

Better

Together

John Duffy Chief Executive Officer

Steve Boyd Finance Director

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 niches including Celebration Cakes, Branded Organic Bread & Premium Round Cakes



A resilient performance despite continued challenging backdrop

Strong progressive improvement since initial lockdown

- Positive retail channel performance
- Foodservice recovery impacted by tightening of restrictions towards the end of the half

Continued strong cash generation reflecting prudent capital investment and rigorous financial management

Demonstrated strong crisis management skillset to adapt and maintain safe production

Remain focused on our people, customers and cash

Operational initiatives are yielding higher gross margins

Avoidance of a no deal Brexit outcome was positive

Resilient group with a strong balance sheet, positioned for growth

Strong bounce back expected in out of home



Continued execution and innovation

Strategic highlights

- Gross margin increased to 33.1% largely driven by initiatives in line with our Operating Brilliance Programme.
- A new frozen dough ball facility commissioned in Manchester.
- Further innovation in line with consumer trends with
 - Award-winning Free From and vegan cakes
 - Launch of vegan doughnuts and a range of artisan gluten-free breads
- Continued double-digit growth in artisan sourdough breads.
- Product excellence illustrated by the winning of several Quality Food and Drink 'Q' Awards.
- Continued investment in development, engagement and health and well-being of employees.
- The avoidance of a no deal Brexit and the associated trade tariffs removes a significant strategic risk for the group, whilst recognising that there are some additional border supply chain consequences to address.



1

Market in the context of COVID-19



COVID-19

What happened in our markets?

Retail continued to perform well as a result of increased footfall

Foodservice was gradually improving until tightening of restrictions in November

- Closure of foodservice venues and schools and universities
- Food to Go decline as people at home

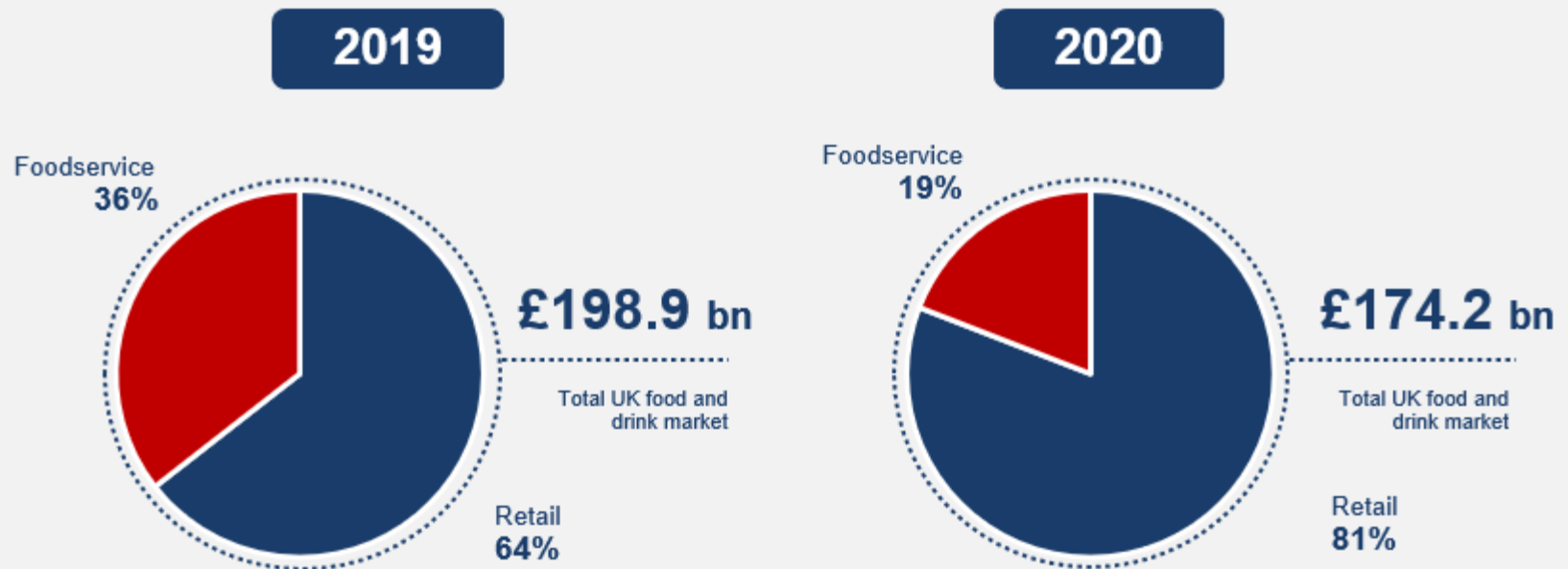
The impact on Finsbury

- Strong progressive improvement since the initial lockdown with retail up +1.7% and foodservice down -27.4% against -8.8% and -61.0% respectively for the quarter following the initial lockdown.
- New variant & lockdown 3 has required enhanced additional measures to ensure employee safety / availability
- Overheads of the business not being leveraged and additional costs due to COVID, leading to a decline in operating profit



UK food and drink market declined by 12% in 2020, but Retail grew £10bn+

Retail and foodservice share of the total UK food and drink market



Source: IGD Research, Peter Backman NB Figures for 2020 are initial estimates and may be changed subsequently

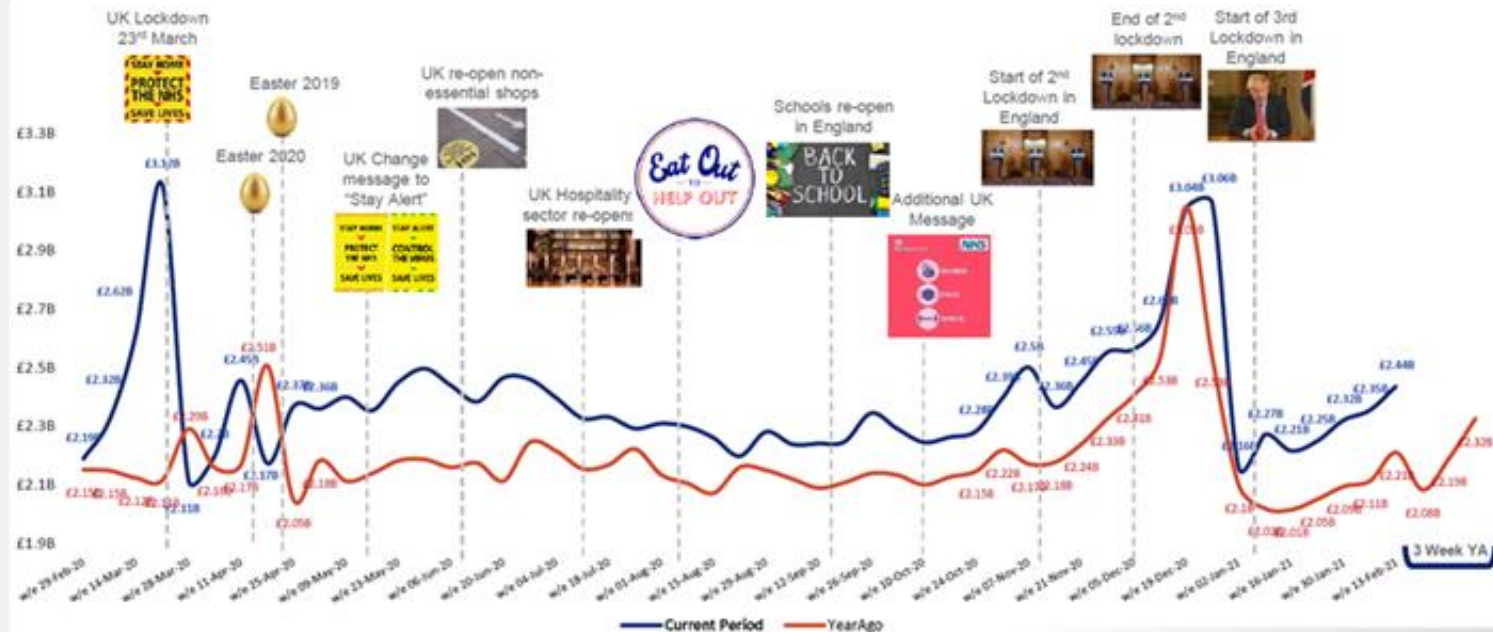


Where is the market now?

UK Grocery market continues to outperform last year. Record growth over Christmas and the latest lockdown serves to boost take home food & drink at the expense of the out of home market

Source: IRI Retailer Advantage, Total Market Aggregated sales, All Products

Total value of UK Grocery Retail market



Note: retailers included – Tesco, ASDA, Sainsbury's, Morrisons, Co-op, Waitrose, Iceland, Ocado, M&S



What may happen next...



A fragile recovery?

Continued measures may dampen a fragile recovery in OOH markets.

Recovery likely to be slow



Recessionary behaviours

Value becomes more of a driver

Simplification of needs

Scratch & batch cooking to return for families

Boost to Snacking



WFH continues

A continued but adult trend

Rates will slow as children return to school

Consumers will be seeking some variety to break the routine of these extra meals



Health Bounce Back

Recovery faster than previous recessions

Across the spectrum of occasions and consumers – feels more likely to stick

Source: Kantar



A robust performance

Retail Bread and Morning Goods



Finsbury

+6.2%

VS

Market

+9.3%^

- Resilient everyday performance, and further innovation with a range of artisan gluten-free breads

Retail Cake



Finsbury

+0.2%

VS

Market

-1.3%~

- Celebration and Food to Go impacted by COVID
- Nut free licensed celebration cakes launched
- Expanded vegan and gluten free cake ranges

Foodservice Bread and Morning Goods



Finsbury

-25.3%

VS

Market

-50.7%”

- Impact of closure of Foodservice channels towards the end of the half
- Finsbury benefits from significant exposure to education & public sector

^Kantar Worldpanel 52 we July 2020

~IRI 52 we July 2020



Continued innovation in line with customer trends



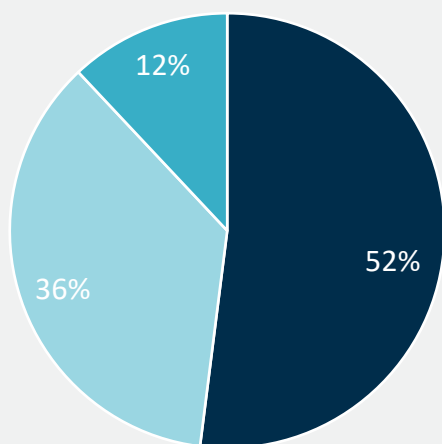
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A diversified, well
invested and innovative
Bakery Group



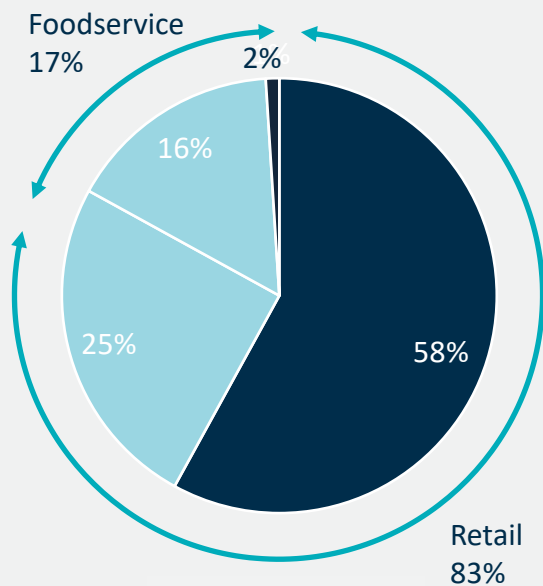
Well diversified across category, channel and customers

By Business



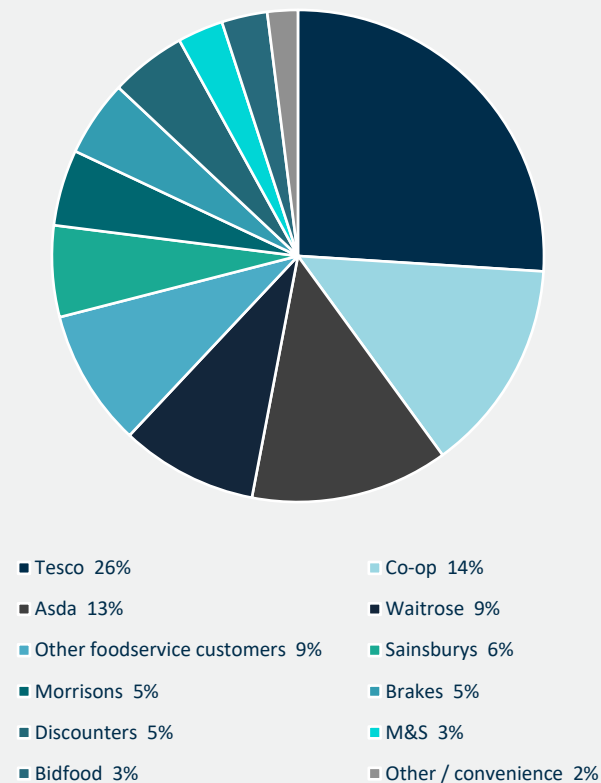
■ Cake ■ Bread ■ Overseas

By Channel (UK Bakery)



■ Cake ■ Bread

By Customers (UK Bakery)



3

Financial Review



Financial summary (including impact of IFRS 16)

Revenue

-4.1%



Gross margin³

+1.4%



Operating profit¹

-13.7%



Operating margin¹

-60bps



EBITDA¹

-9.8%



PBT

-16.1%



Diluted EPS²

-12.5%



Bank debt

-£11.1m



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

² Adjusted diluted EPS has been calculated using earnings excluding the impact of amortisation of intangibles, significant non-recurring and other items as shown on the face of the Statement of Comprehensive Income.

³ Comparative gross margin % increased by 0.5% to 31.7% due to a reclassification of indirect labour costs into overheads.



Sector revenue and operating profit

	UK Bakery			Overseas		
	HY 2020	HY 2021	Change	HY 2020	HY 2021	Change
Revenue (£'000)	141.2	134.6	(4.7)%	18.2	18.3	+0.6%
Gross margin (% of NSV)*	31.7%	33.0%	+130bps	22.7%	24.0%	+130bps
Operating profit (£'000)	7.7	6.4	(16.6)%	1.2	1.3	+4.7%
Operating margin	5.4%	4.8%	(60)bps	6.6%	6.9%	+30bps

*Comparative gross margin % increased by 0.6% to 31.7% due to a reclassification of indirect labour costs into overheads.



Cashflow

	HY 2020	HY 2021
EBITDA	14.5	13.1
Net working capital movement	(1.1)	(0.1)
Capex	(2.0)	(2.4)
Lease payments*	(2.1)	(1.3)
Interest	(0.5)	(0.5)
Tax	(0.5)	(2.0)
Free Cashflow	8.3	6.8
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)
Decrease in Debt before closure and acquisition costs	5.3	5.1
Acquisition	(1.0)	-
Closure and commissioning costs	(1.3)	(0.1)
Decrease / (increase) in debt	3.0	5.0

* 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 26 December 2020 is £21.5m, 0.9x EBITDA (pre-IFRS measure in line with banking covenants)
- £55m revolving credit facility
- Further £35m accordion
- Five year facility to Feb 2023

Pensions

- IAS19 Deficit - £15.2m
- New recovery plan agreed with pension trustees – annual contribution to deficit of £500k
- Next actuarial valuation date of 31 December 2021



4 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:

Invest

Innovate

Customer Focus

Balanced Portfolio

Multi Channel

Drive Growth



Strategy into Action Examples:

IT systems (ERP) successfully migrated to the cloud

Operating Brilliance Programme (OBP) delivering +GM% growth through improved efficiency and waste reduction

First graduates from university recognised training courses in OBP

50% increase in new Artisan sourdough capacity commissioned and filled

New frozen foodservice doughball line installed and commissioned

100% renewable energy contracted from April 2021

100% zero waste to landfill certified

Nut free licensed celebration cakes launched. Expanded vegan and gluten cake ranges

Group Supply Chain function implemented



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
valuation criteria**

**Banking facilities
support acquisition
strategy**



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

Outlook:

- Demonstrated strength, resilience and ability to manage crises in the period
- Macroeconomic environment looks set to remain uncertain driven by Covid-19 and a likely recessionary environment, but our excellent channel and product diversification helps counter
- Avoidance of a no deal Brexit removes a significant strategic risk for the group
- Strategic investments assisting us in leveraging further Group scale benefits whilst the Operating Brilliance Programme continues to improve operational efficiencies, ensuring Finsbury enters H2 in a position of strength
- Sales focus in H2 will be consistent with H1 - continuing to drive organic growth, leveraging higher-growth emerging consumer niches while continuing to take advantage of our scale in more mature product areas
- Foodservice channel should bounce back strongly as restrictions are eased in line with vaccination programme achievements

“The current operating environment continues to be characterised by near-term uncertainty and a challenging economic backdrop, but a combination of progress in the roll-out of the vaccine and the avoidance of a ‘no deal’ Brexit provides comfort around the Group’s medium-term prospects. Longer-term, our growth ambitions remain unchanged, focused on driving synergies and scale benefits across the Group and its supply chain, we are confident we are building the right platform to achieve them.”



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Q&A



6 | 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 and some Eastern European and Scandinavia markets

Diversified manufacturing capabilities in cake and bread and morning goods*

- Bread, morning goods and cakes
 - Artisan loaves, buns and rolls, celebration, sharing and snacking cakes, retailer own label
 - Range of Free from products in bread and cake

Foodservice

- Sweet and savoury baked goods
 - Floured baps, brioche buns, traybakes

*Increasingly products available in free from and vegan offerings

A strong and evolving branded portfolio

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



Significant shareholders at 22 January 2021

	Amount	% Holding
Ruffer Investment Mgt	25,922,674	19.88%
Fidelity Worldwide Investment	11,938,687	9.16%
Investec Wealth & Investment	11,626,529	8.92%
Canaccord Genuity Wealth Management	10,692,775	8.20%
Premier Miton Investors	9,446,639	7.25%
London Finance & Investment Group P.L.C	6,000,000	4.60%
Finsbury Food Group Employee Benefit Trust	5,046,554	3.87%
Interactive Investor Trading	4,450,039	3.41%
Hargreaves Lansdown Asset Mgt	4,281,101	3.28%



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



A Group of scale – our operating principles

Operating Principles



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



7 | Our markets



Selling into large markets



Retail Cake

£963m



**Foodservice Cake &
Sweet Morning Goods**

£765m



**Foodservice Bread &
Savoury Morning Goods**

£587m



**Retail Bread &
Morning Goods**

£5.0bn

New Foodservice market source of data now utilised

Source: Retail Cake - IRI 52 we 2nd January 2021

Retail Bread & MG – Kantar Worldpanel 52 we 27th December 2020

