2021

Interim Report and Condensed Financial Statements

ARYZTA

Passion for good food

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Interim Report 2021

Interim Report 2021
Interim Financial and Business Review

1.1 Highlights

- Disposal agreement signed for ARYZTA's North American businesses for USD850m
- Good progress on simplifying the business structures and removing costs
- H1 revenue and underlying EBITDA performance ahead of expectations
- Strong liquidity position maintained; EUR 523m[1]
- Net debt to EBITDA of 4.07x[2]; Ample covenant headroom
- On track to deliver 25% annualised reduction in Group overheads in FY21
- COVID-19 impact varied by region; vaccination roll-out offers significant further recovery
- Not providing guidance given ongoing challenges & uncertainty surrounding COVID-19

	January H1 21 €m	January H1 20 €m	% Change
Continuing Operations			
Group revenue	752.5	952.2	(21.0)%
Underlying EBITDA[3]	76.1	119.1	(36.1)%
Underlying EBITDA margin	10.1%	12.5%	(240) bps
Discontinued Operations			
Group revenue	533.4	704.0	(24.2)%
Underlying EBITDA	48.7	50.7	(3.9)%
Underlying EBITDA margin	9.1%	7.2%	190 bps
Total Group			
Group revenue	1,285.9	1,656.2	(22.4)%
Underlying EBITDA	124.8	169.8	(26.5)%
Underlying EBITDA margin	9.7%	10.3%	(60) bps
Underlying net (loss)/profit - continuing operations	**(30.8)**	**25.7**	**(219.8)%**
Underlying net profit - discontinued operations	14.4	8.6	67.4%
Underlying net (loss)/profit - total[3]	**(16.4)**	**34.3**	**(147.8)%**
Underlying diluted EPS (cent) - continuing operations[4]	**(3.1)**	**2.6**	**(219.2)%**
Underlying diluted EPS (cent) - total[4]	**(1.7)**	**3.5**	**(148.6)%**
IFRS loss for the period from continuing operations	**(48.8)**	**(334.7)**	**85.4%**
IFRS loss for the period from discontinued operations	(76.6)	(564.5)	86.4%
IFRS loss for the period	**(125.4)**	**(899.2)**	**86.1%**
IFRS diluted loss per share (cent) - continuing operations[5]	**(7.2)**	**(36.0)**	**80.0%**
IFRS diluted loss per share (cent)[5]	**(15.0)**	**(93.0)**	**83.9%**

1 The Group's liquidity consists of cash and cash equivalents of €390m and an undrawn revolving credit facility of €133m.

2 Calculated as per Syndicated Bank Facilities Agreement terms.

3 Underlying EBITDA from continuing operations includes central costs previously allocated to discontinued operations. Certain financial alternative performance measures, that are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary on page 19.

4 The 30 January 2021 weighted average number of ordinary shares used to calculate underlying earnings per share is 991,206,398 (H1 2020: 992,305,695).

5 The 30 January 2021 weighted average number of ordinary shares used to calculate IFRS diluted loss per share is 991,206,398 (H1 2020: 990,600,164).

Interim Financial and Business Review (continued)

ARYZTA AG Chairman and interim CEO Urs Jordi commented:

"Today's results highlight the significant progress achieved as a result of our strategy to simplify the business and to de-risk the balance sheet with the sale of our North American business for USD850m. The progress to date validates the overwhelming shareholder vote for change in September and December 2020 and the renewed Board's decision to reject the proposal to sell the entire business. We can now focus on delivering the necessary operational improvements and returning to organic growth as we leverage the significant broad bakery experience to improve shareholder returns. Delivery of our targets will ensure we rebuild trust and credibility with investors, lenders, customers, suppliers and employees, as both are in need of repair after years of disregard."

1.2 Solid financial performance

The improved H1 performance reflects the benefit of cost reductions through simplification of the business model and reporting structure and a strong recovery in North American operations. QSR (Quick Service Restaurants) and Retail channels recovered strongly in North America and recovery continued in Rest of World.

These improvements were offset by COVID-19 related disruptions in Europe especially in Q2 due to the impact of lock downs and restrictions across the region and the resultant negative impact on the Foodservice channel. Net restructuring, impairment and disposal related costs totalling €35m were mainly due to severance costs and excessive advisory fee commitments as well as COVID-19 related costs impacting the period. However, stringent cost management and cost savings with an annualised target to reduce central overhead costs by 25% are well on track and will contribute to a substantially lower overall cost base in the future.

1.3 Strategic plan implementation

ARYZTA continued to deliver on the strategic plan supported by its shareholders at the last annual general meeting in December 2020. Cornerstones of the strategy are a multi-local business model with empowerment over decision making and costs, simplified structures across the entire group as well as removing unnecessary costs. The implementation of this model progressed well in recent months.

The renewed Board now consists of strong bakery, finance and turnaround expertise which will greatly assist the company on its way forward. Significant senior management changes have been made to execute the strategy. ARYZTA now has a much more agile and lean organization in place which will positively impact the value creation objectives of the Board.

1.4 Rebuilding of ARYZTA takes shape

The Group set a target of €600m to €800m of proceeds from selected assets disposals to reduce debt and repair the balance sheet. With the sale of the North American businesses to an affiliate of Lindsay Goldberg LLC for USD850m announced on 12 March 2021, this target has already been achieved in a shorter timeframe than envisaged and marks an important milestone in rebuilding ARYZTA. The sale of the businesses in Latin America remains a focus, and ARYZTA will provide an update in a timely manner.

Interim Financial and Business Review (continued)

1.5 Improved liquidity position

Despite the challenging market environment, ARYZTA generated a positive cash flow from activities of €33.8m, underpinned by a €32.2m working capital inflow, which resulted in further improved cash liquidity position of €523m at the end of the reporting period. In combination with the proceeds from the disposal of the businesses in North America, ARYZTA now has certainty around debt reduction, strengthening its balance sheet and de-risking its financial position into the future. The net debt to EBITDA coverage ratio of 4.07x and interest coverage ratio of 2.16x implies ample covenant headroom in the period.

Interim Financial and Business Review (continued)

2 Underlying Income Statement and reconciliation to IFRS

26 week period ended 30 January 2021

	January 2021 €m	January 2020 Represented €m	% Change
Continuing Operations			
Group revenue	752.5	952.2	(21.0)%
Underlying EBITDA[1]	76.1	119.1	(36.1)%
Underlying EBITDA margin	10.1%	12.5%	(240) bps
Depreciation and ERP amortisation	(54.4)	(57.9)	6.0%
Underlying EBITA[1]	21.7	61.2	(64.5)%
Joint ventures underlying net profit	–	18.4	(100.0)%
Underlying EBITA including joint ventures	21.7	79.6	(72.7)%
Finance cost, net	(16.6)	(20.0)	17.0%
Hybrid instrument dividend	(23.0)	(22.1)	(4.1)%
Underlying pre-tax profits	(17.9)	37.5	(147.7)%
Income tax	(12.9)	(11.8)	(9.3)%
Underlying net (loss)/profit - continuing operations[1]	**(30.8)**	**25.7**	**(219.8)%**
Underlying net profit - discontinued operations[1,2]	14.4	8.6	67.4%
Underlying net (loss)/profit - total[1]	**(16.4)**	**34.3**	**(147.8)%**
Underlying diluted EPS (cent) - continuing operations[3]	**(3.1)**	**2.6**	**(219.2)%**
Underlying diluted EPS (cent) - total[3]	**(1.7)**	**3.5**	**(148.6)%**

1 Certain financial alternative performance measures, which are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary in section 20 for definitions of financial terms and references used in the financial and business review.

2 Following the reclassification of the Group's North America segment to disposal group held-for-sale in January 2021, its results have been presented separately as discontinued operations in both the current and prior periods.

3 The 30 January 2021 weighted average number of ordinary shares used to calculate underlying earnings per share is 991,206,398 (H1 2020: 992,305,695).

Interim Financial and Business Review (continued)

Reconciliation of Underlying EBITDA to IFRS result for the 26 week period ended 30 January 2021:

	January 2021 €m	January 2020 Represented €m
Continuing Operations		
Underlying EBITDA	**76.1**	119.1
Depreciation	**(49.1)**	(52.5)
ERP amortisation	**(5.3)**	(5.4)
Underlying EBITA	**21.7**	61.2
Amortisation of other intangible assets	**(8.8)**	(27.3)
Net loss on disposal of businesses	**–**	(61.2)
(Loss)/gain on fixed asset disposals and impairments	**(2.8)**	0.9
Restructuring-related costs	**(39.7)**	(1.6)
COVID-19 related costs	**(1.1)**	–
IFRS operating loss	**(30.7)**	(28.0)
Share of profit after interest and tax of joint ventures	**–**	16.1
Net loss on disposal of joint venture	**–**	(297.1)
Gain on equity instruments at fair value	**8.6**	–
Finance cost, net	**(16.6)**	(20.0)
Loss before income tax	**(38.7)**	(329.0)
Income tax expense	**(10.1)**	(5.7)
IFRS loss for the period from continuing operations	**(48.8)**	(334.7)
IFRS loss after tax for the period from discontinued operations	**(76.6)**	(564.5)
IFRS loss for the period	**(125.4)**	(899.2)
Hybrid instrument dividend	**(23.0)**	(22.1)
Loss used to determine basic EPS	**(148.4)**	(921.3)
IFRS diluted loss per share (cent) - continuing operations[1]	**(7.2)**	(36.0)
IFRS diluted loss per share (cent)[1]	**(15.0)**	(93.0)

1 The 30 January 2021 weighted average number of ordinary shares used to calculate IFRS diluted loss per share is 991,206,398 (H1 2020: 990,600,164).

Interim Financial and Business Review (continued)

3 Organic revenue

26 week period ended 30 January 2021

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Continuing Operations €m	Total Discontinued Operations €m	Total ARYZTA Group €m
Group revenue	631.7	120.8	**752.5**	533.4	**1,285.9**
Organic movement	(19.5)%	(6.9)%	**(17.6)%**	(14.8)%	**(16.4)%**
Disposals movement	(1.8)%	-	**(1.5)%**	(3.8)%	**(2.5)%**
Currency movement	(0.5)%	(9.7)%	**(1.9)%**	(5.6)%	**(3.5)%**
Total revenue movement	**(21.8)%**	**(16.6)%**	**(21.0)%**	**(24.2)%**	**(22.4)%**

Quarterly organic revenue

	Q3 2020	Q4 2020	Q1 2021	Q2 2021	H1 2021
ARYZTA Europe					
Volume %	(22.2)%	(28.3)%	(15.6)%	(23.4)%	(19.4)%
Price/Mix %	(1.4)%	(1.0)%	(0.1)%	(0.1)%	(0.1)%
Organic movement %	**(23.6)%**	**(29.3)%**	**(15.7)%**	**(23.5)%**	**(19.5)%**
ARYZTA Rest of World					
Volume %	(18.0)%	(26.0)%	(10.1)%	(5.1)%	(7.5)%
Price/Mix %	3.7%	3.1%	0.2%	1.0%	0.6%
Organic movement %	**(14.3)%**	**(22.9)%**	**(9.9)%**	**(4.1)%**	**(6.9)%**
Total Continuing Operations					
Volume %	(21.6)%	(28.0)%	(14.8)%	(20.5)%	(17.6)%
Price/Mix %	(0.7)%	(0.4)%	–	0.1%	0.0%
Organic movement %	**(22.3)%**	**(28.4)%**	**(14.8)%**	**(20.4)%**	**(17.6)%**
Discontinued Operations					
Volume %	(20.4)%	(18.7)%	(15.7)%	(16.9)%	(16.3)%
Price/Mix %	-	(4.2)%	(0.5)%	3.5%	1.5%
Organic movement %	**(20.4)%**	**(22.9)%**	**(16.2)%**	**(13.4)%**	**(14.8)%**
Total ARYZTA Group					
Volume %	(21.1)%	(24.3)%	(15.2)%	(19.0)%	(17.0)%
Price/Mix %	(0.4)%	(1.9)%	(0.2)%	1.5%	0.6%
Organic movement %	**(21.5)%**	**(26.2)%**	**(15.4)%**	**(17.5)%**	**(16.4)%**

Interim Financial and Business Review (continued)

4 Segmental Underlying EBITDA

26 week period ended 30 January 2021

Underlying EBITDA	January 2021 €m	January 2020[1] Represented €m	% Change
ARYZTA Europe	59.1	97.1	(39.1)%
ARYZTA Rest of World	17.0	22.0	(22.7)%
Continuing Operations[1]	**76.1**	**119.1**	**(36.1)%**
Discontinued Operations[1]	48.7	50.7	(3.9)%
Total ARYZTA Group	**124.8**	**169.8**	**(26.5)%**

Underlying EBITDA margin	January 2021	January 2020[1]	% Change
ARYZTA Europe	9.4%	12.0%	(260) bps
ARYZTA Rest of World	14.1%	15.2%	(110) bps
Continuing Operations[1]	**10.1%**	**12.5%**	**(240) bps**
Discontinued Operations[1]	9.1%	7.2%	190 bps
Total ARYZTA Group	**9.7%**	**10.3%**	**(60) bps**

1 Underlying EBITDA from continuing operations includes central costs previously allocated to ARYZTA North America discontinued operations.

5 Our business

ARYZTA is a global food business with a leadership position in Convenience bakery. ARYZTA is based in Schlieren, Switzerland, with operations in North America, South America, Europe, Asia, Australia and New Zealand. ARYZTA has three channels and routes to market: Food Solutions, which includes Foodservice, Convenience and Bakery; Retail and Quick Service Restaurants (QSR).

As outlined in section 8, the North America business was classified as held-for-sale during the period ended 30 January 2021, and its results are classified under discontinued operations as a result.

Total revenue from continuing operations decreased by (21.0)% to €752.5m during the period ended 30 January 2021. Organic revenue declined by (17.6)%, all of which was volume-related. Disposals reduced revenue by (1.5)%, and currency had a negative impact of (1.9)%.Total revenue including discontinued operations decreased by (22.4)% to €1,285.9m during the period ended 30 January 2021. Organic revenue including discontinued operations declined by (16.4)%, with disposals impacting by (2.5)%, and currency had a negative impact of (3.5)%.

Group Underlying EBITDA from continuing operations reported for the period ended 30 January 2021 was €76.1m, representing a decrease of (36.1%), and a decrease in EBITDA margin of (240)bps to 10.1% compared to the period ended 25 January 2020. Group Underlying EBITDA including discontinued operations reported for the period ended 30 January 2021 was €124.8m, representing a decrease of (26.5%), and a decrease in EBITDA margin of (60)bps to 9.7% compared to the period ended 25 January 2020.

Interim Financial and Business Review (continued)

6 ARYZTA Europe

ARYZTA Europe has leading market positions in the frozen B2B bakery markets in Germany, Switzerland, France, Ireland, the UK, the Netherlands, Hungary, Poland, Denmark, Spain, Sweden, Romania and other European countries.

ARYZTA Europe revenue decreased by (21.8)% to €631.7m during the period ended 30 January 2021. Organic revenue decline of (19.5)% was primarily due to volume declines of (19.4)%, with a price/mix decrease of (0.1%).

ARYZTA Europe Underlying EBITDA reported for the period ended 30 January 2021 was €59.1m, representing a decrease of (39.1%) compared to the period ended 25 January 2020, with a decrease in EBITDA margin of (260) bps to 9.4% for the same period.

COVID-19 restrictions and lockdowns continued to impact the region, in particular in those geographies operating in the Foodservice channel, with Retail and QSR proving to be more resilient to government restrictions. Despite the challenges there is clear focus on driving improved performance. The delayering and simplifying of reporting structures during Q2-21 will enable local empowerment over customer decision making while improving the cost base.

7 ARYZTA Rest of World

ARYZTA's operations in the Rest of World primarily include businesses in Brazil, Australia, Japan, Malaysia, Singapore, New Zealand and Taiwan. While representing only 16.1% of revenue from Continuing Operations and 22.3% of total Underlying EBITDA from Continuing Operations, these locations provide attractive future growth opportunities and have importance as suppliers to our global QSR customers.

ARYZTA Rest of World revenue decreased by (16.6)% to €120.8m during the period ended 30 January 2021. Organic revenue decreased by (6.9)%, as a result of volume losses of (7.5)% combined with positive price/mix growth of 0.6%. Currency movements decreased revenue by (9.7)%, primarily due to the movement in the Brazilian Real compared to the the prior period.

ARYZTA Rest of World Underlying EBITDA for the period ended 30 January 2021 was €17.0m, which represents a decrease of (22.7)% compared to the period ended 25 January 2020, with EBITDA margins of 14.1% decreasing by (110)bps. ARYZTA Rest of World continues to show solid recovery, with COVID-19 well-controlled in most countries in APAC.

Interim Financial and Business Review (continued)

8 ARYZTA North America - discontinued operations

ARYZTA North America is a leading player in the frozen B2B bakery markets in the United States and Canada. It has a diversified customer base, including multiple retail, restaurants, catering, hotels, leisure, hospitals, military, fundraising and QSR. ARYZTA North America is a leader in high-value artisan bakery via La Brea Bakery, which focuses on the premium branded bakery segment.

As announced during the period ended 30 January 2021, the Board of Directors confirmed its intention to dispose of the Group's businesses in North America, in order to reduce debt levels, and in order to focus on the Group's Europe and APAC markets.

As plans for a disposal of the businesses in North America in their entirety were approved by the Board of Directors and were sufficiently progressed that they were considered highly probable to be completed within the next 12 months as at 30 January 2021, the assets and liabilities of these businesses have been accounted for as disposal group held-for-sale as of 30 January 2021.

In accordance with IFRS 5, ‘Non-current Assets Held for Sale and Discontinued Operations’, as the ARYZTA North America business previously represented a significant component and separately reported segment of the Group, its results have been separately presented in the Group Financial Statements as Discontinued Operations, in both the current and prior periods. The assets and liabilities of the disposal group classified as held-for-sale are presented separately from other assets and liabilities in the Group Consolidated Balance Sheet as at 30 January 2021. Further detail is provided in Note 5 to the Group Condensed Interim Statements.

ARYZTA North America revenue declined by (24.2)% to €533.4m during the period ended 30 January 2021. Organic revenue declined by (14.8)%, with price/mix growth of 1.5% partially offsetting volume declines of (16.3)%.

ARYZTA North America Underlying EBITDA reported for the period ended 30 January 2021 was €48.7m, which represents a decrease of (3.9)% compared to the period ended 25 January 2020, with an increase in EBITDA margin of 190 bps to 9.1% for the same period.

Interim Financial and Business Review (continued)

9 Impairment, disposal, restructuring and COVID-19 related costs

During the 26 week period ended 30 January 2021, the Group incurred the following amounts related to impairment, disposal, restructuring and COVID-19 in continuing operations:

	Disposal of equity investment 2021 €m	ARYZTA Europe 2021 €m	ARYZTA Rest of World 2021 €m	Total Continuing Operations 2021 €m	Total Continuing Operations 2020 €m
Net loss on disposal of businesses	–	–	–	**–**	(61.2)
Impairment and disposal of fixed assets and investment property	–	(2.8)	–	**(2.8)**	0.9
Net loss on disposal of joint venture	–	–	–	**–**	(297.1)
Fair value gain through profit or loss	8.6	–	–	**8.6**	–
Net gain/(loss) on disposal of businesses and asset write downs	8.6	(2.8)	–	**5.8**	(357.4)
Severance and other staff-related costs	–	(13.1)	(2.1)	**(15.2)**	(0.3)
Other costs including advisory	–	(20.7)	(3.8)	**(24.5)**	(1.3)
Total restructuring-related costs	–	(33.8)	(5.9)	**(39.7)**	(1.6)
COVID-19 related costs	–	(0.6)	(0.5)	**(1.1)**	–
Total impairment, disposal, restructuring and COVID-19 related costs	8.6	(37.2)	(6.4)	**(35.0)**	(359.0)

Impairment and disposal-related costs

Fair value gain on equity investment

In January 2021, ARYZTA completed the disposal of its remaining 4.6% shareholding in Picard for net proceeds of €24.3m. During the period ended 30 January 2021, a fair value gain through profit or loss of €8.6m was recorded in the Group Consolidated Income Statement in respect of this investment, comprising the gain on disposal and also a dividend of €1.1m received during the period.

Loss on disposal of joint venture

As announced on 4 October 2019, the Group received a binding offer from Invest Group Zouari (‘IGZ’) to purchase 43% of its 48% holding in Picard for gross consideration of €155.9m of which €145.9m was received during the period ended 25 January 2020. Net of transaction costs settled to date, net proceeds of €145.4m were recorded in the Group Consolidated Cash Flow Statement. The remaining €10.0m consideration was recorded as a Vendor Loan Note receivable at 25 January 2020 and was received during the period ended 30 January 2021. ARYZTA retained a 4.6% interest in Picard, recorded as a financial investment at fair value through profit or loss. As the total estimated proceeds net of transaction costs payable of €150.0m and the fair value of the remaining stake held of €16.8m was less than the €463.8m carrying value of the investment in joint venture disposed of, the transaction resulted in a loss on disposal in the amount of €297.1m during the period ended 25 January 2020.

Interim Financial and Business Review (continued)

Net loss on disposal of businesses and impairment of assets held for sale
During the period ended 30 January 2021, the Group recorded an impairment of €2.8m in the ARYZTA Europe segment, primarily related to closure of a production facility, resulting in the write-down of land and building assets to recoverable value.

During the period ended 25 January 2020, the Group completed the disposal of its non-core UK Food Solutions business within the Europe operating segment. As the €7.0m proceeds received, comprising €2.1m cash received and €4.9m lease liabilities disposed, net of associated transaction costs, was less than the €59.4m carrying value of the assets disposed, combined with a €8.8m cumulative foreign currency translation loss since the initial investment, a loss on disposal of €61.2m was recognised. Certain property assets related to this business were retained by the Group and classified as held for sale at fair value less costs to sell of €12.4m, resulting in a gain of €5.4m through other comprehensive income in the revaluation reserve during the period ended 25 January 2020. This property was subsequently disposed of during H2 2020.

Restructuring-related costs

During the period ended 30 January 2021, the Group has recognised costs, including providing for amounts as required by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in the Group Consolidated Income Statement as follows:

Severance and other staff related costs
During the period ended 30 January 2021, the Group incurred €15.2m (2020: €0.3m) in severance and other staff-related costs. These costs primarily relate to the termination of executive roles as a delayering of reporting structures was implemented across the two remaining regions of the Group. The costs also relate to employees whose services were discontinued following the removal of complex regional structures across the two remaining regions of the Group.

Other costs including advisory
During the period ended 30 January 2021, the Group incurred €24.5m in advisory and other costs (2020: €1.3m). €21.3m of these costs relate to committed financial and legal services prior to the rejection by the Board of the proposed takeover of the Group in December 2020. The remaining costs include advisory costs associated with ongoing bakery rationalisation and disposal transactions.

COVID-19 related costs

COVID-19 related costs are costs arising due to the effect of the COVID-19 pandemic, including any government-imposed restrictions impacting consumer demand and the production processes, net of any directly related government support. These costs have been identified as quantifiable, distinguishable and separable from normal operations. The Group incurred €1.1m of COVID-19 related costs during the period (H1 2020: €nil). These were primarily costs associated with furloughing employees and other incidental labour related costs and costs associated with implementing safety measures across the Group's bakery network.

Interim Financial and Business Review (continued)

10 Cash generation

26 week period ended 30 January 2021

	January 2021 €m	January 2020 €m
Underlying EBITDA - continuing operations	76.1	119.1
Underlying EBITDA - discontinued operations	48.7	50.7
ARYZTA Underlying EBITDA	**124.8**	**169.8**
Working capital movement	32.2	(35.3)
Working capital movement from debtor securitisation[1]	(12.1)	2.3
Capital expenditure	(37.3)	(53.4)
Net payments on lease contracts	(25.0)	(28.5)
Proceeds from sale of fixed assets	0.7	9.0
Restructuring and COVID-19 related cash flows	(26.1)	(8.2)
Segmental operating free cash generation	**57.2**	**55.7**
Dividends received from equity investment	1.1	–
Interest and income tax paid, net	(21.8)	(30.8)
Recognition of deferred income from government grants	(1.6)	(2.0)
Other	(1.1)	0.3
Cash flow generated from activities	**33.8**	**23.2**

1 Total debtor balances securitised as of 30 January 2021 is €104m (1 Aug 2020: €117m).

11 Net debt evolution

	January 2021 €m	January 2020 €m
Opening net debt	**(1,010.7)**	**(1,054.3)**
Cash flow generated from activities	33.8	23.2
Net movements on lease liabilities	13.6	17.4
Disposal of businesses, net of cash and leases	58.8	7.0
Disposal of joint venture[1]	–	145.5
Disposal of equity investment	24.3	–
Receipt of vendor loan note	10.0	–
Foreign exchange movement	4.4	(2.1)
Other[2]	(3.7)	(3.8)
Closing net debt [3]	**(869.5)**	**(867.1)**

1 FY 2020 full-year proceeds amounted to €139.9m net, after payment of outstanding fees.

2 Other comprises primarily amortisation of upfront borrowing costs.

3 Excluding the €214.3m net impact of adoption of IFRS 16, the Group net debt would be €655.2m at 30 January 2021.

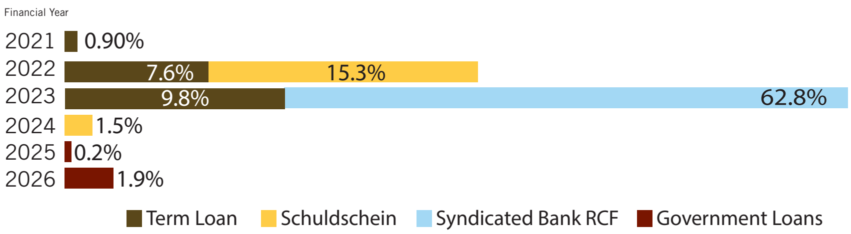
Interim Financial and Business Review (continued)

As of 30 January 2021, the Group's gross term debt financing facilities, related capitalised upfront borrowing costs, capitalised lease creditors, and cash and cash equivalents, were as follows:

	30 January 2021 €m	1 August 2020 €m
Syndicated Bank RCF	(664.2)	(790.8)
Term loan facility	(193.2)	(210.0)
State sponsored COVID-19 related loans	(22.3)	(2.0)
Schuldschein	(178.3)	(178.6)
Gross term debt	**(1,058.0)**	**(1,181.4)**
Upfront borrowing costs	12.4	15.6
Term debt, net of upfront borrowing costs	**(1,045.6)**	**(1,165.8)**
Cash and cash equivalents	390.4	423.6
Net debt excluding leases	**(655.2)**	**(742.2)**
Leases	(214.3)	(268.5)
Net debt	**(869.5)**	**(1,010.7)**

As of 30 January 2021, the weighted average interest cost of the Group debt financing facilities is 1.8% (1 August 2020: 1.6%) and the weighted average maturity of the Group's gross term debt is 1.53 years.

Gross Term Debt Maturity Profile
H1 2021



Following the amendment of the Group's Syndicated Bank Facilities Agreement in September 2018, and successful completion of the capital raise during November 2018, the Group's financial covenants are now as follows:

- Leverage covenant (Net Debt: EBITDA):
  - maximum 3.5x
- Interest cover covenant (EBITDA: Net interest, including Hybrid dividend):
  - minimum 3.0x

As announced on 28 September 2020, the Group received the requisite consent of the majority of its lenders for a further amendment of its financial covenants relating to the semi-annual period ending 30 January 2021 and the annual financial statements ending 31 July 2021. The financial covenants defined under this amendment are a leverage covenant being a maximum of 6.0x and interest cover covenant being greater than 1.0x.

Interim Financial and Business Review (continued)

The covenants are summarised in the table below:

	FY 2020	H1 FY 2021	FY 2021	Reset after FY 2021
Leverage covenant	maximum 6.0x	maximum 6.0x	maximum 6.0x	maximum 3.5x
Interest cover covenant	minimum 1.5x	minimum 1.0x	minimum 1.0x	minimum 3.0x

The Group's key financial ratios were as follows:

	January 2021	FY 2020
Net Debt: EBITDA[1]	4.07x	3.68x
EBITDA: Net interest, including Hybrid deferred dividend[1]	2.16x	2.63x

1 The Group has calculated Net Debt, EBITDA and Interest for the Group covenants in line with the Syndicated Bank Facilities Agreement terms.

Interim Financial and Business Review (continued)

12 Hybrid funding

As of 30 January 2021, the Group has €950.3m of Hybrid funding outstanding, as reflected in the table below.

Perpetual Callable Subordinated Instruments		**Coupon**	**Coupon rate if not called**	**€m**
Not called	CHF 400m	5.3%	6.045% +3 Month Swiss Libor	(371.5)
Not called	EUR 250m	6.8%	6.82% +5 Year Euro Swap Rate	(250.0)
Not called	CHF 190m	3.5%	4.213% +3 Month Swiss Libor	(176.5)
Hybrid principal outstanding at 30 January 2021 exchange rates				**(798.0)**
Hybrid instrument deferred dividends				(152.3)
Hybrid funding outstanding at 30 January 2021 exchange rates				**(950.3)**

As the instruments have no maturity date and repayment is at the option of ARYZTA, these perpetual callable subordinated instruments are recognised within other equity reserves at historical cost, net of attributable transaction costs, until such time that management and the Board of Directors have approved settlement of the applicable instrument. Any difference between the amount paid upon settlement of these instruments and the historical cost is recognised directly within retained earnings.

Dividends on these Hybrid instruments accrue at the coupon rate applicable to each respective instrument on an ongoing basis; however, a contractual obligation to pay these dividends in cash only arises when a Compulsory Payment Event, such as payment of a cash dividend to equity shareholders, has occurred within the last twelve months.

Because the Group has not paid a cash dividend to equity shareholders during the last 12 months, as of 30 January 2021 the Group is under no contractual obligation to pay the Hybrid instrument dividends in cash. Therefore, these deferred dividends have not been accrued as separate financial liabilities, but instead remain within equity, in accordance with IAS 32 'Financial Instruments'. Should a Compulsory Payment Event occur in the future, all Hybrid instrument deferred dividends will become due in cash.

Movements related to Hybrid instrument deferred dividends during the period ended 30 January 2021 were as follows:

	€m
Balance at 1 August 2020	(129.2)
Hybrid instrument deferred dividend	(23.0)
Translation adjustments	(0.1)
Balance at 30 January 2021	**(152.3)**

Interim Financial and Business Review (continued)

13 Foreign currency

The principal euro foreign exchange currency rates used by the Group for the preparation of these Interim Financial Statements are as follows:

Currency	Average H1 2021	Average H1 2020	% Change	Closing H1 2021	Closing FY 2020	% Change
CHF	1.0781	1.0920	1.3%	1.0767	1.0783	0.1%
USD	1.1928	1.1082	(7.6)%	1.2099	1.1894	(1.7)%
CAD	1.5560	1.4625	(6.4)%	1.5566	1.5957	2.5%
GBP	0.9020	0.8749	(3.1)%	0.8827	0.9054	2.5%

14 Return on invested capital

Continuing operations	ARYZTA Europe €m	ARYZTA Rest of World €m	ARYZTA Group €m
30 January 2021			
Segmental net assets[1]	1,141.9	136.7	1,278.6
TTM EBITA[1]	20.7	14.5	35.2
ROIC[1]	1.8%	10.6%	2.7%
1 August 2020			
Segmental net assets[1]	1,255.1	145.9	1,401.0
TTM EBITA[1]	56.0	18.6	74.6
ROIC[1]	4.5%	12.8%	5.3%

1 See glossary in section 20 for definitions of financial terms and references used.

2 Group WACC on a pre-tax basis is currently 9.4% (FY 2020: 9.5%).

15 Net assets, goodwill and intangibles

	January 2021 €m	FY 2020 €m
Property, plant and equipment	896.4	1,323.4
Investment properties	6.4	6.4
Goodwill and intangible assets	686.1	1,143.1
Deferred tax on goodwill and intangibles	(19.2)	(37.1)
Working capital	(119.2)	(70.9)
Other segmental assets	–	16.3
Other segmental liabilities	(33.4)	(53.3)
Lease liabilities	(138.5)	(228.3)
Net assets of disposal group held-for-sale	661.2	19.2
ARYZTA Group segmental net assets	1,939.8	2,118.8
Financial assets at fair value through income statement	–	16.8
Interest bearing loans, net of cash	(655.2)	(742.2)
Deferred tax, excluding tax on goodwill and intangibles	(72.8)	(61.8)
Income tax	(67.9)	(63.5)
Derivative financial instruments	–	(0.2)
Net assets	**1,143.9**	**1,267.9**

Interim Financial and Business Review (continued)

16 Dividend

No dividend was proposed for the years ended 1 August 2020 or 27 July 2019, and none has been paid during the period ended 30 January 2021.

17 Outlook

Due to continuing and changing COVID-19 restrictions and its ongoing consequential adverse impacts, the ongoing disposal process and the level of change being implemented across the organization, it would not be prudent to provide forward guidance for the remainder of the current financial year. By the end of FY22 ARYZTA is targeting an EBITDA margin run rate of 12.5% based on the implementation of its multi-local business model, additional costs savings and improved performance. This is an intermediate target and will need to improve further over time.

18 Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on pages 85 to 87 of the ARYZTA AG 2020 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group over the remaining 26 weeks of the financial year.

19 Forward looking statement

This document contains forward looking statements which reflect the Board of Directors' current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effects of a pandemic or epidemic or a natural disaster, and regulatory developments. You are cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this document. The Company expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements other than as required by applicable laws.

Interim Financial and Business Review (continued)

20 Glossary of financial terms and references

'Organic revenue' – presents the revenue movement during the period, excluding impacts from acquisitions/(disposals) and foreign exchange translation.

'Underlying EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, restructuring and COVID-19 related costs.

'Underlying EBITA' – presented as earnings before interest, taxation and non-ERP related intangible amortisation; before impairment, disposal, restructuring and COVID-19 related costs.

'ERP' – Enterprise Resource Planning intangible assets include the Group SAP system.

'Joint ventures underlying net profit' – presented as profit from joint ventures, net of interest and tax, before non-ERP amortisation and the impact of associated items.

'Hybrid instrument' – presented as Perpetual Callable Subordinated Instruments, which have no contractual maturity date and for which the Group controls the timing of settlement; therefore, these instruments are accounted for as equity instruments in accordance with IAS 32 'Financial Instruments'.

'Underlying net (loss)/profit' – presented as reported net (loss)/profit, adjusted to include the Hybrid instrument dividend as a finance cost; before non-ERP related intangible amortisation; and before impairment, disposal, restructuring and COVID-19 related costs, net of related income tax impacts. The Group utilises the underlying net (loss)/profit measure to enable comparability of the results from period to period, without the impact of transactions that do not relate to the underlying business.

'Segmental Net Assets' – Excludes joint ventures, financial assets at fair value, all bank debt, cash and cash equivalents and tax balances, with the exception of deferred tax liabilities associated with acquired goodwill and intangible assets, as those deferred tax liabilities represent a notional non-cash tax impact directly linked to segmental goodwill and intangible assets recorded as part of a business combination, rather than an actual cash tax obligation.

'ROIC' – Return On Invested Capital is calculated using a pro-forma trailing twelve month segmental Underlying EBITA ('TTM EBITA') reflecting the full twelve month contribution from acquisitions and full twelve month deductions from disposals, divided by the respective Segmental Net Assets, as of the end of each period.

Group Consolidated Income Statement
for the 26 week period ended 30 January 2021

26 week period ended	Notes	30 January 2021 €m Unaudited	Represented 25 January 2020 €m Unaudited
Continuing Operations			
Revenue	3	**752.5**	952.2
Cost of sales		**(523.0)**	(640.0)
Distribution expenses		**(107.1)**	(121.8)
Gross profit		**122.4**	190.4
Selling expenses		**(44.8)**	(60.7)
Administration expenses		**(108.3)**	(96.5)
Net loss on disposal of businesses	4	**–**	(61.2)
Operating loss	3	**(30.7)**	(28.0)
Share of profit after interest and tax of joint ventures		**–**	16.1
Net loss on disposal of joint venture	10	**–**	(297.1)
Gain on equity instruments at fair value through profit or loss	10	**8.6**	–
Loss before financing income, financing costs and income tax		**(22.1)**	(309.0)
Financing income		**2.0**	1.6
Financing costs		**(18.6)**	(21.6)
Loss before income tax	3	**(38.7)**	(329.0)
Income tax (expense)/credit		**(10.1)**	(5.7)
Loss for the period from continuing operations		**(48.8)**	(334.7)
Discontinued operations			
Loss after tax for the period from discontinued operations	5	**(76.6)**	(564.5)
Loss for the period attributable to equity shareholders		**(125.4)**	(899.2)

Basic loss per share	Notes	euro cent	euro cent
From continuing operations	7	**(7.2)**	(36.0)
From discontinued operations	7	**(7.8)**	(57.0)
		(15.0)	(93.0)

Diluted loss per share	Notes	euro cent	euro cent
From continuing operations	7	**(7.2)**	(36.0)
From discontinued operations	7	**(7.8)**	(57.0)
		(15.0)	(93.0)

In accordance with IFRS 5, the figures for the period ended 25 January 2020 have been represented to reflect the impacts of discontinued operations together as a single amount, separate from the impacts of continuing operations. For further information see note 2 on page 29.

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Comprehensive Income
for the 26 week period ended 30 January 2021

26 week period ended	30 January 2021 €m Unaudited	25 January 2020 €m Unaudited
Loss for the period	**(125.4)**	(899.2)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation effects on net investments	**1.6**	18.9
Taxation effect of foreign exchange translation movements	**(0.8)**	–
Cash flow hedges		
– Effective portion of changes in fair value of cash flow hedges	**–**	(1.4)
– Fair value of cash flow hedges transferred to income statement	**–**	0.7
Total of items that may be reclassified subsequently to profit or loss	**0.8**	18.2
Items that will not be reclassified to profit or loss:		
Revaluation of land and buildings	**–**	5.4
Defined benefit plans		
– Actuarial loss on Group defined benefit pension plans	**0.1**	(3.5)
– Deferred tax credit on actuarial loss	**–**	0.7
Total of items that will not be reclassified to profit or loss	**0.1**	2.6
Total other comprehensive income	**0.9**	20.8
Total comprehensive (loss)/income for the period attributable to equity shareholders	**(124.5)**	(878.4)

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 30 January 2021

	Notes	30 January 2021 €m Unaudited	1 August 2020 €m Audited
Assets			
Non-current assets			
Property, plant and equipment	8	**896.4**	1,323.4
Investment properties		**6.4**	6.4
Goodwill and intangible assets	9	**686.1**	1,143.1
Financial assets at fair value through income statement	10	**–**	16.8
Other receivables		**–**	16.3
Deferred income tax assets		**19.1**	48.8
Total non-current assets		**1,608.0**	2,554.8
Current assets			
Inventory		**94.3**	165.0
Trade and other receivables		**93.1**	206.7
Derivative financial instruments		**0.3**	0.5
Cash and cash equivalents	11	**390.4**	423.6
		578.1	795.8
Assets of disposal group held-for-sale	5	**960.2**	59.4
Total current assets		**1,538.3**	855.2
Total assets		**3,146.3**	3,410.0

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 30 January 2021 (continued)

	Notes	30 January 2021 €m Unaudited	1 August 2020 €m Audited
Equity			
Called up share capital		**17.0**	17.0
Share premium		**1,531.2**	1,531.2
Retained earnings and other reserves		**(404.3)**	(280.3)
Total equity		**1,143.9**	1,267.9
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	11	**946.1**	1,337.6
Employee benefits		**10.6**	10.1
Deferred income from government grants		**5.7**	7.6
Other payables		**17.1**	35.6
Deferred income tax liabilities		**111.1**	147.7
Total non-current liabilities		**1,090.6**	1,538.6
Current liabilities			
Interest-bearing loans and borrowings	11	**238.0**	56.5
Trade and other payables		**306.6**	442.6
Income tax payable		**67.9**	63.5
Derivative financial instruments		**0.3**	0.7
		612.8	563.3
Liabilities of disposal group held-for-sale	5	**299.0**	40.2
Total current liabilities		**911.8**	603.5
Total liabilities		**2,002.4**	2,142.1
Total equity and liabilities		**3,146.3**	3,410.0

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity
for the 26 week period ended 30 January 2021

Unaudited for the 26 week period ended 30 January 2021	Share capital €m	Share premium €m	Treasury shares €m	Other equity reserve €m	Cash flow hedge €m reserve	Share-based payment €m reserve	Foreign currency trans-lation reserve €m	Retained earnings €m	Total €m
At 2 August 2020	**17.0**	**1,531.2**	**-**	**720.5**	**0.8**	**1.9**	**(138.8)**	**(864.7)**	**1,267.9**
Loss for the period	-	-	-	-	-	-	-	(125.4)	(125.4)
Other comprehensive income	-	-	-	-	-	-	0.8	0.1	0.9
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**0.8**	**(125.3)**	**(124.5)**
Share-based payments	-	-	-	-	-	0.5	-	-	0.5
Total transactions with owners recognised directly in equity	**-**	**-**	**-**	**-**	**-**	**0.5**	**-**	**-**	**0.5**
At 30 January 2021	**17.0**	**1,531.2**	**-**	**720.5**	**0.8**	**2.4**	**(138.0)**	**(990.0)**	**1,143.9**

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity (continued)
for the 26 week period ended 30 January 2021

Unaudited **for the 26 week period ended 25 January 2020**	**Share capital €m**	**Share premium €m**	**Treasury shares €m**	**Other equity reserve €m**	**Cash flow hedge €m reserve**	**Revaluation reserve €m**	**Share-based payment €m reserve**	**Foreign currency trans-lation reserve €m**	**Retained earnings €m**	**Total €m**
At 28 July 2019	**17.0**	**1,531.2**	**-**	**720.5**	**0.7**	**-**	**2.4**	**(53.3)**	**220.6**	**2,439.1**
Loss for the period	–	–	–	–	–	–	–	–	(899.2)	(899.2)
Other comprehensive income/ (loss)	–	–	–	–	(0.7)	5.4	–	18.9	(2.9)	20.7
Total comprehensive loss	**-**	**-**	**-**	**-**	**(0.7)**	**5.4**	**-**	**18.9**	**(902.1)**	**(878.5)**
Share-based payments	-	-	-	-	-	-	2.6	-	–	2.6
Total transactions with owners recog-nised directly in equity	**-**	**-**	**-**	**-**	**-**	**-**	**2.6**	**-**	**-**	**2.6**
At 25 January 2020	**17.0**	**1,531.2**	**-**	**720.5**	**-**	**5.4**	**5.0**	**(34.4)**	**(681.5)**	**1,563.2**

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
for the 26 week period ended 30 January 2021

26 week period ended	Notes	30 January 2021 €m Unaudited	25 January 2020 €m Unaudited
Cash flows from operating activities			
Loss before income tax - continuing operations		**(48.8)**	(334.7)
Loss before income tax - discontinued operations		**(76.6)**	(564.5)
Loss for the period		**(125.4)**	(899.2)
Income tax charge/(credit)		**11.3**	(1.3)
Financing income		**(2.8)**	(3.1)
Financing costs		**21.5**	25.4
Share of profit after interest and tax of joint ventures	10	**–**	(16.1)
Net loss on disposal of joint ventures	10	**–**	297.1
Net gain on disposal of equity investment	10	**(7.5)**	–
Impairment of goodwill	5	**–**	437.1
Net loss on disposal of businesses and impairment of disposal groups held for sale	5	**57.7**	164.0
Net loss/(gain) on asset write-downs	4	**3.0**	(0.3)
Other restructuring-related payments less than / (in excess of) current year costs		**21.5**	(4.0)
Depreciation of property, plant and equipment	8	**77.1**	87.8
Amortisation of intangible assets	9	**42.3**	74.2
Recognition of deferred income from government grants		**(1.6)**	(2.0)
Share-based payments		**0.5**	2.6
Other		**(0.9)**	(1.1)
Cash flows from operating activities before changes in working capital		**96.7**	161.1
(Increase)/decrease in inventory		**(11.8)**	2.7
Decrease/(increase) in trade and other receivables		**7.9**	(11.1)
Increase/(decrease)in trade and other payables		**24.0**	(24.7)
Cash generated from operating activities		**116.8**	128.0
Income tax paid		**(9.8)**	(14.3)
Net cash flows from operating activities		**107.0**	113.7

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
(continued)
for the 26 week period ended 30 January 2021

26 week period ended	Notes	30 January 2021 €m Unaudited	25 January 2020 €m Unaudited
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**0.7**	4.1
Proceeds from sale of investment property		**–**	4.9
Purchase of property, plant and equipment		**(35.6)**	(51.3)
Purchase of intangible assets		**(1.7)**	(2.2)
Disposal of business, net	4	**19.2**	2.1
Disposal of joint venture	10	**–**	145.5
Disposal of financial assets at fair value through income statement	10	**24.3**	–
Dividends received from equity investment	10	**1.1**	–
Receipt of vendor loan note	10	**10.0**	–
Net cash flows from investing activities		**18.0**	103.1
Cash flows from financing activities			
Gross drawdown of loan capital	11	**20.4**	115.3
Gross repayment of loan capital	11	**(142.3)**	(205.7)
Interest paid		**(19.0)**	(25.0)
Interest received		**2.8**	3.1
Capital element of lease liabilities	11	**(21.5)**	(24.2)
Net cash flows from financing activities		**(159.6)**	(136.5)
Net (decrease)/increase in cash and cash equivalents	11	**(34.6)**	80.3
Translation adjustment	11	**1.4**	(1.0)
Net cash and cash equivalents at start of period	11	**423.6**	377.9
Net cash and cash equivalents at end of period	11	**390.4**	457.2

The notes on pages 28 to 46 are an integral part of these Group consolidated financial statements.

Notes to the Group Condensed Interim Financial Statements
for the 26 week period ended 30 January 2021

1 Basis of preparation

The Group Condensed Consolidated Interim Financial Statements (hereafter the 'Interim Financial Statements') have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ('IAS 34').

These Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's most recent Annual Financial Statements in respect of the period ended 1 August 2020, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

These Interim Financial Statements for the 26 week period ended 30 January 2021 and the comparative figures for the 26 week period ended 25 January 2020 are unaudited and have not been reviewed by the auditors. The extracts from the Group's Annual Financial Statements for the period ended 1 August 2020 represent an abbreviated version of the Group's full accounts for that period, on which the auditors issued an unqualified audit report.

Income tax expense is recognised based upon the best estimate of the average annual income tax rate expected for the full year.

The principal euro foreign exchange currency rates used by the Group for the preparation of these Interim Financial Statements are as follows:

Currency	Average H1 2021	Average H1 2020	% Change	Closing H1 2021	Closing FY 2020	% Change
CHF	1.0781	1.0920	1.3%	1.0767	1.0783	0.1%
USD	1.1928	1.1082	(7.6)%	1.2099	1.1894	(1.7)%
CAD	1.5560	1.4625	(6.4)%	1.5566	1.5957	2.5%
GBP	0.9020	0.8749	(3.1)%	0.8827	0.9054	2.5%

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

2 Accounting policies

Except as described below, the Interim Financial Statements have been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates, as set out on pages 104 to 124 of the ARYZTA AG 2020 Annual Report and Accounts.

The IFRS applied by the Group in preparation of these financial statements are those that were effective for accounting periods beginning on or before 2 August 2020.

The following standards and interpretations, issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee, are effective for the first time in the current financial period and have been adopted by the Group:

– Amendments to IFRS 3 – Definition of a business
– Amendments to IAS 1 and IAS 8 – Definition of material
– Amendments to the Conceptual framework
– Amendment to IFRS 16 – Leases - COVID-19 related rent concessions
– Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

While the above standards and interpretations modified certain presentation and disclosure requirements, these new requirements are not significantly different than information presented as part of the 1 August 2020 period-end financial statements and had no material impact on the consolidated results or financial position of the Group.

IFRSs being adopted in subsequent periods
The Group has not applied early adoption of any standards not yet effective.

Reclassifications and adjustments
Certain comparative amounts in the Group Consolidated Income Statement have been reclassified or re-presented, to achieve a more appropriate presentation as required by IFRS 5: Non-current assets held for sale and discontinued operations. Following the classification of ARYZTA's North America businesses as held-for-sale in January 2021, the results of these businesses have been presented within loss from discontinued operations in the Group Consolidated Income Statement with the prior period comparatives re-presented accordingly.

Certain amounts in the 25 January 2020 and 1 August 2020 comparative financial statement figures and related notes have been reclassified to conform to the 30 January 2021 presentation. These reclassifications were made for presentation purposes and have no effect on previously reported total revenue, expenses, loss for the period, total assets, total liabilities, total equity or total cash flow classifications as previously reported.

Segmental reporting
The Group's Chief Operating Decision Maker ('CODM') was identified as the former Group CEO, Kevin Toland during the period until his departure from the Group on 19 November 2020. From this date until 30 January 2021, Urs Jordi, Chair of the Board and Interim CEO, has been identified as the CODM.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

The Group has three operating and reporting segments, ARYZTA Europe, ARYZTA North America and ARYZTA Rest of World. Following the Group's decision to dispose of its North America businesses during the period, the ARYZTA North America operating segment is now classified as a discontinued operation. The ARYZTA Europe and ARYZTA Rest of World operating segments comprise the continuing operations of the Group.

Going concern

The Group has continued to demonstrate strong liquidity management in response to the government restrictions imposed due to COVID-19 during the period. The Group's Net Debt : EBITDA and Interest cover covenant ratios of 4.07x and 2.16x respectively represent significant headroom versus the covenants applicable at 30 January 2021, being Net Debt : EBITDA ratio of 6x or lower and Interest cover ratio of 1x or higher. As announced on 12 March 2021, the Group has signed a disposal agreement for the North America business, with expected gross proceeds of USD850m significantly reducing the Group's leverage. This transaction is expected to complete during FY 2021. Based on these considerations, together with available market information, the financial statements for the period ended 30 January 2021 have been prepared on a going concern basis.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

3 Segment Information

	ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
26 week period ended **I) Segment revenue and result**	**30 January 2021 €m**	**25 January 2020 €m**	**30 January 2021 €m**	**25 January 2020 €m**	**30 January 2021 €m**	**25 January 2020 €m**
Segment revenue	**631.7**	807.3	**120.8**	144.9	**752.5**	952.2
Underlying EBITDA[1]	**59.1**	97.1	**17.0**	22.0	**76.1**	119.1
Depreciation	**(42.0)**	(44.5)	**(7.1)**	(8.0)	**(49.1)**	(52.5)
ERP Amortisation	**(5.3)**	(5.4)	**–**	–	**(5.3)**	(5.4)
Underlying EBITA	**11.8**	47.2	**9.9**	14.0	**21.7**	61.2
Amortisation of other intangible assets	**(6.0)**	(24.1)	**(2.8)**	(3.2)	**(8.8)**	(27.3)
Net loss on disposal of businesses	**–**	(61.2)	**–**	–	**–**	(61.2)
(Loss)/gain on fixed asset disposals and impairments	**(2.8)**	1.5	**–**	(0.6)	**(2.8)**	0.9
Restructuring-related costs	**(33.8)**	(1.6)	**(5.9)**	–	**(39.7)**	(1.6)
COVID-19 related costs	**(0.6)**	–	**(0.5)**	–	**(1.1)**	–
Operating (loss)/profit[2]	**(31.4)**	(38.2)	**0.7**	10.2	**(30.7)**	(28.0)
Share of profit after interest and tax of joint ventures[3]					**–**	16.1
Net loss on disposal of joint venture [3]					**–**	(297.1)
Gain on equity instruments at FVTPL [3]					**8.6**	–
Financing income[3]					**2.0**	1.6
Financing costs[3]					**(18.6)**	(21.6)
Loss before income tax as reported in Group Consolidated Income Statement					**(38.7)**	(329.0)

1 'Underlying EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, restructuring and COVID-19 related costs.

2 Certain central executive and support costs have been allocated against the operating results of each business segment. Underlying EBITDA from continuing operations includes central costs previously allocated to ARYZTA North America discontinued operations.

3 Joint ventures, financial instruments at fair value through profit or loss, finance income/(costs) and income tax are managed on a centralised basis. Therefore, these items are not allocated between business segments for the purposes of presenting information to the Chief Operating Decision Maker.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

26 week period ended	30 January 2021 €m		25 January 2020 €m	
II) Segment revenue by location	**Revenue**	**% of Group Revenue**	Revenue	% of Group Revenue
Switzerland (ARYZTA's country of domicile)	**96.1**	**12.8%**	115.1	12.1%
Germany	**230.6**	**30.6%**	282.8	29.7%
France	**81.4**	**10.8%**	127.8	13.4%
Other[1]	**223.6**	**29.7%**	281.6	29.6%
ARYZTA Europe segmental revenue	**631.7**	**83.9%**	807.3	84.8%
ARYZTA Rest of World segmental revenue[2]	**120.8**	**16.1%**	144.9	15.2%
ARYZTA Group continuing operations revenue[3]	**752.5**	**100.0%**	952.2	100.0%

1 Other includes foreign countries in the Europe segment which individually did not represent greater than 10% of ARYZTA Group continuing operations revenue in the current or prior financial period.

2 No country in the Rest of World segment represented greater than 10% of the ARYZTA Group continuing operations revenue in the current or prior financial period on an individual country basis.

3 For the purposes of this analysis, customer revenues are allocated based on geographic location of vendor.

4 One single external customer represented 17% of the ARYZTA Group continuing operations revenue in the current financial period (January 2020: 15%). No other customer represented more than 10% of the ARYZTA Group continuing operations revenue in the current and prior financial period. These revenues were earned across all of the Group's operating segments in the current and prior financial periods. There is no significant credit risk associated with receivables from this customer.

26 week period ended	ARYZTA Europe 30 January 2021 €m	ARYZTA Europe 25 January 2020 €m	ARYZTA Rest of World 30 January 2021 €m	ARYZTA Rest of World 25 January 2020 €m	Total Continuing Operations 30 January 2021 €m	Total Continuing Operations 25 January 2020 €m
III) Segment revenue by product						
Bread Rolls & Artisan Loaves	**295.2**	319.3	**88.7**	105.0	**383.9**	424.3
Sweet Baked & Morning Goods	**211.0**	266.6	**29.8**	37.1	**240.8**	303.7
Savoury & Other	**125.5**	221.4	**2.3**	2.8	**127.8**	224.2
Revenue	**631.7**	807.3	**120.8**	144.9	**752.5**	952.2

26 week period ended	ARYZTA Europe 30 January 2021 €m	ARYZTA Europe 25 January 2020 €m	ARYZTA Rest of World 30 January 2021 €m	ARYZTA Rest of World 25 January 2020 €m	Total Continuing Operations 30 January 2021 €m	Total Continuing Operations 25 January 2020 €m
IV) Segment revenue by channel						
QSR	**65.2**	78.9	**89.4**	101.9	**154.6**	180.8
Retail	**403.1**	442.9	**11.7**	13.1	**414.8**	456.0
Other Foodservice	**163.4**	285.5	**19.7**	29.9	**183.1**	315.4
Revenue	**631.7**	807.3	**120.8**	144.9	**752.5**	952.2

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

V) Segment assets	ARYZTA Europe as at 30 Jan 2021 €m	ARYZTA Europe as at 1 Aug 2020 €m	ARYZTA Rest of World as at 30 Jan 2021 €m	ARYZTA Rest of World as at 1 Aug 2020 €m	Total Continuing Operations as at 30 Jan 2021 €m	Total Continuing Operations as at 1 Aug 2020 €m	Discontinued Operations as at 30 Jan 2021 €m	Discontinued Operations as at 1 Aug 2020 €m	Total ARYZTA Group as at 30 Jan 2021 €m	Total ARYZTA Group as at 1 Aug 2020 €m
Segment assets	**1,572.2**	1,664.1	**204.1**	207.2	**1,776.3**	1,871.3	**960.2**	1,060.0	**2,736.5**	2,931.3
Reconciliation to total assets										
Financial assets at fair value through income statement					–	16.8			–	16.8
Deferred income tax assets					**19.1**	37.8			**19.1**	37.8
Derivative financial instruments					**0.3**	0.5			**0.3**	0.5
Cash and cash equivalents					**390.4**	423.6			**390.4**	423.6
Total assets as reported in group Consolidated Balance Sheet					**2,186.1**	2,350.0	**960.2**	1,060.0	**3,146.3**	3,410.0

VI) Segment liabilities	ARYZTA Europe as at 30 Jan 2021 €m	ARYZTA Europe as at 1 Aug 2020 €m	ARYZTA Rest of World as at 30 Jan 2021 €m	ARYZTA Rest of World as at 1 Aug 2020 €m	Total Continuing Operations as at 30 Jan 2021 €m	Total Continuing Operations as at 1 Aug 2020 €m	Discontinued Operations as at 30 Jan 2021 €m	Discontinued Operations as at 1 Aug 2020 €m	Total ARYZTA Group as at 30 Jan 2021 €m	Total ARYZTA Group as at 1 Aug 2020 €m
Segment liabilities	**430.3**	409.0	**67.4**	61.3	**497.7**	470.3	**299.0**	355.5	**796.7**	825.8
Reconciliation to total liabilities										
Interest-bearing loans and borrowings					**1,045.6**	1,125.6			**1,045.6**	1,125.6
Derivative financial instruments					**0.3**	0.7			**0.3**	0.7
Current and deferred income tax liabilities					**159.8**	190.0			**159.8**	190.0
Total liabilities as reported in Group Consolidated Balance Sheet					**1,703.4**	1,786.6	**299.0**	355.5	**2,002.4**	2,142.1

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

4 Impairment, disposal, restructuring and COVID-19 related costs

In accordance with IAS 1, 'Presentation of Financial Statements', the Group Consolidated Income Statement is presented by function of expense.

Management has also identified certain impairment, disposal, restructuring and COVID-19 related costs within each functional area, which are presented separately within the Financial Business Review. In order to enable comparability of the Group's underlying results and performance from period to period, the following reconciliation between the IFRS income statement and the amounts presented within the Financial Business Review is provided.

	IFRS Income Statement	**Impairment, disposal & restructuring related costs**	**COVID-19 related costs**	**Intangible amortisation**	**Financial Business Review**	**IFRS Income Statement**	**Impairment, disposal & restructuring related costs**	**Intangible amortisation**	**Financial Business Review**
	30 January 2021 €m	30 January 2021 €m	30 January 2021 €m	30 January 2021 €m	**30 January 2021 €m**	**25 January 2020 €m**	25 January 2020 €m	25 January 2020 €m	**25 January 2020 €m**
Revenue	**752.5**	-	-	-	**752.5**	**952.2**	-	-	**952.2**
Cost of sales	**(523.0)**	6.1	(0.3)	-	**(517.2)**	**(640.0)**	0.1	-	**(639.9)**
Distribution expenses	**(107.1)**	0.1	0.3	-	**(106.7)**	**(121.8)**	(1.5)	-	**(123.3)**
Gross profit	**122.4**	6.2	–	-	**128.6**	**190.4**	(1.4)	-	**189.0**
Selling expenses	**(44.8)**	0.9	0.1	-	**(43.8)**	**(60.7)**	-	-	**(60.7)**
Administration expenses	**(108.3)**	35.4	1.0	8.8	**(63.1)**	**(96.5)**	2.1	27.3	**(67.1)**
Net loss on disposal of businesses	**–**	–	-	-	**–**	**(61.2)**	61.2	-	**–**
Operating (loss)/profit	**(30.7)**	42.5	1.1	8.8	**21.7**	**(28.0)**	61.9	27.3	**61.2**

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

During the period ended 30 January 2021, the Group incurred the following impairment, disposal, restructuring and COVID-19 related costs in respect of continuing operations, which are presented separately when providing information to the Chief Operating Decision Maker, as reflected within the presentation of segmental underlying EBITDA within note 3. Furthermore, this metric forms the basis for Trailing Twelve Month EBITDA utilised in calculating the Net Debt: EBITDA ratio for banking covenant compliance.

		ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
26 week period ended	Notes	30 January 2021 €m	25 January 2020 €m	30 January 2021 €m	25 January 2020 €m	30 January 2021 €m	25 January 2020 €m
Net loss on disposal of businesses		–	(61.2)	–		–	(61.2)
Gain/(loss) on sale and impairment of fixed assets		**(2.8)**	1.5	–	(0.6)	**(2.8)**	0.9
Total net loss on disposal of businesses and asset write-downs	4.1	**(2.8)**	(59.7)	–	(0.6)	**(2.8)**	(60.3)
Severance and other staff-related costs		**(13.1)**	(0.3)	**(2.1)**	–	**(15.2)**	(0.3)
Other costs including advisory		**(20.7)**	(1.3)	**(3.8)**	–	**(24.5)**	(1.3)
Total restructuring-related costs	4.2	**(33.8)**	(1.6)	**(5.9)**	–	**(39.7)**	(1.6)
						–	–
COVID-19 related costs		**(0.6)**	–	**(0.5)**	–	**(1.1)**	–
Total impairment, disposal, restructuring and COVID-19 related costs		**(37.2)**	(61.3)	**(6.4)**	(0.6)	**(43.6)**	(61.9)

4.1 Net loss on disposal of businesses and asset write-downs

During the period ended 30 January 2021, the Group recorded an impairment of €2.8m in the ARYZTA Europe segment, primarily related to closure of a production facility, resulting in the write down of land and building assets to recoverable value.

During the period ended 25 January 2020, the Group completed the disposal of its non-core UK Food Solutions business within the Europe operating segment. As the €7.0m proceeds received, comprising €2.1m cash received and €4.9m lease liabilities disposed, net of associated transaction costs, was less than the €59.4m carrying value of the assets disposed, combined with a €8.8m cumulative foreign currency translation loss since the initial investment, a loss on disposal of €61.2m was recognised. Certain property assets related to this business were retained by the Group and classified as held for sale at fair value less costs to sell of €12.4m, resulting in a gain of €5.4m through other comprehensive income in the revaluation reserve during the period ended 25 January 2020. These were disposed of during H2 2020.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

4.2 Restructuring-related costs

During the period ended 30 January 2021, the Group has recognised costs, including providing for amounts as required by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in the Group Consolidated Income Statement as follows:

Severance and other staff related costs
During the period ended 30 January 2021, the Group incurred €15.2m (2020: €0.3m) in severance and other staff-related costs. These costs primarily relate to the termination of executive roles as a delayering of reporting structures was implemented across the two remaining regions of the Group. The costs also relate to employees whose services were discontinued following the removal of complex regional structures across the two remaining regions of the Group.

Other costs including advisory
During the period ended 30 January 2021, the Group incurred €24.5m in advisory and other costs (2020: €1.3m). €21.3m of these costs relate to committed financial and legal services prior to the rejection by the Board of the proposed takeover of the Group in December 2020. The remaining costs include advisory costs associated with ongoing bakery rationalisation and disposal transactions.

4.3 COVID-19 related costs

COVID-19 related costs are costs arising due to the effect of the COVID-19 pandemic, including any government-imposed restrictions impacting consumer demand and the production processes, net of any directly related government support. These costs have been identified as quantifiable, distinguishable and separable from normal operations. The Group incurred €1.1m of COVID-19 related costs during the period (H1 2020: €nil). These were primarily costs associated with furloughing employees and other incidental labour related costs and costs associated with implementing safety measures across the Group's bakery network.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

5 Discontinued operations

As announced during the period ended 30 January 2021, the Board of Directors confirmed its intention to dispose of the Group's businesses in North America, in order to reduce debt levels, and in order to focus on the Group's Europe and APAC markets.

As plans for a disposal of the businesses in North America in their entirety were approved by the Board of Directors and were sufficiently progressed that they were considered highly probable to be completed within the next 12 months as at 30 January 2021, the assets and liabilities of these businesses have been accounted for as disposal group held-for-sale as of 30 January 2021.

In accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations', as the ARYZTA North America business previously represented a significant component and separately reported segment of the Group, its results have been separately presented in the Group Interim Report and Condensed Financial Statements as Discontinued Operations, in both the current and prior periods. The assets and liabilities of the disposal group classified as held-for-sale are presented separately from other assets and liabilities in the Group Consolidated Balance Sheet as at 30 January 2021.

On 12 March 2021, the Group publicly announced that it had reached an agreement to sell its North American businesses to an affiliate of Lindsay Goldberg LLC for a cash consideration of USD850m, which is subject to customary adjustments for cash, debt and working capital. The transaction is expected to complete during FY 2021.

Analysis of the disposal groups held-for-sale, including the loss recognised on the re-measurement of the assets of the disposal group to fair value less costs to sell, is as follows:

26 week period ended	**30 January 2021 €m**	**25 January 2020 €m**
Revenue	**533.4**	704.0
Cost of sales	**(424.2)**	(566.3)
Distribution expenses	**(55.4)**	(72.6)
Gross profit	**53.8**	65.1
Selling expenses	**(16.7)**	(22.4)
Administration expenses	**(52.7)**	(71.8)
Net gain/(loss) on disposal of businesses	**4.8**	(102.9)
Impairment of goodwill	**–**	(437.1)
Operating loss	**(10.8)**	(569.1)
Finance income	**0.8**	1.5
Finance costs	**(2.9)**	(3.9)
Loss before income tax	**(12.9)**	(571.5)
Income tax (expense)/credit	**(1.2)**	7.0
Loss after tax from discontinued operations	**(14.1)**	(564.5)
Loss on remeasurement to fair value less costs to sell	**(62.5)**	–
Loss after tax for the period from discontinued operations	**(76.6)**	**(564.5)**

Immediately before the classification of the ARYZTA North America business as discontinued operations, the recoverable amount was estimated for goodwill and no

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

impairment loss was identified. Following the classification on 30 January 2021, a loss on remeasurement of €62.5m was recognised within discontinued operations in the Group Consolidated Income Statement to reduce the carrying amount of the assets in the disposal group to their fair value less costs to sell. Prior to the held for sale classification, the carrying amount of the net assets was determined at €723.7m. In accordance with IFRS 5, this loss on remeasurement has been applied to goodwill, within the assets of disposal group held-for-sale.

The major classes of assets and liabilities of ARYZTA North America classified as held for sale as at 30 January 2021 are as follows:

	30 January 2021 €m
Property, plant and equipment	387.5
Intangible assets	359.9
Deferred income tax assets	23.9
Inventory	79.0
Trade and other receivables	109.9
Assets of disposal group held-for-sale	**960.2**
Leases	(75.8)
Deferred income tax liabilities	(29.6)
Trade and other payables	(193.6)
Liabilities of disposal group held-for-sale	**(299.0)**
Net assets of disposal group held-for-sale measured at fair value less costs to sell	**661.2**

Fair value less costs to sell has been determined based on management's expected consideration for ARYZTA's North America businesses. The fair value has been measured using inputs not observable within the market, and is therefore within level 3 of the fair value hierarchy. A cumulative €71m foreign currency translation loss on net investment, related to this disposal group, has been recognised through other comprehensive income since initial investment, and remains in foreign currency translation reserve as of 30 January 2021. This amount will be recalculated upon eventual completion of the transaction and will be recycled from other comprehensive income into the income statement at that point.

The Underlying EBITDA of discontinued operations has been reconciled to the operating loss as follows:

26 week period ended	**30 January 2021 €m**	**25 January 2020 €m**
Underlying EBITDA - discontinued operations	**48.7**	50.7
Depreciation	**(28.0)**	(35.3)
ERP Amortisation	**(2.6)**	(2.9)
Underlying EBITA	**18.1**	12.5
Amortisation of other intangible assets	**(25.6)**	(38.4)
Net gain/(loss) on disposal of businesses	**4.8**	(102.9)
Impairment of goodwill	**–**	(437.1)
Loss on fixed asset disposals and impairments	**(0.2)**	(0.6)
Restructuring-related costs	**(3.3)**	(2.6)
COVID-19 related costs	**(4.6)**	–
Operating loss - discontinued operations	**(10.8)**	(569.1)

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

Disposal, restructuring and COVID-19 related costs - discontinued operations
During the period ended 30 January 2021, the Group completed the disposal of its non-core Pizza businesses within North America, which had been classified as a disposal group held-for-sale as of 1 August 2020. These businesses historically generated approximately 11% of the annual revenues of the segment. As the €19.2m proceeds received, net of associated transaction costs, were in excess of the €18.9m carrying value of the net assets disposed, combined with a cumulative €4.5m cumulative foreign currency translation gain since the initial investment, a net gain on disposal €4.8m was recognised. Including €39.6m of lease liabilities disposed, the net debt consideration was €58.8m.

During the period ended 30 January 2021, the ARYZTA North America business incurred €3.3m (2020: €2.6m) in restructuring-related costs, of which €1.6m (2020: €1.2m) related to severance and other staff-related costs. These costs primarily related to the employees whose services were discontinued following business rationalisation decisions as part of the restructuring of the business. The business also incurred €1.6m during the period (2020: €1.4m) in advisory and other costs related to the business rationalisation.

The business incurred €4.6m of costs as a result of COVID-19 restrictions during the period (2020: nil), of which €2.4m were costs associated with furloughing employees and other incidental labour related costs. The remaining costs primarily related to incremental inventory write-offs incurred due to further restrictions within the Foodservice sector in the period.

Cash flow statement - discontinued operations
The net cash flows incurred by ARYZTA North America discontinued operations are as follows:

26 week period ended	30 January 2021 €m	25 January 2020 €m
Operating	**48.5**	42.1
Investing	**5.8**	(31.4)
Financing	**(9.1)**	(10.1)
Net cash (outflow)/inflow	**45.2**	0.6

6 Dividends
No dividend was proposed for the periods ended 1 August 2020 or 27 July 2019, and none has been paid during the period ended 30 January 2021.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

7 Earnings per share

26 week period ended Basic loss per share	30 January 2021 €m	25 January 2020 €m
Loss attributable to equity shareholders - continuing operations	**(48.8)**	(334.7)
Loss attributable to equity shareholders - discontinued operations	**(76.6)**	(564.5)
Loss attributable to equity shareholders	**(125.4)**	(899.2)
Hybrid instrument dividend	**(23.0)**	(22.1)
Loss used to determine basic EPS - continuing operations	**(71.8)**	(356.8)
Loss used to determine basic EPS - discontinued operations	**(76.6)**	(564.5)
Loss used to determine basic EPS	**(148.4)**	(921.3)
Weighted average number of ordinary shares		
Ordinary shares outstanding at 1 August[1]	**991.1**	990.6
Effect of exercise of equity instruments	**0.1**	–
Weighted average ordinary shares used to determine basic EPS	**991.2**	990.6
Basic loss per share (cent) - continuing operations	**(7.2)**	(36.0)
Basic loss per share (cent) - discontinued operations	**(7.8)**	(57.0)
Basic loss per share (cent)	**(15.0)**	(93.0)
Diluted loss per share	**€m**	**€m**
Loss used to determine basic EPS - continuing operations	**(71.8)**	(356.8)
Loss used to determine basic EPS - discontinued operations	**(76.6)**	(564.5)
Loss used to determine basic EPS	**(148.4)**	(921.3)
Weighted average number of ordinary shares (diluted)		
Weighted average ordinary shares used to determine basic EPS	**991.2**	990.6
Effect of equity-based incentives with a dilutive impact[2]	**–**	–
Weighted average ordinary shares used to determine diluted EPS	**991.2**	990.6
Diluted loss per share (cent) - continuing operations	**(7.2)**	(36.0)
Diluted loss per share (cent) - discontinued operations	**(7.8)**	(57.0)
Diluted loss per share (cent)	**(15.0)**	(93.0)

1 Issued share capital excludes treasury shares.

2 In accordance with IAS 33, potential ordinary shares are treated as dilutive only when their conversion would decrease profit per share or increase loss per share from continuing operations. As the impact related to the conversion of equity-based incentives would decrease the loss per share for the periods ended 30 January 2021 and 25 January 2020, no dilutive effect was given to outstanding equity based incentives.

In addition to the basic and diluted earnings per share measures required by IAS 33, Earnings Per Share, as calculated above, the Group also presents an underlying diluted earnings per share measure, in accordance with IAS 33 paragraph 73. This additional measure enables comparability of the Group's underlying results from period to period, without the impact of transactions that do not relate to the underlying business.

As shown below, for purposes of calculating this measure, the Group adjusts the loss used to determine basic EPS by the following items and their related tax impacts:

– excludes intangible amortisation, except ERP intangible amortisation; and
– excludes impairment, disposal, restructuring and COVID-19 related costs.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

26 week period ended **Underlying diluted earnings per share**	30 January 2021 €m	25 January 2020 €m
Loss used to determine basic EPS - continuing operations	**(71.8)**	(356.8)
Amortisation of non-ERP intangible assets (note 3)	**8.8**	27.3
Tax on amortisation of non-ERP intangible assets	**(1.8)**	(6.0)
Share of JV intangible amortisation and restructuring costs, net of tax	**–**	2.3
Net loss on disposal of businesses (note 4)	**–**	61.2
Loss/(gain) on fixed asset disposals and impairments (note 4)	**2.8**	(0.9)
Restructuring-related costs (note 4)	**39.7**	1.6
COVID-19 related costs (note 4)	**1.1**	–
Net loss on disposal of joint venture (note 10)	**–**	297.1
Gain on equity instruments at FVTPL (note 10)	**(8.6)**	–
Tax on net impairment, disposal and restructuring-related costs	**(1.0)**	(0.1)
Underlying net (loss)/profit - continuing operations	**(30.8)**	25.7
Loss used to determine basic EPS - discontinued operations	**(76.6)**	(564.5)
Amortisation of non-ERP intangible assets (note 5)	**25.6**	38.4
Tax on amortisation of non-ERP intangible assets	**(5.9)**	(8.4)
Net (gain)/loss on disposal of businesses (note 5)	**(4.8)**	102.9
Impairment of goodwill (note 5)	**–**	437.1
Loss on fixed asset disposals and impairments (note 5)	**0.2**	0.6
Restructuring-related costs (note 5)	**3.3**	2.6
COVID-19 related costs (note 5)	**4.6**	–
Tax on net impairment, disposal and restructuring-related costs	**5.5**	(0.1)
Loss on reclassification to disposal group held-for-sale - discontinued operations	**62.5**	–
Underlying net profit - discontinued operations	**14.4**	8.6
Underlying net (loss)/profit - total	**(16.4)**	34.3
Weighted average ordinary shares used to determine basic EPS	**991.2**	990.6
Underlying basic EPS (cent) - continuing operations	**(3.1)**	2.6
Underlying basic EPS (cent) - discontinued operations	**1.4**	0.9
Underlying basic EPS (cent) - total	**(1.7)**	3.5
Weighted average ordinary shares used to determine basic EPS	**991.2**	990.6
Effect of equity-based incentives with a dilutive impact[1]	**–**	1.7
Weighted average ordinary shares used to determine underlying diluted EPS	**991.2**	992.3
Underlying diluted EPS (cent) - continuing operations	**(3.1)**	2.6
Underlying diluted EPS (cent) - discontinued operations	**1.4**	0.9
Underlying diluted EPS (cent) - total	**(1.7)**	3.5

1 In accordance with IAS 33, potential ordinary shares are treated as dilutive only when their conversion would decrease profit per share or increase loss per share from continuing operations. As the impact related to the conversion of equity-based incentives would decrease the loss per share for the periods ended 30 January 2021, no dilutive effect was given to outstanding equity based incentives.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

8 Property, plant and equipment

30 January 2021	Land and buildings €m	Plant and Machinery €m	Motor Vehicles €m	Assets under construction €m	Right-of-use leased assets €m	Total €m
Net book value at 1 August 2020	**386.2**	**694.2**	**1.0**	**40.8**	**201.2**	**1,323.4**
Additions	0.3	8.9	-	26.7	8.0	43.9
Transfer from assets under construction	1.3	13.3	-	(14.6)	-	-
Disposals as part of business disposals	-	(0.1)	-	(0.1)	1.8	1.6
Transfer to disposal groups classified as held-for-sale (note 5)	(65.5)	(242.7)	-	(25.1)	(54.2)	(387.5)
Asset impairments	(2.9)	-	-	-	-	(2.9)
Asset disposals	-	(0.3)	(0.2)	-	(1.0)	(1.5)
Depreciation charge for period	(7.5)	(49.0)	(0.3)	-	(20.3)	(77.1)
Translation adjustments	(0.5)	(2.4)	0.1	(0.9)	0.2	(3.5)
Net book value at 30 January 2021	**311.4**	**421.9**	**0.6**	**26.8**	**135.7**	**896.4**
At 30 January 2021						
Cost	383.7	848.2	2.3	26.8	180.6	1,441.6
Accumulated depreciation	(72.3)	(426.3)	(1.7)	-	(44.9)	(545.2)
Net book value at 30 January 2021	**311.4**	**421.9**	**0.6**	**26.8**	**135.7**	**896.4**

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

9 Goodwill and intangible assets

30 January 2021	Goodwill €m	Customer Relationships €m	Brands €m	Computer-related €m	ERP-related intangibles €m	Patents and other €m	Total €m
Net Book Value at 1 August 2020	**823.4**	**181.0**	**16.6**	**15.6**	**102.5**	**4.0**	**1,143.1**
Additions	-	-	-	1.7	-	-	1.7
Transfer to disposal group classified as held-for-sale (note 5)	(300.6)	(75.2)	(8.6)	(5.1)	(31.6)	(1.3)	(422.4)
Amortisation charge for the period	-	(25.5)	(6.7)	(1.8)	(7.9)	(0.4)	(42.3)
Translation adjustments	6.3	(0.1)	(0.2)	-	-	-	6.0
Net Book Value at 30 January 2021	**529.1**	**80.2**	**1.1**	**10.4**	**63.0**	**2.3**	**686.1**
At 30 January 2021							
Cost	529.1	205.8	99.7	30.4	145.6	5.1	1,015.7
Accumulated amortisation	-	(125.6)	(98.6)	(20.0)	(82.6)	(2.8)	(329.6)
Net Book Value At 30 January 2021	**529.1**	**80.2**	**1.1**	**10.4**	**63.0**	**2.3**	**686.1**

Goodwill impairment review

Goodwill acquired through business combinations is allocated at acquisition to the cash-generating units ('CGU') expected to benefit from the synergies of the business combination. There was no change to the composition of the CGUs of the Group as disclosed on page 147 of the ARYZTA AG 2020 Annual Report.

The Group typically tests goodwill for impairment annually, during the last quarter of the financial year, or more frequently where there is an indicator of a potential impairment. As detailed in note 5, the North America CGU was transferred to disposal group held-for-sale as of January 2021.

North West Europe, Germany and Other Europe and North America were CGUs disclosed as sensitive to a significant adverse change in goodwill test assumptions on page 148 of the ARYZTA AG 2020 Annual Report. Each of these CGUs showed cash flows and profitability during the period ended 30 January 2021 ahead of the projections in their respective FY 2020 impairment tests, and additionally the carrying value at 30 January 2021 was lower when compared to the FY 2020 impairment tests in each case. As a result, after assessing these and other potential impairment indicators, it was determined that no interim impairment testing was required within these CGUs. Positive performance or existing headroom indicated no interim impairment testing was required within all other CGUs.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

10 Investment in Picard

As announced on 4 October 2019, the Group received a binding offer from Invest Group Zouari ('IGZ') to purchase 43% of its 48% holding in Picard for gross consideration of €155.9m of which €145.9m was received during the period ended 25 January 2020. Net of transaction costs settled to date, net proceeds of €145.4m were recorded in the Group Consolidated Cash Flow Statement. The remaining €10.0m consideration was recorded as a Vendor Loan Note receivable at 25 January 2020. ARYZTA retained a 4.6% interest in Picard, recorded as a financial investment at fair value through profit or loss. As the total estimated proceeds net of transaction costs payable of €150.0m and the fair value of the remaining stake held of €16.8m was less than the €463.8m carrying value of the investment in joint venture disposed of, the transaction resulted in a loss on disposal in the amount of €297.1m during the period ended 25 January 2020.

During the period ended 30 January 2021, the €10.0m vendor loan note was received, and the Group also received a €1.1m dividend from the equity investment. In January 2021, ARYZTA completed the disposal of its remaining 4.6% shareholding in Picard for net proceeds of €24.3m. During the period ended 30 January 2021, a fair value gain through profit or loss of €8.6m was recorded in the Group Consolidated Income Statement in respect of this investment, comprising the gain on disposal of the investment and the dividend income received.

11 Analysis of net debt

Analysis of net debt	1 August 2020 €m	Cash flows €m	Non-cash movements €m	Translation adjustment €m	30 January 2021 €m
Cash	423.6	(34.6)	–	1.4	390.4
Loans	(1,165.8)	121.9	(3.8)	2.1	(1,045.6)
Leases[1]	(268.5)	21.5	31.6	1.1	(214.3)
Net debt	**(1,010.7)**	**108.8**	**27.8**	**4.6**	**(869.5)**

1 The lease liability balance at 30 January 2021 comprises €138.5m presented in interest-bearing loans and borrowings and €75.8m presented in liabilities of disposal groups held-for-sale in the Group Consolidated Balance Sheet.

12 Post balance sheet events – after 30 January 2021

As announced on 12 March 2021, the Group has signed a definitive agreement to sell 100% of the equity and assets of its North American business in the USA and Canada to an affiliate of Lindsay Goldberg LLC for gross proceeds of USD850m. See note 5 for further details on this transaction.

There have been no other significant events, outside the ordinary course of business, affecting the Group since 30 January 2021.

13 Contingent liabilities

The Group is subject to litigation risks and legal claims that arise in the ordinary course of business, for which the outcomes are not yet known. These claims are not currently expected to give rise to any material significant future cost or contingencies.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

14 Related party transactions

During the 26 week period ended 30 January 2021, there have been no significant changes in the related party transactions described in the ARYZTA AG 2020 Annual Report and Accounts, which could have a material impact on the financial position or performance of the Group.

15 Estimates, risks and uncertainties

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those risks outlined on pages 178 and 179 of the ARYZTA AG 2020 Annual Report and Accounts.

During the period ended 30 January 2021:

- The Directors' analysis of whether use of the going concern basis is appropriate covers at least 12 months from the date of the financial statements, and is based on management's estimates and judgements, in particular in relation to the projected financial performance and liquidity of the business, and the agreed disposal of the North America business. Further detail on the Directors' analysis of the going concern basis is disclosed in note 2;

- Judgements related to the assessment of goodwill performed during the period are detailed in note 9;

- Judgements associated with determining the terms of leases where there are extension or termination options, and estimates around determination of incremental borrowing rates on lease liabilities have remained materially consistent with 1 August 2020;

- Estimates associated with employee benefit schemes have remained materially consistent with 1 August 2020; and

- Estimates associated with the provision for income tax and deferred income tax, and judgements around uncertain tax positions have remained materially consistent with 1 August 2020.

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on pages 85-87 of the ARYZTA AG 2020 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group over the remaining 26 week period of the financial year.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 30 January 2021

16 Distribution of interim report

The Annual Report and Accounts, Interim Management Statements, Interim Report and Accounts and other useful information about the Company, such as the current share price, are available on our website www.aryzta.com.

We confirm our responsibility for the half-year interim results and that to the best of our knowledge:

- The condensed set of interim financial statements comprising the Group consolidated income statement, the Group consolidated statement of comprehensive income, the Group consolidated balance sheet, the Group consolidated statement of changes in equity, the Group consolidated cash flow statement and the related notes have been prepared in accordance with IAS 34, Interim Financial Reporting;

- The review of operations includes a fair review of the information required by:

  a) *Regulation 8 (2) of the Transparency (Directive 2004/109/EC) Regulations 2007,* being an indication of important events that have occurred during the first 26 weeks of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the year; and

  b) *Regulation 8 (3) of the Transparency (Directive 2004/109/EC) Regulations 2007,* being related party transactions that have taken place in the first 26 weeks of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Group's auditor has not audited or reviewed these half-year interim results.

On behalf of the Board

Urs Jordi
Chair, Board of Directors
Interim Chief Executive Officer

Jörg Riboni
Chair, Audit Committee
Member of the Board of Directors

15 March 2021