

Targets

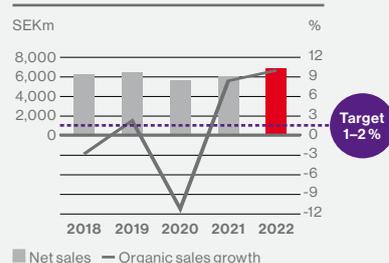
Long-term financial targets

Organic sales growth

Cloetta's long-term target is to grow organically by 1–2 per cent, which is in line with or better than the market.

Comment on the year's outcome: Organic growth was 10.0 per cent. Sales of Branded packaged products increased organically by 6.8 per cent, driven by pricing enabled by the strengthening of our core brands and strong in-store execution. Sales of Pick & mix increased organically by 21.1 per cent driven by efforts to premiumise the offering, increased consumer activation as well as pricing.

Net sales and organic sales growth

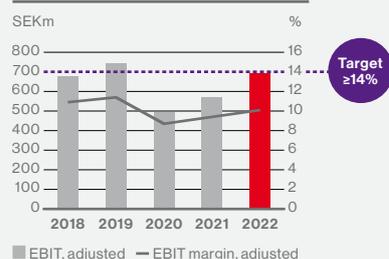


EBIT margin

Cloetta's long-term target is an adjusted EBIT margin of at least 14 per cent.

Comment on the year's outcome: The adjusted EBIT margin amounted to 10.1 (9.4) per cent. The increase was driven by strong pricing execution, positive mix and cost savings, partly offset by higher input cost.

EBIT and margin, adjusted

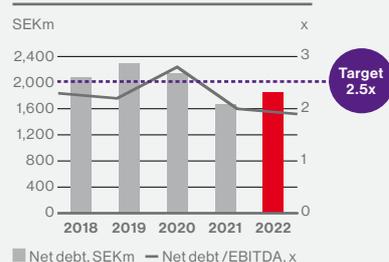


Net debt

Cloetta's long-term target is a net debt/EBITDA ratio of around 2.5x.

Comment on the year's outcome: In 2022, Cloetta delivered very strong cash flow, resulting in a net debt/EBITDA of 1.9x, well below the long-term target of 2.5x.

Net debt/EBITDA

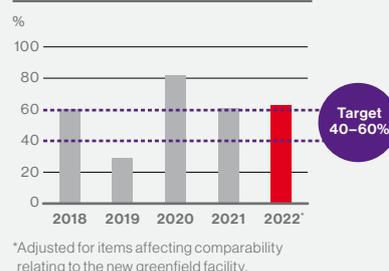


Dividend policy

Cloetta's policy is to have a dividend payout ratio of 40 to 60 per cent of profit for the year.

Comment on the year's outcome: The Board of Directors of Cloetta AB proposes to distribute a dividend to the shareholders of SEK 1.00 (1.00) per share for the 2022 financial year corresponding to 104 per cent (61) of profit for the year, equal to 63 per cent of the profit for the year excluding impact of the impairment and provisions and other items affecting comparability relating to the greenfield facility. The dividend proposal is in line with the Board's previously expressed ambition to continue to propose a stable dividend in line with 2021 and is supported by a healthy cash flow and strong balance sheet.

Dividend policy (share of profit)



Sustainability targets and ambitions

For You

- 100 per cent non-artificially colored and flavored candy and pastilles by 2023
- Offer sugar-free, less sugar and options with functional ingredients
- Offer more vegan options
- Lead the world in xylitol products for healthier teeth

Comment on the year's outcome: We reached approximately 90 per cent non-artificially colored and flavored candy and pastilles, and will continue to source non-artificial ingredients where possible. We remain on track with offering more vegan options and options with less or no sugar.

15% **23%**

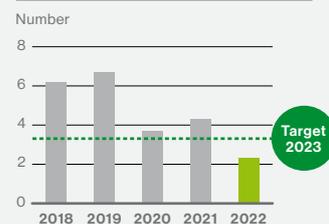
Non-sugar and less sugar products Vegan candy

For People

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

Comment on the year's outcome: Team efforts toward safety awareness and a safe working environment contribute to outstanding results, reflected in our Lost time incident rate (LTIR) which surpasses our target. Targets set for 2025 were also formulated during 2022 to better implement our strategy in social sustainability.

Lost time incident rate (LTIR)



For the Planet

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

Comment on the year's outcome: Approved science-based targets and improved Cloetta Climate Action Programme. CO₂e reduced with 7 per cent compared to 2019 baseline. Maintained 90 per cent recyclable packaging depending on volumes. PlantPack accounting for approximately 3 per cent more of packaging compared to 2021.

GHG emissions*



*The data for GHG emissions has been presented in a new way compared to previous years and now is in alignment with our science-based targets.

Strategic priorities

Cloetta is a proud provider of joyful moments – our brands and products bring fun and joy to memorable occasions. We are convinced that our consumer focus is the basis for Cloetta to grow and our brands to flourish. We will meet the future as a united organisation – One Cloetta – with a winning culture and passionate way of working.

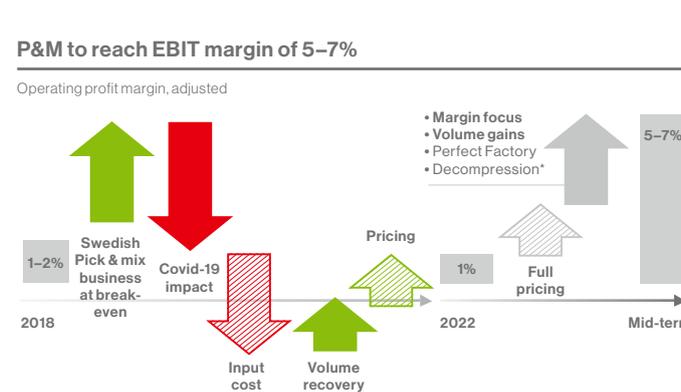
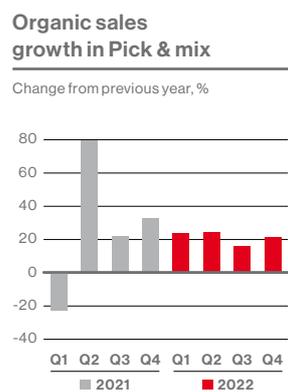
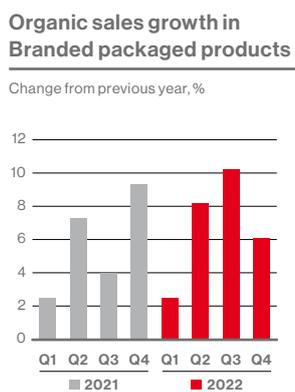
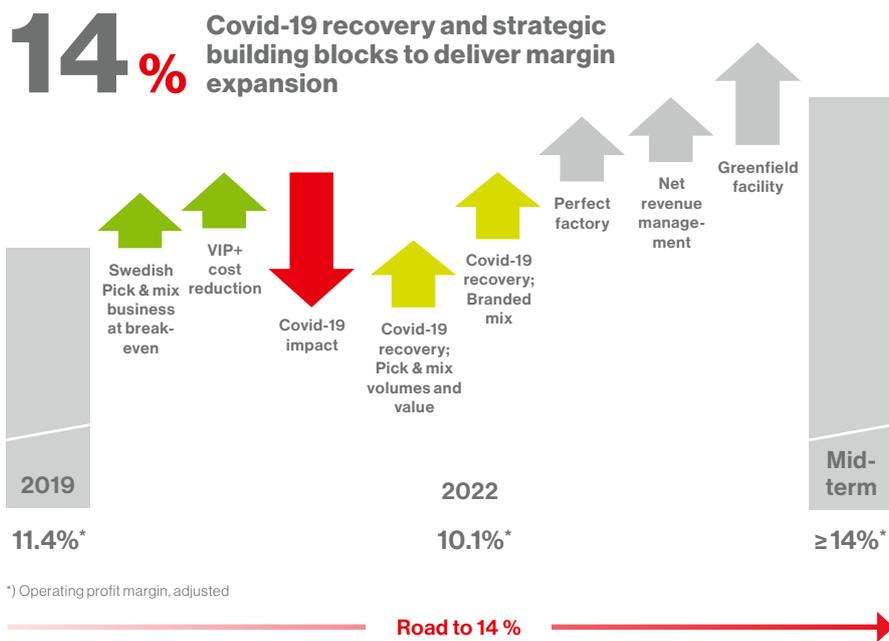
Cloetta aims to strengthen its position as the leading confectionery company in Northern Europe within the candy, chocolate, pastilles, chewing gum and nuts categories as well as in the Pick & mix segment. Our aim is to grow 1–2 per cent organically, which is in line with or better than the market, on our core markets as well as to deliver

fast growing international sales through the expansion of selective brands. We will continuously develop new innovative offerings and strengthen the e-commerce focus. Furthermore, we aim to achieve an adjusted EBIT margin of at least 14 per cent, by recovering the impacts from Covid-19, including volumes and value within Pick & mix as well

as profitable growth and product mix within Branded packaged products. In addition, we will continue to drive cost savings and efficiency activities throughout the entire value chain, including through the investment in a new greenfield facility.

Cloetta's strengths

- Strong leading local brands.
- Core markets in stable Northern Europe.
- Strong European leader in Pick & mix.
- Scale benefits in Northern Europe versus local competition.
- Route-to-market scale in core markets.
- Locally tailored innovations.



Strategic priorities



Three business models within Pick & mix



1 Growth leadership in Branded packaged products

We have a clear strategy for growth for Branded packaged products which focuses on both the core operations and the Group's strong brands, well positioned to respond to the growing consumer trends demanding local brands and innovative offerings with a conscious and sustainable approach. As branded packaged products have an EBIT margin above the Group average, this segment is important for Cloetta to be able to reach its long-term profitability target. We will also continue to recover the mix within the segment to secure strong profitability.

Achievements 2022

In 2022, Branded packaged products continued its growth path – delivering eight quarters of sequential growth by year-end. This was achieved mainly through successful marketing and strong innovation initiatives that enabled solid pricing execution in an inflationary environment. We also continued to focus on recovering sales of high-margin products such as chewing gum and pastilles, with improvements seen towards the end of the year. During the year, we continued to invest in our core brands, new products and flavours, which allow Cloetta's brands to valorise by delivering higher value to the consumer and the retail trade. Stand-out results from our innovations include the launch of Tupla Crispy Puffs in Finland as well as Ahlgrens bilar Gröna bilar, the first product in our assortment with the CO₂ footprint on the pack. We also expanded our food tech innovations by launching our fruit-based candy into new markets, in new variants and under new brands.

2 Sustainable value within the Pick & mix business

Pick & mix is an important consumer market as it goes hand in hand with underlying consumer trends such as individualism and sustainable packaging. The segment is also of importance for our customers as it increases in-store traffic and impacts our ability to sell other categories. From its strong market position Cloetta has good opportunities to develop the category and thereby drive profitability and growth, with the ambition to reach an EBIT margin in the range of 5–7 per cent in the medium-term.

Achievements 2022

Our actions taken within the Pick & mix segment is starting to show results, with seven consecutive quarters of profitable volume growth. Important events during the year include the relaunch of the Parrots concept in Sweden with a new visual expression. In Finland, the differentiated premium offer, "CandyKing – The premium mix" was rolled-out on a broader scale, with very positive reception from customers and consumers. Furthermore, our e-commerce pilot for Pick & mix in Denmark, Slikekspressen, recorded strong growth. We also secured the extension of contracts in several of our markets, proving the attractiveness of our CandyKing concept to the retailers also after significant price increases. We will continue to focus on creating sustainable value within the segment, through a combination of pricing, continued margin-enhancing initiatives and volume.

3 Lower costs and greater efficiency

Cloetta needs to invest to continue to grow. This includes both increasing marketing investments for Branded packaged products as well as adapting to changing consumer and customer demand. Cloetta's efficiency programmes, together with strengthened corporate culture and processes in One Cloetta, are important drivers to improve the overall profitability which allows future investments.

Achievements 2022

Our efficiency programmes continued according to plan during the year, with the VIP+ cost programme still protecting the 1 per cent EBIT margin the programme previously delivered. We also launched our new Net Revenue Management programme in our largest markets, to bring the same efficiency focus to pricing and trade spend as we have on cost.

During the year we made progress on our Perfect Factory programme and also took the decision to invest in a new greenfield facility in the Netherlands. The investment will enable significant cost savings, facilitate further growth and reduce greenhouse gas emissions. You can read more about the investment on page 12.