

A hand is visible at the top of the frame, holding a piece of yellow candy. The background is a solid light blue color. Several other pieces of candy in various colors (yellow, pink, green) are scattered around the page, some held by hands. The word 'Cloetta' is written in a large, white, cursive font across the top.

Cloetta

Interim report January–March 2023

Q1

"Cloetta is reporting strong growth in both Branded packaged products and Pick & mix, primarily driven by pricing to offset higher input costs. Operating profit improved by growing volumes, favorable mix and cost efficiencies, further supported by the earlier Easter."

- Henri de Sauvage-Nolting, President and CEO

Interim report

January–March 2023

Cloetta

First quarter, January–March 2023

- **Net sales** for the quarter increased by 28.1 per cent to SEK 1,973m (1,540) including a positive impact from foreign exchange rates of 4.6 per cent.
- **Sales of Branded packaged products** increased organically by 20.5 per cent during the quarter.
- **Sales of Pick & mix** increased organically by 32.7 per cent during the quarter.
- **Operating profit adjusted** for items affecting comparability, amounted to SEK 200m (158). Operating profit amounted to SEK 178m (154), impacted by items affecting comparability of SEK -22m (-4) that was mainly related to the new greenfield facility.
- **Operating profit, adjusted, of Branded packaged products** amounted to SEK 184m (149).
- **Operating profit, adjusted, of Pick & mix** amounted to SEK 16m (9).
- **Profit for the period** amounted to SEK 65m (131), driven by unrealised exchange rate differences on cash and cash equivalents and items affecting comparability, which equates to basic and diluted earnings per share of SEK 0.23 (0.46).
- **Cash flow** from operating activities was SEK 24m (27).
- **Net debt/EBITDA** ratio was 2.0x (1.9).

Events during and after the end of the period

- The preparatory work for the establishment of the new greenfield facility in the Netherlands continues. The overall regulatory process is taking longer than initially estimated, and the major planned investments are now expected to be initiated in 2024 instead of later in 2023.

Key ratios

SEKm	First quarter			Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Change, %	Apr 2022–Mar 2023	Jan–Dec 2022
Net sales	1,973	1,540	28.1 ¹	7,302	6,869
Operating profit, adjusted	200	158	26.6	733	691
Operating profit margin, adjusted %	10.1	10.3	-0.2-pts	10.0	10.1
Operating profit (EBIT)	178	154	15.6	490	466
Operating profit margin (EBIT margin), %	9.0	10.0	-1-pts	6.7	6.8
Profit before tax	91	167	-45.5	267	343
Profit for the period	65	131	-50.4	209	275
Earnings per share, basic and diluted, SEK	0.23	0.46	-50.0	0.73	0.96
Net debt/EBITDA, x (Rolling 12 months)	2.0	1.9	5.3	2.0	1.9
Free cash flow	-23	-23	0.0	305	305
Cash flow from operating activities	24	27	-11.1	516	519

¹ Organic growth at constant exchange rates was 23.5 per cent for the quarter. See further under Net sales on page 4.

SEK 2.0 bn
Net sales

23.5 %
Organic sales growth

10.1 %
Operating profit margin, adjusted

Very strong and profitable growth

Cloetta is reporting strong growth in both Branded packaged products and Pick & mix, primarily driven by pricing to offset higher input costs. Operating profit improved by growing volumes, favorable mix and cost efficiencies, further supported by the earlier Easter.

I am very pleased with our performance during the first quarter, where we delivered strong growth and improved profit across both segments – whilst growing volumes in a declining market.

Continued strong pricing execution was a key driver for the solid growth seen in the quarter. The implemented price increases correspond to the higher input costs in absolute terms whereas the improved profit was driven by positive mix, volume growth and cost efficiencies, and some aid from an earlier Easter holiday.

The continued strong demand for our brands at higher prices is a tribute to the strategic marketing investments made over the last couple of years. We carefully monitor the market development and will continue to mitigate the impact from inflation through a combination of fair pricing, mix and cost control.

First quarter development

Sales for the quarter increased by 28.1 per cent, of which organic growth accounted for 23.5 per cent and exchange rate differences for 4.6 per cent. Sales of Branded packaged products increased organically by 20.5 per cent, primarily driven by pricing. Sales of Pick & mix increased organically by 32.7 per cent during the quarter, positively impacted by pricing and other efforts to premiumise the offering, as well as increased consumer activation and the earlier Easter compared to last year.

The increase in adjusted operating profit is attributable to pricing offsetting the higher input costs, and to favorable mix, volume growth and cost efficiencies.

Strong strategy execution

During the quarter, we continued to focus on strengthening our top 25 brands with marketing investments almost in line with last year. We also made good progress on the recovery



“The continued strong demand for our brands at higher prices is a tribute to the strategic marketing investments made over the last couple of years.

of our higher-margin products pastilles and gum, having a favorable impact on the profit.

The Pick & mix segment continued to deliver strong volume growth, now for the eight consecutive quarter, and with the CandyKing brand even recognised in top-tier consumer media as the Elle magazine and Aftonbladet newspaper in Sweden. In the quarter we secured new contracts as well as expanded existing ones, and while higher volumes generate efficiencies for the overall Group, I am particularly pleased with the improved profitability levels for the Pick & mix

segment, supporting us on the road towards our ambition to reach an EBIT margin in the range of 5-7 per cent in the medium-term.

We continued to progress on our sustainability agenda during the quarter, driving the transition for more vegan products to enable phasing out ingredients with high emission. We also executed on our plan to reduce greenhouse gas emissions with 46 per cent by 2030 by intensifying our engagement with our key suppliers in their emission reduction targets.

The design work for the establishment of the new greenfield facility in the Netherlands was finalised during the quarter. Furthermore, the city council of Roosendaal reviewed the submission and agreed to combine and thereby shorten the initial permits processes. Nevertheless, the overall regulatory process is expected to take longer than initially anticipated and as a consequence the major planned investments are now expected to be initiated in 2024 instead of later in 2023. We assess that the shift in timing will not impact the return on the investment.

In conclusion, continued strong volumes despite the declining market demonstrates the resilience of our categories and the strength of our brands and we are very pleased with the strong business performance during the first quarter. We will continue to successfully navigate this volatile market environment, with the overall goal to deliver long-term profitable growth.

Henri de Sauvage-Nolting
President and CEO

Financial overview

First quarter development

New greenfield facility

During the quarter, the design work for the establishment of the new greenfield facility in the Netherlands was finalised. Furthermore, the city council of Roosendaal reviewed the submission and agreed to combine and thereby shorten the initial permits processes. Nevertheless, the overall regulatory process is expected to take longer than initially anticipated and as a consequence the major planned investments are now expected to be initiated in 2024 instead of later in 2023. Cloetta assesses that the shift in timing will not impact the return on the investment and will update the market about the overall development on a regular basis.

Geopolitical developments

Russia's war in Ukraine that started in 2022 entails risks of further impact on the global economy, further cost inflation, and disruptions in supply chains. While Cloetta does not have any significant direct financial exposure to any of the countries involved, the company is being impacted by rising input costs and global supply chain challenges.

Net sales

Net sales for the first quarter increased by SEK 433m to SEK 1,973m (1,540) compared to the same period last year. Organic growth was 23.5 per cent and the impact of changes in exchange rates was 4.6 per cent.

	Jan-Mar 2023
Changes in net sales, %	
Organic growth	23.5
Changes in exchange rates	4.6
Total	28.1

Gross profit

Gross profit amounted to SEK 618m (561), which equates to a gross margin of 31.3 per cent (36.4). The gross profit increase was driven by pricing offsetting the higher input costs, and favorable mix, volume growth and supply chain cost efficiencies. Furthermore, the gross profit was negatively impacted by extraordinary costs related to the new greenfield facility amounting to around SEK 20m. The gross margin compression is due to pricing offsetting input costs without generating incremental profit.

Operating profit

Operating profit, adjusted for items affecting comparability, amounted to SEK 200m (158), and was positively impacted by higher gross profit, partly offset by higher indirect costs. Operating profit amounted to SEK 178m (154).

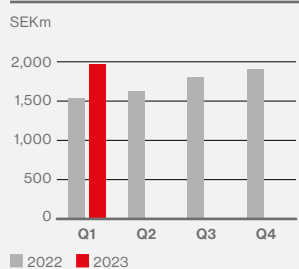
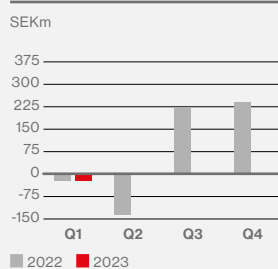
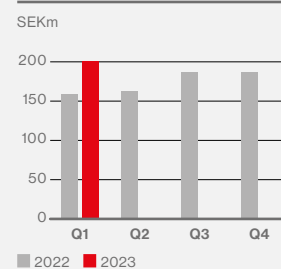
Items affecting comparability

Operating profit for the first quarter includes items affecting comparability of SEK -22m (-4), mainly related to the new greenfield facility.

Net financial items

Net financial items for the quarter amounted to SEK -87m (13). Net interest expenses related to external borrowings, cash pool and realised results on single currency interest rate swaps were in total SEK -7m (-3), exchange differences on cash and cash equivalents were SEK -71m (6) which mainly related to unrealised differences due to the development of the Swedish and Norwegian krona against the euro during the quarter. Other financial items amounted to SEK -9m (10) of which SEK -7m (12) related to the unrealised results on single currency interest rate swaps. Of the total net financial items SEK -15m (-14) is non-cash in nature.



Net sales**Free cash flow****Operating profit, adjusted****Profit for the period**

Profit for the period was SEK 65m (131), which equates to basic and diluted earnings per share of SEK 0.23 (0.46). Income tax for the period was SEK -26m (-36).

The effective tax rate for the quarter was 28.6 per cent (21.6) and was negatively impacted by international tax rate differences and non-deductible expenses.

Free cash flow

The free cash flow was SEK -23m (-23). Cash flow from operating activities before changes in working capital was SEK 202m (175). The increase compared to last year is mainly the result of a higher operating profit. The cash flow from changes in working capital was SEK -178m (-148).

The cash flow from investments in property, plant and equipment and intangible assets was SEK -47m (-50).

Cash flow from changes in working capital

Cash flow from changes in working capital was SEK -178m (-148). The cash flow from changes in working capital was negatively impacted by an increase in receivables of SEK -236m (-126), an increase in inventories for an amount of SEK -183m (-141), partly offset by an increase in payables amounting to SEK 241m (119).

Cash flow from other investing activities

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

Cash flow from financing activities

The cash flow from financing activities of SEK -20m (-17) was related to payments of lease liabilities.

Financial position

Consolidated equity at 31 March 2023 amounted to SEK 5,125m (4,748), which equates to SEK 18.0 (16.5) per share outstanding. Net debt at 31 March 2023 was SEK 1,983m (1,689).

Long-term borrowings totalled SEK 2,294m (2,168) and consisted of SEK 2,210m (2,092) in gross non-current loans from credit institutions, SEK 91m (79) in non-current lease liabilities and SEK -7m (-3) in capitalised transaction costs.

Total short-term borrowings amounted to SEK 209m (212) and consisted of SEK 149m (150) in commercial papers, SEK 62m (65) in current lease liabilities, SEK -4m (-3) in capitalised transaction costs and accrued interest on borrowings from credit institutions for an amount of SEK 2m (0).

SEKm	31 Mar 2023	31 Mar 2022	31 Dec 2022
Gross non-current loans from credit institutions	2,210	2,092	2,190
Commercial papers	149	150	149
Lease liabilities	153	144	156
Derivative financial instruments	-53	-14	-59
Interest payable	2	-	2
Gross debt	2,461	2,372	2,438
Cash and cash equivalents	-478	-683	-583
Net debt	1,983	1,689	1,855

Cash and cash equivalents at 31 March 2023 amounted to SEK 478m (683). At 31 March 2023 Cloetta had an unutilised credit facility of SEK 2,482m (620) and the possibility to issue additional commercial papers for an amount of SEK 850m (850).

Performance by business segment

Cloetta has identified the "Branded packaged products" business and the "Pick & mix" business as its operating segments.

The chief operating decision-maker (CODM), which is the CEO and President of the Group, primarily uses external net sales and operating profit, adjusted for items affecting comparability, to assess the performance of its operating segments. Items affecting comparability, net financial items and income tax are not allocated to segments, as these are managed centrally.

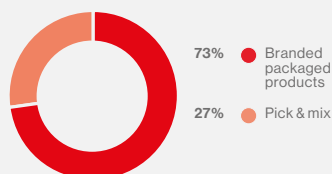
No segment information is provided to or assessed by the CODM on assets and liabilities and therefore these are not separately disclosed.

Information related to each reportable segment (business segment) is set out below.

Business segments

The Cloetta Group comprises two segments: "Branded packaged products" and "Pick & mix". The Pick & mix net sales and adjusted operating profit relate to Cloetta's complete offering in pick & mix including products, displays and accompanying store and logistic services. All other activities within the Cloetta Group are reflected in the "Branded packaged products" segment.

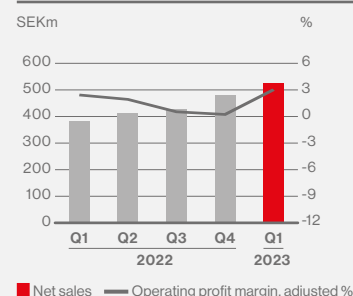
Business segment, share of sales



Branded packaged products



Pick & mix



Jan-Mar 2023 SEKm	Branded packaged products	Pick & mix	Total	Jan-Mar 2022 SEKm	Branded packaged products	Pick & mix	Total
Net sales	1,448	525	1,973	Net sales	1,160	380	1,540
Operating profit, adjusted	184	16	200	Operating profit, adjusted	149	9	158
Items affecting comparability			-22	Items affecting comparability			-4
Operating profit			178	Operating profit			154
Net financial items			-87	Net financial items			13
Profit before tax			91	Profit before tax			167
Income tax			-26	Income tax			-36
Profit for the period			65	Profit for the period			131

Segment Branded packaged products

First quarter development

Net Sales

Net sales for the first quarter increased by SEK 288m to SEK 1,448m (1,160) compared to the same period of last year for Branded packaged products. Organic growth was 20.5 per cent.

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK 184 m (149). The increase in adjusted operating profit was driven by pricing offsetting the higher input costs, and favorable mix and supply chain cost efficiencies, partly offset by higher indirect costs.

Segment Pick & mix

First quarter development

Net Sales

Net sales for the first quarter increased by SEK 145m to SEK 525m (380) compared to the same period of last year. Organic growth was 32.7 per cent.

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK 16m (9). The increase in adjusted operating profit was driven by pricing offsetting the higher input costs, volume growth further supported by the earlier Easter and supply chain cost efficiencies, partly offset by higher indirect costs.

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 2,578 (2,608).

Events after the balance sheet date

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

Examples of new launches during the first quarter

Sweden

CENTER – Sea salt caramel
 AHLGRENS BILAR – Grillbilar
 CLOETTA – Oh So Soft Fudge - chocolate brownie
 CLOETTA – Oh So Soft Fudge - sea salt caramel
 CLOETTA – Oh So Soft Fudge - vanilla
 LÄKEROL – Triple Treat mix - fruit and liquorice
 MALACO – Stars - salt liquorice



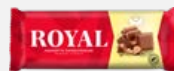
Denmark

CENTER – Sea salt caramel
 LÄKEROL – Lemon
 MALACO – Flimmer mix classic
 MALACO – Flimmer mix Fruit
 LÄKEROL – Triple Treat mix - fruit and liquorice



Finland

AAKKOSET – Kirpeä & Makea
 JENKKI ORIGINAL – Citrusmix
 JENKKI PASTILLI – Cool mint
 ROYAL – Hasselpähkinä
 SISU RULETTI – Sitruspippuri Salmiakki
 MALACO – TVmix Shuffle



The Netherlands

VENCO – Drop - zacht & salmiak



Norway

LÄKEROL – Lemon
 CENTER – Sea salt caramel



Cloetta

– a leading confectionery company in Northern Europe

1862

Founded in

2,600

Employees

> 50

Countries

7

Factories

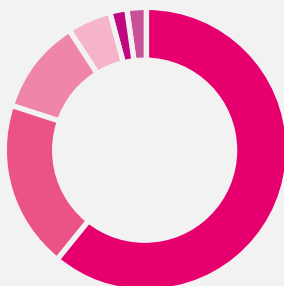
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Business segments



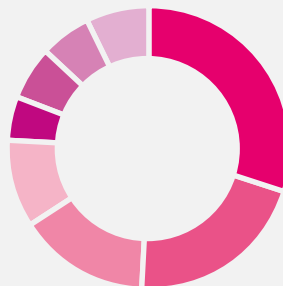
We believe in the Power of True Joy

Cloetta's net sales, January–March 2023



By Category

- 61% Candy
- 19% Chocolate
- 11% Pastilles
- 5% Chewing gum
- 2% Nuts
- 2% Other



By Country

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

73%

Branded packaged products

27%

Pick & mix

67%

Nordic countries

33%

Other

Strategic priorities



Q1 highlights

1 Growth leadership in Branded packaged products

Activities

- Marketing spend almost in line with last year
- Good progress on recovering sales of high-margin products such as chewing gum and pastilles
- Adapting offering to meet the expected changes to the consumer demand, such as larger value packs

2 Sustainable value within the Pick & mix business

Activities

- The CandyKing brand recognised in top-tier consumer media in Sweden
- New contracts secured and existing ones expanded
- Higher volumes generate cost efficiencies

3 Focus on lower costs and greater efficiency

Activities

- The regulatory process of the new greenfield facility is taking longer than anticipated; major planned investments now expected in 2024
- Portfolio optimisation through complexity reduction

Sustainability

For You

We provide choices for you

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

For People

We care about people

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

For the Planet

We improve our planet footprint

Our business depends on the environment. We take responsibility for our impacts; from sourcing to packaging.

Q1 highlights

Consumer in focus

- Continued work to align our strategy and development areas with future consumer trends.

Human rights

- As part of our Sustainable Sourcing programme, we are aligning our processes with regards to human rights due diligence in our supply chain.

Environmental policy

- Our environmental policy has been updated to reflect our heightened ambition to reduce our negative impacts.

“
A sweeter
future



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, 26 April 2023

Cloetta AB (publ)

Mikael Norman

Board Chairman

Patrick Bergander

Member of the Board

Malin Jennerholm

Member of the Board

Pauline Lindwall

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

Henri de Sauvage-Nolting

President and CEO

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

Financial calendar

Interim report Q2 2023

14 July 2023

Interim report Q3 2023

27 October 2023

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. The information was submitted for publication, through the agency of the contact person detailed above, at 07:30 a.m. CEST on 26 April 2023.

Financial statements in summary

Consolidated profit and loss account

SEKm	First quarter		Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Net sales	1,973	1,540	7,302	6,869
Cost of goods sold	-1,355	-979	-5,114	-4,738
Gross profit	618	561	2,188	2,131
Selling expenses	-258	-246	-1,021	-1,009
General and administrative expenses	-182	-161	-677	-656
Operating profit	178	154	490	466
Exchange differences on cash and cash equivalents in foreign currencies	-71	6	-220	-143
Other financial income	23	17	89	83
Other financial expenses	-39	-10	-92	-63
Net financial items	-87	13	-223	-123
Profit before tax	91	167	267	343
Income tax	-26	-36	-58	-68
Profit for the period	65	131	209	275
<i>Profit for the period attributable to:</i>				
Owners of the Parent Company	65	131	209	275
Earnings per share, SEK				
Basic and diluted ¹	0.23	0.46	0.73	0.96
Number of shares outstanding at end of period ¹	285,405,738	287,028,670	285,405,738	285,405,738
Average number of shares (basic) ¹	285,405,738	287,028,670	286,406,176	286,806,351
Average number of shares (diluted) ¹	285,597,623	287,071,655	286,516,308	286,890,237

¹ During 31 October till 23 November 2022 Cloetta purchased 1,622,932 treasury shares to fulfill its future obligation to deliver shares to the participants of the long-term share-based incentive plan, if vesting conditions are met.

Consolidated statement of comprehensive income

SEKm	First quarter		Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Profit for the period	65	131	209	275
<i>Other comprehensive income</i>				
Remeasurement of defined benefit pension plans	4	72	85	153
Income tax on remeasurement of defined benefit pension plans	-1	-15	-18	-32
Items that will never be reclassified to profit or loss for the period	3	57	67	121
Currency translation differences	75	52	519	496
Hedge of a net investment in a foreign operation	-21	-13	-138	-130
Income tax on hedge of a net investment in a foreign operation	4	3	26	25
Items that are or may be reclassified to profit or loss for the period	58	42	407	391
Total other comprehensive income	61	99	474	512
Total comprehensive income, net of tax	126	230	683	787
<i>Total comprehensive income for the period attributable to:</i>				
Owners of the Parent Company	126	230	683	787

Net financial items

SEKm	First quarter		Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Exchange differences on cash and cash equivalents in foreign currencies	-71	6	-220	-143
Other financial income, third parties	15	5	31	21
Unrealised gains on single currency interest rate swaps	-	12	45	57
Realised gains on single currency interest rate swaps	8	-	13	5
Total Other financial income	23	17	89	83
Interest expenses third-party borrowings and realised losses on single currency interest rate swaps	-30	-8	-70	-48
Amortisation of capitalised transaction costs	-1	-1	-3	-3
Unrealised losses on single currency interest rate swaps	-7	-	-7	-
Other financial expenses, third parties	-1	-1	-12	-12
Total Other financial expenses	-39	-10	-92	-63
Net financial items	-87	13	-223	-123

Condensed consolidated balance sheet

SEKm	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	5,937	5,610	5,883
Property, plant and equipment	1,616	1,590	1,581
Deferred tax asset	42	44	43
Derivative financial instruments	21	5	25
Other financial assets	3	8	3
Total non-current assets	7,619	7,257	7,535
Current assets			
Inventories	1,284	987	1,090
Other current assets	1,319	942	1,074
Derivative financial instruments	32	9	34
Cash and cash equivalents	478	683	583
Total current assets	3,113	2,621	2,781
TOTAL ASSETS	10,732	9,878	10,316
EQUITY AND LIABILITIES			
Equity	5,125	4,748	4,994
Non-current liabilities			
Long-term borrowings	2,294	2,168	2,277
Deferred tax liability	893	894	884
Provisions for pensions and other long-term employee benefits	335	427	345
Provisions	148	1	107
Total non-current liabilities	3,670	3,490	3,613
Current liabilities			
Short-term borrowings	209	212	207
Other current liabilities	1,726	1,422	1,496
Provisions	2	6	6
Total current liabilities	1,937	1,640	1,709
TOTAL EQUITY AND LIABILITIES	10,732	9,878	10,316

Condensed consolidated statement of changes in equity

SEKm	First quarter		Full Year
	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Equity at beginning of period	4,994	4,515	4,515
Profit for the period	65	131	275
Other comprehensive income	61	99	512
Total comprehensive income	126	230	787
Transactions with owners			
Purchase of treasury shares	-	-	-34
Share-based payments	5	3	13
Dividend ¹	-	-	-287
Total transactions with owners	5	3	-308
Equity at end of period	5,125	4,748	4,994

¹ The dividend paid in 2022 comprised a dividend of SEK 1.00 (0.75) per share.

Condensed consolidated cash flow statement

SEKm	First quarter		Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Cash flow from operating activities before changes in working capital	202	175	849	822
Cash flow from changes in working capital	-178	-148	-333	-303
Cash flow from operating activities	24	27	516	519
Cash flows from investments in property, plant and equipment and intangible assets	-47	-50	-211	-214
Cash flow from other investing activities	0	0	1	1
Cash flow from investing activities	-47	-50	-210	-213
Cash flow from operating and investing activities	-23	-23	306	306
Cash flow from financing activities	-20	-17	-409	-406
Cash flow for the period	-43	-40	-103	-100
Cash and cash equivalents at beginning of period	583	692	683	692
Cash flow for the period	-43	-40	-103	-100
Exchange difference	-62	31	-102	-9
Total cash and cash equivalents at end of period	478	683	478	583

Condensed consolidated key figures

SEKm	First quarter		Rolling 12	Full Year
	Jan-Mar 2023	Jan-Mar 2022	Apr 2022- Mar 2023	Jan-Dec 2022
Profit				
Net sales	1,973	1,540	7,302	6,869
Net sales, change, %	28.1	10.2	18.0	13.6
Organic net sales, change, %	23.5	7.1	14.0	10.0
Gross margin, %	31.3	36.4	30.0	31.0
Depreciation	-67	-60	-258	-251
Amortisation	-3	-3	-11	-11
Impairment loss other non-current assets	20	-	-116	-136
Operating profit, adjusted	200	158	733	691
Operating profit margin, adjusted %	10.1	10.3	10.0	10.1
Operating profit (EBIT)	178	154	490	466
Operating profit margin (EBIT margin), %	9.0	10.0	6.7	6.8
EBITDA, adjusted	271	221	1,005	955
EBITDA	228	217	875	864
Profit margin, %	4.6	10.8	3.7	5.0
Segments				
Branded packaged products				
Net sales	1,448	1,160	5,457	5,169
Operating profit, adjusted	184	149	704	669
Operating profit margin, adjusted %	12.7	12.8	12.9	12.9
Pick & mix				
Net sales	525	380	1,845	1,700
Operating profit, adjusted	16	9	29	22
Operating profit margin, adjusted %	3.0	2.4	1.6	1.3
Financial position				
Working capital	891	512	891	701
Capital expenditure	69	71	294	296
Net debt	1,983	1,689	1,983	1,855
Capital employed	7,963	7,555	7,963	7,823
Return on capital employed, % (Rolling 12 months)	7.5	8.6	7.5	7.2
Equity/assets ratio, %	47.8	48.1	47.8	48.4
Net debt/equity ratio, %	38.7	35.6	38.7	37.1
Return on equity, % (Rolling 12 months)	4.1	10.5	4.1	5.5
Equity per share, SEK	18.0	16.5	18.0	17.5
Net debt/EBITDA, x (Rolling 12 months)	2.0	1.9	2.0	1.9
Cash flow				
Cash flow from operating activities	24	27	516	519
Cash flow from investing activities	-47	-50	-210	-213
Cash flow after investments	-23	-23	306	306
Free cash flow	-23	-23	305	305
Free cash flow yield (Rolling 12 months), %	4.9	8.5	4.9	5.1
Cash flow from operating activities per share, SEK	0.1	0.1	1.8	1.8
Employees				
Average number of employees	2,578	2,608	2,595	2,598

Reconciliation of alternative performance measures key figures

SEKm	First quarter		Rolling 12	Full Year
	Jan-Mar 2023	Jan-Mar 2022	Apr 2022-Mar 2023	Jan-Dec 2022
Items affecting comparability				
Acquisitions, integration and restructurings	-22	-4	-267	-249
<i>of which: impairment loss other non-current assets</i>	21	-	-113	-134
Other items affecting comparability	-	-	24	24
Items affecting comparability	-22	-4	-243	-225
<i>Corresponding line in the condensed consolidated profit and loss account:</i>				
Cost of goods sold	-20	-	-230	-210
Selling expenses	-	-4	-	-4
General and administrative expenses	-2	-	-13	-11
Total	-22	-4	-243	-225
Operating profit, adjusted				
Operating profit	178	154	490	466
Minus: Items affecting comparability	-22	-4	-243	-225
Operating profit, adjusted	200	158	733	691
Net sales	1,973	1,540	7,302	6,869
Operating profit margin, adjusted, %	10.1	10.3	10.0	10.1
EBITDA, adjusted				
Operating profit	178	154	490	466
Minus: Depreciation	-67	-60	-258	-251
Minus: Amortisation	-3	-3	-11	-11
Minus: Impairment loss other non-current assets	20	-	-116	-136
EBITDA	228	217	875	864
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	-43	-4	-130	-91
EBITDA, adjusted	271	221	1,005	955
Capital employed				
Total assets	10,732	9,878	10,732	10,316
Minus: Deferred tax liability	893	894	893	884
Minus: Non-current provisions	148	1	148	107
Minus: Current provisions	2	6	2	6
Minus: Other current liabilities	1,726	1,422	1,726	1,496
Capital employed	7,963	7,555	7,963	7,823
Capital employed comparative period previous year	7,555	7,382	7,555	7,388
Average capital employed	7,759	7,469	7,759	7,606

Reconciliation alternative performance measures, continued

SEKm	First quarter		Rolling 12	Full Year
	Jan-Mar 2023	Jan-Mar 2022	Apr 2022- Mar 2023	Jan-Dec 2022
Return on capital employed				
Operating profit (Rolling 12 months)	490	616	490	466
Financial income (Rolling 12 months)	89	25	89	83
Operating profit plus financial income (Rolling 12 months)	579	641	579	549
Average capital employed	7,759	7,469	7,759	7,606
Return on capital employed, %	7.5	8.6	7.5	7.2
Free cash flow yield				
Cash flow from operating activities (Rolling 12 months)	516	831	516	519
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)	-211	-201	-211	-214
Free cash flow (Rolling 12 months)	305	630	305	305
Number of shares outstanding	285,405,738	287,028,670	285,405,738	285,405,738
Free cash flow per share (Rolling 12 months), SEK	1.07	2.19	1.07	1.07
Market price per share, SEK	21.88	25.74	21.88	20.86
Free cash flow yield (Rolling 12 months), %	4.9	8.5	4.9	5.1
Changes in net sales				
Net sales	1,973	1,540	7,302	6,869
Net sales comparative period previous year	1,540	1,398	6,188	6,046
Net sales, change	433	142	1,114	823
Minus: Changes in exchange rates	71	43	245	217
Organic growth	362	99	869	606
Organic growth, %	23.5	7.1	14.0	10.0

Quarterly data

SEKm	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Profit and loss account									
Net sales	1,973	1,905	1,798	1,626	1,540	1,662	1,566	1,420	1,398
Cost of goods sold	-1,355	-1,257	-1,235	-1,267	-979	-1,057	-1,015	-893	-933
Gross profit	618	648	563	359	561	605	551	527	465
Selling expenses	-258	-283	-234	-246	-246	-276	-209	-242	-211
General and administrative expenses	-182	-178	-143	-174	-161	-172	-163	-159	-151
Operating profit/loss	178	187	186	-61	154	157	179	126	103
Exchange differences on cash and cash equivalents in foreign currencies	-71	-27	-52	-70	6	9	-1	-6	31
Other financial income	23	18	35	13	17	4	2	2	1
Other financial expenses	-39	-28	-15	-10	-10	-12	-12	-13	-12
Net financial items	-87	-37	-32	-67	13	1	-11	-17	20
Profit/loss before tax	91	150	154	-128	167	158	168	109	123
Income tax	-26	-42	-24	34	-36	-11	-32	-23	-20
Profit/loss for the period	65	108	130	-94	131	147	136	86	103
<i>Profit/loss for the period attributable to:</i>									
Owners of the Parent Company	65	108	130	-94	131	147	136	86	103
Key figures									
Profit									
Depreciation, amortisation and impairment	-50	-70	-71	-194	-63	-63	-66	-66	-66
Operating profit, adjusted	200	183	188	162	158	157	180	127	107
EBITDA, adjusted	271	249	255	230	221	220	246	193	173
EBITDA	228	257	257	133	217	220	245	192	169
Operating profit margin, adjusted %	10.1	9.6	10.5	10.0	10.3	9.4	11.5	8.9	7.7
Operating profit margin (EBIT margin), %	9.0	9.8	10.3	-3.8	10.0	9.4	11.4	8.9	7.4
Earnings per share, SEK									
Basic and diluted ¹	0.23	0.38	0.45	-0.33	0.46	0.51	0.47	0.30	0.36
Segments									
Branded packaged products									
Net sales	1,448	1,424	1,372	1,213	1,160	1,284	1,204	1,097	1,101
Operating profit, adjusted	184	180	186	154	149	152	171	123	131
Operating profit margin, adjusted %	12.7	12.6	13.6	12.7	12.8	11.8	14.2	11.2	11.9
Pick & mix									
Net sales	525	481	426	413	380	378	362	323	297
Operating profit/loss, adjusted	16	3	2	8	9	5	9	4	-24
Operating profit margin, adjusted %	3.0	0.6	0.5	1.9	2.4	1.3	2.5	1.2	-8.1
Financial position									
Share price, last paid, SEK	21.88	20.86	17.61	20.96	25.74	26.20	27.12	25.54	25.56
Return on equity, % (Rolling 12 months)	4.1	5.5	6.5	7.0	10.5	10.5	9.1	7.2	7.5
Equity per share, SEK	18.0	17.5	16.7	16.0	16.5	15.7	15.2	14.8	15.2
Net Debt/EBITDA, x (Rolling 12 months)	2.0	1.9	2.2	2.4	1.9	2.0	2.5	2.9	2.9
Cash flow									
Free cash flow	-23	241	223	-136	-23	313	238	102	11
Cash flow from operating activities per share, SEK	0.1	1.0	1.0	-0.3	0.1	1.3	1.0	0.5	0.2

¹ 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 contract has been settled in the second quarter of 2021. During 1 till 9 November 2021 and during 31 October till 23 November 2022 Cloetta purchased 1,590,629 and 1,622,932 treasury shares respectively to fulfill its future obligation to deliver shares to the participants of the long-term share-based incentive plan, if vesting conditions are met.

Reconciliation of alternative performance measures per quarter

SEKm	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Items affecting comparability									
Acquisitions, integration and restructurings	-22	-18	-2	-225	-4	0	-1	-1	-4
<i>of which: impairment loss non-current assets</i>	21	-4	-4	-126	-	-	-	-	-
Other items affecting comparability	-	22	-	2	-	-	-	-	-
Items affecting comparability	-22	4	-2	-223	-4	0	-1	-1	-4
<i>Corresponding line in the condensed consolidated profit and loss account:</i>									
Cost of goods sold	-20	12	-2	-220	-	1	-	0	-
Selling expenses	-	-	-	-	-4	-	-	-	-
General and administrative expenses	-2	-8	0	-3	-	-1	-1	-1	-4
Total	-22	4	-2	-223	-4	0	-1	-1	-4
Operating profit, adjusted									
Operating profit/loss	178	187	186	-61	154	157	179	126	103
Minus: Items affecting comparability	-22	4	-2	-223	-4	0	-1	-1	-4
Operating profit, adjusted	200	183	188	162	158	157	180	127	107
Net sales	1,973	1,905	1,798	1,626	1,540	1,662	1,566	1,420	1,398
Operating profit margin, adjusted, %	10.1	9.6	10.5	10.0	10.3	9.4	11.5	8.9	7.7
EBITDA, adjusted									
Operating profit/loss	178	187	186	-61	154	157	179	126	103
Minus: Depreciation	-67	-63	-62	-66	-60	-61	-63	-63	-63
Minus: Amortisation	-3	-3	-3	-2	-3	-2	-3	-2	-3
Minus: Impairment loss other non-current assets	20	-4	-6	-126	-	-	-	-1	-
EBITDA	228	257	257	133	217	220	245	192	169
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	-43	8	2	-97	-4	0	-1	-1	-4
EBITDA, adjusted	271	249	255	230	221	220	246	193	173
Capital employed									
Total assets	10,732	10,316	10,151	9,774	9,878	9,549	9,544	9,224	9,464
Minus: Deferred tax liability	893	884	920	918	894	863	881	871	867
Minus: Non-current provisions	148	107	102	105	1	-	-	1	-
Minus: Current provisions	2	6	3	5	6	5	7	11	28
Minus: Other current liabilities	1,726	1,496	1,545	1,377	1,422	1,293	1,328	1,184	1,187
Capital employed	7,963	7,823	7,581	7,369	7,555	7,388	7,328	7,157	7,382
Capital employed comparative period previous year	7,555	7,388	7,328	7,157	7,382	7,198	7,515	7,439	7,989
Average capital employed	7,759	7,606	7,455	7,263	7,469	7,293	7,422	7,298	7,686

Reconciliation alternative performance measures, continued

SEKm	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Return on capital employed									
Operating profit (Rolling 12 months)	490	466	436	429	616	565	522	425	400
Financial income (Rolling 12 months)	89	83	69	36	25	9	6	4	3
Operating profit plus financial income (Rolling 12 months)	579	549	505	465	641	574	528	429	403
Average capital employed	7,759	7,606	7,455	7,263	7,469	7,293	7,422	7,298	7,686
Return on capital employed, %	7.5	7.2	6.8	6.4	8.6	7.9	7.1	5.9	5.2
Free cash flow yield									
Cash flow from operating activities (Rolling 12 months)	516	519	606	598	831	858	800	828	631
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)	-211	-214	-229	-206	-201	-194	-197	-211	-234
Free cash flow (Rolling 12 months)	305	305	377	392	630	664	603	617	397
Number of shares outstanding	285,405,738	285,405,738	287,028,670	287,028,670	287,028,670	287,028,670	288,619,299	288,619,299	288,619,299
Free cash flow per share (Rolling 12 months), SEK	1.07	1.07	1.31	1.37	2.19	2.31	2.09	2.14	1.38
Market price per share, SEK	21.88	20.86	17.61	20.96	25.74	26.20	27.12	25.54	25.56
Free cash flow yield (Rolling 12 months), %	4.9	5.1	7.4	6.5	8.5	8.8	7.7	8.4	5.4
Changes in net sales									
Net sales	1,973	1,905	1,798	1,626	1,540	1,662	1,566	1,420	1,398
Net sales comparative period previous year	1,540	1,662	1,566	1,420	1,398	1,466	1,474	1,237	1,518
Net sales, change	433	243	232	206	142	196	92	183	-120
Minus: Changes in exchange rates	71	85	52	37	43	-7	-19	-43	-56
Organic growth	362	158	180	169	99	203	111	226	-64
Organic growth, %	23.5	9.5	11.5	11.9	7.1	13.8	7.5	18.2	-4.2

Parent company

Condensed parent company profit and loss account

SEKm	First quarter		Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Net sales	28	21	104	97
Gross profit	28	21	104	97
General and administrative expenses	-30	-28	-125	-123
Operating loss	-2	-7	-21	-26
Net financial items	-21	2	-93	-70
Loss before tax	-23	-5	-114	-96
Income tax	5	1	24	20
Loss for the period	-18	-4	-90	-76

Loss for the period corresponds to comprehensive income for the period.

Condensed parent company balance sheet

SEKm	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets	5,393	5,360	5,386
Current assets	33	101	33
TOTAL ASSETS	5,426	5,461	5,419
EQUITY AND LIABILITIES			
Equity	2,467	2,863	2,480
Non-current liabilities			
Borrowings	942	939	941
Provisions	4	3	5
Total non-current liabilities	946	942	946
Current liabilities			
Borrowings	149	150	149
Other current liabilities	1,864	1,506	1,844
Total current liabilities	2,013	1,656	1,993
TOTAL EQUITY AND LIABILITIES	5,426	5,461	5,419

Condensed parent company statement of changes in equity

SEKm	First quarter		Full Year
	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Equity at beginning of period	2,480	2,864	2,864
Loss for the period	-18	-4	-76
Total comprehensive income	-18	-4	-76
Transactions with owners			
Share-based payments	5	3	13
Purchase of treasury shares	-	-	-34
Dividend ¹	-	-	-287
Total transactions with owners	5	3	-308
Equity at end of period	2,467	2,863	2,480

¹ The dividend paid in 2022 comprised a dividend of SEK 1.00 (0.75) 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, 2023. The consolidated interim report is presented compliant 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 lease.

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 2022 at www.cloetta.com. No new standards are effective as from 1 January 2023 which 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	First quarter		Rolling 12	Full Year
	Jan-Mar 2023	Jan-Mar 2022	Apr 2022-Mar 2023	Jan-Dec 2022
Net sales				
Branded packaged products	1,448	1,160	5,457	5,169
Pick & mix	525	380	1,845	1,700
Total	1,973	1,540	7,302	6,869

Breakdown of net sales by category

%	First quarter		Rolling 12	Full Year
	Jan-Mar 2023	Jan-Mar 2022	Apr 2022-Mar 2023	Jan-Dec 2022
Net sales				
Candy	61	61	62	62
Chocolate	19	20	19	19
Pastilles	11	10	10	10
Chewing gum	5	5	5	5
Nuts	2	3	2	2
Other	2	1	2	2
Total	100	100	100	100

Breakdown of net sales by country

%	First quarter		Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Sweden	30	30	30	30
Finland	21	19	21	21
The Netherlands	15	16	14	14
Denmark	10	8	10	9
The UK	5	6	6	6
Norway	6	8	6	7
Germany	6	6	6	6
International Markets	7	7	7	7
Total	100	100	100	100

Leases

Right-of-use assets

SEKm	31 Mar 2023	31 Mar 2022	31 Dec 2022
Land and buildings	100	76	104
Transportation	38	47	40
Other equipment	13	20	11
Total right-of-use assets	151	143	155

Additions to the right-of-use assets were SEK 22m (20) during the quarter.

Lease liability

SEKm	31 Mar 2023	31 Mar 2022	31 Dec 2022
Current	62	65	61
Non-current (between 1 and 5 years)	79	78	83
Non-current (over 5 years)	12	1	12
Total Lease liability	153	144	156

The non-current lease liability of SEK 91m (79) is reflected in the 'long-term borrowings'. The current lease liability of SEK 62m (65) is reflected in the 'short-term borrowings'.

Depreciation charge right-of-use assets

SEKm	First quarter		Rolling 12	Full Year
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022
Land and buildings	-9	-8	-35	-34
Transportation	-7	-7	-29	-29
Other equipment	-4	-2	-15	-13
Total depreciation charge right-of-use assets	-20	-17	-79	-76

Other disclosures

SEKm	First quarter		Rolling 12	Full Year	Recognised in:
	Jan–Mar 2023	Jan–Mar 2022	Apr 2022– Mar 2023	Jan–Dec 2022	
Interest expense	-1	0	-3	-2	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	-1	-1	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 recognised	-1	-1	-4	-4	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	-10	-5	-26	-21	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
Total cash outflow for leases	-20	-18	-78	-76	cash flow from operating activities and financing activities, in the cash flow statement

Taxes

The effective tax rate for the period was negatively impacted by international tax rate differences and non-deductible expenses.

Fair value measurement

The only items recognised at fair value after initial recognition are the interest rate swaps categorised within level 2 of the fair value hierarchy in all periods presented.

The fair values of financial assets (loans and receivables) and liabilities measured at amortised cost are approximately equal to carrying amounts.

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:

31 Mar 2023	Carrying amount				Fair value			
	Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities at carrying value	Total	Level 1	Level 2	Level 3	Total
SEKm								
Financial assets								
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income	-	1,170	-	1,170				
• Single currency interest rate swaps	53	-	-	53	-	53	-	53
• Cash and cash equivalents	-	478	-	478				
Total assets	53	1,648	-	1,701	-	53	-	53
Financial liabilities								
• Loans from credit institutions	-	-	2,210	2,210				
• Commercial papers	-	-	149	149				
• Lease liabilities	-	-	153	153				
• Trade and other payables, excluding other taxes and social security payables	-	-	1,485	1,485				
Total liabilities	-	-	3,997	3,997	-	-	-	-
31 Dec 2022								
SEKm								
Financial assets								
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income	-	941	-	941				
• Single currency interest rate swaps	59	-	-	59	-	59	-	59
• Cash and cash equivalents	-	583	-	583				
Total assets	59	1,524	-	1,583	-	59	-	59
Financial liabilities								
• Loans from credit institutions	-	-	2,190	2,190				
• Commercial papers	-	-	149	149				
• Lease liabilities	-	-	156	156				
• Trade and other payables, excluding other taxes and social security payables	-	-	1,252	1,252				
Total liabilities	-	-	3,747	3,747	-	-	-	-

31 Mar 2022	Carrying amount				Fair value			
	Mandatorily at FVTPL	Financial assets at amortised cost	Other financial liabilities at carrying value	Total	Level 1	Level 2	Level 3	Total
SEKm								
Financial assets								
• Trade and other receivables, excluding other taxes and social security receivables and prepaid expenses and accrued income	-	835	-	835				
• Single currency interest rate swaps	14	-	-	14	-	14	-	14
• Cash and cash equivalents	-	683	-	683				
Total assets	14	1,518	-	1,532	-	14	-	14
Financial liabilities								
• Loans from credit institutions	-	-	2,081	2,081				
• Commercial papers	-	-	150	150				
• Lease liabilities	-	-	144	144				
• Trade and other payables, excluding other taxes and social security payables	-	-	1,252	1,252				
Total liabilities	-	-	3,627	3,627	-	-	-	-

No transfers between fair value hierarchy levels have 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 by 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 within 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 within level 2. 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 31 March 2023. Net sales in the Parent Company amounted to SEK 28m (21) and relate mainly to intra-group services. Operating loss was SEK -2m (-7). Net financial items totaled SEK -21m (2). Loss before tax was SEK -23m (-5) and loss for the period was SEK -18m (-4). 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 31 March 2023, a total of 32,522,866 shares were traded for a combined value of SEK 709m, equivalent to

around 11 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 31 March 2023 was SEK 22.82 (23 February) and the lowest was SEK 20.64 (27 January). The share price on 31 March 2023 was SEK 21.88 (last price paid). During the period from 1 January to 31 March 2023, the Cloetta share increased by 4.9 per cent while the Nasdaq OMX Stockholm PI index increased by 5.9 per cent. Cloetta's share capital at 31 March 2023 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. At 31 March 2023 Cloetta had 3,213,561 class B shares in treasury.

Shareholders

On 31 March 2023, Cloetta AB had 40,867 shareholders. The largest shareholder was AB Malfors Promotor with a holding corresponding to 41.3 per cent of the votes and 30.8 per cent of the share capital in the company. LSV Asset Management was the second largest shareholder with 3.2 per cent of the votes and 3.7 per cent of the share capital. The third largest shareholder was La Financière de l'Echiquier with 3.2 per cent of the votes and 3.7 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 2022 and consist of industry and market-related risks, operational risks and financial risks.

Compared to the Annual and sustainability report, which was issued on 13 March 2023, the risk-profile of Cloetta has not significantly changed although the rising input costs and global supply chain challenges are materialising and may further affect the business performance of Cloetta.

Definitions

General		
	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.	
Margins	Definition/calculation	Purpose
Gross margin	Net sales less cost of goods sold as a percentage of net sales.	Gross margin measures production profitability.
Operating profit margin, adjusted	Operating profit, adjusted for items affecting comparability, as a percentage of net sales.	Adjusted operating profit margin excludes the impact of items affecting comparability, enabling a comparison of operational profitability.
Operating profit margin (EBIT margin)	Operating profit expressed as a percentage of net sales.	Operating profit margin is used for measuring the operational profitability.
Profit margin	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.
Return		
	Definition/calculation	Purpose
Free cash flow	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.
Free cash flow yield	Free cash flow of the last 12 months divided by the number of outstanding shares at the end of the period and consequently divided by the market price per share at the end of the period.	This metric is an indicator for the return on investment of investors in the company.
Return on capital employed	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.
Return on equity	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.
Capital structure		
	Definition/calculation	Purpose
Capital employed	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.
Equity/assets ratio	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.
Gross debt	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.
Net debt	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.
Net debt/EBITDA	Net debt at the end of the period divided by the EBITDA, adjusted, for the last 12 months, taking into consideration the annualisation 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.
Net debt/equity ratio	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.
Working capital	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.
Data per share		
	Definition/calculation	Purpose
Cash flow from operating activities per share	Cash flow from operating activities in the period divided by the average number of outstanding 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.
Earnings per share	Profit for the period divided by the average number of outstanding 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.
Equity per share	Equity at the end of the period divided by number of outstanding 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
Amortisation	Amortisation of intangible assets except for amortisation on software which is included in "Depreciation".	Amortisation deviates from depreciation where amortisation has the purpose to spread capitalised expenses over the useful lifetime of these expenses.
Depreciation	Depreciation of property, plant and equipment and amortisation of software.	Depreciation deviates from amortisation where depreciation has the purpose to spread the cost of a non-current asset over the useful lifetime of these assets.
EBITDA	Operating profit before depreciation, amortisation and impairments of other non-current assets.	EBITDA is used to measure the cash flow generated from operating activities, eliminating the impact of financing and accounting decisions.
EBITDA, adjusted	Operating profit, adjusted for items affecting comparability, before depreciation, amortisation and impairments of other non-current assets.	Adjusted EBITDA increases the comparability of EBITDA.
Effective tax rate	Income tax as a percentage of profit before tax.	This metric enables the income tax to be compared across locations where corporate taxes differ.
Items affecting comparability	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.
Net financial items	The total of exchange differences on cash and cash equivalent in foreign currencies, other financial income and other financial expenses.	The net financial items reflects the company's total costs of external financing.
Net sales, change	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.
Operating profit (EBIT)	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 the financing structure of the company.
Operating profit (EBIT), adjusted	Operating profit adjusted for items affecting comparability.	Operating profit, adjusted increases the comparability of operating profit.
Organic growth	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 on net sales growth over time.
Structural changes	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

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

Exchange rates

SEK	31 Mar 2023	31 Mar 2022	31 Dec 2022
EUR, average	11.2155	10.4889	10.6346
EUR, end of period	11.2805	10.3370	11.1218
NOK, average	1.0188	1.0570	1.0532
NOK, end of period	0.9900	1.0645	1.0578
GBP, average	12.7121	12.5423	12.4689
GBP, end of period	12.8304	12.2194	12.5397
DKK, average	1.5069	1.4097	1.4295
DKK, end of period	1.5145	1.3898	1.4956



Strategic priorities

1. Growth leadership in Branded packaged products
2. Sustainable value within the Pick & mix business
3. Lower costs and greater efficiency



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.

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 around 2.5x.
- Cloetta's long-term intention is a dividend payout of 40–60 per cent of profit for the year.

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 organisation.
- Good consumer knowledge and loyalty.
- Innovative product and packaging development.
- Effective production with high and consistent quality.

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.

“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 Läkerol, CandyKing, Jenkki, Kexchoklad, Malaco, Sportlife and Red Band. Cloetta has seven production units in five countries. Cloetta's class B shares are traded on Nasdaq Stockholm.



Cloetta

Cloetta AB (publ) • Corp. ID no. 556308-8144 • Landsvägen 50A, Box 2052,
174 02, Sundbyberg, Sweden • Tel +46 (0)8-52 72 88 00 • www.cloetta.com

More information about Cloetta is available at www.cloetta.com