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RESILIENCE BRILLIANCE

One of the largest speciality bakery groups in the UK

Diversified by category, channel and geography

Operating in large markets

Broad range of customers across channels

Diversified manufacturing capabilities

Strong and evolving brand portfolio

#1 in a number of speciality categories including Celebration Cakes, Branded Organic Bread & Premium Round Cakes



Record sales performance

H1 actions to mitigate inflationary pressures will be reflected in H2 profitability

Group revenue up 9% to £166.5m, representing a record H1 sales performance

Robust volumes drove revenue growth, with:

- a continuation of the strong recovery in UK foodservice, up 26%;
- UK retail up 1.5% and
- 32% growth in our overseas division

Group EBITDA £11.9m (H1 2020: £13.1m)

Profit before tax of £5.7m, reflecting the impact of unforecasted inflationary pressures in H1 with price recovery now in place for H2 and FY

Basic EPS 3.2p

Expect to deliver a FY performance in line with market expectations

Increased stake in Lightbody from 50% to 85% with option to acquire the remaining 15% after two years

Reflects our continued desire to invest behind our European growth and is underpinned by proven ability to create value through acquisition

Reinstatement of dividend at 2.4p for the year ended 26 June 2021

0.83p interim dividend proposed to be paid on 21 April 2022



Continued operational excellence guided by Operating Brilliance Programme

Continued to drive the Operating Brilliance Programme throughout the pandemic

Operating Brilliance Programme delivering significant operational efficiency helping, in the short term, to offset inflationary pressure and supply chain disruptions

Clear sustainability agenda backed by science-based targets driving continued improvement in energy and waste management

Continued investment in development, engagement and health and well-being of employees

Grown cake branded portfolio by 11.6% YoY, ahead of the wider branded Cake market which has grown at 7.7%

Gaming products continue to be a big trend within cake – Xbox is now the biggest selling branded Celebration cake product

Innovation in Gluten Free recipes and product quality is driving organic growth in both the UK and Europe

Successful track record of navigating challenging market conditions

Now a stronger and more united business than ever before



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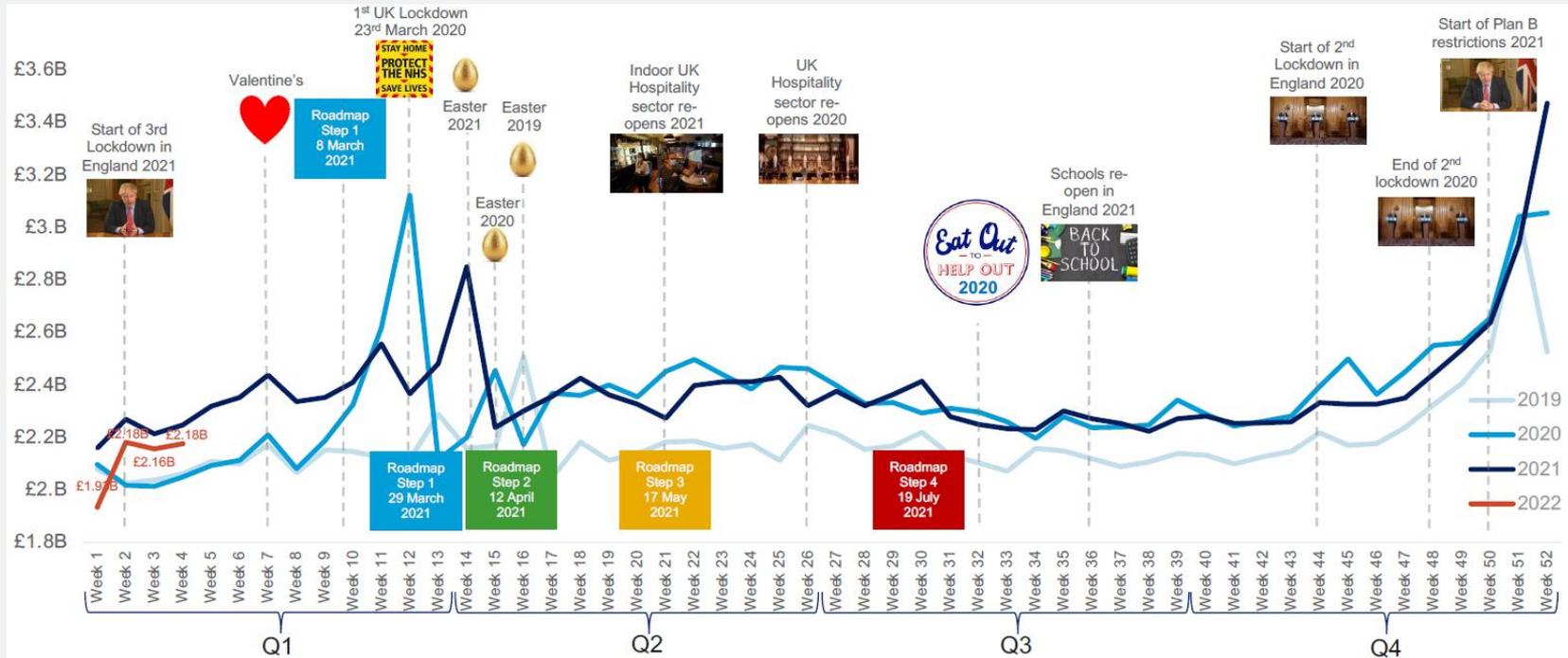
Market overview



UK grocery market

Sales in calendar H2 2021 gradually fell behind the previous year as the grocery channel annualised on a period of tougher social restrictions. This trend has continued in early 2022.

However, sales remain ahead of pre-pandemic levels.

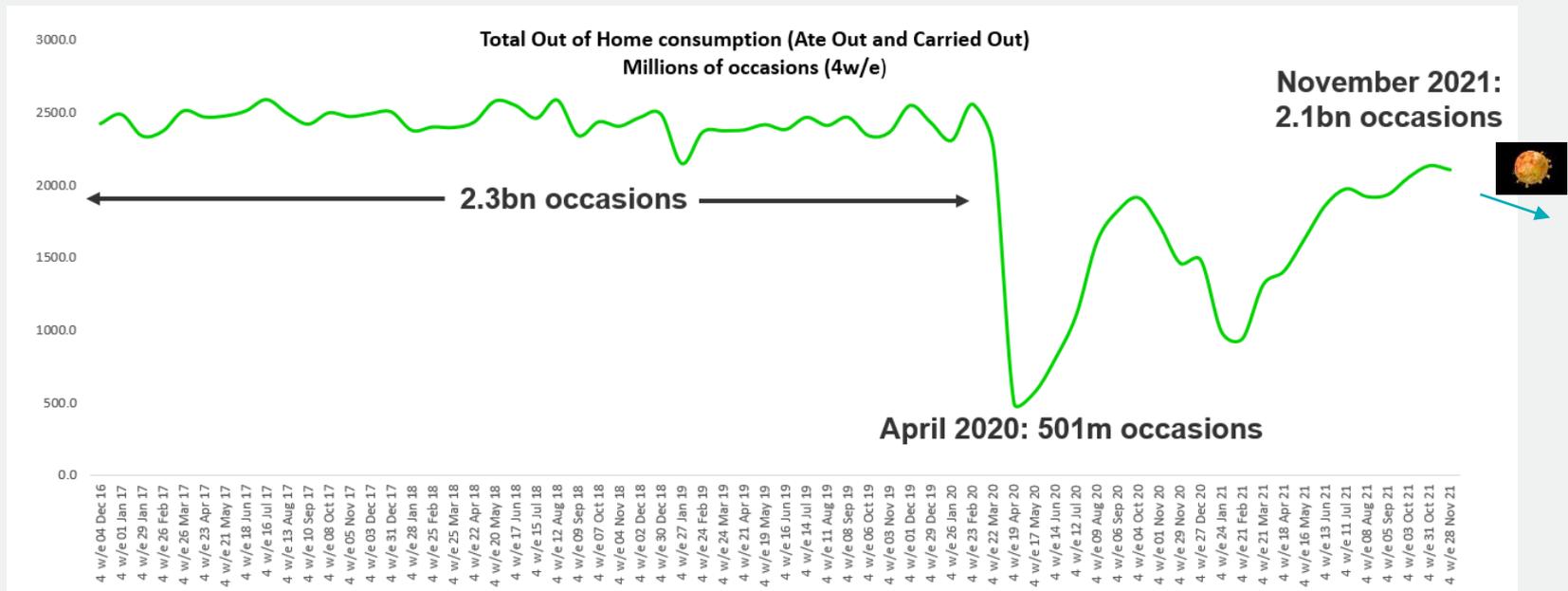


Source: IRI Retailer Advantage | Total Market | All Products | Latest Week (w/e 22/01/2022) | Value
 Note: retailers included –Tesco, ASDA, Sainsbury's, Morrisons, Co-op, Waitrose, Iceland, Ocado, M&S



UK Out of Home

UK Out of Home occasions bounced back strongly in H2 2021, albeit below pre-pandemic levels, pointing to further upside



Source: Kantar Usage Panel



Prevailing consumer trends...

Snacking at home

38m more snacking moments every week now vs Pre COVID



Health more front of mind

Consumption for health reasons now higher than Pre COVID



Takeaways more everyday

Occasion growth continues while average spend falls



Cost of living concerns grow

Food & fuel inflation, rising energy prices, National Insurance hike



Source: Kantar Usage and OOH Panels



A robust performance

Retail Bread and Morning Goods

Finsbury

+2.7%^

VS

Market

+3.1%*

Retail Cake

Finsbury

+5.1%^

VS

Market

+6.2%**

Foodservice Bread & Morning Goods

Finsbury

+15.0%^

VS

Market

N/A

Foodservice Cake

Finsbury

+26.2%^

VS

Market

N/A

Overseas

Finsbury

+30.0%^

VS

Market

N/A

*Kantar Worldpanel 52 we 26 Dec 202

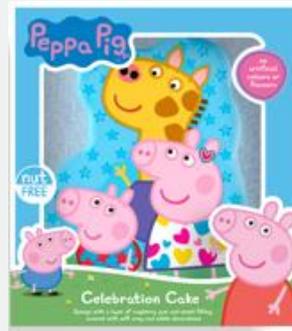
**IRI 52 we 1st Jan 2022

^RTM to end 1H



Continued innovation in line with customer trends

Vegan, artisan and wellness; Strong licensed brand portfolio



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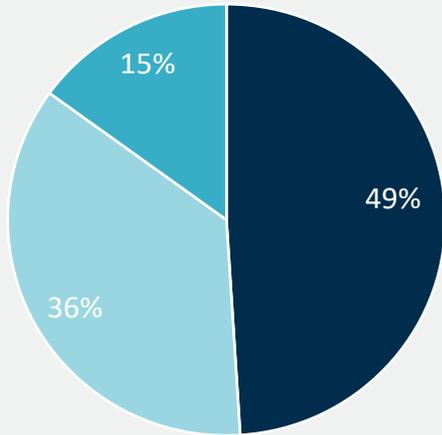
A diversified, well
invested and innovative
Bakery Group



Well diversified across category, channel and customers

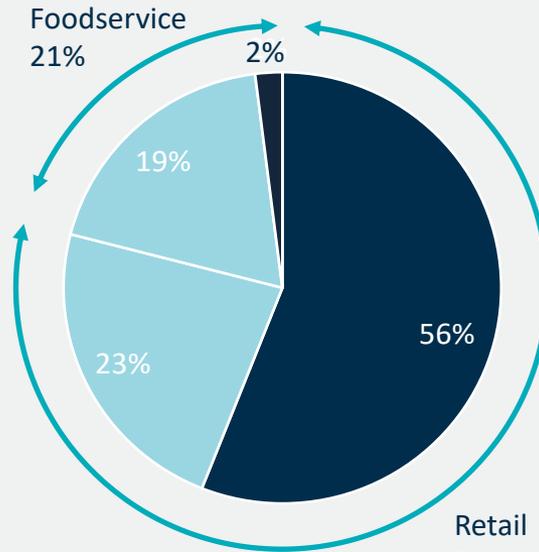
Overseas (H1 21: 12%) & Foodservice (H1 21: 17%) bounced back with strong growth

By Business



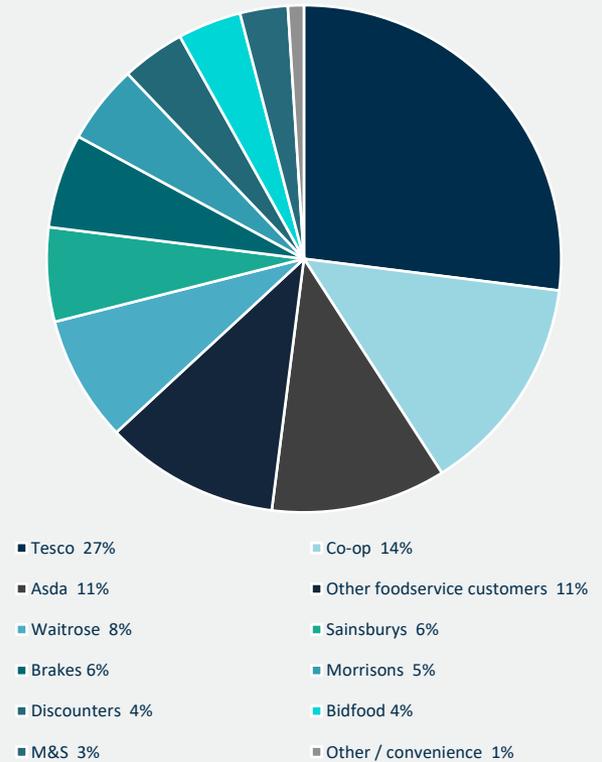
■ Cake ■ Bread ■ Overseas

By Channel (UK Bakery)



■ Cake ■ Bread

By Customers (UK Bakery)



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Financial Review



Financial summary

The H1 2022 performance reflects strong volume led revenue growth in Foodservice, Retail and our Overseas business coupled with the onset of substantial inflationary pressure. The Group's successful price recovery and mitigating actions will benefit H2 2022 profitability

Revenue

+8.9%



Gross margin

-1.5%



Operating profit¹

-15.8%



Operating margin¹

-1.1%



EBITDA¹

-9.2%



PBT¹

-16.7%



Diluted EPS²

-19.0%



Bank debt

Decrease of
£8.6m



¹ Profit is before significant non-recurring and other items.

² Profit before significant non-recurring and other items and amortisation of intangibles.

Sector revenue and operating profit

	UK Bakery			Overseas		
	HY 2021	HY 2022	Change	HY 2021	HY 2022	Change
Revenue (£'000)	134.6	142.3	5.7%	18.3	24.2	32.3%
Gross margin (% of NSV)	34.3%	33.5%	-0.8%	24.0%	20.6%	-3.4%
Operating profit (£'000)	6.4	4.7	-27.0%	1.3	1.8	40.9%
Operating margin	4.8%	3.3%	-1.5%	6.9%	7.4%	0.4%



Cashflow

	HY 2021 £m	HY 2022 £m
EBITDA	13.1	11.9
Net working capital movement	(0.1)	(2.6)
Capex	(2.4)	(1.9)
Lease payments*	(1.3)	(0.9)
Interest	(0.5)	(0.4)
Tax	(2.0)	(1.3)
Free Cashflow	6.8	4.8
Dividend paid	-	(3.0)
Shares (purchased for employee benefit trust/share options exercised)	(1.0)	-
Payment to non-controlling interest, FX and other items	(0.7)	(1.0)
Decrease in Debt before closure and acquisition costs	5.1	0.8
Acquisition, Closure and commissioning costs	(0.1)	(0.6)
Decrease / (increase) in debt	5.0	0.2

* Lease payments exclude asset finance lease payments classed as bank debt repayment.



Significant debt reduction and strong long term banking relationships

Debt

- Net debt as at 25 December 2021 is £12.9m with £90m available facilities (£55m credit & further £35m accordion)
- Debt:EBITDA at 0.5x (pre-IFRS measure in line with banking covenants)
- New facilities will be in place by year end
- The facility and the potential for it to be increased further provides increased capacity for the Group to explore future growth opportunities and support its long-term investment strategy

Pensions

- IAS19 Deficit - £14.5m
- Annual contribution to deficit of £500k
- Next accounting valuation update will be carried out at 2 July 2022
- Next actuarial valuation will be carried out as at 31 December 2021



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Strategy and Outlook



Building the leading speciality bakery group in line with a consistent strategy and operating principles

Purpose: Baking brilliance making everyday special

Strategy:



Operating excellence

We continually invest in our bakeries to improve our efficiency and customer satisfaction

Sustainable approach

We optimise our use of resources and focus on reducing waste throughout our supply chain and in our bakeries

Quality and innovations

Our innovative, high-quality bakery products reflect changing customer need and anticipate key market trends

Cost effectiveness

We maintain strict cost controls without compromising quality, streamlining our processes from sourcing to delivery

Growth with our partners

Through long-term relationships with our customers, and an understanding of their needs, we can all enjoy profitable growth

People who care

We invest in our people, who take personal pride in their contribution to our success, and are strong advocates of our business and products



ESG – Recent developments

Acting as a responsible business is at the core of the Group's strategy. Finsbury aims to always operate in an ethical and sustainable way and to help our people play a positive role in the communities where we operate.



Environmental (Planet)

- Energy monitoring is in place across all business with improvement projects in place. Water monitoring to follow.
- Utilisation of our Operating Brilliance Programme to drive sustainability through projects such as the reuse of waste heat within areas of a factory
- Certified zero waste to landfill across the business
- Completion of conversion to LED lighting at all bakeries by the end of FY22



Social (Community & People)

- Further roll out of Facebook Workplace to include front line population to ensure the Group remains connected and engaged
- Progressed our Health and Wellbeing Strategy including campaigns across all 3 pillars of Mental, Physical and Financial Wellbeing
- Strong community engagement and partnerships with national charities Grocery Aid & FareShare



Governance

- Governance framework and reporting in compliance with QCA Corporate Governance Code
- Group Operations Forum & Group Risk Steering Committee govern and audit against both regulatory requirements as well as what we should do
- Ongoing development of Group Risk Processes which are an active feed into the business strategy sessions



Opportunity for significant sales growth

Organic growth through:

- Gaining market share in existing areas, such as Free From, licenced celebration cakes (UK and overseas) and artisan bread
- Further diversifying existing product capability into new channels and customers such as foodservice, food-to-go and discounters
- Improving competitiveness and ability to fulfil customers and consumer needs

Targeted acquisitions with a clear strategic fit:

- Accelerate market consolidation in our core product areas
- Further diversify the business through new product, category, customer, channels by geography

**Future acquisition
timing dependent
on meeting our
returns criteria**

**Banking facilities
support acquisition
strategy**



**A robust,
well
invested
Group,
positioned
to benefit
from
recovery**

TRACK RECORD OF NAVIGATING DIFFICULT MARKETS

- Continue to be proactive in working through industry-wide pressures internally and with customer base in much the same way as done in H1
- Strong track record of successfully navigating challenging market conditions, and supported by a robust, unified and agile organisational infrastructure, remains confident in its ability to continue to do so

EXPECT TO DELIVER FY PERFORMANCE IN LINE WITH EXPECTATIONS

- Positive signs of trading momentum rebuilding combined with the positive impact on H2 profitability of the actions taken in H1

AMBITION TO BUILD ON THE STRENGTH OF THE GROUP - WITH M&A

- Further compelling opportunities to build on the Group's strengths and use experience, relationships and operating knowhow to create value for shareholders and enhance scale
- Significant balance sheet capacity to fund acquisitions such as Lightbody Europe
- Prepared to use equity for larger, transformative transactions provided they meet strict returns criteria including EPS accretion

“We are pleased to have been able to deliver a record revenue performance in the first half, a demonstration of Finsbury’s resilience and strategic focus. We are now a stronger and more united business than ever before and continue to reap the benefits of our Operating Brilliance Programme .

We continue to see opportunities for significant sales growth through gaining market share in existing areas, and targeted acquisitions, both bolt on and transformational.”



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Q&A



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Appendices



One of the largest speciality bakery groups in the UK

Diversified by category, channel and geography

- UK and Europe
- Cake, bread and morning goods
- Retail and Foodservice

Operating in large markets

- UK bread and cake retail market of over £5.4bn
- UK Foodservice channel serving a UK market of over £1.6bn

Broad range of channels and blue chip customers

- UK retail
 - Supermarkets, discounters, convenience
- UK foodservice
 - Hotels, pubs, restaurants, high-street chains, fast food outlets, contract caterers
- International markets
 - France, Belgium, Netherlands, Ireland, Switzerland and Scandinavia

Diversified manufacturing capabilities in cake, bread and morning goods*

- Cake, bread and morning goods
 - Celebration, sharing and snacking cakes, retailer own label, artisan loaves, buns
 - Range of Free from products in bread and cake

Foodservice

- Sweet and savoury baked goods
 - Floured baps, brioche buns, bite style cakes

*Increasingly products available in free from and vegan offerings

A strong and evolving branded portfolio

- Longstanding relationships with many license brands
 - Mars, Thorntons, Mary Berry, Disney, Baileys, Xbox
- Brand portfolio including Kara foodservice and Wiso Free From



Significant shareholders at 21 January 2022

	Amount	% Holding
Ruffer Investment Mgt	25,087,500	19.24%
Fidelity Worldwide Investment	12,544,780	9.62%
Investec Wealth & Investment	12,251,470	9.40%
Premier Miton Group	8,489,675	6.51%
Canaccord Genuity Group Inc	6,735,600	5.17%
Finsbury Food Group Employee Benefit Trust	5,988,987	4.59%
London Finance & Investment Group P.L.C	4,500,000	3.45%
Hargreaves Lansdown PLC	4,368,758	3.35%
Interactive Investor Trading	4,060,214	3.11%



Delivery in line with a consistent strategy

Invest

Invest in our people and our manufacturing sites to form a strong foundation for our strategy.

Innovate

Create innovative high-quality bakery products that anticipate key market trends.

Customer Focus

Ensure customer and consumer needs are at the heart of our decision making.

Balanced Portfolio

Develop a strong licensed brand portfolio to complement our core retailer brand relationships.

Multi Channel

Succeed in both the retail grocery and out-of-home channels.

Drive Growth

Grow through a combination of organic growth and targeted acquisitions.

Vision: To build the leading speciality bakery group

