

ARYZTA AG

Presentation on the dual mandate



Agenda – Board Rationale for Dual Mandate

1

Executive Summary

2

Background

3

Turnaround delivers on all targets since EGM

4

Recruitment process

5

Strong Corporate governance rules in place to manage Chair/Interim CEO role

6

Positive feedback and support from analysts and leading shareholders

ARYZTA Participants



Urs Jordi

Chair of the Board &
interim CEO



Jörg Riboni

Lead Independent Director
& Audit Committee Chair

1. Executive Summary

- ✿ In November 2020 the Board appointed the Chairman Urs Jordi as interim CEO when the former CEO ceased his role
- ✿ Under Urs Jordi's leadership ARYZTA has successfully delivered on all targets set since EGM Sept 2020
- ✿ ARYZTA has the highest standards of governance and independence at board level. Furthermore, RemCo absorbed last year's feedback on compensation, incorporated the feedback from shareholders and has taken steps.
- ✿ ARYZTA's Board first appointed a Lead Independent Director in November, 2020 with powers and duties set out in the Organizational Regulations to ensure adequate control mechanisms are in place to deter any risk of concentration of power
- ✿ While the ARYZTA Board is committed to having a separate Chair and CEO, no suitable candidate emerged during initial CEO recruitment process which was conducted by the independent directors of the Board
- ✿ **Therefore, the Board is of the unanimous opinion that shareholders' interests are best served by supporting the prudent proposal to temporarily extend the dual mandate until 31 December 2024**
 - ✿ to preserve the stability and momentum of the current leadership
 - ✿ to deliver the medium-term Plan FY23-25 which the Company presented to shareholders in June 2022, and
 - ✿ to navigate the extraordinary challenges of the new inflationary environment
- ✿ The Board is firmly committed to splitting the roles. The Board wants to retain Urs Jordi as Chairman and appoint a permanent CEO. **The Chairman will be seeking re-election at the AGM as a combined single vote (board member & Chair)**

Urs Jordi (Swiss) Chair & interim CEO



- Business economist, NKS (Aarau, Baden)
- A trained baker and confectioner
- Over 25 years of experience in various national and international food companies at management and board level
- He serves on the board of Schweizer Zucker AG

- He held various prior management positions within the Hiestand and ARYZTA Group, including
 - CEO of the listed Hiestand Holding AG (from 2008 within ARYZTA AG) and COO (from 2002 to 2007)
 - CEO ARYZTA Food Europe & Asia Pacific (2010 to 2013)

- Member and Chair of the ARYZTA AG Board in September 2020
- Appointed by the ARYZTA Board as interim CEO (dual mandate) on 19 November 2020.

2. Background

- **FY17/20 Continuous Net Losses** from continued operations was c.€2.5 billion
- **FY17/20 Erosion of Shareholder value**
 - the share price losing 80% of its value closing at CHF 0.58 at end of FY20 (July 2020)
 - €800m capital increase in FY18 to assure business continuity
- **Sept 2020 EGM a Vote for Change & Board Refreshment**
 - Extraordinary General Meeting requested by a group of shareholders in Sept 2020
 - Four directors resigned and were replaced by 3 new directors, among them Urs Jordi, who was also appointed Chair of the Board
 - Board refreshment continued at the AGM 2020 with 3 further replacements
- **Board implemented Management change**
 - In November 2020 the former CEO ceased his role
 - The Board evaluated all options and appointed Urs Jordi as interim CEO
 - The Board appointed the Lead Independent Director and changed the Organizational Regulations
 - Late 2020/early 2021 the recruitment process for the permanent CEO was initiated
 - The Board is firmly committed to appointing a permanent CEO and retaining Urs Jordi as Chairman

3. Turnaround Plan delivers on all targets since EGM

2021 Asset Sales - North America and Brazil operations were sold

2022 Deleverage

- the total net debt has declined from €1.9 billion at end of FY20 to €1.1 billion at end of FY22
- in FY22 ARYZTA repurchased €50m of its Euro Hybrid bond, at a discount of 4%
- confirmed plans to reduce the size of this bond

Refocussing the Business

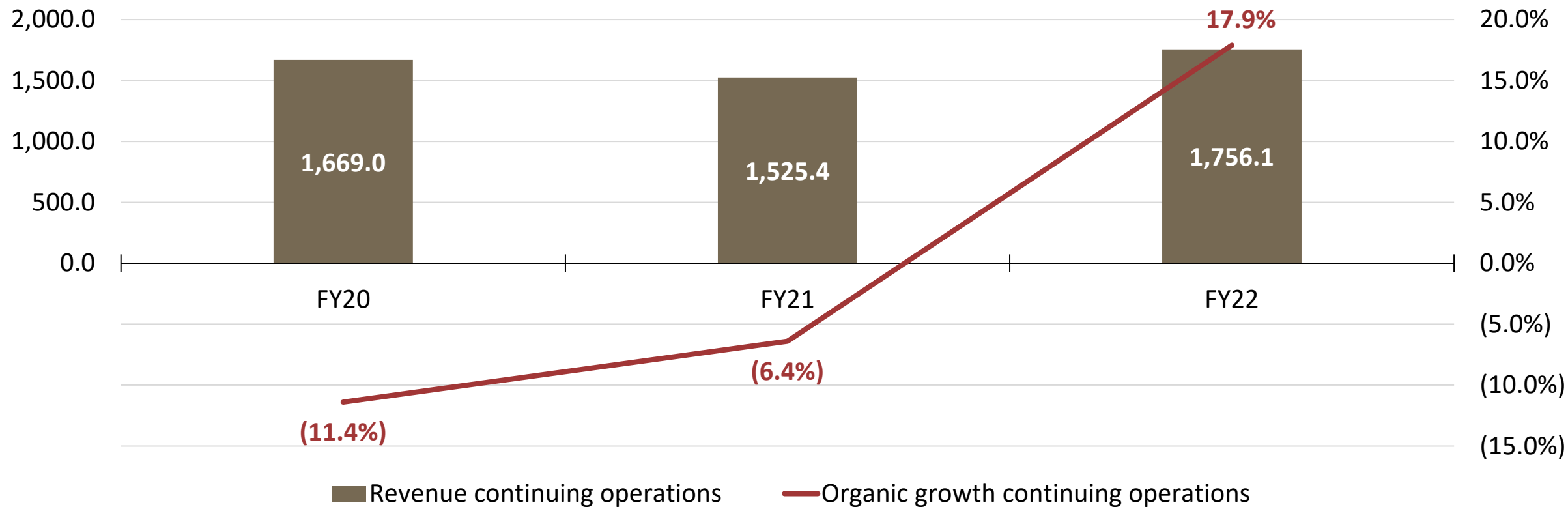
- Company has evolved to a lean, multi-local business model with local responsibility for profitability and customer engagement
- Removed substantial costs and complexity resulting in a reduction in group overhead costs and an increase in EBITDA margins

Significant Improvements delivered in FY22

- In FY22 the Company was able to make a net profit for the first time since FY16
- Organic revenue was at 17.9%, EBITDA margin improved by 110bps to 12.5%
- Free cash from activities increased from prior year to €109.7m

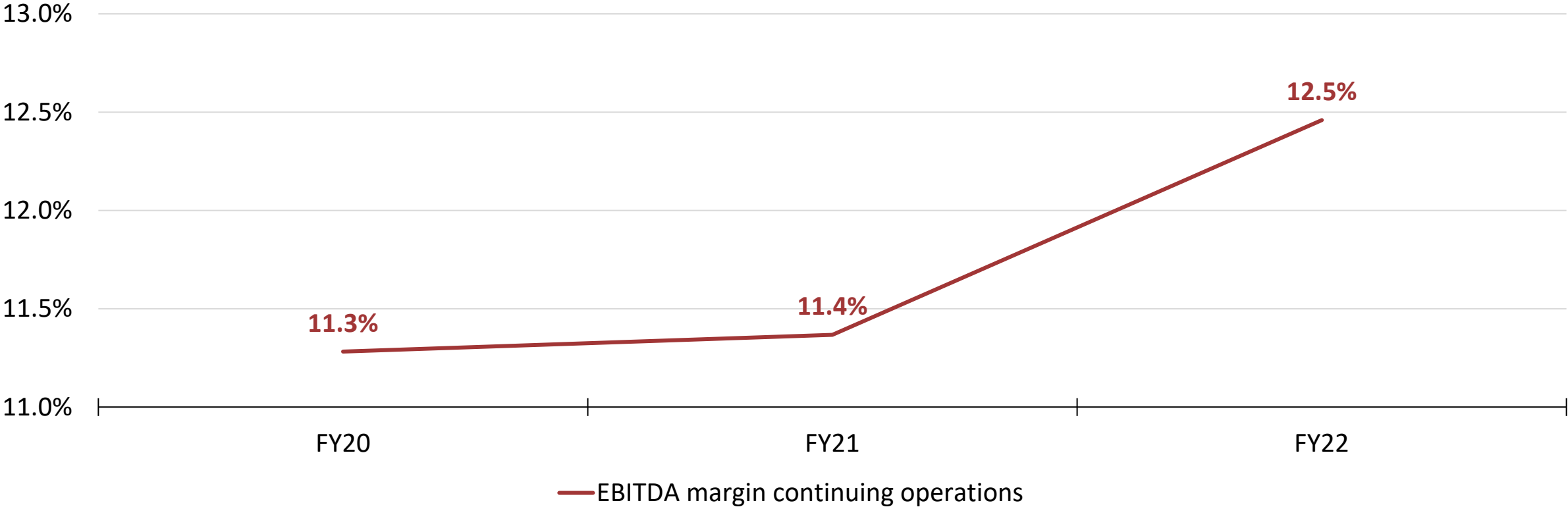
Revenue & organic growth from continuing operations

Revenue in €m / organic growth in %

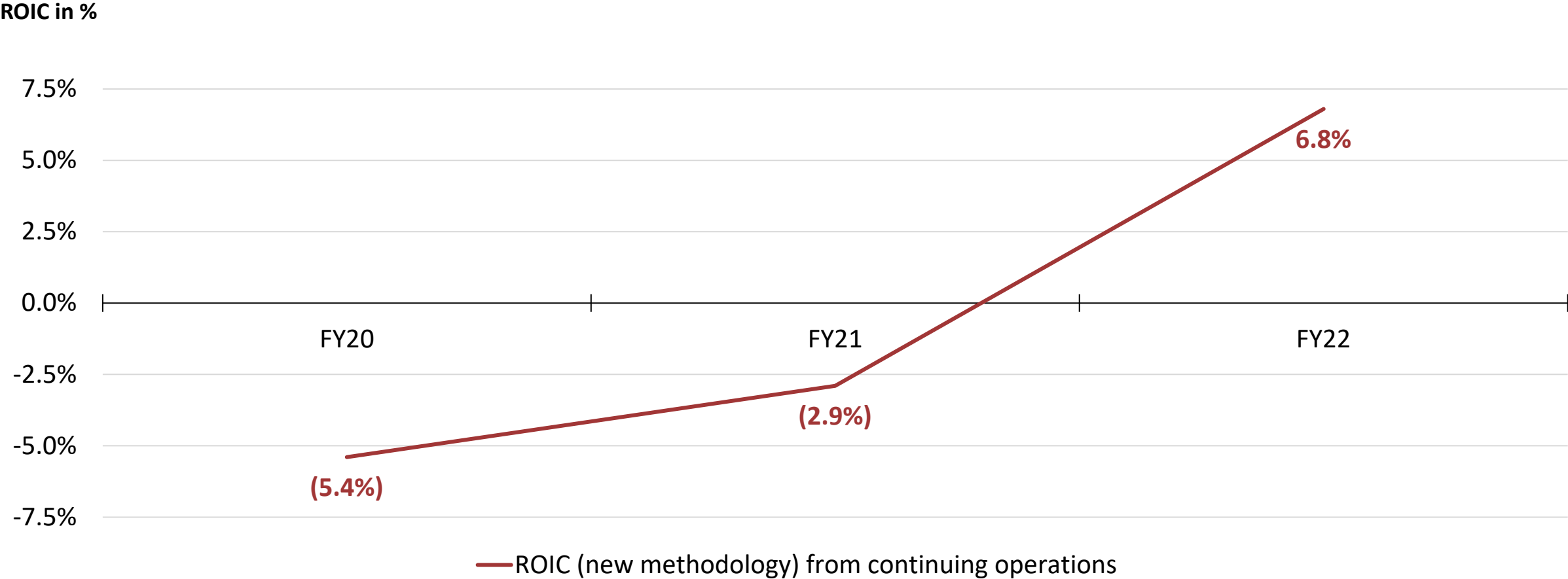


EBITDA margin from continuing operations

EBITDA margin as % of revenue

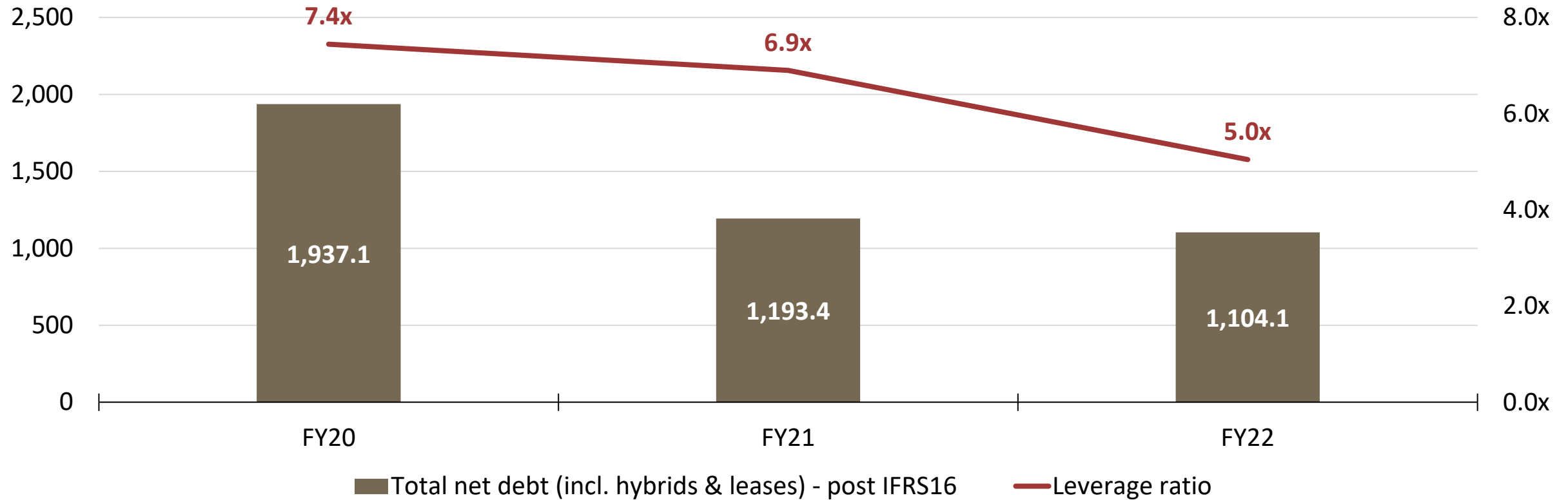


Return on invested capital (ROIC) from continuing operations

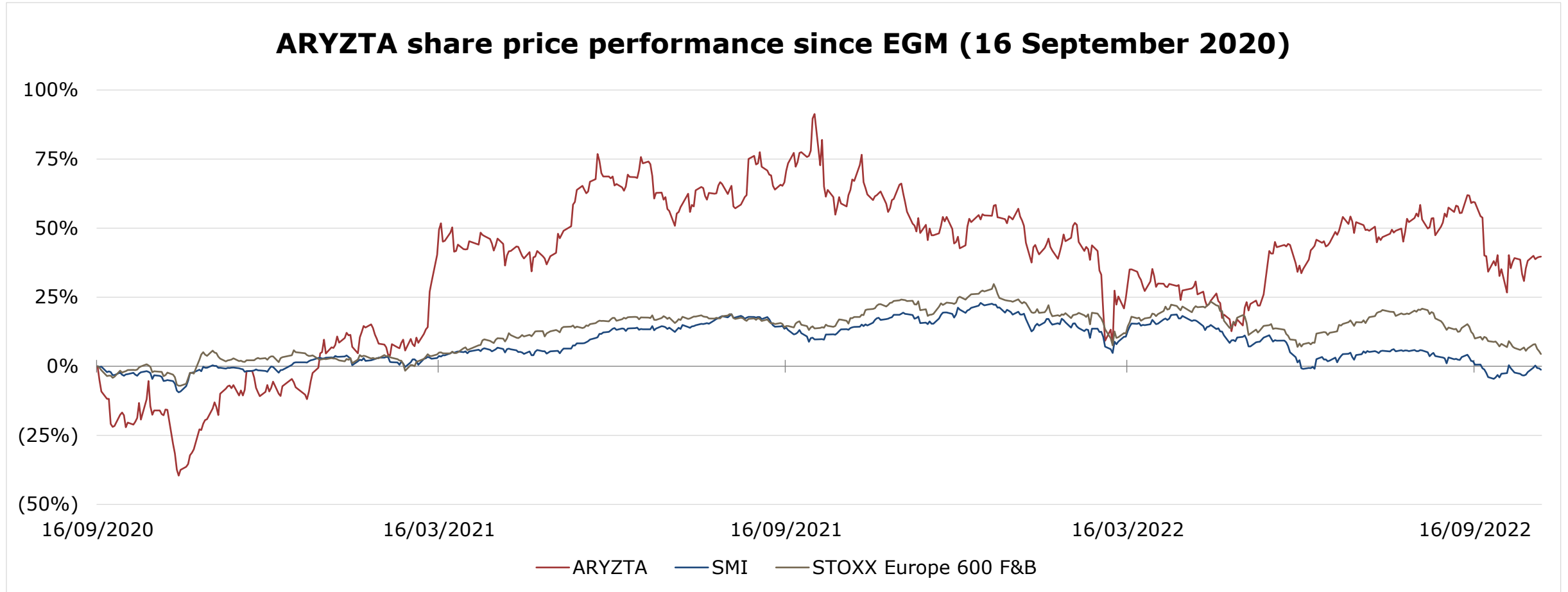


Net debt (incl. hybrids & leases) – post IFRS16 & leverage ratio

Net debt in €m / leverage ratio as net debt divided by EBITDA



Share price performance since EGM



Next Phase in Turnaround Plan

- All the work done since 2021 has been under an increasingly negative and volatile international economic environment
- In June 2022 the Company presented to shareholders a medium-term Plan FY23-25, with a target for FY25 of
 - revenue exceeding €2 billion (FY22 pricing)
 - 14.5% EBITDA margin
 - 3x Total net Debt to EBITDA ratio
- A potential economic slowdown now looms with the extraordinary challenges of the new inflationary environment with increases in the price of energy, raw materials, interest rates
- Management stability is critical to delivery of the medium-term Plan

Lead Independent Director & AC Chair



Jörg Riboni was appointed Lead Independent Director after AGM 2021

- Masters in economics from the University of St. Gallen (lic. oec. HSG) and is a certified public accountant
- 2013 to 2019, CFO of the Emmi Group, Lucerne
- 2005 to 2012 CFO of the Forbo Group
- 1997 to 2005 CFO of the Sarna Group, Sarnen; Baar
- 1995 to 1997 CFO of Jelmoli, Zurich
- currently Chair or member of the Board of Directors of various privately-held companies.
- Dec 2020 joined ARYZTA AG Board as a non-executive member
- Chair of the ARYZTA Audit Committee

CEO Recruitment Process

- Late 2020/early 2021 the CEO recruitment search was initiated and an external search company was appointed
- The Board sought a candidate with:-
 - (i) proven track record in delivering operational transformation
 - (ii) in-depth knowledge of and senior management experience in the food manufacturing industry
 - (iii) capable of delivering multi-year revenue growth and profitability
 - (iv) strengthening the capabilities needed to be competitive in the future
- A long list of candidates evolved into a shortlist of candidates who were interviewed
- The Board would have appointed a permanent CEO, however, no suitable candidate emerged during the initial recruitment process
- While the ARYZTA Board is firmly committed to having a separate Chair and CEO, in the circumstances, the Board decided that the best option was to extend the dual mandate for a further interim period until 31 Dec 2024

Board decides status quo is the best option

- The continuation of the dual mandate until 31 December 2024 will:-
 - ✿ preserve the stability and momentum of the current leadership
 - ✿ ensure the **delivery of the medium-term Plan FY23-25**
 - ✿ allow management time to navigate the extraordinary challenges of the new inflationary environment
 - ✿ allow an orderly recruitment, appointment and transition of a new permanent CEO
 - ✿ attract suitable, high calibre candidates as the Company recovers further and becomes a more stable business
 - ✿ safeguard the current performance dynamics, management stability and market perception
- On that basis the Board will re-start a new recruitment process for the permanent CEO in the second half of next year taking into account the lead in time, appointment of a new search firm, the lengthy process involved in screening candidates and taking into account employment notice period and on-boarding into the business.

Strong Corporate governance rules in place

- The Chairman has a very strong profile with analysts and shareholders. The Board wants to preserve that profile and stability at Chair level. The interim CEO role is temporary.
- The Board first appointed a Lead Independent Director in November, 2020 when the Chairman was first appointed in the dual role
- The appointment of a Lead Independent Director is in line with the Swiss Code of Best Practice for Corporate Governance
- This ensures adequate control mechanisms on the Board to deter any risk of concentration of power
- The Board amended the Organizational Regulations in November 2020 to set out the powers and duties of the Lead Independent Director (set out in the Appendix)
- Importantly, the Lead Independent Director can convene the Board, whenever required, in the absence of the Chairman/interim CEO and conduct the assessment of the Chairman/interim CEO's performance

Lead Independent Director oversees good governance

“The Lead Independent Director may call and any Board Member has the right to request a non-executive session, without the presence of the Group CEO, at any time to discuss any matters”. (ARYZTA Organizational Regulations)

The Lead Independent Director (“LID”):-

- Chair of the Audit Committee
- convenes frequent non-executive Board sessions with key decisions recorded
- promotes an active role for the other non-executive Board members
- led the last Board self-evaluation process conducted in July 2022 and an assessment of the performance of Urs Jordi as interim CEO
- together with the Chair of RemCo, proposes the interim CEO compensation package for decision by the non-executive directors
- meets individually with the Interim CEO and the CFO on a regular and lengthy basis
- has full access to the Company Secretary and external legal advice if and when required

Additional safeguards to ensure best in class governance

- ARYZTA Board 6 directors of which 5 are independent, vocal, actively engaged and enquiring
- Non-executive Board members demonstrate independence of judgement
- All Board members have significant international business experience
- Board members have 100% attendance at Board meetings in last year
- All Committees are comprised of fully independent directors only – the Chairman/interim CEO is not a member of the Audit Committee, RemCo or NomCo and attends for parts of the meetings only if and when formally invited by the relevant Chair

The Market has Responded Positively and Supportively to the Board's decision announced on Oct 3 2022



"Chairman Urs Jordi will also remain as CEO until December 2024, which we welcome."

"Current CEO Urs Jordi will remain in his position until end 2024, being good news to us".



"Given Mr. Jordi is seen as a key factor for the successful transformation (unlike his CEO predecessors) we see the contract extension as positive for investor sentiment".

"Stability in the management team: Urs Jordi will remain ad interim CEO until the end of FY24".

Vontobel

Analysts covering ARYZTA are supportive of the Board's decision to continue the dual role until 31 December, 2024.

No negative comments about the dual role were found in other analyst reports.

Shareholder Feedback

- Post Results Announced October 3 2022
- ARYZTA management held the normal round of shareholder meetings
- Included meetings with a significant number of its top 20 shareholders
- Shareholder feedback on Board's decision to temporarily extend the Chairman's role as interim CEO was:-
 - overwhelmingly positive, welcoming and supportive of the temporary continuation of dual mandate
 - ARYZTA considered a special situation by many shareholders
 - viewed as preserving management continuity and stability in a volatile macro environment, and
 - underpinning confidence around the delivery of the midterm plan

The Board seeks your support on the extension of the dual mandate

- ✿ While the ARYZTA Board is firmly committed to having a separate Chair and CEO, and would have appointed a permanent CEO, however, no suitable candidate emerged during initial CEO recruitment process
- ✿ The Board is convinced that it is in the best interests of the business and its key stakeholders to preserve the stability and momentum of the current leadership
- ✿ The key objectives of the Board are:-
 - ✿ to deliver the medium-term Plan FY23-25
 - ✿ to preserve the stability and momentum of the current leadership
 - ✿ to navigate the extraordinary challenges of the new inflationary environment
 - ✿ to act in the best interest of our shareholders and shareholder value creation
 - ✿ to become a more stable and successful business so as to attract suitable, high calibre candidates for the CEO role
 - ✿ to recruit and appoint a suitable, high calibre, permanent CEO by 31 December, 2024
 - ✿ to ensure an orderly and well received transition to the new permanent CEO
- ✿ The Board has put in place robust governance safeguards to deter any risk of concentration of power
- ✿ The Board is firmly committed to splitting the roles. The Board wants to retain Urs Jordi as Chairman and appoint a permanent CEO. **The Chairman will be seeking re-election at the AGM as a combined single vote (Board member & Chair)**
- ✿ **An ABSTENTION counts as a vote AGAINST under the ARYZTA Articles of Association**

Thank you

Appendix

Strong governance rules underpins Chair/Interim CEO role

ARYZTA ORGANIZATIONAL REGULATIONS

“The Lead Independent Director is required to:

lead the Board in the absence of the Chair to ensure independence and leadership for the independent directors, in particular, if the following items are on the agenda:

(i) assessment of the work of the Group CEO or any matter involving the Group CEO's conduct or capacity; (ii) decision on the compensation package of the Group CEO; (iii) decision on the Board's proposal to the General Meeting for the re- election of the Chair;

create an appropriate information flow and communication system among the independent Board members;

collect and relay any issues or concerns of independent Board members to the Chair;

handle communication on behalf of the independent Board members and facilitate communication, where appropriate, between shareholders and independent Board members; and

be available to act as a point of contact for shareholders and stakeholders who wish to conduct discussions with an independent Board member, including with concerns that have not been resolved or are not raised through the normal channels;

undertake such specific additional duties or functions as the Board may entrust to the Lead Independent Director from time to time”.