from COVID-19

**Branded packaged products**
- Sales in non-food to continue to gradually improve as restrictions ease.
- Product mix to gradually return to normal.

**Pick & mix**
- Fixtures re-opening with a delay in UK.
- Several quarters until the full consumer demand returns.

**Operating profit, adjusted**
- Q3: Expected to be significantly lower than prior year.
- Q4: Expected to gradually strengthen to double-digit margins.
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Appendix
Distinct trends supporting Cloetta

“Wide range of growth opportunities”
1. Consumer trend towards local brands

Portfolio of leading local brands

Share of people increasing their consumption of locally produced food**

- Sweden: 34%
- Finland: 23%
- Norway: 17%
- Denmark: 22%

“Confectionery is among top third of FMCG categories when ranked by preference for local brands.”**
Market growth opportunity

Northern Europe market is growing in value

Confectionary market, m€

CAGR 1.9%

Source: GlobalData, branded confectionery sector in SE, DK, NO, FI, NL

Huge potential in international markets

Projected growth in $ per capita confectionary consumption 2019-2024

2019 market size in value

Asia

14%

37 bn$

Middle East, North Africa

14%

3 bn$

East Europe

17%

23 bn$

North America

5%

44 bn$

Source: Global Data Confectionary database 2020
3. Opportunity in impulse channels

New channel development
- Furniture
- Pharmacies
- Non food discount
- Travel
- DIY stores

Confectionary e-commerce growth 2014-2019
- 111%
- 161%
- 92%
- 66%
- 182%

Source: GlobalData, Sugar confectionary category, value change between 2019 and 2014
4. Packaging innovations - less and better plastic

“70% of shoppers mention plastic as a top concern.”

“56% of consumers look for environmentally friendly packaging when buying food and beverages.”
GFK FMCG outlook report 2020

P&M ambition to go plastic free
5. Providing choice

Global: most appealing sugar/sweetener related claims* when choosing food and drinks (top 5).

<table>
<thead>
<tr>
<th>Claim</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naturally sweetened</td>
<td>25%</td>
</tr>
<tr>
<td>Free from artificial sweeteners</td>
<td>24%</td>
</tr>
<tr>
<td>Sugar free</td>
<td>21%</td>
</tr>
<tr>
<td>No added sugar</td>
<td>18%</td>
</tr>
<tr>
<td>Contains real sugar</td>
<td>8%</td>
</tr>
</tbody>
</table>

“Choice for you”

Share of people decreasing sugar consumption

Source: GlobalData’s Q4 2017 global consumer survey

Source: YouGov Food & Health Nordic 2018
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