Q2 2023 results
14 July 2023

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

1. Quarterly update
2. Financials
3. Strategic update
4. Q&A
Key messages
High organic growth and continued profit improvement

• Continued strong growth in Branded; favourable mix from higher-margin products
• 9th quarter of growth in Pick & mix; important initiatives within quick commerce
• Higher adjusted operating profit reflects that last year the pricing only partially offset the cost inflation
• Stepped up efforts on portfolio rationalisation; taking out cost and creating capacity for growth
• Greenfield project; last union negotiation in Belgium finalised and council published intent to sell land to Cloetta
• Net debt/EBITDA remained below our targeted 2.5x
• All loan facilities extended by one year to 2025-2027 with our banking group

SEK 2.0 bn 14.8% 22.4%
Net sales Branded organic sales growth Pick & mix organic sales growth
Financials
Net sales
Strong double-digit growth driven by pricing to offset cost inflation

Second quarter

1 626
1 998
Q2 '22
Organic growth
Branded packaged + 16.7%
Pick & mix + 6.2%
FX
Q2 '23
+ 22.9%

6 months

3 166
3 971
2022
Organic growth
Branded packaged + 20.0%
Pick & mix + 5.4%
FX
2023
+ 25.4%

Branded packaged + 14.8%
Pick & mix + 22.4%

Branded packaged + 17.6%
Pick & mix + 27.3%
Sales development

Branded, % of Q2 '23 sales

- 73%

Pick & mix, % of Q2 '23 sales

- 27%
Operating profit, adjusted

Increased profit driven by pricing to offset higher input cost

- **Strong pricing execution to offset cost inflation.** The improved profit reflects that last year the pricing only partially offset the cost inflation.

- **Negative volume/mix** due to tougher comparables including earlier Easter, and portfolio choices.

Operating profit, adjusted

Second quarter

<table>
<thead>
<tr>
<th>2022</th>
<th>Vol./Mix</th>
<th>Price/ Costs</th>
<th>FX</th>
<th>2023</th>
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<tr>
<td></td>
<td></td>
<td></td>
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<td>10.0%</td>
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<tr>
<td>162</td>
<td>-30</td>
<td>47</td>
<td>12</td>
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6 months

<table>
<thead>
<tr>
<th>2022</th>
<th>Vol./Mix</th>
<th>Price/ Costs</th>
<th>FX</th>
<th>2023</th>
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<tr>
<td>320</td>
<td>3</td>
<td>50</td>
<td>18</td>
<td>391</td>
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</table>

10.1% 10.0% 9.8%
Operating profit, adjusted, by segment

Increased Branded profit and maintained profitability; Pick & mix profitable for 9th consecutive quarter

<table>
<thead>
<tr>
<th></th>
<th>Second quarter</th>
<th>6 months</th>
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<tr>
<td><strong>Branded packaged</strong></td>
<td></td>
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<tr>
<td>Q2 '22</td>
<td>154</td>
<td>303</td>
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<td>var.</td>
<td>32</td>
<td>67</td>
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<td>Q2 '23</td>
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<tr>
<td>var.</td>
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<tr>
<td><strong>Pick &amp; mix</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2 '22</td>
<td>8</td>
<td>17</td>
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<tr>
<td>var.</td>
<td>-3</td>
<td>4</td>
</tr>
<tr>
<td>Q2 '23</td>
<td>5</td>
<td>21</td>
</tr>
<tr>
<td>var.</td>
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Branded packaged profit increased by 12.7% compared to Q2 '22, while Pick & mix was profitable for 9th consecutive quarter.
SG&A

Cost driven by annual salary increases across markets and currency translation effect

<table>
<thead>
<tr>
<th></th>
<th>Q2 '22</th>
<th>Items affecting comparability</th>
<th>FX</th>
<th>Net SG&amp;A</th>
<th>Q2 '23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Second quarter</td>
<td>-420</td>
<td>-2</td>
<td>-18</td>
<td>-18</td>
<td>-458</td>
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<td>6 months</td>
<td>-827</td>
<td>0</td>
<td>-30</td>
<td>-41</td>
<td>-898</td>
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<table>
<thead>
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<th></th>
<th>2022</th>
<th>Items affecting comparability</th>
<th>FX</th>
<th>Net SG&amp;A</th>
<th>2023</th>
</tr>
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<tr>
<td></td>
<td>-827</td>
<td>0</td>
<td>-30</td>
<td>-41</td>
<td>-898</td>
</tr>
</tbody>
</table>

-25.8% to 22.9% for Q2 '22 to Q2 '23
-26.1% to 22.6% for 2022 to 2023

Net SG&A:
-420 for Q2 '22
-827 for 2022
-458 for Q2 '23
-898 for 2023
Cash flow

Higher free cash flow driven by improved operating profit and stronger working capital

- **Increased working capital in line with seasonal trend** where cash is generated in second half of the year.

- **Improved working capital vs LY** despite negative effect of higher input cost, driven by increased focus on receivables.

- **Investments caught up** to normal YTD run-rate driven by packaging technology.

- **Cash flow not materially affected by net financial items** as driven by unrealised exchange differences.
Financial position

Continued strong financial position

• Leverage at 2.3x remains below long-term target of 2.5x and lower than Q2 2022
• Net debt increase driven by unfavourable unrealised revaluation impact
• Unutilised access to cash of SEK 3.6bn
Strategic update
**Portfolio rationalisation – Branded**

Packed SKU’s and Displays

- Number of active items reduced by 17.5% in 2023 vs 2021 baseline
- Aiming to reduce by another 7.5% in 2024
- Further opportunities through the new greenfield facility

**Key areas to drive reduction:**

- ABCD classification and regular delisting of D SKU’s
- Recipe and raw materials harmonisation
- Semi-finished products harmonisation in mixed bags
Portfolio rationalisation – Pick & mix

• Number of active items in Pick & mix portfolio reduced by >20% between 2019-2022
• Aiming to reduce with additional 20% in 2023
• Assortment decisions centrally organised
• Buying centralised – upside when raw material cost declines

Key areas to drive reduction:

• Harmonising product recipes
• Harmonising packaging formats
• Increasing the number of multi-market listings
Winning in emerging online channels

Reaching consumers through quick commerce

Quick commerce (order and delivery within 30-45 min) expanded rapidly during the pandemic and found a permanent place in the online landscape.

Confectionery is particularly interesting for the “here and now” moments.

Examples of recent collaborations:

- Online exclusive product – pre-packed Pick & mix cup with foodora market in Sweden
- Tupla campaign with foodora in Finland
CandyKing recognised in top-tier media

CandyKing brand building

- Stepping up brand building efforts through own and earned media
- Across market activation with a summer campaign with the theme “Buy and Win”
Greenfield project proceeding

- Last union negotiations in Belgium finalised
- City council published intent to sell land to Cloetta
- Open dialogue with all stakeholders
- Electricity supply ordered
- Tendering process of the factory building initiated
- Engineering design on equipment in progress
Thank you!

Cloetta
Appendix
## Greenfield facility – Pro forma profit and loss Q2

<table>
<thead>
<tr>
<th></th>
<th>Q2 2023, reported</th>
<th>Greenfield</th>
<th>Q2 pro forma excl. greenfield</th>
<th>Other items affecting comp.</th>
<th>Q2 2023, adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,998</td>
<td></td>
<td>1,998</td>
<td>-</td>
<td>1,998</td>
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<tr>
<td>Cost of goods sold</td>
<td>-1,358</td>
<td>-4</td>
<td>-1,354</td>
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<td>-1,354</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td></td>
<td></td>
<td>640</td>
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<td>644</td>
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<tr>
<td>Selling expenses</td>
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<td>-267</td>
<td>-267</td>
<td>-</td>
<td>-267</td>
</tr>
<tr>
<td>General and admin expenses</td>
<td>-191</td>
<td>-191</td>
<td>-186</td>
<td>-186</td>
<td>-186</td>
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<tr>
<td><strong>Operating profit</strong></td>
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<td>-9</td>
<td>191</td>
<td>-</td>
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<tr>
<td>Net financial items</td>
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<td>-86</td>
<td>-86</td>
<td>-</td>
<td>-86</td>
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<tr>
<td><strong>Profit/loss before tax</strong></td>
<td>96</td>
<td>-9</td>
<td>105</td>
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<td>105</td>
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<tr>
<td>Income tax</td>
<td>-23</td>
<td>3</td>
<td>-26</td>
<td>-</td>
<td>-26</td>
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<tr>
<td><strong>Profit/loss for the period</strong></td>
<td>73</td>
<td>-6</td>
<td>79</td>
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<tr>
<td><strong>Gross margin</strong></td>
<td>32.0%</td>
<td></td>
<td>32.2%</td>
<td></td>
<td>32.2%</td>
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<tr>
<td>Operating profit margin</td>
<td>9.1%</td>
<td></td>
<td>9.6%</td>
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<td>9.6%</td>
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<tr>
<td>Effective tax rate</td>
<td>24.0%</td>
<td></td>
<td>24.8%</td>
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<td>24.8%</td>
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</table>
# Greenfield facility – Pro forma profit and loss YTD

<table>
<thead>
<tr>
<th></th>
<th>YTD Q2 2023, reported</th>
<th>Greenfield</th>
<th>YTD Q2 pro forma excl. greenfield</th>
<th>Other items affecting comp.</th>
<th>YTD Q2 2023, adjusted</th>
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<tbody>
<tr>
<td>Net sales</td>
<td>3,971</td>
<td>3,971</td>
<td>3,971</td>
<td>3,971</td>
<td></td>
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<tr>
<td>Cost of goods sold</td>
<td>-2,713</td>
<td>-24</td>
<td>3,971</td>
<td>-2,689</td>
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<tr>
<td><strong>Gross profit</strong></td>
<td><strong>1,258</strong></td>
<td><strong>24</strong></td>
<td><strong>1,282</strong></td>
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<tr>
<td>Selling expenses</td>
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<td>-7</td>
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<tr>
<td>General and admin expenses</td>
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<td>-7</td>
<td>-366</td>
<td>-366</td>
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<td><strong>Operating profit</strong></td>
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<td><strong>31</strong></td>
<td><strong>391</strong></td>
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<tr>
<td>Net financial items</td>
<td>-173</td>
<td>-173</td>
<td>-173</td>
<td>-173</td>
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<tr>
<td><strong>Profit/loss before tax</strong></td>
<td><strong>187</strong></td>
<td><strong>31</strong></td>
<td><strong>218</strong></td>
<td><strong>218</strong></td>
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<tr>
<td>Income tax</td>
<td>-49</td>
<td>8</td>
<td>-57</td>
<td>-57</td>
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<td><strong>Profit/loss for the period</strong></td>
<td><strong>138</strong></td>
<td><strong>23</strong></td>
<td><strong>161</strong></td>
<td><strong>161</strong></td>
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<tr>
<td><strong>Gross margin</strong></td>
<td><strong>31.7%</strong></td>
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<td><strong>32.3%</strong></td>
<td><strong>32.3%</strong></td>
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<tr>
<td><strong>Operating profit margin</strong></td>
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<td><strong>9.8%</strong></td>
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</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td><strong>26.2%</strong></td>
<td></td>
<td><strong>26.1%</strong></td>
<td><strong>26.1%</strong></td>
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