



Press release

8 April 2020

New update on developments related to COVID-19

Cloetta is updating the market on a regular basis with relevant information in relation to the impact from COVID-19. Cloetta confirms the previously communicated risk that the customer demand for pick & mix will be significantly reduced.

We are following the situation closely, focusing on the health and safety of our employees, customers and consumers, and on actions to help limit further spread of this virus in society, whilst at the same time striving to mitigate any disruptions to our business. For more information on measures taken by Cloetta in relation to COVID-19, please refer to the previous updates published on [16 March](#) and [22 March](#) 2020.

Customers

Cloetta confirms the previously communicated risk that the customer demand for pick & mix will be significantly reduced. To partly compensate for the lower customer demand, measures are being taken such as utilizing the pick & mix shelf space in stores for branded packaged products and using the floor space to sell packaged pick & mix products. For our branded packaged business, we continue to see a negative impact from sales channels such as entertainment and travel retail closing, partly mitigated by increased customer demand for branded packaged products in grocery retail and e-commerce.

Consumers

Consumer demand is still very volatile and varies between markets. There is an overall change in consumer behavior such as hoarding of certain products, primarily within the candy and chocolate category. We also see less impulse driven purchases as there is a shift away from sales channels such as convenience stores and filling stations to grocery retail trade and e-commerce. Furthermore, consumers are currently choosing packaged products in favor of pick & mix.

Employees and production

With the rapid spread of the coronavirus heavily impacting markets where Cloetta has a presence in terms of offices and production, we see an increased risk of future disruptions to our supply chain. The number of absent employees in the factories has increased, but the negative impact on production capabilities has been mitigated by prioritizing production of branded packaged products. Following the lower demand for pick & mix, dialogue about temporary layoffs of merchandizers has been initiated in some markets as well as other actions to reduce costs, affecting a limited number of employees in the pick & mix business.

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Suppliers

Although we acknowledge the increased risk, we have still not seen any material disruptions to the supply side, nor any governmental restrictions on the supply of goods. Some of our third-party suppliers are experiencing reduction in shifts and outputs, but this is mitigated by the lower demand for pick & mix.

Information to the market

Cloetta intends to update the market on a regular basis with relevant information in relation to the impact from COVID-19. We will not provide any sales update until we present the Q1 2020 results on 24 April.

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About Cloetta

Cloetta, founded in 1862, is a leading confectionary company in Northern Europe. Cloetta's products are sold in more than 50 countries worldwide with Sweden, Finland, Denmark, Norway, the Netherlands, Germany and the UK as the main markets. Cloetta owns some of the strongest brands on the market, such as Läkerol, Cloetta, Candyking, Jenkki, Kexchoklad, Malaco, Sportlife and Red Band. Cloetta has 8 production units in 5 countries. Cloetta's class B-shares are traded on Nasdaq Stockholm. More information about Cloetta is available on www.cloetta.com