

Cloutta

Q3 2023 results
27 October 2023

- Henri de Sauvage-Nolting, President/CEO
- Frans Rydén, CFO



Agenda

1. Quarterly update
2. Financials
3. Strategic update
4. Q&A



Key messages

Another strong quarter for Cloetta

- Strong double-digit organic growth in Branded, primarily driven by pricing
- Strong double-digit organic growth in Pick & mix, despite a large customer in the UK going into administration
- Higher adjusted operating profit; primarily attributable to pricing and cost control, offsetting the higher input cost
- Continued efforts to optimise product portfolio and production technology to take out cost
- Greenfield project is progressing through the permitting process with expected new timeline
- Net debt/EBITDA remained below our targeted 2.5x

SEK 2.1 bn
Net sales

10.9%
Branded organic
sales growth

16.4%
Pick & mix organic
sales growth

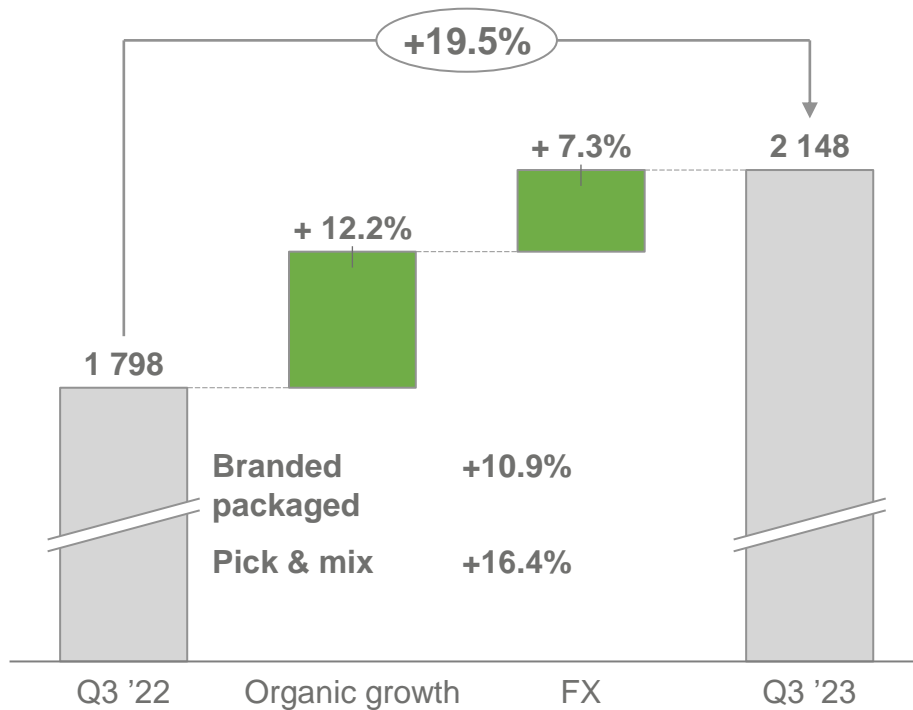
Financials



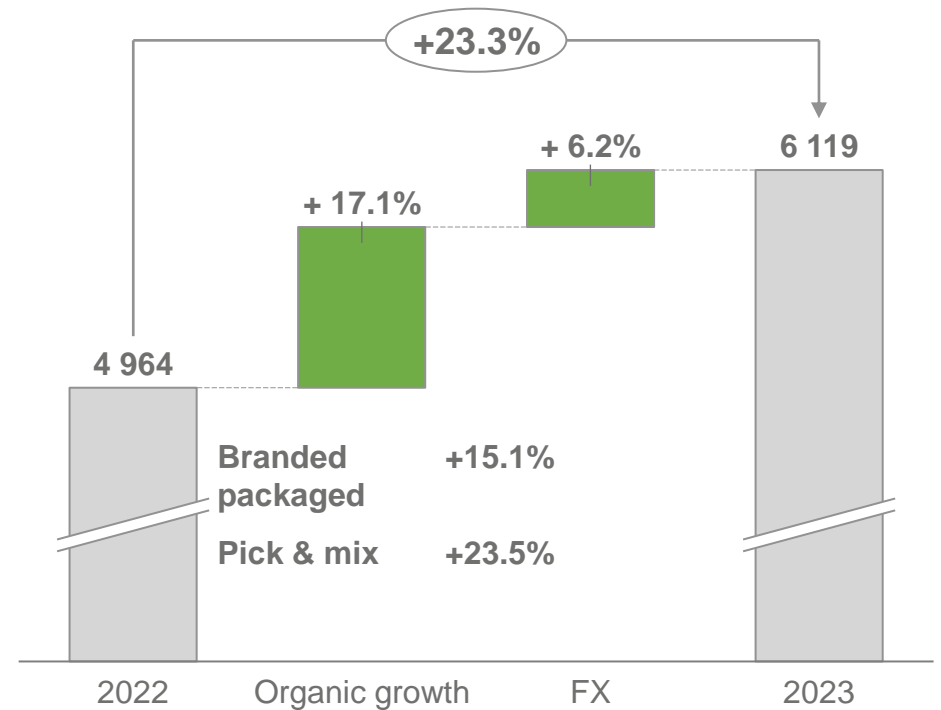
Net sales

Double-digit growth in both segments driven by pricing to offset cost inflation

Third quarter

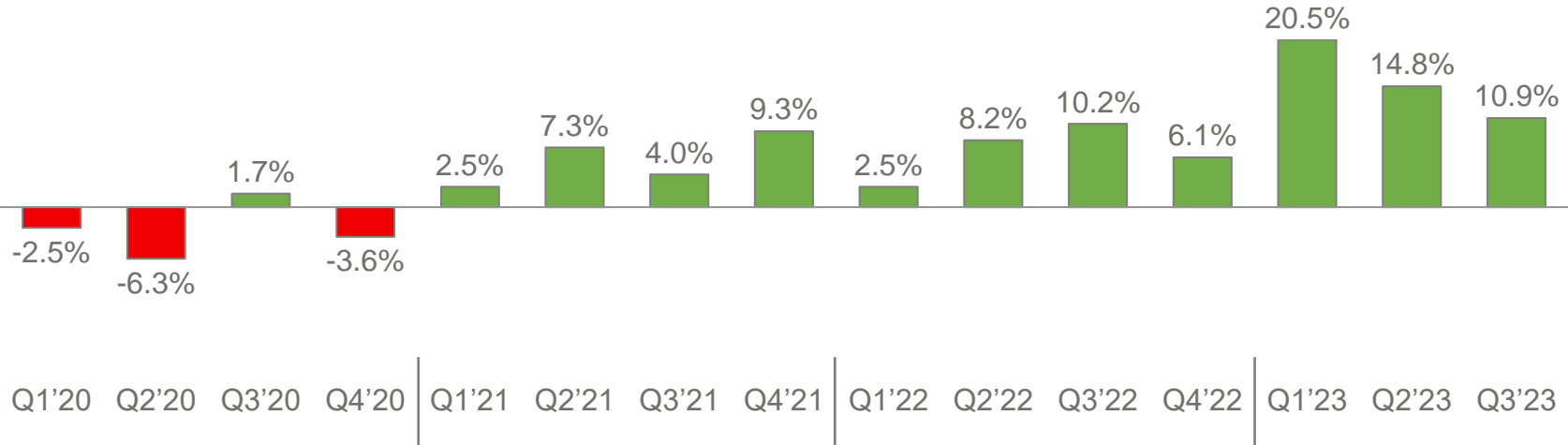
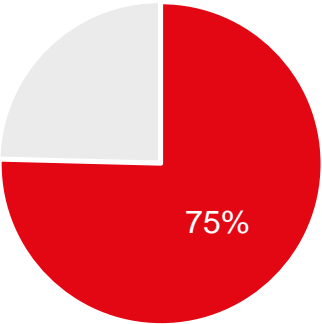


9 months

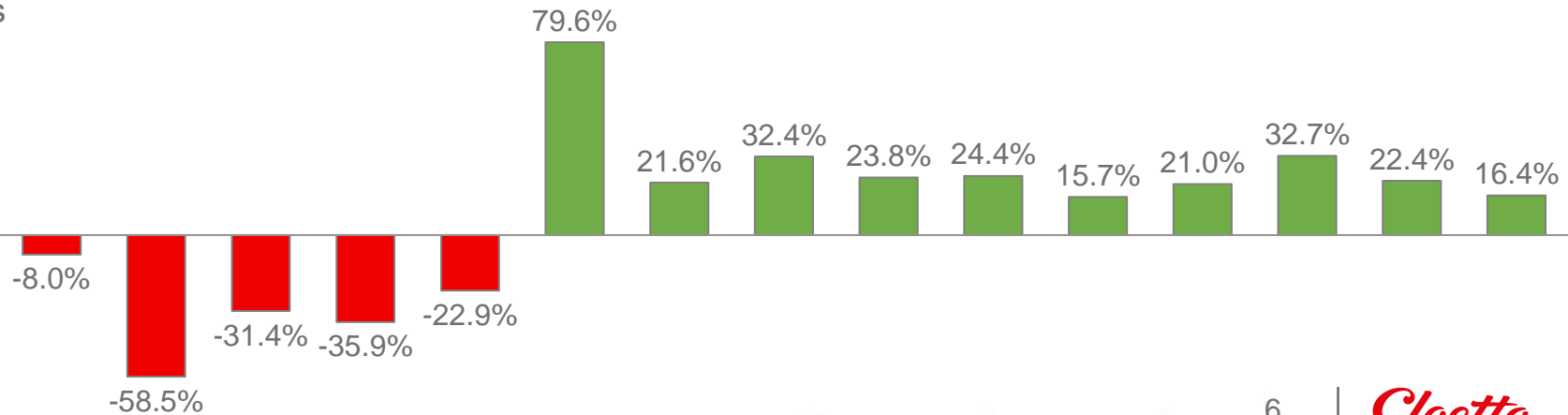
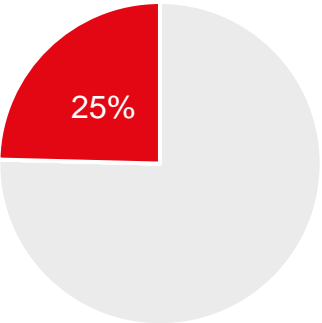


Sales development

Branded, % of Q3 '23 sales



Pick & mix, % of Q3 '23 sales

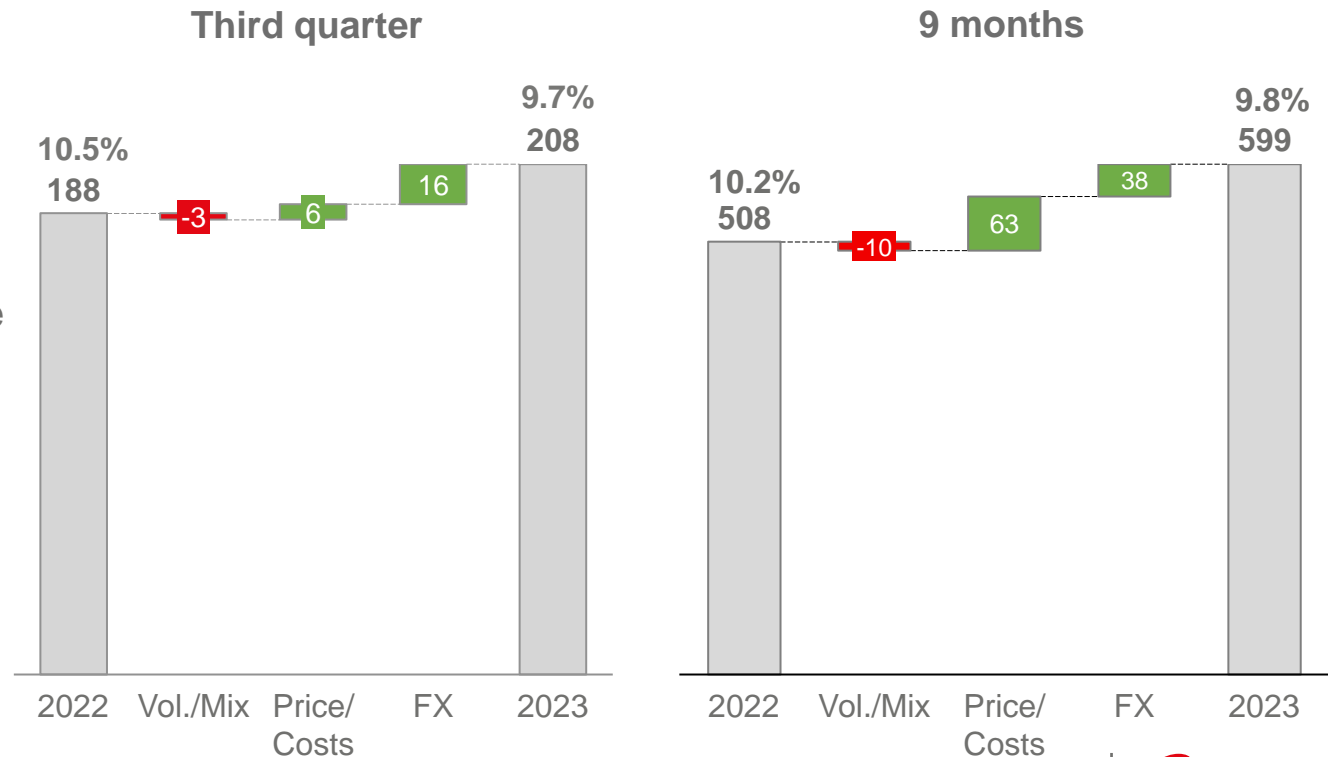


Operating profit, adjusted

Increased profit driven by pricing to offset higher input cost

- **Pricing execution to offset inflation and negative currency effects** in Sweden and Norway. Year-to-date improvement also reflect that last year pricing only partially offset cost inflation.
- **One-time impact** due to uncollectible receivables of SEK -24m partially offset by energy grant of SEK 12m.
- **Volume/mix flattish** as stronger P&M growth largely offset by positive mix within both the Branded packaged and the P&M segment.

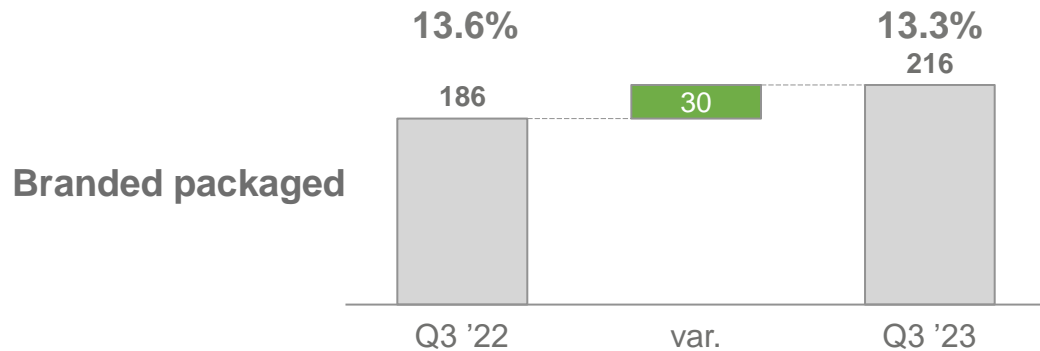
Operating profit, adjusted



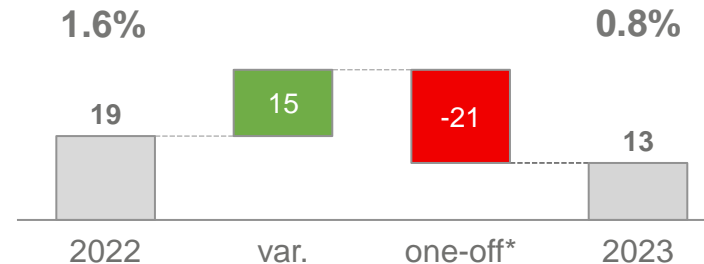
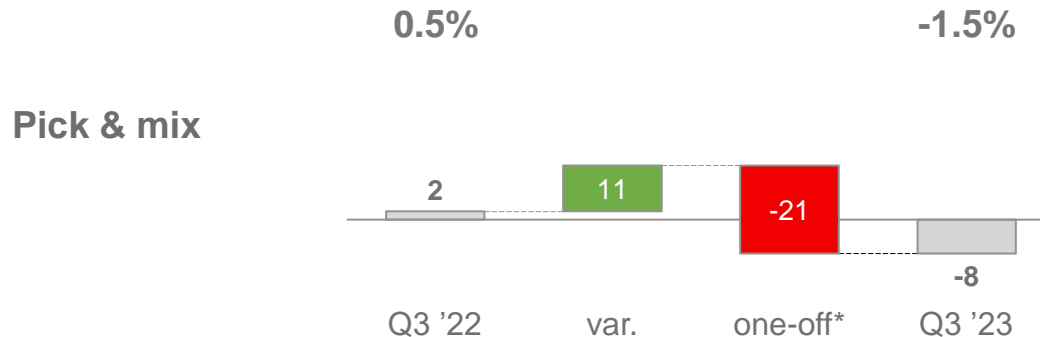
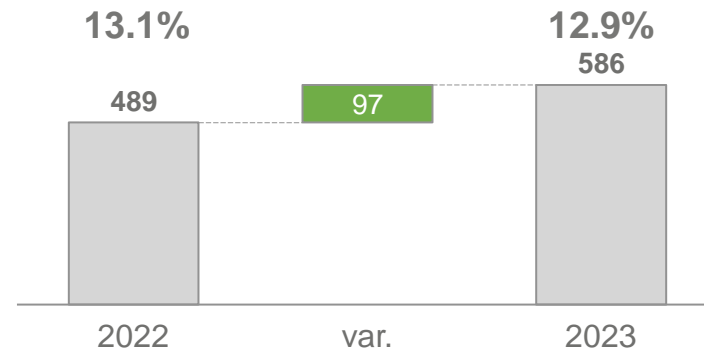
Operating profit, adjusted, by segment

Branded packaged profit improved while negative one-off primarily impacting Pick & mix

Third quarter



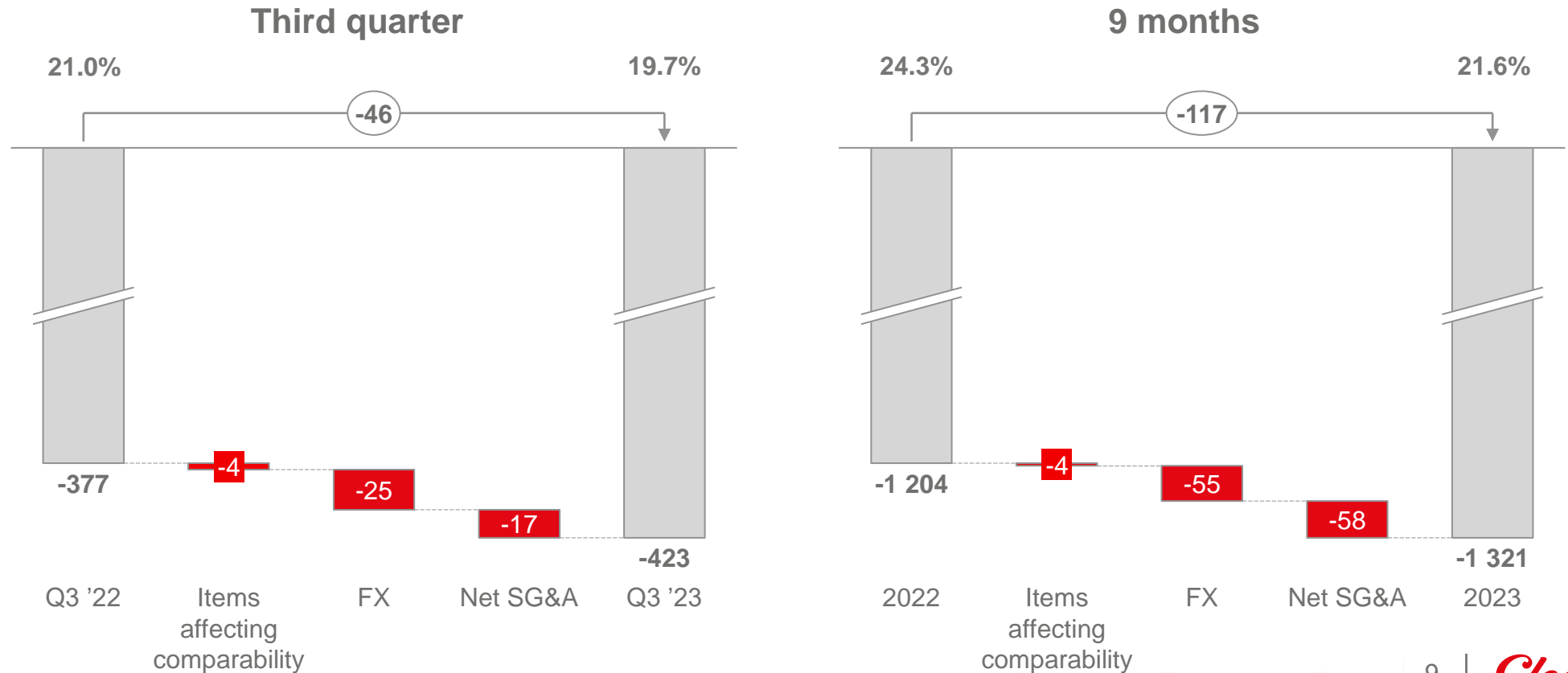
9 months



*net of Wilko and energy grant

SG&A

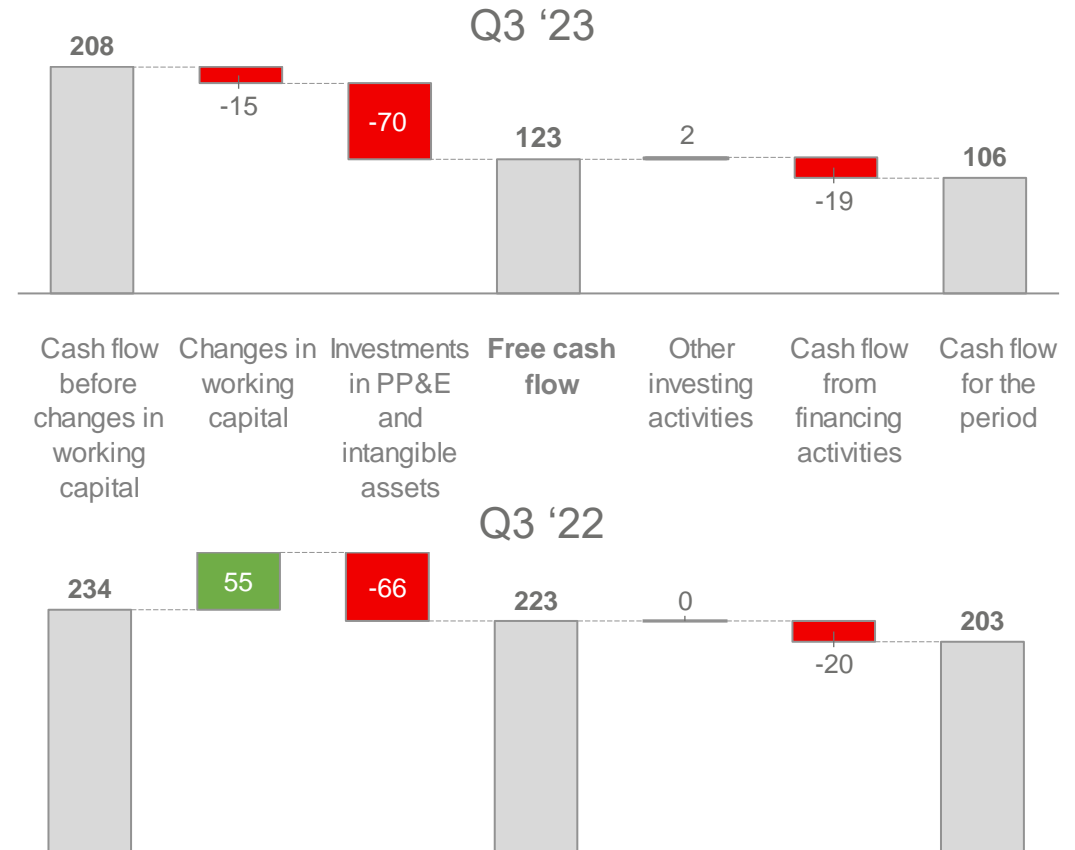
Cost driven by annual salary increases across markets and currency translation effect



Cash flow

SEK 123m in free cash flow, lower than last year for the quarter but higher for the year-to-date

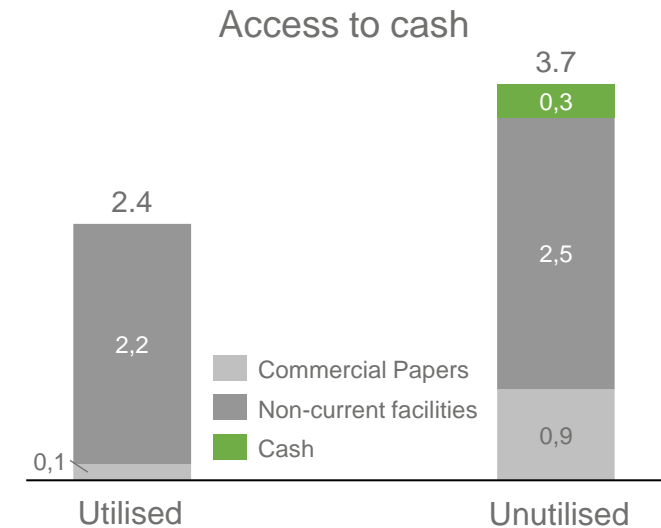
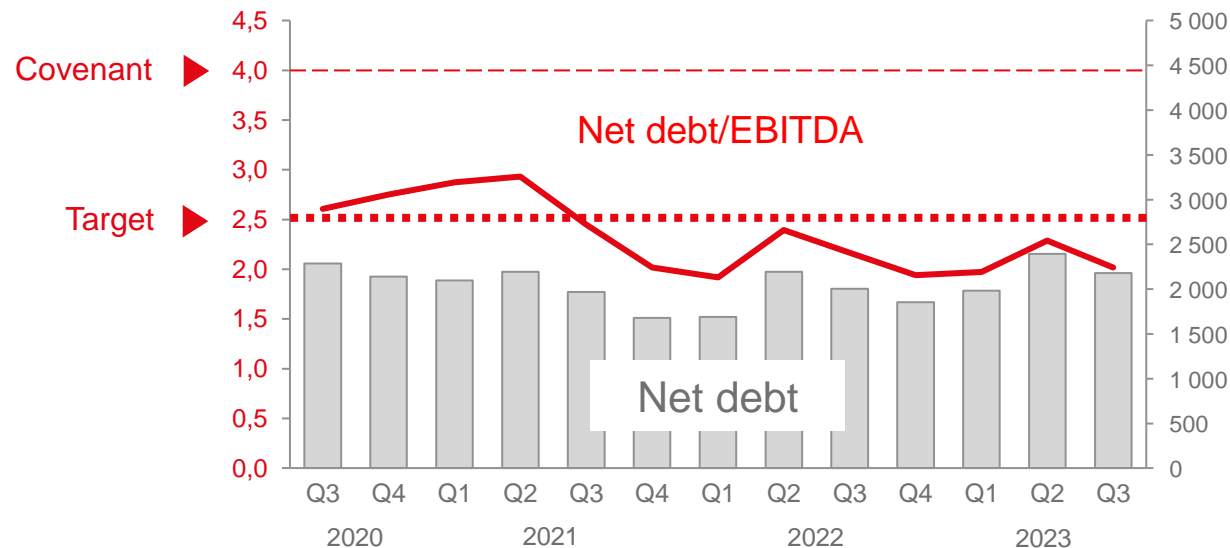
- **Lower Free cash flow vs last year** is primarily due to last year's reduction in working capital. Year-to-date, however, both working capital and Free cash flow improved vs last year.
- **Higher interest cost and taxes** more than offset improved operating profit, further impacting Free cash flow.
- **Cash flow not materially affected by net financial items** as driven by unrealised exchange differences.



Financial position

Continued strong financial position

- Leverage at 2.0x remains below long-term target of 2.5x and lower than Q3 2022
- Net debt decrease driven by favourable unrealised revaluation impact and generated cash
- Unutilised access to cash of SEK 3.7bn



Strategic update



Greenfield project proceeding with new estimated timeline

- The regulatory process taking longer than anticipated – expected new timeline
 - Conditional purchase agreement land now signed
 - City council started permitting process review
 - Permit expected to be received 2024
 - Major planned investments will be initiated 2025
 - Indicates that the plant will start operations during H2 2026
- Will close Roosendaal Borchwerf factory in 2024
 - In- and outsourcing solutions in place
- First phase tendering process inputs received and evaluated
- Total investment remains within budget, savings have improved within the range (SEK 220-260m)



UK candy market £2.1bn, approx. 1% P&M compared to ~20% in Nordics



Cloetta UK Brands £15m

Cloetta CandyKing Pick & mix £17m



Actions

- New production line Chewits
- Direct Go to Market model to food retail
- More volume through TJBFB factory
- Portfolio clean

- Pricing to cover higher merch cost/store
- Restructure field and merch force
- Grow volume per store
- Grow Point of Sale

Sustainability : Vegan & on pack Portion Control



FOR YOU



FOR PEOPLE



Treat candy as a treat
1 portion = 25g = 9 pieces

VEGAN candy portfolio towards

90% of total assortment by 2030

PORTION CONTROL information
on all candy bags to be rolled out in

2023-2025

ACHIEVEMENTS SO FAR:



33%

of candy is vegan
(incl. beeswax,
shellac, etc)

ACHIEVEMENTS SO FAR:

- Rolling out transparent on pack communication, encouraging responsible consumption



Cloetta

Grow our Top Brands

Sweden's #1 Candy Brand Ahlgrens Bilar

Pack re-design to modernize the brand, strengthen ownables and ensure better shelf stand out



Launched in a sustainable packaging



Distinctive communication with new advertising addressing younger audience and helping to beat the market growth

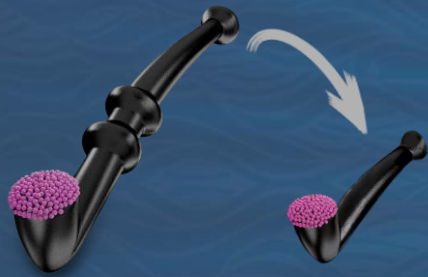


| Country | Brand | Share change | | | |
|---------|----------------|--------------|------|------|-----|
| | | L4W | L12W | L26W | MAT |
| Sweden | Ahlgrens Bilar | 0,6 | 0,5 | 0,5 | 0,5 |

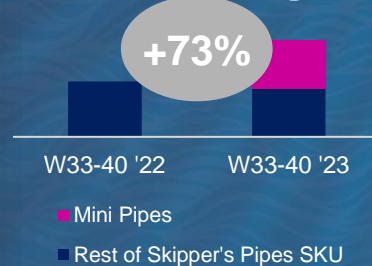
MS% MAT
8,7 → 9,2

Grow our Top Brands enter new occasions & roll out proven innovation

SKIPPER'S MINI PIPES –TAPPING INTO NEW
OCCASIONS WITH SMALLER SHAPE AND BAG
FORMAT



Skipper's Pipes
value sales since
launch vs year ago



POPS CHOCO BITES: EXPAND THE BRAND
BY LAUNCHING A FINNISH SUCCESS UNDER
POPS NORWAY





Q & A

Thank you!

Cloetta



Appendix

Greenfield facility – Pro forma profit and loss Q3

| | Q3 2023 | | Q3 2023 | | Q3 2023 |
|-------------------------------------|------------|------------|----------------------------------|---|------------|
| | Reported | Greenfield | Pro-forma excl. greenfield | Other items affecting comparability | Adjusted |
| Net sales | 2.148 | - | 2.148 | - | 2.148 |
| Cost of goods sold | -1.524 | -3 | -1.521 | - | -1.521 |
| Gross profit | 624 | -3 | 627 | - | 627 |
| Selling expenses | -248 | - | -248 | 1 | -249 |
| General and administrative expenses | -175 | -2 | -173 | -3 | -170 |
| Operating profit/loss | 201 | -5 | 206 | -2 | 208 |
| Net financial items | 36 | - | 36 | - | 36 |
| Profit/loss before tax | 237 | -5 | 242 | -2 | 244 |
| Income tax | -76 | 1 | -77 | 0 | -77 |
| Profit/loss for the period | 161 | -4 | 165 | -2 | 167 |
| <i>Gross margin</i> | 29,1% | | 29,2% | | 29,2% |
| <i>Operating profit margin</i> | 9,4% | | 9,6% | | 9,7% |
| <i>Effective tax rate</i> | 32,1% | | 31,8% | | 31,6% |

Greenfield facility – Pro forma profit and loss YTD

| | YtD Q3 2023 | | YtD Q3 2023 | | YtD Q3 2023 |
|-------------------------------------|--------------|------------|----------------------------------|---|--------------|
| | Reported | Greenfield | Pro-forma excl. greenfield | Other items affecting comparability | Adjusted |
| Net sales | 6.119 | | 6.119 | - | 6.119 |
| Cost of goods sold | -4.237 | -27 | -4.210 | - | -4.210 |
| Gross profit | 1.882 | -27 | 1.909 | - | 1.909 |
| Selling expenses | -773 | | -773 | 1 | -774 |
| General and administrative expenses | -548 | -9 | -539 | -3 | -536 |
| Operating profit/loss | 561 | -36 | 597 | -2 | 599 |
| Net financial items | -137 | | -137 | - | -137 |
| Profit/loss before tax | 424 | -36 | 460 | -2 | 462 |
| Income tax | -125 | 9 | -134 | 0 | -134 |
| Profit/loss for the period | 299 | -27 | 326 | -2 | 328 |
| <i>Gross margin</i> | 30,8% | | 31,2% | | 31,2% |
| <i>Operating profit margin</i> | 9,2% | | 9,8% | | 9,8% |
| <i>Effective tax rate</i> | 29,5% | | 29,1% | | 29,0% |

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