

Clœetta



Group lunch with Nordea on September 9, 2024

Strong local brands in attractive non-cyclical market

Katarina Tell, President and CEO

Frans Rydén, CFO

Laura Lindholm, Director, Communications & IR

New President and CEO



BACKGROUND

- Joined Cloetta in 2018 as Area President Cloetta Sweden and member of Group Management Team
- >20 years spent within FMCG of which 16 years in international roles
- Solid experience from executive positions within Kraft Heinz and Findus, with a focus on strategy and business development

PERSONAL PROFILE

- Board experience from Swedish Plastic Recycling and Swedish trade association for FMCG industry (DLF)
- Master's degree in Nutrition from Umeå University, studies in business administration at Lund University
- Swedish citizen

Agenda

- 1 About Cloetta
- 2 Financials and Q2 update
- 3 Strategic update
- 4 Q&A



Leading confectionery company in Northern Europe

About Cloetta

Net sales 2023 (SEKbn)

8.3

Employees (on average)

2,600

Countries with sales

> 60

Number of shareholders

> 40,000

Business segments*

74%

Branded packaged products



Candy



Chocolate



Pastilles



Chewing gum

26%

Pick & mix



Pick & mix candy,
chocolate and
nuts

Our 10 largest brands, of total sales

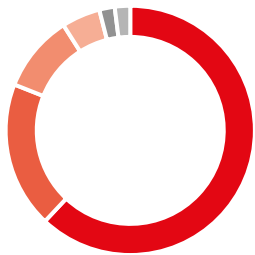
>50%



* Share of Net sales is FY203, where *Branded packaged products* includes full year of divested Nutisal brand

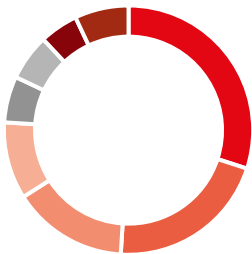
Over 80% of group net sales from 5 largest countries

Net sales by category, 2023



- 62% ● Candy
- 19% ● Chocolate
- 10% ● Pastilles
- 5% ● Chewing gum
- 2% ● Nuts
- 2% ● Other

Net sales by country, 2023



- 30% ● Sweden
- 21% ● Finland
- 15% ● The Netherlands
- 10% ● Denmark
- 6% ● Norway
- 6% ● Germany
- 5% ● The UK
- 7% ● International Markets

Market position per category

Market	Candy	Pastilles	Chocolate	Chewing gum	Pick & mix
Sweden	1	1	2	-	1
Finland**	2	1	3	1	1
Norway	2	3	5	-	1
Denmark	2	1	-	-	1
The Netherlands	1	-	-	2	-
Germany**	5	-	-	-	-
The UK **	*	-	-	-	1

*) Presence on the market without confirmed market position **) Estimated market position based on data from specific customers

Source: Kesko, SOK, Circana and Nielsen.

Strategic priorities and strengths

Strategic strengths

Cloetta is a proud provider of **joyful moments** – our brands and products bring fun and joy to memorable occasions

- 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

Consumer trends and behaviors

- 1 Greater individualisation
- 2 Responsibility for environment and human rights
- 3 Health and positive health benefits
- 4 Local, genuine and transparent brands
- 5 Superior sensory experiences
- 6 E-commerce and digital channels

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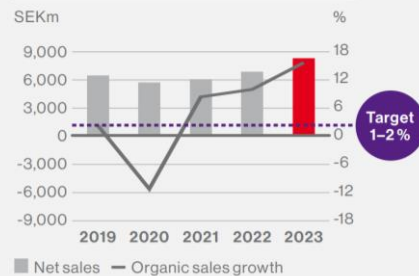


Long-term financial targets and development

1 Organic Growth ✓

To grow **organically** by **1–2%**, which is in line with or better than the market

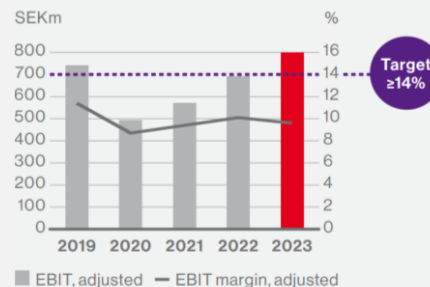
Net sales and organic sales growth



2 EBIT Margin, Adj. ✓

An adjusted EBIT margin of **at least 14%**

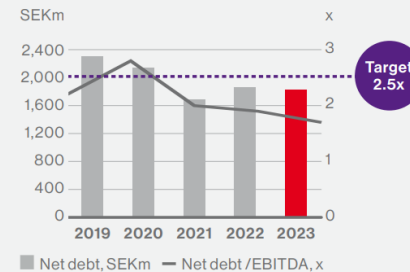
EBIT and margin, adjusted



3 Net Debt /EBITDA ✓

Net debt/EBITDA ratio of **around 2.5x**

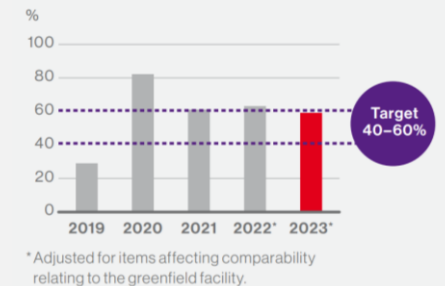
Net debt/EBITDA



4 Dividend Policy ✓

Payout ratio of **40-60% of profit** for the year

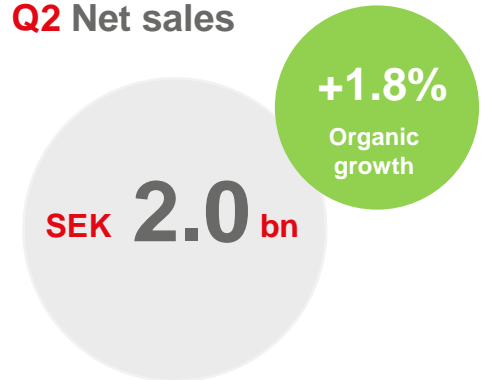
Dividend policy (share of profit)



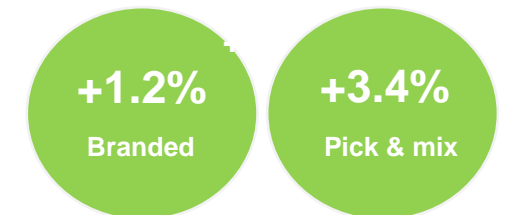
Q2: Improved profitability and continued organic growth

- 1 Operating environment saw a significantly reduced food price inflation than last year
- 2 Continued to deliver stable underlying volumes
- 3 Improved adjusted operating profit driven by previous pricing and margin-improving initiatives in P&M
- 4 Expect to be able to continue to successfully manage increased input costs
- 5 Dry roasted nuts brand Nutisal divested to streamline our brands and product portfolio
- 6 Net debt/EBITDA of 1.8x lowest ever in a Q2

Q2 Net sales



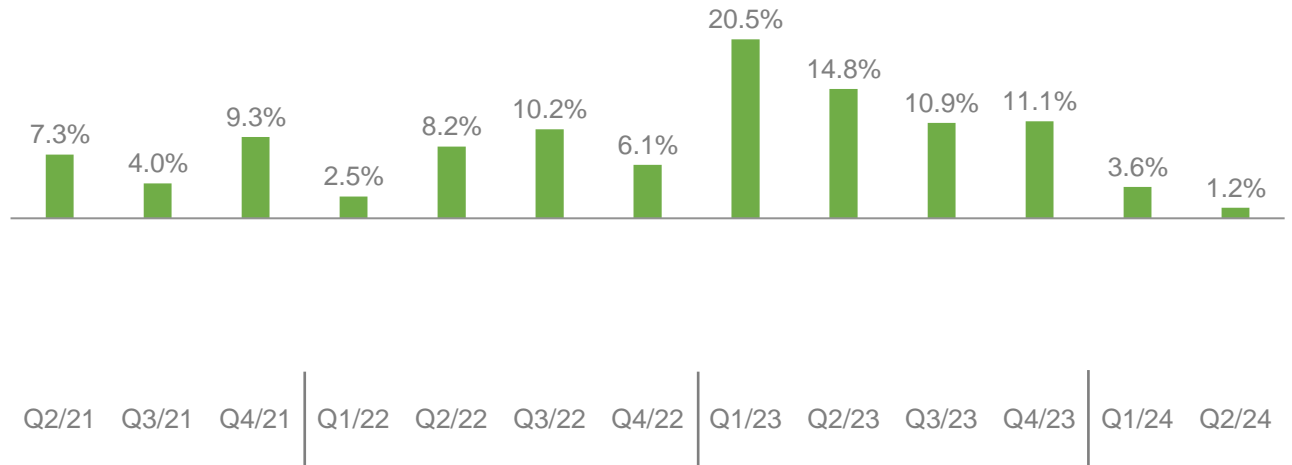
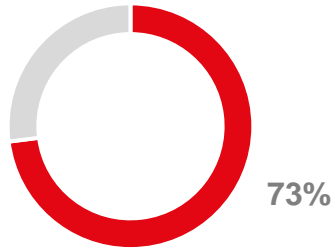
Q2 Organic sales growth, %



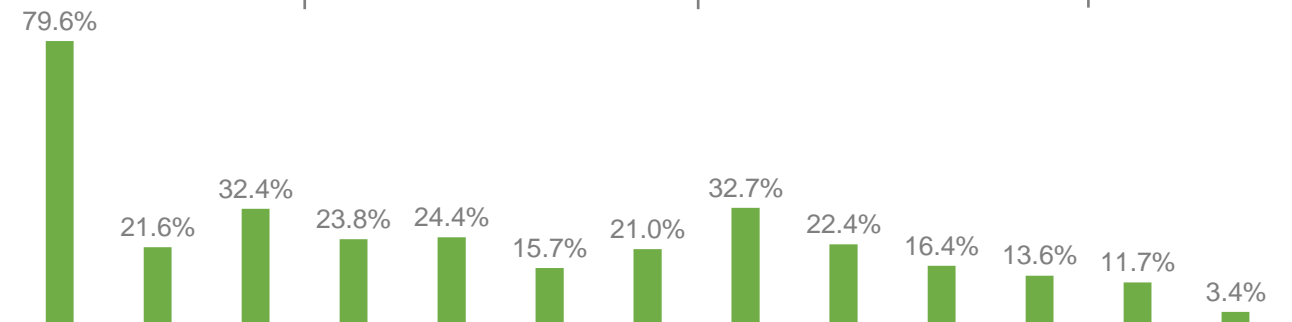
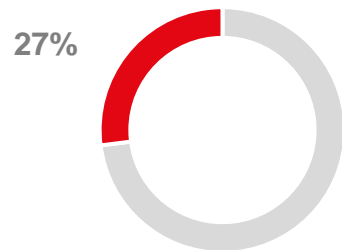
Sales development

Share of net sales and organic sales growth, %, in quarter

Branded packaged products



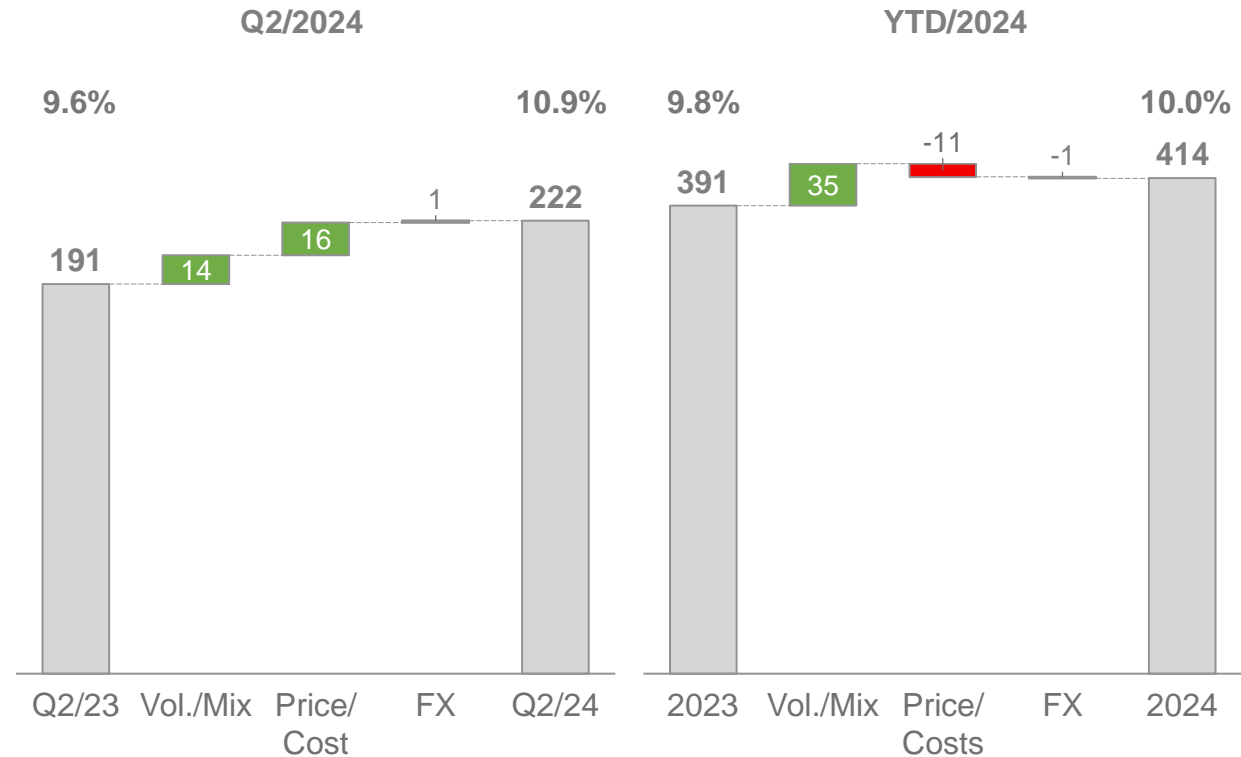
Pick & mix



Pricing and margin-enhancing initiatives lift profit

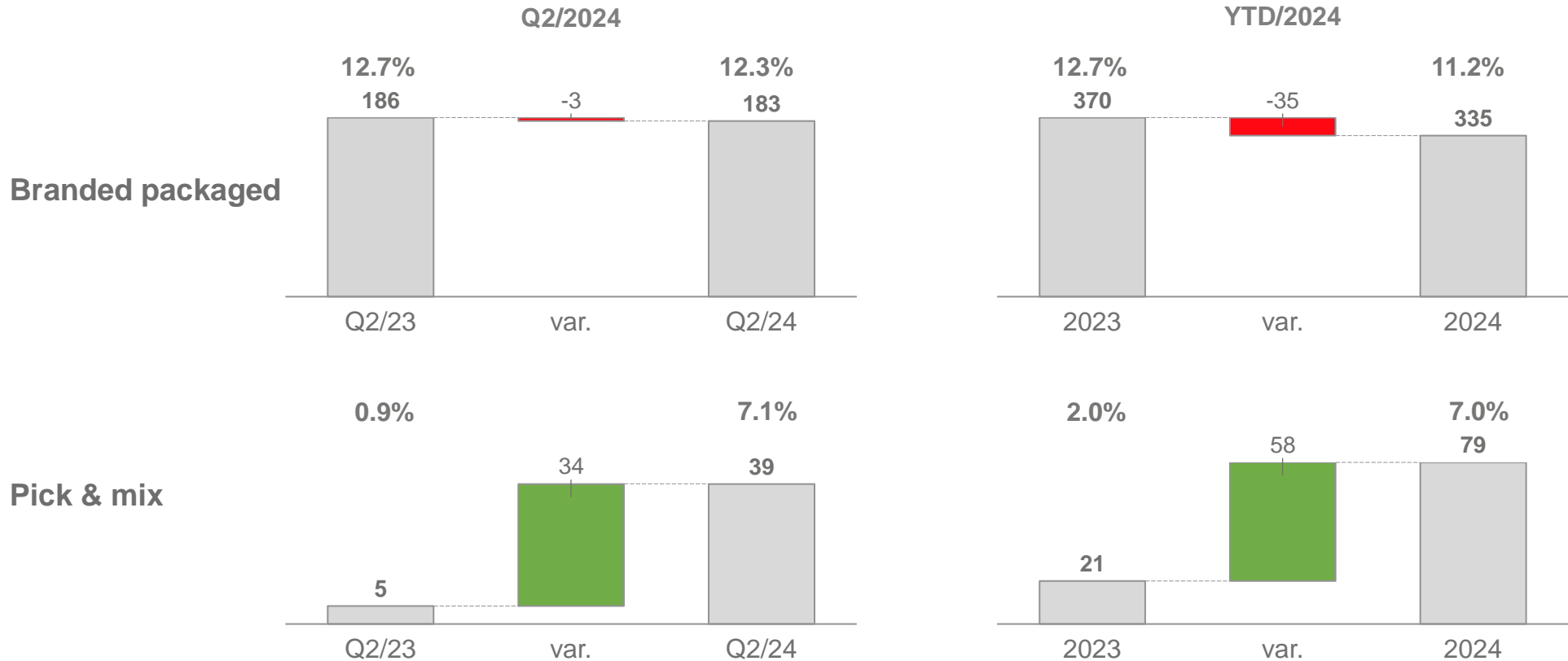
Operating profit, adjusted

- Fair pricing caught up to earlier input cost increases, but cocoa continued to go up and will affect YTG
- Margin-enhancing initiatives in P&M and Net Revenue Management in Branded segment further drive profit
- Higher marketing investment in core brands; to continue in Q3
- Resolution of cost incurred for Q1 quality incident ongoing

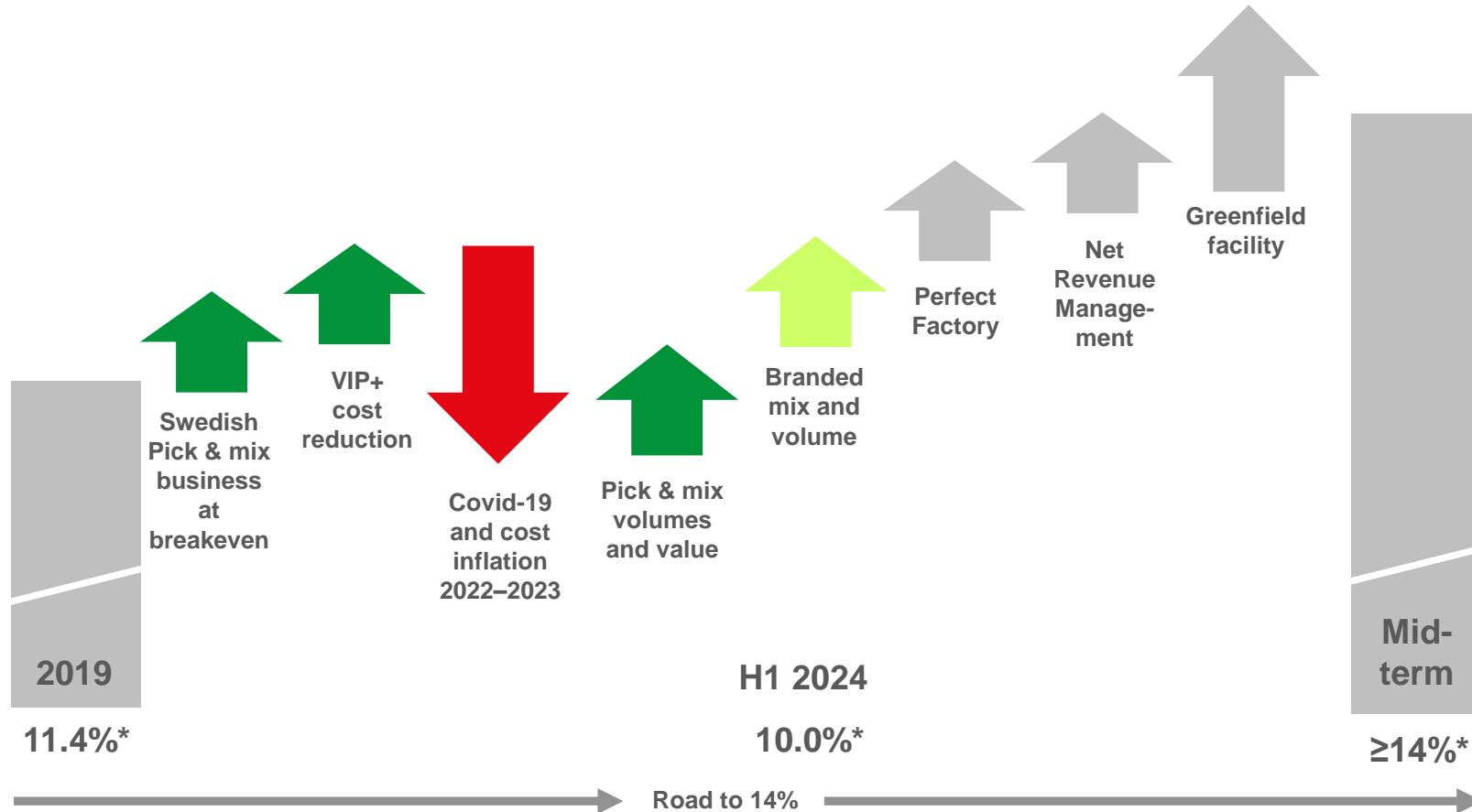


Strong improvement in P&M; Branded profit protected

Operating profit, adjusted, by segment



Strategic building blocks to deliver margin expansion

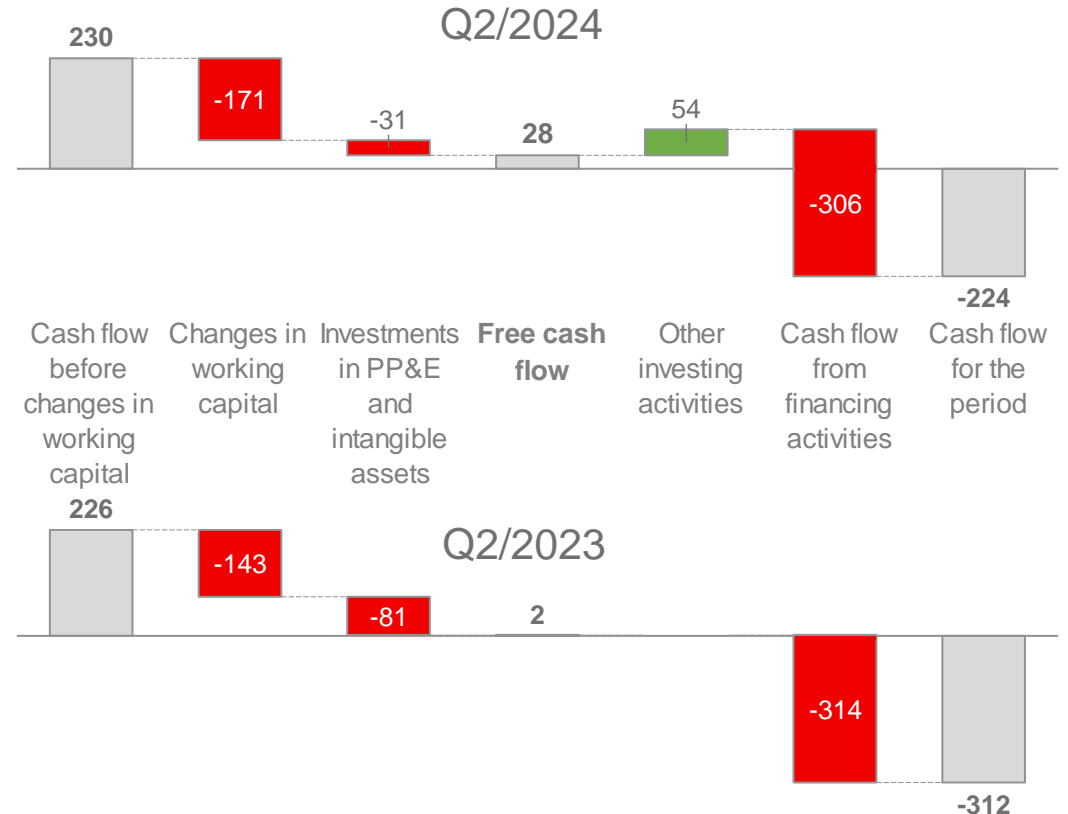


*) Operating profit margin, adjusted.

Free cash flow further improved: YTD SEK +148m vs LY

Cash flow

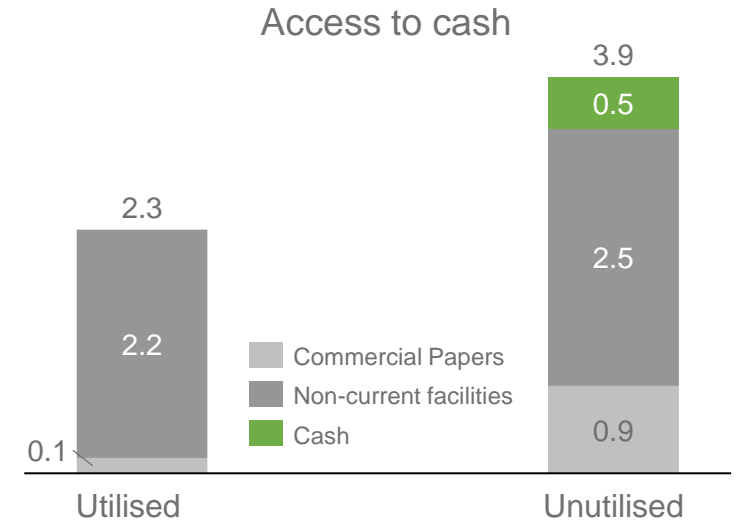
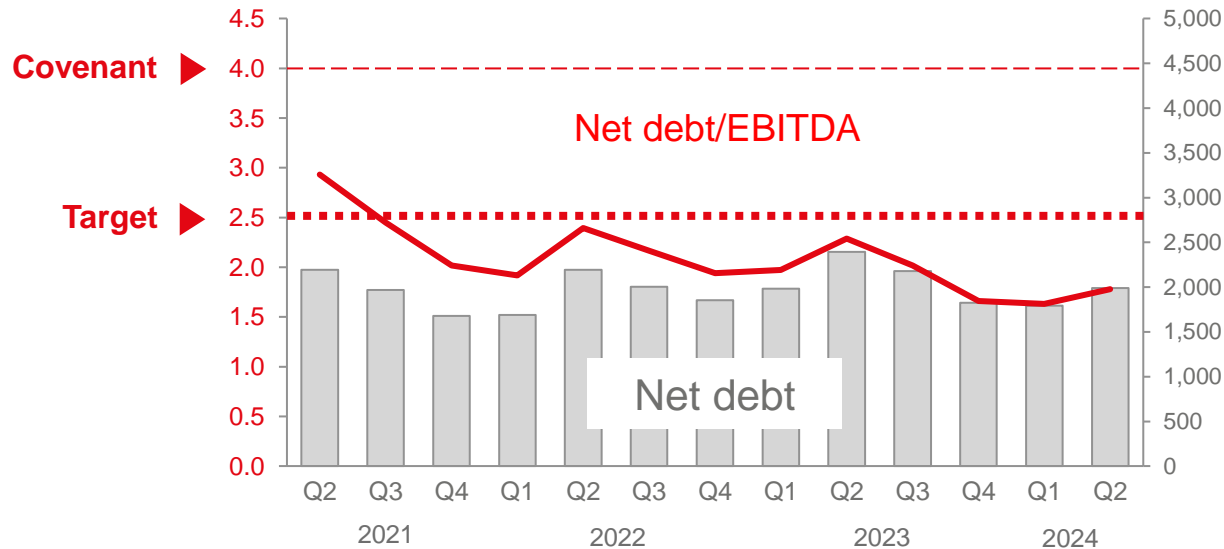
- **Improved Q2 Free cash flow vs LY** driven by lower capex investment more than offsetting increased working capital
- **Increased working capital** due to higher seasonal inventory build following strong Q1: YTD working capital improved SEK 47m vs LY
- **Lower capex investment** driven by part phasing and part avoidance
- **YTD free cash flow highest since 2017**
- **Cash flow from other investing activities** driven by proceeds from divestment of Nutisal brand



Strong financial position: Net debt/EBITDA 1.8x

Financial position

- Net debt/EBITDA successive improvement continues with an all-time low for a Q2, and well below target of 2.5x
- Net debt SEK 2.0bn despite dividend payments, driven by cash generation and favourable revaluation
- Unutilised access to cash of SEK 3.9bn



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Our strategy

“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 us to grow and our brands to flourish





Growth leadership in Branded packaged goods

Responding to growing consumer trend demanding local brands and innovative offerings

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

- 1 Profitable growth and improved product mix, continued recovery of mix
- 2 Market share growth in core markets by focus and support of key brand positions
- 3 Building stronger position in the UK and Germany
- 4 Growing International Markets through expansion of selective brands
- 5 Focus on fewer but bigger innovations to ensure valorisation and competitive edge
- 6 Growing in new channels like E- and Q-commerce



1.6 Growing in new channels

E- and Q-commerce - emerging online channels

Cloetta's strategic choice to focus on online channels is showing clear results.

Quick commerce* expanded rapidly during the pandemic and found a permanent place in the online landscape

In Q-commerce confectionery is relevant for *here and now*-moments.

* Order and delivery of products within 30-45 min

Highlights in 2024



Strong growth in US and UK for The Jelly Bean Planet in E-commerce (Amazon)



Supplier of the Year-award, irrespective of category, at Foodora Market Sweden



Online Cloetta Store for merch launched in Q2 in Sweden

Visit cloettastore.se and sisupaja.fi to see all available merch products!



Sustainable value from the Pick & mix business

Driving profitable volume growth to 5–7% EBIT including allocated costs

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% in the medium-term

- 1 Growth of consumer trends like individualism and sustainable packaging
- 2 Customers see this as in-store differentiation to attract shoppers
- 3 Valorisation through premium consumer offering
- 4 Drive cost efficiency through scale and mix management



2 Market position enables category development

Second quarter with EBIT margin in line with medium-term target of 5–7%

Valorising P&M

2023



Arlanda airport, Stockholm

2023/
2024



Launching online exclusive pre-packed CandyKing cup at Q-commerce in several Nordic markets

Cloetta is the largest P&M supplier in Europe

P&M is one of the fastest growing confectionery categories in the Nordic market

Cloetta is the only P&M player in confectionery with multimarket scale and proposition

Cloetta offers a premium, inspiring and exceptional candy experience both offline and online

Opportunity to expand in new markets and channels through repeatable P&M model

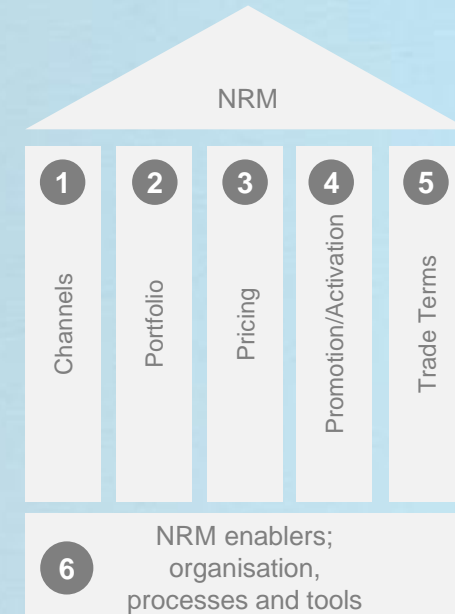


Lower Cost and Greater Efficiency

Adding % EBIT to our result

Cloetta has programs to optimise all lines of the P&L by lowering cost and spending with more efficiency

- 1 Perfect Factory: increasing efficiency and reducing waste and energy in our plants
- 2 Greenfield project
- 3 ZBB methodology to reduce indirects
- 4 Net Revenue Management to get more bang for our buck
- 5 Media effectiveness through competence and Pure media
- 6 Focus on cash generation





Update on greenfield project

Secure and improve on adjusted EBIT margin of at least 14 per cent

- When operational, creates capacity for growth, significantly reduces cost and reduces greenhouse gas emissions
- EBIT contribution remains higher up in the range SEK 220–260m
- Important step on journey to reduce greenhouse gas emissions with 46 per cent by 2030 – contributes to set science-based target (SBTi)
- Net investment remains within SEK 1.9 bn budget
- First of 3 factories to be closed, Borchwerf, now closed, ahead of original plan



Progress during the quarter

- Regulatory permitting process developed according to plan
- Internal project workstreams continued as planned

READ MORE

ENG www.cloetta.com/en/investors/new-greenfield-facility/

NL www.cloetta.com/en/roosendaal



A 3D maze of pink blocks with colorful jelly beans scattered throughout. The text "Q & A" is centered in white.

Q & A

Thank you!

NEXT INTERIM REPORT

1 Oct	Silent period starts
25 Oct	Interim report Q3 2024



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