COMPENSATION REPORT

Annual Report and Accounts 2023
COMPENSATION REPORT

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors (the 'Board') and the Remuneration Committee, I am pleased to introduce ARYZTA's Compensation Report for the financial period 2023 ('FY 2023'). The business environment in the 2023 reporting period was challenging due to persistent inflationary trends across all input costs, including labour, supply chain disruptions and an increasing interest rate environment. ARYZTA successfully managed these challenges. Overall, ARYZTA achieved strong results in the 2023 financial period, bringing the delivery of the existing mid-term targets within reach on all key metrics. To underline the enhanced clarity evident in our prior year report, we are providing significant detail on Directors and Executive pay in this, extended, 17-month Financial Year to ensure you, as shareholders, are provided with continued transparency on all compensation matters.

During FY 2023, the Remuneration Committee keenly absorbed last year's feedback in our compensation practices and we continue the pathway to increased transparency and strategic alignment of our incentive plans. Notably, and in the context of our extended Financial Year, we have made no changes to our in-flight Short Term & Long Term Incentive Plans ('STIP' & 'LTIP)'. We have, however, strived to provide additional clarity over the treatment of these programmes given the 17-month period. With the Board approving a separate budget for the 5-month Stub period for the STIP, we outline the specific impact on compensation via separate tables.

In this year's report we advance our disclosure from last year on the specificity and transparency of individual qualitative targets in the STIP for Executive Management which include measures related to ESG for the COO. In fact, we will drive an increased focus on ESG in individual measures for all Executive Management members going forward. For our LTIP, we included enhanced disclosure regarding the vesting by metric for the LTIP 2020 award as well as a table detailing the vesting curve for our FY 2023 award.

It is important to note that despite the overlong Financial Year, the shareholder approved budget for Executive Management has not been exceeded. In the context of Board of Directors pay, the amount that exceeds the approved maximum amount at the last AGM due to the overlong Financial Year will be put to a shareholder vote at the upcoming AGM and will not be paid before shareholders' approval.

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At the upcoming AGM, we will ask you to approve, as last year, prospectively in a binding vote the maximum compensation of the Board of Directors for the period until the next 2024 AGM, and the maximum aggregate compensation for the newly constituted ExCo for FY 2025. Furthermore, you will have the opportunity to register your opinion on this Compensation Report in a consultative vote.

Looking ahead, we will continue refining our compensation framework in order to ensure alignment with the company strategy, market practice and evolving developments such as the aforementioned inclusion of ESG targets.

On behalf of ARYZTA and the Remuneration Committee, I would like to thank you for your support and valuable feedback.

Chair of the Remuneration Committee

H. Weber

Hélène Weber-Dubi

1 March 2024

COMPENSATION REPORT
(continued)

Introduction to Compensation

ARYZTA's Compensation Report for the FY 2023 has been prepared in accordance with the relevant sections of the Swiss Code of Obligations (Swiss CO), particularly Article 734 et seqq., applicable to Swiss listed companies, the Directive on Information related to Corporate Governance of SIX Swiss Exchange, as well as the Swiss Code of Best Practice.

Compensation Governance

The compensation governance at ARYZTA is mainly comprised of three key bodies: The Remuneration Committee which advises the Board in compensation-related matters; the Board which ultimately decides on compensation-related matters; and the shareholders of ARYZTA at the AGM who approve the maximum aggregate amount of remuneration of the Board for the period until the next AGM and the Executive Management for the subsequent financial year. The Organisational Regulations, the Terms of Reference of the Remuneration Committee and the Articles of Association of ARYZTA describe and define the roles and responsibilities of these three bodies. The Articles of Association contain the following relevant provisions on compensation:

- Compensation principles for the compensation of the Board and the Executive Management, including incentive and participation plans (Art. 21 and 22)
- Approval of compensation by the AGM (Art. 23)
- Supplementary amounts available for members newly joining the Executive Management after the relevant approval of compensation by the AGM (Art. 23 lit.e)
- Retirement benefits and pensions (Art. 24)
- Duration and termination of employment contracts (Art. 26)

The Articles of Association can be found on our website:
https://www.aryzta.com/corporate-governance/regulations/

COMPENSATION REPORT
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The general division of duties, responsibilities, and powers between the three key bodies of compensation governance (Remuneration Committee, Board and AGM) is shown in the table below.

	CEO	Remuneration Committee	Board	AGM
Compensation strategy and guidelines		P	A	
Compensation principles (Articles of Association)		P	A (subject to AGM approval)	A (binding vote, in case of changes)
Key terms of compensation plans for Board and Executive Management		P	A	
Total compensation for the Board		P	A (subject to AGM approval)	A (binding vote)
Total compensation for the Executive Management		P	A (subject to AGM approval)	A (binding vote)
Individual total compensation for the CEO		P	A	
Individual total compensation for other members of the Executive Management	P	R	A	
Employment and termination agreements for the CEO		P	A	
Employment and termination agreements for other members of the Executive Management	P	R	A	
Compensation Report		P	A	A (consultative vote)

A: Approve, P: Propose, R: Review

Role of the Shareholders regarding the AGM
The AGM approves the maximum aggregate amount of compensation of the Board for the period from one AGM until the next AGM and the maximum aggregate amount of compensation for the Executive Management for the subsequent financial period (Art. 23 lit. a of the Articles of Association). Shareholders will be asked at the forthcoming AGM, to be held on 24 April 2024, to approve the maximum aggregate amount of compensation of:

– The Board for the period until the next AGM (i.e. the period from 24 April 2024 until the 2024 AGM in April 2025, specific date tbc); and, as a result of the overlong FY 2023, an additional amount covering the additional 5 months in the last period); and

– The Executive Management for the following financial period (i.e. the financial period commencing 1 January 2025 and ending 31 December 2025).

In addition, as in prior periods, the Board will submit this Compensation Report to a separate consultative vote for the shareholders at the forthcoming AGM in line with Art. 735 para. 3 no. 4 of the Swiss Code of Obligations (‘CO’).

COMPENSATION REPORT
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At the 2022 AGM, the Board submitted three separate compensation-related resolutions, which were all approved by shareholders.

1. The maximum aggregate amount of compensation for the members of the Board for the period from the 2022 AGM until the 2023 AGM (binding vote): CHF 1,300,000.

2. The maximum aggregate amount of compensation for the Executive Management for the FY 2024 (binding vote): CHF 8,750,000.

3. The compensation report for FY 2022.

The Board is cognizant of the minority vote against the resolution related to Executive Management compensation, and in particular the feedback received related to disclosure of retrospective STIP measures and targets. We continue to be committed to transparency on all compensation matters and provide more detail on the measures for our STIP pay outs than in prior years in the relevant section of this report. For example, we now include enhanced disclosure on our LTIP; namely a column detailing vesting by KPI for the LTIP 2020 award (see page 85), as well as a table detailing the vesting curve for our LTIP 2023 award (see page 83). Additionally, as it relates to our STIP we outline specifically the qualitative individual performance measures for Executive Management. In the context of disclosure of STIP measures, it should be noted that the table outlining STIP achievement (see page 80) is set transparently in the context of our reported numbers for Organic Growth and EBITDA %.

In addition and without further approval by shareholders, ARYZTA is authorised to use, as needed, supplementary amounts of 40% of the approved maximum aggregate amount (in full and not pro rata) of the compensation for the Executive Management for the relevant financial periods for new members joining the Executive Management after the AGM has approved the relevant maximum aggregate amount (Art. 23 lit. e of the Articles of Association).

For the avoidance of doubt, this supplementary amount was not used during the course of FY 2023 and may not be used to support base salary increases for existing members of the Executive Management.

Role of the Remuneration Committee

The Remuneration Committee has the duties of supervision and governance of ARYZTA's compensation framework and philosophy as well as the purpose to assist the Board in fulfilling its responsibilities regarding the compensation of the members of the Board and the Executive Management of ARYZTA.

The Remuneration Committee comprises a minimum of three independent non-executive members of the Board who are elected annually and individually by the AGM pursuant to Swiss law for a one-year period until the next AGM. The Remuneration Committee Chair is appointed by the Board (Art. 20a of the Articles of Association).

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Post the AGM 2022, the Remuneration Committee consisted of three members: Hélène Weber-Dubi, Heiner Kamps and Gordon Hardie, with Hélène Weber-Dubi appointed by the Board as Remuneration Committee Chair, Mr Gordon Hardie resigned from the Board of Directors and the Remuneration Committee in November 2023. Please refer to the Corporate Governance Report section for further details on Remuneration Committee composition, duties, and election (page 49 of the Annual Report).

For details about gender representation in the Board of Directors, and all activities of the Board members in comparable roles at other companies with a business purpose, please refer to page 87 of this Compensation Report and also to the Corporate Governance Report (pages 54-56 of the Annual Report).

As in prior periods, in FY 2023 the Remuneration Committee acted within the limits of the relevant shareholder approvals, being responsible for (Art. 20 lit b. of the Articles of Association):

- Considering and determining all elements of the compensation of the members of the Board and the CEO.
- Approving the compensation of other members of the Executive Management, upon the recommendation of the CEO.
- Reviewing and recommending to the Board on an annual basis a proposal regarding the total compensation amount of the Board and the Executive Management for approval at the AGM.
- Preparing and recommending to the Board the Compensation Report for approval at the AGM in a non-binding vote.

The Remuneration Committee reviews the level and structure of the compensation for the Executive Management on an annual basis to ensure that executives are remunerated in line with the level of their authority and responsibility within the Group and so as to ensure ARYZTA's capacity to recruit and retain a high calibre of professional managers.

After each Remuneration Committee meeting, the Remuneration Committee Chair reports to the Board at the following Board meeting, ensuring that the Board members are kept informed in a timely and appropriate manner of all material matters within the Remuneration Committee's area of responsibility. In addition, all Remuneration Committee papers (e.g. agenda, minutes, presentations, etc.) are available to all members of the Board. When the Remuneration Committee considers it appropriate to do so, it may directly ask members of the Executive Management or members of the Human Resources department to attend meetings as a guest. The Remuneration Committee regularly holds private sessions (i.e. without the presence of members of the Executive Management, members of the Human Resource department or third parties). Executives and the Chair of the Board do not participate during the sections of the meetings where their own performance and/or compensation are discussed. The Remuneration Committee is authorised to obtain

COMPENSATION REPORT
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appropriate external advice and to invite those persons to attend the meetings of the Remuneration Committee. In such cases, and where applicable, the Board has availed of the services of HCM International to provide such advice. The Remuneration Committee Chair convenes meetings of the Remuneration Committee as often as the business affairs of ARYZTA require. During FY 2023, the Remuneration Committee held eight meetings with an average duration of two hours each. The agenda items covered by the Remuneration Committee during the eight meetings of FY 2023 are described in the table below.

	Agenda item	Aug 2022	Sep 2022	Jan 2023	Mar 2023	May 2023	June 2023	Sep 2023	Dec 2023
General Framework	Committee Terms of Reference	●							
	Annual Work Plan	●							
Executive Management	Management Compensation Packages			●					●
	Maximum aggregate compensation amount FY 2024								●
	STIP								
	– Review of STIP FY 2023 Stub design						●		
	– Review of STIP FY 2024 design								●
	– Performance achievement FY 2022						●		
	– Target setting for STIP FY 2023 Stub						●		
	– Target setting for STIP FY 2024								●
Compensation	LTIP								
	– Design LTIP grant FY 2023	●	●	●					
	– Target setting LTIP FY 2023		●	●					
	– Review of LTIP Regulations		●	●					
	Benchmarking								●
Board compensation	Maximum aggregate compensation amount from 2022 AGM until the 2024 AGM (no AGM in 2023 due to the overlong Financial Year)								
Reporting & Communication	– Compensation Report FY 2022	●							
	– Review FY 2022				●	●			
	– Compensation Report FY 2023					●	●	●	●

COMPENSATION REPORT
(continued)

Compensation Principles

ARYZTA's compensation framework and principles are designed to attract and retain top talent, to underpin the implementation and support of the Group's strategic plans and to provide a balance between motivating and challenging the members of the Executive Management to deliver ARYZTA's near-term business priorities together with achieving sustainable, long-term success (Art. 21lit. a of the Articles of Association). Furthermore, ARYZTA's compensation framework aims to be aligned with shareholders' interest and driving the creation of shareholder value. The Remuneration Committee gives careful and detailed consideration to the Board and Executive Management compensation. As one reference point, the Remuneration Committee regards market data on compensation to assess its competitiveness in the market environment.

Compensation objectives and principles

Retain & Incentivise

The company aims to retain and incentivise top talent to support delivery of the strategic plan

Motivate & Challenge

A balance between a motivating and challenging environment is established to achieve near-term business objectives and drive long-term success

Align with shareholders

Compensation outcomes shall be aligned with shareholder interests to reward management for creating shareholder value

Provide Equal Opportunity

Equal opportunities are provided in recruitment, selection, promotion, employee development, succession planning, training and compensation

COMPENSATION REPORT
(continued)

Fiscal Year End Change

On 6 March 2023 ARYZTA announced that it is changing its fiscal year from July ending to December ending to align with calendar year reporting. It was noted at the time that as part of this process the company would issue audited IFRS financial statements for the 12-month period 31 July 2022 to 29 July 2023 (non-statutory financial statements) and its 2023 annual report and accounts (including compensation report) for the 17-month period from 31 July 2022 to 31 December 2023. All ARYZTA AG directors would remain in office until the next AGM (i.e. the forthcoming AGM on 24 April 2024).

The subsequent effect of this change to the reporting on compensation and benefits for Directors and Executive Management will be detailed in this report in the subsequent relevant sections. For clarity, the guiding principles of our reporting in this Report are as follows:

- All compensation and benefit amounts paid to Directors and Executive Management for the entirety of the 17-month period from 31 July 2022 until 31 December 2023 are reported in the subsequent tables

- No changes were made to in-flight incentive programmes, neither STIP nor LTIP. This means that for outstanding awards, no targets or performance metrics were amended. The outstanding LTIP awards 2022 and 2023 are expected to vest as per the regular vesting schedule

- As a consequence of making no changes to incentive programmes, the FY 2023 STIP for the period ending 29 July 2023 was measured at the conclusion of the period using the aforementioned audited IFRS financial statements for the 12-month period and payments made to Executive Management in October 2023

- The additional 5-month, so-called Stub period, was subject to a Board approved budget and related STIP, which was measured and paid post the closing of our 17-month financial year on 31 December 2023; no changes were made to in-flight LTIP programmes, however

- Please note that despite the extended financial year and the addition of two new members to our Executive Management, we have remained below the proposed maximum aggregate amount of CHF 10,000,000 approved by shareholders at our AGM 2021

COMPENSATION REPORT
(continued)

Compensation Framework for the Board of Directors

Compensation Approach for the Board of Directors
The total compensation of the Board consists of an annual base fee and an additional fee for individual assignments to Committees of the Board (Art. 21 lit. c of the Articles of Association), all determined on a yearly basis.

In order to assure the independence of the members of the Board in executing their supervisory duties, the total compensation of the Board is fixed and does not include any performance-related, variable compensation component.

For FY 2023, non-executive Board members were paid a fixed annual base fee, reflecting the time commitment and responsibilities of the role, and additional compensation for non-executive directors for service on a Board Committee was paid (see image below).

The compensation structure and fee levels for the members of the Board remained unchanged compared to the previous term.

Annual base fee for board membership for non-executive Directors

Chair
CHF 323,000

Lead independent Director
CHF 158,200

Other Board Members
CHF 88,000

Annual Committee Fees (AGM to AGM)	Committee Chair	Member
Audit Committee	CHF 25,000	CHF 8,000
Governance, Nomination & Sustainability Committee	CHF 16,000	CHF 8,000
Remuneration Committee	CHF 16,000	CHF 8,000
Adhoc Committee	CHF 16,000	N/A

40% Restricted Share — 3 Year Holding/ Vesting Period

60% Cash

COMPENSATION REPORT
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The individual sum of the fixed annual base fee and, where applicable, the fixed annual committee fee per member are compensated 60% in cash and 40% in the form of restricted shares, entitling the recipient to receive ARYZTA shares upon expiration of the three-year holding period. This equity component further strengthens the long-term focus of the Board in performing its duties as well as the alignment of the Board's interests with those of ARYZTA's shareholders.

The compensation of the Board is subject to regular social security contributions. On the cash component, ARYZTA pays the employer contribution of social security, on the share component, ARYZTA pays both contributions. The Company made pension contributions for certain Swiss-based non-executive directors in line with its obligations under the Federal Law on Occupational Old Age, Survivors' and Disability Pension Plans (BVG/Berufliche Vorsorge). No additional compensation components such as lump-sum expenses or attendance fees are awarded to the members of the Board.

Compensation Awarded to the Board of Directors (audited)
The following table reflects the total compensation of the Board for the 17-month period of FY 2023 including information of the prior financial period. The total provisions for compensation of the Board for FY 2023 amount to CHF 1,503,000 due to the overlong financial year.

In terms of payments made ARYZTA has not exceeded the shareholder approved amount and it can be noted, in the second table below, that the total compensation of the Board for the comparative 12-month period versus prior year was CHF 1,053,000 and below the cap amount of CHF 1,300,000 previously approved at the AGM on 30 November, 2022.

Further it should be noted that the change in the Group's Financial Year to 31 December 2023 resulted in the delay of the next AGM by an additional 5 months and so extended the term of office between the last AGM and the next AGM to 17 months. Due to this, the Board has decided to defer their monthly Board director remuneration payments from December 2023 to the next AGM (24 April 2024) to ensure that ARYZTA continues to remain below this CHF 1,300,000 cap.

For such extended term of office, the Board will be bringing forward a motion at the forthcoming AGM requesting retrospective approval for an additional CHF 300,000 Board compensation.

COMPENSATION REPORT
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	Board	Independent Director	Audit committee	Governance, Nomination & Sustain-ability Committee	Remu-neration Committee	Settled in Cash CHF '000	Settled in Shares[1] CHF '000	17-month to December FY 2023 Total Compensation CHF '000	12-month to July FY 2022 Total Compensation CHF '000
Current Board Members									
Urs Jordi[2]	Chairman					275	183	458	323
Hélène Weber-Dubi	•		Chair	•	Chair	118	77	195	123
Heiner Kamps[3]	•	•	•		•	94	54	148	96
Alejandro Legarda Zaragüeta	•		•	Chair		84	54	138	96
Former Board Members									
Jörg Riboni						127	104	231	162
Gordon Hardie						84	68	152	115
Luisa Delgado						–	–	–	44
Total						**782**	**540**	**1,322**	**959**
Social Security Payments								110	88
Pension contribution								71	69
Total including Social Security								**1,503**	**1,116**

1 Equity is awarded once a year at 40% of the total annual compensation with the number of shares based on the average closing price of the ARYZTA shares on the SIX over the five trading days immediately preceding the award date. The balance of the compensation for the financial year is settled in cash.
2 U. Jordi became a member and Chairman of the ARYZTA Board on 16 September 2020 and was appointed by the ARYZTA Board as Group Interim CEO on 19 November 2020.
3 H. Kamps was appointed Lead Independent Director on 03 November 2023

The following table reflects the total compensation of the Board for the 12-month period to December 2023 including information of the prior financial period, and is presented to enable comparability following the change to a December financial year end.

	Settled in Cash CHF '000	Settled in Shares CHF '000	12-month to December 2023 Total Compensation CHF '000	FY22 Total Compensation CHF '000
Current Board Members				
Urs Jordi	140	183	323	323
Hélène Weber-Dubi	62	77	139	123
Heiner Kamps	54	54	108	96
Alejandro Legarda Zaragüeta	44	54	98	96
Former Board Members				
Jörg Riboni	51	104	155	162
Gordon Hardie	34	68	102	115
Luisa Delgado	–	–	–	44
Total	**385**	**540**	**925**	**959**
Social Security Payments			78	88
Pension contribution			50	69
Total including Social Security			**1,053**	**1,116**

COMPENSATION REPORT
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The following table shows the shareholdings of the Board as of 31 December 2023 including information of the prior financial period. This table includes registered shares purchased privately as well as fully vested shares allocated in connection with compensation.

Furthermore, unvested RSUs and restricted shares are included. In total, the members of the Board held 60,775,922 shares or 6.1% of the share capital (FY 2022: 61,904,615 shares or 6.2% of the share capital).

Beneficial interests at 31 December 2023 and 30 July 2022 were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares 2023	No. of restricted shares 2023	Total 2023	Total 2022
Directors				
Urs Jordi	424,000	410,985	834,985	549,686
Heiner Kamps[1]	58,959,120	122,149	59,081,269	59,231,039
Hélène Weber-Dubi	65,000	159,020	224,020	105,209
Alejandro Legarda Zaragüeta	132,000	160,430	292,430	254,447
Former Directors				
Gordon Hardie	–	144,785	144,785	97,306
Jörg Riboni	–	198,433	198,433	1,555,947
Luisa Delgado	–	110,981	110,981	110,981
Total	**59,580,120**	**1,306,783**	**60,886,903**	**61,904,615**

1 Includes total holding of a shareholder group that Heiner Kamps is a member of

COMPENSATION REPORT
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Compensation Framework for the Executive Management

General compensation approach for the Executive Management

The compensation of the Executive Management consists of fixed and variable components. The fixed compensation consists of an annual base salary, additional fixed compensation in the form of pension and other benefits. The variable compensation includes short-term and long-term incentive plans. These variable elements are dependent on the achievement of performance which includes the financial performance of the Group, performance relative to the market, and individual performance for all members of the Executive Management (Art. 21lit. d and 22 lit. a of the Articles of Association). The overview of the compensation elements of the Executive Management is summarised in the following table:

	Base salary	Pension and other benefits	Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)
Basis	**Fixed**	**Fixed**	**Variable**	**Variable**
Purpose	Attraction, retention, reward for scope and complexity of the function as well as level of responsibility	Participation in pension plans, insurance and health care plans in line with local market practice	Motivation, reward for achieving annual business objectives	Retention, alignment with shareholders, reward for delivering long-term performance
Performance period	–	–	One year	Three years
Performance measures	–	–	Group Financial measures and qualitative individual measures	Three financial measures (% Improvement in EBITA[1] & ROIC; relativeTSR)
Payout range	–	–	0 to 150% of individual target award	0% to 150% of number of granted PSUs
Payment	Cash	Contributions to pension and insurance plans, other in-kind benefits	Cash	Shares

1 Defined as earnings before interest, taxation, and non-ERP amortisation.

For details about all activities of the members of the Executive Management at other companies with a business purpose, please refer to page 87 of this Compensation Report and also to the Corporate Governance Report (page 54–56 of the Annual Report).

Annual base salary

The annual base salary is the main fixed compensation component paid to the members of the Executive Management. Typically, it is paid in cash in twelve equal monthly instalments unless local laws require otherwise. The annual base salary is contractually agreed in local currency. The level of base salary is determined considering the scope and complexity of the function, level of responsibility, and other relevant factors deemed appropriate. Furthermore, the compensation for the role in the location where ARYZTA competes for talent is considered. Fixed base salaries of the Executive Management members are reviewed every year by the Remuneration Committee based on the above mentioned factors and adjustments are made according to market developments.

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Pension and other benefits
ARYZTA may establish one or more independent pension fund(s) for occupational pension benefits or may join such funds. Contributions to such pension funds on the part of the employer, but not contributions which are paid out by such pension funds, are deemed part of the compensation. Retirement benefits accumulated or paid directly by the employer based on country-specific regulations on occupational pension benefits are treated the same way as contributions to and benefits by pension funds (Art. 24 lit. a of the Articles of Association). Members of the Executive Management participate in the pension plans, which consist primarily of retirement, insurance and health care plans designed to provide an adequate level of protection for employees and their dependents in the event of retirement, sickness, disability or death. The plans vary according to legal conditions, but at least meet the legal requirements of the countries concerned. The members of the Executive Management are also granted certain benefits and benefits in-kind in accordance with competitive market practice, e.g. a car allowance.

Short-term incentive plan (STIP)
The short-term incentive plan ('STIP') is a variable compensation element designed to reward eligible participants for delivering strong short-term performance and contribution to ARYZTA's annual business objectives, whilst limiting the Group's exposure to downside risk in the case of financial underperformance, over a time horizon of one year. The STIP for the Executive Management drives alignment across the Group by a shared philosophy with common core measures; measures which cascade into our business where Senior Management are also, therefore, measured by common KPIs.

STIP – 12-month period ending 29 July 2023
As mentioned previously, the Group extended its Financial Year until 31 December 2023. As a consequence of making no changes to incentive programmes, the FY 2023 STIP for the period ending 29 July 2023 was measured at the conclusion of the period using the aforementioned audited IFRS financial statements for the 12-month period and payments were made to Executive Management in October 2023.

In this context, and in relation to STIP design, the Board continually strives to ensure the incentive measures are fit for purpose and align with market practice, shareholder interests and the unique strategic circumstances related to our continuing progress towards our mid-term targets.

For consistency purposes the Board has retained the core measures of Revenue, Earnings and Cash and has additionally slightly recalibrated these measures and weightings to better align Executive Management with the strategic plan in FY 2023.

Our stated Strategic Plan FY 2023 – 2025 calls out our intention to:

- Deliver Organic Growth (CAGR): 4.5–5.5%
- Improve Profit Margin: EBITDA Margin ≥ 14.5%
- Deleveraging the Balance Sheet and Driving Capital Efficiency

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Thus:
- Our Revenue measure was focused to Organic Growth % and was increased to 20% weighting; depicting the significant need to grow market share and to pass on commodity inflation
- Our Earnings measure specifically became Group EBITDA margin % and reduced slightly to a 40% weighting. This is a key metric for our mid-term targets and is aligned with shareholder interests
- Our cash generation metric was tightened to Group Working Capital as % 3rd Party Revenue – 5 Quarter Average because as a manufacturing business the day-to-day management of working capital is what influences our cash position

In summary, the FY 2023 STIP consisted of financial performance measures on Group level, as well as qualitative individual performance measures and is shown in the table below.

	CEO	Other Executive Management Members
Measures		
Organic Growth %	20%	20%
Group EBITDA %	40%	40%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave.	20%	20%
Qualitative Individual Targets	20%	20%
Total	**100%**	**100%**

The Board or the Remuneration Committee determines performance metrics and target levels, and their achievement (Art. 22b of the Articles of Association). At the beginning of the financial period, STIP targets are set for each financial performance measure in a calibration process in accordance with the overall business plan and a robust budget of the respective year. Minimum and maximum performance achievement levels are defined considering, amongst other elements, the previous year's performance level. A rigorous approach is conducted in order to define the individual objectives for the Executive Management for whom the individual objectives are specific, and taking into account their scope of influence and responsibilities as well as focusing on value-addition to the business.

The individual target level for the STIP is expressed as a percentage of the annual base salary. Depending on achieved performance, this element of compensation may amount up to a predetermined multiplier of target level.

For the STIP FY 2023, the individual, contractual, on-target STIP varies between 67% and 100% of the base salary for members of the Executive Management.

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For the financial performance measures, overachievement is driven by their respective performance. For the qualitative individual performance measure, the Remuneration Committee rigorously and comprehensively assess performance achievement. This year we elaborate on the specific qualitative performance measures for Executive Management:

- For the CEO – A specific Fixed Costs target in EURm and specific IFRS Net Profit target in EURm; each target has a threshold, target and maximum level
- For the CFO – A specific Fixed Costs target in EURm and measures linked to the efficient management of the Group's Finance organisation and Financial Reporting; each target has a threshold, target and maximum level
- For the Group Company Secretary & Counsel – Five specific measures related to the Group's Governance structures and framework; each target is weighted
- For the Group COO, who was appointed in April – Specific targets associated with the Group's ESG Strategy Finalisation and Roll Out across the Group including operationalising targets, setting Group KPIs and resourcing

	Actual performance FY 2023 v Target	STIP Achievement factor in %	CEO Achievement Factor in %
Group Organic Growth %	121%	150%	150%
Group EBITDA %	99%	89.4%	89.4%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave	143%	150%	150%
Qualitative Individual Targets	Varies by Individual from 75–100%	Varies by Individual from 75–100%	100%
Total Pay Out (accounting for KPI weights)			**116%**

For each performance measure, a minimum threshold performance, below which there is no payout, as well as a maximum performance, at which payout is capped at 150% of target, applies. In case of termination of employment during the performance period, the STIP payout may be reduced or forfeited depending on country-specific forfeiture rules and subject to applicable law.

During the FY 2023, payments under the STIP were made to incumbent members of Executive Management according to the level of achievement of the defined short-term targets (Group Organic Growth, EBITDA % & Working Capital and Qualitative Individual Targets). Performance levels were achieved at different levels and resulted in an overall pay out range of 110–116% for the Executive Management.

COMPENSATION REPORT
(continued)

STIP – 5-month period ending 31 December 2023

As mentioned previously, the Group extended its Financial Year until 31 December 2023. We outlined the STIP performance for the 12-month period ending 29 July 2023 above and now wish to clearly inform shareholders in relation to the additional 5-month, so-called Stub period. The STIP for the Stub period was subject to the same financial performance measures as defined for the 12-month period and aligned with our Strategic Plan as well as qualitative individual measures. Challenging targets were defined on a pro-rated basis to reflect achievement during the 5-month period.

As previously mentioned, this was subject to a Board approved budget and associated Incentive Plan which was measured and paid post the closing of our 17-month financial year on 31 December 2023.

The STIP measures and weighting for Executive Management remained consistent with the 12-month period ending 29 July 2023.

	CEO	Other Executive Management Members
Measures		
Organic Growth %	20%	20%
Group EBITDA %	40%	40%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave.	20%	20%
Qualitative Individual Targets	20%	20%
Total	**100%**	**100%**

The pay out is outlined in the table below:

	Actual performance FY 2023 v Target	STIP Achievement factor in %	CEO Achievement Factor in %
Group Organic Growth %	100%	100%	100%
Group EBITDA %	104%	150%	150%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave	124%	150%	150%
Qualitative Individual Targets	Varies by Individual from 84–100%	Varies by Individual from 84–100%	92%
Total Pay Out (accounting for KPI weights)			**128%**

Long-term incentive plan (LTIP)

ARYZTA's long-term incentive plan ('LTIP') has historically been designed to reward eligible participants for delivering long-term performance.

The purpose of the equity-based LTIP is to provide the participants with performance-driven future rewards for the accomplishment of the Group's long-term financial and strategic goals. The LTIP is intended to retain and motivate and to promote behaviour towards enhancing the value of ARYZTA for the benefit of its shareholders.

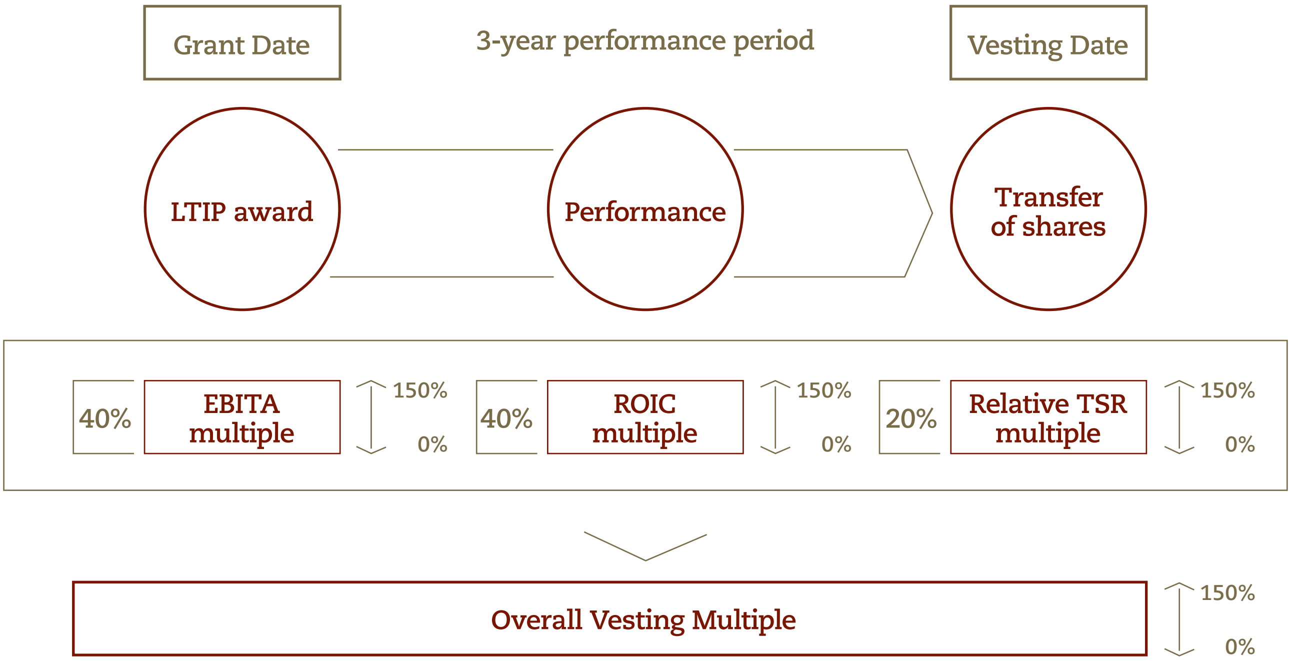
COMPENSATION REPORT
(continued)

ARYZTA's LTIP is granted in the form of Performance Share Units ('PSUs'), which represent an unsecured contingent right to receive ARYZTA shares at the end of the three-year performance period, subject to the achievement of certain pre-defined performance targets and subject to continuous employment.

The number of granted PSUs depends on the individual LTIP grant, which were determined by the Board each year and the fair value of one PSU at the grant date. The individual target grant levels under the LTIP are expressed as a percentage of the annual base salary (Art. 22 lit. c of the Articles of Association).

The current LTIP awards outstanding (LTIP 2022 and LTIP 2023) remain subject to the pre-determined performance targets during the three-year performance period and are expected to vest as per the regular vesting schedule. In relation to the fiscal year end change, no performance metrics or targets were amended.

In the FY 2023 the Remuneration Committee made grants under the LTIP to members of Executive Management, including the CEO, at an individual target grant level amounting to 66% of base salary.



COMPENSATION REPORT
(continued)

LTIP grant FY 2023

	Minimum threshold (0.0 vesting multiple)	Target (1.0 vesting multiple)	Maximum (1.5 vesting multiple)
Three year average annual EBITA[1] improvement %	62% of target	100% target as set by the Board	119% target
Three year average annual ROIC improvement	78% of target	100% target as set by the Board	111% target
Three year relative TSR	–20 p.p. of index	0 p.p.	+10 p.p. of index

1 Defined as earnings before interest, taxation, and non-ERP amortisation.

Straight line vesting
The vesting of granted PSUs solely depends on the achievement of financial performance measures and is subject to continued service (see image above).

It is worth noting that the target grant level expressed as a % of base salary, and the maximum vesting range (of 1.5x) were both reduced since the grants awarded under the LTIP 2020. The awards fall well within the maximum compensation previously approved by shareholders for FY 2023. More details can be found in the Compensation Booklet prepared for the AGM which will be uploaded to ARYZTA's website at the time of publication of our AGM Invitation.

The EBITA improvement measure provides a focus on profitability. It is weighted at 40% and is calculated as actual versus target % improvement in EBITA. Please note that we see this as distinct from a margin KPI in our STIP. Using EBITA in our LTIP brings a focus to driving value from the cost of our assets. For the STIP, EBITDA margin is used which enables focus on cash-flow generation.

The Return on Invested Capital (ROIC) measure provides a focus on capital efficiency. It is weighted at 40% and is calculated as the three-year average annual improvement %.

The relative TSR measure adds a stock market perspective to ARYZTA's LTIP and is designed to reward management for outperformance as well as to create alignment with shareholder experience. It is weighted at 20% and calculated as the percentage point difference over the three- year performance period between ARYZTA's TSR and the TSR of the iSTOXX® Europe Total Market Food Producers Capped 30-15 index.

The TSR is the total shareholders' return, considering the variations of the share price and dividends distributed over the performance period, assuming the reinvestment of any dividends paid during the performance period into ARYZTA shares.

The iSTOXX® Europe Total Market Food Producers Capped 30-15 Index is a capped version of the STOXX Europe Total Market Food Producers Index. Members of this peer group include, amongst others, Nestle, Danone, Kerry Group, Lindt & Spruengli, Barry Callebaut, Emmi & Orior.

COMPENSATION REPORT
(continued)

STOXX is the service provider and administrator of the index, therefore responsible for quality standards and legal compliance of the index as well as maintenance in terms of rebalancing and handling of corporate events of index constituents.

The index is rebalanced on a quarterly basis, whereas the largest component is capped at 30% and the second largest at 15%. The threshold for a payout of the rTSR measure is at –20 percentage points, while the cap for a 1.50 vesting multiple is at +10 percentage points. A vesting below the median of the index is considered common practice in Switzerland and was purposefully determined to establish an adequate opportunity and risk profile for the relative TSR measure within the LTIP. Overall the payout curve provides for stretching targets and, at the same time, sets statistically reasonable performance corridors, and therewith supports balanced performance and payout situations below and above the target. In doing so, potential excessive risk-taking around the kink of payout curves is avoided.

In the case of termination of employment or a change in control regarding ARYZTA before the end of the three-year performance period, modified vesting rules apply (Art. 22 lit. e of the Articles of Association).

In the case of death or disability, the number of unvested PSUs will be adjusted pro-rata and will vest immediately with an overall vesting multiple of 1.00. In the case of retirement or termination of employment by ARYZTA without cause, the number of unvested PSUs will be adjusted pro-rata and will vest at the ordinary vesting date according to the effective overall vesting multiple. Furthermore, in case of engagement in a competitive activity without prior consent of the Board, all unvested PSUs will lapse without any compensation. In all other cases (e.g. termination for cause), then effective on the date notice of termination is provided by either party, all unvested PSUs will lapse without any compensation. In all other cases (e.g. termination for cause), all unvested PSUs outstanding on the date notice of termination will lapse without any compensation.

In the event of change of control, the number of unvested PSUs will also be adjusted pro-rata.

Additionally, a clawback clause, in the event of a serious breach of ARYZTA's Articles of Association, Organisational Regulations, any applicable policies, procedures or guidelines, gives the Board the right to recoup all or part of the vested shares or forfeit all or part of any unvested PSUs.

In FY 2020 the Board awarded grants under a LTIP to Executive Management. The table below defines the vesting criteria associated with this award and transparently shows the vesting achievement for the various criteria. The performance period associated with the first two measures, namely EBITDA and ROIC, was the 3 consecutive Financial Years ending on 31 July 2022. Therefore the LTIP 2020 was not impacted by the fiscal year end change.

Last year we outlined that the targets associated with EBITDA & ROIC were not met and consequently there was no pay out associated with those measures.

COMPENSATION REPORT
(continued)

The performance period associated with the third measure, relative TSR, was defined as grant date until vesting date. At the time of writing last year's report, the vesting date had not been reached and therefore any potential vesting of an award could not be defined.

Subsequently, however, we were able to measure our TSR against the peer group and it was confirmed that we significantly outperformed the TSR of the peer group and subsequently there was maximum vesting for this measure resulting in a 66% pay out for the FY 2020 LTIP for the longest standing member of the Executive Management.

LTIP grant FY 2020	Minimum threshold (0.0 vesting multiple)	Target (1.0 vesting multiple)	Maximum (2.0 vesting multiple)	Vesting
Three-year average Underlying EBITDA[1]	78.5% of target	100% Target as set by the Board	121.5% of target	Below threshold 0% Vesting
Three-year average ROIC	76.3% of target	100% target as set by the Board	136.8% of target	Below threshold 0% Vesting
Three-year relative TSR	–20 p.p. of index	0 p.p.	+20 p.p. of index	+25 p.p. 2.0x vestng

1 As disclosed in financial statements.

Peer group and benchmarking
As previously mentioned, the Remuneration Committee reviews the compensation of the Executive Management and Senior Management annually with the support of the global organisational consulting firm Korn Ferry Hay Group as part of a peer compensation benchmarking analysis. The benchmarking serves as an additional external reference point to ARYZTA in order to remain competitive in its compensation arrangements. The selection criteria for the peer group included comparability to ARYZTA with regards to business model, size (in terms of headcount, revenue, and market capitalization), respective roles and responsibilities, and relevant geographic presence. The composition of the peer group for benchmarking is reviewed on a periodical basis, every two to three years.

Compensation awarded to the Executive Management (audited)
The following table summarises the total compensation for the current and former members of the Executive Management during FY 2022 and FY 2023. The total compensation for the Executive Management amounted to CHF 7.2m which is within the maximum amount approved at the AGM 2021 of CHF 10,000,000 despite the amounts taking in the full 17-month period as well as the addition of two additional members of Executive Management for part of the period.

COMPENSATION REPORT
(continued)

in CHF ’000	Total Executive Management 17-month to December FY 2023	Highest paid Executive Management member, Urs Jordi 17-month to December FY 2023	Total Executive Management FY 2022	Highest paid Executive Management member, Urs Jordi FY 2022
Basic salaries	2,687	1,094	1,563	750
Benefits in kind	114	–	61	–
Pension contributions	525	189	316	126
STIP (payout for respective FY)	2,726	1,292	1,627	840
Long-term incentives (LTIP)	1,117	538	1,074	510
Total compensation paid to members of ARYZTA Executive Management	**7,169**	**3,113**	**4,641**	**2,226**

The following table summarises the total compensation of Executive Management for the 12-month period to December 2023 including information of the prior financial period, and is presented to enable comparability following the change to a December financial year end.

in CHF ’000	Total Executive Management 12-month period to December 2023	Highest paid Executive Management member, Urs Jordi 12-month period to December 2023	Total Executive Management FY 2022	Highest paid Executive Management member, Urs Jordi FY 2022
Basic salaries	2,026	773	1,563	750
Benefits in kind	89	–	61	–
Pension contributions	392	134	316	126
STIP (payout for respective FY)	1,990	919	1,627	840
Long-term incentives (LTIP)	1,117	538	1,074	510
Total compensation paid to members of ARYZTA Executive Management	**5,614**	**2,364**	**4,641**	**2,226**

It is notable from the above table that our CEO received a modest, 3% base salary increase in FY 2023. This was awarded to denote the significant progression of ARYZTA against its strategic goals and the realization of target delivery. The amount awarded was considered in the context of benchmarking and an inflationary environment. Other members of Executive Management received a similar increase for the same reasons.

The employment contracts of the Executive Management are in compliance with Swiss laws and other applicable regulations (Art. 26 lit. a and 26 b of the Articles of Association).

Shareholding Guidelines
As of FY 2020, Shareholding Guidelines for members of the Executive Management had been introduced to further strengthen the long-term focus and to additionally increase the alignment of the Executive Management’s interests with those of ARYZTA’s shareholders. The Shareholding Guidelines applied to the Executive Management starting from FY 2020. Each member of the Executive Management had been expected to build up an ownership of shares of ARYZTA worth the equivalent of 150% of their annual base salary or 300% in the case of the CEO.

COMPENSATION REPORT
(continued)

As we refine our Remuneration Strategy and LTIP scheme we are reviewing these Shareholding Guidelines ensuring the concept of Executive Management being aligned with shareholder interests and retaining a long-term focus.

Shareholdings of the Executive Management

The following table shows the shareholdings and interests in equity of the Executive Management as of 31 December 2023 and 30 July 2022. The number of shares held corresponds to the amount of directly or beneficially held ordinary registered shares of ARYZTA. The number of interests in equity held corresponds to the amount of PSUs granted through former LTIP awards and, in the case of the Group Interim CEO, through his dual role as Chairman. PSUs are disclosed at target. The vested number of PSUs will depend on performance achievement levels at vesting. In total, the members of the Executive Management held 625,000 shares or 0.063% of the share capital (FY 2022: 467,500 shares or 0.05% of the share capital).

	No. of shares closing position FY 2023	No. of restricted shares Closing position FY 2023	No. of PSUs Closing position FY 2023	No. of shares closing position FY 2022	No. of restricted shares Closing position FY 2022	No. of PSUs Closing position FY 2022
Urs Jordi	424,000	410,985	880,392	266,500	283,186	477,062
Martin Huber	201,000	–	586,929	201,000	–	318,042
Rhona Shakespeare	–	–	374,925	–	–	502,047
Sandip Gudka	–	–	–	–	–	–
Christophe Toitot	–	–	–	–	–	–
Total executive management	**625,000**	**410,985**	**1,842,246**	**467,500**	**283,186**	**1,297,151**

Functions in other undertakings

In accordance with Article 734e the functions of the members of the Board of Directors and the Executive Management in other undertakings are outlined below.

Director	Undertaking	Function
Urs Jordi	Schweizer Zucker AG	Director
Heiner Kamps	Brot gegen Not	Chairman of Board of Trustees
Hélène Weber-Dubi	Ospelt Anstalt	Director
Alejandro Legarda Zaragüeta	Instituto Navarro de Inversiones	Director

Executive Management

No member of the Group Executive Management holds management contracts or Board of directors position for any company outside the ARYZTA Group.

COMPENSATION REPORT
(continued)

Further Information

Previous and Discontinued Compensation Plans
Option equivalent plan
Vesting of the awards under the Option Equivalent Plan issued during FY 2012 was conditional on compound annual growth in underlying diluted EPS (including the associated cost of any awards expected to vest) in three consecutive accounting periods exceeding the compound growth in the Euro-zone Core Consumer Price Index, plus 5%, on an annualized basis. The awards were also subject to additional conditions, including:

(a) the requirement to remain in service throughout the performance period;
(b) the requirement that ARYZTA's reported ROIC over the expected performance period is not less than 120% of its weighted average cost of capital; and
(c) the requirement that annual dividends to shareholders are at least 15% of underlying EPS during the performance period.

There are no remaining Option Equivalent Plan awards outstanding as of 31 December 2023.

	No. of options carried forward FY 2023	Expired during the year	No. of options Closing position FY 2023	No. of options of which vesting criteria have been fulfilled[1]
Dermot Murphy	94,052	94,052	–	–
Total former executive management	**94,052**	**94,052**	**–**	**–**

Loans Granted to the Board of Directors or the Executive Management

No loans or advances were made by the ARYZTA Group to members of the Board or of the Executive Management during FY 2023 or were outstanding at 31 December 2023 (2022: Nil).

During FY 2023 no payments were made to former members of the Executive Management or of the Board or to related parties, nor were any loans or credits made or outstanding.

Outlook
As we enter FY 2024 the Remuneration Committee will continue to serve shareholders interest by diligently and rigorously reviewing the effectiveness of compensation design for Executive Management and continuing to ensure such designs appropriately incentivise Management in line with shareholder's interests. In this context, it is foreseen that the Committee will undertake a compensation benchmark exercise with a respected external advisory partner to refine the compensation structures for Executive Management, especially set in the context of the forthcoming CEO search process. Additionally, we envisage further embedding ESG goals as part of the STIP structure for all members of Executive Management. Further, as we refine the FY 2024 LTIP Award we will define the intention to align Executive Management with shareholders interests by finalising our expectations on Shareholding Guidelines for recipients.

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT

To the General Meeting of
ARYZTA AG, Schlieren

Zurich, 1 March 2024

Opinion

We have audited the compensation report of ARYZTA AG (the Company) for the period ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a–734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 64 to 88 of the compensation report.

In our opinion, the information pursuant to Art. 734a –734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the paragraphs and tables marked "audited" in the compensation report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT (continued)

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a–734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

EY Building a better working world

Ernst & Young Ltd

Olivier Mange
Licensed audit expert
Auditor in charge

Jennifer Mathias
Certified public accountant

Zurich, 1 March 2024