

# Cloetta

## Interim report Q2 April–June 2020

Stockholm, 14 July 2020

“Our ability to respond swiftly to the situation with powerful actions combined with the fact that we performed strongly before the pandemic, makes me confident that we will come out of the current crisis stronger.”

*Henri de Sauvage-Nolting, President and CEO*

### Second quarter, April–June 2020

- **Net sales** for the quarter decreased by 21.9 per cent to SEK 1,237m (1,583) including a negative impact from foreign exchange rates of 0.7 per cent.
  - **Sales of branded packaged products** declined organically by 6.3 per cent during the quarter: 3.6 per cent in April and 16.6 per cent in May, but increased by 1.5 per cent in June.
  - **Sales of pick & mix** declined organically by 58.5 per cent during the quarter: 70.5 per cent in April, 60.2 per cent in May and 41.1 per cent in June.
  - **Operating profit** amounted to SEK 105m (159). Profit for the period amounted to SEK 108m (97). Operating profit, adjusted for items affecting comparability, amounted to SEK 110m (161).
- The negative impact on operating profit was partly mitigated as approximately SEK 35m of the underabsorption of fixed costs due to lower production will impact the third quarter.
- **Cash flow** from operating activities amounted to SEK –39m (–3).
  - **Net debt/EBITDA** ratio was 2.6x (2.7).
  - **Cloetta expects** that sales of both branded packaged products and pick & mix will continue to improve gradually as COVID-19 restrictions ease. Cloetta has also made an assessment that the operating profit, adjusted, for the third quarter will be significantly lower than prior year, and will then gradually strengthen, ending the year on double-digit margins.

### Key ratios

SEKm	Second quarter			Six months			Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Change, %	Jan–Jun 2020	Jan–Jun 2019	Change, %	Jul 2019–Jun 2020	2019
Net sales	1,237	1,583	–21.9 <sup>1</sup>	2,755	3,142	–12.3 <sup>1</sup>	6,106	6,493
Operating profit, adjusted	110	161	–31.7	262	327	–19.9	678	743
Operating profit margin, adjusted, %	8.9	10.2	–1.3 pts	9.5	10.4	–0.9 pts	11.1	11.4
Operating profit (EBIT)	105	159	–34.0	254	323	–21.4	658	727
Operating profit margin (EBIT margin), %	8.5	10.0	–1.5 pts	9.2	10.3	–1.1 pts	10.8	11.2
Profit before tax	137	129	6.2	197	260	–24.2	585	648
Profit for the period	108	97	11.3	152	196	–22.4	454	498
Earnings per share, basic, SEK	0.38	0.34	11.8	0.53	0.68	–22.1	1.58	1.74
Earnings per share, diluted, SEK	0.38	0.34	11.8	0.53	0.68	–22.1	1.58	1.74
Net debt/EBITDA, x (Rolling 12 months)	2.6	2.7	–3.7	2.6	2.7	–3.7	2.6	2.2
Free cash flow	–118	–41	n/a	–138	70	n/a	330	538
Cash flow from operating activities	–39	–3	n/a	28	151	–81.5	601	724

<sup>1</sup> Organic growth at constant exchange rates and comparable units was –21.2 per cent for the quarter and –12.6 per cent for the first half of the year. See more under Net sales on page 4.

# Cloetta

– a leading confectionery company in Northern Europe.



# Cloetta is well positioned for a gradual recovery

*Improved sales during the second half of the quarter while the negative EBIT impact was partly mitigated by phasing of supply chain costs to the third quarter.*

At Cloetta, various measures have been taken to mitigate the impact of COVID-19, with the highest priority being the health and safety of our employees, customers and consumers. We have also worked closely with business partners and local authorities to maintain our operations and to prepare for growth in a new normal, and to date we have not seen any material disruptions to our supply chain.

The counter-measures initiated by local authorities have had a major impact on our sales channels as well as on consumer behavior. However, our ability to respond swiftly to the situation with powerful actions combined with the fact that we performed strongly before the pandemic, makes me confident that we will come out of the current crisis stronger.

## Second quarter development

Sales for the quarter decreased by 21.9 per cent, of which organic growth accounted for -21.2 per cent and exchange rate differences for -0.7 per cent, but improved during the second half of the quarter.

Sales of branded packaged products declined organically by 6.3 per cent as an increased demand from grocery stores was more than offset by a decline in the sales channels that have either closed or seen a steep reduction in the number of shoppers.

Sales of pick & mix declined organically by 58.5 per cent, negatively impacted by lower consumer demand and the closing of pick & mix fixtures to reduce groups of people.

The decrease in operating profit, adjusted, was driven by lower volumes, partly mitigated by phasing of supply chain costs of approximately SEK 35 m to the third quarter and continued good cost control.

## Expected impact from COVID-19

Due to the exceptional market situation, we are providing an outlook for 2020. We do not intend to provide guidance once the situation normalizes.

Following the easing of COVID-19 restrictions in most of our markets, the closed

pick & mix fixtures are starting to re-open and consumers are gradually returning to channels outside of grocery stores. We expect that sales of both branded packaged products and pick & mix will continue to improve gradually. However, we do foresee a delay of several quarters until the full consumer demand for pick & mix returns, once the situation normalizes.

Due to continued reduced sales combined with planned production closures and the phasing of supply chain costs from the second quarter, we expect that the operating profit, adjusted, for the third quarter will be significantly lower than prior year. However, we expect that the profit levels will gradually strengthen, ending the year on double-digit margins on the back of increased sales and good cost control.

## The right foundations in place

In this challenging environment we have accelerated several cost-saving initiatives to fund investments in our brands and strengthened Cloetta's position with our customers and consumers. We also continued to drive our sustainability agenda with the introduction of PlantPack, a plastic that is suitable for confectionery made partly from plants. Furthermore, our factories achieved RSPO & UTZ certifications, which ensures that the volumes of cocoa and palm oil we purchase are sourced and handled responsibly.

During the quarter, the re-positioning of Candyking was rolled out in selected stores, with the aim to create excitement and regain consumer confidence within the pick & mix category. The new Candyking is a premium concept and focuses on higher quality and a more attractive assortment with an increased emphasis on hygiene and tidiness. With social media and in-store activation as a part of the new concept, we also provide the customers with tangible solutions to increase the number of shoppers.

I am pleased to see that our ongoing VIP+ cost program is delivering according to plan. I am also satisfied with the speed at which we

have been able to identify, design and execute new efficiency initiatives to protect profitability going forward. During the quarter, we went live with our ERP system in Germany and we have now finalized the rollout of our shared planning system in all markets.

Financing of our business operations remains solid and we have successfully extended a loan from credit institutions as well as increased our focus on managing our working capital. During a quarter of extreme demand fluctuations and supply uncertainty, we have ensured healthy service levels by maintaining high inventories of critical raw materials and finished products. Based on the current situation we have planned production closures during the summer, which will result in inventory reduction.

Our focus remains on growing Cloetta organically, in line with or better than the market, and at the same time reaching an EBIT margin, adjusted, of at least 14 per cent. I am confident that with our committed employees, our portfolio of local leading brands and resilient categories, our solid balance sheet and our clear strategic priorities, we have laid the right foundations to navigate this pandemic and emerge stronger on the other side.



Henri de Sauvage-Nolting  
President and CEO

# Financial overview

## Second quarter development

### COVID-19

At Cloetta, various measures have been taken to mitigate the short-term and long-term impact of COVID-19. We are monitoring the situation closely and when needed we are adapting our actions according to local government advice and regulations, whilst at the same time striving to mitigate any disruptions to our business.

### Impact on risk assessment, financial position and financial performance

As a result of the current economic circumstances, Cloetta assesses that the risk of a negative financial impact in connection to a declining business versus the previous year, has increased. The negative impact of current market conditions on Cloetta's business and the expected time for the situation to normalize has resulted in an increased valuation risk for goodwill and trademarks, as recognized on the balance sheet. Cloetta has updated its impairment analysis for goodwill and trademarks in the quarter, and performed a sensitivity analysis to assess the impact of potential movements of various input factors such as the long-term growth rate and the discounting factor. Cloetta performed a further analysis and assessed the impact of different scenarios, taking into consideration the uncertainties in the expected future financial performance and business recovery for the part of the business that has been impacted most. Although the impact per cash generating unit (CGU) varies, an overall decline in headroom has been identified but the headroom per CGU remains positive. Cloetta is therefore of the opinion that no impairment on goodwill or trademarks should be recognized. Cloetta will continue to closely monitor developments to assess the impact they have on the valuation of goodwill, trademarks and on other non-financial and financial assets going forward.

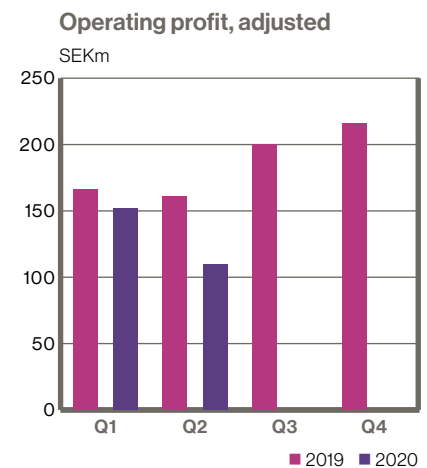
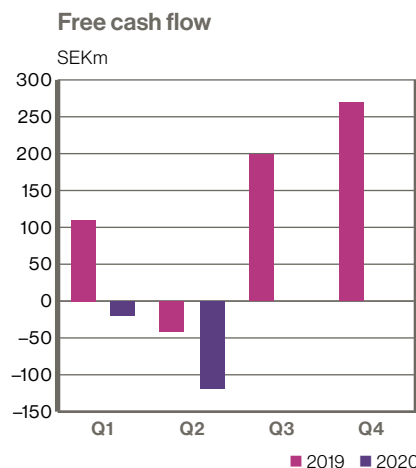
During the first and second quarter exchange rates have been volatile and as a result impacted Cloetta's financial performance significantly. Cloetta assesses that the risk related to volatility of exchange rates relevant to Cloetta, and the resulting financial impact, increased compared to the assessment made for 2019 year-end reporting purposes and disclosed in the Annual and Sustainability report 2019.

Although an increase in market interest rates has been noted versus year end, the interest rate risks and refinancing risks are assessed to be in line with the assessment made for 2019 year-end reporting and as disclosed in the Annual and Sustainability report 2019 for the short term. Related to the uncertainty in the market, it is Cloetta's assessment that interest rate risks and refinancing risk have increased for the medium term which might result in higher interest costs.

### Government support

Countries have taken different measures in their response to COVID-19 and to support companies. In most cases, measures are conditional and subject to change or need further clarification. In general these can be divided into measures to support short-term and medium-term liquidity impacting cash flows and measures for cost compensation impacting cash flows and results. In a number of countries Cloetta applied for support and recognized the financial impact of this insofar as it is deemed that all conditions have been or will be met. The total amount recognized in the profit and loss account is SEK 6m in the quarter. The total amount of support applied for to support short-term and medium-term liquidity in the quarter is SEK 36m and will be paid back during the second half of 2020 or early 2021.

For more information on measures taken by Cloetta in relation to COVID-19, please visit [www.cloetta.com](http://www.cloetta.com).



### Net sales

Net sales for the second quarter decreased by SEK 346m to SEK 1,237m (1,583) compared to the same period of last year. Organic growth was -21.2 per cent and changes in exchange rates were -0.7 per cent.

Changes in net sales, %	Apr–Jun 2020	Jan–Jun 2020
Organic growth	-21.2	-12.6
Changes in exchange rates	-0.7	0.3
<b>Total</b>	<b>-21.9</b>	<b>-12.3</b>

Monthly organic sales growth, %	April 2020	May 2020	June 2020
<b>Total</b>	<b>-25.4</b>	<b>-27.6</b>	<b>-10.1</b>
Branded packaged products	-3.6	-16.6	1.5
Pick & mix	-70.5	-60.2	-41.1

### Gross profit

Gross profit amounted to SEK 460m (579), which equates to a gross margin of 37.2 per cent (36.6). The gross profit decrease was driven by lower volumes and the negative impact from changes in foreign exchange rates, partly mitigated as approximately SEK 35m of the underabsorption of fixed costs due to lower production will impact the third quarter.

### Operating profit

Operating profit amounted to SEK 105m (159). Operating profit, adjusted for items affecting comparability, amounted to SEK 110m (161). The decrease in operating profit, adjusted, was driven by lower gross profit, partly mitigated by continued good cost control combined with fewer marketing activities.

### Items affecting comparability

Operating profit for the second quarter includes items affecting comparability of SEK -5m (-2) that are mainly related to costs for restructuring.

### Net financial items

Net financial items for the quarter amounted to SEK 32m (-30). Interest expenses related to external borrowings were SEK -8m (-8), exchange differences on cash and cash equivalents were SEK 45m (-12) which are mainly related to the development of the Swedish and Norwegian krona against the euro during the quarter. Other financial items amounted to SEK -5m (-10). Of the total net financial items SEK 39m (-21) is non-cash in nature.

### Profit for the period

Profit for the period was SEK 108m (97), which equates to basic and diluted earnings per share of SEK 0.38 (0.34).

Income tax for the period was SEK -29m (-32m). The effective tax rate for the quarter was 21.2 per cent (24.8).

### Free cash flow

The free cash flow was SEK -118m (-41). Cash flow from operating activities before changes in working capital was SEK 122m (201). The reduction compared to last year is due to a lower operating profit and increased corporate income tax payments due to less availability of tax losses carried forward. The cash flow from changes in working capital was SEK -161m (-204), due to the negative impact of COVID-19. The cash flow from investments in property, plant and equipment and intangible assets was SEK -79m (-38).

### Cash flow from changes in working capital

Cash flow from changes in working capital was SEK -161m (-204). The cash flow from changes in working capital was negatively impacted by the increase in inventories of SEK -72m (-52) and a decrease in payables in the amount of SEK -276m (-171) which were partly offset by the decrease in receivables amounting to SEK 187m (19).

### Cash flow from other investing activities

Cash flow from other investing activities was SEK 0m (2).

### Cash flow from financing activities

Cash flow from financing activities was SEK -389m (-466). The cash flow from financing activities was related to net proceeds and repayments of loans from credit institutions and commercial papers of SEK -355m (-160) and payments of lease liabilities of SEK -18m (-19). In the second quarter of 2019 a net amount of SEK -287m was related to the dividend distribution. Other cash flows from financing activities amounted to SEK -16m (0).

### Development during the year

#### Net sales

Net sales for the first half of the year decreased by SEK 387m to SEK 2,755m (3,142) compared to the same period of last year. Organic growth was -12.6 per cent and changes in exchange rates were 0.3 per cent.

#### Gross profit

Gross profit amounted to SEK 1,000m (1,145), which equates to a gross margin of 36.3 per cent (36.4). The gross profit decrease was driven by lower volumes and the negative impact of changes in foreign exchange rates.

#### Operating profit

Operating profit amounted to SEK 254m (323). Operating profit, adjusted for items affecting comparability, amounted to SEK 262m (327). The decrease in operating profit, adjusted, was driven by lower gross profit, partly mitigated by continued good cost control combined with fewer marketing activities.

#### Items affecting comparability

Operating profit for the first half of the year includes items affecting comparability of SEK -8m (-4) that are mainly related to costs for restructuring.

### Net financial items

Net financial items for the first half of the year amounted to SEK -57m (-63). Interest expenses related to external borrowings were SEK -15m (-15), exchange differences on cash and cash equivalents were SEK -33m (-24) which are mainly related to the development of the Swedish and Norwegian krona against the euro during the first half of the year. Other financial items amounted to SEK -9m (-24). Of the total net financial items SEK -8m (-48) is non-cash in nature.

### Profit for the period

Profit for the period was SEK 152m (196), which equates to basic and diluted earnings per share of SEK 0.53 (0.68).

Income tax for the period was SEK -45m (-64). The effective tax rate for the period was 22.8 per cent (24.6).

### Free cash flow

The free cash flow was SEK -138m (70). Cash flow from operating activities before changes in working capital was SEK 288m (405). The reduction compared to last year is due to a lower operating profit and increased corporate income tax payments due to less availability of tax losses carried forward. The cash flow from changes in working capital was SEK -260m (-254), due to the negative impact of COVID-19. The cash flow from investments in property, plant and equipment and intangible assets was SEK -166m (-81).

### Cash flow from changes in working capital

Cash flow from changes in working capital was SEK -260m (-254). The cash flow from changes in working capital was negatively impacted by the increase in inventories of SEK -256m (-127) and a decrease in payables in the amount of SEK -131m (13) which were partly offset by the decrease in receivables amounting to SEK 127m (-140).

### Cash flow from other investing activities

Cash flow from other investing activities was SEK 0m (-144). In the first quarter of 2019 an amount of SEK -146m was related to the final settlement of the contingent earn-out consideration arising from the acquisition of Candyking Holding AB and its subsidiaries.

### Cash flow from financing activities

Cash flow from financing activities was SEK -296m (-276). The cash flow from financing activities was related to net proceeds and repayments of loans from credit institutions and commercial papers of SEK -244m (49) and payments of lease liabilities of SEK -36m (-38). In the second quarter of 2019 a net amount of SEK -287m was related to the dividend distribution. Other cash flows from financing activities amounted to SEK -16m (0).

### Financial position

Consolidated equity at 30 June 2020 amounted to SEK 4,323m (3,955), which equates to SEK 15.0 (13.7) per share. Net debt at 30 June 2020 was SEK 2,492m (2,727).

Long-term borrowings totalled SEK 2,236m (2,240) and consisted of SEK 2,112m (2,119) in gross non-current loans from credit institutions, SEK 124m (123) in non-current lease liabilities and SEK 0m (-2) in capitalized transaction costs.

Total short-term borrowings amounted to SEK 314m (615) and consisted of SEK 249m (549) in commercial papers, SEK 65m (66) in current lease liabilities, SEK -1m (-1) in capitalized transaction costs and accrued interest on borrowings from credit institutions and commercial papers in the amount of SEK 1m (1).

In the second quarter Cloetta extended a loan from credit institutions in the amount of SEK 1,312m for a year.

SEKm	30 Jun 2020	30 Jun 2019	31 Dec 2019
Gross non-current loans from credit institutions	2,112	2,119	800
Gross current loans from credit institutions	-	-	1,306
Commercial papers	249	549	499
Lease liabilities	189	189	204
Derivative financial instruments (non-current and current)	56	77	71
Interest payable	1	1	1
<b>Gross debt</b>	<b>2,607</b>	<b>2,935</b>	<b>2,881</b>
Cash and cash equivalents	-115	-208	-579
<b>Net debt</b>	<b>2,492</b>	<b>2,727</b>	<b>2,302</b>

Cash and cash equivalents at 30 June 2020 amounted to SEK 115m (208). At 30 June 2020 Cloetta had an unutilized credit facility of SEK 1,259m (1,262) and the possibility to issue additional commercial papers for an amount of SEK 750m (451).

### Other disclosures

#### Seasonal variations

Cloetta's sales and operating profit are subject to some seasonal variations. Sales in the first and second quarters are affected by the Easter holiday, depending on in which quarter it occurs. In the fourth quarter, sales are usually higher than in the first three quarters of the year, which is mainly attributable to the sale of products in Sweden in connection with the holiday season.

### Employees

The average number of employees during the quarter was 2,675 (2,623). The increase in number of employees is mainly related to changes in the Dutch employment law leading to an increased number of employees in production, that have previously been employed by employment agencies. Furthermore, the new HR system Workday, implemented in 2019, enables a more accurate tracking of the number of merchandisers.

### Events after the balance sheet date

After the end of the reporting period, no significant events have taken place that could affect the company's operations.



# Key business priorities

Prioritized activities for achieving organic growth and a 14% operating profit margin, adjusted



# Sustainability

## Key areas

### We provide choices for you

We create joyful moments through the quality of our products. We aim to fulfill the variety of consumer preferences.

### We care about people

We support our employees, suppliers and farmers, as well as our communities.

### We improve our footprint

Our business depends on the environment. We are responsible for the impact we have from sourcing to packaging.

## Q2 highlights

### Goal-setting

- Strategic goals set to develop our offering to meet more consumer needs while upholding sustainability standards and product quality.

### Strengthening relationships

- Exploring positive impacts across our supply chain with stronger partnerships between our suppliers and 3rd party organizations.

### Future-focused

- Launched PlantPack, a step closer to future-proof plant-based packaging.
- Our factories achieved RSPO and UTZ certifications, ensuring that our cocoa and palm oil purchases are sustainable.

## We believe in the Power of True Joy

*For you, for the people and for the planet*





The Board of Directors hereby gives its assurance that the interim report provides a true and fair view of the business activities, financial position and results of operations of the Group and the Parent Company, and describes the significant risks and uncertainties to which the Parent Company and the Group companies are exposed.

Stockholm, 14 July 2020  
Cloetta AB (publ)

Mikael Norman  
*Board Chairman*

Mikael Aru  
*Member of the Board*

Patrick Bergander  
*Member of the Board*

Lottie Knutson  
*Member of the Board*

Alan McLean Raleigh  
*Member of the Board*

Camilla Svenfelt  
*Member of the Board*

Mikael Svenfelt  
*Member of the Board*

Lena Grönedal  
*Employee Board member*

Mikael Ström  
*Employee Board member*

Henri de Sauvage-Nolting  
*President and CEO*

*The information in this interim report has not been reviewed by the company's auditors.*

## Examples of new launches during the second quarter



### THE NETHERLANDS

Lonka – Choco Bites, Crispy caramel  
Lonka – Choco Bites, Peanuts  
Venco Dropmix – soft & salty, XL bag  
Venco Dropmix – sweet & salty, XL bag

XyliFresh – Peppermint  
XyliFresh – Mentholmint  
Red Band – Tower



### FINLAND

Jenkki Plus – Cranberries/grapefruit with zinc and calcium  
Jenkki Plus – Lime/Mint with B3 and magnesium  
Sisu – Menthol–Salmiak  
TV mix – Licorice  
Tupla – Nuts&Raisins

### SWEDEN

Läkerol YUP – Orange spritz  
Tupla – Kingsize

# Financial statements in summary

## Consolidated profit and loss account

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019– Jun 2020	2019
Net sales	1,237	1,583	2,755	3,142	6,106	6,493
Cost of goods sold	-777	-1,004	-1,755	-1,997	-3,870	-4,112
<b>Gross profit</b>	<b>460</b>	<b>579</b>	<b>1,000</b>	<b>1,145</b>	<b>2,236</b>	<b>2,381</b>
Selling expenses	-213	-253	-450	-496	-965	-1,011
General and administrative expenses	-142	-167	-296	-326	-613	-643
<b>Operating profit</b>	<b>105</b>	<b>159</b>	<b>254</b>	<b>323</b>	<b>658</b>	<b>727</b>
Exchange differences on cash and cash equivalents in foreign currencies	45	-12	-33	-24	-28	-19
Other financial income	1	0	2	1	3	2
Other financial expenses	-14	-18	-26	-40	-48	-62
<b>Net financial items</b>	<b>32</b>	<b>-30</b>	<b>-57</b>	<b>-63</b>	<b>-73</b>	<b>-79</b>
<b>Profit before tax</b>	<b>137</b>	<b>129</b>	<b>197</b>	<b>260</b>	<b>585</b>	<b>648</b>
Income tax	-29	-32	-45	-64	-131	-150
<b>Profit for the period</b>	<b>108</b>	<b>97</b>	<b>152</b>	<b>196</b>	<b>454</b>	<b>498</b>
<i>Profit for the period attributable to:</i>						
Owners of the Parent Company	108	97	152	196	454	498
Earnings per share, SEK						
Basic <sup>1</sup>	0.38	0.34	0.53	0.68	1.58	1.74
Diluted <sup>1</sup>	0.38	0.34	0.53	0.68	1.58	1.74
Number of shares at end of period	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299
Average number of shares (basic) <sup>1</sup>	286,557,259	286,610,771	286,547,838	286,587,980	286,543,101	286,578,395
Average number of shares (diluted) <sup>1</sup>	286,792,494	286,844,136	286,801,891	286,755,102	286,778,181	286,724,049

<sup>1</sup> Cloetta entered into forward contracts to repurchase own shares to fulfill its future obligation to deliver the shares to the participants of the long-term share-based incentive plan. The outstanding contracts at the reporting date consist of one contract for 1,985,619 shares at a share price of SEK 24.90.

# Consolidated statement of comprehensive income

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
<b>Profit for the period</b>	108	97	152	196	454	498
<i>Other comprehensive income</i>						
Remeasurement of defined benefit pension plans	–9	–14	–27	–56	–51	–80
Income tax on remeasurement of defined benefit pension plans	1	3	5	12	10	17
<b>Items that will never be reclassified to profit or loss for the period</b>	–8	–11	–22	–44	–41	–63
Currency translation differences	–284	72	2	159	–54	103
Hedge of a net investment in a foreign operation	78	–26	–13	–46	9	–24
Income tax on hedge of a net investment in a foreign operation	–17	5	2	9	–2	5
<b>Items that are or may be reclassified to profit or loss for the period</b>	–223	51	–9	122	–47	84
<b>Total other comprehensive income</b>	–231	40	–31	78	–88	21
<b>Total comprehensive income, net of tax</b>	–123	137	121	274	366	519
<i>Total comprehensive income for the period attributable to:</i>						
Owners of the Parent Company	–123	137	121	274	366	519

# Net financial items

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
Exchange differences on cash and cash equivalents in foreign currencies	45	-12	-33	-24	-28	-19
Other financial income, third parties	0	0	1	1	2	2
Unrealized gains on single currency interest rate swaps	1	-	1	-	1	0
<b>Other financial income</b>	<b>1</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>2</b>
Interest expenses third-party borrowings and realized losses on single currency interest rate swaps	-8	-8	-15	-15	-29	-29
Interest expenses, contingent earn-out considerations	-	-	-	-4	-	-4
Amortization of capitalized transaction costs	-1	-1	-1	-1	-1	-1
Unrealized losses on single currency interest rate swaps	-1	-3	-1	-6	4	-1
Other financial expenses	-4	-6	-9	-14	-22	-27
<b>Other financial expenses</b>	<b>-14</b>	<b>-18</b>	<b>-26</b>	<b>-40</b>	<b>-48</b>	<b>-62</b>
<b>Net financial items</b>	<b>32</b>	<b>-30</b>	<b>-57</b>	<b>-63</b>	<b>-73</b>	<b>-79</b>

# Condensed consolidated balance sheet

SEKm	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5,684	5,733	5,684
Property, plant and equipment	1,612	1,555	1,559
Deferred tax asset	10	11	9
Other financial assets	2	11	7
<b>Total non-current assets</b>	<b>7,308</b>	<b>7,310</b>	<b>7,259</b>
<b>Current assets</b>			
Inventories	1,141	907	888
Other current assets	820	985	934
Cash and cash equivalents	115	208	579
<b>Total current assets</b>	<b>2,076</b>	<b>2,100</b>	<b>2,401</b>
<b>TOTAL ASSETS</b>	<b>9,384</b>	<b>9,410</b>	<b>9,660</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>4,323</b>	<b>3,955</b>	<b>4,197</b>
<b>Non-current liabilities</b>			
Long-term borrowings	2,236	2,240	939
Deferred tax liability	798	792	803
Derivative financial instruments	3	7	3
Provisions for pensions and other long-term employee benefits	527	475	499
Provisions	–	6	5
<b>Total non-current liabilities</b>	<b>3,564</b>	<b>3,520</b>	<b>2,249</b>
<b>Current liabilities</b>			
Short-term borrowings	314	615	1,870
Derivative financial instruments	53	70	68
Other current liabilities	1,124	1,239	1,271
Provisions	6	11	5
<b>Total current liabilities</b>	<b>1,497</b>	<b>1,935</b>	<b>3,214</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,384</b>	<b>9,410</b>	<b>9,660</b>



# Condensed consolidated statements of changes in equity

SEKm	Six months		Full year
	Jan–Jun 2020	Jan–Jun 2019	2019
Equity at beginning of period	4,197	3,968	3,968
Profit for the period	152	196	498
Other comprehensive income	–31	78	21
<b>Total comprehensive income</b>	<b>121</b>	<b>274</b>	<b>519</b>
<b>Transactions with owners</b>			
Forward contract to repurchase own shares	–	–6	–6
Share-based payments	5	6	3
Dividend <sup>1</sup>	–	–289	–289
Dividend on outstanding shares in forward contracts to repurchase own shares	–	2	2
<b>Total transactions with owners</b>	<b>5</b>	<b>–287</b>	<b>–290</b>
<b>Equity at end of period</b>	<b>4,323</b>	<b>3,955</b>	<b>4,197</b>

<sup>1</sup> The dividend paid in 2019 comprised an ordinary dividend of SEK 1.00 per share.

# Condensed consolidated cash flow statement

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
Cash flow from operating activities before changes in working capital	122	201	288	405	791	908
Cash flow from changes in working capital	–161	–204	–260	–254	–190	–184
<b>Cash flow from operating activities</b>	<b>–39</b>	<b>–3</b>	<b>28</b>	<b>151</b>	<b>601</b>	<b>724</b>
Cash flows from investments in property, plant and equipment and intangible assets	–79	–38	–166	–81	–271	–186
Cash flow from other investing activities	0	2	0	–144	0	–144
<b>Cash flow from investing activities</b>	<b>–79</b>	<b>–36</b>	<b>–166</b>	<b>–225</b>	<b>–271</b>	<b>–330</b>
<b>Cash flow from operating and investing activities</b>	<b>–118</b>	<b>–39</b>	<b>–138</b>	<b>–74</b>	<b>330</b>	<b>394</b>
<b>Cash flow from financing activities</b>	<b>–389</b>	<b>–466</b>	<b>–296</b>	<b>–276</b>	<b>–382</b>	<b>–362</b>
<b>Cash flow for the period</b>	<b>–507</b>	<b>–505</b>	<b>–434</b>	<b>–350</b>	<b>–52</b>	<b>32</b>
Cash and cash equivalents at beginning of period	619	711	579	551	208	551
Cash flow for the period	–507	–505	–434	–350	–52	32
Exchange difference	3	2	–30	7	–41	–4
<b>Total cash and cash equivalents at end of period</b>	<b>115</b>	<b>208</b>	<b>115</b>	<b>208</b>	<b>115</b>	<b>579</b>

# Condensed consolidated key figures

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
<b>Profit</b>						
Net sales	1,237	1,583	2,755	3,142	6,106	6,493
Net sales, change, %	-21.9	7.5	-12.3	3.6	-3.5	4.4
Organic net sales, change, %	-21.2	5.7	-12.6	1.2	-4.6	2.3
Gross margin, %	37.2	36.6	36.3	36.4	36.6	36.7
Depreciation	-65	-74	-131	-148	-273	-290
Amortization	-2	-3	-5	-6	-10	-11
Impairment loss other non-current assets	-1	-	-3	-	-5	-2
Operating profit, adjusted	110	161	262	327	678	743
Operating profit margin, adjusted, %	8.9	10.2	9.5	10.4	11.1	11.4
Operating profit (EBIT)	105	159	254	323	658	727
Operating profit margin (EBIT margin), %	8.5	10.0	9.2	10.3	10.8	11.2
EBITDA, adjusted	178	238	401	481	966	1,046
EBITDA	173	236	393	477	946	1,030
Profit margin, %	11.1	8.1	7.2	8.3	9.6	10.0
<b>Financial position</b>						
Working capital	848	660	848	660	848	589
Capital expenditure	120	46	212	92	355	235
Net debt	2,492	2,727	2,492	2,727	2,492	2,302
Capital employed	7,456	7,362	7,456	7,362	7,456	7,576
Return on capital employed, % (Rolling 12 months)	8.9	9.4	8.9	9.4	8.9	10.0
Equity/assets ratio, %	46.1	42.0	46.1	42.0	46.1	43.4
Net debt/equity ratio, %	57.6	69.0	57.6	69.0	57.6	54.8
Return on equity, % (Rolling 12 months)	10.5	12.3	10.5	12.3	10.5	11.9
Equity per share, SEK	15.0	13.7	15.0	13.7	15.0	14.5
Net debt/EBITDA, x (Rolling 12 months)	2.6	2.7	2.6	2.7	2.6	2.2
<b>Cash flow</b>						
Cash flow from operating activities	-39	-3	28	151	601	724
Cash flow from investing activities	-79	-36	-166	-225	-271	-330
Cash flow after investments	-118	-39	-138	-74	330	394
Free cash flow	-118	-41	-138	70	330	538
Free cash flow yield (Rolling 12 months), %	4.8	5.9	4.8	5.9	4.8	5.9
Cash flow from operating activities per share, SEK	-0.1	-0.0	0.1	0.5	2.1	2.5
<b>Employees</b>						
Average number of employees	2,675	2,623	2,684	2,586	2,674	2,629

# Reconciliation of alternative performance measures key figures

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
<b>Items affecting comparability</b>						
Acquisitions, integration and restructurings	-5	1	-8	-1	-20	-13
Other items affecting comparability	-	-3	-	-3	-	-3
<b>Items affecting comparability</b>	<b>-5</b>	<b>-2</b>	<b>-8</b>	<b>-4</b>	<b>-20</b>	<b>-16</b>
*Corresponding line in the condensed consolidated profit and loss account:						
Cost of goods sold	0	3	0	2	0	2
Selling expenses	0	-	0	-	-6	-6
General and administrative expenses	-5	-5	-8	-6	-14	-12
<b>Total</b>	<b>-5</b>	<b>-2</b>	<b>-8</b>	<b>-4</b>	<b>-20</b>	<b>-16</b>
<b>Operating profit, adjusted</b>						
Operating profit	105	159	254	323	658	727
Minus: Items affecting comparability	-5	-2	-8	-4	-20	-16
<b>Operating profit, adjusted</b>	<b>110</b>	<b>161</b>	<b>262</b>	<b>327</b>	<b>678</b>	<b>743</b>
Net sales	1,237	1,583	2,755	3,142	6,106	6,493
<b>Operating profit margin, adjusted, %</b>	<b>8.9</b>	<b>10.2</b>	<b>9.5</b>	<b>10.4</b>	<b>11.1</b>	<b>11.4</b>
<b>EBITDA, adjusted</b>						
Operating profit	105	159	254	323	658	727
Minus: Depreciation	-65	-74	-131	-148	-273	-290
Minus: Amortization	-2	-3	-5	-6	-10	-11
Minus: Impairment loss other non-current assets	-1	-	-3	-	-5	-2
<b>EBITDA</b>	<b>173</b>	<b>236</b>	<b>393</b>	<b>477</b>	<b>946</b>	<b>1,030</b>
Minus: Items affecting comparability	-5	-2	-8	-4	-20	-16
<b>EBITDA, adjusted</b>	<b>178</b>	<b>238</b>	<b>401</b>	<b>481</b>	<b>966</b>	<b>1,046</b>
<b>Capital employed</b>						
Total assets	9,384	9,410	9,384	9,410	9,384	9,660
Minus: Deferred tax liability	798	792	798	792	798	803
Minus: Non-current provisions	-	6	-	6	-	5
Minus: Current provisions	6	11	6	11	6	5
Minus: Other current liabilities	1,124	1,239	1,124	1,239	1,124	1,271
<b>Capital employed</b>	<b>7,456</b>	<b>7,362</b>	<b>7,456</b>	<b>7,362</b>	<b>7,456</b>	<b>7,576</b>
Capital employed comparative period previous year	7,362	6,833	7,362	6,833	7,362	7,027
<b>Average capital employed</b>	<b>7,409</b>	<b>7,098</b>	<b>7,409</b>	<b>7,098</b>	<b>7,409</b>	<b>7,302</b>

*Reconciliation alternative performance measures, continued*

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019– Jun 2020	2019
<b>Return on capital employed</b>						
Operating profit (Rolling 12 months)	658	662	658	662	658	727
Financial income (Rolling 12 months)	3	2	3	2	3	2
<b>Operating profit plus financial income (Rolling 12 months)</b>	<b>661</b>	<b>664</b>	<b>661</b>	<b>664</b>	<b>661</b>	<b>729</b>
Average capital employed	7,409	7,098	7,409	7,098	7,409	7,302
<b>Return on capital employed, %</b>	<b>8.9</b>	<b>9.4</b>	<b>8.9</b>	<b>9.4</b>	<b>8.9</b>	<b>10.0</b>
<b>Free cash flow yield</b>						
Cash flow from operating activities (Rolling 12 months)	601	689	601	689	601	724
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)	–271	–173	–271	–173	–271	–186
<b>Free cash flow (Rolling 12 months)</b>	<b>330</b>	<b>516</b>	<b>330</b>	<b>516</b>	<b>330</b>	<b>538</b>
Number of shares	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299
<b>Free cash flow per share (Rolling 12 months), SEK</b>	<b>1.14</b>	<b>1.79</b>	<b>1.14</b>	<b>1.79</b>	<b>1.14</b>	<b>1.86</b>
Market price per share, SEK	23.72	30.20	23.72	30.20	23.72	31.70
<b>Free cash flow yield (Rolling 12 months), %</b>	<b>4.8</b>	<b>5.9</b>	<b>4.8</b>	<b>5.9</b>	<b>4.8</b>	<b>5.9</b>
<b>Changes in net sales</b>						
Net sales	1,237	1,583	2,755	3,142	6,106	6,493
Net sales comparative period previous year	1,583	1,472	3,142	3,034	6,326	6,218
<b>Net sales, change</b>	<b>–346</b>	<b>111</b>	<b>–387</b>	<b>108</b>	<b>–220</b>	<b>275</b>
Minus: Changes in exchange rates	–11	27	10	71	68	129
<b>Organic growth</b>	<b>–335</b>	<b>84</b>	<b>–397</b>	<b>37</b>	<b>–288</b>	<b>146</b>
<b>Organic growth, %</b>	<b>–21.2</b>	<b>5.7</b>	<b>–12.6</b>	<b>1.2</b>	<b>–4.6</b>	<b>2.3</b>

# Quarterly data

SEKm	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Profit and loss account</b>									
Net sales	1,237	1,518	1,722	1,629	1,583	1,559	1,646	1,538	1,472
Cost of goods sold	-777	-978	-1,073	-1,042	-1,004	-993	-1,040	-979	-913
<b>Gross profit</b>	<b>460</b>	<b>540</b>	<b>649</b>	<b>587</b>	<b>579</b>	<b>566</b>	<b>606</b>	<b>559</b>	<b>559</b>
Other income	-	-	-	-	-	-	-	-	4
Selling expenses	-213	-237	-271	-244	-253	-243	-279	-230	-268
General and administrative expenses	-142	-154	-169	-148	-167	-159	-168	-149	-140
<b>Operating profit</b>	<b>105</b>	<b>149</b>	<b>209</b>	<b>195</b>	<b>159</b>	<b>164</b>	<b>159</b>	<b>180</b>	<b>155</b>
Exchange differences on cash and cash equivalents in foreign currencies	45	-78	13	-8	-12	-12	4	5	-3
Other financial income	1	1	0	1	0	1	1	0	4
Other financial expenses	-14	-12	-9	-13	-18	-22	-21	-18	-28
<b>Net financial items</b>	<b>32</b>	<b>-89</b>	<b>4</b>	<b>-20</b>	<b>-30</b>	<b>-33</b>	<b>-16</b>	<b>-13</b>	<b>-27</b>
<b>Profit before tax</b>	<b>137</b>	<b>60</b>	<b>213</b>	<b>175</b>	<b>129</b>	<b>131</b>	<b>143</b>	<b>167</b>	<b>128</b>
Income tax	-29	-16	-41	-45	-32	-32	16	-35	-31
<b>Profit for the period</b>	<b>108</b>	<b>44</b>	<b>172</b>	<b>130</b>	<b>97</b>	<b>99</b>	<b>159</b>	<b>132</b>	<b>97</b>
<i>Profit for the period attributable to:</i>									
Owners of the Parent Company	108	44	172	130	97	99	159	132	97
<b>Key figures</b>									
<b>Profit</b>									
Depreciation, amortization and impairment	-68	-71	-74	-75	-77	-77	-55	-58	-57
Operating profit, adjusted	110	152	216	200	161	166	174	194	145
EBITDA, adjusted	178	223	290	275	238	243	229	252	202
EBITDA	173	220	283	270	236	241	214	238	212
Operating profit margin, adjusted, %	8.9	10.0	12.5	12.3	10.2	10.6	10.6	12.6	9.9
Operating profit margin (EBIT margin), %	8.5	9.8	12.1	12.0	10.0	10.5	9.7	11.7	10.5
Earnings per share, SEK									
Basic <sup>1</sup>	0.38	0.15	0.60	0.45	0.34	0.35	0.55	0.46	0.34
Diluted <sup>1</sup>	0.38	0.15	0.60	0.45	0.34	0.35	0.55	0.46	0.34
<b>Financial position</b>									
Share price, last paid, SEK	23.72	23.52	31.70	28.26	30.20	24.00	24.30	27.48	27.18
Return on equity, % (Rolling 12 months)	10.5	10.0	11.9	11.8	12.3	11.9	12.2	8.9	8.5
Equity per share, SEK	15.0	15.4	14.5	14.2	13.7	14.2	13.7	13.3	13.0
Net Debt/EBITDA, x (Rolling 12 months)	2.6	2.4	2.2	2.5	2.7	2.4	2.3	2.5	2.8
<b>Cash flow</b>									
Free cash flow	-118	-20	269	199	-41	111	240	206	68
Cash flow from operating activities per share, SEK	-0.1	0.2	1.1	0.9	-0.0	0.5	1.0	0.9	0.4

<sup>1</sup> Cloetta entered into forward contracts to repurchase own shares to fulfill its future obligation to deliver the shares to the participants of the long-term share-based incentive plan. The outstanding contracts at the reporting date consist of one contract for 1,985,619 shares at a share price of SEK 24.90.



# Reconciliation of alternative performance measures per quarter

SEKm	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Items affecting comparability</b>									
Acquisitions, integration and restructurings	-5	-3	-7	-5	1	-2	-15	-7	-13
Remeasurements of contingent considerations	-	-	-	-	-	-	0	-6	19
Other items affecting comparability	-	-	-	-	-3	0	0	-1	4
<b>Items affecting comparability*</b>	<b>-5</b>	<b>-3</b>	<b>-7</b>	<b>-5</b>	<b>-2</b>	<b>-2</b>	<b>-15</b>	<b>-14</b>	<b>10</b>
*Corresponding line in the condensed consolidated profit and loss account:									
Net sales	-	-	-	-	-	-	0	0	-
Cost of goods sold	0	-	-	-	3	-1	6	-1	-1
Other operating income	-	-	-	-	-	-	-	-	4
Selling expenses	0	-	-4	-2	-	-	-	-1	-
General and administrative expenses	-5	-3	-3	-3	-5	-1	-21	-12	7
<b>Total</b>	<b>-5</b>	<b>-3</b>	<b>-7</b>	<b>-5</b>	<b>-2</b>	<b>-2</b>	<b>-15</b>	<b>-14</b>	<b>10</b>
<b>Operating profit, adjusted</b>									
Operating profit	105	149	209	195	159	164	159	180	155
Minus: Items affecting comparability	-5	-3	-7	-5	-2	-2	-15	-14	10
<b>Operating profit, adjusted</b>	<b>110</b>	<b>152</b>	<b>216</b>	<b>200</b>	<b>161</b>	<b>166</b>	<b>174</b>	<b>194</b>	<b>145</b>
Net sales	1,237	1,518	1,722	1,629	1,583	1,559	1,646	1,538	1,472
<b>Operating profit margin, adjusted, %</b>	<b>8.9</b>	<b>10.0</b>	<b>12.5</b>	<b>12.3</b>	<b>10.2</b>	<b>10.6</b>	<b>10.6</b>	<b>12.6</b>	<b>9.9</b>
<b>EBITDA, adjusted</b>									
Operating profit	105	149	209	195	159	164	159	180	155
Minus: Depreciation	-65	-66	-69	-73	-74	-74	-52	-55	-54
Minus: Amortization	-2	-3	-3	-2	-3	-3	-3	-3	-3
Minus: Impairment loss other non-current assets	-1	-2	-2	-	-	-	-	-	-
<b>EBITDA</b>	<b>173</b>	<b>220</b>	<b>283</b>	<b>270</b>	<b>236</b>	<b>241</b>	<b>214</b>	<b>238</b>	<b>212</b>
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	-5	-3	-7	-5	-2	-2	-15	-14	10
<b>EBITDA, adjusted</b>	<b>178</b>	<b>223</b>	<b>290</b>	<b>275</b>	<b>238</b>	<b>243</b>	<b>229</b>	<b>252</b>	<b>202</b>
<b>Capital employed</b>									
Total assets	9,384	10,260	9,660	9,676	9,410	9,854	9,168	9,191	9,078
Minus: Deferred tax liability	798	814	803	801	792	768	754	794	786
Minus: Non-current provisions	-	-	5	5	6	6	9	6	6
Minus: Current provisions	6	7	5	7	11	19	23	5	1
Minus: Other current liabilities	1,124	1,437	1,271	1,349	1,239	1,407	1,355	1,482	1,452
<b>Capital employed</b>	<b>7,456</b>	<b>8,002</b>	<b>7,576</b>	<b>7,514</b>	<b>7,362</b>	<b>7,654</b>	<b>7,027</b>	<b>6,904</b>	<b>6,833</b>
Capital employed comparative period previous year	7,362	7,654	7,027	6,904	6,833	7,319	6,979	6,852	6,727
<b>Average capital employed</b>	<b>7,409</b>	<b>7,828</b>	<b>7,302</b>	<b>7,209</b>	<b>7,098</b>	<b>7,487</b>	<b>7,003</b>	<b>6,878</b>	<b>6,780</b>

*Reconciliation of alternative performance measures, continued*

SEKm	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
<b>Return on capital employed</b>									
Operating profit (Rolling 12 months)	658	712	727	677	662	658	660	672	661
Financial income (Rolling 12 months)	3	2	2	3	2	6	5	4	4
<b>Operating profit plus financial income (Rolling 12 months)</b>	<b>661</b>	<b>714</b>	<b>729</b>	<b>680</b>	<b>664</b>	<b>664</b>	<b>665</b>	<b>676</b>	<b>665</b>
Average capital employed	7,409	7,828	7,302	7,209	7,098	7,487	7,003	6,878	6,780
<b>Return on capital employed, %</b>	<b>8.9</b>	<b>9.1</b>	<b>10.0</b>	<b>9.4</b>	<b>9.4</b>	<b>8.9</b>	<b>9.5</b>	<b>9.8</b>	<b>9.8</b>
<b>Free cash flow yield</b>									
Cash flow from operating activities (Rolling 12 months)	601	637	724	694	689	811	628	645	530
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)	-271	-230	-186	-185	-173	-186	-184	-182	-176
<b>Free cash flow (Rolling 12 months)</b>	<b>330</b>	<b>407</b>	<b>538</b>	<b>509</b>	<b>516</b>	<b>625</b>	<b>444</b>	<b>463</b>	<b>354</b>
Number of shares	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299	288,619,299
<b>Free cash flow per share (Rolling 12 months), SEK</b>	<b>1.14</b>	<b>1.41</b>	<b>1.86</b>	<b>1.76</b>	<b>1.79</b>	<b>2.17</b>	<b>1.54</b>	<b>1.60</b>	<b>1.23</b>
Market price per share, SEK	23.72	23.52	31.70	28.26	30.20	24.00	24.30	27.48	27.18
<b>Free cash flow yield (Rolling 12 months), %</b>	<b>4.8</b>	<b>6.0</b>	<b>5.9</b>	<b>6.2</b>	<b>5.9</b>	<b>9.0</b>	<b>6.3</b>	<b>5.8</b>	<b>4.5</b>
<b>Changes in net sales</b>									
Net sales	1,237	1,518	1,722	1,629	1,583	1,559	1,646	1,538	1,472
Net sales comparative period previous year	1,583	1,559	1,646	1,538	1,472	1,562	1,643	1,505	1,414
<b>Net sales, change</b>	<b>-346</b>	<b>-41</b>	<b>76</b>	<b>91</b>	<b>111</b>	<b>-3</b>	<b>3</b>	<b>33</b>	<b>58</b>
Minus: Structural changes	-	-	-	-	-	-	-	-	76
Minus: Changes in exchange rates	-11	21	33	25	27	44	51	87	51
<b>Organic growth</b>	<b>-335</b>	<b>-62</b>	<b>43</b>	<b>66</b>	<b>84</b>	<b>-47</b>	<b>-48</b>	<b>-54</b>	<b>-69</b>
Structural changes, %	-	-	-	-	-	-	-	-	5.4
Organic growth, %	-21.2	-4.0	2.6	4.3	5.7	-3.0	-3.2	-3.6	-4.9

# Parent company

## Condensed parent company profit and loss account

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
Net sales	16	20	38	35	86	83
Gross profit	16	20	38	35	86	83
General and administrative expenses	-22	-21	-46	-47	-104	-105
Operating loss	-6	-1	-8	-12	-18	-22
Net financial items	-9	-5	-11	-7	55	59
Profit/loss before tax	-15	-6	-19	-19	37	37
Income tax	-1	-1	-1	2	-8	-5
Profit/loss for the period	-16	-7	-20	-17	29	32

Profit/loss for the period corresponds to comprehensive income for the period.

# Condensed parent company balance sheet

SEKm	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>ASSETS</b>			
Non-current assets	5,356	5,360	5,361
Current assets	80	50	99
<b>TOTAL ASSETS</b>	<b>5,436</b>	<b>5,410</b>	<b>5,460</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	3,189	3,158	3,204
<b>Non-current liabilities</b>			
Borrowings	936	934	935
Derivative financial instruments	2	5	2
Provisions	1	1	1
<b>Total non-current liabilities</b>	<b>939</b>	<b>940</b>	<b>938</b>
<b>Current liabilities</b>			
Borrowings	249	549	499
Derivative financial instruments	3	4	2
Other current liabilities	1,056	759	817
<b>Total current liabilities</b>	<b>1,308</b>	<b>1,312</b>	<b>1,318</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,436</b>	<b>5,410</b>	<b>5,460</b>

# Condensed parent company statement of changes in equity

SEKm	Six months		Full year
	Jan–Jun 2020	Jan–Jun 2019	2019
Equity at beginning of period	3,204	3,458	3,458
Profit/loss for the period	–20	–17	32
<b>Total comprehensive income</b>	<b>–20</b>	<b>–17</b>	<b>32</b>
<b>Transactions with owners</b>			
Share-based payments	5	6	3
Dividend <sup>1</sup>	–	–289	–289
<b>Total transactions with owners</b>	<b>5</b>	<b>–283</b>	<b>–286</b>
<b>Equity at end of period</b>	<b>3,189</b>	<b>3,158</b>	<b>3,204</b>

<sup>1</sup> The dividend paid in 2019 comprised a dividend of SEK 1.00 per share.

# Accounting and valuation policies, disclosures and risk factors

## Accounting and valuation policies

### Compliance with legislation and accounting standards

The consolidated financial statements are presented in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee (IFRIC) which have been endorsed by the European Commission for application in the EU. The applied standards and interpretations are those that were in force and had been endorsed by the EU at 1 January 2020. The consolidated interim report is presented in compliance with IAS 34, Interim Financial Reporting, and in compliance with the relevant provisions in the Swedish Annual Accounts Act and the Swedish Securities Market Act. The interim report for the Parent Company has been prepared in accordance with the Swedish Annual

Accounts Act and the Swedish Securities Market Act, which are consistent with the provisions in recommendation RFR 2, Accounting for Legal Entities. For lease accounting the company makes use of the exemption under RFR2 to treat all leases as operating leases.

### Basis of accounting

The same accounting policies and methods of computation are applied in the interim financial statements as in the most recent annual financial statements. Reference is made to Note 1 'General information and accounting and valuation policies of the Group' and Note 31 'Changes in accounting policies' in the Annual and Sustainability report 2019 at [www.cloetta.com](http://www.cloetta.com). As at 1 January 2020, no new standards are effective that have been endorsed by the EU.



## Disclosures

### Disaggregation of revenue from contracts with customers

Cloetta generates revenues from the transfer of goods and services at a point in time and over time in the following major sales categories and performance obligations:

#### Disaggregation of revenue

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
<b>Net sales</b>						
Branded packaged business	1,052	1,130	2,170	2,261	4,618	4,709
Pick & mix	185	453	585	881	1,488	1,784
<b>Total</b>	<b>1,237</b>	<b>1,583</b>	<b>2,755</b>	<b>3,142</b>	<b>6,106</b>	<b>6,493</b>

#### Breakdown of net sales by category

%	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
<b>Net sales</b>						
<i>Sales of goods</i>						
Candy	58	59	59	59	59	59
Chocolate	18	17	17	17	17	17
Pastilles	12	12	12	13	12	12
Chewing gum	7	6	7	6	7	6
Nuts	3	4	3	3	3	4
Other	2	2	2	2	2	2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

#### Breakdown of net sales by country

%	Second quarter		Six months		Rolling 12	Full year
	Apr–Jun 2020	Apr–Jun 2019	Jan–Jun 2020	Jan–Jun 2019	Jul 2019–Jun 2020	2019
Sweden	32	32	31	31	31	31
Finland	22	21	22	21	21	21
The Netherlands	16	14	15	15	15	14
Denmark	9	9	9	10	10	10
UK	4	7	5	6	6	7
Norway	7	4	5	6	5	5
Germany	4	6	6	6	6	6
Other countries	6	7	7	5	6	6
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## Leases

### Right-of-use assets

SEKm	30 Jun 2020	30 Jun 2019	31 Dec 2019
Land and buildings	105	91	113
Transport	55	62	56
Other equipment	28	36	34
<b>Total right-of-use assets</b>	<b>188</b>	<b>189</b>	<b>203</b>

Additions to the right-of-use assets were SEK 45m (11) during the first half of the year and SEK 40m (8) during the second quarter.

### Lease liability

SEKm	30 Jun 2020	30 Jun 2019	31 Dec 2019
Current	65	66	64
Non-current (between 1 and 5 years)	120	118	135
Non-current (over 5 years)	4	5	5
<b>Total lease liability</b>	<b>189</b>	<b>189</b>	<b>204</b>

The non-current lease liability of SEK 124m (123) is reflected in the 'long-term borrowings'. The current lease liability of SEK 65m (66) is reflected in the 'short-term borrowings'.

### Depreciation charge right-of-use assets

SEKm	Second quarter		Six months		Rolling 12	Full year
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019
Land and buildings	-8	-9	-16	-17	-33	-34
Transport	-8	-8	-16	-15	-32	-31
Other equipment	-3	-2	-5	-5	-11	-11
<b>Total depreciation charge right-of-use assets</b>	<b>-19</b>	<b>-19</b>	<b>-37</b>	<b>-37</b>	<b>-76</b>	<b>-76</b>

Cloetta makes use of the exemptions under IFRS 16 for short-term leases and leases of low-value assets, except for any leases of vehicles with a remaining lease term of less than 12 months at implementation date.

For a number of lease arrangements Cloetta cannot reliably separate the lease and non-lease elements. For these lease arrangements the non-lease elements have been included in the calculation of the right-of-use asset.

### Other disclosures

SEKm	Second quarter		Six months		Rolling 12	Full year	Recognized in:
	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019	Jul 2019-Jun 2020	2019	
Interest expense	0	-1	-1	-2	-2	-3	net financial items, in the profit and loss account
Expense relating to leases of low-value assets that are not short-term leases	0	0	0	0	0	0	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
Expense relating to short-term leases, where no right-of-use asset has been recognized	-2	-3	-4	-5	-8	-9	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
Expense relating to variable lease payments not included in lease liabilities	-5	-3	-9	-5	-17	-13	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
<b>Total cash outflow for leases</b>	<b>-18</b>	<b>-19</b>	<b>-37</b>	<b>-38</b>	<b>-74</b>	<b>-75</b>	cash flow from operating activities and financing activities, in the cash flow statement

### Taxes

The net effect of international tax rate differences and rate changes, changes in filing positions and non-deductible expenses impacted the effective tax rate of the Group unfavourably. Cloetta's deferred tax balances have been calculated applying the tax rates enacted or substantially enacted at the end of the reporting period.

### Fair value measurement

The only items recognized at fair value after initial recognition are the interest rate swaps and forward foreign currency contracts categorized at level 2 of the fair value hierarchy in all periods presented.

The fair values of financial assets (loans and receivables) and liabilities measured at amortized cost are approximately equal to carrying amounts, with the exception of the forward contract to repurchase own shares which has a fair value of SEK 3m (liability)

while the carrying amount is SEK 49m (liability). For measurement purposes, the fair value of financial assets and liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The fair value measurements by level according to the fair value measurement hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the carrying amounts and fair values of the Group's financial assets and liabilities, including their levels in the fair value hierarchy:

30 Jun 2020	Carrying amount				Fair value				
	SEKm	Mandatorily at FVTPL	Financial assets at amortized cost	Other financial liabilities at carrying value	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>									
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income		-	707	-	707				
• Cash and cash equivalents		-	115	-	115				
<b>Total assets</b>		-	822	-	822	-	-	-	-
<b>Financial liabilities</b>									
• Loans from credit institutions		-	-	2,112	2,112				
• Commercial papers		-	-	249	249				
• Forward contract to repurchase own shares		-	-	49	49	-	3	-	3
• Interest rate swaps		7	-	-	7	-	7	-	7
• Lease liabilities		-	-	189	189				
• Trade and other payables, excluding other taxes and social security payables and excluding contingent consideration		-	-	892	892				
<b>Total liabilities</b>		7	-	3,491	3,498	-	10	-	10

31 Dec 2019	Carrying amount				Fair value			
	Mandatorily at FVTPL	Financial assets at amortized cost	Other financial liabilities at carrying value	Total	Level 1	Level 2	Level 3	Total
<b>SEKm</b>								
<b>Financial assets</b>								
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income	–	832	–	832				
• Cash and cash equivalents	–	579	–	579				
<b>Total assets</b>	–	<b>1,411</b>	–	<b>1,411</b>	–	–	–	–
<b>Financial liabilities</b>								
• Loans from credit institutions	–	–	2,106	2,106				
• Commercial papers	–	–	499	499				
• Forward contract to repurchase own shares	–	–	65	65	–	0	–	0
• Interest rate swaps	6	–	–	6	–	6	–	6
• Lease liabilities	–	–	204	204				
• Trade and other payables, excluding other taxes and social security payables and excluding contingent consideration	–	–	1,052	1,052				
<b>Total liabilities</b>	<b>6</b>	–	<b>3,926</b>	<b>3,932</b>	–	<b>6</b>	–	<b>6</b>

30 Jun 2019	Carrying amount				Fair value			
	Mandatorily at FVTPL	Financial assets at amortized cost	Other financial liabilities at carrying value	Total	Level 1	Level 2	Level 3	Total
<b>SEKm</b>								
<b>Financial assets</b>								
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income	–	885	–	885				
• Cash and cash equivalents	–	208	–	208				
<b>Total assets</b>	–	<b>1,093</b>	–	<b>1,093</b>	–	–	–	–
<b>Financial liabilities</b>								
• Loans from credit institutions	–	–	2,119	2,119				
• Commercial papers	–	–	549	549				
• Forward contract to repurchase own shares	–	–	65	65	–	4	–	4
• Interest rate swaps	12	–	–	12	–	12	–	12
• Lease liabilities	–	–	189	189				
• Trade and other payables, excluding other taxes and social security payables and excluding contingent consideration	–	–	1,059	1,059				
<b>Total liabilities</b>	<b>12</b>	–	<b>3,981</b>	<b>3,993</b>	–	<b>16</b>	–	<b>16</b>

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**The movement of financial instruments categorized at level 3 of the fair value hierarchy is specified as follows:**

SEKm	Six months		Full year
	Jan–Jun 2020	Jan–Jun 2019	2019
<b>Opening Balance</b>	–	142	142
<i>Remeasurements recognized in profit or loss</i>			
– Unrealized interest on contingent considerations recognised in other financial expenses	–	4	4
<i>Settlements</i>			
– Settlement via balance sheet	–	–146	–146
<b>Closing Balance</b>	–	–	–

On 28 April 2017 the contingent earn-out consideration arising from the acquisition of Candyking Holding AB and its subsidiaries was recognized in the amount of SEK 128m. The final earn-out consideration amounted to SEK 146m and was settled in the first quarter of 2019.

No transfers between fair value hierarchy levels has occurred during the financial year or the prior financial year. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included at level 2. The valuation of the instruments is based on quoted market prices, but the underlying swap amounts are based on the specific requirements of the Group. These instruments are therefore included at level 2. The fair value measurement of the contingent (earn-out) considerations requires the use of significant unobservable inputs and was thereby initially categorized at level 3. The valuation techniques and inputs used to value financial instruments are:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign currency contracts is calculated using the difference between the exchange rate on the spot date with the contractually agreed upon exchange rates.
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

### Parent Company

Cloetta AB's primary activities include head office functions such as group-wide management and administration. The comments below refer to the period from 1 January to 30 June 2020. Net sales in the Parent Company amounted to SEK 38m (35) and referred mainly to intra-group services. Operating loss was SEK –8m (–12). Net financial items totaled SEK –11m (–7). Loss before tax was SEK –19m (–19) and loss for the period was SEK –20m (–17). Cash and cash equivalents and short-term investments amounted to SEK 0m (0).

### The Cloetta share

Cloetta's class B share is listed on Nasdaq Stockholm, Mid Cap. During the period from 1 January to 30 June 2020, a total of 97,571,513 shares were traded for a combined value of SEK 2,486m, equivalent to around 34 per cent of the total number of class B shares at the end of the period. The highest quoted bid price during the period from 1 January to 30 June 2020 was SEK 34.18 (31 January) and the lowest was SEK 21.04 (24 March). The share price on 30 June 2020 was SEK 23.72 (last price paid). During the period from 1 January to 30 June 2020, the Cloetta share decreased by 25.2 per cent while the Nasdaq OMX Stockholm PI index decreased by 5.0 per cent. Cloetta's share capital at 30 June 2020 amounted to 1,443,096,495. The total number of shares is 288,619,299, consisting of 5,735,249 (5,735,249) class A shares and 282,884,050 (282,884,050) class B shares, equal to a quota value of SEK 5 per share.

### Shareholders

On 30 June 2020, Cloetta AB had 26,875 shareholders. The largest shareholder was AB Malfors Promotor with a holding corresponding to 38.5 per cent of the votes and 27.6 per cent of the share capital in the company. Franklin Templeton was the second largest shareholder with 4.2 per cent of the votes and 5.0 per cent of the share capital. The third largest shareholder was Wellington Management with 4.1 per cent of the votes and 4.8 per cent of the share capital. Institutional investors held 89.3 per cent of the votes and 87.3 per cent of the share capital. Foreign shareholders held 40.6 per cent of the votes and 47.8 per cent of the share capital.

### Risk factors

Cloetta is an internationally active company that is exposed to a number of market and financial risks. All identified risks are monitored continuously and, if needed, risk mitigating measures are taken to limit their impact. The most relevant risk factors are described in the Annual and Sustainability report 2019 and consist of industry and market-related risks, operational risks and financial risks. Compared to the Annual and Sustainability report which was issued on 12 March 2020, the risk-profile of Cloetta has changed, due to the outbreak of the COVID-19 virus, for nearly all identified risk categories. Cloetta has established a dedicated Business Continuity Team, within the Group Management Team, tasked with identifying critical changes in market, operational and financial risks. The Business Continuity Team takes proactive measures to limit the risks, or prevent them from materializing. This process takes place in close dialogue with various stakeholders.

# Definitions

<b>General</b>		
	All amounts in the tables are presented in SEK millions unless otherwise stated. All amounts in brackets () represent comparative figures for the same period of the prior year, unless otherwise stated.	
<b>Margins</b>	<b>Definition/calculation</b>	<b>Purpose</b>
<b>Gross margin</b>	Net sales less cost of goods sold as a percentage of net sales.	Gross margin measures production profitability.
<b>Operating profit margin (EBIT margin)</b>	Operating profit expressed as a percentage of net sales.	Operating profit margin is used for measuring the operational profitability.
<b>Operating profit margin, adjusted</b>	Operating profit, adjusted for items affecting comparability, as a percentage of net sales.	Operating profit margin, adjusted excludes the impact of items affecting comparability, enabling a comparison of operational profitability.
<b>Profit margin</b>	Profit/loss before tax expressed as a percentage of net sales.	This metric enables the profitability to be compared across locations where corporate taxes differ.
<b>Return</b>	<b>Definition/calculation</b>	<b>Purpose</b>
<b>Free cash flow</b>	Sum of the cash flow from operating activities and cash flow from investments in property, plant and equipment and intangible assets.	The free cash flow is the cash flow available to all investors consisting of shareholders and lenders.
<b>Free cash flow yield</b>	Free cash flow over the last 12 months divided by the number of shares at the end of the period and subsequently divided by the market price per share at the end of the period.	This metric is an indicator of the return on investment of investors in the company.
<b>Return on capital employed</b>	Operating profit plus financial income as a percentage of average capital employed. The average capital employed is calculated by taking the capital employed per period end and the capital employed by period end of the comparative period in the previous year divided by two.	Return on capital employed is used to analyse profitability, based on the amount of capital used. The leverage of the company is the reason that this metric is used next to return on equity, because it includes equity, but takes into account borrowings and other liabilities as well.
<b>Return on equity</b>	Profit from continuing operations for the period as a percentage of total equity.	Return on equity is used to measure profit generation, given the resources attributable to the owners of the Parent Company.
<b>Capital structure</b>	<b>Definition/calculation</b>	<b>Purpose</b>
<b>Capital employed</b>	Total assets less interest-free liabilities (including deferred tax).	Capital employed measures the amount of capital used and serves as input for the return on capital employed.
<b>Equity/assets ratio</b>	Equity at the end of the period as a percentage of total assets. The equity/assets ratio represents the amount of assets on which shareholders have a residual claim.	This ratio is an indicator of the company's leverage used to finance the firm.
<b>Gross debt</b>	Gross current and non-current borrowings, credit overdraft facilities, lease liabilities, derivative financial instruments and interest payable.	Gross debt represents the total debt obligation of the company irrespective of its maturity.
<b>Net debt</b>	Gross debt less cash and cash equivalents.	The net debt is used as an indication of the ability to pay off all debts if these became due simultaneously on the day of calculation, using only available cash and cash equivalents.
<b>Net debt/EBITDA</b>	Net debt at the end of the period divided by the EBITDA, adjusted, for the last 12 months, taking into consideration the annualization of EBITDA for acquired or divested companies.	The net debt/EBITDA ratio approximates the company's ability to decrease its debt. It represents the number of years it would take to pay back debt if net debt and EBITDA were held constant, ignoring the impact of cash flows from interest, tax and capital expenditure.
<b>Net debt/equity ratio</b>	Net debt at the end of the period divided by equity at the end of the period.	The net debt/equity ratio measures the extent to which the company is funded by debt. Because cash and overdraft facilities can be used to pay-off debt at short notice, the leverage takes into account net debt instead of gross debt.
<b>Working capital</b>	Total inventories and trade and other receivables adjusted for trade and other payables.	Working capital is used to measure the company's ability, besides cash and cash equivalents, to meet current operational obligations.
<b>Data per share</b>	<b>Definition/calculation</b>	<b>Purpose</b>
<b>Cash flow from operating activities per share</b>	Cash flow from operating activities in the period divided by the average number of shares.	The cash flow from operating activities per share measures the amount of cash the company generates per share from the revenues it brings in, irrespective of the capital investments and cash flows related to the financing structure of the company.
<b>Earnings per share</b>	Profit for the period divided by the average number of shares adjusted for the effect of forward contracts to repurchase own shares.	The earnings per share measures the amount of net profit that is available for payment to shareholders per share.
<b>Equity per share</b>	Equity at the end of the period divided by number of shares at the end of the period.	Equity per share measures the net-asset value backing up each share of the company's equity and determines if a company is increasing shareholder value over time.

Other definitions	Definition/calculation	Purpose
<b>EBITDA</b>	Operating profit before depreciation and amortization.	EBITDA is used to measure the cash flow generated from operating activities, eliminating the impact of financing and accounting decisions.
<b>EBITDA, adjusted</b>	Operating profit, adjusted for items affecting comparability, before depreciation and amortization.	EBITDA, adjusted increases the comparability of EBITDA.
<b>Effective tax rate</b>	Income tax as a percentage of profit before tax.	This metric enables the income tax to be compared across locations where corporate taxes differ.
<b>Items affecting comparability</b>	Items affecting comparability are those significant items which are separately disclosed by virtue of their size or incidence in order to enable a full understanding of the Group's financial performance. These include items such as restructurings, impact from acquisitions or divestments.	Items affecting comparability increases the comparability of the Group's financial performance.
<b>Net financial items</b>	The total of exchange differences on cash and cash equivalents in foreign currencies, other financial income and other financial expenses.	The net financial items reflects the company's total costs of external financing.
<b>Net sales, change</b>	Net sales as a percentage of net sales in the comparative period of the previous year.	Net sales, change reflects the company's realised top-line growth over time.
<b>Operating profit (EBIT)</b>	Operating profit consists of comprehensive income before net financial items and income tax.	This metric enables the profitability to be compared across locations where corporate taxes differ, irrespective of the financing structure of the company.
<b>Operating profit (EBIT), adjusted</b>	Operating profit, adjusted for items affecting comparability.	EBIT, adjusted increases the comparability of EBIT.
<b>Organic growth</b>	Net sales, change excluding acquisition-driven growth and changes in exchange rates.	Organic growth excludes the impact of changes in group structure and exchange rates, enabling a comparison of net sales growth over time.
<b>Structural changes</b>	Net sales, change resulting from changes in group structure.	Structural changes measure the contribution of changes in group structure to the net sales growth.

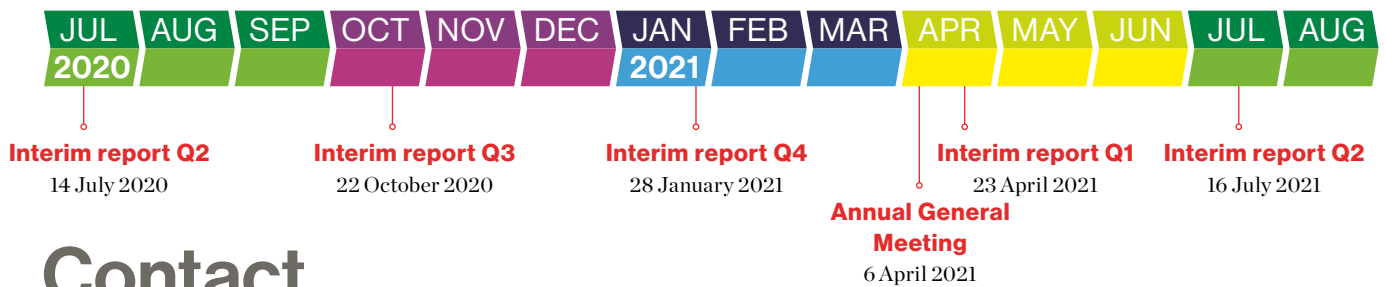
## Glossary

<b>Branded packaged products</b>	Products that are mainly sold under brands and are packaged.
<b>FVTPL</b>	Fair Value Through Profit and Loss.
<b>Pick &amp; mix</b>	Cloetta's range of candy and natural snacks that are picked by the consumers themselves.
<b>Pick &amp; mix concept</b>	Cloetta's complete concept in pick & mix including products, displays and accompanying store and logistic services.

## Exchange rates

SEK	30 Jun 2020	30 Jun 2019	31 Dec 2019
EUR, average	10.6685	10.5168	10.5815
EUR, end of period	10.4948	10.5488	10.4468
NOK, average	0.9895	1.0813	1.0748
NOK, end of period	0.9618	1.0893	1.0591
GBP, average	12.1924	12.0459	12.0732
GBP, end of period	11.5020	11.7959	12.2788
DKK, average	1.4293	1.4089	1.4173
DKK, end of period	1.4082	1.4133	1.3982

# Financial calendar



## Contact



**Nathalie Redmo**, Head of IR and Communication, + 46 76 696 59 40

*This information is information that Cloetta AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person detailed above, at 8:00 a.m. CET on 14 July 2020.*

### Our purpose

**“We believe in the Power of True Joy”**

### Business model

**Cloetta’s business model is to offer strong local brands in confectionery and nuts and provide effective sales and distribution to the retail trade. Together, this will ensure continued positive development of the company’s leading market positions.**

### Sustainability

#### **We provide choices for you**

We create joyful moments through the quality of our products. We aim to meet the variety of consumer preferences.

#### **We care about people**

We support our employees, suppliers and farmers, as well as our communities.

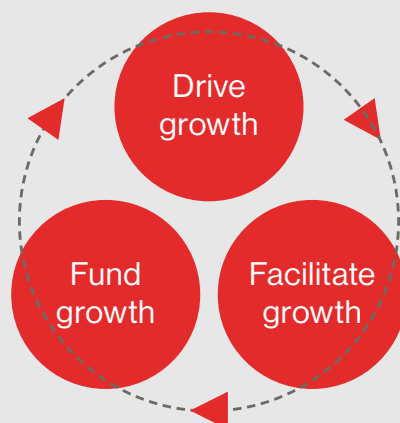
#### **We improve our footprint**

Our business depends on the environment. We are responsible for the impact we have from sourcing to packaging.

### Long-term financial targets

- Cloetta’s target is to increase organic sales at least in line with market growth.
- Cloetta’s target is an EBIT margin, adjusted for items affecting comparability, of at least 14 per cent.
- Cloetta’s long-term target is a net debt/EBITDA ratio of 2.5x.
- Cloetta’s long-term intention is a dividend payout of 40–60 per cent of profit after tax.

### Strategies



### Value drivers

- Strong brands and market positions in a non-cyclical market.
- Excellent availability in the retail trade with the help of a strong and effective sales and distribution organization.
- Good consumer knowledge and loyalty.
- Innovative product and packaging development.
- Effective production with high and consistent quality.





## “We believe in the Power of True Joy”

Cloetta, founded in 1862, is a leading confectionery company in Northern Europe. In total, Cloetta products are sold in more than 50 countries worldwide. Cloetta owns some of the strongest brands on the market, such as Lakerol, Cloetta, Candyking, Jenkki, Kexchoklad, Malaco, Sportlife and Red Band. Cloetta has eight production units in five countries. Cloetta’s class B shares are traded on Nasdaq Stockholm.

**Cloetta**

Cloetta AB (publ) • Corp. ID no. 556308-8144 • Solna Business Park, Englundavägen 7D, PO Box 6036, SE-171 06 Solna, Sweden. • Tel +46 8-52 72 88 00 • [www.cloetta.com](http://www.cloetta.com)

More information about Cloetta is available at [www.cloetta.com](http://www.cloetta.com)