

Targets

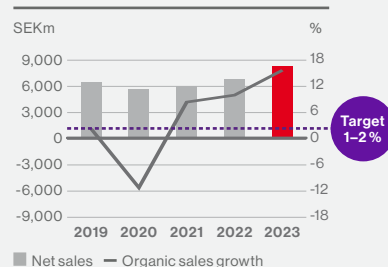
Long-term financial targets

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 15.7 per cent, resulting in Net sales for the first time in the company's history exceeding SEK 8 billion. Sales of Branded packaged products increased organically by 14.1 per cent primarily driven by pricing, enabled by the strengthening of our core brands and strong in-store execution. Sales of Pick & mix increased organically by 20.7 per cent driven by premiumisation of the offering, pricing, and increased consumer activation.

Net sales and organic sales growth

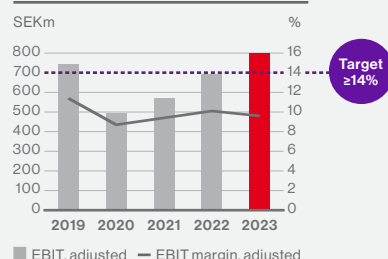


EBIT margin

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 9.6 (10.1) per cent. Although the adjusted EBIT was the highest in the company's history, the margin was compressed due to pricing offsetting the increased input cost without generating incremental profit.

EBIT and margin, adjusted

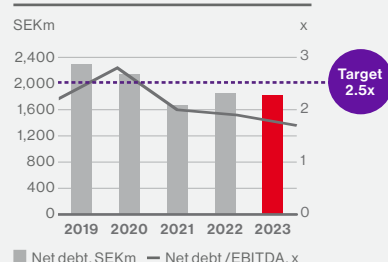


Net debt

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

Comment on the year's outcome: In 2023, Cloetta delivered very strong cash flow, resulting in the lowest net debt/EBITDA in the company's history, of 1.7x well below the long-term target of 2.5x.

Net debt/EBITDA

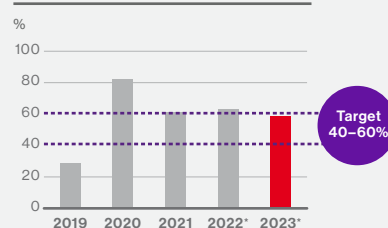


Dividend policy

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 2023 financial year, corresponding to 65 per cent (104) of profit for the year, equal to 59 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 2022 and is supported by a healthy cash flow and strong balance sheet.

Dividend policy (share of profit)



* Adjusted for items affecting comparability relating to the greenfield facility.

Sustainability targets and ambitions

For You*

- Offer sugar-free, less sugar and options with functional ingredients
- Offer more vegan options
- Supporting dental health with our xylitol products

Comment on the year's outcome: Throughout 2023, we stayed on course with expanding our vegan options. Our vegan candy portfolio has now reached 37 per cent, a significant increase compared to the 23 percent recorded at the end of 2022. Our non-sugar or low-sugar product range now constitutes 10 per cent of our assortment, reflecting a slight decrease compared to 2022.

* The prior target regarding candy and pastilles with non-artificial colors and flavors were accomplished in 2022.

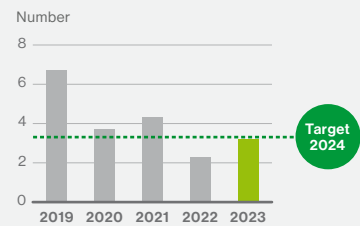


For People

- 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: During the year we continued to work toward zero accidents. Despite a slight increase in our LTIR, we persist in enhancing our health and safety culture through structural risk reduction and increased awareness.

Lost Time Incident Rate (LTIR)*



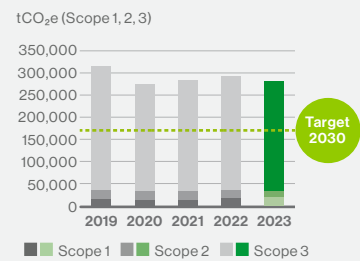
* Number of injuries causing at least 24 hours of absenteeism per million hours worked per year.

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: During the year we made further progress within our climate action program by improving our data collection process through collaboration with value chain partners for our scope 3 emissions and structured our initiatives to accelerate the reduction of our scope 1 and 2 emissions. Total CO₂e emissions have decreased with approximately 10 per cent compared to 2019 (base-year).

GHG emissions*



Source: CEMAsys.

* tCO₂e (metric tons of carbon dioxide equivalent) represents emissions from all greenhouse gases.

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 with a winning culture and passionate way of working.

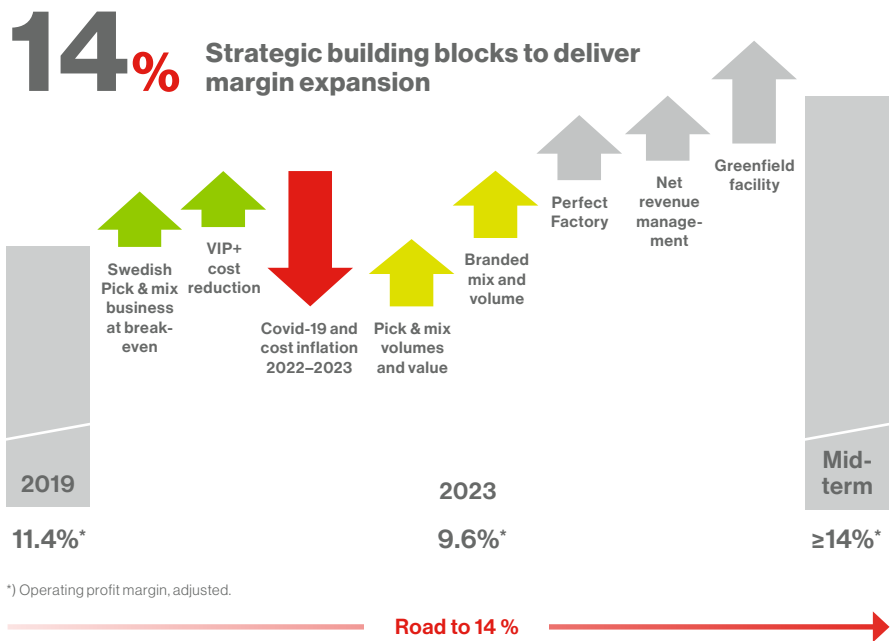
Cloetta aims to strengthen its position as the leading confectionery company in Northern Europe within the candy, chocolate, pastilles, chewing gum and nuts categories as well as in the Pick & mix segment. Our aim is to grow 1–2 per cent organically, which is in line with or better than the long-term trend in 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 driving volumes and value within Pick & mix, and profitable growth and

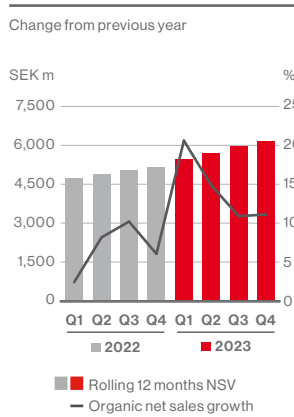
improved product mix in Branded packaged products. In addition, we will continue to drive cost savings and efficiency activities throughout the entire value chain, including through the investment in the greenfield facility.

Cloetta's strengths

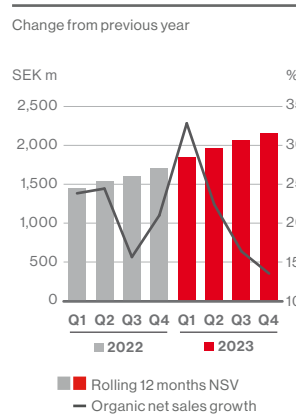
- Strong leading local brands.
- Core markets in stable Northern Europe.
- Strong European leader in Pick & mix.
- Scale benefits in Northern Europe versus local competition.
- Route-to-market scale in core markets.
- Locally tailored innovations.



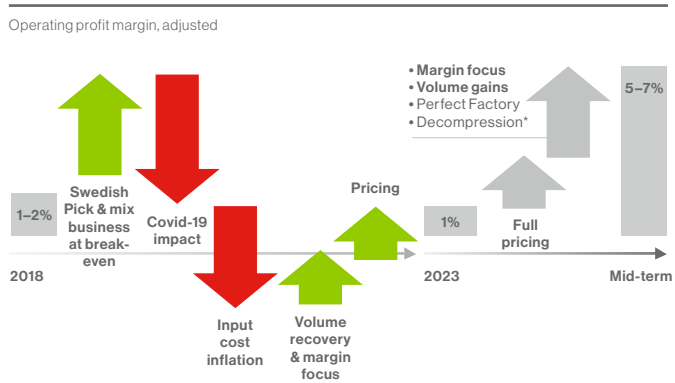
Organic sales growth in Branded packaged products



Organic sales growth in Pick & mix



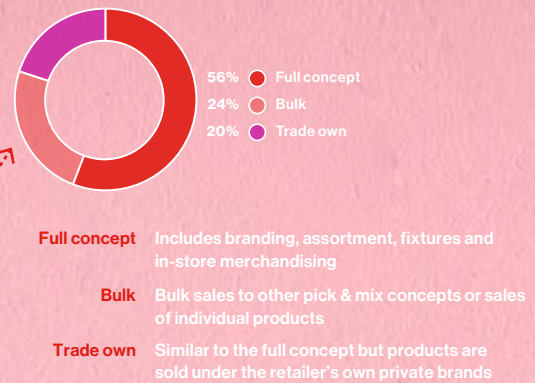
P&M to reach EBIT margin of 5–7%



Strategic priorities



Three business models within Pick & mix



1 Growth leadership in Branded packaged products

We have a clear growth 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 2023

In 2023, Branded packaged products continued its growth path – having reached twelve 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 during the year. Furthermore, we continued our successful brand expansion into new segments such as Tupla Crispy Puffs and Skipper's Mini Pipes bags, and to excite with strong limited editions like Läkerol Triple-Treat and Juleskum Cola. We also expanded our vegan portfolio and strengthened our natural offering by launching additional variants of our fruit-based candy into new markets.

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 2023

The Pick & mix segment has continued to deliver growth, both in volume and value, for eleven consecutive quarters. In Finland, we continued the rollout of our premium offer *CandyKing – The Premium Mix* as well as relaunched the Parrots concept with a new visual expression. Our e-commerce pilot for Pick & mix in Denmark has continued good development and we expanded into quick commerce with a pre-packed CandyKing cup. We also secured the extension of contracts in several of our markets, proving the attractiveness of our CandyKing concept to the retailers. Good results from our CandyKing brand communication was shown in both social media as well as through PR exposure in top-tier consumer media in Sweden. We 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 increasing marketing investments for Branded packaged products, adapting to changing consumer and customer demand, and creating capacity to produce more products. Cloetta's efficiency programmes, together with strengthened corporate culture and processes in One Cloetta, are important drivers to improve the overall profitability which allows for the investments.

Achievements 2023

During the year, our efficiency programmes including the VIP+ cost programme, the Perfect Factory programme, and the Net Revenue Management programme progressed as planned, delivering improvements that helped offset the surging input cost inflation and strengthen our operating profit. As part of the Net Revenue Management programme, we commenced rolling out a new information system in our first market to enable the same efficiency focus to trade spend as we have had on cost.

During the year we also continued to make progress on our new greenfield facility in the Netherlands in all work streams, and the technical ability to build and operate Europe's first major candy factory running on renewable electricity has been confirmed. You can read more about the investment on page 12–13.