

New greenfield facility

In 2022, Cloetta took the decision to invest in a new greenfield facility in the Netherlands and consequently to close the three current confectionery factories in Turnhout, Belgium, and Roosendaal, the Netherlands. The investment will enable significant cost savings, facilitate further growth and reduce greenhouse gas emissions.



The Netherlands

Cloetta's foundation: core candy brands

The foundation of our business is the core candy brands, including wine gums, mixed bags and foam products with above average growth rates and margins, constituting about 46 per cent of Cloetta's total sales volumes. Following market-beating volume

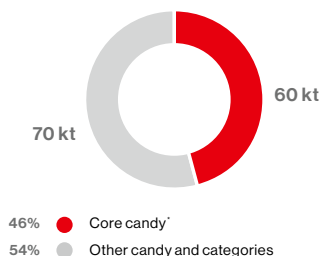
growth for several years, the in-house capacity utilisation for core candy is constrained. With the market expected to accelerate, and the Cloetta demand forecasted to increase by another 12,000 tonnes by 2032, there is a clear need for extra production capacity of core candy.

Alternatives evaluated

Cloetta has evaluated a wide range of alternatives for a sustainable manufacturing that meets the future demand against the following criteria: savings, growth, sustainability, risk and capex. Alternatives explored include upgrading current facilities, acquisition of a manufacturer, co-manufacturing, divestiture of the existing business and investing in a greenfield facility in a low-cost market. The conclusion is that investing in a new greenfield facility in the Netherlands and closing three existing plants is the most attractive alternative, meeting all important criteria for Cloetta's future development.

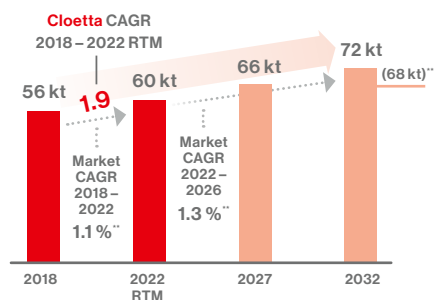
Cloetta sales volumes, %

ktonnes, %



Core candy historical and expected future growth

ktonnes



*) Core candy includes: wine gums, mixed bags, foam.
 **) Source: GlobalData. Sugar Confectionery; DK, FI, GE, NL, NO, SE; UK weighted volume.
 ***) Assumes growth in line with the market.



Financials

In connection to an investor event in Stockholm on September 27 2022, Cloetta shared the following expectations. The investment is expected to generate a total annual EBIT delivery of SEK 220- 260m, including quantified insourcing and enabled growth:

- SEK 160-180m through savings and initial growth of -3,000 tonnes by 2026
- SEK 20m through identified insourcing of -3,500 tonnes by 2026
- SEK 40-60m through continued growth of -6,000 tonnes by 2032

The savings will be enabled by a more efficient layout and higher automation, which allows for headcount reduction. Furthermore, the consolidation of three manufacturing sites into one reduces the number of management teams and indirect components. Savings will also be derived from reduced waste and energy consumption in the new greenfield facility. Current inflation

levels would increase the savings and has not been included in the estimates.

The net increase in capex to create a new network is estimated at SEK 1.9bn during 2023-2032 compared to historical levels, as the greenfield investment of SEK 2.5bn

will result in avoided capex of SEK 0.6bn. Financing through new credit facilities, totaling EUR 160m, has been arranged for by Cloetta's existing banking group at competitive rates that are marginally higher than on existing facilities.

Key facts

- Focus on core candy: wine gums, mixed bags, foam
- Planned facility size: ~ 45,000 m² over 2 levels

- Enables 15,000 tonnes extra capacity
- Highly automated
- Net decrease of - 150 FTEs
- 4 process lines

- New and upgraded packaging lines
- New kitchen, utilities and cleaning system
- R&D capabilities
- Space for future expansion