

Cloetta



Q1/2024

26 April 2024

**Profit protected despite
historically high cocoa prices**

Agenda

- 1 Cloetta in brief and quarterly update
- 2 Financials
- 3 Strategic update
- 4 Q&A



Leading confectionery company in Northern Europe

Key figures

Annual net sales 2023 (SEKbn)

8.3

Employees (on average)

2,600

Countries with sales

> 60

Number of shareholders

43,164



Candy



Pick & mix



Chocolate



Pastilles

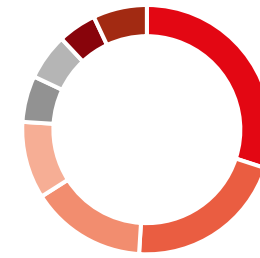


Chewing gum



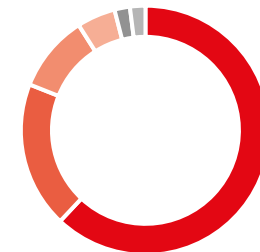
Nuts

Net sales by country, 2023



30%	● Sweden
21%	● Finland
15%	● The Netherlands
10%	● Denmark
6%	● Norway
6%	● Germany
5%	● The UK
7%	● International Markets

Net sales by category, 2023

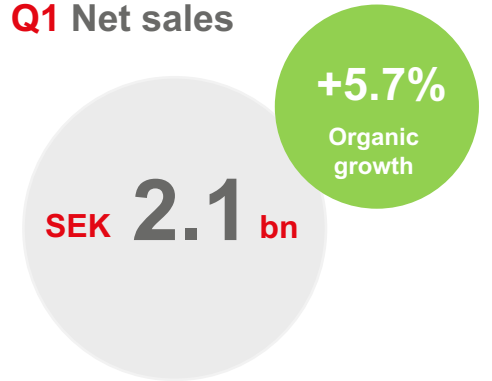


62%	● Candy
19%	● Chocolate
10%	● Pastilles
5%	● Chewing gum
2%	● Nuts
2%	● Other

Q1: Profit protected despite historically high cocoa price

- 1 Operating environment still affected by food price inflation
- 2 Strong demand for our products resulted in stable volumes
- 3 Proved resilience of business and strategy
- 4 Adjusted profit positively impacted by higher gross profit, offset by core brand investments
- 5 Continued streamlining of brands and product portfolio
- 6 Net debt/EBITDA again all-time low of 1.6x

Q1 Net sales



Q1 Organic sales growth, %



Agenda

1 Cloetta in brief and quarterly update

2 Financials

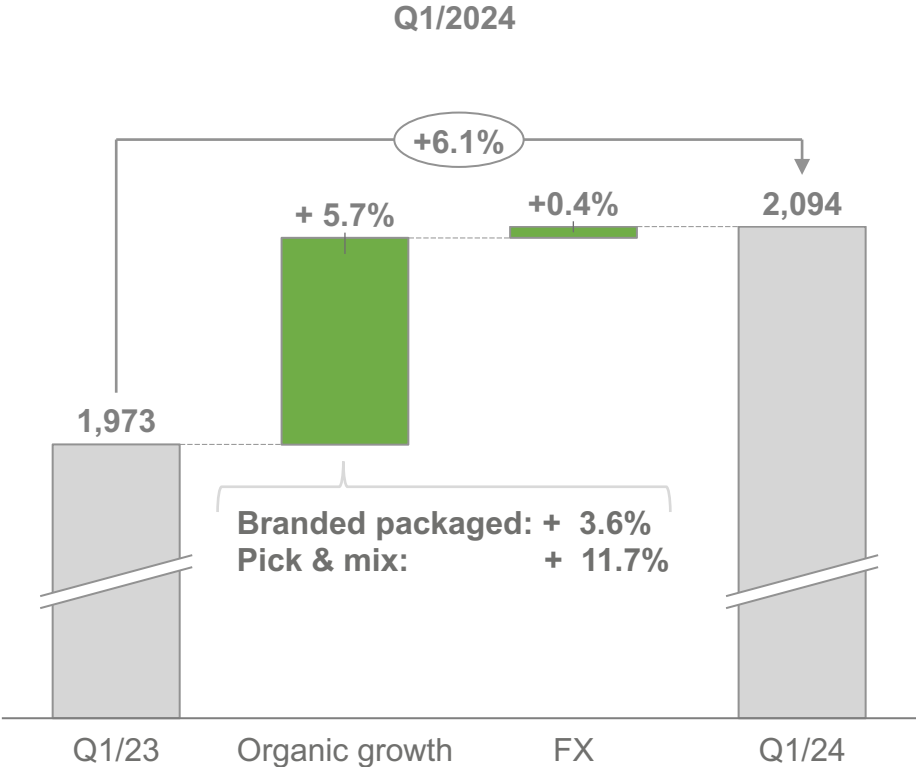
3 Strategic update

4 Q&A



Strong demand: Fair pricing on top of stable volumes

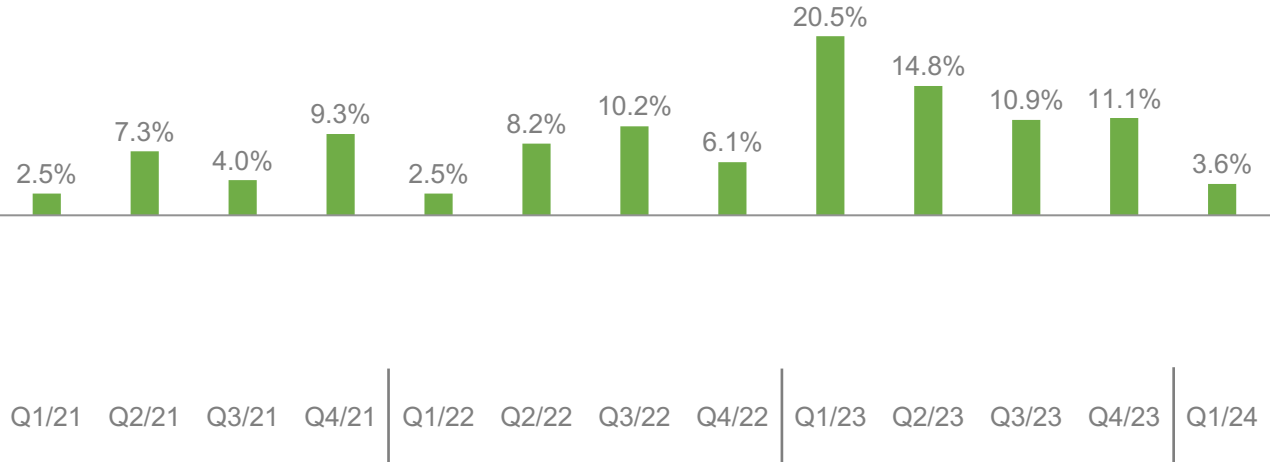
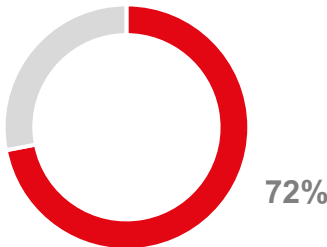
Net sales



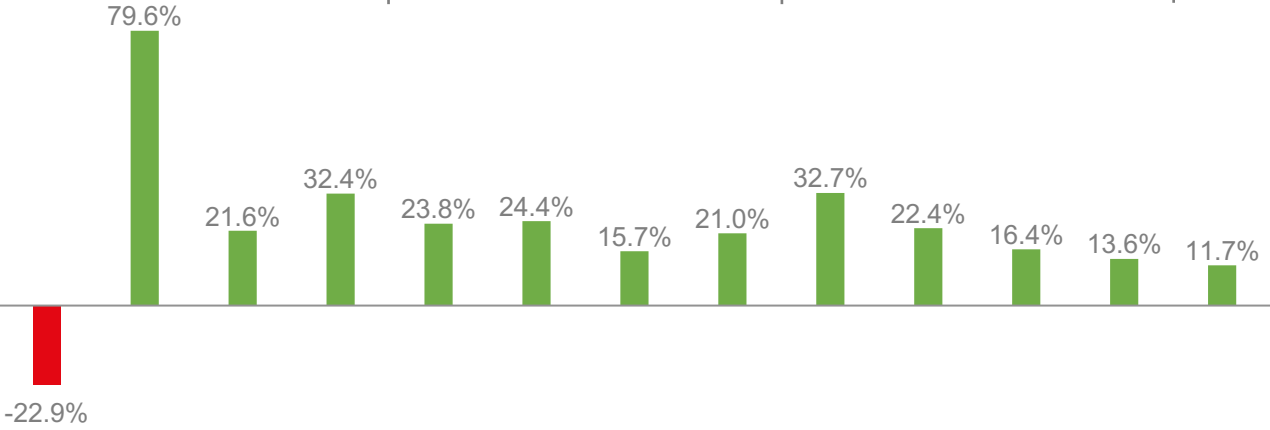
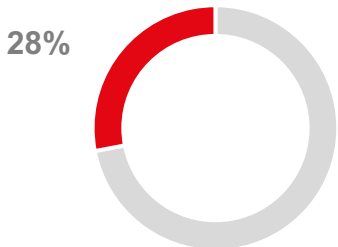
Strong growth in both segments vs tough LY comparator

Net sales in quarter

Branded packaged products



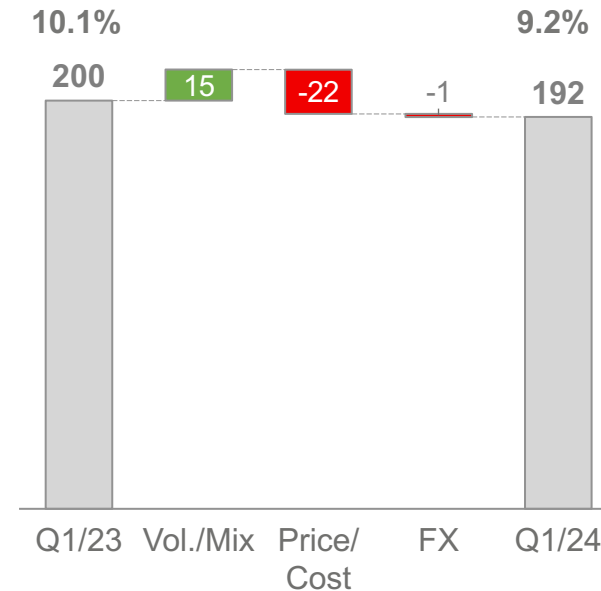
Pick & mix



Profit protected despite input cost hike since LY

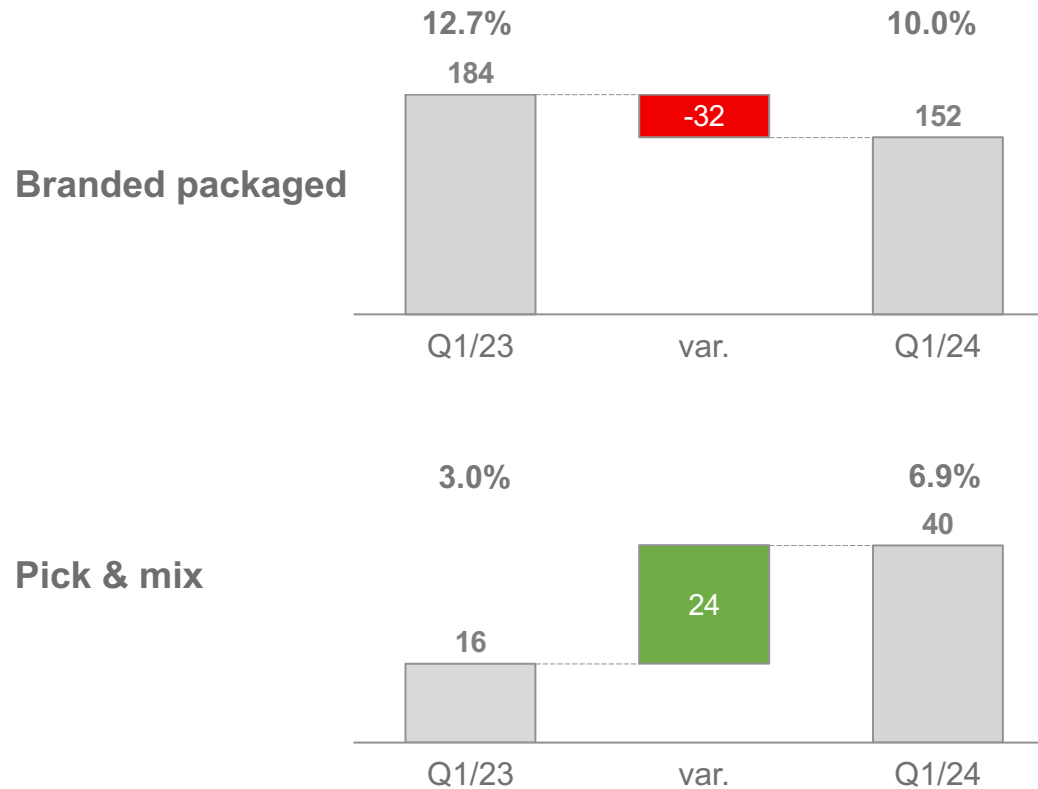
Operating profit, adjusted

- **Stable volumes despite higher prices and favorable mix** through portfolio optimisation and Net Revenue Management
- **Fair pricing to offset cost hikes** requires more pricing, including for cocoa
- **Higher marketing investment** in core brands; to continue in Q2
- **Provision for isolated case of quality incident** while **strong Easter lifts Pick & mix**



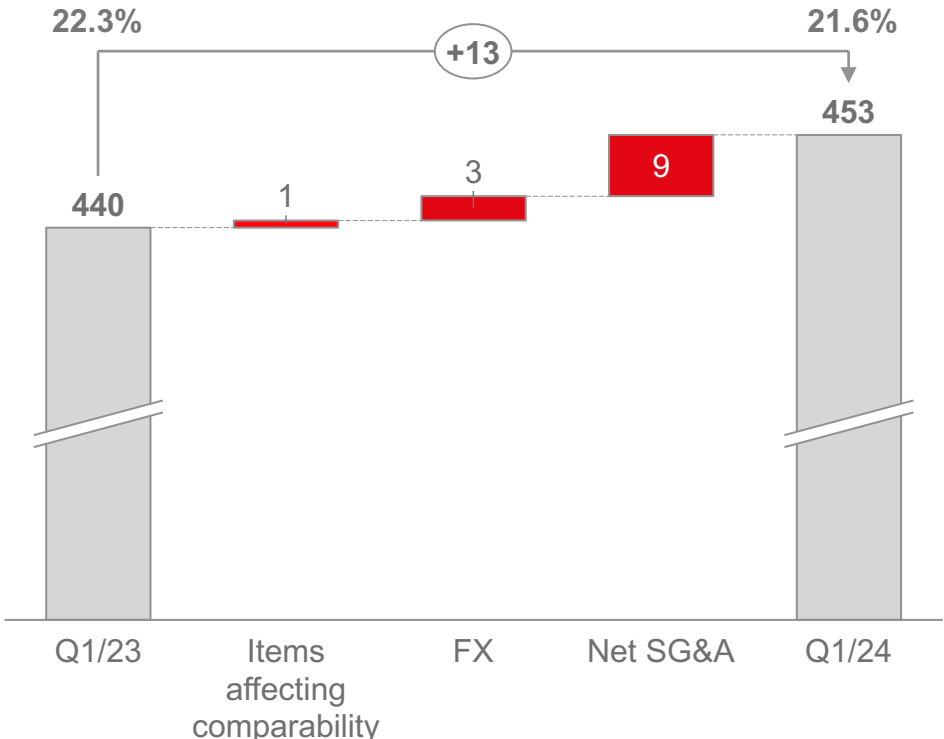
Easter lifts P&M to mid-term target while Branded down

Operating profit, adjusted, by segment

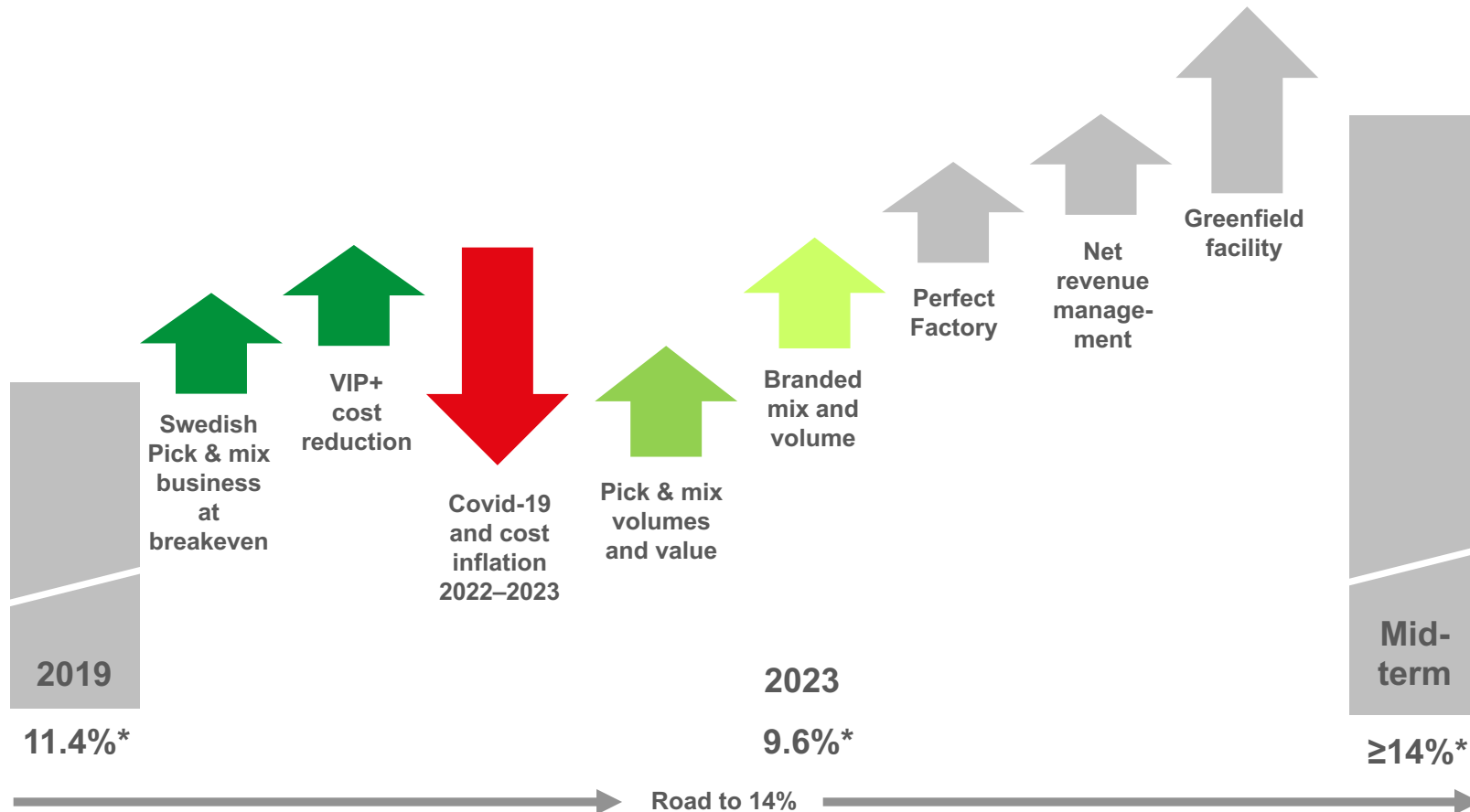


Increased investments in our core brands driver vs LY

SG&A



Strategic building blocks to deliver margin expansion

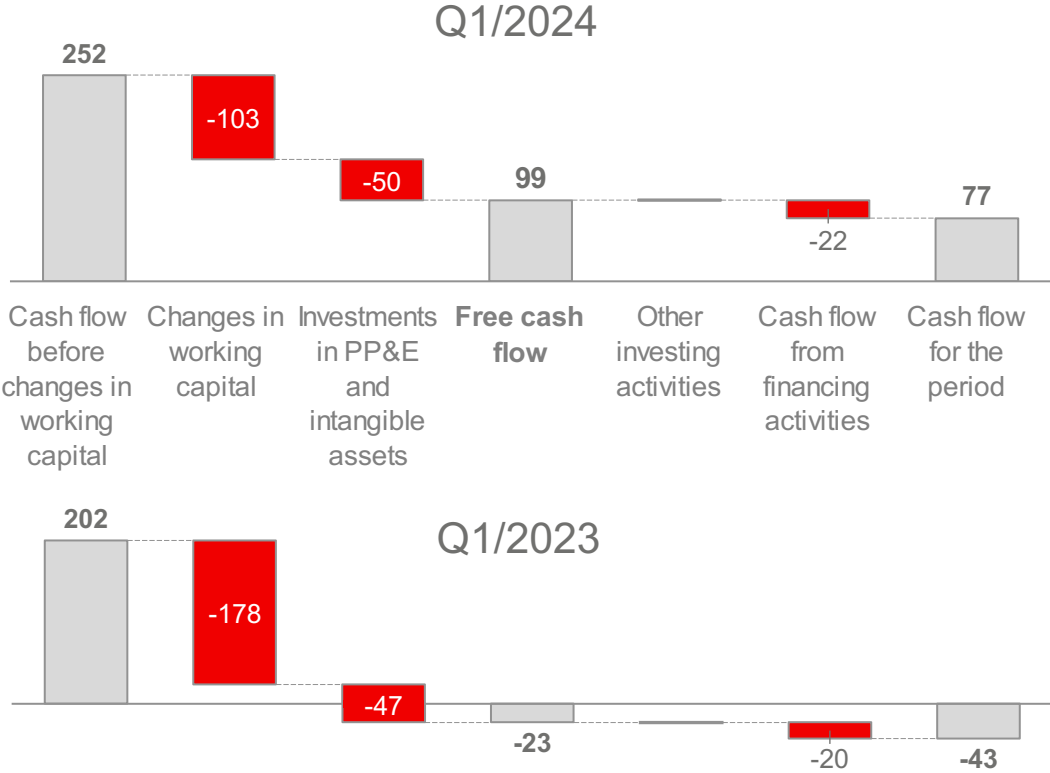


*) Operating profit margin, adjusted.

SEK 99m in free cash flow; SEK 122m better than LY

Cash flow

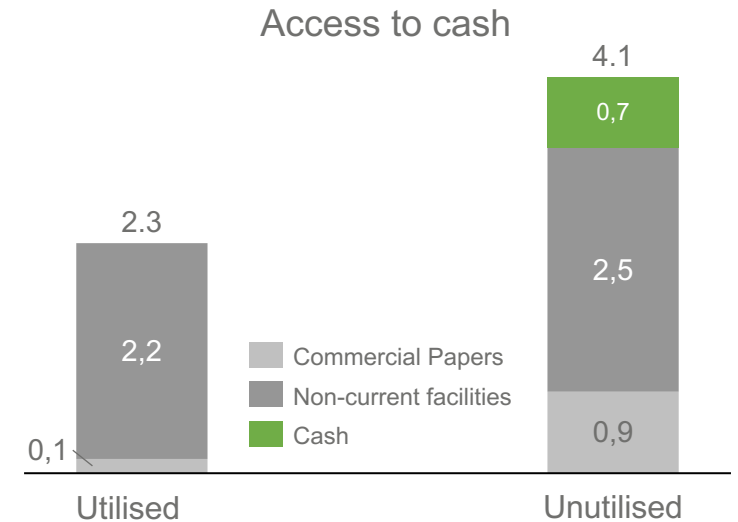
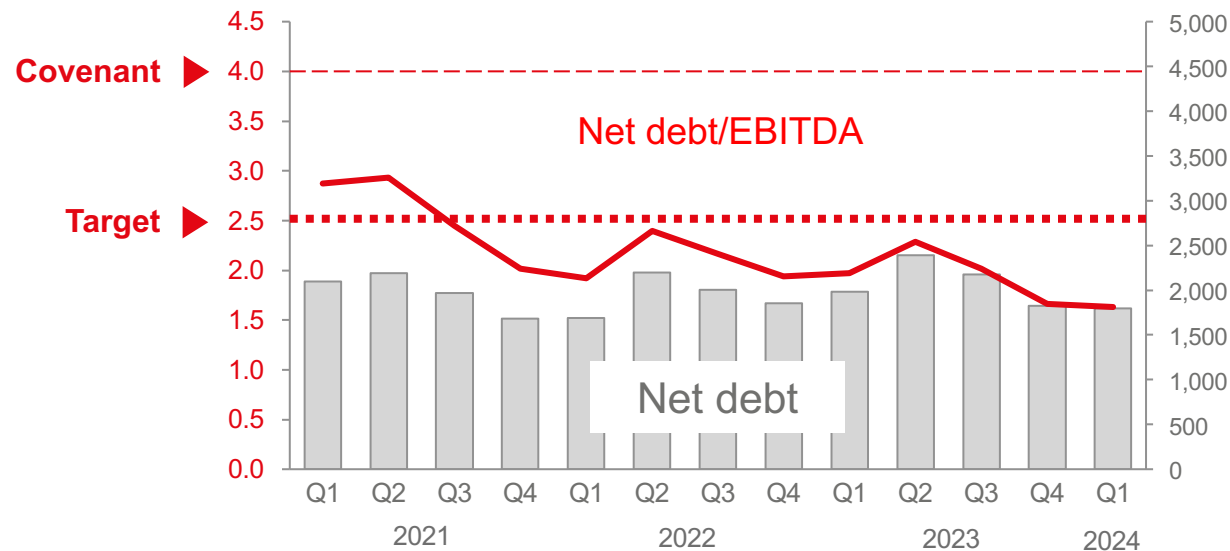
- **High free cash flow** driven by stronger operating result and less investments in working capital
- **Better working capital** driven by reduced inflation and increased internal focus
- **Highest Q1 free cash flow in the last 5 years**



Strong financial position: All-time low Net debt/EBITDA

Financial position

- Net debt/EBITDA at all-time low 1.6x and well below our targeted 2.5x
- Net debt decrease driven by generated cash and despite unfavourable revaluation impact
- Unutilised access to cash of SEK 4.1bn



Agenda

- 1 Cloetta in brief and quarterly update
- 2 Financials
- 3 Strategic update
- 4 Q&A



Our strategy



Cloetta is a proud provider of joyful moments – our brands and products bring fun and joy to memorable occasions

We are convinced that our consumer focus is the basis for us to grow and our brands to flourish



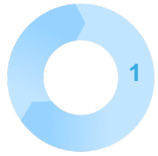


Growth leadership in Branded packaged goods

Responding to growing consumer trend demanding local brands and innovative offerings

As Branded packaged products have an EBIT margin above the Group average, this segment is important for Cloetta to be able to reach its long-term profitability target

- 1 Profitable growth and improved product mix, continued recovery of mix
- 2 Market share growth in core markets by focus and support of key brand positions
- 3 Building stronger position in the UK and Germany
- 4 Growing International Markets through expansion of selective brands
- 5 Focus on fewer but bigger innovations to ensure valorisation and competitive edge
- 6 Growing in new channels like E- and Q-commerce



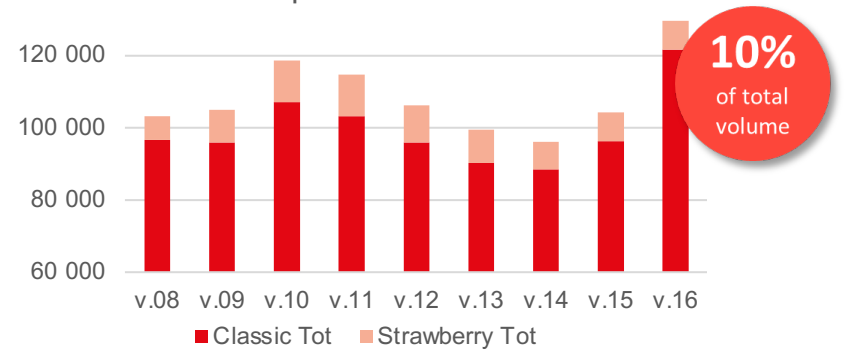
1.1 Continue to recover the mix

 Läkerol Strawberry launch to reach younger consumer group



Sales Volume

All pack formats





1.5 Growing through innovation & valorisation

 Launch of Red Band Juicy & Sour Bites in the Netherlands

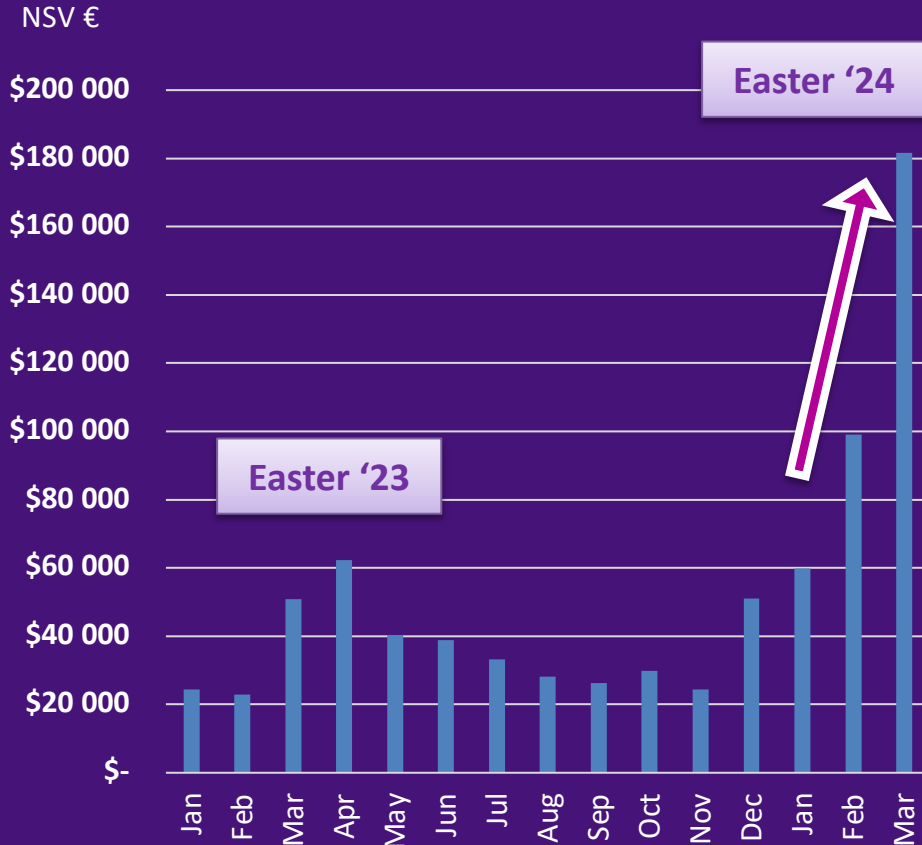
Winning the Distrifood *Wheel Of Retail*-award for best product innovation





1.6 Growing E-Commerce

 The Jelly Bean Planet launch at Amazon US



Gourmet Jelly Beans
THE JELLY BEAN PLANET
YES. THAT'S FLAVOR.

- ✓ 100% natural Sweeteners
- ✓ Plant-based colors
- ✓ Vegetarian
- ✓ Free from allergens, gluten & pesticides

NON-GMO

SHARING & GIFT JARS

[VIEW MORE](#)





Sustainable value from the Pick & mix business

Driving profitable volume growth to 5–7% EBIT including allocated costs

From its strong market position Cloetta has good opportunities to develop the category and thereby drive profitability and growth, with the ambition to reach an EBIT margin in the range of 5–7% in the medium-term

- 1 Growth of consumer trends like individualism and sustainable packaging
- 2 Customers see this as in-store differentiation to attract shoppers
- 3 Drive premiumisation through consumer offering
- 4 Cost efficiency through scale, optimisation and acting as a retailer

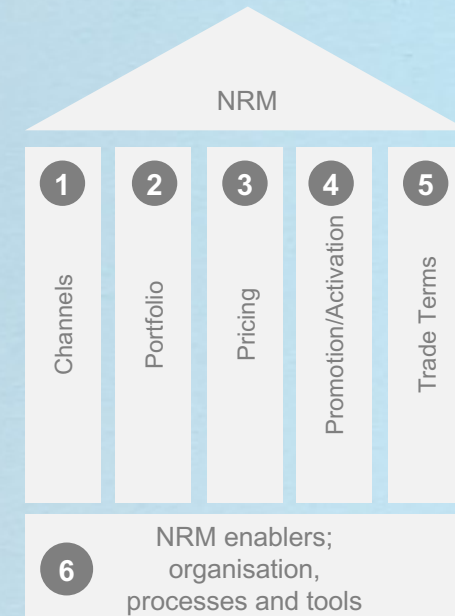


Lower Cost and Greater Efficiency

Adding %EBIT to our result

Cloetta has programs to optimize all lines of the P&L by lowering cost and spending with more efficiency

- 1 Perfect Factory: increasing efficiency and reducing waste and energy in our plants
- 2 Greenfield project
- 3 ZBB methodology to reduce indirects
- 4 Net Revenue Management to get more bang for our buck
- 5 Media effectiveness through competence and Pure media
- 6 Focus on cash generation





Update on greenfield project

Secure and improve on adjusted EBIT margin of at least 14 per cent

- When operational, creates capacity for growth, significantly reduces cost and reduces greenhouse gas emissions
- EBIT contribution remains higher up in the range SEK 220–260m
- Important step on journey to reduce greenhouse gas emissions with 46 per cent by 2030 – contributes to set science-based targets (SBTi)
- Net investment remains within SEK 1.9 bn budget



Progress during the quarter

- Municipal government decided positively on permit and council will vote in May
- Internal project workstreams continued as planned





Closure of Borchwerf factory at end of Q2/2024

First of the three factories to be closed, ahead of original plan

- First production transferred to 3P suppliers during Q1/2024
- Successful soft bites assortment will be insourced in Sneek
- Agreement with labour union on closure
- Agreement with facility owner to take back the building in current state
- Obsolete equipment sold in total package
- Savings will start to contribute as from Q4/2024





Our sustainability agenda

Sustainability targets and ambitions

A SWEETER FUTURE

Cloetta's sustainability agenda focuses on creating joy and long-lasting value For You, For People and For the Planet

The initiatives within the agenda cover topics all across the value chain where Cloetta has the ability to make an impact

For You

- Offer sugar-free, less sugar and options with functional ingredients
- Offer more vegan options
- Supporting dental health with our xylitol products

For People

- Continue to work towards zero work-related accidents
- Cloetta engagement survey to continue to be in line with global benchmark
- All Cloetta markets running a purpose-driven community engagement initiative by 2025
- Maintain existing partnerships and initiate a new collaboration to improve living conditions in our supply chain by 2025

For the Planet

- 46 per cent absolute greenhouse gas emissions reduction by 2030 compared to 2019 base year emissions
- 100 per cent recyclable packaging by 2025
- 100 per cent packaging from renewable sources or recycled materials by 2030
- Engage all key suppliers to set their own emission reduction targets by 2025
- With palm oil-based vegetable oils continue to source 100 per cent RSPO certified segregated palm oil
- Maintain 100 per cent Rainforest Alliance certified cocoa

A 3D maze of pink blocks with colorful jelly beans scattered throughout. The blocks are arranged in a complex, interconnected pattern, creating a maze-like structure. The jelly beans are in various colors including red, yellow, green, blue, orange, and white, some with speckles. The lighting is soft and even, highlighting the smooth surfaces of the blocks and the glossy texture of the jelly beans.

Q & A

Thank you!

Cloetta



Appendix

Greenfield facility – Pro forma profit and loss Q1

	Q1/2024		Q1/2024	Other items	Q1/2024
	Reported	Greenfield	Pro-forma excl. greenfield	affecting comparability	Adjusted
Net sales	2,094		2,094		2,094
Cost of goods sold	-1,448	4	-1,452		-1,452
Gross profit	646	4	642	-	642
Selling expenses	-267		-267		-267
General and administrative expenses	-186	-3	-183		-183
Operating profit	193	1	192	-	192
Net financial items	-45		-45		-45
Profit before tax	148	1	147	-	147
Income tax	-41	-	-41		-41
Profit for the period	107	1	106	-	106
<i>Gross margin</i>	30.9%		30.7%		30.7%
<i>Operating profit margin</i>	9.2%		9.2%		9.2%
<i>Effective tax rate</i>	27.7%		27.9%		27.9%

Important information

- This presentation has been prepared by Cloetta AB (publ) (the “Company”) solely for use at this presentation and is furnished to you solely for your information and may not be reproduced or redistributed, in whole or in part, to any other person. The presentation does not constitute an invitation or offer to acquire, purchase or subscribe for securities. By attending the meeting where this presentation is made, or by reading the presentation slides, you agree to be bound by the following limitations.
- This presentation is not for presentation or transmission into the United States or to any U.S. person, as that term is defined under Regulation S promulgated under the Securities Act of 1933, as amended.
- This presentation contains various forward-looking statements that reflect management’s current views with respect to future events and financial and operational performance. The words “believe,” “expect,” “anticipate,” “intend,” “may,” “plan,” “estimate,” “should,” “could,” “aim,” “target,” “might,” or, in each case, their negative, or similar expressions identify certain of these forward-looking statements. Others can be identified from the context in which the statements are made. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Company’s control and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. These risks include but are not limited to the Company’s ability to operate profitably, maintain its competitive position, to promote and improve its reputation and the awareness of the brands in its portfolio, to successfully operate its growth strategy and the impact of changes in pricing policies, political and regulatory developments in the markets in which the Company operates, and other risks.
- The information and opinions contained in this document are provided as at the date of this presentation and are subject to change without notice.
- No representation or warranty (expressed or implied) is made as to, and no reliance should be placed on, the fairness, accuracy or completeness of the information contained herein. Accordingly, none of the Company, or any of its principal shareholders or subsidiary undertakings or any of such person’s officers or employees accepts any liability whatsoever arising directly or indirectly from the use of this document.