

Greenfield facility enables further growth

In 2022, Cloetta announced the greenfield investment in the Netherlands with the ambition to create capacity for growth, significantly reduce cost, while reducing greenhouse gas emissions. When the new factory is fully operational it will be the first major candy factory running on renewable electricity in Europe.

Background

Cloetta evaluated a wide range of alternatives for a manufacturing that meets the future demand based on the following criteria: savings, growth, sustainability, risk, and capital expenditure. 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.

Progress

The greenfield facility project proceeded during the year with, among other things, the finalisation of the

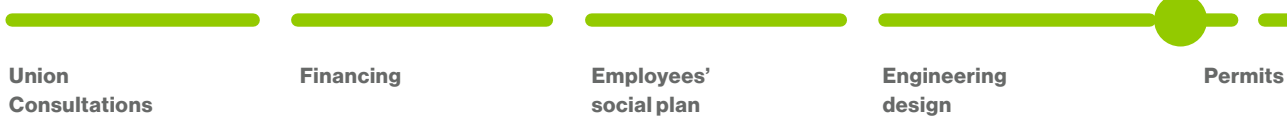
design work and the first phase of the tendering process of the factory. During the fourth quarter 2023, it was concluded that




Cloetta has the technical ability to operate the factory fully electric, rather than at 80 per cent as originally designed. The decision contributes to Cloetta's set Science-based targets (SBTi). As for the overall regulatory process, Cloetta expects to receive a decision from the city council in H1 2024. The Roosendaal Borchwerf factory will stop production in summer 2024, with in- and outsourcing solutions in place.

Financials

In connection to an investor event in Stockholm on 27 September 2022, Cloetta provided an updated on the greenfield facility investment plan. The investment is expected to generate





The Netherlands

Key facts

- Focus on core candy and brands: Wine gums and mixed bags (Gott & Blandat, Red Band, Aakkoset, Venco)
- 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
 - 4 processing units, utilities and cleaning system
 - R&D capabilities
 - Space for future expansion

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a total annual EBIT delivery of SEK 220–260m, including quantified insourcing and enabled growth. The current estimated timeline indicates that the plant will start operations during H2 2026. Cloetta assesses that the adjusted timeline compared to the originally will not negatively impact the return on the investment. In addition, savings have improved within the range (SEK 220–260m). The net increase in capital expenditure to create a new network is estimated at SEK 1.9bn during 2023–2032. 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.



Land purchase

Factory building and production equipment contracted

Construction and installation

Start-up of new factory

Sales of properties