

Cloutier

Interim report Q4

October–December 2021

Stockholm, 28 January 2022

All financial measures affected by the changed accounting treatment for cloud computing arrangements announced in the Q3 interim report are detailed on pages 25 – 27, including the operating profit 2021 that has been negatively affected by SEK -3m in Q4 and SEK -30m for the full year.

“I am particularly pleased that we were successful in our efforts to bring sales of Branded packaged products to above 2019 levels. I am also delighted to see that our actions taken in the Pick & mix segment during the year yielded results, with the full year adjusted operating margin up close to 13 percentage points year on year.” –Henri de Sauvage-Nolting, *President and CEO*

Fourth quarter, October-December 2021

- **Net sales** for the quarter increased by 13.4 per cent to SEK 1,662m (1,466) including a negative impact from foreign exchange rates of -0.4 per cent.
- **Sales of Branded packaged products** increased organically by 9.3 per cent during the quarter: 1.9 per cent in October, 14.8 per cent in November and 13.2 per cent in December.
- **Sales of Pick & mix** increased organically by 32.4 per cent during the quarter: 23.3 per cent in October, 33.7 per cent in November and 44.3 per cent in December.
- **Operating profit** amounted to SEK 157m (114). Operating profit, adjusted for items affecting comparability, amounted to SEK 157m (116).
- **Operating profit, adjusted, of Branded packaged products** amounted to SEK 152m (164).
- **Operating profit, adjusted, of Pick & mix** amounted to SEK 5m (-48).
- **Profit for the period** amounted to SEK 147m (77), which equates to basic and diluted earnings per share of SEK 0.51 (0.27).
- **Cash flow** from operating activities was SEK 368m (310).
- **Net debt/EBITDA** ratio was 2.0x (2.8).
- **The Board** proposes a dividend of SEK 1.00 (0.75) per share.

Key ratios

SEKm	Fourth quarter			Full Year		
	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan-Dec 2021	Jan-Dec 2020	Change, %
Net sales	1,662	1,466	13.4 ¹	6,046	5,695	6.2 ¹
Operating profit, adjusted*	157	116	35.3	571	495	15.4
Operating profit margin, adjusted %*	9.4	7.9	1.5-pts	9.4	8.7	0.7-pts
Operating profit (EBIT)*	157	114	37.7	565	442	27.8
Operating profit margin (EBIT margin), %*	9.4	7.8	1.6-pts	9.3	7.8	1.5-pts
Profit before tax*	158	136	16.2	558	383	45.7
Profit for the period*	147	77	90.9	472	265	78.1
Earnings per share, basic and diluted, SEK*	0.51	0.27	88.9	1.64	0.92	78.3
Net debt/EBITDA, x (Rolling 12 months)*	2.0	2.8	-28.6	2.0	2.8	-28.6
Free cash flow	313	252	24.2	664	366	81.4
Cash flow from operating activities*	368	310	18.7	858	641	33.9

¹ Organic growth at constant exchange rates was 13.8 per cent for the quarter and 8.4 per cent for the year. See further under Net sales on page 4.

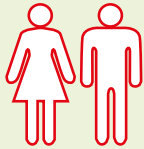
* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Cloetta

– a leading confectionery company in Northern Europe.

FOUNDED IN

1862



2,600

EMPLOYEES

SALES IN

>50

COUNTRIES



SUSTAINABILITY

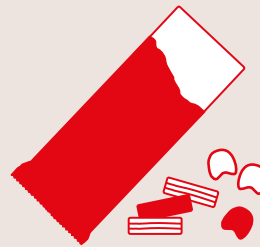


ANNUAL SALES

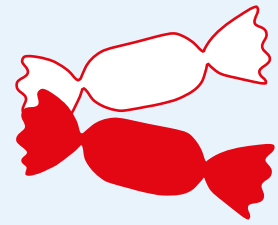
SEK

6.0

BILLION



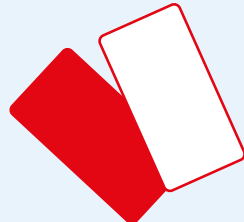
CHOCOLATE



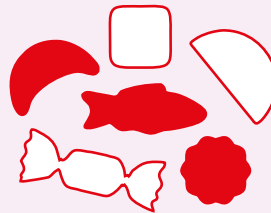
CANDY



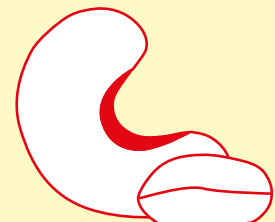
PASTILLES



CHEWING GUM



PICK & MIX



NUTS



Our purpose

**“We believe
in the Power of
True Joy”**

Cloetta's purpose,
strategies and goals
express
the company's
business idea.



Record levels for Branded sales driven by strong marketing

Branded sales continued to exceed 2019 levels, driven by strong marketing. Margin-enhancing initiatives brought the Pick & mix business close to break-even for the full year. The dividend proposal is in line with the pre-pandemic level, supported by a healthy cash flow and strong balance sheet.

As we close the year, I am particularly pleased that we were successful in our efforts to bring sales of Branded packaged products to above 2019 levels, recording four consecutive quarters of growth. This was achieved mainly through successful marketing, including of our strategic innovation initiatives such as Fruitbased Candy and Kexchoklad Vegan, as well as a further focus on sales fundamentals. I am also delighted to see that our actions taken in the Pick & mix segment during the year yielded results, with the full year adjusted operating margin up close to 13 percentage points year on year. Furthermore, I am proud that we continued to execute on our long-term sustainability agenda.

Over the last two years, we have successfully managed to safeguard our business from various global supply challenges, and we are also on track to mitigate current headwinds related to input costs in 2022. While Covid-19-related restrictions were once again implemented towards the end of the quarter in most of the markets in which we operate, we are confident that we will continue to successfully navigate this market environment.

Fourth-quarter development

Sales for the quarter increased by 13.4 per cent, of which organic growth accounted for 13.8 per cent and exchange rate differences for -0.4 per cent. Sales of Branded packaged products increased organically by 9.3 per cent, driven by successful marketing and close cooperation with our customers. Sales of Pick & mix increased organically by 32.4 per cent during the quarter and continued to be driven by our efforts to grow consumer confidence, premiumising the offering and increased consumer activation.

The increase in adjusted operating profit is attributable to higher sales volumes and continued margin-enhancing initiatives, which were partly offset by substantial marketing investments and higher indirect costs.

Investing for the future

During the quarter, we increased our marketing investments to record-high levels to further strengthen our brands, exceeding last year's average quarterly spend by approximately SEK 25m. We also continued our focus to recover sales of high-margin products such as chewing gum and pastilles, with some improvements seen during the quarter.

Within Pick & mix, we executed the largest-ever CandyKing media campaign across Scandinavia, triggering increased consumer engagement and higher average purchases. I am also pleased to say that the Swedish Pick & mix business returned to break-even in the fourth quarter. Furthermore, the total Pick & mix business, which generated a negative EBIT of approximately SEK 150m in full-year 2020, is now close to break-even on a full-year basis.

During 2021, we continued to invest in our organisation, for example in merchandising, fixtures and marketing capabilities, to facilitate the sales recovery. Meanwhile, we were successful in expanding our sustainable VIP+ cost savings to protect the 1 per cent EBIT margin the programme had delivered by 2020, by increasing savings during the year from SEK 65m to SEK 85m in 2021.

We continued to make progress in our overall sustainability work during the quarter, not least with the internal launch of our company-wide Climate Action Programme. The programme activates teams across the organisation to work towards our science-based emissions reduction target of 46 per cent by 2030.

This year we once again delivered very strong cash flow, resulting in a net debt/EBITDA of 2.0x as we closed the year, well below our long-term target of 2.5x. Based on the healthy cash flow, and combined with the quality of the improved profitability, the Board proposes that the dividend per share for 2021 be restored to the pre-pandemic level of SEK 1.00 (0.75).

“During the quarter we increased our marketing investments to record-high levels to further strengthen our brands, exceeding last year's average quarterly spend by approximately SEK 25m.”

On track to meet challenges and opportunities

During the quarter, we announced and initiated negotiations concerning price increases in response to the significantly higher cost inflation. These are expected to take gradual effect as of the beginning of this year. Historically, we have managed to offset headwinds from raw material and currency through pricing, and we expect to be also able to do so in full-year 2022.

We re-affirm our commitment to grow Cloetta organically, in line with or better than the market. Building on the success of the VIP+ programme to reduce indirect costs, we have launched a Net Revenue Management programme to drive further efficiencies in new areas such as pricing and trade spend.

Cloetta has a portfolio of local leading brands, committed employees, a strong cash-flow generation, and a solid balance sheet. Combined with our clear strategic priorities for sustainable growth and margin expansion, I am therefore confident that Cloetta stands strong.

Henri de Sauvage-Nolting
President and CEO

Financial overview

Fourth quarter development

Covid-19

At Cloetta, various measures have been taken to mitigate the short-term and long-term impact of Covid-19. We are monitoring the situation closely and when needed adapt our actions according to local government advice and regulations, whilst at the same time striving to mitigate any disruptions to our business.

Compared to the annual and sustainability report which was issued on 15 March 2021, the risk-profile of Cloetta has not significantly changed although the ongoing Covid-19-pandemic continues to affect the business performance of Cloetta.

For more information on measures taken in relation to Covid-19, please visit www.cloetta.com.

Net sales

Net sales for the fourth quarter increased by SEK 196m to SEK 1,662m (1,466) compared to the same period of last year. Organic growth was 13.8 per cent and the impact of changes in exchange rates was -0.4 per cent.

	Oct-Dec 2021	Jan-Dec 2021
Changes in net sales, %		
Organic growth	13.8	8.4
Changes in exchange rates	-0.4	-2.2
Total	13.4	6.2

	October 2021	November 2021	December 2021
Monthly organic sales growth, %			
Total	6.1	18.7	18.9
Branded packaged products	1.9	14.8	13.2
Pick & mix	23.3	33.7	44.3

Gross profit

Gross profit amounted to SEK 605m (543), which equates to a gross margin of 36.4 per cent (37.0). The gross profit increase was driven by higher volumes and continued margin-enhancing initiatives within Pick & mix.

Operating profit

Operating profit amounted to SEK 157m (114). Operating profit, adjusted for items affecting comparability, amounted to SEK 157m (116). The adjusted operating profit increase was driven by higher gross profit, partly offset by substantial marketing investments and higher indirect costs.

Items affecting comparability

Operating profit for the fourth quarter includes items affecting comparability of SEK 0m (-2) that are related to costs for restructuring.

Net financial items

Net financial items for the quarter amounted to SEK 1m (22). Interest expenses related to external borrowings were SEK -9m (-8), exchange differences on cash and cash equivalents were SEK 9m (34) which mainly related to the development of the Swedish and Norwegian krona and the Great Britain pound against the euro during the quarter. Other financial items amounted to SEK 1m (-4). Of the total net financial items SEK -24m (59) is non-cash in nature.

Profit for the period

Profit for the period was SEK 147m (77), which equates to basic and diluted earnings per share of SEK 0.51 (0.27). Income tax for the period was SEK -11m (-59).

The effective tax rate for the quarter was 7.0 per cent (43.4) and was positively impacted by the release of a tax provision, revaluation of deferred tax assets following changes in enacted tax rates and international tax rate differences. The release of the tax provision reduced the effective tax rate with approximately 16 percentage points. Non-deductible expenses had a negative impact on the effective tax rate for the quarter.

Free cash flow

The free cash flow was SEK 313m (252). Cash flow from operating activities before changes in working capital was SEK 204m (163). The improvement compared to last year is mainly due to the higher operating profit. The cash flow from changes in working capital was SEK 164m (147).

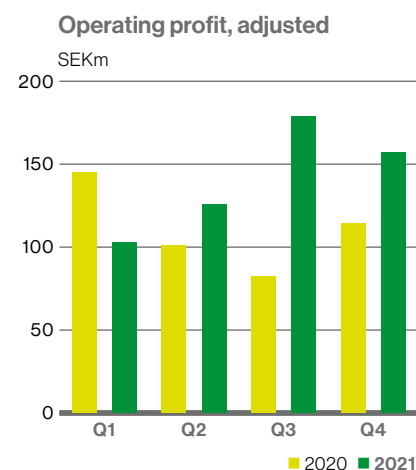
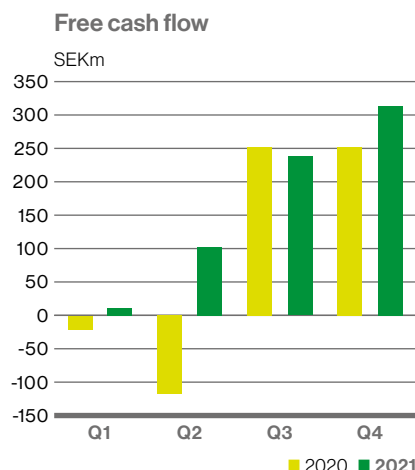
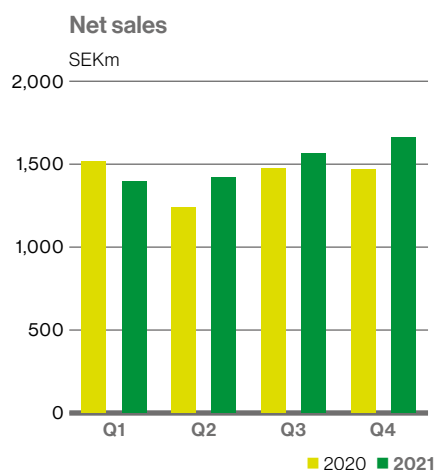
The cash flow from investments in property, plant and equipment and intangible assets was SEK -55m (-58).

Cash flow from changes in working capital

Cash flow from changes in working capital was SEK 164m (147). The cash flow from changes in working capital was positively impacted by a decrease in receivables amounting to SEK 202m (180), a decrease in inventories for an amount of SEK 25m (4), partly offset by a decrease in payables of SEK -63m (-37).

Cash flow from other investing activities

Cash flow from other investing activities was SEK 1m (1).



Cash flow from financing activities

Cash flow from financing activities was SEK -161m (-161). The cash flow from financing activities was related to repayments of commercial papers of SEK -100m (0), purchase of treasury shares of SEK -44m (0) and payments of lease liabilities of SEK -17m (-18). In the fourth quarter of 2020 SEK -143m was related to the dividend distribution.

Development during the year

Net sales

Net sales for the year increased by SEK 351m to SEK 6,046m (5,695) compared to last year. Organic growth was 8.4 per cent and the impact of changes in exchange rates was -2.2 per cent.

Gross profit

Gross profit amounted to SEK 2,148m (1,977), which equates to a gross margin of 35.5 per cent (34.7). The gross profit increase was driven by higher volumes and various margin-enhancing initiatives in Pick & mix. Last year, the gross profit was negatively impacted by SEK 19m in one-off restructuring costs related to the closure of the Helsingborg factory.

Operating profit

Operating profit amounted to SEK 565m (442). Operating profit, adjusted for items affecting comparability, amounted to SEK 571m (495). The adjusted operating profit increase was driven by higher gross profit, partly offset by higher marketing investments and higher indirect costs. Last year, the adjusted operating profit was favourably impacted by lower costs for incentive programs.

Items affecting comparability

Operating profit for the year includes items affecting comparability of SEK -6m (-53) that are related to costs for restructuring. The items affecting comparability in 2020 mainly related to the impairment of assets in connection to the outsourcing of the nuts manufacturing and additions to the reorganisation provisions for the outsourcing of the nuts manufacturing and reorganisation in Sweden.

Net financial items

Net financial items for the year amounted to SEK -7m (-59). Interest expenses related to external borrowings were SEK -33m (-32), exchange differences on cash and cash equivalents were SEK 33m (-10)

which mainly related to the development of the Swedish and Norwegian krona and the Great Britain pound against the euro during the year. Other financial items amounted to SEK -7m (-17). Of the total net financial items SEK -33m (57) is non-cash in nature.

Profit for the year

Profit for the year was SEK 472m (265), which equates to basic and diluted earnings per share of SEK 1.64 (0.92). Income tax for the period was SEK -86m (-118).

The effective tax rate for the period was 15.4 per cent (30.8) and was positively impacted by the release of a tax provision, revaluation of deferred tax assets following changes in enacted tax rates, the utilisation of unrecognised tax losses carried forward and differences between expected and actual tax filings related to the previous year. The release of the tax provision and the utilisation of the unrecognised tax losses combined, reduced the effective tax rate with approximately 7 percentage points. Non-deductible expenses and international tax rate differences had a negative impact on the effective tax rate for the period.

Free cash flow

The free cash flow was SEK 664m (366). Cash flow from operating activities before changes in working capital was SEK 675m (603). The cash flow from changes in working capital was SEK 183m (38).

The cash flow from investments in property, plant and equipment and intangible assets was SEK -194m (-275).

Cash flow from changes in working capital

Cash flow from changes in working capital was SEK 183m (38). The cash flow from changes in working capital was positively impacted by a decrease in inventories of SEK 123m (-90) and an increase in payables amounting to SEK 104m (-56), partly offset by an increase in receivables for an amount of SEK -44m (184).

Cash flow from other investing activities

Cash flow from other investing activities was SEK 3m (1).

Cash flow from financing activities

Cash flow from financing activities was SEK -436m (-476). The cash flow from financing activities was related to the dividend distribution of SEK -215m (-143), net proceeds and repayments of loans from credit institutions and commercial papers including transaction costs of

SEK -107m (-245), purchase of treasury shares of SEK -44m (0) and payments of lease liabilities of SEK -69m (-72). Other cash flows from financing activities amounted to SEK -1m (-16).

Financial position

Consolidated equity at 31 December 2021 amounted to SEK 4,515m (4,153), which equates to SEK 15.7 (14.4) per share. Net debt at 31 December 2021 was SEK 1,679m (2,139).

Long-term borrowings totaled SEK 2,162m (111) and consisted of SEK 2,081m (0) in gross non-current loans from credit institutions, SEK 84m (112) in non-current lease liabilities and SEK -3m (-1) in capitalised transaction costs.

Total short-term borrowings amounted to SEK 206m (2,368) and consisted of SEK 0m (2,054) in current loans from credit institutions, SEK 150m (250) in commercial papers, SEK 59m (64) in current lease liabilities, SEK -3m (-1) in capitalised transaction costs and accrued interest on borrowings from credit institutions and commercial papers for an amount of SEK 0m (1).

SEKm	31 Dec 2021	31 Dec 2020
Gross non-current loans from credit institutions	2,081	-
Gross current loans from credit institutions	-	2,054
Commercial papers	150	250
Lease liabilities	143	176
Derivative financial instruments (non-current and current)	-3	54
Interest payable	-	1
Gross debt	2,371	2,535
Cash and cash equivalents	-692	-396
Net debt	1,679	2,139

Cash and cash equivalents at 31 December 2021 amounted to SEK 692m (396). At 31 December 2021 Cloetta had an unutilised credit facility of SEK 615m (1,204) and the possibility to issue additional commercial papers for an amount of SEK 850m (750).

Performance by business segment

Cloetta has identified the "Branded packaged products" business and the "Pick & mix" business as its operating segments.

The chief operating decision-maker (CODM), which is the CEO and President of the Group, primarily uses external net sales and operating profit, adjusted for items affecting comparability, to assess the performance of its operating segments. Items affecting comparability, net financial items and income tax are not allocated to segments, as these are managed centrally.

No segment information is provided to or assessed by the CODM on assets and liabilities and therefore these are not separately disclosed.

Information related to each reportable segment (business segment) is set out below. For more information regarding the determination of reportable segments reference is made to page 27.

Business segments

The Cloetta Group comprises two segments: "Branded packaged products" and "Pick & mix". The Pick & mix net sales and adjusted operating profit relate to Cloetta's complete offering in pick & mix including products, displays and accompanying store and logistic services. All other activities within the Cloetta Group are reflected in the "Branded packaged products" segment.

Segment Branded packaged products

Fourth quarter development

Net Sales

Net sales for the fourth quarter increased by SEK 105m to SEK 1,284m (1,179) compared to last year for Branded packaged products. Organic growth was 9.3 per cent.

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK 152m (164). The decrease in adjusted operating profit was driven by substantial marketing investments and higher indirect costs, partly offset by higher volumes.

Development during the year

Net Sales

Net sales for the year increased by SEK 159m to SEK 4,686m (4,527) compared to last year for Branded packaged products. Organic growth was 5.8 per cent.

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK 577m (649). The decrease in adjusted operating profit was driven by increased marketing investments and higher indirect costs. Last year, the adjusted operating profit was favourably impacted by lower costs for incentive programs.

Segment Pick & mix

Fourth quarter development

Net Sales

Net sales for the fourth quarter increased by SEK 91m to SEK 378m (287) compared to the same period of last year. Organic growth was 32.4 per cent.

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK 5m (-48). The increase in adjusted operating profit was driven by higher volumes and continued margin-enhancing initiatives.

Development during the year

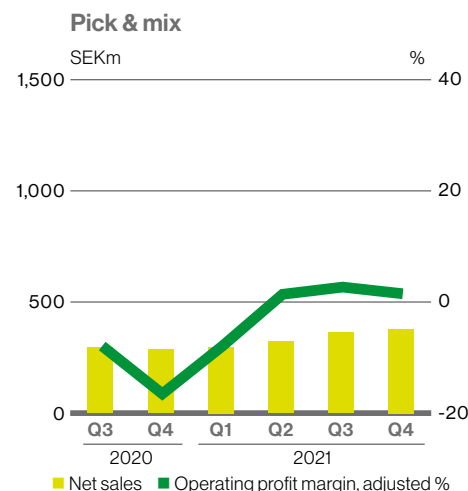
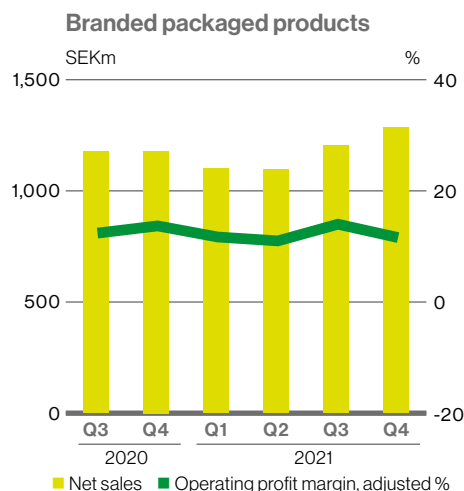
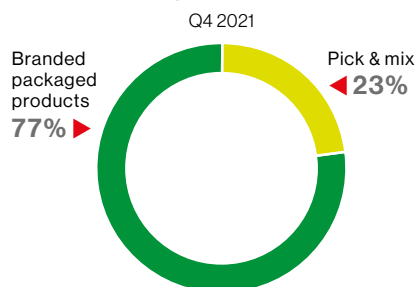
Net Sales

Net sales for the year increased by SEK 192m to SEK 1,360m (1,168) compared to last year. Organic growth was 18.4 per cent.

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK -6m (-154). The increase in adjusted operating profit was driven by higher volumes and various margin-enhancing initiatives.

Business segment, share of sales



Oct-Dec 2021 SEKm	Branded packaged products	Pick & mix	Total	Jan-Dec 2021 SEKm	Branded packaged products	Pick & mix	Total
Net sales	1,284	378	1,662	Net sales	4,686	1,360	6,046
Operating profit, adjusted	152	5	157	Operating profit, adjusted	577	-6	571
Items affecting comparability			0	Items affecting comparability			-6
Operating profit			157	Operating profit			565
Net financial items			1	Net financial items			-7
Profit before tax			158	Profit before tax			558
Income tax			-11	Income tax			-86
Profit for the period			147	Profit for the period			472

Oct-Dec 2020 SEKm	Branded packaged products	Pick & mix	Total	Jan-Dec 2020 SEKm	Branded packaged products	Pick & mix	Total
Net sales	1,179	287	1,466	Net sales	4,527	1,168	5,695
Operating profit, adjusted*	164	-48	116	Operating profit, adjusted*	649	-154	495
Items affecting comparability			-2	Items affecting comparability			-53
Operating profit*			114	Operating profit*			442
Net financial items			22	Net financial items			-59
Profit before tax*			136	Profit before tax*			383
Income tax*			-59	Income tax*			-118
Profit for the period*			77	Profit for the period*			265

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Other disclosures

Seasonal variations

Cloetta's sales and operating profit are subject to some seasonal variations. Sales in the first and second quarters are affected by the Easter holiday, depending on in which quarter it occurs. In the fourth quarter, sales are usually higher than in the first three quarters of the year, which is mainly attributable to the sale of products in Sweden in connection with the holiday season.

Employees

The average number of employees during the quarter was 2,589 (2,606).

Treasury shares

Cloetta has purchased 1,590,629 shares at an average share price, including incremental transaction costs, of SEK 27.8942 during the period 1 November 2021 till 9 November 2021. These shares are held as treasury shares. The treasury shares are held with the purpose of issuing shares to the participants of LTI'21 at vesting date.

The Board's proposed dividend

For the financial year 2021 the Board of Directors of Cloetta AB proposes to distribute a dividend to the shareholders of SEK 1.00 (0.75) per share for the 2021 financial year corresponding to 60.8 per cent of profit for the year.

The proposed date for the record is 8 April 2022 and payment is expected to be made on 13 April 2022.

The ambition is to continue using future cash flows for payment of share dividends, while at the same time providing financial flexibility for complementary acquisitions. The long-term target to distribute 40–60 per cent of profit after tax continues to apply.

Annual General Meeting

The Annual General Meeting of Cloetta AB will be held on Wednesday 6 April 2022. Notice of the AGM will be published in March 2022 and will also be available at www.cloetta.com.

Events after the balance sheet date

After the end of the reporting period, no significant events have taken place that could affect the company's operations.

Examples of new launches during the fourth quarter



Finland

NUTISAL – Maple syrup & Sea salt
NUTISAL – Mixed nuts, Mozzarella Pesto
NUTISAL – Mixed nuts, Smoky Sriracha



The Netherlands

LONKA – Fudge Birthdaycake
LONKA – Fudge Cheesecake

Key business priorities

Prioritised activities for achieving organic growth and a 14% adjusted operating profit margin.



Sustainability

We believe in the Power of True Joy

Opportunities for creating a positive impact within A Sweeter Future

Our three pillars

1

For you



We provide choices for you

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

2

For people



We care about people

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

3

For the planet



We improve our planet footprint

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

Q4 highlights

More natural

- Making our assortment more natural to meet consumer needs:
 - Majority of our candy assortment is now with natural colours & flavours
 - Fruitbased candy launched in Denmark
 - Growing Kex Vegan

Responsible Marketing

- We updated our responsible marketing guidelines to align with the EU Pledge.

Climate Action Programme

- Company-wide programme launched, activating teams and actions plans toward our science-based 2030 emissions reduction target.

The Board of Directors hereby gives its assurance that the interim report provides a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 28 January 2022

Cloetta AB (publ)

Mikael Norman

Board Chairman

Mikael Aru

Member of the Board

Patrick Bergander

Member of the Board

Lottie Knutson

Member of the Board

Alan McLean Raleigh

Member of the Board

Camilla Svenfelt

Member of the Board

Mikael Svenfelt

Member of the Board

Lena Grönedal

Employee Board member

Mikael Ström

Employee Board member

Henri de Sauvage-Nolting

President and CEO

The information in this interim report has not been reviewed by the company's auditors.

Financial statements in summary

Consolidated profit and loss account

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	1,662	1,466	6,046	5,695
Cost of goods sold	-1,057	-923	-3,898	-3,718
Gross profit	605	543	2,148	1,977
Selling expenses	-276	-253	-938	-951
General and administrative expenses*	-172	-176	-645	-584
Operating profit*	157	114	565	442
Exchange differences on cash and cash equivalents in foreign currencies	9	34	33	-10
Other financial income	4	1	9	3
Other financial expenses	-12	-13	-49	-52
Net financial items	1	22	-7	-59
Profit before tax*	158	136	558	383
Income tax*	-11	-59	-86	-118
Profit for the period*	147	77	472	265
<i>Profit for the period attributable to:</i>				
Owners of the Parent Company*	147	77	472	265
Earnings per share, SEK				
Basic and diluted ¹	0.51	0.27	1.64	0.92
Number of shares outstanding at end of period ¹	287,028,670	288,619,299	287,028,670	288,619,299
Average number of shares (basic) ¹	287,685,669	286,633,680	287,480,924	286,590,993
Average number of shares (diluted) ¹	287,720,099	286,887,866	287,518,726	286,805,203

¹ Cloetta entered into forward contracts to repurchase own shares to fulfill its future obligation to deliver the shares to the participants of the long-term share-based incentive plan. The contract has been settled in the second quarter of 2021. During 1 till 9 November 2021 Cloetta purchased 1.590.629 treasury shares to fulfill its future obligation to deliver shares to the participants of the long-term share-based incentive plan.

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Consolidated statement of comprehensive income

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit for the period*	147	77	472	265
<i>Other comprehensive income</i>				
Remeasurement of defined benefit pension plans	-37	10	9	-10
Income tax on remeasurement of defined benefit pension plans	8	-2	-2	2
Items that will never be reclassified to profit or loss for the period	-29	8	7	-8
Currency translation differences*	49	-234	120	-191
Hedge of a net investment in a foreign operation	-10	77	-24	53
Income tax on hedge of a net investment in a foreign operation	2	-16	5	-11
Items that are or may be reclassified to profit or loss for the period*	41	-173	101	-149
Total other comprehensive income*	12	-165	108	-157
Total comprehensive income, net of tax*	159	-88	580	108
<i>Total comprehensive income for the period attributable to:</i>				
Owners of the Parent Company*	159	-88	580	108

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Net financial items

SEKm	Fourth quarter		Full year	
	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Exchange differences on cash and cash equivalents in foreign currencies	9	34	33	-10
Other financial income, third parties	1	1	2	2
Unrealised gains on single currency interest rate swaps	3	0	7	1
Total Other financial income	4	1	9	3
Interest expenses third-party borrowings and realised losses on single currency interest rate swaps	-9	-8	-33	-32
Amortisation of capitalised transaction costs	-1	-1	-3	-2
Unrealised losses on single currency interest rate swaps	-	1	-	-
Other financial expenses, third parties	-2	-5	-13	-18
Total Other financial expenses	-12	-13	-49	-52
Net financial items	1	22	-7	-59

Condensed consolidated balance sheet

SEKm	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets*	5,582	5,530
Property, plant and equipment	1,576	1,560
Deferred tax asset*	42	21
Derivative financial instruments	2	-
Other financial assets	5	3
Total non-current assets*	7,207	7,114
Current assets		
Inventories	843	952
Other current assets*	806	766
Derivative financial instruments	1	-
Cash and cash equivalents	692	396
Total current assets*	2,342	2,114
TOTAL ASSETS*	9,549	9,228
EQUITY AND LIABILITIES		
Equity*	4,515	4,153
Non-current liabilities		
Long-term borrowings	2,162	111
Deferred tax liability*	863	836
Derivative financial instruments	-	0
Provisions for pensions and other long-term employee benefits	505	512
Provisions	-	5
Total non-current liabilities*	3,530	1,464
Current liabilities		
Short-term borrowings	206	2,368
Derivative financial instruments	0	54
Other current liabilities*	1,293	1,165
Provisions	5	24
Total current liabilities*	1,504	3,611
TOTAL EQUITY AND LIABILITIES*	9,549	9,228

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Condensed consolidated statement of changes in equity

SEKm	Full year	
	Jan-Dec 2021	Jan-Dec 2020
Equity at beginning of period*	4,153	4,197
Adjustment opening balance for change in accounting treatment of accounting for cloud computing arrangements	-	-12
Adjusted equity at beginning of period*	4,153	4,185
Profit for the period*	472	265
Other comprehensive income*	108	-157
Total comprehensive income*	580	108
Transactions with owners		
Forward contract to repurchase own shares	48	-
Purchase of treasury shares	-44	-
Share-based payments	-7	3
Dividend ¹	-216	-144
Dividend on outstanding shares in forward contracts to repurchase own shares	1	1
Total transactions with owners	-218	-140
Equity at end of period*	4,515	4,153

¹ The dividend paid in 2021 comprised a dividend of SEK 0.75 (0.50) per share.

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Condensed consolidated cash flow statement

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Cash flow from operating activities before changes in working capital*	204	163	675	603
Cash flow from changes in working capital	164	147	183	38
Cash flow from operating activities*	368	310	858	641
Cash flows from investments in property, plant and equipment and intangible assets*	-55	-58	-194	-275
Cash flow from other investing activities	1	1	3	1
Cash flow from investing activities*	-54	-57	-191	-274
Cash flow from operating and investing activities	314	253	667	367
Cash flow from financing activities	-161	-161	-436	-476
Cash flow for the period	153	92	231	-109
Cash and cash equivalents at beginning of period	505	330	396	579
Cash flow for the period	153	92	231	-109
Exchange difference	34	-26	65	-74
Total cash and cash equivalents at end of period	692	396	692	396

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Condensed consolidated key figures

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit				
Net sales	1,662	1,466	6,046	5,695
Net sales, change, %	13.4	-14.9	6.2	-12.3
Organic net sales, change, %	13.8	-12.3	8.4	-11.2
Gross margin, %	36.4	37.0	35.5	34.7
Depreciation*	-61	-72	-250	-270
Amortisation	-2	-2	-10	-10
Impairment loss other non-current assets	-	0	-1	-13
Operating profit, adjusted*	157	116	571	495
Operating profit margin, adjusted %*	9.4	7.9	9.4	8.7
Operating profit (EBIT)*	157	114	565	442
Operating profit margin (EBIT margin), %*	9.4	7.8	9.3	7.8
EBITDA, adjusted*	220	191	832	777
EBITDA*	220	188	826	735
Profit margin, %*	9.5	9.3	9.2	6.7
Segments				
Branded packaged products				
Net sales	1,284	1,179	4,686	4,527
Operating profit, adjusted*	152	164	577	649
Operating profit margin, adjusted %*	11.8	13.9	12.3	14.3
Pick & mix				
Net sales	378	287	1,360	1,168
Operating profit, adjusted	5	-48	-6	-154
Operating profit margin, adjusted %	1.3	-16.7	-0.4	-13.2
Financial position				
Working capital	363	540	363	540
Capital expenditure*	66	72	230	357
Net debt	1,679	2,139	1,679	2,139
Capital employed*	7,388	7,198	7,388	7,198
Return on capital employed, % (Rolling 12 months)*	7.9	6.0	7.9	6.0
Equity/assets ratio, %*	47.3	45.0	47.3	45.0
Net debt/equity ratio, %*	37.2	51.5	37.2	51.5
Return on equity, % (Rolling 12 months)*	10.5	6.4	10.5	6.4
Equity per share, SEK*	15.7	14.4	15.7	14.4
Net debt/EBITDA, x (Rolling 12 months)*	2.0	2.8	2.0	2.8
Cash flow				
Cash flow from operating activities*	368	310	858	641
Cash flow from investing activities*	-54	-57	-191	-274
Cash flow after investments	314	253	667	367
Free cash flow	313	252	664	366
Free cash flow yield (Rolling 12 months), %	8.8	5.2	8.8	5.2
Cash flow from operating activities per share, SEK*	1.3	1.1	3.0	2.2
Employees				
Average number of employees	2,589	2,606	2,599	2,653

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Reconciliation of alternative performance measures key figures

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Items affecting comparability				
Acquisitions, integration and restructurings	0	-2	-6	-53
<i>of which: impairment loss other non-current assets</i>	-	1	-	-11
Items affecting comparability	0	-2	-6	-53
<i>Corresponding line in the condensed consolidated profit and loss account:</i>				
Cost of goods sold	1	0	1	-19
Selling expenses	-	0	-	-12
General and administrative expenses	-1	-2	-7	-22
Total	0	-2	-6	-53
Operating profit, adjusted				
Operating profit*	157	114	565	442
Minus: Items affecting comparability	0	-2	-6	-53
Operating profit, adjusted*	157	116	571	495
Net sales	1,662	1,466	6,046	5,695
Operating profit margin, adjusted, %*	9.4	7.9	9.4	8.7
EBITDA, adjusted				
Operating profit*	157	114	565	442
Minus: Depreciation*	-61	-72	-250	-270
Minus: Amortisation	-2	-2	-10	-10
Minus: Impairment loss other non-current assets	-	0	-1	-13
EBITDA*	220	188	826	735
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	0	-3	-6	-42
EBITDA, adjusted*	220	191	832	777
Capital employed				
Total assets*	9,549	9,228	9,549	9,228
Minus: Deferred tax liability*	863	836	863	836
Minus: Non-current provisions	-	5	-	5
Minus: Current provisions	5	24	5	24
Minus: Other current liabilities*	1,293	1,165	1,293	1,165
Capital employed*	7,388	7,198	7,388	7,198
Capital employed comparative period previous year*	7,198	7,576	7,198	7,576
Average capital employed*	7,293	7,387	7,293	7,387

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Reconciliation alternative performance measures, continued

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Return on capital employed				
Operating profit (Rolling 12 months)*	565	442	565	442
Financial income (Rolling 12 months)	9	3	9	3
Operating profit plus financial income (Rolling 12 months)*	574	445	574	445
Average capital employed*	7,293	7,387	7,293	7,387
Return on capital employed, %*	7.9	6.0	7.9	6.0
Free cash flow yield				
Cash flow from operating activities (Rolling 12 months)*	858	641	858	641
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)*	-194	-275	-194	-275
Free cash flow (Rolling 12 months)	664	366	664	366
Number of shares outstanding	287,028,670	288,619,299	287,028,670	288,619,299
Free cash flow per share (Rolling 12 months), SEK	2.31	1.27	2.31	1.27
Market price per share, SEK	26.20	24.52	26.20	24.52
Free cash flow yield (Rolling 12 months), %	8.8	5.2	8.8	5.2
Changes in net sales				
Net sales	1,662	1,466	6,046	5,695
Net sales comparative period previous year	1,466	1,722	5,695	6,493
Net sales, change	196	-256	351	-798
Minus: Changes in exchange rates	-7	-44	-125	-70
Organic growth	203	-212	476	-728
Organic growth, %	13.8	-12.3	8.4	-11.2

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Quarterly data

SEKm	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Profit and loss account									
Net sales	1,662	1,566	1,420	1,398	1,466	1,474	1,237	1,518	1,722
Cost of goods sold	-1,057	-1,015	-893	-933	-923	-1,040	-777	-978	-1,073
Gross profit	605	551	527	465	543	434	460	540	649
Selling expenses*	-276	-209	-242	-211	-253	-248	-213	-237	-271
General and administrative expenses*	-172	-163	-159	-151	-176	-104	-146	-158	-169
Operating profit*	157	179	126	103	114	82	101	145	209
Exchange differences on cash and cash equivalents in foreign currencies	9	-1	-6	31	34	-11	45	-78	13
Other financial income	4	2	2	1	1	0	1	1	0
Other financial expenses	-12	-12	-13	-12	-13	-13	-14	-12	-9
Net financial items	1	-11	-17	20	22	-24	32	-89	4
Profit before tax*	158	168	109	123	136	58	133	56	213
Income tax*	-11	-32	-23	-20	-59	-16	-27	-16	-41
Profit for the period*	147	136	86	103	77	42	106	40	172
<i>Profit for the period attributable to:</i>									
Owners of the Parent Company*	147	136	86	103	77	42	106	40	172
Key figures									
Profit									
Depreciation, amortisation and impairment*	-63	-66	-66	-66	-74	-78	-69	-72	-74
Operating profit, adjusted*	157	180	127	107	116	125	106	148	216
EBITDA, adjusted*	220	246	193	173	191	191	175	220	290
EBITDA*	220	245	192	169	188	160	170	217	283
Operating profit margin, adjusted %*	9.4	11.5	8.9	7.7	7.9	8.5	8.6	9.7	12.5
Operating profit margin (EBIT margin), %*	9.4	11.4	8.9	7.4	7.8	5.6	8.2	9.6	12.1
Earnings per share, SEK									
Basic and diluted ¹⁾	0.51	0.47	0.30	0.36	0.27	0.15	0.37	0.14	0.60
Segments									
Branded packaged products									
Net sales	1,284	1,204	1,097	1,101	1,179	1,178	1,052	1,118	1,261
Operating profit, adjusted*	152	171	123	131	164	149	165	171	207
Operating profit margin, adjusted %*	11.8	14.2	11.2	11.9	13.9	12.6	15.7	15.3	16.4
Pick & mix									
Net sales	378	362	323	297	287	296	185	400	461
Operating profit, adjusted	5	9	4	24-	48-	24-	59-	23-	9
Operating profit margin, adjusted %	1.3	2.5	1.2	8.1-	16.7-	8.1-	31.9-	5.8-	2.0
Financial position									
Share price, last paid, SEK	26.20	27.12	25.54	25.56	24.52	26.00	23.72	23.52	31.70
Return on equity, % (Rolling 12 months)*	10.5	9.1	7.2	7.5	6.4	8.2	10.4	9.9	11.9
Equity per share, SEK*	15.7	15.2	14.8	15.2	14.4	15.2	14.9	15.4	14.5
Net Debt/EBITDA, x (Rolling 12 months)*	2.0	2.5	2.9	2.9	2.8	2.6	2.6	2.4	2.2
Cash flow									
Free cash flow	313	238	102	11	252	252	-118	-20	269
Cash flow from operating activities per share, SEK*	1.3	1.0	0.5	0.2	1.1	1.1	-0.1	0.2	1.1

1 Cloetta entered into forward contracts to repurchase own shares to fulfill its future obligation to deliver the shares to the participants of the long-term share-based incentive plan. The contract has been settled in the second quarter of 2021.

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Reconciliation of alternative performance measures per quarter

SEKm	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Items affecting comparability									
Acquisitions, integration and restructurings	0	-1	-1	-4	-2	-43	-5	-3	-7
<i>of which: impairment loss non-current assets</i>	-	-	-	-	1	-12	-	-	-
Other items affecting comparability	-	-	-	-	-	-	-	-	-
Items affecting comparability	0	-1	-1	-4	-2	-43	-5	-3	-7
<i>Corresponding line in the condensed consolidated profit and loss account:</i>									
Cost of goods sold	1	0	0	-	0	-19	0	-	-
Selling expenses	-	-	-	-	0	-12	0	-	-4
General and administrative expenses	-1	-1	-1	-4	-2	-12	-5	-3	-3
Total	0	-1	-1	-4	-2	-43	-5	-3	-7
Operating profit, adjusted									
Operating profit*	157	179	126	103	114	82	101	145	209
Minus: Items affecting comparability	0	-1	-1	-4	-2	-43	-5	-3	-7
Operating profit, adjusted*	157	180	127	107	116	125	106	148	216
Net sales	1,662	1,566	1,420	1,398	1,466	1,474	1,237	1,518	1,722
Operating profit margin, adjusted, %*	9.4	11.5	8.9	7.7	7.9	8.5	8.6	9.7	12.5
EBITDA, adjusted									
Operating profit*	157	179	126	103	114	82	101	145	209
Minus: Depreciation*	-61	-63	-63	-63	-72	-65	-66	-67	-69
Minus: Amortisation	-2	-3	-2	-3	-2	-3	-2	-3	-3
Minus: Impairment loss other non-current assets	-	-	-1	-	0	-10	-1	-2	-2
EBITDA*	220	245	192	169	188	160	170	217	283
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	0	-1	-1	-4	-3	-31	-5	-3	-7
EBITDA, adjusted*	220	246	193	173	191	191	175	220	290
Capital employed									
Total assets*	9,549	9,544	9,224	9,464	9,228	9,595	9,364	10,244	9,660
Minus: Deferred tax liability*	863	881	871	867	836	813	797	813	803
Minus: Non-current provisions	-	-	1	-	5	6	-	-	5
Minus: Current provisions	5	7	11	28	24	28	6	7	5
Minus: Other current liabilities*	1,293	1,328	1,184	1,187	1,165	1,233	1,122	1,435	1,271
Capital employed*	7,388	7,328	7,157	7,382	7,198	7,515	7,439	7,989	7,576
Capital employed comparative period previous year*	7,198	7,515	7,439	7,989	7,576	7,514	7,362	7,654	7,027
Average capital employed*	7,293	7,422	7,298	7,686	7,387	7,515	7,401	7,822	7,302

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Reconciliation of alternative performance measures, continued

SEKm	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Return on capital employed									
Operating profit (Rolling 12 months)*	565	522	425	400	442	537	650	708	727
Financial income (Rolling 12 months)	9	6	4	3	3	2	3	2	2
Operating profit plus financial income (Rolling 12 months)*	574	528	429	403	445	539	653	710	729
Average capital employed*	7,293	7,422	7,298	7,686	7,387	7,515	7,401	7,822	7,302
Return on capital employed, %*	7.9	7.1	5.9	5.2	6.0	7.2	8.8	9.1	10.0
Free cash flow yield									
Cash flow from operating activities (Rolling 12 months)*	858	800	828	631	641	649	595	634	724
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)*	-194	-197	-211	-234	-275	-266	-265	-227	-186
Free cash flow (Rolling 12 months)	664	603	617	397	366	383	330	407	538
Number of shares outstanding	287,028,670	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299
Free cash flow per share (Rolling 12 months), SEK	2.31	2.09	2.14	1.38	1.27	1.33	1.14	1.41	1.86
Market price per share, SEK	26.20	27.12	25.54	25.56	24.52	26.00	23.72	23.52	31.70
Free cash flow yield (Rolling 12 months), %	8.8	7.7	8.4	5.4	5.2	5.1	4.8	6.0	5.9
Changes in net sales									
Net sales	1,662	1,566	1,420	1,398	1,466	1,474	1,237	1,518	1,722
Net sales comparative period previous year	1,466	1,474	1,237	1,518	1,722	1,629	1,583	1,559	1,646
Net sales, change	196	92	183	-120	-256	-155	-346	-41	76
Minus: Changes in exchange rates	-7	-19	-43	-56	-44	-36	-11	21	33
Organic growth	203	111	226	-64	-212	-119	-335	-62	43
Organic growth, %	13.8	7.5	18.2	-4.2	-12.3	-7.3	-21.2	-4.0	2.6

* Comparative figures have been restated as a consequence of the change in accounting treatment of accounting for cloud computing arrangements. See pages 25-27 for further details.

Parent company

Condensed parent company profit and loss account

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	31	18	86	79
Gross profit	31	18	86	79
General and administrative expenses	-38	-16	-112	-81
Operating profit/loss	-7	2	-26	-2
Net financial items	81	65	69	50
Profit before tax	74	67	43	48
Income tax	-16	-10	-12	-11
Profit for the period	58	57	31	37

Profit for the period corresponds to comprehensive income for the period.

Condensed parent company balance sheet

SEKm	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets	5,355	5,354
Current assets	91	77
TOTAL ASSETS	5,446	5,431
EQUITY AND LIABILITIES		
Equity	2,864	3,100
Non-current liabilities		
Borrowings	938	137
Provisions	2	1
Total non-current liabilities	940	138
Current liabilities		
Borrowings	150	1,050
Derivative financial instruments	-	3
Other current liabilities	1,492	1,140
Total current liabilities	1,642	2,193
TOTAL EQUITY AND LIABILITIES	5,446	5,431

Condensed parent company statement of changes in equity

SEKm	Full year	
	Jan-Dec 2021	Jan-Dec 2020
Equity at beginning of period	3,100	3,204
Profit for the period	31	37
Total comprehensive income	31	37
Transactions with owners		
Share-based payments	-7	3
Purchase of treasury shares	-44	-
Dividend ¹	-216	-144
Total transactions with owners	-267	-141
Equity at end of period	2,864	3,100

¹ The dividend paid in 2021 comprised a dividend of SEK 0.75 (0.50) per share.

Accounting and valuation policies, disclosures and risk factors

Accounting and valuation policies

Compliance with legislation and accounting standards

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) which have been endorsed by the European Commission for application in the EU. The applied standards and interpretations are those that were in force and had been endorsed by the EU at 1 January, 2021. The consolidated interim report is presented compliant with IAS 34, Interim Financial Reporting, and in compliance with the relevant provisions in the Swedish Annual Accounts Act and the Swedish Securities Market Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which are consistent with the provisions in recommendation RFR 2, Accounting for Legal Entities. For lease accounting the company makes use of the exemption under RFR2 to treat all leases as operating lease.

Basis of accounting

The same accounting policies and methods of computation are applied in the interim financial statements as in the most recent annual financial statements except for the changes in segment reporting as disclosed on page 27, and the changes in accounting for cloud computing arrangements as described below. Reference is made to Note 1 'General information and accounting and valuation policies of the Group' and Note 31 'Changes in accounting policies' in the annual and sustainability report 2020 at www.cloetta.com. No new standards are effective as from 1 January 2021 which have been endorsed by the EU.

Accounting for cloud computing arrangements

The IFRS Interpretations Committee has reached its conclusions on the agenda decision on the accounting for cost of configuration or customisation in a cloud computing arrangement. The agenda decision clarifies that a company cannot capitalise expenses related to the implementation of a cloud computing arrangement in case the company has no control over the application software. However, a prepayment for services not yet received would still constitute an asset, but it will then be classified as a prepayment asset in the balance sheet.

The Group previously recognised the cost related to the implementation of a cloud computing arrangement as an intangible asset and amortise the asset on a straight-line basis over the estimated useful life of the asset. The Group has adopted the treatment set out in the agenda decision. This change in accounting treatment has been accounted for retrospectively in the opening balance as per 1 January 2020 and the consecutively reported quarterly figures. The previously capitalised costs are expensed, and the amortisation of the previously capitalised costs are reversed. The change in accounting treatment has as such no impact on total cash flows and neither on the investments made in cloud computing arrangements. The change in accounting treatment results in that most investments in cloud computing arrangements being expensed as incurred in the profit and loss account while other IT investments are capitalised and amortised over the useful life.

Restatements related to change in accounting treatment of cloud computing arrangements

The overview on the next pages shows for what amount the main consolidated financial statements and key figures have been restated as a result of the change in accounting treatment for cloud computing arrangements.

Only the main line items are presented. The effect of restated figures on subtotals are not presented separately.

Restatements related to change in accounting treatment of cloud computing arrangements

SEKm	Restate- ment effect	Pro- Forma Q4 2021 ¹	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Opening Balance 2020
Consolidated profit and loss account										
Selling expenses	Quarter	0	-1	0	0	0	0	0	0	
General and administrative expenses	Quarter	-3	-9	-13	-4	-7	-5	-4	-4	
Income tax	Quarter	1	2	3	1	1	1	2	0	
Earnings per shares, SEK Basic and diluted	Quarter	-0.01	-0.03	-0.03	-0.01	-0.02	-0.01	-0.01	-0.01	
Consolidated statement of comprehensive income										
Profit for the period	Quarter	-2	-8	-10	-3	-6	-4	-2	-4	
Currency translation differences	Quarter	-1	1	0	0	1	0	-1	2	
Total comprehensive income for the period attributable to owners of the Parent Company	Quarter	-3	-7	-10	-3	-5	-4	-3	-2	
Condensed consolidated balance sheet										
Intangible assets	Cumulative	-63	-59	-50	-37	-33	-27	-22	-17	-14
Deferred tax asset	Cumulative	1	0	0	1	1	0	0	1	0
Other current assets	Cumulative	6	5	5	4	3	3	2	2	1
Equity	Cumulative	-49	-46	-39	-29	-26	-21	-17	-14	-12
Deferred tax liability	Cumulative	-2	-2	-1	-1	-1	-1	-1	-1	0
Other current liabilities	Cumulative	-5	-6	-5	-2	-2	-2	-2	1	-1
Condensed consolidated statements of changes in equity										
Equity at the beginning of the period	YtD	-26	-26	-26	-26	-12	-12	-12	-12	-12
Profit for the period	YtD	-23	-21	-13	-3	-16	-10	-6	-4	
Other comprehensive income	YtD	0	1	0	0	2	1	1	2	
Condensed consolidated cash flow statement										
Cash flow from operating activities before changes in working capital	Quarter	-6	-9	-11	-3	-5	-4	-3	-3	
Cash flow from investments in property, plant and equipment and intangible assets	Quarter	6	9	11	3	5	4	3	3	

1 The pro-forma figures for Q4 2021 are reflecting how the change in accounting treatment for cloud computing arrangements has affected the reported figures in Q4. Only previously reported figures are restated, therefore the Q4 effect is presented as pro-forma.

Restatements related to change in accounting treatment of cloud computing arrangements, continued

SEKm	Restate- ment effect	Pro- Forma Q4 2021 ¹	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Opening Balance 2020
Condensed consolidated key figures										
Profit										
Depreciation	Quarter	2	1	-2	-1	-2	-1	-1	-1	
Operating profit, adjusted	Quarter	-3	-10	-13	-4	-7	-5	-4	-4	
Operating profit margin, adjusted %	Quarter	-0.2	-0.6	-1.0	-0.2	-0.5	-0.3	-0.3	-0.3	
Operating profit (EBIT)	Quarter	-3	-10	-13	-4	-7	-5	-4	-4	
Operating profit margin (EBIT margin), %	Quarter	-0.2	-0.7	-0.9	-0.3	-0.5	-0.3	-0.3	-0.2	
EBITDA, adjusted	Quarter	-5	-11	-11	-3	-5	-4	-3	-3	
EBITDA	Quarter	-5	-11	-11	-3	-5	-4	-3	-3	
Profit margin, %	Quarter	-0.2	-0.7	-0.9	-0.3	-0.5	-0.4	-0.3	-0.3	
Segments										
Branded packaged products										
Operating profit, adjusted	Quarter	-3	-10	-13	-4	-7	-5	-4	-4	
Operating profit margin, adjusted %	Quarter	-0.3	-0.8	-1.2	-0.4	-0.6	-0.5	-0.4	-0.4	
Financial position										
Capital expenditure	Quarter	-6	-9	-13	-2	-5	-4	-4	-2	
Capital employed	Cumulative	-49	-46	-40	-29	-26	-21	-17	-13	
Return on capital employed, % (Rolling 12 months)	Cumulative	-0.3	-0.4	-0.4	-0.3	-0.3	-0.1	-0.1	0	
Equity/assets ratio, %	Cumulative	-0.2	-0.2	-0.2	-0.1	-0.1	-0.2	-0.1	0.0	0.0
Net debt/equity ratio, %	Cumulative	0.4	0.4	0.5	0.3	0.3	0.3	0.3	0.2	0.2
Return on equity, % (rolling 12 months)	Cumulative	-0.3	-0.6	-0.5	-0.3	-0.3	-0.2	-0.1	-0.1	
Equity per share, SEK	Cumulative	-0.2	-0.2	-0.1	-0.1	-0.1	0.0	-0.1	0.0	0.0
Net debt/EBITDA, x (Rolling 12 months)	Cumulative	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0	
Cash flow										
Cash flow from operating activities	Quarter	-6	-9	-11	-3	-5	-4	-3	-3	
Cash flow from investing activities	Quarter	6	9	11	3	5	4	3	3	
Cash flow from operating activities per share, SEK	Quarter	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	0.0	

1 The pro-forma figures for Q4 2021 are reflecting how the change in accounting treatment for cloud computing arrangements has affected the reported figures in Q4. Only previously reported figures are restated, therefore the Q4 effect is presented as pro-forma.

Disclosures

Segment reporting

In the years after the acquisition of the Candyking Group in 2017, the Pick & mix business became a significant part of Cloetta's total business with its own focus, operational organisation, management responsibilities and reporting flows. Following the changes in the business, also the management structure of the Group evolved with the introduction of a Chief Pick & mix Officer (CPMO) responsible for the development of the Pick & mix business and a Chief Marketing Officer (CMO) being responsible for the marketing of the Branded packaged business. Both officers are members of the executive committee and are accountable within their own business lines and report directly to the President and CEO.

In Q1 2021, Cloetta has reassessed the operating segments with an increased focus on the impact of the changes in the organisation as indicated above. The reassessment has been performed with the intention to come to a sustainable structure taking into account the current organisation, operating model and initiated initiatives related to the direction of the company.

In the assessment it has been considered that both the Branded packaged business and the Pick & mix business have their own specific characteristics. Both business lines generate their own external revenues and incur expenses and for both business lines a different company wide business and investment strategy has been developed and is in place.

The character of the more profitable Branded packaged business requires investments in the brands (A&P) with consumer visibility (traditional- and social media) to generate long term strength of our own brands, leading to value creation for the company. Cloetta manufactures nearly all products sold in this business in its own production facilities.

The much lower margin Pick & mix business is predominantly a wholesale business where Cloetta sells its own products and its competitors' products to retailers under their own private brand or under the CandyKing concept. The Pick & mix business is driven by volumes and requires investments in the pick & mix concept including investments in the fixtures in which the products are offered to the consumer.

Operating segments have been identified in accordance with the guidance provided in IFRS 8 paragraph 5–10.

The overall focus on revenues, profitability, and strategy specifically for the Branded packaged products business versus the Pick & mix business is reflected as such in Cloetta's external financial reporting and this split is aligned with the interest of Cloetta's investors.

Disaggregation of revenue from contracts with customers

Cloetta generates revenues from the transfer of goods and services at a point in time and over time in the following major sales categories and performance obligations:

Disaggregation of revenue

SEKm	Fourth quarter		Full year	
	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Net sales				
Branded packaged products	1,284	1,179	4,686	4,527
Pick & mix	378	287	1,360	1,168
Total	1,662	1,466	6,046	5,695

Breakdown of net sales by category

%	Fourth quarter		Full year	
	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Net sales				
Candy	62	60	61	59
Chocolate	18	18	19	17
Pastilles	10	12	10	12
Chewing gum	5	5	5	7
Nuts	3	3	3	3
Other	2	2	2	2
Total	100	100	100	100

Breakdown of net sales by country

%	Fourth quarter		Full year	
	Oct–Dec 2021	Oct–Dec 2020	Jan–Dec 2021	Jan–Dec 2020
Sweden	33	33	31	31
Finland	20	22	21	22
The Netherlands	16	13	14	15
Denmark	9	10	9	9
The UK	6	4	6	5
Norway	7	6	7	6
Germany	5	6	6	6
Other countries	4	6	6	6
Total	100	100	100	100

Leases**Right-of-use assets**

SEKm	31 Dec 2021	31 Dec 2020
Land and buildings	81	95
Transportation	50	52
Other equipment	10	23
Total right-of-use assets	141	170

Additions to the right-of-use assets were SEK 11m (14) during the quarter and SEK 35m (82) during the year.

Lease liability

SEKm	31 Dec 2021	31 Dec 2020
Current	59	64
Non-current (between 1 and 5 years)	83	110
Non-current (over 5 years)	1	2
Total Lease liability	143	176

The non-current lease liability of SEK 84m (112) is reflected in the 'long-term borrowings'. The current lease liability of SEK 59m (64) is reflected in the 'short-term borrowings'.

Depreciation charge right-of-use assets

SEKm	Fourth quarter		Full year	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Land and buildings	-7	-9	-33	-34
Transportation	-8	-7	-29	-30
Other equipment	-1	-2	-6	-9
Total depreciation charge right-of-use assets	-16	-18	-68	-73

Other disclosures

SEKm	Fourth quarter		Full year		Recognised in:
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020	
Interest expense	0	-1	-2	-3	net financial items, in the profit and loss account
Impairment of right-of-use assets	-	0	-	-4	cost of goods sold, in the profit and loss account
Expense relating to leases of low-value assets that are not short-term leases	-1	-1	-1	-1	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
Expense relating to short-term leases, where no right-of-use asset has been recognised	-1	-2	-5	-8	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
Expense relating to variable lease payments not included in lease liabilities	-4	-4	-16	-17	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
Total cash outflow for leases	-17	-19	-70	-75	cash flow from operating activities and financing activities, in the cash flow statement

Taxes

The effective tax rate was positively impacted by the release of a tax provision, revaluation of deferred tax assets following changes in enacted tax rates, the utilisation of unrecognised tax losses carried forward and differences between expected and actual tax filings related to the previous year. Non-deductible expenses and international tax rate differences had a negative impact on the effective tax rate for the period.

Fair value measurement

The only items recognised at fair value after initial recognition are the interest rate swaps categorised within level 2 of the fair value hierarchy in all periods presented.

The fair values of financial assets (loans and receivables) and liabilities measured at amortised cost are approximately equal to carrying amounts.

For measurement purposes, the fair value of financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value measurements by level according to the fair value measurement hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the carrying amounts and fair values of the Group's financial assets and liabilities, including their levels in the fair value hierarchy:

31 Dec 2021	Carrying amount				Fair value			
	Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities at carrying value	Total	Level 1	Level 2	Level 3	Total
SEKm								
Financial assets								
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income	-	721	-	721				
• Single currency interest rate swaps	3	-	-	3	-	3	-	3
• Cash and cash equivalents	-	692	-	692				
Total assets	3	1,413	-	1,416	-	3	-	3
Financial liabilities								
• Loans from credit institutions	-	-	2,081	2,081				
• Commercial papers	-	-	150	150				
• Single currency interest rate swaps	0	-	-	0	-	0	-	0
• Lease liabilities	-	-	143	143				
• Trade and other payables, excluding other taxes and social security payables	-	-	1,129	1,129				
Total liabilities	0	-	3,503	3,503	-	0	-	0

31 Dec 2020	Carrying amount				Fair value			
	Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities at carrying value	Total	Level 1	Level 2	Level 3	Total
SEKm								
Financial assets								
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income	-	663	-	663				
• Cash and cash equivalents	-	396	-	396				
Total assets	-	1,059	-	1,059	-	-	-	-
Financial liabilities								
• Loans from credit institutions	-	-	2,054	2,054				
• Commercial papers	-	-	250	250				
• Forward contract to repurchase own shares	-	-	49	49	-	2	-	2
• Single currency interest rate swaps	5	-	-	5	-	5	-	5
• Lease liabilities	-	-	176	176				
• Trade and other payables, excluding other taxes and social security payables	-	-	982	982				
Total liabilities	5	-	3,511	3,516	-	7	-	7

No transfers between fair value hierarchy levels has occurred during the financial year or the prior financial year. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included within level 2.

The valuation of the instruments is based on quoted market prices, but the underlying swap amounts are based on the specific requirements of the Group. These instruments are therefore included within level 2. The valuation techniques and inputs used to value financial instruments are:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign currency contracts is calculated using the difference between the exchange rate on the spot date with the contractually agreed upon exchange rates.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

Parent Company

Cloetta AB's primary activities include head office functions such as group-wide management and administration. The comments below refer to the period from 1 January to 31 December 2021. Net sales in the Parent Company amounted to SEK 86m (79) and relate mainly to intra-group services. Operating loss was SEK -26m (-2). Net financial items totaled SEK 69m (50). Profit before tax was SEK 43m (48) and profit for the period was SEK 31m (37). Cash and cash equivalents and short-term investments amounted to SEK 0m (0).

The Cloetta share

Cloetta's class B share is listed on Nasdaq Stockholm, Mid Cap. During the period from 1 January to 31 December 2021, a total of

192,684,138 shares were traded for a combined value of SEK4,990m, equivalent to around 68 per cent of the total number of class B shares at the end of the period. The highest quoted bid price during the period from 1 January to 31 December 2021 was SEK 30.02 (1 September) and the lowest was SEK 22.02 (28 January). The share price on 31 December 2021 was SEK 26.20 (last price paid). During the period from 1 January to 31 December 2021, the Cloetta share increased by 6.9 per cent while the Nasdaq OMX Stockholm PI index increased by 35.0 per cent. Cloetta's share capital at 31 December 2021 amounted to 1,443,096,495. The total number of shares is 288,619,299, consisting of 5,735,249 (5,735,249) class A shares and 282,884,050 (282,884,050) class B shares, equal to a quota value of SEK 5 per share.

Shareholders

On 31 December 2021, Cloetta AB had 35,689 shareholders. The largest shareholder was AB Malfors Promotor with a holding corresponding to 40.1 per cent of the votes and 29.4 per cent of the share capital in the company. La Financière de l'Echiquier was the second largest shareholder with 3.4 per cent of the votes and 4.0 per cent of the share capital. The third largest shareholder was LSV Asset Management with 3.0 per cent of the votes and 3.5 per cent of the share capital.

Risk factors

Cloetta is an internationally active company that is exposed to a number of market and financial risks. All identified risks are monitored continuously and, if needed, risk mitigating measures are taken to limit their impact. The most relevant risk factors are described in the annual and sustainability report 2020 and consist of industry and market-related risks, operational risks and financial risks.

Compared to the annual and sustainability report which was issued on 15 March 2021, the risk-profile of Cloetta has not significantly changed although the ongoing Covid-19-pandemic continues to affect the business performance of Cloetta.

Definitions

General	All amounts in the tables are presented in SEK millions unless otherwise stated. All amounts in brackets () represent comparative figures for the same period of the prior year, unless otherwise stated.	
Margins	Definition/calculation	Purpose
Gross margin	Net sales less cost of goods sold as a percentage of net sales.	Gross margin measures production profitability.
Operating profit margin, adjusted	Operating profit, adjusted for items affecting comparability, as a percentage of net sales.	Adjusted operating profit margin excludes the impact of items affecting comparability, enabling a comparison of operational profitability.
Operating profit margin (EBIT margin)	Operating profit expressed as a percentage of net sales.	Operating profit margin is used for measuring the operational profitability.
Profit margin	Profit/loss before tax expressed as a percentage of net sales.	This metric enables the profitability to be compared across locations where corporate taxes differ.
Return	Definition/calculation	Purpose
Free cash flow	Sum of the cash flow from operating activities and cash flow from investments in property, plant and equipment and intangible assets.	The free cash flow is the cash flow available to all investors consisting of shareholders and lenders.
Free cash flow yield	Free cash flow of the last 12 months divided by the number of outstanding shares at the end of the period and consequently divided by the market price per share at the end of the period.	This metric is an indicator for the return on investment of investors in the company.
Return on capital employed	Operating profit plus financial income as a percentage of average capital employed. The average capital employed is calculated by taking the capital employed per period end and the capital employed by period end of the comparative period in the previous year divided by two.	Return on capital employed is used to analyse profitability, based on the amount of capital used. The leverage of the company is the reason that this metric is used next to return on equity, because it includes equity, but takes into account borrowings and other liabilities as well.
Return on equity	Profit from continuing operations for the period as a percentage of total equity.	Return on equity is used to measure profit generation, given the resources attributable to the owners of the Parent Company.
Capital structure	Definition/calculation	Purpose
Capital employed	Total assets less interest-free liabilities (including deferred tax).	Capital employed measures the amount of capital used and serves as input for the return on capital employed.
Equity/assets ratio	Equity at the end of the period as a percentage of total assets. The equity/assets ratio represents the amount of assets on which shareholders have a residual claim.	This ratio is an indicator of the company's leverage used to finance the firm.
Gross debt	Gross current and non-current borrowings, credit overdraft facilities, lease liabilities, derivative financial instruments and interest payable.	Gross debt represents the total debt obligation of the company irrespective of its maturity.
Net debt	Gross debt less cash and cash equivalents.	The net debt is used as an indication of the ability to pay off all debts if these became due simultaneously on the day of calculation, using only available cash and cash equivalents.
Net debt/EBITDA	Net debt at the end of the period divided by the EBITDA, adjusted, for the last 12 months, taking into consideration the annualisation of EBITDA for acquired or divested companies.	The net debt/EBITDA ratio approximates the company's ability to decrease its debt. It represents the number of years it would take to pay back debt if net debt and EBITDA were held constant, ignoring the impact of cash flows from interest, tax and capital expenditure.
Net debt/equity ratio	Net debt at the end of the period divided by equity at the end of the period.	The net debt/equity ratio measures the extent to which the company is funded by debt. Because cash and overdraft facilities can be used to pay-off debt at short notice, the leverage takes into account net debt instead of gross debt.
Working capital	Total inventories and trade and other receivables adjusted for trade and other payables.	Working capital is used to measure the company's ability, besides cash and cash equivalents, to meet current operational obligations.
Data per share	Definition/calculation	Purpose
Cash flow from operating activities per share	Cash flow from operating activities in the period divided by the average number of outstanding shares.	The cash flow from operating activities per share measures the amount of cash the company generates per share from the revenues it brings in, irrespective of the capital investments and cash flows related to the financing structure of the company.
Earnings per share	Profit for the period divided by the average number of outstanding shares adjusted for the effect of forward contracts to repurchase own shares.	The earnings per share measures the amount of net profit that is available for payment to shareholders per share.
Equity per share	Equity at the end of the period divided by number of outstanding shares at the end of the period.	Equity per share measures the net-asset value backing up each share of the company's equity and determines if a company is increasing shareholder value over time.

Other definitions	Definition/calculation	Purpose
Amortisation	Amortisation of intangible assets except for amortisation on software which is included in "Depreciation".	Amortisation deviates from depreciation where amortisation has the purpose to spread capitalised expenses over the useful lifetime of these expenses.
Depreciation	Depreciation of property, plant and equipment and amortisation of software.	Depreciation deviates from amortisation where depreciation has the purpose to spread the cost of a non-current asset over the useful lifetime of these assets.
EBITDA	Operating profit before depreciation, amortisation and impairments of other non-current assets.	EBITDA is used to measure the cash flow generated from operating activities, eliminating the impact of financing and accounting decisions.
EBITDA, adjusted	Operating profit, adjusted for items affecting comparability, before depreciation, amortisation and impairments of other non-current assets.	Adjusted EBITDA increases the comparability of EBITDA.
Effective tax rate	Income tax as a percentage of profit before tax.	This metric enables the income tax to be compared across locations where corporate taxes differ.
Items affecting comparability	Items affecting comparability are those significant items which are separately disclosed by virtue of their size or incidence, in order to enable a full understanding of the Group's financial performance. These include items such as restructurings, impact from acquisitions or divestments.	Items affecting comparability increases the comparability of the Group's financial performance.
Net financial items	The total of exchange differences on cash and cash equivalent in foreign currencies, other financial income and other financial expenses.	The net financial items reflects the company's total costs of external financing.
Net sales, change	Net sales as a percentage of net sales in the comparative period of the previous year.	Net sales, change reflects the company's realised top-line growth over time.
Operating profit (EBIT)	Operating profit consists of comprehensive income before net financial items and income tax.	This metric enables the profitability to be compared across locations where corporate taxes differ, irrespective the financing structure of the company.
Operating profit (EBIT), adjusted	Operating profit adjusted for items affecting comparability.	Operating profit, adjusted increases the comparability of operating profit.
Organic growth	Net sales, change excluding acquisition-driven growth and changes in exchange rates.	Organic growth excludes the impact of changes in group structure and exchange rates, enabling a comparison on net sales growth over time.
Structural changes	Net sales, change resulting from changes in group structure.	Structural changes measure the contribution of changes in group structure to the net sales growth.

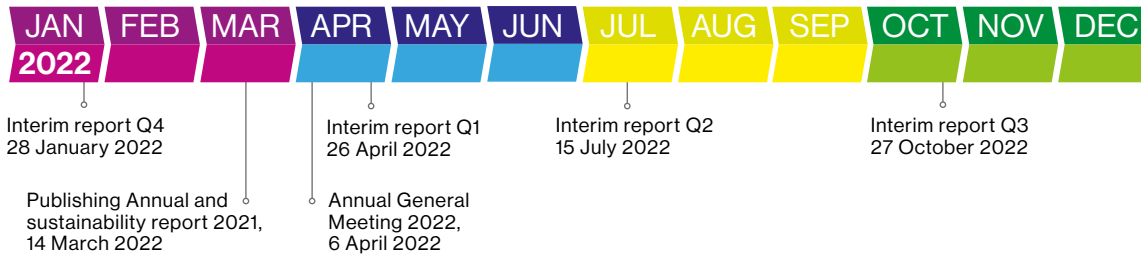
Glossary

Branded packaged products	Products that are mainly sold under brands and are packaged.
FVTPL	Fair Value Through Profit and Loss.
Pick & mix	Cloetta's range of candy and natural snacks that are picked by the consumers themselves.
Pick & mix concept	Cloetta's complete concept in pick & mix including products, displays and accompanying store and logistic services.

Exchange rates

SEKm	31 Dec 2021	31 Dec 2020
EUR, average	10.1527	10.4880
EUR, end of period	10.2503	10.0343
NOK, average	0.9991	0.9757
NOK, end of period	1.0262	0.9584
GBP, average	11.8203	11.7868
GBP, end of period	12.1987	11.1613
DKK, average	1.3652	1.4070
DKK, end of period	1.3784	1.3485

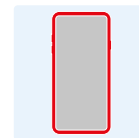
Financial calendar



Contact

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This information is information that Cloetta AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person detailed above, at 08:00 a.m. CET on 28 January 2022.



Our purpose

**“We believe in
the Power of True Joy”**

Business model

Cloetta’s business model is to offer strong local brands in confectionery and nuts and provide effective sales and distribution to the retail trade. Together, this will ensure continued positive development of the company’s leading market positions.

Sustainability

We provide choices for you

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

We care about people

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

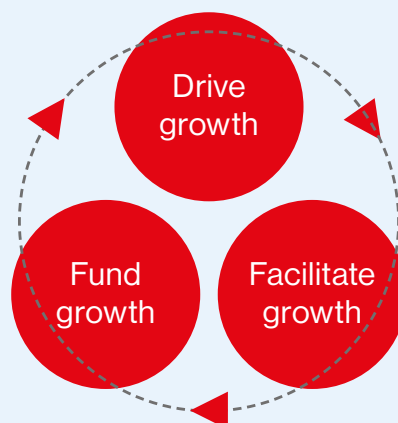
We improve our footprint

Our business depends on the environment. We are responsible for the impact we have from sourcing to packaging.

Long-term financial targets

- Cloetta’s target is to increase organic sales at least in line with market growth.
- Cloetta’s target is an EBIT margin, adjusted for items affecting comparability, of at least 14 per cent.
- Cloetta’s long-term target is a net debt/EBITDA ratio of 2.5x.
- Cloetta’s long-term intention is a dividend payout of 40–60 per cent of profit after tax.

Strategies

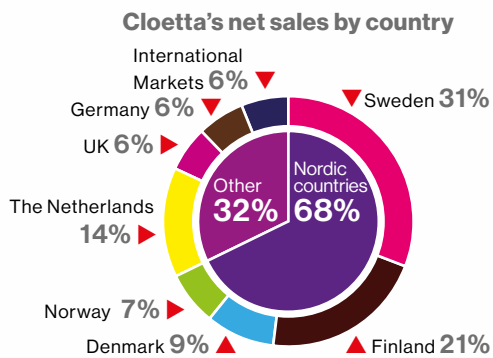
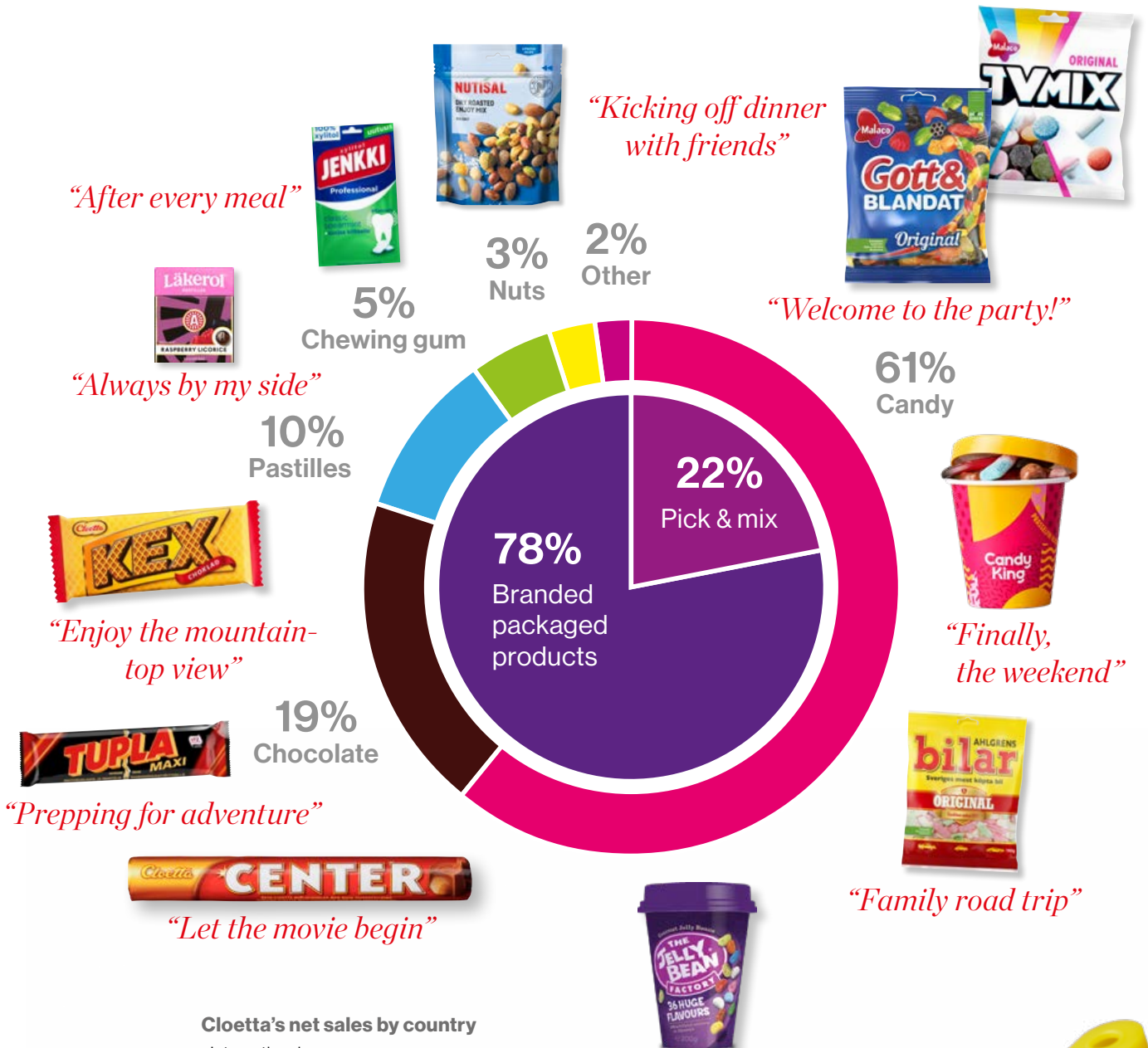


Value drivers

- Strong brands and market positions in a non-cyclical market.
- Excellent availability in the retail trade with the help of a strong and effective sales and distribution organisation.
- Good consumer knowledge and loyalty.
- Innovative product and packaging development.
- Effective production with high and consistent quality.

A joyful product portfolio

Cloetta's net sales by category, January–December 2021





“We believe in the Power of True Joy”

Cloetta, founded in 1862, is a leading confectionery company in Northern Europe. In total, Cloetta products are sold in more than 50 countries worldwide. Cloetta owns some of the strongest brands on the market, such as Läkerol, CandyKing, Jenkki, Kexchoklad, Malaco, Sportlife and Red Band.

Cloetta has seven production units in five countries. Cloetta’s class B shares are traded on Nasdaq Stockholm.

Cloetta

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More information about Cloetta is available at www.cloetta.com