

Media release

Emmi strengthens dessert business with acquisition in the USA

Lucerne, 18 September 2020 – Italian dessert represent an important strategic pillar for Emmi. The Swiss milk processor has established a leading position in desserts in recent years and has proven that it can successfully bring together and develop solid networks. Emmi is further strengthening its position in desserts by acquiring the complementary US desserts maker Indulge Desserts Intermediate Holdings, LLC. Based in the New York metropolitan area, the company makes a wide range of high-quality desserts and generates annual sales between USD 80 million and 90 million. This acquisition will enable Emmi to participate even more strongly in the growing dessert segment as well as extending its footprint to the United States and opening up new distribution opportunities for its Italian desserts. The transaction is subject to customary merger control approval.

The desserts business is of strategic importance to Emmi. Emmi entered this business in 2012 with its acquisition in Italy of A-27. Since then, three companies (Rachelli: 2013, Italian Fresh Foods: 2017, Pasticceria Quadrifoglio: 2019) have been added and together as Emmi Dessert Italia they have become a significant provider of desserts in Europe. The acquisition of 87,7 % in the US company Indulge Desserts Intermediate Holdings, LLC (Indulge Desserts) extends Emmi's presence to the country with the world's largest desserts market.

Urs Riedener, CEO of the Emmi Group, says: "With Indulge Desserts we are not only acquiring a highly innovative and agile Center of excellence for desserts with a strong market position in the USA, we are also opening up new sales opportunities for our premium desserts from Italy."

A new phase of development with Emmi

The foundation of Indulge Desserts was originally laid in 1993 by entrepreneur John Alair Garcia when he started Taste it Presents. The vision was to produce authentic Italian desserts in the USA. Together with long-time VP of Research and Development, Paula Perlis, John Alair Garcia has had a decisive influence on the impressive development of the company, adding the Cannoli Factory by acquisition. Later, as Indulge Desserts, additional companies were added to the Group: Love & Quiches, Elegant Desserts and Joey's. John Alair Garcia will retain a minority

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stake in Indulge Desserts and will continue with the business in a senior leadership role, thus contributing his know-how to the next phase of development. Also Paula Perils, VP Research & Development from the first hour, will continue driving the success of the Company.

Indulge Desserts currently generates annual sales between USD 80 million and 90 million. The activities of the company are spread across four highly flexible and versatile manufacturing facilities in the New York metropolitan area.

The closing of this transaction is contingent upon the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act. The parties have agreed not to disclose the purchase price.

Global desserts network

Indulge Desserts can offer its customers an extensive selection of high-quality American and International dessert specialties. These desserts stand out not only for their high quality but also for their all-natural and artisanal craftsmanship without additives. Important customers of Indulge Desserts products are foodservice customers (distributors, hotels and restaurants), national retailers and e-commerce outlets who appreciate not only the quality but also the high degree of flexibility and innovation.

The impressive relationships Indulge Desserts enjoys with numerous chefs and its access to major US Retailers are further advantages for Emmi. This opens up new sales opportunities for Emmi Dessert Italia products in a geography that is very attractive for desserts. Emmi also expects to benefit from various potential synergies. In the first few months, however, the company will focus on expanding customer relationships and serving its customers.

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About Indulge Desserts Intermediate Holdings, LLC

Indulge Desserts brings together five Greater New York area companies specializing in the production of premium gourmet desserts: Taste it Presents, Cannoli Factory, Love & Quiches, Elegant Desserts and Joey's. This enables Indulge Desserts to offer its customers – in the Foodservice sector and Retail – a comprehensive range of American and International desserts.

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About Emmi

Emmi is a major Swiss milk processor. The company dates back to 1907, when it was founded by 62 dairy farming cooperatives around Lucerne. Over the past 20 years, Emmi has grown into an international, listed group. It has for many years pursued a successful strategy based on three pillars: strengthening its Swiss domestic market, international growth and cost management. Throughout its corporate history, Emmi's keen awareness of its responsibility to society, animal welfare and the environment has been fundamental to its mission.

In Switzerland, Emmi manufactures a comprehensive range of dairy products for its own brands and private label products for customers, including leading exports such as Emmi Caffè Latte and Kaltbach. In other countries, its products – mainly specialty products – are manufactured locally. Alongside cow's milk, it also processes goat's and sheep's milk.

In Switzerland, the Emmi Group has 25 production sites. Abroad, Emmi and its subsidiaries have a presence in 14 countries, eight of which have production facilities. Emmi exports products from Switzerland to around 60 countries. Its business activities focus on the Swiss domestic market as well as western Europe and the American continent. Half of its CHF 3.5 billion in sales – over 10 % of which stems from organic products – is generated in Switzerland, the other half abroad. Almost two-thirds of its more than 8,000 employees are currently based outside of Switzerland.