
Annual Report and Accounts 2021

Letter to Shareholders

Dear Shareholder,

On behalf of the Board of Directors of ARYZTA AG, I wish to thank you for the overwhelming support and trust that you placed in us and our strategy to rebuild shareholder value after years of disappointment and value destruction.

I am happy to report that good progress on delivering this strategy has been achieved. The journey to rebuild ARYZTA has started, the turnaround is on track but much remains to be done.

Swift implementation of new strategy pays off

ARYZTA has a board with robust bakery, financial, governance, and turnaround expertise. We have also implemented a new, agile management structure that was completed recently with the appointment of our new CFO.

ARYZTA is evolving towards a solid business with dedicated high calibre employees, well-invested assets and leading market positions, serving the world's most successful retailers, QSRs and food service customers. Our plan focuses on reshaping our core business in our core markets striving to achieve the gold standard for oven baked freshness.

In the past year we have reorganised the business from an inefficient and costly global structure to a lean, multi-local business model with local responsibility for profitability and customer engagement. This has removed substantial costs and complexity and allows us to reduce group overhead costs by at least 25% on an annual basis. This has also enhanced employee morale and commitment to our new strategy.

Substantially strengthened financial position

In March 2021 we announced the disposal of our business in North America for \$850m and in August 2021 we announced the signing of a binding agreement for the disposal of our Brazilian business. These transactions were achieved ahead of time and the overall proceeds secured are also ahead of expectations, reflecting the strong buyer interest in the well invested assets being sold.

These disposals enabled ARYZTA to significantly improve its financial position as net debt was reduced from €1,010.7m to €220.1m. In addition we agreed a new five year €500m revolving credit facility with our lenders. This, combined with significant improvements in the underlying business performance, allows us to take the next step in improving our balance sheet with the announcement to pay deferred and actual interest payments on all Hybrid Instruments. This enables us to consider future options such as repaying current Hybrid principals to the extent of our financial capacity.

Return to organic growth and sustainable profitability increase

As a result of the immediate implementation of our multi-local, lean, and more agile business model, ARYZTA returned to organic growth for the first time in many years in the second half of our financial year 2021. Organic growth for the continuing operations amounted to 2.6% in Q3 and 22.8% in Q4 of FY 2021 and we are optimistic that this encouraging development sustains.

Annual Report and Accounts 2021

Letter to Shareholders

(continued)

Overall, continuing operations of ARYZTA achieved revenues of €1,525.4m and an Underlying EBITDA of €173.4m corresponding to a slightly improved operating margin of 11.4% despite the strong negative volume decrease of (7.0)% driven by COVID. Total Group Underlying net profit was €5.2m, up from a prior year loss of (€18.0m). Cash flow from operating activities improved significantly due to disciplined working capital management and reached €10.6m versus (€84.5m) a year ago.

Outlook

For FY 2022 we expect to achieve mid-single digit organic growth and return to a sustainable net profit as the benefits of the significant restructuring and re-organisation continue to bear fruit. We have clear objectives to strengthen our European business performance to at least in line or better than our comparable European bakery peers, to continue to grow our footprint in Asia and to improve the Group EBITDA towards the run rate target.

Board and Management would like to thank all our employees for their professional commitment to the business and our customers during these challenging times.

We look forward to reporting further progress in the current year, delivering on our commitment to create a strong ARYZTA.



Urs Jordi
Chair, Board of Directors
4 October 2021