

Cloetta

Interim report July–September 2023



Q3

"Cloetta continues to deliver strong double-digit growth in both Branded packaged products and Pick & mix – with responsible steps and the highest sustainability ambitions"

- Henri de Sauvage-Nolting, President and CEO

Interim report

July–September 2023

Cloetta

Third quarter, July–September 2023

- **Net sales** for the quarter increased by 19.5 per cent to SEK 2,148m (1,798) including a positive impact from foreign exchange rates of 7.3 per cent.
- **Sales of Branded packaged products** increased organically by 10.9 per cent during the quarter.
- **Sales of Pick & mix** increased organically by 16.4 per cent during the quarter.
- **Operating profit adjusted** for items affecting comparability, amounted to SEK 208m (188). Operating profit amounted to SEK 201m (186), impacted by items affecting comparability of SEK -7m (-2), mainly related to the Greenfield facility.
- **Operating profit, adjusted, of Branded packaged products** amounted to SEK 216m (186).
- **Operating loss, adjusted, of Pick & mix** amounted to SEK -8m (2).
- **Profit for the period** amounted to SEK 161m (130), which equates to basic and diluted earnings per share of SEK 0.56 (0.45).
- **Cash flow** from operating activities was SEK 193m (289).
- **Net debt/EBITDA** ratio was 2.0x (2.2).

Events during and after the end of the period

- After the end of the quarter, Mikael Norman declined re-election as the chairman of the board.

Key ratios

SEKm	Third quarter			9 months			Rolling 12	Full Year
	Jul–Sep 2023	Jul–Sep 2022	Change, %	Jan–Sep 2023	Jan–sep 2022	Change, %	Oct 2022–Sep 2023	Jan–Dec 2022
Net sales	2,148	1,798	19.5 ¹	6,119	4,964	23.3 ¹	8,024	6,869
Operating profit, adjusted	208	188	10.6	599	508	17.9	782	691
Operating profit margin, adjusted %	9.7	10.5	-0.8-pts	9.8	10.2	-0.4-pts	9.7	10.1
Operating profit (EBIT)	201	186	8.1	561	279	101.1	748	466
Operating profit margin (EBIT margin), %	9.4	10.3	-0.9-pts	9.2	5.6	3,6-pts	9.3	6.8
Profit before tax	237	154	53.9	424	193	119.7	574	343
Profit for the period	161	130	23.8	299	167	79.0	407	275
Earnings per share, basic, SEK	0.56	0.45	24.4	1.05	0.58	81.0	1.43	0.96
Earnings per share, diluted, SEK	0.56	0.45	24.4	1.05	0.58	81.0	1.42	0.96
Net debt/EBITDA, x (Rolling 12 months)	2.0	2.2	-9.1	2.0	2.2	-9.1	2.0	1.9
Free cash flow	123	223	-44.8	102	64	59.4	343	305
Cash flow from operating activities	193	289	-33.2	300	238	26.1	581	519

¹ Organic growth at constant exchange rates was 12.2 per cent for the quarter and 17.1 for the first three quarters of the year. See further under Net sales on page 4.

SEK 2.1 bn

Net sales

12.2 %

Organic sales growth

9.7 %

Operating profit margin, adjusted

Another strong quarter for Cloetta

Cloetta continues to deliver strong double-digit growth in both Branded packaged products and Pick & mix, despite a large retail customer in the UK going into administration. The overall strong sales were accompanied by strengthened profit primarily driven by mix, pricing and cost control. The Greenfield facility is progressing through the permitting process with an expected new timeline.

Cloetta delivered yet another quarter of sustained organic growth coupled with improved operating profit, confirming that our long-term strategy is working. The development was primarily driven by mix, efficient cost control, strong pricing execution, as well as continued portfolio rationalisation. While the inflation on some input costs have slowed down, sugar and cocoa have continued to surge. In addition, the weak Swedish and Norwegian krona negatively impact the profit in those markets. We continue to carefully monitor the market development, and our commitment to mitigate the impact of cost through a combination of mix, cost control and fair pricing remains steadfast.

Third quarter development

Sales for the quarter increased by 19.5 per cent, of which organic growth accounted for 12.2 per cent and exchange rate differences for 7.3 per cent. Sales of Branded packaged products increased organically by 10.9 per cent, primarily driven by pricing. Sales of Pick & mix increased organically by 16.4 per cent during the quarter, positively impacted by volume through increased consumer activation, pricing and premiumisation of the offering.

The increase in adjusted operating profit is primarily attributable to pricing and cost control offsetting the higher input cost, including currency impact.

In the quarter we have recognised a provision for uncollectible receivables of approximately SEK 24m related to Wilko, one of our largest retail customers in the UK, going into administration. We are working through the opportunities for our business in this new situation as UK remains an attractive market for us. This provision was partly offset by a one-time governmental energy grant of approximately SEK 12m.

Operational updates

We continue to drive higher-margin products such as new seasonal flavors for the Juleskum brand (Juleskum Banana Caramel, Juleskum Chokladdoppat). In Denmark we executed a successful launch of the Skipper's Mini Pipes



and continued the roll-out of Chewits Bites in more markets after the big success in the UK. I am very pleased with the continued positive performance within our Branded packaged products, where we balance macroeconomic challenges with our innovative product development. We continue to optimise the product portfolio and production technology to take out cost.

The Pick & mix segment continued to deliver volume growth, now for the tenth consecutive quarter. In UK, the closure of Wilko is impacting the results for the quarter. Excluding UK, we saw growth in Pick & mix across all markets. We continue to drive activation as part of the CandyKing concept and executed a successful summer campaign for the brand across the Nordic countries.

During the quarter we have successfully gone live with a new consolidation and financial reporting system for the group and this quarter's financials are fully reported using the new system. Our organisation's ability to swiftly implement the new system also bodes well for the upcoming implementation of the European Union Corporate Sustainability Reporting Directive (CSRD). We have a clear roadmap for the implementation of the requirements as of the reporting year 2024 and have commenced a comprehensive double materiality analysis in alignment with the standard. We also made progress within our climate action program by enhancing our data collection process in collaboration with value chain partners for our scope 3

emissions, and we structured our initiatives to accelerate the reduction of our scope 1 and 2 emissions.

Greenfield investment in line with estimates – expected new timeline

As previously communicated the regulatory process for the Greenfield facility is expected to take longer than anticipated and the new timeline indicates that the major planned investments will be initiated during 2025, instead of our previous estimate of late 2024. This indicates that the plant will start operations during the second half of 2026. During the year we have nonetheless continued to progress the other workstreams of the project and will close Roosendaal Borchwerf factory already in 2024 with in- and outsourcing solutions in place, and enter into the tendering process for the factory building and utilities according to plan. As such, despite the currently higher interest rates the total investment remains within budget while savings have improved on account of the high salary inflation in 2023, and we assess that the new timeline will not negatively impact the return on the investment.

Closing another strong quarter with further responsible steps taken

I am happy to conclude our first nine months of the year where Cloetta has delivered strong performance, growth and profitability. Cloetta is a proud provider of brands and products for joyful moments, and we will continue to bring joy to memorable occasions. I am also proud that Cloetta takes progressive, responsible steps developing our business with the highest sustainability ambitions – and I am convinced that our shareholders, customers, consumers and other parties will appreciate the value this brings.

Henri de Sauvage-Nolting
President and CEO

Financial overview

Third quarter development

Greenfield facility

As previously communicated the regulatory process for the Greenfield facility is expected to take longer than anticipated and the new timeline indicates that the major planned investments will be initiated during 2025, instead of the previous estimate of late 2024. This indicates that the plant will start operations during the second half of 2026. During the year Cloetta has continued to progress the other workstreams of the project and will close the Roosendaal Borchwerf factory already in 2024 with in- and outsourcing solutions in place, and proceed the tendering process for the factory building and utilities according to plan. As such, despite the currently high interest rates the total investment remains within budget while savings have improved on account of the high salary inflation in 2023. Cloetta assesses that the new timeline will not negatively impact the return on the investment.

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 third quarter increased by SEK 350m to SEK 2,148m (1,798) compared to the same period last year. Organic growth was 12.2 per cent and the impact of changes in exchange rates was 7.3 per cent.

Changes in net sales, %	Jul-Sep 2023	Jan-Sep 2023
Organic growth	12.2	17.1
Changes in exchange rates	7.3	6.2
Total	19.5	23.3

Gross profit

Gross profit, adjusted for items affecting comparability, amounted to SEK 627m (565) which equates to a gross margin of 29.2 per cent (31.4). The increase in adjusted gross profit reflects that last year the pricing

only partially offset the cost inflation, as well as a favourable mix. Gross margin was also affected by a provision for uncollectible receivables of approximately SEK 24m related to Wilko, one of the largest customers in the UK. The provision for uncollectible receivables was partly offset by a one-time governmental energy grant of approximately SEK 12m. Gross profit amounted to SEK 624m (563), which equates to a gross margin of 29.1 per cent (31.3). 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 208m (188), and was positively impacted by higher gross profit, partly offset by higher indirect costs. Operating profit amounted to SEK 201m (186).

Items affecting comparability

Operating profit for the third quarter includes items affecting comparability of SEK -7m (-2), mainly related to the Greenfield facility.

Net financial items

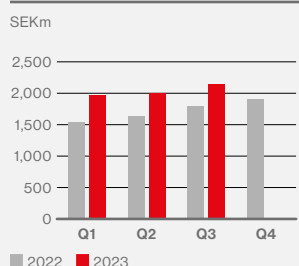
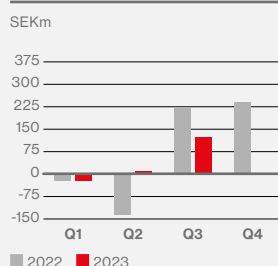
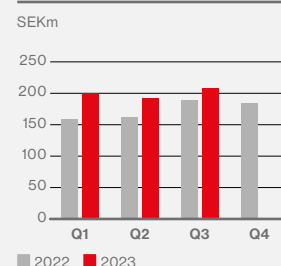
Net financial items for the quarter amounted to SEK 36m (-32). Net interest expenses related to external borrowings, cash pool and realised results on single currency interest rate swaps were in total SEK -16m (-5), exchange differences on cash and cash equivalents were SEK 67m (-52) which mainly related to unrealised differences due to the development of the Swedish and Norwegian krona and the Great Britain pound against the euro during the quarter. Other financial items amounted to SEK -15m (25) of which SEK -7m (29) was related to the unrealised results on single currency interest rate swaps. Of the total net financial items SEK -3m (10) is non-cash in nature.

Profit for the period

Profit for the period was SEK 161m (130), which equates to basic and diluted earnings per share of SEK 0.56 (0.45). Income tax for the period was SEK -76m (-24).

The effective tax rate for the quarter was 32.1 per cent (15.6) and was negatively impacted by the increase of a tax provision in the UK, international tax rate differences and non-deductible expenses.



Net sales**Free cash flow****Operating profit, adjusted****Free cash flow**

The free cash flow was SEK 123m (223). Cash flow from operating activities before changes in working capital was SEK 208m (234). The decrease compared to last year is mainly due to higher corporate income tax payments. The cash flow from changes in working capital was SEK -15m (55).

The cash flow from investments in property, plant and equipment and intangible assets was SEK -70m (-66).

Cash flow from changes in working capital

Cash flow from changes in working capital was SEK -15m (55). The cash flow from changes in working capital was negatively impacted by an increase in receivables of SEK -115m (-150), a decrease in payables amounting to SEK -2m (152), partly offset by a decrease in inventories for an amount of SEK 102m (53).

Cash flow from other investing activities

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

Cash flow from financing activities

The cash flow from financing activities was SEK -19m (-20). The cash flow from financing activities was related to payments of lease liabilities of SEK -19m (-19) and net proceeds and repayments of loans from credit institutions and commercial papers including transaction costs of SEK 0m (-1).

Development during the year**Net sales**

Net sales for the first nine months increased by SEK 1,155m to SEK 6,119m (4,964) compared to the same period last year. Organic growth was 17.1 per cent and the impact of changes in exchange rates was 6.2 per cent.

Gross profit

Gross profit, adjusted for items affecting comparability, amounted to SEK 1,909m (1,705) which equates to a gross margin of 31.2 per cent (34.3). The increase in adjusted gross profit reflects that last year the pricing only partially offset the cost inflation, as well as a favourable mix. Gross margin was affected by a provision for uncollectible receivables of approximately SEK 24m related to Wilko, one of the largest customers in the UK. The cost for the provision for uncollectible receivables was partly offset by a one-time income related to an energy grant of approximately SEK 12m. Gross profit amounted to SEK 1,882m (1,483), which equates to a gross margin of 30.8 per cent (29.9). 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 599m (508), and was positively impacted by higher gross profit, partly offset by higher indirect costs. Operating profit amounted to SEK 561m (279).

Items affecting comparability

Operating profit for the first nine months includes items affecting comparability of SEK -38m (-229), mainly related to the Greenfield facility.

Net financial items

Net financial items for the period amounted to SEK -137m (-86). Net interest expenses related to external borrowings, cash pool and realised results on single currency interest rate swaps were in total SEK -35m (-15), exchange differences on cash and cash equivalents were SEK -70m (-116) which mainly related to unrealised differences due to the development of the Swedish and Norwegian krona and the Great Britain pound against the euro. Other financial items amounted to SEK -32m (45) of which SEK -14m (53) related to the unrealised results on single currency interest rate swaps. Of the total net financial items SEK -60m (-28) is non-cash in nature.

Profit for the period

Profit for the period was SEK 299m (167), which equates to basic and diluted earnings per share of SEK 1.05 (0.58). Income tax for the period was SEK -125m (-26).

The effective tax rate for the first three quarters was 29.5 per cent (13.5) and was negatively impacted by the increase of a tax provision in the UK, international tax rate differences and non-deductible expenses.

Free cash flow

The free cash flow was SEK 102m (64). Cash flow from operating activities before changes in working capital was SEK 636m (599). 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 -336m (-361).

The cash flow from investments in property, plant and equipment and intangible assets was SEK -198m (-174).

Cash flow from changes in working capital

Cash flow from changes in working capital was SEK -336m (-361). The cash flow from changes in working capital was negatively impacted by an increase in receivables of SEK -301m (-373) and an increase in inventories for an amount of SEK -237m (-211), partly offset by an increase in payables amounting to SEK 202m (223).

Cash flow from other investing activities

Cash flow from other investing activities was SEK 2m (1).

Cash flow from financing activities

The cash flow from financing activities was SEK -353m (-346). The cash flow from financing activities was related to the dividend distribution of SEK -285m (-287), payments of lease liabilities of SEK -63m (-55) and net proceeds and repayments of loans from credit institutions and commercial papers including transaction costs of SEK -5m (-4).

Financial position

Consolidated equity at 30 September 2023 amounted to SEK 5,201m (4,803), which equates to SEK 18.2 (16.7) per share outstanding. Net debt at 30 September 2023 was SEK 2,179m (2,005).

Long-term borrowings amounted to SEK 2,320m (2,219) and consisted of SEK 2,242m (2,162) in gross non-current loans from credit institutions, SEK 87m (61) in non-current lease liabilities and SEK -9m (-4) in capitalised transaction costs.

Total short-term borrowings amounted to SEK 201m (208) and consisted of SEK 149m (149) in commercial papers, SEK 55m (61) in current lease liabilities, SEK 2m (0) in accrued interest on borrowings from credit institutions and SEK -5m (-2) in capitalised transaction costs.

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
Gross non-current loans from credit institutions	2,242	2,162	2,190
Commercial papers	149	149	149
Lease liabilities	142	122	156
Derivative financial instruments	-46	-55	-59
Interest payable	2	-	2
Gross debt	2,489	2,378	2,438
Cash and cash equivalents	-310	-373	-583
Net debt	2,179	2,005	1,855

Cash and cash equivalents at 30 September 2023 amounted to SEK 310m (373). At 30 September 2023 Cloetta had an unutilised credit facility of SEK 2,537m (654) 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.

Segment Branded packaged products

Third quarter development

Net Sales

Net sales for the third quarter increased by SEK 248m to SEK 1,620m (1,372) compared to the same period of last year for Branded packaged products. Organic growth was 10.9 per cent.

Operating profit, adjusted

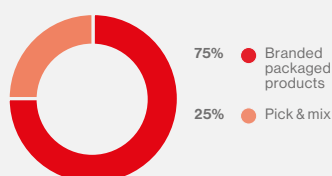
Operating profit, adjusted for items affecting comparability, amounted to SEK 216m (186). The increase in adjusted operating profit reflects that last year the pricing only partially offset the cost inflation as well as a favourable mix, partly offset by higher indirect costs.

Development during the year

Net Sales

Net sales for the first nine months increased by SEK 787m to SEK 4,532m (3,745) compared to the same period of last year for Branded packaged products. Organic growth was 15.1 per cent.

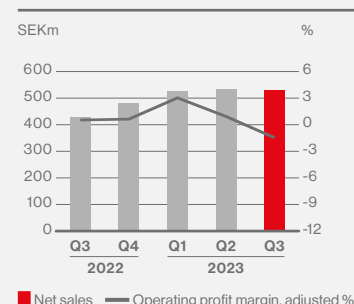
Business segment, share of sales



Branded packaged products



Pick & mix



Jul-Sep 2023 SEKm	Branded packaged products	Pick & mix	Total	Jan-Sep 2023 SEKm	Branded packaged products	Pick & mix	Total
Net sales	1,620	528	2,148	Net sales	4,532	1,587	6,119
Operating profit/loss, adjusted	216	-8	208	Operating profit, adjusted	586	13	599
Items affecting comparability			-7	Items affecting comparability			-38
Operating profit			201	Operating profit			561
Net financial items			36	Net financial items			-137
Profit before tax			237	Profit before tax			424
Income tax			-76	Income tax			-125
Profit for the period			161	Profit for the period			299

Jul-Sep 2022 SEKm	Branded packaged products	Pick & mix	Total	Jan-Sep 2022 SEKm	Branded packaged products	Pick & mix	Total
Net sales	1,372	426	1,798	Net sales	3,745	1,219	4,964
Operating profit, adjusted	186	2	188	Operating profit, adjusted	489	19	508
Items affecting comparability			-2	Items affecting comparability			-229
Operating profit			186	Operating profit			279
Net financial items			-32	Net financial items			-86
Profit before tax			154	Profit before tax			193
Income tax			-24	Income tax			-26
Profit for the period			130	Profit for the period			167

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK 586m (489). The increase in adjusted operating profit reflects that last year the pricing only partially offset the cost inflation as well as a favourable mix, partly offset by higher indirect costs.

Segment Pick & mix

Third quarter development

Net Sales

Net sales for the third quarter increased by SEK 102m to SEK 528m (426) compared to the same period of last year. Organic growth was 16.4 per cent.

Operating profit, adjusted

Operating loss, adjusted for items affecting comparability, amounted to SEK -8m (2). The decrease in adjusted operating profit was attributed to a provision for uncollectible receivables of approximately SEK 24m related Wilko, one of the largest retail customers in the UK, going into administration.

Development during the year

Net Sales

Net sales for the first nine months increased by SEK 368m to SEK 1,587m (1,219) compared to the same period of last year. Organic growth was 23.5 per cent.

Operating profit, adjusted

Operating profit, adjusted for items affecting comparability, amounted to SEK 13m (19). The decrease is attributed to the provision for uncollectible receivables of approximately SEK 24m related to Wilko. Excluding UK business the segment was driven by higher volumes and continued margin-enhancing initiatives, 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 2,581 (2,603).

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 third quarter

Sweden

JULESKUM – Banana caramel - Banana and caramel flavored foam
 JULESKUM – Chokladdoppat - Vanilla foam covered in chocolate
 POLLY – Juleskum - Strawberry foam covered in chocolate



The Netherlands

SPORTLIFE – Strawberry & Blueberry
 SPORTLIFE – Mango & Orange
 SPORTLIFE – Cherry & Coconut



Finland

AAKKOSET – Citrus choco - Citrus chocolate
 JENKKI – Ksylitolijoulukalenteri - Xylitol advent calendar
 MALACO – TV Mix Xmas - Choco & Nuts



Norway

POPS – Choco bites - Crispy nougat puffs covered in chocolate
 GODT & BLANDET – Ekte frukt - Real fruit, fruit mix



Denmark

SKIPPER'S PIPES MINI – Sweet licorice with pink sprinkles
 MALACO – Frække Fisk - Salt licorice and fruity wine gum mix
 MALACO – Søde Jordbær & Æbler - Sweet strawberries & apples



Cloetta

– a leading confectionery company in Northern Europe

1862

Founded in

2,600

Employees

> 50

Countries

7

Factories

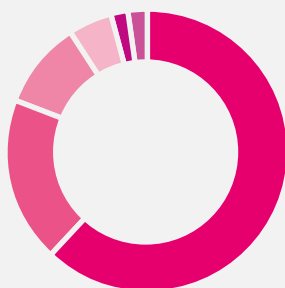
2

Business segments



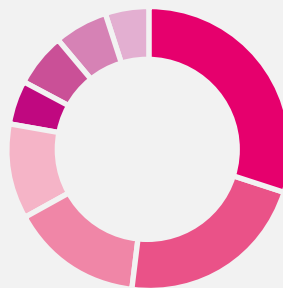
We believe in the Power of True Joy

Cloetta's net sales, July–September 2023



By Category

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



By Country

- 30% Sweden
- 22% Finland
- 15% The Netherlands
- 11% Denmark
- 5% The UK
- 6% Norway
- 6% Germany
- 5% International Markets

75%

Branded packaged products

25%

Pick & mix

69%

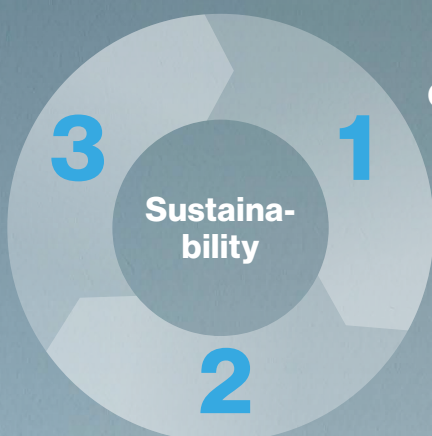
Nordic countries

31%

Other

Strategic priorities

Lower costs
and greater
efficiency



Growth leadership
in Branded packaged
products

Sustainable value
within the Pick & mix
business



Q3 highlights

1 Strong pricing driven growth in Branded

Activities

- Continued strong sales development, primarily driven by pricing.
- Continued efforts to drive higher-margin products such as new seasonal flavors for the Juleskum brand and further roll-out of Chewits Bites in more markets after success in the UK.
- Further optimisation of product portfolio and production technology to take out cost.

2 Double-digit growth in Pick & mix

Activities

- Volume growth through increased consumer activation, pricing and premiumisation of the offering.
- One large retail customer in the UK going into administration. Excluding the UK, growth in Pick & mix across all markets.
- Continued activation as part of the CandyKing concept – successful summer campaign for the brand across the Nordics.

3 Executing on strategy

Activities

- Continued to ramp up efforts on product portfolio rationalisation to take out cost and create capacity for profitable volume growth.
- Greenfield investment in line with estimates – expected new timeline will not negatively impact ROI.

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.

Q3 highlights

Consumer in focus

- Continued our work on meeting consumer demands for more vegan candy products. Our vegan options are now one third of the candy portfolio.

Portion control

- We are committing to transparent communication on packaging regarding responsible consumption of our products by specifying candy count per one serving.

Climate initiative

- Made further progress within the climate action program by improving our data collection process through collaboration with value chain partners for our scope 3 emissions, and structured our initiatives to accelerate the reduction of our scope 1 and 2 emissions.

“
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, 27 October 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

Financial calendar

Interim report Q4 2023	26 January 2024
Annual and sustainability report 2023	11 March 2024
Annual General Meeting 2024	9 April 2024
Interim report Q1 2024	26 April 2024
Interim report Q2 2024	12 July 2024
Interim report Q3 2024	25 October 2024

Contact

Catharina Kaijser,
Head of IR and Communication (interim) + 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 27 October 2023.

Auditor's report

Cloetta AB (publ)

corp. reg.no. 556308-8144

Introduction

We have reviewed the condensed interim financial information (interim report) of Cloetta AB (publ) as of 30 September 2023 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we

would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Malmö, 27 October 2023

Öhrlings PricewaterhouseCoopers AB

Sofia Götmar-Blomstedt
Authorized Public Accountant
Partner in charge

Erik Bergh
Authorized Public Accountant

Financial statements in summary

Consolidated profit and loss account

SEKm	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022– Sep 2023	Jan–Dec 2022
Net sales	2,148	1,798	6,119	4,964	8,024	6,869
Cost of goods sold	-1,524	-1,235	-4,237	-3,481	-5,494	-4,738
Gross profit	624	563	1,882	1,483	2,530	2,131
Selling expenses	-248	-234	-773	-726	-1,056	-1,009
General and administrative expenses	-175	-143	-548	-478	-726	-656
Operating profit	201	186	561	279	748	466
Exchange differences on cash and cash equivalents in foreign currencies	67	-52	-70	-116	-97	-143
Other financial income	33	35	89	65	107	83
Other financial expenses	-64	-15	-156	-35	-184	-63
Net financial items	36	-32	-137	-86	-174	-123
Profit before tax	237	154	424	193	574	343
Income tax	-76	-24	-125	-26	-167	-68
Profit for the period	161	130	299	167	407	275
<i>Profit for the period attributable to:</i>						
Owners of the Parent Company	161	130	299	167	407	275
Earnings per share, SEK						
Basic ¹	0.56	0.45	1.05	0.58	1.43	0.96
Diluted ¹	0.56	0.45	1.05	0.58	1.42	0.96
Number of shares outstanding at end of period ¹	285,405,738	287,028,670	285,405,738	287,028,670	285,405,738	285,405,738
Average number of shares (basic) ¹	285,405,738	287,028,670	285,405,738	287,028,670	285,592,486	286,806,351
Average number of shares (diluted) ¹	285,669,444	287,109,813	285,662,173	287,134,987	285,818,118	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	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022– Sep 2023	Jan–Dec 2022
Profit for the period	161	130	299	167	407	275
<i>Other comprehensive income</i>						
Remeasurement of defined benefit pension plans	9	2	8	145	16	153
Income tax on remeasurement of defined benefit pension plans	-2	-1	-2	-31	-3	-32
Items that will never be reclassified to profit or loss for the period	7	1	6	114	13	121
Currency translation differences	-155	98	217	364	349	496
Hedge of a net investment in a foreign operation	39	-27	-57	-97	-90	-130
Income tax on hedge of a net investment in a foreign operation	-7	5	11	18	18	25
Items that are or may be reclassified to profit or loss for the period	-123	76	171	285	277	391
Total other comprehensive income	-116	77	177	399	290	512
Total comprehensive income, net of tax	45	207	476	566	697	787
<i>Total comprehensive income for the period attributable to:</i>						
Owners of the Parent Company	45	207	476	566	697	787

Net financial items

SEKm	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022– Sep 2023	Jan–Dec 2022
Exchange differences on cash and cash equivalents in foreign currencies	67	-52	-70	-116	-97	-143
Other financial income, third parties	27	5	61	11	71	21
Unrealised gains on single currency interest rate swaps	-3	29	-	53	4	57
Realised gains on single currency interest rate swaps	9	1	28	1	32	5
Total other financial income	33	35	89	65	107	83
Interest expenses third-party borrowings and realised losses on single currency interest rate swaps	-52	-11	-124	-27	-145	-48
Amortisation of capitalised transaction costs	-1	-1	-4	-2	-5	-3
Unrealised losses on single currency interest rate swaps	-4	-	-14	-	-14	-
Other financial expenses, third parties	-7	-3	-14	-6	-20	-12
Total other financial expenses	-64	-15	-156	-35	-184	-63
Net financial items	36	-32	-137	-86	-174	-123

Condensed consolidated balance sheet

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	6,021	5,806	5,883
Property, plant and equipment	1,683	1,535	1,581
Deferred tax asset	37	56	43
Derivative financial instruments	14	23	25
Other financial assets	4	4	3
Total non-current assets	7,759	7,424	7,535
Current assets			
Inventories	1,368	1,091	1,090
Other current assets	1,404	1,231	1,074
Derivative financial instruments	32	32	34
Cash and cash equivalents	310	373	583
Total current assets	3,114	2,727	2,781
TOTAL ASSETS	10,873	10,151	10,316
EQUITY AND LIABILITIES			
Equity	5,201	4,803	4,994
Non-current liabilities			
Long-term borrowings	2,320	2,219	2,277
Deferred tax liability	922	920	884
Provisions for pensions and other long-term employee benefits	331	351	345
Provisions	165	102	107
Total non-current liabilities	3,738	3,592	3,613
Current liabilities			
Short-term borrowings	201	208	207
Other current liabilities	1,731	1,545	1,496
Provisions	2	3	6
Total current liabilities	1,934	1,756	1,709
TOTAL EQUITY AND LIABILITIES	10,873	10,151	10,316

Condensed consolidated statement of changes in equity

SEKm	9 months		Full Year
	Jan–Sep 2023	Jan–Sep 2022	Jan–Dec 2022
Equity at beginning of period	4,994	4,515	4,515
Profit for the period	299	167	275
Other comprehensive income	177	399	512
Total comprehensive income	476	566	787
Transactions with owners			
Purchase of treasury shares	-	-	-34
Share-based payments	16	9	13
Dividend ¹	-285	-287	-287
Total transactions with owners	-269	-278	-308
Equity at end of period	5,201	4,803	4,994

¹ The dividend paid in 2023 comprised a dividend of SEK 1.00 (1.00) per share.

Condensed consolidated cash flow statement

SEKm	Third quarter		9 months		Rolling 12	Full Year
	Jul–Sep 2023	Jul–Sep 2022	Jan–Sep 2023	Jan–Sep 2022	Oct 2022– Sep 2023	Jan–Dec 2022
Cash flow from operating activities before changes in working capital	208	234	636	599	859	822
Cash flow from changes in working capital	-15	55	-336	-361	-278	-303
Cash flow from operating activities	193	289	300	238	581	519
Cash flows from investments in property, plant and equipment and intangible assets	-70	-66	-198	-174	-238	-214
Cash flow from other investing activities	2	0	2	1	2	1
Cash flow from investing activities	-68	-66	-196	-173	-236	-213
Cash flow from operating and investing activities	125	223	104	65	345	306
Cash flow from financing activities	-19	-20	-353	-346	-413	-406
Cash flow for the period	106	203	-249	-281	-68	-100
Cash and cash equivalents at beginning of period	137	205	583	692	373	692
Cash flow for the period	106	203	-249	-281	-68	-100
Exchange difference	67	-35	-24	-38	5	-9
Total cash and cash equivalents at end of period	310	373	310	373	310	583

Condensed consolidated key figures

SEKm	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022-Sep 2023	Jan-Dec 2022
Profit						
Net sales	2,148	1,798	6,119	4,964	8,024	6,869
Net sales, change, %	19.5	14.8	23.3	13.2	21.1	13.6
Organic net sales, change, %	12.2	11.5	17.1	10.2	15.3	10.0
Gross margin, %	29.1	31.3	30.8	29.9	31.5	31.0
Depreciation	-76	-62	-221	-188	-284	-251
Amortisation	-3	-3	-8	-8	-11	-11
Impairment loss other non-current assets	3	-6	26	-132	22	-136
Operating profit, adjusted	208	188	599	508	782	691
Operating profit margin, adjusted %	9.7	10.5	9.8	10.2	9.7	10.1
Operating profit (EBIT)	201	186	561	279	748	466
Operating profit margin (EBIT margin), %	9.4	10.3	9.2	5.6	9.3	6.8
EBITDA, adjusted	288	255	830	706	1,079	955
EBITDA	277	257	764	607	1,021	864
Profit margin, %	11.0	8.6	6.9	3.9	7.2	5.0
Segments						
Branded packaged products						
Net sales	1,620	1,372	4,532	3,745	5,956	5,169
Operating profit, adjusted	216	186	586	489	766	669
Operating profit margin, adjusted %	13.3	13.6	12.9	13.1	12.9	12.9
Pick & mix						
Net sales	528	426	1,587	1,219	2,068	1,700
Operating profit/loss, adjusted	-8	2	13	19	16	22
Operating profit margin, adjusted %	-1.5	0.5	0.8	1.6	0.8	1.3
Financial position						
Working capital	1,064	751	1,064	751	1,064	701
Capital expenditure	81	75	252	209	339	296
Net debt	2,179	2,005	2,179	2,005	2,179	1,855
Capital employed	8,053	7,581	8,053	7,581	8,053	7,823
Return on capital employed, % (Rolling 12 months)	10.9	6.8	10.9	6.8	10.9	7.2
Equity/assets ratio, %	47.8	47.3	47.8	47.3	47.8	48.4
Net debt/equity ratio, %	41.9	41.7	41.9	41.7	41.9	37.1
Return on equity, % (Rolling 12 months)	7.8	6.5	7.8	6.5	7.8	5.5
Equity per share, SEK	18.2	16.7	18.2	16.7	18.2	17.5
Net debt/EBITDA, x (Rolling 12 months)	2.0	2.2	2.0	2.2	2.0	1.9
Cash flow						
Cash flow from operating activities	193	289	300	238	581	519
Cash flow from investing activities	-68	-66	-196	-173	-236	-213
Cash flow after investments	125	223	104	65	345	306
Free cash flow	123	223	102	64	343	305
Free cash flow yield (Rolling 12 months), %	6.6	7.4	6.6	7.4	6.6	5.1
Cash flow from operating activities per share, SEK	0.7	1.0	1.1	0.8	2.0	1.8
Employees						
Average number of employees	2,581	2,603	2,580	2,605	2,580	2,598

Reconciliation of alternative performance measures key figures

SEKm	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022– Sep 2023	Jan–Dec 2022
Items affecting comparability						
Acquisitions, integration and restructurings	-7	-2	-38	-231	-56	-249
<i>of which: impairment loss other non-current assets</i>	4	-4	28	-130	24	-134
Other items affecting comparability	-	-	-	2	22	24
Items affecting comparability	-7	-2	-38	-229	-34	-225
<i>Corresponding line in the condensed consolidated profit and loss account:</i>						
Cost of goods sold	-3	-2	-27	-222	-15	-210
Selling expenses	1	-	1	-4	1	-4
General and administrative expenses	-5	0	-12	-3	-20	-11
Total	-7	-2	-38	-229	-34	-225
Operating profit, adjusted						
Operating profit	201	186	561	279	748	466
Minus: Items affecting comparability	-7	-2	-38	-229	-34	-225
Operating profit, adjusted	208	188	599	508	782	691
Net sales	2,148	1,798	6,119	4,964	8,024	6,869
Operating profit margin, adjusted, %	9.7	10.5	9.8	10.2	9.7	10.1
EBITDA, adjusted						
Operating profit	201	186	561	279	748	466
Minus: Depreciation	-76	-62	-221	-188	-284	-251
Minus: Amortisation	-3	-3	-8	-8	-11	-11
Minus: Impairment loss other non-current assets	3	-6	26	-132	22	-136
EBITDA	277	257	764	607	1,021	864
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	-11	2	-66	-99	-58	-91
EBITDA, adjusted	288	255	830	706	1,079	955
Capital employed						
Total assets	10,873	10,151	10,873	10,151	10,873	10,316
Minus: Deferred tax liability	922	920	922	920	922	884
Minus: Non-current provisions	165	102	165	102	165	107
Minus: Current provisions	2	3	2	3	2	6
Minus: Other current liabilities	1,731	1,545	1,731	1,545	1,731	1,496
Capital employed	8,053	7,581	8,053	7,581	8,053	7,823

Reconciliation alternative performance measures, continued

	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
SEKm						
Capital employed comparative period previous year	7,581	7,328	7,581	7,328	7,581	7,388
Average capital employed	7,817	7,455	7,817	7,455	7,817	7,606
Return on capital employed						
Operating profit (Rolling 12 months)	748	436	748	436	748	466
Financial income (Rolling 12 months)	107	69	107	69	107	83
Operating profit plus financial income (Rolling 12 months)	855	505	855	505	855	549
Average capital employed	7,817	7,455	7,817	7,455	7,817	7,606
Return on capital employed, %	10.9	6.8	10.9	6.8	10.9	7.2
Free cash flow yield						
Cash flow from operating activities (Rolling 12 months)	581	606	581	606	581	519
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)	-238	-229	-238	-229	-238	-214
Free cash flow (Rolling 12 months)	343	377	343	377	343	305
Number of shares outstanding	285,405,738	287,028,670	285,405,738	287,028,670	285,405,738	285,405,738
Free cash flow per share (Rolling 12 months), SEK	1.20	1.31	1.20	1.31	1.20	1.07
Market price per share, SEK	18.26	17.61	18.26	17.61	18.26	20.86
Free cash flow yield (Rolling 12 months), %	6.6	7.4	6.6	7.4	6.6	5.1
Changes in net sales						
Net sales	2,148	1,798	6,119	4,964	8,024	6,869
Net sales comparative period previous year	1,798	1,566	4,964	4,384	6,626	6,046
Net sales, change	350	232	1,155	580	1,398	823
Minus: Changes in exchange rates	131	52	302	132	387	217
Organic growth	219	180	853	448	1,011	606
Organic growth, %	12.2	11.5	17.1	10.2	15.3	10.0

Quarterly data

SEKm	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Profit and loss account									
Net sales	2,148	1,998	1,973	1,905	1,798	1,626	1,540	1,662	1,566
Cost of goods sold	-1,524	-1,358	-1,355	-1,257	-1,235	-1,267	-979	-1,057	-1,015
Gross profit	624	640	618	648	563	359	561	605	551
Selling expenses	-248	-267	-258	-283	-234	-246	-246	-276	-209
General and administrative expenses	-175	-191	-182	-178	-143	-174	-161	-172	-163
Operating profit/loss	201	182	178	187	186	-61	154	157	179
Exchange differences on cash and cash equivalents in foreign currencies	67	-66	-71	-27	-52	-70	6	9	-1
Other financial income	33	33	23	18	35	13	17	4	2
Other financial expenses	-64	-53	-39	-28	-15	-10	-10	-12	-12
Net financial items	36	-86	-87	-37	-32	-67	13	1	-11
Profit/loss before tax	237	96	91	150	154	-128	167	158	168
Income tax	-76	-23	-26	-42	-24	34	-36	-11	-32
Profit/loss for the period	161	73	65	108	130	-94	131	147	136
<i>Profit/loss for the period attributable to:</i>									
Owners of the Parent Company	161	73	65	108	130	-94	131	147	136
Key figures									
Profit									
Depreciation, amortisation and impairment	-76	-77	-50	-70	-71	-194	-63	-63	-66
Operating profit, adjusted	208	191	200	183	188	162	158	157	180
EBITDA, adjusted	288	271	271	249	255	230	221	220	246
EBITDA	277	259	228	257	257	133	217	220	245
Operating profit margin, adjusted %	9.7	9.6	10.1	9.6	10.5	10.0	10.3	9.4	11.5
Operating profit margin (EBIT margin), %	9.4	9.1	9.0	9.8	10.3	-3.8	10.0	9.4	11.4
Earnings per share, SEK									
Basic and diluted ¹	0.56	0.26	0.23	0.38	0.45	-0.33	0.46	0.51	0.47
Segments									
Branded packaged products									
Net sales	1,620	1,464	1,448	1,424	1,372	1,213	1,160	1,284	1,204
Operating profit, adjusted	216	186	184	180	186	154	149	152	171
Operating profit margin, adjusted %	13.3	12.7	12.7	12.6	13.6	12.7	12.8	11.8	14.2
Pick & mix									
Net sales	528	534	525	481	426	413	380	378	362
Operating profit/loss, adjusted	-8	5	16	3	2	8	9	5	9
Operating profit margin, adjusted %	-1.5	0.9	3.0	0.6	0.5	1.9	2.4	1.3	2.5
Financial position									
Share price, last paid, SEK	18.26	19.61	21.88	20.86	17.61	20.96	25.74	26.20	27.12
Return on equity, % (Rolling 12 months)	7.8	7.3	4.1	5.5	6.5	7.0	10.5	10.5	9.1
Equity per share, SEK	18.2	18.0	18.0	17.5	16.7	16.0	16.5	15.7	15.2
Net Debt/EBITDA, x (Rolling 12 months)	2.0	2.3	2.0	1.9	2.2	2.4	1.9	2.0	2.5
Cash flow									
Free cash flow	123	2	-23	241	223	-136	-23	313	238
Cash flow from operating activities per share, SEK	0.7	0.3	0.1	1.0	1.0	-0.3	0.1	1.3	1.0

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	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Items affecting comparability									
Acquisitions, integration and restructurings	-7	-9	-22	-18	-2	-225	-4	0	-1
<i>of which: impairment loss non-current assets</i>	4	3	21	-4	-4	-126	-	-	-
Other items affecting comparability	-	-	-	22	-	2	-	-	-
Items affecting comparability	-7	-9	-22	4	-2	-223	-4	0	-1
<i>Corresponding line in the condensed consolidated profit and loss account:</i>									
Cost of goods sold	-3	-4	-20	12	-2	-220	-	1	-
Selling expenses	1	-	-	-	-	-	-4	-	-
General and administrative expenses	-5	-5	-2	-8	0	-3	-	-1	-1
Total	-7	-9	-22	4	-2	-223	-4	0	-1
Operating profit, adjusted									
Operating profit/loss	201	182	178	187	186	-61	154	157	179
Minus: Items affecting comparability	-7	-9	-22	4	-2	-223	-4	0	-1
Operating profit, adjusted	208	191	200	183	188	162	158	157	180
Net sales	2,148	1,998	1,973	1,905	1,798	1,626	1,540	1,662	1,566
Operating profit margin, adjusted, %	9.7	9.6	10.1	9.6	10.5	10.0	10.3	9.4	11.5
EBITDA, adjusted									
Operating profit/loss	201	182	178	187	186	-61	154	157	179
Minus: Depreciation	-76	-78	-67	-63	-62	-66	-60	-61	-63
Minus: Amortisation	-3	-2	-3	-3	-3	-2	-3	-2	-3
Minus: Impairment loss other non-current assets	3	3	20	-4	-6	-126	-	-	-
EBITDA	277	259	228	257	257	133	217	220	245
Minus: Items affecting comparability (excl. impairment loss other non-current assets)	-11	-12	-43	8	2	-97	-4	0	-1
EBITDA, adjusted	288	271	271	249	255	230	221	220	246
Capital employed									
Total assets	10,873	10,916	10,732	10,316	10,151	9,774	9,878	9,549	9,544
Minus: Deferred tax liability	922	929	893	884	920	918	894	863	881
Minus: Non-current provisions	165	162	148	107	102	105	1	-	-
Minus: Current provisions	2	2	2	6	3	5	6	5	7
Minus: Other current liabilities	1,731	1,764	1,726	1,496	1,545	1,377	1,422	1,293	1,328
Capital employed	8,053	8,059	7,963	7,823	7,581	7,369	7,555	7,388	7,328
Capital employed comparative period previous year	7,581	7,369	7,555	7,388	7,328	7,157	7,382	7,198	7,515
Average capital employed	7,817	7,714	7,759	7,606	7,455	7,263	7,469	7,293	7,422

Reconciliation alternative performance measures, continued

SEKm	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Return on capital employed									
Operating profit (Rolling 12 months)	748	733	490	466	436	429	616	565	522
Financial income (Rolling 12 months)	107	109	89	83	69	36	25	9	6
Operating profit plus financial income (Rolling 12 months)	855	842	579	549	505	465	641	574	528
Average capital employed	7,817	7,714	7,759	7,606	7,455	7,263	7,469	7,293	7,422
Return on capital employed, %	10.9	10.9	7.5	7.2	6.8	6.4	8.6	7.9	7.1
Free cash flow yield									
Cash flow from operating activities (Rolling 12 months)	581	677	516	519	606	598	831	858	800
Cash flows from investments in property, plant and equipment and intangible assets (Rolling 12 months)	-238	-234	-211	-214	-229	-206	-201	-194	-197
Free cash flow (Rolling 12 months)	343	443	305	305	377	392	630	664	603
Number of shares outstanding	85,405,738	85,405,738	85,405,738	285,405,738	287,028,670	287,028,670	287,028,670	287,028,670	288,619,299
Free cash flow per share (Rolling 12 months), SEK	1.20	1.55	1.07	1.07	1.31	1.37	2.19	2.31	2.09
Market price per share, SEK	18.26	19.61	21.88	20.86	17.61	20.96	25.74	26.20	27.12
Free cash flow yield (Rolling 12 months), %	6.6	7.9	4.9	5.1	7.4	6.5	8.5	8.8	7.7
Changes in net sales									
Net sales	2,148	1,998	1,973	1,905	1,798	1,626	1,540	1,662	1,566
Net sales comparative period previous year	1,798	1,626	1,540	1,662	1,566	1,420	1,398	1,466	1,474
Net sales, change	350	372	433	243	232	206	142	196	92
Minus: Changes in exchange rates	131	100	71	85	52	37	43	-7	-19
Organic growth	219	272	362	158	180	169	99	203	111
Organic growth, %	12.2	16.7	23.5	9.5	11.5	11.9	7.1	13.8	7.5

Parent company

Condensed parent company profit and loss account

SEKm	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022– Sep 2023	Jan-Dec 2022
Net sales	28	27	89	72	114	97
Gross profit	28	27	89	72	114	97
General and administrative expenses	-27	-29	-90	-87	-126	-123
Operating profit/loss	1	-2	-1	-15	-12	-26
Net financial items	-36	-5	-78	0	-148	-70
Loss before tax	-35	-7	-79	-15	-160	-96
Income tax	6	3	15	4	31	20
Loss for the period	-29	-4	-64	-11	-129	-76

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

Condensed parent company balance sheet

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets	5,412	5,367	5,386
Current assets	66	8	33
TOTAL ASSETS	5,478	5,375	5,419
EQUITY AND LIABILITIES			
Equity	2,147	2,575	2,480
Non-current liabilities			
Borrowings	946	940	941
Provisions	3	6	5
Total non-current liabilities	949	946	946
Current liabilities			
Borrowings	149	149	149
Other current liabilities	2,233	1,705	1,844
Total current liabilities	2,382	1,854	1,993
TOTAL EQUITY AND LIABILITIES	5,478	5,375	5,419

Condensed parent company statement of changes in equity

SEKm	9 months		Full Year
	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Equity at beginning of period	2,480	2,864	2,864
Loss for the period	-64	-11	-76
Total comprehensive income	-64	-11	-76
Transactions with owners			
Share-based payments	16	9	13
Purchase of treasury shares	-	-	-34
Dividend ¹	-285	-287	-287
Total transactions with owners	-269	-278	-308
Equity at end of period	2,147	2,575	2,480

1 The dividend paid in 2023 comprised a dividend of SEK 1.00 (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, 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	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022–Sep 2023	Jan-Dec 2022
Net sales						
Branded packaged products	1,620	1,372	4,532	3,745	5,956	5,169
Pick & mix	528	426	1,587	1,219	2,068	1,700
Total	2,148	1,798	6,119	4,964	8,024	6,869

Breakdown of net sales by category

%	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022–Sep 2023	Jan-Dec 2022
Net sales						
Candy	62	60	62	61	62	62
Chocolate	19	19	19	19	19	19
Pastilles	10	10	10	10	10	10
Chewing gum	5	6	5	5	5	5
Nuts	2	3	2	3	2	2
Other	2	2	2	2	2	2
Total	100	100	100	100	100	100

Breakdown of net sales by country

	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
%						
Sweden	30	29	29	30	30	30
Finland	22	22	22	21	21	21
The Netherlands	15	14	15	15	15	14
Denmark	11	10	10	9	10	9
The UK	5	6	5	6	5	6
Norway	6	6	6	7	6	7
Germany	6	6	6	6	6	6
International Markets	5	7	7	6	7	7
Total	100	100	100	100	100	100

Leases

Right-of-use assets

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
Land and buildings	86	65	104
Transportation	50	42	40
Other equipment	4	14	11
Total right-of-use assets	140	121	155

Additions to the right-of-use assets were SEK 12m (9) during the quarter and SEK 55m (36) during the first nine months.

Lease liability

SEKm	30 Sep 2023	30 Sep 2022	31 Dec 2022
Current	55	61	61
Non-current (between 1 and 5 years)	76	60	83
Non-current (over 5 years)	11	1	12
Total Lease liability	142	122	156

The non-current lease liability of SEK 87m (61) is reflected in the 'long-term borrowings'. The current lease liability of SEK 55m (61) is reflected in the 'short-term borrowings'.

Depreciation charge right-of-use assets

	Third quarter		9 months		Rolling 12	Full Year
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022
SEKm						
Land and buildings	-9	-8	-27	-23	-38	-34
Transportation	-8	-4	-23	-22	-30	-29
Other equipment	-6	-3	-17	-9	-21	-13
Total depreciation charge right-of-use assets	-23	-15	-67	-54	-89	-76

Other disclosures

	Third quarter		9 months		Rolling 12	Full Year	Recognised in:
	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Oct 2022- Sep 2023	Jan-Dec 2022	
SEKm							
Interest expense	-1	0	-3	-1	-4	-2	net financial items, in the profit and loss account
Expense relating to leases of low-value assets that are not short-term leases	-1	-1	-1	-1	-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	-3	-5	-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	-5	-2	-18	-14	-25	-21	cost of goods sold, selling expenses and general and administrative expenses, in the profit and loss account
Total cash outflow for leases	-23	-19	-68	-56	-88	-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 the increase of a tax provision in the UK, 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:

30 Sep 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	-	1,277	-	1,277				
• Single currency interest rate swaps	46	-	-	46	-	46	-	46
• Cash and cash equivalents	-	310	-	310				
Total assets	46	1,587	-	1,633	-	46	-	46
Financial liabilities								
• Loans from credit institutions	-	-	2,242	2,242				
• Commercial papers	-	-	149	149				
• Lease liabilities	-	-	142	142				
• Trade and other payables, excluding other taxes and social security payables	-	-	1,492	1,492				
Total liabilities	-	-	4,025	4,025	-	-	-	-

31 Dec 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	-	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	-	-	-	-

30 Sep 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	-	1,095	-	1,095				
• Single currency interest rate swaps	55	-	-	55	-	55	-	55
• Cash and cash equivalents	-	373	-	373				
Total assets	55	1,468	-	1,523	-	55	-	55
Financial liabilities								
• Loans from credit institutions	-	-	2,162	2,162				
• Commercial papers	-	-	149	149				
• Lease liabilities	-	-	122	122				
• Trade and other payables, excluding other taxes and social security payables	-	-	1,305	1,305				
Total liabilities	-	-	3,738	3,738	-	-	-	-

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 30 September 2023. Net sales in the Parent Company amounted to SEK 89m (72) and relate mainly to intra-group services. Operating loss was SEK -1m (-15). Net financial items totaled SEK -78m (0). Loss before tax was SEK -79m (-15) and loss for the period was SEK -64m (-11). 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 September 2023, a total of 98,951,307 shares were traded for a combined value of SEK 2,015m,

equivalent to around 35 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 September 2023 was SEK 22.82 (23 February) and the lowest was SEK 17.63 (7 September). The share price on 30 September 2023 was SEK 18.26 (last price paid). During the period from 1 January to 30 September 2023, the Cloetta share decreased by 12.5 per cent while the Nasdaq OMX Stockholm PI index increased by 1.7 per cent. Cloetta's share capital at 30 September 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 30 September 2023 Cloetta had 3,213,561 class B shares in treasury.

Shareholders

On 30 September 2023, Cloetta AB had 43,506 shareholders. The largest shareholder was AB Malfors Promotor with a holding corresponding to 41.9 per cent of the votes and 31.5 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 2.8 per cent of the votes and 3.3 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	30 Sep 2023	30 Sep 2022	31 Dec 2022
EUR, average	11.4844	10.5314	10.6346
EUR, end of period	11.5325	10.8993	11.1218
NOK, average	1.0117	1.0524	1.0532
NOK, end of period	1.0248	1.0298	1.0578
GBP, average	13.2016	12.4291	12.4689
GBP, end of period	13.3388	12.3435	12.5397
DKK, average	1.5418	1.4155	1.4295
DKK, end of period	1.5465	1.4656	1.4956



Cloetta

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 83 00 • www.cloetta.com

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