

Cloutier

Q2 2022 results
15 July 2022

- Henri de Sauvage-Nolting, President/CEO
- Frans Rydén, CFO
- Nathalie Redmo, IR



Agenda

1. Quarterly update
2. New greenfield facility
3. Financials
4. Strategic update
5. Q&A



Key messages

Double-digit growth and improved profitability

- Communicated pricing effective in Q2; new pricing announced for H2 given further inflation
- Global supply chain challenges managed without material disruptions
- 6th quarter of growth in Branded, further actions to grow pastille and gum categories
- Actions taken within the Pick & mix segment continued to support profitable growth
- Volumes and mix drive higher adjusted operating profit
- All loan facilities extended by one year to 2024-2026 with our banking group
- Science Based Targets for Cloetta approved
- Investor event on announced greenfield investment to be held on 27 September

SEK **1.6** bn
Net sales

8.2 %
Branded organic
sales growth

24.4 %
Pick & mix organic
sales growth

New greenfield facility



Consolidation of manufacturing network into a new greenfield facility

- Rationale of the investment
 - Facilitate further growth; 15,000 tonnes extra capacity
 - Enable significant cost savings through consolidation and automation
 - Reduce greenhouse gas emissions (SBTi)
- Union consultations initiated, to be finalised during Q3
- Permit process initiated
- Optimal financing being discussed with banking group
- Investor event to be held on 27 September

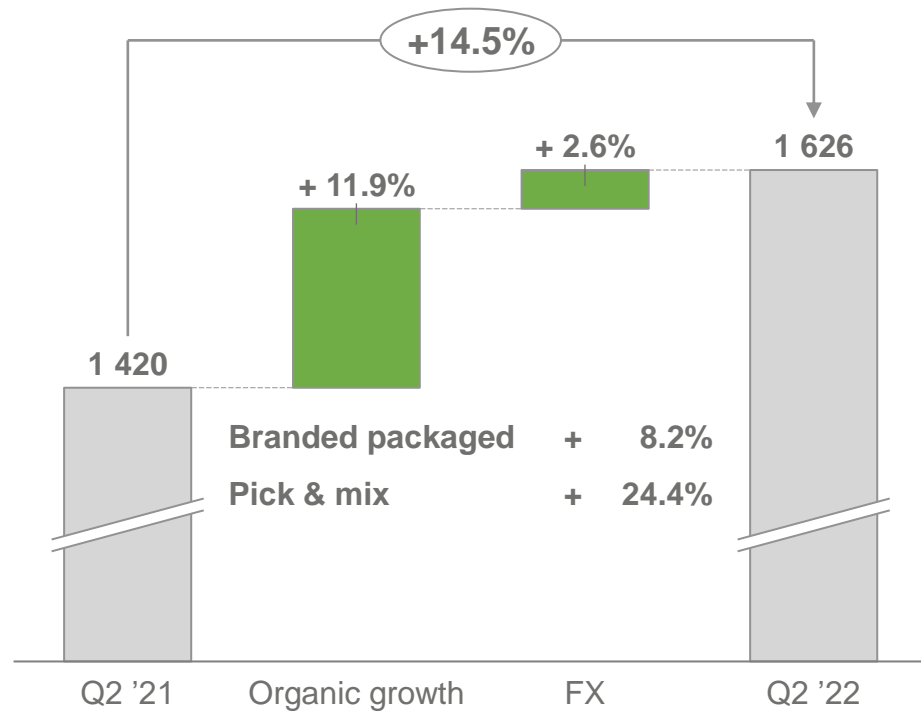


Financials

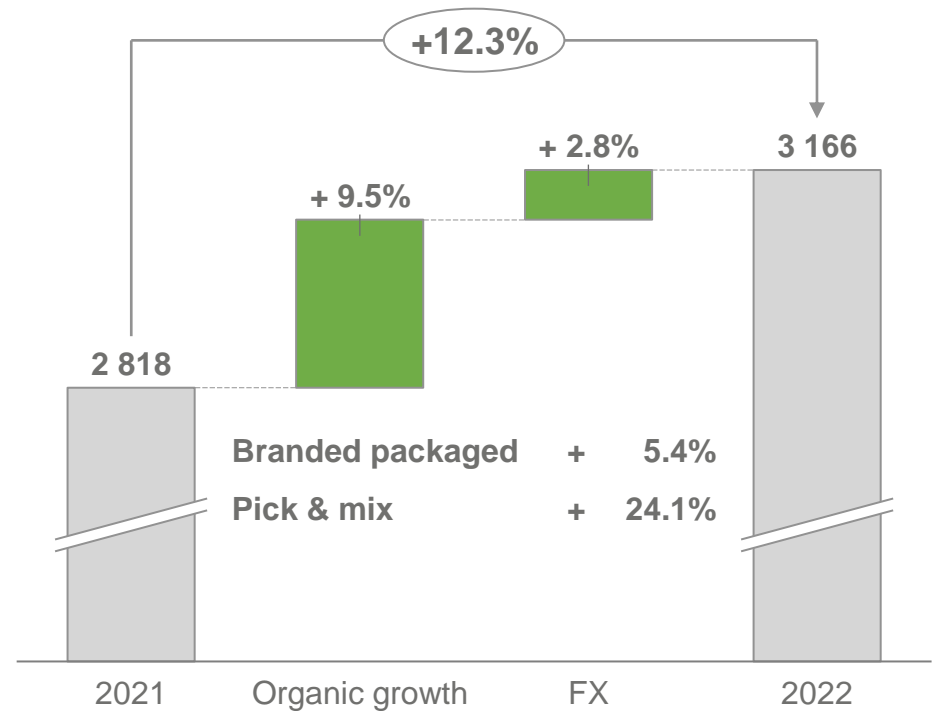
Net sales

Double-digit growth driven by volume and pricing

Second quarter

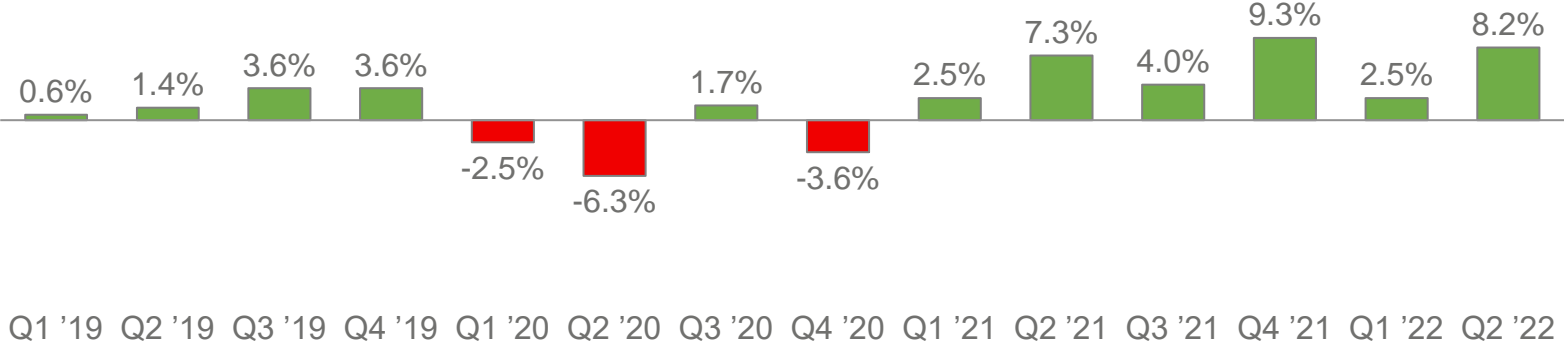
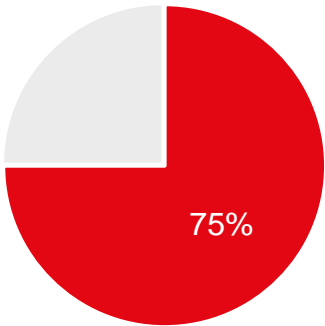


6 months

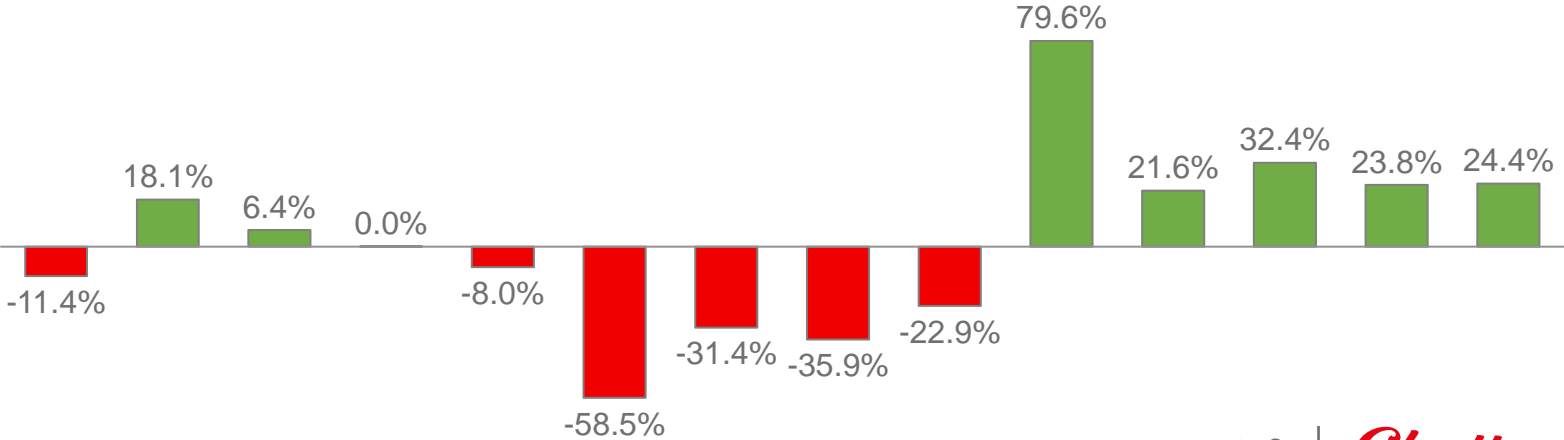
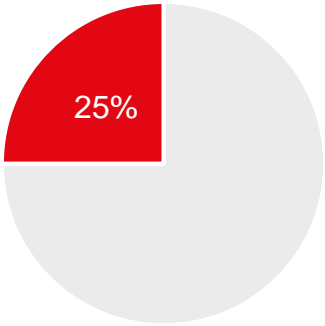


Sales development

Branded, % of Q2 '22 sales



Pick & mix, % of Q2 '22 sales

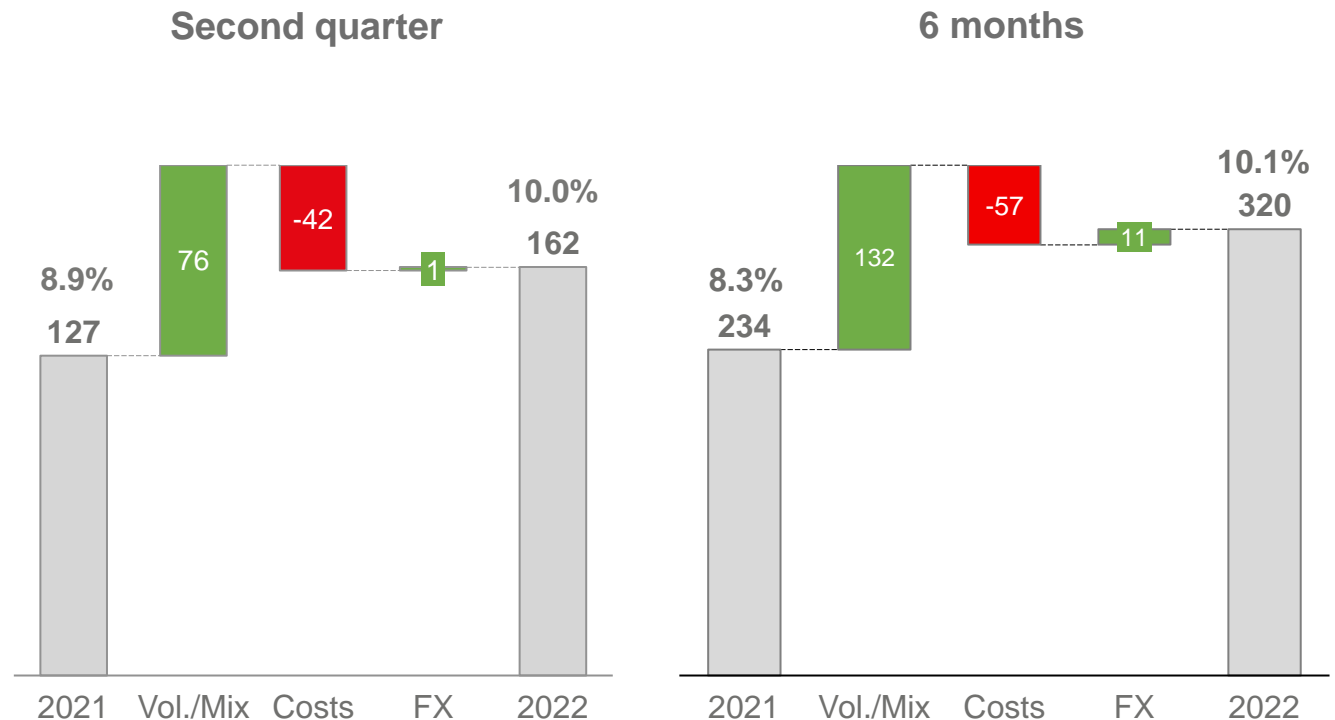


Operating profit, adjusted

Solid profitability despite high inflationary environment

- Profit driven by higher volumes, favourable mix and pricing, partly offset by higher input costs.
- On track with communicated pricing, new pricing announced for H2 given further inflation.
- Double-digit margin despite dilution from pricing.

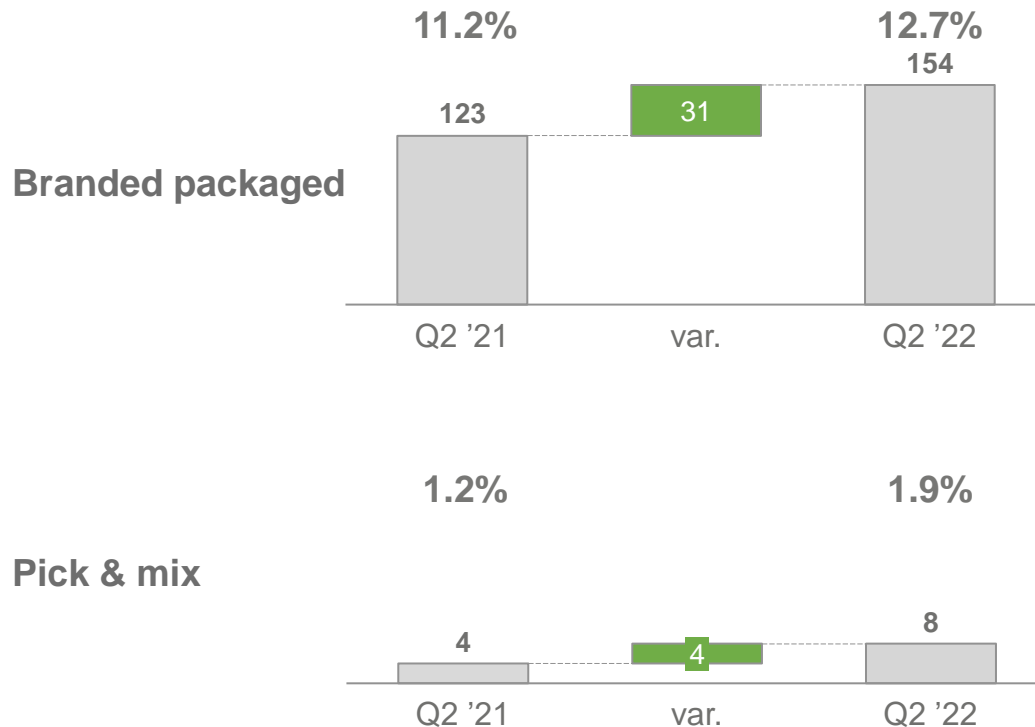
Operating profit, adjusted



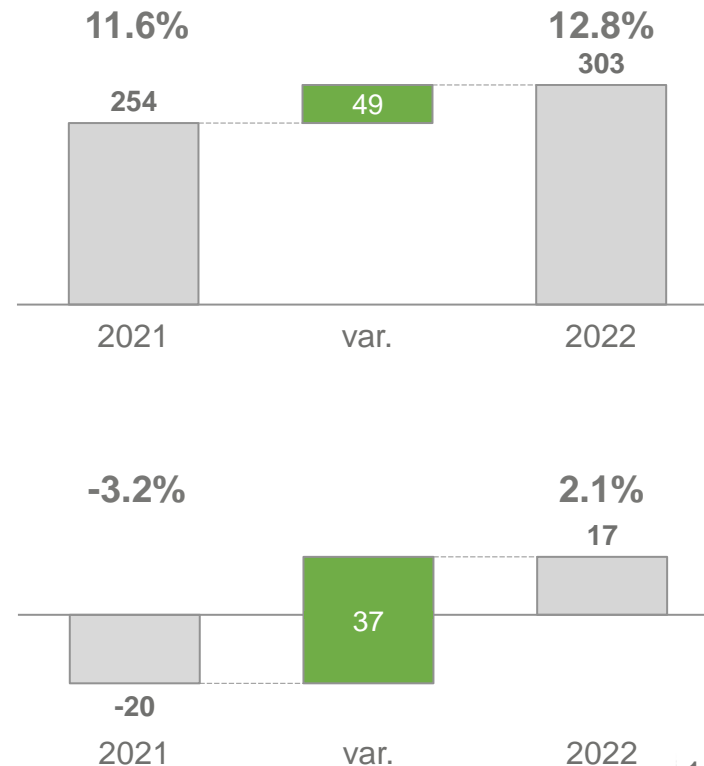
Operating profit, adjusted by segment

Branded profit +150 bps by favourable mix; Pick & mix profitable for a fifth consecutive quarter

Second quarter

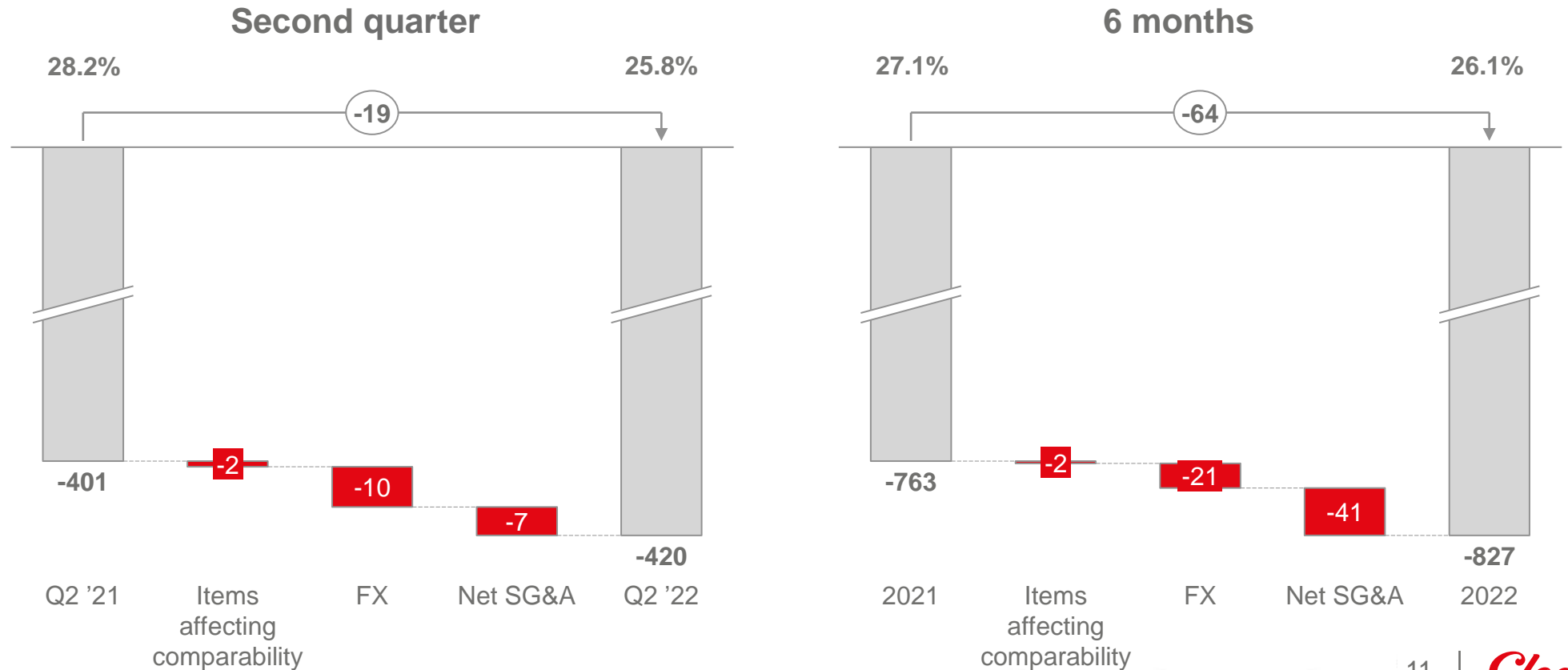


6 months



SG&A

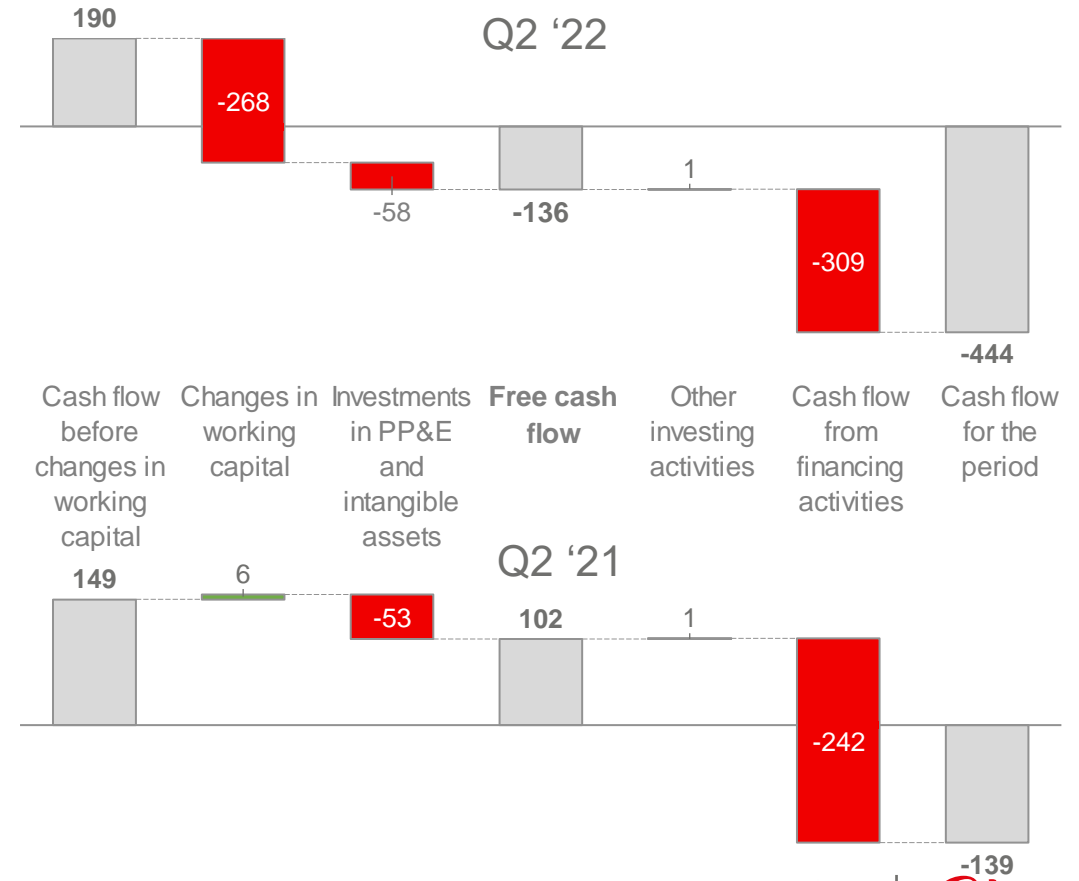
Stable SG&A despite strong volume growth in Pick & mix and sustained marketing investments



Cash flow

Increased working capital driven by seasonal inventory build-up and inflation

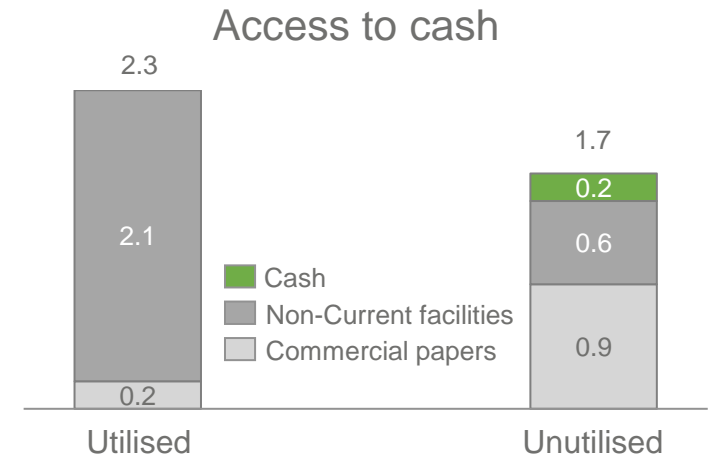
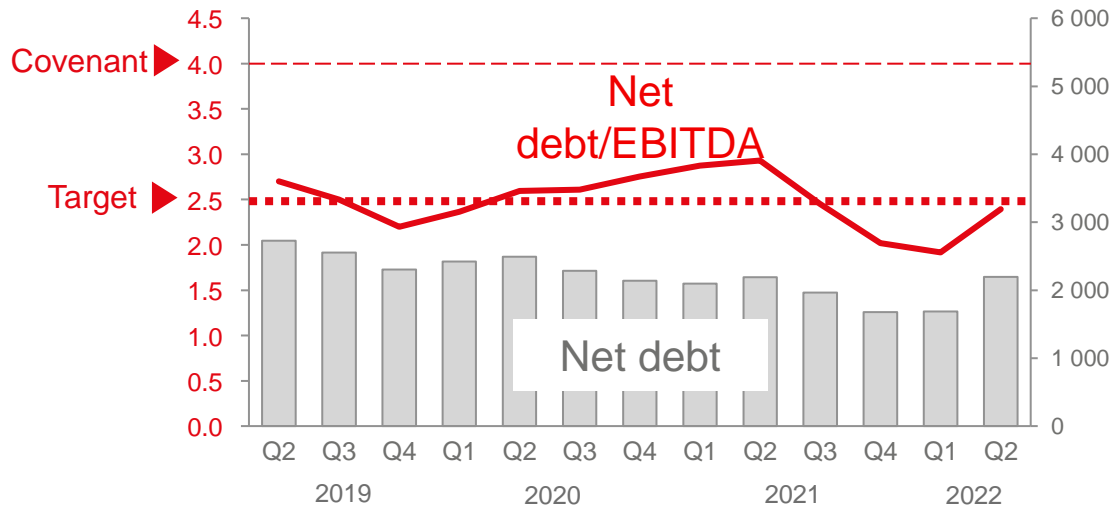
- **Inventories** driven by seasonal build-up and inflation. Safety stock increased given global supply volatility.
- **Receivables** driven by higher sales and pricing.
- **Investments** to support production remain at normal levels.
- **Dividend** increase in 2022 drives higher financing activities.



Financial position

Continued strong financial position

- Net debt in line with last year despite higher working capital and increased dividend
- Leverage at 2.4x; down vs. last year and below long-term target of 2.5x
- All existing loan facilities have been extended with one year to 2024-2026 at unchanged terms



Greenfield facility – Q2 financial impact

One-off costs in line with previous communication

- **SEK -225m recognised in Q2** includes impairments of SEK -126m and provisions and other items affecting comparability of SEK -99m.

	Q2 2022, reported	Greenfield facility	Other items affecting comp.	Q2 2022, adjusted
Cost of goods sold	-1,267	-222	2	-1,047
General and admin expenses	-174	-3		-171
Total		-225	2	
<i>Gross margin</i>	22.1%			35.6%
<i>Operating profit margin</i>	-3.8%			10.0%

Strategic update





Growth leadership in Branded packaged products

Candy

61% of total sales



Focus

- Premium innovations
- E-commerce
- International Markets

Refreshment

15% of total sales



Focus

- Penetration focus
- Breath refresh Mynthon
- Rejuvenate Läkerol
- Gum channel development

Chocolate

19% of total sales



Focus

- Royal relaunch in Finland
- Kexchoklad core growth
- Plopp relaunch

Innovations driving valorisation and naturalness



The 1st candy with 50% fruit

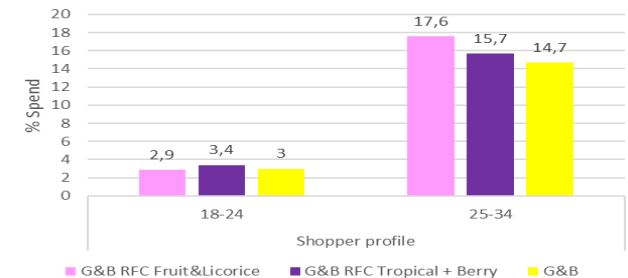
- Maximising choice with exciting flavor mixes
- Expanded to all core markets



Fruit-based candy recruits new younger consumers to G&B

The new Fruit & Licorice launch attracts youngsters even stronger.

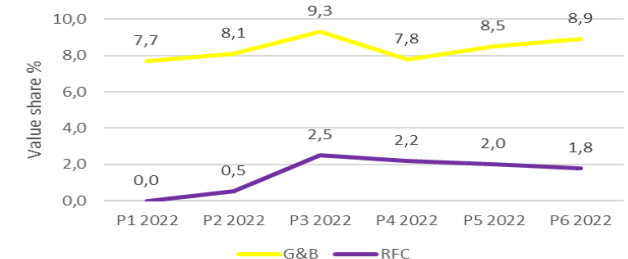
Shopper Profile G&B vs RFC



Fruit-based candy; all time high market share G&B Norway

Already 20% of whole G&B Norway

Value share Norway

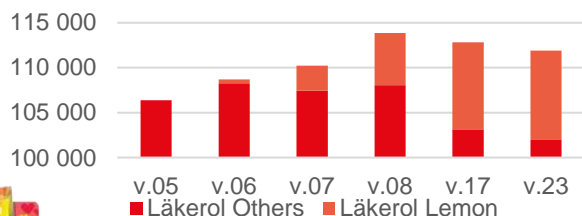


Regain penetration and growth in refreshment

Increase brand penetration by enticing the young

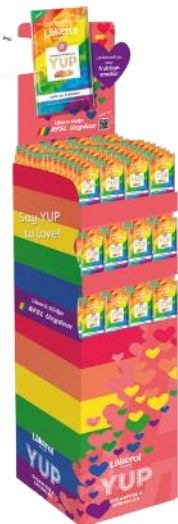
Läkerol Lemon – an instant success!

- Top 3 flavor within the younger TG¹
- Lemon comes strongly incremental



Läkerol YUP Pride edition summer 2022

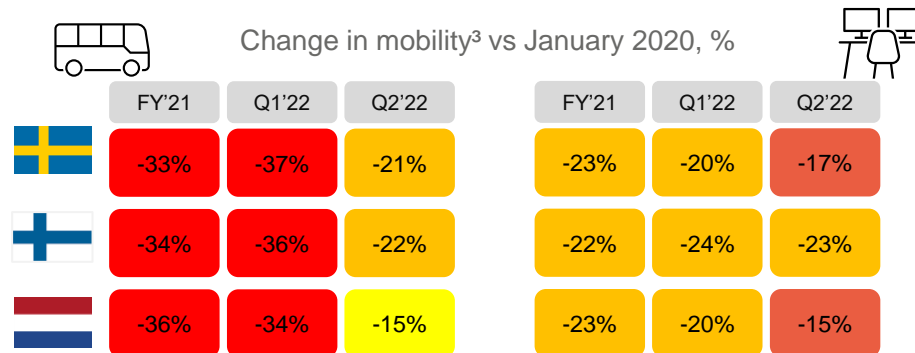
- Emotionally engaging 360° activation connecting the young with the brand.
- 3,000+ in store displays, OOH, sampling & digital campaign for full impact. Local collaborations with organisations supporting the youth LGBTQ+ communities.



¹ICA Selfserve data, w.7-23, Sales volume per age group

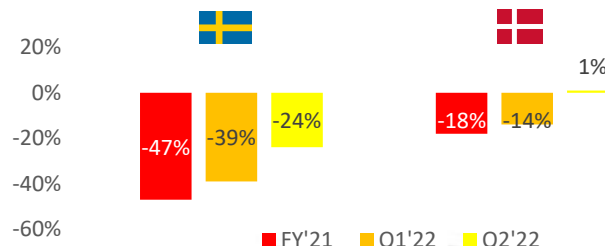
²ICA Selfserve data, w 1-18, 2022, Sales volume

Maximising presence and activities to seize mobility recovery



Slow but consistent growth back to pre-Covid levels, both in terms of mobility and sales

Pastilles category sales⁴ in Convenience channel, % change vs 2019 (pre-Covid)



³Google mobility, up to end June 2022

⁴Nielsen SE & DK, up to W24 2022

Myntion

Läkerol **JENKKI**

SPORTLIFE

Cloetta



Focus on lower costs and greater efficiency

Net Revenue Management

Focus

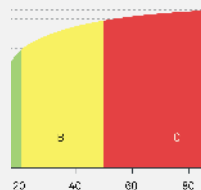
- First phase completed in core markets
- Visualfabriq promo Evaluation tool Q4 go live



Portfolio optimisation

Focus

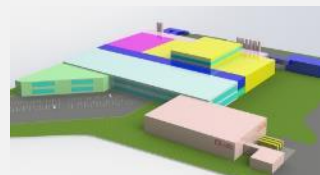
- Complexity reduction
- Delisting low margin SKU's
- Brand review



Perfect factory

Focus

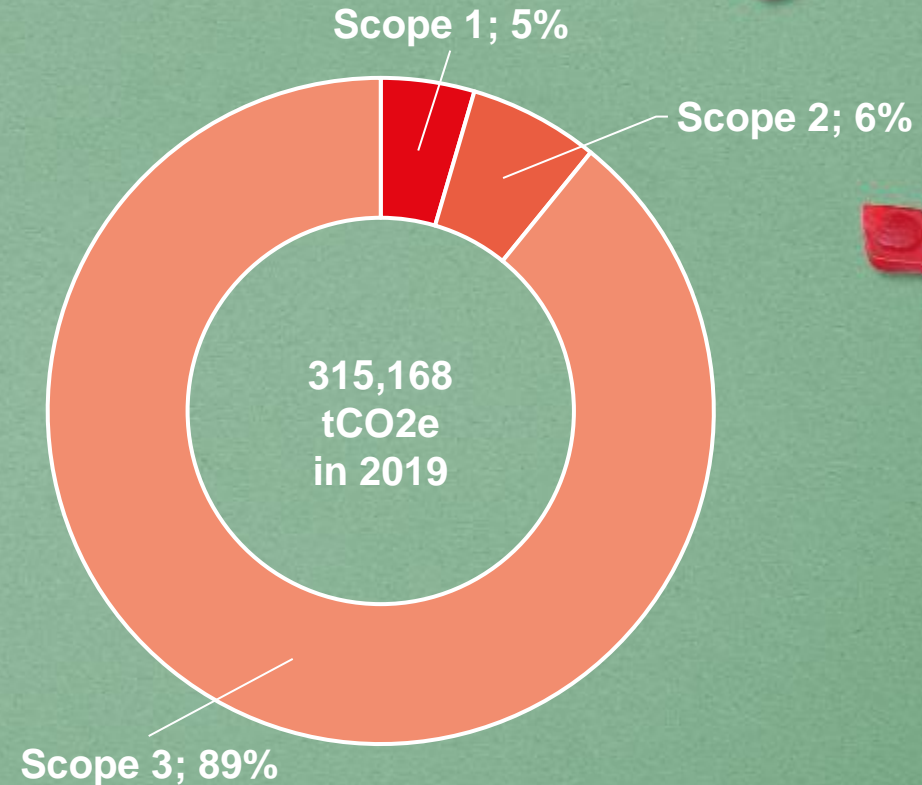
- Waste Reduction
- Raw material harmonisation
- Core vs. non-core capex
- Greenfield development



Approved science-based targets; global warming well below 1.5°C

Cloetta has committed to reduce its greenhouse gas emissions within scopes 1, 2, and 3 by 46 per cent by 2030 from a 2019 base year.*

*Scope 1: direct emissions from own manufacturing,
Scope 2: indirect emissions from purchased energy,
Scope 3: indirect emissions from value chain





Q & A

Thank you!

Cloetta



Appendix

Greenfield facility – Pro forma profit and loss

	Q2 2022, reported	Greenfield facility and other items affecting comp.	Q2 2022, adjusted
Net sales	1,626		1,626
Cost of goods sold	-1,267	-220	-1,047
Gross profit	359	-220	579
Selling expenses	-246		-246
General and admin expenses	-174	-3	-171
Operating profit/loss	-61	-223	162
Net financial items	-67		-67
Profit/loss before tax	-128	-223	95
Income tax	34	56	-22
Profit/loss for the period	-94	-167	73
<i>Gross margin</i>	22.1%		35.6%
<i>Operating profit margin</i>	-3.8%		10.0%
<i>Effective tax rate</i>	26.6%		23.2%

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