2023

ARYZTA
SERVING INSPIRATION

Interim Report July 2023

Interim Report July 2023

Financial Highlights

Total Revenue

2,123

in EUR million

EBITDA Group

12.8%

of total revenues

Revenue Europe

1,877

in EUR million

EBITDA Europe

11.7%

of segment revenues

Revenue Rest of World

246

in EUR million

EBITDA Rest of World

20.6%

of segment revenues

Profit for the period

112

in EUR million

Diluted EPS

6.5

in EUR cent

Table of Contents

Interim Report July 2023

Interim Report 2023
Financial Highlights

ARYZTA AG is an international bakery company with a leadership position in convenience bakery. We offer a comprehensive range of products and services for in-store bakery solutions. ARYZTA has excellent capabilities in the baking industry, offering high quality and great tasting bread, rolls, buns, pastries, savoury and American bakery such as cookies.

Revenue

2,123m

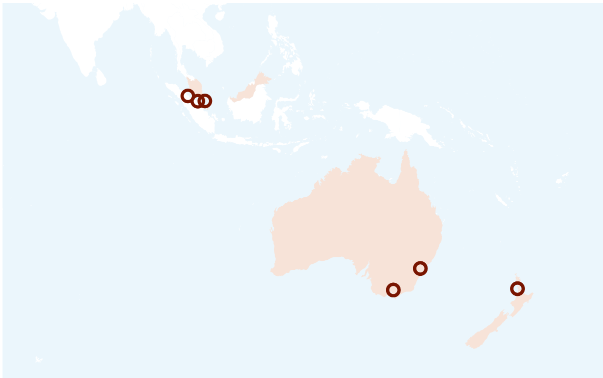
Bakeries

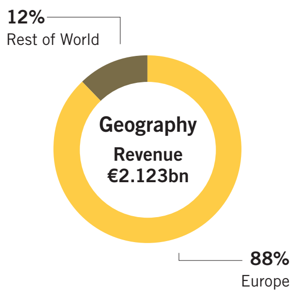
26

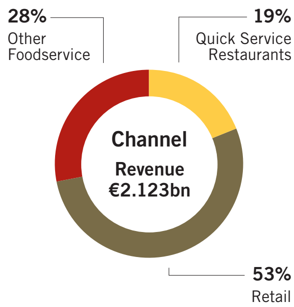
Countries

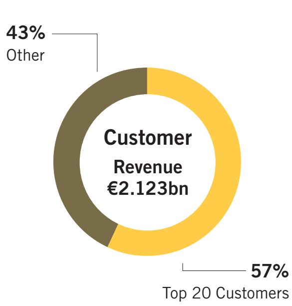
27

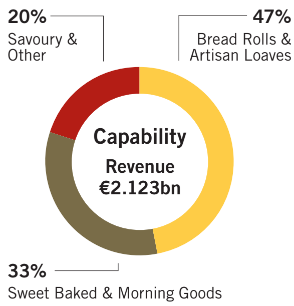
ARYZTA Group





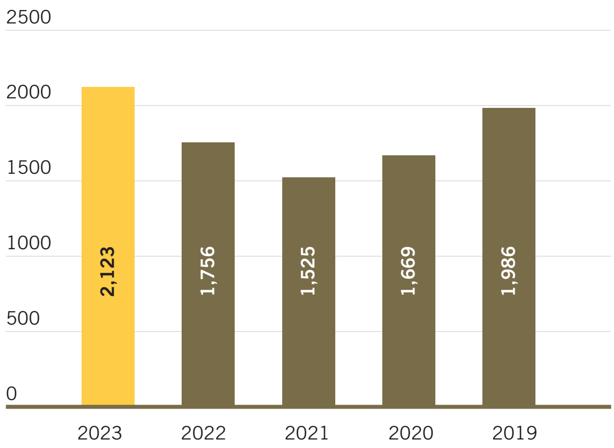




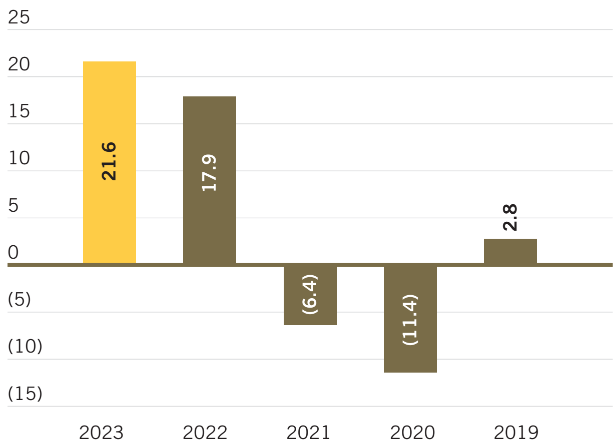


Interim Report 2023
Financial Highlights

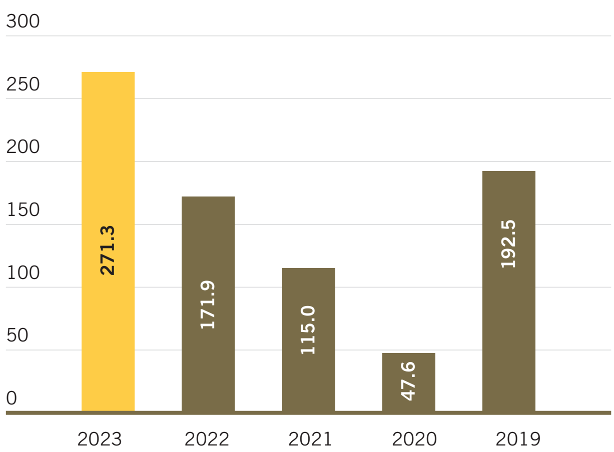
Revenue
in EUR million



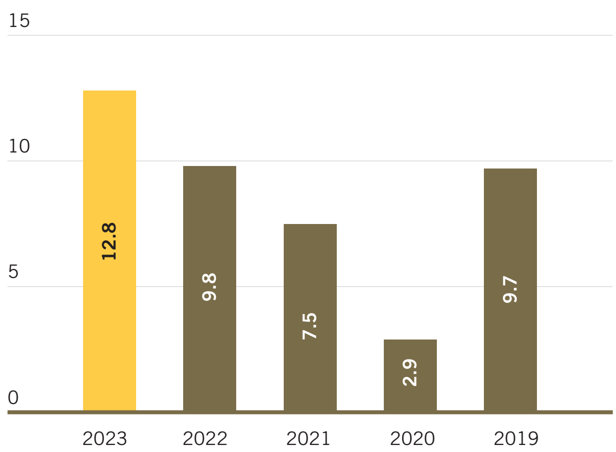
Organic growth
in %



EBITDA
in EUR million



EBITDA margin
in %



*Represents results of Continuing operations Europe and Rest of World segments.

Interim Report 2023
Letter to Shareholders

Dear Shareholder,

On behalf of the Board of Directors of ARYZTA AG, I wish to thank you for your continuing support and trust that you placed in us and our strategy to improve value for all stakeholders at ARYZTA.

I am happy to report that we have made good sequential progress in the past twelve months and we therefore remain on track to reach our 2025 mid-term targets. Many projects are in progress to ensure we continue our journey.

Strengthened management teams
With the support of the Board, we have made a number of appointments to strengthen the management team while maintaining a disciplined focus on costs. We have added a COO to the Executive Committee and made appointments in the areas of Procurement, ESG, Internal Audit, IT and Finance. On 2 October 2023, Christophe Toitot was appointed to ARYZTA's Executive Committee, further strengthening the senior executive management team at ARYZTA and its capabilities to deliver improvement in its business performance. We have also continued to strengthen country management teams. This builds our people capabilities to deal with future challenges. ARYZTA is making steady progress on ESG, has committed to the Science Based Targets initiative (SBTi) and intends to publish its targets and strategies to deliver a reduction in our carbon-footprint in March 2024.

Improved financial and business performance with ongoing organic growth
ARYZTA is reporting a significant improvement in the financial and business performance for the past twelve months despite facing many challenges such as inflation, supply chain disruptions, energy security risks, tough customer pricing discussions and rising interest rates on our remaining debt.

Our revenue increased by €367m to over €2.1 billion reflecting an organic growth of 21.6% in the period. EBITDA increased by 58% to €271.3m, representing an EBITDA margin of 12.8%. Profit for the period improved to €112.0m from just €0.9m in the comparable period.

Euro Hybrid bond repaid
This improved performance delivered strong cash generation, which allowed us to fully repay the €250 million Euro hybrid. This reduced our future interest costs, as the Euro hybrid was our most expensive financial instrument at the time of repayment. It is also consistent with our strategy to normalize our capital structure over time by using cash generated from an improved business performance to reduce debt. We improved our total net debt (incl. hybrids and leases) leverage ratio, which declined to 3.7 times EBITDA from 5.0 times in the prior year.

Outlook
We are extending the current financial year 2023 to December 2023 to align with calendar year reporting. As a result our annual report for FY 2023 will cover the extended 17 month period to December 2023 when published in March 2024.

Interim Report 2023

Letter to Shareholders (continued)

ARYZTA expects to deliver further improvements in all key metrics, as set out in the 2025 mid-term plan. While we expect organic growth to moderate given the strong growth achieved in the comparative periods, it will continue to be supported by both positive volume and price development. We remain focused on business improvements through efficiencies and cost discipline. Our teams are working closely with all customers to sustain our organic growth through market growth and innovation in the faster growing bake-off segment. This strategy will sustain EBITDA margin improvement. We expect to deliver sequential improvement in free cash flow and ROIC to support our strategy to deleverage our balance sheet.

We look forward to reporting further progress in the current year, delivering on our commitment to create a stronger ARYZTA.

Urs Jordi
Chairman, Board of Directors
29 September 2023


Lieferbar auch durch
Hiestand
FRISCHDIENST
1110
UrDinkel
Holzofenbrot
20x420g
IP-SUISSE
MEHL · FARINE

Interim Report 2023
Markets and Business Model

Bake-off market leader

ARYZTA is an international bakery company with a leadership position in convenience bakery and offers a comprehensive range of products and services for in-store bakery solutions.

ARYZTA is focused on the bake-off segment of the bakery market. Bake-off is the premium segment of the total bakery market and accounts for 25% of the total market. Products are manufactured and semi-finished frozen and are baked-off or thawed at the point of sale. As such, these products are sold ultra fresh throughout the day and are available 24/7.

ARZYTA services three channels to market: Retail, Quick Service Restaurants ('QSR') and Other Foodservice. These three channels have different functionalities and pricing models. Other Foodservice offers a large assortment of quality bakery products that are delivered directly to customers. The Retail channel supplies large grocery and wholesale with bake-off products produced in our own bakeries. And in the QSR channel, the production and ARYZTA bakeries are integrated into the value chain of globally or regionally active Quick Service Restaurants.

	ARYZTA **Other Foodservice**	ARYZTA **Retail**	ARYZTA **Quick Service Restaurants**
Channel focus	– Foodservice – Convenience – Grocery independent – Bakeries independent	– Large Grocery – Wholesale	– QSR
Customer/ Product Base	– Large number of products and customers – Bought-in finished goods from external and ARYZTA bakeries	– Few and large customers – Customized SKUs – Produced by our bakeries	– Global and regional QSR chains dedicated products – Produced by our bakeries
Business model	– Service and distribution model **– Direct Store delivery** – Number of sales organisations: 7	– Production and logistics model **– Central warehouse delivery** – Number of bakeries: 13	– Integrated production model **– Pick up from factory** – Number of bakeries: 13

Markets and Business Model (continued)

ARYZTA's bake-off product portfolio covers three key categories of Bread Rolls & Artisan Loaves, Sweet Baked & Morning Goods, and Savory & Other. The portfolio focuses on convenience with a range of semi-finished as well as thaw and serve assortments. Its product ranges are focused around the key consumer trends of freshness, health, artisan and ethical, while leveraging the competitive advantages of optimizing the value chain of the customers.

Large scale manufacturing capabilities

ARYZTA operates 13 bread bakeries as well as 13 manufacturing sites for the QSR channel producing burger buns, and 7 sales organizations for Other Foodservice. ARZYTA is present in 27 countries with market leading positions in Germany, Switzerland, France, Ireland, the UK, the Netherlands, Hungary, Poland, Denmark, Spain, Sweden, and Romania in Europe; and Australia, Japan, Malaysia, Singapore, New Zealand and Taiwan in Rest of World. In total, the 26 bakeries have a production capacity of c. 0.9 million tonnes. All bakeries are well-invested, and future investments will be mainly planned for capacity expansion or the introduction of new production lines at existing facilities.

ARYZTA offers the gold standard for oven baked freshness and has the perfect range of products and services for in-store bakery solutions. It all begins with the finest ingredients – along with bakers and chefs whose top priorities are great taste, consistency, and creating memorable food for our customers – respecting local market preferences.

Markets and Business Model (continued)

Business model driven by innovation and premiumization.

ARYZTA is a business dedicated to local market needs that empowers local leadership teams and creates value for our customers. The multi-local approach allows efficient structures, and empowers fast decision making to address our local customers' needs. As such, ARYZTA becomes closer to its customers with shorter supply chains and accelerated innovation response times. This improves the local management's engagement and understanding of our clients and drives deeper customer relationships.

ARYZTA's business model is focused on delivering above market growth through innovation and customized premium product development for our customers. The business model aims to deliver improved performance through operational improvements, cost optimization and end-to-end ('E2E') process optimization. This approach leverages the continuous market share gain of bake-off within the overall bakery category because of its competitive advantages of delivering freshly baked products, which drive store foot fall while minimizing waste, labour and space.

Interim Report 2023

Financial and Business Review

Results summary

	July 2023 €m	July 2022 €m	% Change
Revenue	**2,123.2**	1,756.1	20.9%
Organic growth[1]	**21.6%**	17.9%	
EBITDA[1]	**271.3**	171.9	57.8%
EBITDA margin	**12.8%**	9.8%	300 bps
Profit for the period	**112.0**	0.9	
Free cash flow[1]	**109.1**	44.0	148.0%
ROIC[1]	**10.2%**	6.7%	350 bps
Net Debt[1]	**394.1**	290.0	
Hybrid instrument funding[1]	**622.4**	814.1	
Combined net debt and hybrid funding	**1,016.5**	1,104.1	

1 See Alternative Performance Measures on pages 15-19 for definitions and reconciliations.

Revenue surpasses €2bn, accelerating on all key metrics, with ROIC back in value creation territory

The business environment in the 2023 financial period was challenging due to persistent inflationary trends across all input costs, supply chain concerns and energy price volatility. ARYZTA successfully managed these challenges while advancing its market share in the bake-off segment. Overall, ARYZTA achieved successful results in the 2023 financial period, sequentially progressing towards the mid-term targets on all key metrics. Organic revenue growth increased from 17.9% to 21.6%, mainly driven by strong pricing of 18.2% and resilient volume growth of 3.5% supported by good market momentum for bake-off products. In total, revenue reached €2,123.2m, up by 20.9% compared to the previous period (FY 22: €1,756.1m). ARYZTA Europe accounted for 88% of Group revenue and Rest of the World had a share of 12%.

ARYZTA Group organic growth	Q1 2023	Q2 2023	Q3 2023	Q4 2023	July 2023 12 Months
Volume %	4.1%	7.6%	3.0%	–	3.5%
Price %	18.1%	20.5%	19.9%	14.9%	18.2%
Mix %	(0.2)%	0.8%	0.8%	(1.5)%	(0.1)%
Organic growth %	**22.0%**	**28.9%**	**23.7%**	**13.4%**	**21.6%**

In relation to channel development, Retail represented 53%, Other Foodservice 28% and QSR 19% of total revenue. All channels performed well with substantial organic revenue growth of 19.1% in Retail, 25.9% in QSR and 23.5% in Other Foodservice. ARYZTA's Retail business continued to increase its market share, QSR growth benefited from the close collaboration and provision of customized solutions with clients, and in Other Foodservice growth was supported by continued solid out of home consumption.

Volume growth in Q4 was flat, reflecting strong comparable growth, coupled with some portfolio optimization to focus on more profitable volume, timing of customer promotional activities and one off QSR contingency supply changes in Europe. Volume outlook for the remainder of 2023 remains positive.

Financial and Business Review (continued)

ARYZTA once again fostered its leading market position and is well prepared to benefit from the ongoing trends such as artisanality (rustic look), health (sourdough-based products), ethical (plant-based products) and in general demand for new looks and tastes. ARYZTA is capturing these trends through targeted investments into innovation and customized premium products. During the reporting period, innovation accounted for 11% of revenue (FY22: 6%).

Profitability improvement - operational efficiency
The significant inflation and input costs headwinds were compensated through pricing. Nevertheless, gross margin before distribution decreased to 31.1% and is still below pre-COVID levels (input costs are at index 150 compared to 2020). EBITDA amounted to €271.3m, increasing the EBITDA margin to 12.8%. This positive development was possible because of operational efficiency and strict cost discipline and correct pricing. Profit for the period increased substantially and amounted to €112.0m compared to €0.9m during the prior period. This improvement is driven by strong organic growth and cost controls, as well as the effect of the €42.0m prior period loss on disposal of the Brazil business.

Strong free cash flow
Free cash flow more than doubled from €44.0m to €109.1m, driven by operating profit growth and higher capital efficiency.

ROIC improvements
The return on invested capital ('ROIC') amounted to 10.2% compared to 6.7% a year ago, enabled by organic growth, margin expansion and a solid improvement of the working capital. With these improvements, ROIC is above ARYZTA's WACC and is creating shareholder value and on track to achieve our mid-term target.

Deleveraging continued
The group continued to reduce total leverage and net debt, which was supported by the increased free cash flow. Further progress was made simplifying the financing structure following the repayment of the Euro hybrid in the amount of €200m in March 2023. Combined Net debt (including lease liabilities) and hybrid funding at current exchange rates decreased from €1,104.1 million at July 2022 to €1,016.5m at July 2023.

As of 29 July 2023, the weighted average interest cost of the Group debt financing facilities is 4.1% (2022: 1.8%) and the weighted average maturity of the Group gross term debt is 3.1 years. The Group has been actively managing its financing costs in the first 12 months of FY23 through the redemption of the EUR Hybrid and the implementation of interest rate hedging.

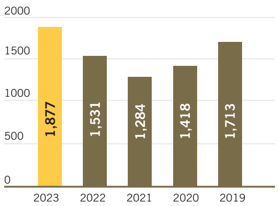
The Group's financial covenants under the RCF agreement as of 29 July 2023 comprise the Leverage financial ratio (Net Debt: EBITDA) at 1.18x (July 2023 covenant maximum 3.5x) and the Interest cover covenant (EBITDA: Net interest, including Hybrid dividend) at 3.56x (July 2023 covenant minimum 3.00x). Further details on the Groups financial covenants and capital management are included in note 22 to the financial statements on pages 84 - 85.

Overview

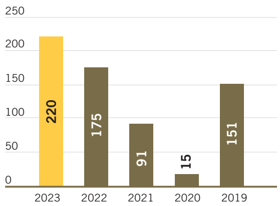
Financial and Business Review (continued)

ARYZTA Europe: organic growth of 22.3%

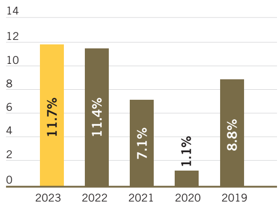
Revenue
in EUR million



EBITDA
in EUR million



EBITDA margin

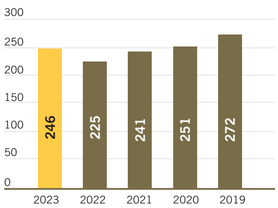


In the ARYZTA Europe segment, organic growth accelerated and margins were improved. Volume growth was supported by solid demand in the Retail and Other Foodservice channels with continued improvement in Germany. Overall, organic growth was 22.3% compared to 19.3% a year ago, reflecting a 3.2% increase in volume/mix and an improvement of 19.1% in price. The growth was broad based across the region and across channels with outperformance in some markets such as France and Poland. There was innovation led growth in the Bread Rolls & Artisan Loaves and Sweet Baked & Morning Goods categories. Total European revenues reached €1,876.7m, compared to €1,531.1m in the previous period. Pricing combined with efficiencies contributed to an improved EBITDA of €220.5m (FY22: €174.9m), corresponding to an EBITDA margin increase of 30bps to 11.7% (FY22: 11.4%).

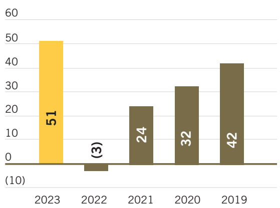
ARYZTA Europe organic growth	Q1 2023	Q2 2023	Q3 2023	Q4 2023	July 2023 12 Months
Volume %	2.8%	8.4%	3.1%	(0.2)%	3.4%
Price %	19.7%	21.4%	20.5%	15.4%	19.1%
Mix %	(0.4)%	0.6%	0.6%	(1.3)%	(0.2)%
Organic growth %	**22.1%**	**30.4%**	**24.2%**	**13.9%**	**22.3%**

ARYZTA Rest of World: EBITDA margin increases to 20.6%

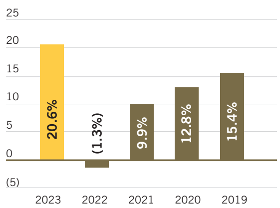
Revenue
in EUR million



EBITDA
in EUR million



EBITDA margin



1 Rest of World revenue and EBITDA included results of Brazil business until its disposal Q1 FY 2022.

ARYZTA Rest of World achieved excellent results in the reporting period. Growth was supported by higher QSR volume growth and a mix improvement in Other Foodservice. Organic growth amounted to 17.4% compared to 10.5% in the previous period, comprising a 5.1% increase in volume/mix and 12.3% contribution from price. Total regional revenues reached €246.5m, compared to €225.0m in the previous period. The

Financial and Business Review (continued)

QSR volume growth in Australia, New Zealand, Malaysia, and Singapore was driven by restaurant openings and higher foot fall. The operational profitability progression on the EBITDA level was driven by the Other Foodservice channel in Japan and Malaysia. During the period to July 2023, EBITDA of €50.8m was achieved, corresponding to an EBITDA margin of 20.6%. This represents an improvement of 2190 bps compared to the previous period (+310 compared to previous period reported Underlying EBITDA). Disposal and restructuring related losses of €42.3m impacted EBITDA of the previous period.

ARYZTA Rest of World organic growth	Q1 2023	Q2 2023	Q3 2023	Q4 2023	July 2023 12 Months
Volume %	12.0%	1.8%	1.4%	1.0%	4.2%
Price %	8.7%	14.5%	15.7%	11.1%	12.3%
Mix %	0.7%	2.5%	2.9%	(2.3)%	0.9%
Organic growth %	**21.4%**	**18.8%**	**20.0%**	**9.8%**	**17.4%**

Sustainability

The aim of ARYZTA's ESG strategy is to be a socially responsible organization leveraging its resources to improve our environmental footprint. ESG has a Board sponsor, who alongside the Nomination and Audit Committees, provides oversight and governance. In addition, dedicated management resources are in place to deliver the Company's sustainability strategy. This strategy has three value creation levers: Our People and Communities, Inspiring Innovation and Environmental Efficiency. ARYZTA aims to bake sustainability into all its products; creating nutritionally improved products from responsibly sourced ingredients whilst significantly reducing its climate impact. This is governed by our established sustainability strategy, which is now incorporated into all business decisions along the value chain.

ARYZTA has formally committed to the Science Based Targets initiative (SBTi) and will publish detailed targets together with our sustainability report as part of our 17-month (extended fiscal year 2022/2023) annual report in March 2024.

Interim Report 2023

Alternative Performance Measures

This section contains certain alternative financial performance measures, which are not defined by IFRS, that are used by management to assess the financial and operational performance of the Group. Management believes that these non-IFRS financial performance measures provide useful information regarding the Group's financial and operating performance. The main alternative performance measures used by the Group are explained and/or reconciled with related IFRS measures (as per the Consolidated Financial Statements) below.

'Organic growth' – represents the revenue growth during the period, after removing the impact of acquisitions and divestitures and foreign exchange translation. This provides a "like-for-like" comparison with the previous period in constant scope and constant currency.

A breakdown of organic growth compared to total revenue movement by segment during the period ended 29 July 2023 is shown below:

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Continuing Operations €m
Revenue	**1,876.7**	**246.5**	**2,123.2**
Organic movement	22.3%	17.4%	21.6%
Disposals movement	–	(5.7)%	(0.7)%
Currency movement	0.3%	(2.1)%	–
Total revenue movement	**22.6%**	**9.6%**	**20.9%**

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation. In the 2022 Annual Report and Accounts this was referred to as 'IFRS EBITDA'. A reconciliation of EBITDA by segment to operating profit (excluding depreciation and amortisation) is presented in note 2 to the financial statements, on page 48.

A breakdown of EBITDA by segment, and related EBITDA margin is shown as follows:

EBITDA	July 2023 €m	July 2022 €m	% Change
ARYZTA Europe	220.5	174.9	26.1%
ARYZTA Rest of World	50.8	(3.0)	
Total Continuing operations	**271.3**	**171.9**	**57.8%**

EBITDA margin	July 2023 %	July 2022 %	% Change
ARYZTA Europe	11.7%	11.4%	30 bps
ARYZTA Rest of World	20.6%	(1.3)%	2,190 bps
Total Continuing operations	**12.8%**	**9.8%**	**300 bps**

Alternative Performance Measures (continued)

As the 'EBITDA' measure above more closely aligns to the Group Consolidated Income Statement, the Group no longer presents the 'Underlying EBITDA' alternative performance measure, which was presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, and restructuring-related costs. Consistent with this closer alignment of reporting to the Group Consolidated Income Statement, the Group also no longer presents the 'Underlying EBITA' and 'Underlying net profit/(loss)' alternative performance measures in the current period.

A reconciliation of continuing operations 'Underlying EBITDA' to 'EBITDA' for the prior period ended 30 July 2022 is presented below:

	ARYZTA Europe July 2022 €m	ARYZTA Rest of World July 2022 €m	Continuing Operations July 2022 €m
Underlying EBITDA as previously reported	179.5	39.3	**218.8**
Impairment, disposal and restructuring-related costs	(4.6)	(42.3)	**(46.9)**
EBITDA	174.9	(3.0)	**171.9**
Underlying EBITDA margin as previously reported	11.7%	17.5%	**12.5%**
Impairment, disposal and restructuring-related margin	(0.3)%	(18.8)%	**(2.7)%**
EBITDA margin	11.4%	(1.3)%	**9.8%**

'Free cash flow' – represents the company's ability to generate free funds from its operating activities after its investments in fixed assets and repayments of lease liabilities. It is calculated as net cash flows from operating activities per the IFRS cash flow statement, adjusted for cash flows related to the purchase of property, plant and equipment and intangible assets, proceeds from sale of property plant and equipment, lease principal payments and dividends paid on hybrid instruments.

In the 2022 Annual Report and Accounts this was referred to as 'Cash flow generated from activities'.

A breakdown of free cash flow during the current and prior period is shown below:

	July 2023 €m	July 2022 €m
EBITDA	**271.3**	**171.9**
Impairment, disposal and restructuring-related costs	–	46.9
Working capital movement	5.5	(2.7)
Working capital movement from debtor securitisation	19.1	23.0
Capital expenditure	(63.1)	(89.4)
Net payments on lease contracts	(35.9)	(33.8)
Proceeds from sale of fixed assets and investment property	3.8	5.7
Restructuring-related cash flows	(3.6)	(11.9)
Dividends paid on hybrid instruments - actual	(50.8)	(43.0)
Interest and income tax on operating activities paid, net	(31.9)	(25.2)
Recognition of deferred income from government grants	(0.4)	(1.6)
Other	(4.9)	4.1
Free cash flow	**109.1**	**44.0**

Alternative Performance Measures (continued)

Reconciliation of IFRS cash flow from operating activities to Free cash flow:

	July 2023 €m	July 2022 €m
IFRS - Net cash flows from operating activities[1]	**251.4**	**200.1**
Purchase of property, plant and equipment	(54.1)	(83.3)
Purchase of intangible assets	(9.0)	(6.1)
Proceeds from sale of property, plant and equipment	3.8	4.8
Proceeds from sale of investment property	–	0.9
Lease principal payments	(32.2)	(29.4)
Hybrid instruments dividends paid	(50.8)	(43.0)
Free cash flow	**109.1**	**44.0**

1 Net cash flows from operating activities are presented in the Group Consolidated Cash Flow Statement on page 29

'Net debt' – is defined as the Group's interest bearing loans and bonds and lease liabilities, after deduction of cash and cash equivalents. As of 29 July 2023, the Group's net debt was broken down as follows:

	July 2023 €m	July 2022 €m
Syndicated Bank RCF	(386.0)	(398.5)
Schuldschein	(17.1)	(17.8)
Gross term debt	**(403.1)**	**(416.3)**
Upfront borrowing costs	5.8	6.6
Term debt, net of upfront borrowing costs	**(397.3)**	**(409.7)**
Cash and cash equivalents	130.8	245.8
Net debt excluding leases	**(266.5)**	**(163.9)**
Leases	(127.6)	(126.1)
Net debt	**(394.1)**	**(290.0)**

A reconciliation of year-on-year net debt evolution is shown as follows:

	July 2023 €m	July 2022 €m
Opening net debt	**(290.0)**	**(220.1)**
Free cash flow	109.1	44.0
Net movements on lease liabilities	(2.0)	14.4
Disposal of businesses, net of tax and leases	(0.8)	109.8
Hybrid instrument principal repayment	(200.0)	(48.0)
Dividends paid on hybrid instruments - deferred and compound	–	(172.0)
RCF termination costs	–	(8.3)
Foreign exchange movement	(8.3)	(7.1)
Other[1]	(2.1)	(2.7)
Closing net debt	**(394.1)**	**(290.0)**

1 Other comprises primarily amortisation of upfront financing costs.

Alternative Performance Measures (continued)

'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'.

Movements related to the Hybrid instrument principals at current foreign exchange rates and related dividends during the period were as follows:

	Principal €m	Dividends €m	Total €m
Balance at beginning of period	**(806.4)**	**(7.7)**	**(814.1)**
Hybrid instrument dividend charge	–	(47.3)	**(47.3)**
Hybrid instrument dividends paid	–	50.8	**50.8**
Hybrid instrument redemption	200.0	–	**200.0**
Translation adjustments	(11.7)	(0.1)	**(11.8)**
Balance at end of period	**(618.1)**	**(4.3)**	**(622.4)**

'Net working capital' – comprises inventory, trade and other receivables and trade and other payables. As of 29 July 2023, the Group's working capital was broken down as follows:

	July 2023 €m	July 2022 €m
Inventory	129.3	120.4
Trade and other receivables	165.2	152.5
Trade and other payables	(437.8)	(399.9)
Net working capital	**(143.3)**	**(127.0)**

'Invested capital' – Excludes financial assets at fair value, bank debt, cash and cash equivalents and tax balances. Invested capital is a measure of the operational net assets used to generate the results of the business, excluding financing, tax and cash-management activities. Invested capital comprises the sum of segment assets and segment liabilities, as set out in note 2 to the financial statements, on page 50. In the 2022 Annual Report and Accounts this was referred to as 'Segmental Net Assets'. A summary breakdown of the balance sheet, including the operational net assets that comprise invested capital is shown below:

	July 2023 €m	July 2022 €m
Property, plant and equipment	836.9	853.6
Goodwill and intangible assets	650.8	667.5
Net working capital	(143.3)	(127.0)
Other segmental assets	2.7	4.1
Other segmental liabilities	(21.8)	(23.4)
Lease liabilities	(127.6)	(126.1)
Invested capital	**1,197.7**	**1,248.7**
Interest bearing bank loans, net of cash	(266.5)	(163.9)
Deferred tax, net	(49.2)	(61.4)
Income tax payable	(88.5)	(87.7)
Derivative financial instruments	(0.2)	(3.3)
Net assets	**793.3**	**932.4**

Alternative Performance Measures (continued)

‘**NOPAT**’ – Net operating profit after tax. This is operating profit after a normalised tax rate of 25%, before gains/losses on disposal of businesses excluding taxation directly attributable to disposal of businesses.

‘ROIC’ – Return On Invested Capital is a measure of performance which integrates both measures of profitability and measures of capital efficiency. This is calculated as NOPAT divided by average Invested capital, as at the beginning and the end of the financial period.

A summary of the ROIC by segment as of July 2023 and July 2022 is as follows:

	ARYZTA Europe €m	ARYZTA Rest of World €m	ARYZTA Group €m
29 July 2023			
Average invested capital	1,124.4	98.7	1,223.1
NOPAT	97.8	27.4	125.2
ROIC	8.7%	27.8%	10.2%
30 July 2022			
Average invested capital	1,157.9	99.9	1,257.8
NOPAT	66.3	17.8	84.1
ROIC	5.7%	17.8%	6.7%

The ROIC profitability measure as reported at 30 July 2022 was based on profit after underlying tax. As the Group no longer reports an Underlying net profit alternative performance measure, the NOPAT definition has been amended to profit after a normalised tax rate of 25%, excluding taxation directly attributable to disposal of businesses. The impact of this taxation change to the ROIC as previously reported at 30 July 2022 is as follows:

	ARYZTA Europe July 2022 €m	ARYZTA Rest of World July 2022 €m	Continuing Operations July 2022 €m
NOPAT as previously reported	64.4	20.7	**85.1**
Impact of change in taxation	1.9	(2.9)	**(1.0)**
NOPAT as revised	66.3	17.8	**84.1**
ROIC as previously reported	5.6%	20.7%	**6.8%**
Impact of change in taxation	0.1%	(2.9)%	**(0.1)%**
ROIC as revised	5.7%	17.8%	**6.7%**

Interim Report 2023

Interim Group Consolidated Financial Statements July 2023

Page

Interim Group Consolidated Financial Statements, presented in euro and prepared in accordance with IFRS

Statement of Directors' Responsibilities
for the 52 week period ended 29 July 2023

The directors are responsible for the preparation of the Interim Group consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS').

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of the Group consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Interim Group consolidated financial statements, the directors are required to:

– select suitable accounting policies and then apply them consistently;
– make judgements and estimates that are reasonable and prudent; and
– prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper books of account that present, with reasonable accuracy at any time, the financial position of the Group and enable them to ensure that its financial statements comply with IFRS, the requirements of Swiss law and the Company's Articles of Association.

They are also responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

On behalf of the Board

Urs Jordi
Chairman, Board of Directors

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

29 September 2023

Group Consolidated Income Statement
for the 52 week period ended 29 July 2023

	Notes	29 July 2023 €m	30 July 2022 €m
Continuing Operations			
Revenue	2	**2,123.2**	1,756.1
Cost of sales		**(1,462.9)**	(1,205.8)
Distribution expenses		**(268.0)**	(231.8)
Gross profit		**392.3**	318.5
Selling expenses		**(90.1)**	(85.1)
Administration expenses		**(158.4)**	(143.3)
Net loss on disposal of businesses	3	**–**	(42.0)
Operating profit	2	**143.8**	48.1
Financing income	4	**9.1**	1.3
Financing costs	4	**(31.5)**	(18.4)
RCF termination costs	4	**–**	(8.3)
Profit before income tax		**121.4**	22.7
Income tax expense	9	**(9.4)**	(20.8)
Profit for the period from continuing operations		**112.0**	1.9
Discontinued operations			
Loss for the period from discontinued operations		**–**	(1.0)
Profit for the period attributable to equity shareholders		**112.0**	0.9

Basic earnings/(loss) per share	Notes	**euro cent**	euro cent
From continuing operations	11	**6.5 cent**	(4.4) cent
From discontinued operations	11	**–**	(0.1) cent
		6.5 cent	(4.5) cent

Diluted earnings/(loss) per share	Notes	**euro cent**	euro cent
From continuing operations	11	**6.5 cent**	(4.4) cent
From discontinued operations	11	**–**	(0.1) cent
		6.5 cent	(4.5) cent

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Group Consolidated Statement of Comprehensive Income
for the 52 week period ended 29 July 2023

	Notes	29 July 2023 €m	30 July 2022 €m
Profit for the period		**112.0**	0.9
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation effects			
– Foreign exchange translation effects on net investments		**(5.8)**	94.3
– Taxation effect of foreign exchange translation movements	9	**–**	6.3
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**0.5**	(5.7)
– Fair value of cash flow hedges transferred to Group Consolidated Income Statement		**2.6**	2.7
– Deferred tax effect of cash flow hedges	9	**(0.8)**	0.7
Total of items that may be reclassified subsequently to profit or loss		**(3.5)**	98.3
Items that will not be reclassified to profit or loss:			
Defined benefit plans			
– Actuarial gain/(loss) on defined benefit pension plans	21	**1.2**	(2.5)
– Deferred tax effect of actuarial (gain)/loss	9	**–**	0.3
Total of items that will not be reclassified to profit or loss		**1.2**	(2.2)
Total other comprehensive (loss)/income		**(2.3)**	96.1
Total comprehensive income for the period		**109.7**	97.0

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Group Consolidated Balance Sheet
as at 29 July 2023

	Notes	29 July 2023 €m	30 July 2022 €m
Assets			
Non-current assets			
Property, plant and equipment	12	**836.9**	853.6
Goodwill and intangible assets	14	**650.8**	667.5
Other receivables	16	**2.7**	2.7
Deferred income tax assets	20	**49.0**	37.2
Total non-current assets		**1,539.4**	1,561.0
Current assets			
Inventory	15	**129.3**	120.4
Trade and other receivables	16	**165.2**	152.5
Derivative financial instruments	19	**2.2**	1.5
Cash and cash equivalents		**130.8**	245.8
		427.5	520.2
Assets held-for-sale		**–**	1.4
Total current assets		**427.5**	521.6
Total assets		**1,966.9**	2,082.6

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Group Consolidated Balance Sheet (continued)
as at 29 July 2023

	Notes	29 July 2023 €m	30 July 2022 €m
Equity			
Called up share capital	22	**17.0**	17.0
Share premium		**1,531.2**	1,531.2
Retained deficit and other reserves		**(754.9)**	(615.8)
Total equity		**793.3**	932.4
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	18	**481.0**	507.6
Employee benefits	21	**3.4**	6.5
Deferred income from government grants		**1.2**	1.6
Other payables	17	**17.2**	15.3
Deferred income tax liabilities	20	**98.2**	98.6
Total non-current liabilities		**601.0**	629.6
Current liabilities			
Interest-bearing loans and borrowings	18	**43.9**	28.2
Trade and other payables	17	**437.8**	399.9
Income tax payable		**88.5**	87.7
Derivative financial instruments	19	**2.4**	4.8
Total current liabilities		**572.6**	520.6
Total liabilities		**1,173.6**	1,150.2
Total equity and liabilities		**1,966.9**	2,082.6

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Group Consolidated Statement of Changes in Equity
for the 52 week period ended 29 July 2023

	Share capital €m	Share premium €m	Treasury shares €m	Other equity reserve €m	Cash flow hedge reserve €m	Share-based payment reserve €m	Foreign currency trans-lation reserve €m	Retained deficit €m	Total share-holders equity €m
At 30 July 2022	**17.0**	**1,531.2**	**–**	**671.4**	**(2.1)**	**5.5**	**25.8**	**(1,316.4)**	**932.4**
Profit for the period	–	–	–	–	–	–	–	112.0	112.0
Other comprehensive income/(loss)	–	–	–	–	2.3	–	(5.8)	1.2	(2.3)
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**2.3**	**–**	**(5.8)**	**113.2**	**109.7**
Purchase of treasury shares (note 22)	–	–	(0.5)	–	–	–	–	–	(0.5)
Share-based payments (note 8)	–	–	–	–	–	(1.0)	–	–	(1.0)
Transfer of share-based payment reserve to retained deficit	–	–	–	–	–	(1.4)	–	1.4	–
Redemption of hybrid instruments (note 22)	–	–	–	(196.3)	–	–	–	(3.7)	(200.0)
Hybrid dividend (note 22)	–	–	–	–	–	–	–	(47.3)	(47.3)
Total transactions with owners recognised directly in equity	**–**	**–**	**(0.5)**	**(196.3)**	**–**	**(2.4)**	**–**	**(49.6)**	**(248.8)**
At 29 July 2023	**17.0**	**1,531.2**	**(0.5)**	**475.1**	**0.2**	**3.1**	**20.0**	**(1,252.8)**	**793.3**

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Group Consolidated Statement of Changes in Equity (continued)
for the 52 week period ended 29 July 2023

	Share capital €m	Share premium €m	Treasury shares €m	Other equity reserve €m	Cash flow hedge reserve €m	Share-based payment reserve €m	Foreign currency translation reserve €m	Retained deficit €m	Total shareholders equity €m
At 31 July 2021	**17.0**	**1,531.2**	**–**	**720.5**	**0.2**	**3.7**	**(74.8)**	**(1,095.7)**	**1,102.1**
Profit for the period	–	–	–	–	–	–	–	0.9	0.9
Other comprehensive income/(loss)	–	–	–	–	(2.3)	–	100.6	(2.2)	96.1
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**(2.3)**	**–**	**100.6**	**(1.3)**	**97.0**
Share-based payments (note 8)	–	–	–	–	–	3.8	–	–	3.8
Transfer of share-based payment reserve to retained deficit	–	–	–	–	–	(2.0)	–	2.0	–
Redemption of hybrid instruments (note 22)	–	–	–	(49.1)	–	–	–	1.1	(48.0)
Hybrid dividend (note 22)	–	–	–	–	–	–	–	(222.5)	(222.5)
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**(49.1)**	**–**	**1.8**	**–**	**(219.4)**	**(266.7)**
At 30 July 2022	**17.0**	**1,531.2**	**–**	**671.4**	**(2.1)**	**5.5**	**25.8**	**(1,316.4)**	**932.4**

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Group Consolidated Cash Flow Statement
for the 52 week period ended 29 July 2023

	Notes	**29 July 2023 €m**	30 July 2022 €m
Cash flows from operating activities			
Profit for the period - continuing operations		**112.0**	1.9
Loss for the period - discontinued operations		**–**	(1.0)
Profit for the period		**112.0**	0.9
Income tax expense	9	**9.4**	20.8
Financing income	4	**(9.1)**	(1.3)
Financing costs	4	**31.5**	18.4
RCF termination costs	4	**–**	8.3
Net loss on disposal of businesses and impairment of disposal groups held for sale		**–**	43.0
Net loss on fixed asset disposal and impairments		**–**	2.4
Other restructuring-related payments (in excess of)/less than current year costs		**(3.6)**	(9.4)
Depreciation of property, plant and equipment	12	**100.4**	96.5
Amortisation of intangible assets	14	**27.1**	27.3
Recognition of deferred income from government grants		**(0.4)**	(1.6)
Share-based payments	8	**(1.0)**	3.8
Other		**(3.9)**	0.3
Cash flows from operating activities before changes in working capital		**262.4**	209.4
Increase in inventory		**(11.0)**	(32.2)
Increase in trade and other receivables		**(22.8)**	(8.3)
Increase in trade and other payables		**58.4**	60.8
Cash generated from operating activities		**287.0**	229.7
Interest paid		**(26.4)**	(14.8)
Interest received		**7.8**	1.3
Income tax paid - operating activities		**(17.0)**	(16.1)
Net cash flows from operating activities		**251.4**	200.1

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Group Consolidated Cash Flow Statement
(continued)
for the 52 week period ended 29 July 2023

	Notes	**29 July 2023 €m**	30 July 2022 €m
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**3.8**	4.8
Proceeds from sale of investment property		**–**	0.9
Purchase of property, plant and equipment		**(54.1)**	(83.3)
Purchase of intangible assets		**(9.0)**	(6.1)
Disposal of business, net of cash disposed		**(0.8)**	106.8
Income tax paid on disposal of business		**–**	(14.2)
Net cash flows from investing activities		**(60.1)**	8.9
Cash flows from financing activities			
Gross drawdown of loan principal	18	**150.0**	386.1
Gross repayment of loan principal	18	**(165.6)**	(237.1)
Capital element of finance lease liabilities	18	**(32.2)**	(29.4)
Purchase of treasury shares	22	**(0.5)**	–
Dividends paid on hybrid instruments - actual	22	**(50.8)**	(43.0)
Dividends paid on hybrid instruments - deferred and compound	22	**–**	(172.0)
Hybrid instrument principal repayment	22	**(200.0)**	(48.0)
Net cash flows from financing activities		**(299.1)**	(143.4)
Net (decrease)/increase in cash and cash equivalents	18	**(107.8)**	65.6
Translation adjustment	18	**(7.2)**	9.3
Cash and cash equivalents at start of period	18	**245.8**	170.9
Cash and cash equivalents at end of period	18	**130.8**	245.8

The notes on pages 31 to 89 are an integral part of these Group consolidated financial statements.

52 week period ended on 29 July 2023 and 52 week fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 33 for further detail.

Notes to the Group Consolidated Financial Statements
for the 52 week period ended 29 July 2023

1 Accounting Policies

Organisation

ARYZTA AG (the 'Company') is domiciled and incorporated in Schlieren, Switzerland. The interim consolidated financial statements for the period ended 29 July 2023 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the 'Group'). ARYZTA AG is the ultimate controlling party of the Group.

The Interim Group consolidated financial statements were authorised for issue by the directors on 29 September 2023.

Statement of compliance

The Interim Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). These policies have been consistently applied to all periods presented, unless otherwise stated.

New standards, interpretations and accounting framework

The IFRS applied by the Group in preparation of these financial statements are those that were effective for accounting periods beginning on or before 31 July 2022. 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 IAS 37 – Onerous Contracts
– Amendments to IFRS 3 – Business Combinations
– Amendments to IAS 16 – Property, Plant and Equipment
– Annual Improvements to IFRS Standards (2018–2020)

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 30 July 2022 period-end financial statements and had no material impact on the consolidated results or financial position of the Group.

The following new standards, interpretations and amendments to accounting framework, issued by the IASB or the IFRS Interpretations Committee, have not yet become effective. The Group has not applied early adoption in relation to any of them.

Group

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Standard/Interpretation/Framework	Effective date	Planned implementation by ARYZTA (reporting period)
IFRS 17 – Insurance Contracts	1 January 2023	2024
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023	2024
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023	2024
International Tax Reform – Pillar Two Model Rules - Amendments to IAS 12	1 January 2023	2024
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024	2025
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024	2025
Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	1 January 2024	2025

The Group has undertaken an initial assessment of the potential impacts of the new standards, amendments and improvements listed above that are effective for the Group. Based on this initial assessment, the Group does not currently believe the adoption of these standards, amendments and interpretations will have a significant impact on the consolidated results or financial position of the Group.

Basis of preparation

The Interim Group consolidated financial statements are complete financial statements, and have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The Interim Group consolidated financial statements are prepared on a historical cost basis, with the exception that assets held-for-sale and derivative financial instruments are stated at fair value through profit or loss or other comprehensive income.

The Interim Group consolidated financial statements are presented in millions of euro, rounded to the nearest €0.1 million (m), unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions in the application of the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Further information on areas involving a higher degree of judgement and accounting estimates is set out in note 28.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Financial period

During March 2023, ARYZTA announced that it is changing its fiscal year from July ending to December ending to align with calendar year reporting. After December 2023, the Group will manage its operations and report its financial performance on a periodic basis, dividing the financial period into 12 calendar months. Under this method the Group's fiscal period end will be defined as 31 December each year. Accordingly, the fiscal periods for 2023 and 2022 will be 17 months ended 31 December 2023 and 52 week period ended 30 July 2022 respectively. The subsequent fiscal period for 2024 will be 12 months ended 31 December 2024.

Arising from the decision to change the period end date, the Group have prepared their interim financial statements for the 52 week period ended 29 July 2023. During this period, the Group managed its operations and reported its financial performance on a 4–4–5 calendar, dividing the financial period into four quarters of 13 weeks grouped into two 4-week "months" and one 5-week "month", consistent with previous reporting periods. Under this method the Company's interim period end is defined as the last Saturday in July. Accordingly, the interim period end for July 2023 and fiscal period 2022 ended on 29 July 2023 and 30 July 2022 respectively. The interim period ended July 2023 comprised of the 52 week period ended on 29 July 2023 and the comparable fiscal period 2022 comprised of the 52 weeks ended 30 July 2022.

Income statement presentation

In accordance with IAS 1, 'Presentation of Financial Statements', the Group Consolidated Income Statement is presented by function of expense, with the exception of net loss on disposal of businesses, RCF termination costs and gain on equity instruments at fair value through profit or loss. In accordance with IAS 1.85, net loss on disposal of businesses, RCF termination costs and gain on equity instruments at fair value through profit or loss have been presented separately on the basis of materiality and to distinguish them from other elements of financial performance.

Additionally, to enable a more comprehensive understanding of the Group's financial performance, the Group Consolidated Income Statement by nature of cost, through operating profit, is set out in note 5.

Going concern

In assessing whether the use of the going concern basis is appropriate, the Directors have reviewed projected financial performance, liquidity, available committed banking facilities and compliance with the Group's financial covenants (as defined under the terms of the Group's Syndicated Bank facilities) for a period of not less than 12 months from the date of approval of the Interim Group consolidated financial statements.

The Group has delivered significantly improved profitability and cash generation from operating activities during the period ended 29 July 2023, compared with that of the prior financial period. This improved performance has enabled the Group to further improve its financial position, including repayment of Euro denominated Hybrid instruments during the period.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

As part of the assessment, the Directors have considered using levers such as stepped hybrid buy-back and implementation of further cost reductions should the situation require it to remain in compliance with the Group's financial covenants (see note 22 below). Based on these considerations, together with other relevant market conditions generally (including cost inflation and rising interest rates) and those specifically affecting the food industry, the Directors have a reasonable expectation that the Group has adequate financial and other resources to continue in operational existence and will be able to meet its liabilities due over the going concern assessment period. For this reason the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

Basis of consolidation
The Group consolidated financial statements reflect the consolidation of the results, the assets and the liabilities of the parent undertaking, and all of its subsidiaries. The Group had no joint venture or associate investments during the financial periods ended 29 July 2023 or 30 July 2022.

Subsidiary undertakings
Subsidiary undertakings are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Disposal of subsidiaries
When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount, plus proceeds received, recognised in profit or loss. The fair value of the retained interest is then utilised as the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the Group consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Revenue recognition
Revenue represents the amount of consideration the Group expects to receive in exchange for the sale of goods and services supplied to third parties, after deducting trade discounts, allowances, and promotional and volume rebates, and is exclusive of sales tax/VAT. Revenue is recognised when control of the goods has passed to the buyer, which is usually upon shipment or delivery, depending on the specific terms agreed with the individual customer. Revenue is recorded when there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

An estimate is made on the basis of historical sales returns and is recorded to allocate these returns to the same period as the original revenue is recorded. Rebates, allowances and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience, using the expected value method. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is no longer highly probable.

Financing income is recognised on an accrual basis, taking into consideration the sums lent and the actual interest rate applied.

Segmental reporting
Management has determined the operating segments based on the reports regularly reviewed by the Group's Chief Operating Decision Maker ('CODM') in making strategic decisions, allocating resources and assessing performance.

The Group's Chief Operating Decision Maker ('CODM') is Urs Jordi, Chairman of the Board and Interim CEO.

The Group has two operating and reporting segments, ARYZTA Europe and ARYZTA Rest of World, which comprise the continuing operations of the Group. Following the Group's decision to dispose of its North America businesses during the period ended 31 July 2021, the ARYZTA North America operating segment has been classified as a discontinued operation.

ARYZTA Europe has leading market positions in the European convenience bakery market. In Europe, ARYZTA has a diversified customer base within Foodservice, Large Retail and Convenience or independent Retail channels.

ARYZTA Rest of World consists of businesses in Japan, Malaysia, Singapore, Taiwan, Australia and New Zealand, primarily partnering with international QSR and Other Foodservice customers. The Group disposed of its South America business during the prior period ended 30 July 2022.

Segment assets and liabilities consist of property, plant and equipment, goodwill and intangible assets and other assets and liabilities that can be reasonably allocated to the reported segment. Unallocated assets and liabilities include financial assets at fair value, bank debt, cash and cash equivalents and tax balances. Net finance costs and income tax are managed on a centralised basis. Therefore, these items are not allocated between operating segments for the purpose of presenting information to the CODM.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Exceptional items

Exceptional items relate to significant income and/or expenses that are disclosed in a separate note to the financial statements. Where individual transactions are significantly material to the Group, these are disclosed on the face of the Group Consolidated Income Statement due to their nature or amount to highlight the effect of such items within the Group Consolidated Income Statement and results for the period and to better inform the user of their significance.
Examples of such items may include but are not limited to:

- profits or losses on termination or disposal of operations;
- significant impairments of assets, including goodwill impairment;
- transaction, integration and costs related to acquisition or disposal activity;
- significant litigation costs and settlements;
- debt early termination costs;
- significant restructuring programmes;
- costs arising due to the effect of natural disasters and national health emergencies (including pandemics and the related recovery periods, including any government-imposed restrictions impacting consumer demand and the production processes, net of directly related government support).

Management exercises judgement in assessing items which, by virtue of its scale or nature, should be highlighted and disclosed in the Group Consolidated Income Statement and notes to the Group Financial Statements as exceptional items. Exceptional items are included within the Group Consolidated Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

Employee benefits

Pension obligations
Obligations for contributions to defined contribution pension plans are recognised as an expense in the Group Consolidated Income Statement, as the related employee service is received. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan, by estimating the amount of future benefit employees have earned in return for their service in the current and prior period. The future benefit is discounted to determine the present value of the obligation and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The defined benefit calculations are performed by a qualified actuary using the projected unit credit method on an annual basis. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in the Group Consolidated Statement of Comprehensive Income, net of related taxes. Current and past service costs are recognised as employment costs in the Group Consolidated Income Statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, and is recognised in financing costs/ income in the Group Consolidated Income Statement.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Share-based compensation
As defined in IFRS 2, 'Share-based Payment', the cost of equity instruments is recognised at grant date fair value in the Group Consolidated Income Statement, with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the equity instrument. The fair value of the performance share units are measured based on a Monte Carlo simulation, taking into account the terms and conditions under which the equity instruments were granted. A portion of the Group's equity-settled share-based compensation plans are subject to non-market vesting conditions; therefore, the amount recognised in respect of this portion is adjusted annually to reflect the current estimate of achieving these conditions and the number of equity instruments expected to eventually vest.

Termination benefits
The Group recognises termination benefits when it has a formal plan to terminate the employment of current employees, which has been approved at the appropriate levels of the organisation and when the entity is demonstrably committed to a termination through announcement of the plan to those affected. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Income taxes
Income tax expense on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Group Consolidated Income Statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the related tax is also recognised directly in equity or in other comprehensive income, respectively. Current income tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in the respective countries where the Group and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting or taxable profit or loss, it is not recognised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred income tax assets are reduced to the extent it is no longer probable the related tax benefit will be realised.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the 'functional currency'). The consolidated financial statements are presented in euro, the Group's presentation currency.

Transactions in currencies other than the functional currency of each respective entity are converted to the relevant functional currency using the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to the relevant functional currency using the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on conversion into the local functional currency are recognised in the Group Consolidated Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates at the balance sheet date. Income and expenses of foreign operations are translated to euro at the average exchange rates for the period, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions. Foreign exchange differences arising on translation of the net assets of a foreign operation are recognised in other comprehensive income, as a change in the foreign currency translation reserve.

Exchange gains or losses on long-term intra-group loans and on foreign currency borrowings used to finance or provide a hedge against Group equity investments in non-euro denominated operations are included in other comprehensive income, as a change in the foreign currency translation reserve, to the extent they are neither planned nor expected to be repaid in the foreseeable future, or are expected to provide an effective hedge of the net investment. Any differences that have arisen since transition to IFRS are recognised in the foreign currency translation reserve and are recycled through the Group Consolidated Income Statement on the repayment of the intra-group loan, or on disposal of the related business.

The principal euro foreign exchange currency rates used by the Group for the preparation of these consolidated financial statements are as follows:

Currency	Average July 2023	Average July 2022	% Change	Closing July 2023	Closing July 2022	% Change
CHF	0.9804	1.0423	5.9%	0.9546	0.9730	1.9%
AUD	1.5684	1.5445	(1.5)%	1.6437	1.4570	(12.8)%
GBP	0.8705	0.8466	(2.8)%	0.8583	0.8380	(2.4)%
PLN	4.6558	4.6333	(0.5)%	4.4241	4.7641	7.1%

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Dividends
Dividends are recognised in the period in which they are approved by the Company's shareholders.

Property, plant and equipment
Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures, including repairs and maintenance costs, are recognised in the Group Consolidated Income Statement as an expense as incurred.

Interest on specific and general borrowings used to finance construction costs of property, plant and equipment is capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Depreciation is calculated to write-off the cost, less estimated residual value, of property, plant and equipment, other than freehold land and assets under construction, on a straight-line basis, by reference to the following estimated useful lives:

Buildings	25 to 50	years
Plant and machinery	3 to 20	years
Motor vehicles	3 to 7.5	years

The residual value of assets, if significant, and the useful life of assets is reassessed annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received, net of related selling costs, with the carrying amount of the asset and are included in operating profit.

Leases
Identifying a lease
Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is treated as a lease.

As Lessee
Where the Group acts as a lessee the Group recognises a right of use asset and lease liability at the lease commencement date, which is the date the underlying asset is available for our use.

The Group recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over the shorter of the lease term

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

and estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right of use assets are subject to impairment under IAS 36 'Impairment of assets'. Right of use assets are presented within Property, Plant and Equipment in the Group Consolidated Balance Sheet.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. In the Group Consolidated Cash Flow Statement the payments made are separated into the principal portion, and interest (both presented in financing activities). It is remeasured if there is a change in future lease payments, a change in the lease term, or as appropriate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date or the interest rate implicit in the lease, if this is readily determinable. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease, the term and currency of the lease. Lease liabilities are presented within interest-bearing loans and borrowings except for those leases that are part of disposal groups held-for-sale, they are presented in liabilities of disposal groups held-for-sale.

Short-term and low-value leases
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As Lessor
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The cost of each acquisition is measured as the aggregate of the fair value of the consideration transferred, as at the acquisition date, and the fair value of any non-controlling interest in the acquiree.

The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where any part of the consideration for a business combination is contingent, the fair value of that component is determined by discounting the estimated amounts payable to their present value at the acquisition date. The discount is unwound as a finance charge in the Group Consolidated Income Statement over the life of the obligation. Subsequent changes to the estimated amounts payable for contingent consideration are recognised as a gain or loss in the Group Consolidated Income Statement.

Where a business combination is achieved in stages, the Group's previously held interest in the acquiree is re-measured to fair value at the acquisition date and included within the consideration, with any gain or loss recognised in the Group Consolidated Income Statement.

Goodwill is initially recognised at cost, being the difference between the cost of the acquisition over the fair value of the net identifiable assets and liabilities assumed. Following initial recognition, goodwill is stated at cost, less any accumulated impairment losses.

When the initial accounting for a business combination is only provisionally determined at the end of the financial period in which the combination occurs, any adjustments to the provisional values allocated to the identifiable assets and liabilities are made within a period of no more than one period from the acquisition date.

Acquisition costs arising in connection with a business combination are expensed as incurred.

Cloud software licence agreements

Licence agreements to use cloud software are treated as service contracts and expensed in the Group Consolidated Income Statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases, the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Group Consolidated Income Statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

Notes to the Group Consolidated Financial Statements (continued) for the 52 week period ended 29 July 2023

Intangible assets

Intangible assets acquired as part of a business combination are initially recognised at fair value, being their deemed cost as at the date of acquisition. These generally include brand and customer-related intangible assets.

Computer software that is not an integral part of an item of computer hardware is also classified as an intangible asset. Where intangible assets are separately acquired, they are capitalised at cost. Cost comprises purchase price and other applicable directly attributable costs. Directly attributable costs that are capitalised as part of the ERP and computer-related intangibles include the employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Group Consolidated Income Statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised, if the product or process is technically and commercially feasible, the attributable expenditure can be reliably measured, and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour or an appropriate proportion of overheads. Capitalised development expenditure is stated at cost, less accumulated amortisation and impairment losses. Other development expenditure is recognised in the Group Consolidated Income Statement as an expense as incurred.

Intangible assets with finite lives are amortised over the period of their expected useful lives in equal annual instalments, generally as follows:

Customer relationships	10 to 15 years
Brands	10 to 15 years
Computer-related intangibles	3 to 5 years
ERP-related intangibles	6 to 12 years
Patents and other	8 to 12 years

Subsequent to initial recognition, the expected useful lives and related amortisation of finite life intangible assets are reviewed at least at each financial period end and, if the expected economic benefits of the asset are different from previous estimates, amortisation is adjusted accordingly. Intangible assets are stated at cost, less accumulated amortisation and any impairment losses incurred.

There are no intangible assets with an indefinite useful life.

Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories (which are carried at the lower of cost and net realisable value), deferred tax assets (which are recognised based on recoverability), are reviewed to determine whether there is an indication of impairment when an event or transaction indicates that there may be, and at least at each reporting date. If any such indication exists, an impairment test is carried out and, if necessary, the asset is written down to its recoverable amount. The recoverable amount is

Notes to the Group Consolidated Financial Statements (continued) for the 52 week period ended 29 July 2023

the higher of an asset's fair value less costs to sell and an asset's value-in-use. The Group tests goodwill for impairment annually, during the last quarter of the financial period, or more frequently if events or changes in circumstances indicate a potential impairment.

An impairment loss is recognised whenever the carrying amount of an asset, or its cash-generating unit, exceeds its estimated recoverable amount. Impairment losses are recognised in the Group Consolidated Income Statement as an expense. Goodwill is allocated to the various cash-generating units for the purposes of impairment testing. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss for goodwill is not subsequently reversed. An impairment loss for other assets may be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventory

Inventory is stated at the lower of cost, on a first-in, first-out basis, and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand, less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

Cash and cash equivalents

Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the balance sheet comprise cash at bank and on hand, call deposits and other short-term highly liquid investments with original maturities of three months or less. The group operates a multi-party cash pooling arrangement that is always in a net cash position.

Share capital

Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, net of tax, as a deduction from the proceeds.

If any Group company purchases ARYZTA AG's equity share capital, those shares are accounted for as treasury shares in the consolidated financial statements of the Group. Consideration paid for treasury shares, including any directly attributable incremental cost, net of tax, is deducted from equity attributable to the shareholders of the Company, until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Financial assets and liabilities

Financial assets are recognised in or derecognised from the Group Consolidated Balance Sheet on trade-date basis, being the date on which the Group contractually commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only when the Group's obligations are discharged, cancelled or expired.

At initial recognition, the group measures a financial asset or liability at its fair value plus directly attributable transaction costs, except in the case of a financial instrument through profit or loss (FVPL), which are initially recognised at fair value.

Financial Assets classifications

Financial assets are classified into one of the following categories depending on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

Amortised cost

Trade and other receivables (excluding prepayments) and cash and cash equivalents are initially measured at fair value and are thereafter measured at amortised cost, using the effective interest method, less loss allowance.

Fair value through income statement (FVPL) or Other Comprehensive Income (FVOCI)

Derivative financial instruments are initially recorded at fair value on the date the contract is entered into and are subsequently re-measured to fair value, as of each reporting date, using quoted market values. The gain or loss arising on re-measurement is recognised in the Group Consolidated Income Statement, except where the instrument is a designated cash flow hedging instrument in which case fair value changes in the effective portion of the derivative are recognised in OCI.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the Group Consolidated Income Statement. Impairment losses are presented in the Group Consolidated Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group has no debt instruments measured at FVOCI.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. In addition, assets that are irrevocably designated as FVPL at origination to eliminate or significantly reduce an accounting mismatch are also measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Group Consolidated Income Statement.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Equity investments
The Group subsequently measures all equity instrument investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the Group Consolidated Income Statement following the derecognition of the investment. Dividends from such investments continue to be recognised in Group Consolidated Income Statement when the Group's right to receive payments is established.

Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Credit losses associated with trade and other receivables are recognised in administration expenses. Where risks associated with trade receivables are transferred out of the Group under receivables purchase arrangements, such receivables are derecognised from the balance sheet, except to the extent of the Group's continued involvement or exposure.

Trade and other payables
Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Trade and other payables are classified as current liabilities, if payment is due within one year or less, otherwise, they are presented as non-current liabilities.

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Derivatives
Derivative financial instruments, including forward currency contracts, interest rate swaps and commodity futures contracts are used to manage the Group's exposure to foreign currency risk, interest rate risk and commodity price risk. These derivatives are generally designated as cash flow hedges. The Group does not use derivatives for speculative purposes.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Derivative financial instruments are initially recorded at fair value on the date the contract is entered into and are subsequently re-measured to fair value, as of each reporting date, using quoted market values. The gain or loss arising on re-measurement is recognised in the Group Consolidated Income Statement, except where the instrument is a designated hedging instrument.

The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available a discounted cash flow analysis is used based on the applicable yield curve adjusted for counterparty risk for the duration and currency of the instrument, which are observable:
– Foreign exchange forward contracts are measured using quoted forward exchange rates to match the maturities of these contracts;
– Interest rate swap contracts are measured using quoted daily reference rates to match the maturities of these contracts; and
– Commodity swap contracts are marked to market using observable market data and dealer quotes at the balance sheet date.

Cash flow hedges
Subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, cash flow hedges are accounted for under hedge accounting rules. At inception of a hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. In order to achieve and maintain cash flow hedge accounting, it is necessary for management to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable.

In such cases, any unrealised gain or loss arising on the effective portion of the derivative instrument is recognised in other comprehensive income, as part of the cash flow hedge reserve. Unrealised gains or losses on any ineffective portion are recognised in the Group Consolidated Income Statement. When the hedged transaction occurs, the related gains or losses in the cash flow hedge reserve are transferred to the Group Consolidated Income Statement. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss.

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the Group Consolidated Income Statement. Gains and losses accumulated in equity are included in the Group Consolidated Income Statement when the foreign operation is disposed of or sold.

Interest-bearing loans and borrowings
Interest-bearing borrowings are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using the effective interest rate method.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Fees paid on the establishment of loan facilities are capitalised as transaction costs of the loan, to the extent that it is probable that some or all of the facility will be drawn down, and are amortised over the period of the facility to which the fees relate. Remaining loan transaction costs are recognised in the Group Consolidated Income Statement on derecognition of the related loan liability.

For interest-bearing loans and borrowings with a contractual re-pricing date of less than six months, the nominal amount is considered to approximate fair value for disclosure purposes. For loans with a re-pricing date of greater than six months, the fair value is calculated based on the expected future principal and interest cash flows, discounted at appropriate current market interest rates.

Other equity reserve

As the perpetual callable subordinated instruments ('Hybrid instruments') have no maturity date and repayment is at the option of ARYZTA, they 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 settle 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.

Government grants

Grants that compensate the Group for the cost of an asset are shown as deferred income in the balance sheet and are recognised in the Group Consolidated Income Statement in instalments on a basis consistent with the depreciation policy of the relevant assets. Other grants are credited to the Group Consolidated Income Statement to offset the associated expenditure.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

2 Segment information

2.1 Analysis by business segment

52 week period ended I) Segment revenue and result	ARYZTA Europe 29 July 2023 €m	 30 July 2022 €m	ARYZTA Rest of World 29 July 2023 €m	 30 July 2022 €m	Total Continuing Operations 29 July 2023 €m	 30 July 2022 €m
Segment revenue[1]	**1,876.7**	1,531.1	**246.5**	225.0	**2,123.2**	1,756.1
EBITDA[2]	**220.5**	174.9	**50.8**	(3.0)	**271.3**	171.9
Depreciation	**(88.8)**	(85.2)	**(11.6)**	(11.3)	**(100.4)**	(96.5)
Amortisation	**(22.3)**	(22.5)	**(4.8)**	(4.8)	**(27.1)**	(27.3)
Operating profit/(loss)[3]	**109.4**	67.2	**34.4**	(19.1)	**143.8**	48.1
Financing income[4]					**9.1**	1.3
Financing costs[4]					**(31.5)**	(18.4)
RCF termination costs[4]					**–**	(8.3)
Profit before income tax as reported in Group Consolidated Income Statement					**121.4**	22.7

1 There were no significant intercompany revenues between business segments.

2 'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation.

3 Certain central executive and support costs have been allocated against the operating results of each business segment.

4 Finance income/(costs), RCF termination costs and income tax expense 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 Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

52 week period ended II) Segment revenue by location	29 July 2023 €m Revenue	29 July 2023 €m % of Group Revenue	30 July 2022 €m Revenue	30 July 2022 €m % of Group Revenue
Switzerland (ARYZTA's country of domicile)	**263.7**	**12.4%**	220.7	12.6%
Germany	**621.4**	**29.3%**	507.4	28.9%
France	**316.9**	**14.9%**	253.7	14.4%
Other[1]	**674.7**	**31.8%**	549.3	31.3%
ARYZTA Europe segmental revenue	**1,876.7**	**88.4%**	1,531.1	87.2%
ARYZTA Rest of World segmental revenue[2]	**246.5**	**11.6%**	225.0	12.8%
ARYZTA Group continuing operations revenue[3]	**2,123.2**	**100.0%**	1,756.1	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.

Two external customers represented more than 10% of the ARYZTA Group continuing operations revenue in the current financial period. One external customer represented 16% of the ARYZTA Group continuing operations revenue in the current financial period (2022: 16%), which was earned across all of the Group's operating segments in the current and prior financial period. A second customer represented 11% of the ARYZTA Group continuing operations revenue in the current financial period (2022: 10%), which was earned in the ARYZTA Europe operating segment in the current and prior financial period. No other customer represented more than 10%. There is no significant credit risk associated with receivables from these customers.

52 week period ended III) Segment revenue by product	ARYZTA Europe 29 July 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 29 July 2023 €m	ARYZTA Rest of World 30 July 2022 €m	Total Continuing Operations 29 July 2023 €m	Total Continuing Operations 30 July 2022 €m
Bread Rolls & Artisan Loaves	**834.5**	678.0	**167.2**	153.3	**1,001.7**	831.3
Sweet Baked & Morning Goods	**636.2**	521.2	**68.9**	64.7	**705.1**	585.9
Savoury & Other	**406.0**	331.9	**10.4**	7.0	**416.4**	338.9
Revenue	**1,876.7**	1,531.1	**246.5**	225.0	**2,123.2**	1,756.1

52 week period ended IV) Segment revenue by channel	ARYZTA Europe 29 July 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 29 July 2023 €m	ARYZTA Rest of World 30 July 2022 €m	Total Continuing Operations 29 July 2023 €m	Total Continuing Operations 30 July 2022 €m
QSR	**223.5**	170.3	**181.4**	162.2	**404.9**	332.5
Retail	**1,097.8**	907.0	**19.7**	27.5	**1,117.5**	934.5
Other Foodservice	**555.4**	453.8	**45.4**	35.3	**600.8**	489.1
Revenue	**1,876.7**	1,531.1	**246.5**	225.0	**2,123.2**	1,756.1

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

V) Segment assets	ARYZTA Europe 29 July 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 29 July 2023 €m	ARYZTA Rest of World 30 July 2022 €m	ARYZTA Group 29 July 2023 €m	ARYZTA Group 30 July 2022 €m
Segment assets	**1,642.2**	1,637.1	**142.7**	161.0	**1,784.9**	1,798.1
Reconciliation to total assets as reported in Group Consolidated Balance Sheet						
Deferred income tax assets					**49.0**	37.2
Derivative financial instruments					**2.2**	1.5
Cash and cash equivalents					**130.8**	245.8
Total assets as reported in Group Consolidated Balance Sheet					**1,966.9**	2,082.6

VI) Segment liabilities	ARYZTA Europe 29 July 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 29 July 2023 €m	ARYZTA Rest of World 30 July 2022 €m	ARYZTA Group 29 July 2023 €m	ARYZTA Group 30 July 2022 €m
Segment liabilities	**533.5**	496.9	**53.7**	52.5	**587.2**	549.4
Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet						
Interest-bearing bank loans and borrowings (excluding leases)					**397.3**	409.7
Derivative financial instruments					**2.4**	4.8
Current and deferred income tax liabilities					**186.7**	186.3
Total liabilities as reported in Group Consolidated Balance Sheet					**1,173.6**	1,150.2

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

VII) Other segment information	ARYZTA Europe 29 July 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 29 July 2023 €m	ARYZTA Rest of World 30 July 2022 €m	Total Continuing Operations 29 July 2023 €m	Total Continuing Operations 30 July 2022 €m
Capital expenditure						
– Property, plant and equipment	**74.8**	64.8	**12.2**	29.6	**87.0**	94.4
– Intangibles	**8.9**	6.3	**–**	0.2	**8.9**	6.5
Total capital expenditure	**83.7**	71.1	**12.2**	29.8	**95.9**	100.9

2.2 Segmental non-current assets

I) Segment non-current assets by segment	ARYZTA Europe 29 July 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 29 July 2023 €m	ARYZTA Rest of World 30 July 2022 €m	ARYZTA Group 29 July 2023 €m	ARYZTA Group 30 July 2022 €m
IFRS 8 non-current assets[1]	**1,373.2**	1,388.7	**117.2**	135.1	**1,490.4**	1,523.8

1 Non-current assets as reported under IFRS 8, Operating Segments, include all non-current assets as presented in the Group Consolidated Balance Sheet, with the exception of deferred taxes and derivative financial instruments.

II) Segment non-current assets by location	29 July 2023 Non-current assets €m	29 July 2023 % of Group non-current assets	30 July 2022 Non-current assets €m	30 July 2022 % of Group non-current assets
Switzerland (ARYZTA's country of domicile)	**352.6**	**23.7%**	347.6	22.8%
Germany	**345.2**	**23.2%**	369.5	24.2%
Ireland	**191.2**	**12.8%**	189.9	12.5%
Other[1]	**484.2**	**32.4%**	481.7	31.6%
ARYZTA Europe segmental non-current assets	**1,373.2**	**92.1%**	1,388.7	91.1%
ARYZTA Rest of World segmental non-current assets[2]	**117.2**	**7.9%**	135.1	8.9%
ARYZTA Group non-current assets	**1,490.4**	**100.0%**	1,523.8	100.0%

1 Other includes foreign countries in the Europe segment which individually did not represent greater than 10% of ARYZTA Group non-current assets at the end of the current or prior financial year.

2 No country in the Rest of World segment represented greater than 10% of the ARYZTA Group non-current assets in the current or prior financial year on an individual country basis.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

3 Impairment, disposal and restructuring-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 and restructuring-related costs within each functional area, which are included within operating profit/(loss), and which are presented separately when providing information to the CODM. Furthermore, these costs are excluded from the EBITDA utilised in calculating the Net Debt: EBITDA ratio for banking covenant compliance.

There were no impairment, disposal or restructuring-related costs incurred during the period ended 29 July 2023. The Group incurred the following amounts related to impairment, disposal and restructuring in continuing operations during the period ended 30 July 2022:

		ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
52 week period ended	Notes	**29 July 2023 €m**	30 July 2022 €m	**29 July 2023 €m**	30 July 2022 €m	**29 July 2023 €m**	30 July 2022 €m
Net gain/(loss) on disposal of businesses	3.1	–	0.2	–	(42.2)	–	(42.0)
Net loss on fixed asset disposals and impairments	3.2	–	(2.4)	–	–	–	(2.4)
Total net loss on disposal of businesses and asset write-downs		–	(2.2)	–	(42.2)	–	(44.4)
						–	–
Severance and other staff-related costs		–	(2.0)	–	–	–	(2.0)
Other costs including advisory		–	(0.4)	–	(0.1)	–	(0.5)
Total restructuring-related costs	3.3	–	(2.4)	–	(0.1)	–	(2.5)
						–	–
Total impairment, disposal and restructuring-related costs		–	(4.6)	–	(42.3)	–	(46.9)

3.1 Impairment and disposal-related costs

During the prior period ended 30 July 2022, the Group successfully concluded the disposal of its Brazil business to Grupo Bimbo SAB de CV. In addition the Group completed the sale of an immaterial business in Europe. As the €108.4m proceeds received, net of associated transaction costs, were in excess of the €65.0m carrying value of the net assets disposed, combined with a €85.4m cumulative foreign currency translation loss since the initial investment, a loss on disposal before tax of €42.0m was recognised in the Group Consolidated Income Statement.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

3.2 Loss on sale and impairment of fixed assets and investment property

During the prior period ended 30 July 2022, the Group recorded an impairment of €2.4m in the ARYZTA Europe segment, primarily related to the write-down of building assets to recoverable value.

3.3 Restructuring-related costs

During the period ended 30 July 2022, the Group 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:

The Group incurred €2.0m in severance and other staff-related costs. These costs primarily related to employees whose services were discontinued as part of the Group's efficiency programs and the structural costs optimizations projects.

The Group incurred €0.5m in advisory and other costs primarily associated with bakery rationalisation and disposal transactions in Europe and Rest of World during the prior period.

4 Financing income and costs

52 week period ended	**29 July 2023 €m**	30 July 2022 €m
Financing income - continuing operations		
Total financing income recognised in Group Consolidated Income Statement	**9.1**	1.3
Financing costs - continuing operations		
Interest cost on bank loans and overdrafts	**(27.7)**	(14.0)
Interest cost on lease liabilities	**(3.7)**	(4.4)
Defined benefit plan: net interest cost on plan liabilities (note 21)	**(0.1)**	–
Total financing costs recognised in Group Consolidated Income Statement	**(31.5)**	(18.4)
RCF termination costs (note 18)	**–**	(8.3)
Recognised directly in other comprehensive income - continuing operations		
Effective portion of changes in fair value of interest rate swaps[1]	**1.1**	–
Total financing gain recognised directly in other comprehensive income	**1.1**	–

1 No unrealised gains or losses on any ineffective portion of derivatives have been recognised in the Group Consolidated Income Statement.

Group

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

5 Other information

52 week period ended Group Consolidated Income statement by nature of cost through to operating profit - continuing operations	29 July 2023 €m	30 July 2022 €m
Revenue	**2,123.2**	1,756.1
Raw materials and consumables used	**(1,037.3)**	(818.3)
Employment costs (note 7)	**(392.6)**	(383.4)
Storage and distribution costs	**(143.8)**	(119.6)
Amortisation of intangible assets (note 2)	**(27.1)**	(27.3)
Depreciation of property, plant and equipment (note 2)	**(100.4)**	(96.5)
Light, heat and power	**(104.2)**	(66.6)
Operating lease rentals	**(2.8)**	(3.1)
Repairs and maintenance	**(40.3)**	(38.9)
Advertising and marketing	**(4.8)**	(2.6)
Research and development	**(5.9)**	(5.4)
Net loss on disposal of businesses	–	(42.0)
Asset disposals and impairments (note 3)	–	(2.4)
Other restructuring-related costs (note 3)	–	(0.5)
Government aid	–	0.6
Other direct and indirect costs	**(120.2)**	(102.0)
Operating profit from continuing operations	**143.8**	48.1

Group revenue categories
Group revenue relates primarily to sale of products.

6 Directors' compensation
Please refer the compensation of key management disclosure as included in note 25.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

7 Employment

52 week period ended Average number of persons employed by the Group by function - continuing operations	29 July 2023	30 July 2022
Production	**5,051**	5,209
Sales and distribution	**2,223**	2,217
Management and administration	**745**	742
Average number of persons employed - continuing operations	**8,019**	8,168

52 week period ended Average number of persons employed by the Group by region - continuing operations	29 July 2023	30 July 2022
Europe	**6,863**	7,069
Rest of World	**1,156**	1,099
Total Group - continuing operations	**8,019**	8,168

52 week period ended Employment costs of the Group - continuing operations	29 July 2023 €m	30 July 2022 €m
Wages and salaries	**332.7**	323.4
Social welfare costs	**49.0**	46.2
Severance and other staff-related costs (note 3)	**–**	2.0
Defined contribution plans (note 21)	**6.1**	5.3
Defined benefit plans - current service cost (note 21)	**3.3**	3.4
Defined benefit plans - past service cost (note 21)	**(1.1)**	(0.7)
Share-based payments (note 8)	**2.6**	3.8
Employment costs - continuing operations	**392.6**	383.4

8 Share-based payments

The Group has equity-based incentive awards outstanding under various ARYZTA Long-Term Incentive Plans ('LTIPs'). In addition, since the November 2018 AGM, non-executive members of the Board of Directors have been compensated in the form of restricted shares or Restricted Stock Units ('RSUs') in respect of 40% of their fixed annual fees.

As the Group has no legal or constructive obligation to repurchase or settle the awards in cash, the equity instruments granted under these LTIPs are equity-settled share-based payments, as defined in IFRS 2 'Share-based Payment'.

During the period ended 29 July 2023, the Group granted Performance Share Units ('PSUs') to Group Executives and other members of senior management. Vesting of these awards is conditional on achievement of EBITA, ROIC and Total Shareholder Return ('TSR') targets during the associated performance periods ending in 2023, 2024 and 2025, as well as continued employment throughout the respective performance periods. The Group also granted Performance Share Units ('PSUs') to Group Executives and other members of senior management during the period ended 30 July 2022. Vesting of these awards is conditional on achievement of EBITA, ROIC and TSR targets during the associated performance periods ending in 2022, 2023 and 2024, as well as continued employment throughout the respective performance periods.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The number of awards granted during the period, as included in the respective tables below, represents the target number of awards that could potentially vest. The actual vesting level will be determined based on the level of performance achieved during the applicable vesting period and applying the corresponding vesting multiple, ranging between 0 and 1.5, to the number of awards received by each participant.

The total cost reported in the Group Consolidated Income Statement in relation to equity-settled share-based payments is €2.6m (2022: €3.8m). The analysis of movements within the LTIP plans is as follows:

8.1 Performance Share Units and Restricted Stock Units

Performance Share Unit and Restricted Stock Unit awards outstanding	Weighted conversion price 2023 in CHF	Number of equity entitlements 2023	Weighted conversion price 2022 in CHF	Number of equity entitlements 2022
Outstanding at beginning of the period	**0.00**	**13,034,762**	0.00	9,333,563
Granted during the period	**0.00**	**3,114,081**	0.00	4,407,088
Exercised during the period	**0.00**	**(6,087,774)**	0.00	(143,483)
Forfeited during the period	**0.00**	**(443,232)**	0.00	(562,406)
Cancelled during the period	**0.00**	**(2,688,931)**	–	–
Outstanding at the end of the period	**0.00**	**6,928,906**	0.00	13,034,762
Vested at end of the period	**–**	**–**	–	–

Performance Share Unit and Restricted Stock Unit awards outstanding by conversion price	Actual remaining life (years)	Conversion price in CHF	Number of equity entitlements
Issued during financial period 2022	8.5	0.00	**3,814,825**
Issued during financial period 2023	9.6	0.00	**3,114,081**
As of 29 July 2023	9.0	0.00	**6,928,906**

During financial period ended 29 July 2023 and 30 July 2022, awards relating to certain PSUs were forfeited as certain employees exited the business before the vesting period ended.

The weighted average fair value assigned to PSUs issued during the period ended 29 July 2023 was CHF 1.35 (2022: CHF 1.08), which represents the full value of an ordinary share on the grant date, as the exercise price associated with these awards is nil and the expected dividend yield was 0.0%.

During the period ended 29 July 2023, the performance conditions associated with 6,087,774 PSUs were fulfilled. Therefore, these awards were approved as vested by the Remuneration Committee. Subsequent to vesting, employees were given the option of exercising via transfer of shares or settlement of equivalent amount via cash. Accordingly, 372,861 shares were issued out of treasury shares and cash in the amount of €3.6m was transferred to employees during the period. The weighted average share price at the time of these exercises was CHF 1.00.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

During the prior period ended 30 July 2022, the performance conditions associated with 143,483 RSUs were fulfilled. Therefore, these awards were approved as vested by the Remuneration Committee and were subsequently exercised by employees, in exchange for the same number of shares. The weighted average share price at the time of these exercises was CHF 1.07.

8.2 Options and option equivalents

Option Equivalent Plan awards	**Weighted conversion price 2023 in CHF**	**Number of equity entitlements 2023**	Weighted conversion price 2022 in CHF	Number of equity entitlements 2022
Outstanding at beginning of the period	**9.93**	**225,725**	8.57	4,646,183
Expired during the period	**9.93**	**(225,725)**	8.50	(4,420,458)
Outstanding at the end of the period	–	–	9.93	225,725
Vested at end of the period	–	–	9.93	225,725

Option Equivalent Plan awards outstanding by conversion price	Actual remaining life (years)	Conversion price in CHF	**Number of equity entitlements**
As of 29 July 2023	–	–	**–**

During the periods ended 29 July 2023 and 30 July 2022, vested options expired as the option life of ten years had ended.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

9 Income taxes

Income tax (charge) / credit	29 July 2023 €m	30 July 2022 €m
Current tax charge	**(21.6)**	(30.5)
Deferred tax credit (note 20)	**12.2**	9.7
Income tax charge - continuing operations	**(9.4)**	(20.8)
Reconciliation of average effective tax charge to applicable tax charge		
Profit before income tax	**121.4**	22.7
Income tax on profit for the period at 20.83% (2022: 20.83%)[1]	**(25.3)**	(4.7)
Income/(expenses) not taxable/(deductible) for tax purposes	**(11.8)**	(8.7)
Income subject to other rates of tax	**(0.8)**	(1.1)
Prior year losses recognised / (impact of losses not recognised)	**26.9**	(11.4)
Change in estimates and other prior year adjustments:		
– Current tax	**1.5**	0.9
– Deferred tax	**0.1**	4.2
Income tax charge - continuing operations	**(9.4)**	(20.8)
Income tax recognised in other comprehensive income		
Relating to foreign exchange translation effects	**–**	6.3
Relating to cash flow hedges	**(0.8)**	0.7
Relating to Group employee benefit plans actuarial loss/(gain) (note 20)	**–**	0.3
Tax recognised directly in other comprehensive income	**(0.8)**	7.3

1 20.83% is the standard rate of income tax applicable to trading profits in Zurich, Switzerland.

10 Proposed dividend

No dividend on ordinary shares was proposed or paid during the period ended 29 July 2023 (2022: nil).

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

11 Earnings per share

52 week period ended	29 July 2023	30 July 2022
Basic earnings/(loss) per share	€m	€m
Profit attributable to equity shareholders - continuing operations	**112.0**	1.9
Loss attributable to equity shareholders - discontinued operations	–	(1.0)
Profit attributable to equity shareholders - total	**112.0**	0.9
Hybrid instrument dividend (note 22)	**(47.3)**	(45.2)
Profit/(loss) used to determine basic EPS - continuing operations	**64.7**	(43.3)
Loss used to determine basic EPS - discontinued operations	-	(1.0)
Profit/(loss) used to determine basic EPS - total	**64.7**	(44.3)
Weighted average number of ordinary shares	in Millions	in Millions
Ordinary shares outstanding at start of period[1]	**992.3**	991.8
Effect of exercise of equity instruments	**0.3**	0.1
Release of treasury shares as restricted shares	**0.1**	0.2
Weighted average ordinary shares used to determine basic EPS	**992.7**	992.1
Basic earnings/(loss) per share - continuing operations	**6.5 cent**	(4.4) cent
Basic loss per share - discontinued operations	–	(0.1) cent
Basic earnings/(loss) per share	**6.5 cent**	(4.5) cent
Diluted earnings/(loss) per share	€m	€m
Profit/(loss) used to determine basic EPS - continuing operations	**64.7**	(43.3)
Loss used to determine basic EPS - discontinued operations	–	(1.0)
Profit/(loss) used to determine basic EPS - total	**64.7**	(44.3)
Weighted average number of ordinary shares (diluted)	in Millions	in Millions
Weighted average ordinary shares used to determine basic EPS	**992.7**	992.1
Effect of equity-based incentives with a dilutive impact[2]	**2.1**	–
Weighted average ordinary shares used to determine diluted EPS	**994.8**	992.1
Diluted earnings/(loss) per share - continuing operations	**6.5 cent**	(4.4) cent
Diluted loss per share - discontinued operations	–	(0.1) cent
Diluted earnings/(loss) per share	**6.5 cent**	(4.5) cent

1 Issued share capital excludes treasury shares as detailed in note 22.

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 impacts related to the conversion of equity-based incentives would decrease the loss per share for the prior period ended 30 July 2022, no dilutive effect was taken during the prior period.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

12 Property, plant and equipment

	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 30 July 2022	**304.6**	**390.8**	**0.2**	**36.0**	**122.0**	**853.6**
Additions	1.2	17.6	–	34.0	34.2	87.0
Transfer from assets under construction	12.3	34.0	–	(46.3)	–	–
Asset disposals	–	(0.9)	–	–	–	(0.9)
Depreciation charge for period	(10.8)	(57.2)	(0.1)	–	(32.3)	(100.4)
Translation adjustments	(0.7)	(1.1)	–	(0.1)	(0.5)	(2.4)
Net book value at 29 July 2023	**306.6**	**383.2**	**0.1**	**23.6**	**123.4**	**836.9**
At 29 July 2023						
Cost	392.0	832.8	0.4	23.6	218.6	1,467.4
Accumulated depreciation	(85.4)	(449.6)	(0.3)	–	(95.2)	(630.5)
Net book value at 29 July 2023	**306.6**	**383.2**	**0.1**	**23.6**	**123.4**	**836.9**

	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 31 July 2021	**294.9**	**403.9**	**0.5**	**16.5**	**134.0**	**849.8**
Additions	14.6	23.2	0.1	41.5	15.0	94.4
Transfer from assets under construction	2.6	19.7	–	(22.3)	–	–
Transfer to assets held-for-sale	(1.0)	(0.4)	–	–	–	(1.4)
Asset impairments (note 3)	–	(2.6)	–	–	–	(2.6)
Asset disposals	(0.2)	(1.1)	(0.2)	–	–	(1.5)
Transfer from investment properties	2.8	–	–	–	–	2.8
Depreciation charge for period	(11.0)	(54.7)	(0.1)	–	(30.7)	(96.5)
Reclassifications	0.8	(0.8)	–	–	–	–
Translation adjustments	1.1	3.6	(0.1)	0.3	3.7	8.6
Net book value at 30 July 2022	**304.6**	**390.8**	**0.2**	**36.0**	**122.0**	**853.6**
At 30 July 2022						
Cost	372.1	776.0	1.6	36.0	201.4	1,387.1
Accumulated depreciation	(67.5)	(385.2)	(1.4)	–	(79.4)	(533.5)
Net book value at 30 July 2022	**304.6**	**390.8**	**0.2**	**36.0**	**122.0**	**853.6**

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

13 Leases
The movement in the Group's right-of-use leased assets during the period is as follows:

	Land and Buildings €m	Plant and Machinery €m	Motor Vehicles €m	Total €m
At 30 July 2022, net carrying amount	**94.1**	**12.2**	**15.7**	**122.0**
Net additions	15.2	8.1	10.9	34.2
Depreciation charge for the period	(17.4)	(4.0)	(10.9)	(32.3)
Translation adjustment	(0.3)	–	(0.2)	(0.5)
At 29 July 2023, net carrying amount	**91.6**	**16.3**	**15.5**	**123.4**

	Land and Buildings €m	Plant and Machinery €m	Motor Vehicles €m	Total €m
At 31 July 2021, net carrying amount	**104.1**	**8.9**	**21.0**	**134.0**
Net additions	3.7	6.5	4.8	15.0
Depreciation charge for the period	(16.7)	(3.6)	(10.4)	(30.7)
Translation adjustment	3.0	0.4	0.3	3.7
At 30 July 2022, net carrying amount	**94.1**	**12.2**	**15.7**	**122.0**

Lease Liabilities
The movement in the Group's lease liabilities during the period is as follows:

	29 July 2023 €m	30 July 2022 €m
Balance at beginning of period	**126.1**	**154.6**
Net additions	34.2	15.0
Arising on disposal of business, net carrying amount	–	(17.2)
Payments	(35.9)	(33.8)
Discount unwinding	3.7	4.4
Translation adjustment and other	(0.5)	3.1
Balance at end of period	**127.6**	**126.1**
Non-current (note 18)	100.8	97.9
Current (note 18)	26.8	28.2
Balance at end of period	**127.6**	**126.1**

Undiscounted lease liabilities
The table below shows analysis of the maturity profile of the undiscounted lease liabilities arising from the Group's leasing activities as at 29 July 2023. The projections are based on the foreign exchange rates applicable at the end of the relevant financial period:

	29 July 2023 €m	30 July 2022 €m
Within one year	29.8	28.9
Between one and two years	23.6	21.3
Between two and three years	20.1	16.5
Between three and four years	16.1	14.3
Between four and five years	12.4	11.5
Over 5 years	50.2	58.4
Total	**152.2**	**150.9**

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Short term and low value leases

The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. The following lease costs have been charged to the Group Consolidated Income Statement as incurred:

	29 July 2023 €m	30 July 2022 €m
Short term leases	1.6	1.9
Leases of low value assets	1.2	1.2
Total	**2.8**	**3.1**

Future possible cash outflows not included in the lease liability

Some leases contain break clauses or extension options to provide operational flexibility. Potential future undiscounted lease payments not included in the reasonably certain lease term, and therefore not included in lease liabilities, total €37.5m. Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect.

14 Goodwill and intangible assets

	Goodwill €m	Customer Relationships €m	Brands €m	Computer-related €m	ERP-related intangibles €m	Patents and other €m	Total €m
Net book value at 30 July 2022	**547.4**	**55.1**	**0.7**	**10.2**	**52.6**	**1.5**	**667.5**
Additions	–	–	–	1.5	7.4	–	8.9
Amortisation charge for the period	–	(12.9)	(0.2)	(2.1)	(11.5)	(0.4)	(27.1)
Translation adjustments	2.4	(1.0)	(0.1)	0.1	0.1	–	1.5
Net book value at 29 July 2023	**549.8**	**41.2**	**0.4**	**9.7**	**48.6**	**1.1**	**650.8**
At 29 July 2023							
Cost	549.8	176.8	111.9	35.9	138.0	5.0	1,017.4
Accumulated amortisation	–	(135.6)	(111.5)	(26.2)	(89.4)	(3.9)	(366.6)
Net book value at 29 July 2023	**549.8**	**41.2**	**0.4**	**9.7**	**48.6**	**1.1**	**650.8**

	Goodwill €m	Customer Relationships €m	Brands €m	Computer-related €m	ERP-related intangibles €m	Patents and other €m	Total €m
Net book value at 31 July 2021	**520.1**	**67.8**	**1.0**	**11.2**	**58.2**	**2.0**	**660.3**
Additions	-	0.2	-	0.9	5.4	-	6.5
Amortisation charge for the period	–	(13.7)	(0.2)	(1.9)	(11.0)	(0.5)	(27.3)
Translation adjustments	27.3	0.8	(0.1)	–	–	–	28.0
Net book value at 30 July 2022	**547.4**	**55.1**	**0.7**	**10.2**	**52.6**	**1.5**	**667.5**
At 30 July 2022							
Cost	547.4	183.6	109.7	33.2	140.1	4.9	1,018.9
Accumulated amortisation	–	(128.5)	(109.0)	(23.0)	(87.5)	(3.4)	(351.4)
Net book value at 30 July 2022	**547.4**	**55.1**	**0.7**	**10.2**	**52.6**	**1.5**	**667.5**

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Goodwill Impairment testing
Goodwill acquired through business combinations is allocated at acquisition to the cash-generating units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the business combination.

The Group tests goodwill for impairment annually in July, or more frequently if changes in circumstances indicate a potential impairment.

The business units shown in the following table represent the lowest level at which goodwill is monitored for internal management purposes. Accordingly, this is also the level at which the 2023 goodwill impairment testing was performed. The carrying amount of goodwill allocated to the relevant CGUs, as well as the key assumptions used in the 2023 impairment testing, are summarised as follows:

	Pre-tax discount rate 2023	Pre-tax discount rate 2022	Projection period 2023	Projection period 2022	Terminal growth rate 2023	Terminal growth rate 2022	Carrying Value 2023 €m	Carrying Value 2022 €m
North West Europe[1]	**8.5%**	8.0%	**5 years**	5 years	**2.0%**	2.0%	**63.1**	63.2
Germany and Other Europe	**9.9%**	9.0%	**5 years**	5 years	**2.1%**	2.2%	**87.7**	86.2
Switzerland	**7.3%**	6.8%	**5 years**	5 years	**1.0%**	1.0%	**278.0**	272.7
France	**9.4%**	9.1%	**5 years**	5 years	**1.6%**	1.6%	**85.4**	85.4
ARYZTA Europe							**514.2**	507.5
ARYZTA Rest of World	**9.1%**	8.6%	**5 years**	5 years	**2.2%**	2.1%	**35.6**	39.9
							549.8	547.4

1 The North West Europe CGU comprises businesses in Ireland, Netherlands and Denmark.

The recoverable amounts of CGUs are based on value-in-use calculations. These calculations use pre-tax cash flow projections based on expected future operating results and related cash flows at the time the impairment test is performed. These projections are based on current operating results of the individual CGU and an assumption regarding future organic growth. For the purposes of the calculation of value-in-use, the cash flows are projected based on current financial budgets, with additional cash flows in subsequent periods calculated using a terminal value methodology and discounted using the relevant rate, as disclosed in the table above.

Goodwill sensitivity analysis
A significant adverse change in the expected future operational results and cash flows may result in the value-in-use being less than the carrying amount of a CGU, which would result in an impairment. Key assumptions include management's estimates of the terminal growth rate, the discount rate, future revenue and profitability.

The terminal growth rates used approximate relevant long-term inflation rates and industry growth trends within each CGU. The discount rates used are based on the relevant risk-free rates, adjusted to reflect the risk associated with the respective future cash flows of that CGU.

Based on the results of the impairment testing undertaken, sufficient headroom exists for the CGUs, such that any reasonably possible movement in any of the underlying assumptions, including a reduction in the terminal growth rate by 1.0%, or increasing the discount rate by 1.0%, would not give rise to an impairment charge.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Revenue is projected to grow over the plan period in line with industry growth projections, consistent with external market data, with further assumed improvements in annual EBITDA. A decrease of 1% in the revenue compound annual growth rate across the projection period, or a reduction in EBITDA realised of 5% per annum across the projection period in each of the CGUs would not result in an impairment.

15 Inventory

	29 July 2023 €m	30 July 2022 €m
Raw materials	**21.6**	21.8
Finished goods	**103.0**	93.2
Packaging and other	**4.7**	5.4
Balance at end of period	**129.3**	120.4

During the period ended 29 July 2023, a total expense of €5.9m (2022: €5.7m) was recognised in the Group Consolidated Income Statement arising from write-down of inventory from continuing operations.

16 Trade and other receivables

	29 July 2023 €m	30 July 2022 €m
Non-current		
Other receivables	**2.7**	2.7
Balance at end of period	**2.7**	2.7

	29 July 2023 €m	30 July 2022 €m
Current		
Trade receivables, net	**118.5**	103.9
VAT recoverable	**19.2**	15.7
Prepayments	**14.0**	13.8
Other receivables	**13.5**	19.1
Balance at end of period	**165.2**	152.5

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

17 Trade and other payables

	29 July 2023 €m	30 July 2022 €m
Non-current		
Other payables	**17.2**	15.3
Balance at end of period	**17.2**	15.3
Current		
Trade payables	**243.2**	205.1
Accruals and other payables[1]	**177.7**	176.9
Employee-related tax and social welfare	**9.8**	11.5
VAT payable	**7.1**	6.4
Balance at end of period	**437.8**	399.9

1 Accruals and other payables consist primarily of balances due for goods and services received not yet invoiced and for staff compensation.

Trade payables includes €52.8m (2022: €44.3m) due to suppliers that have signed up to a supply chain financing programme, under which the suppliers can elect on an invoice by invoice basis to receive a discounted early payment from the partner bank rather than being paid in line with the agreed payment terms. If the option is taken, the Group's liability is assigned by the supplier to be due to the partner bank rather than the supplier. The value of the liability payable by the Group remains unchanged. The Group assesses the arrangement against indicators to assess if debts which vendors have sold to the funder under the supplier financing scheme continue to meet the definition of trade payables or should be classified as borrowings. At 29 July 2023, these payables met the criteria of trade payables.

18 Interest-bearing loans and borrowings

Details of the Group's interest bearing loans and borrowings are outlined below.

	29 July 2023 €m	30 July 2022 €m
Included in non-current liabilities		
Loans	**380.2**	409.7
Leases (note 13)	**100.8**	97.9
Non-current interest-bearing loans and borrowings	**481.0**	507.6
Included in current liabilities		
Loans	**17.1**	–
Leases (note 13)	**26.8**	28.2
Current interest-bearing loans and borrowings	**43.9**	28.2
Total loans	**397.3**	409.7
Total leases	**127.6**	126.1
Total interest-bearing loans and borrowings	**524.9**	535.8

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

In September 2021, ARYZTA replaced its existing €800m Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement. In connection with this, the Group recognised €8.3m of costs in respect of the write-off of existing RCF capitalised borrowing costs during the prior period ended 30 July 2022.

An analysis of the movements in net debt during the period ended 29 July 2023 and 30 July 2022, is shown below:

Analysis of net debt	30 July 2022 €m	Cash flows €m	Non-cash movements €m	Translation adjustment €m	29 July 2023 €m
Cash and cash equivalents	245.8	(107.8)	–	(7.2)	130.8
Loans	(409.7)	15.6	(1.6)	(1.6)	(397.3)
Leases (note 13)	(126.1)	32.2	(34.2)	0.5	(127.6)
Net debt	**(290.0)**	**(60.0)**	**(35.8)**	**(8.3)**	**(394.1)**

Analysis of net debt	31 July 2021 €m	Cash flows €m	Non-cash movements €m	Translation adjustment €m	30 July 2022 €m
Cash and cash equivalents	170.9	65.6	–	9.3	245.8
Loans	(236.4)	(149.0)	(11.0)	(13.3)	(409.7)
Leases (note 13)	(154.6)	29.4	2.2	(3.1)	(126.1)
Net debt	**(220.1)**	**(54.0)**	**(8.8)**	**(7.1)**	**(290.0)**

The terms of outstanding loans are as follows:

2023	Currency	Financial year of maturity	Nominal Value €m	Carrying amount €m
Schuldschein variable	EUR	2023	8.0	8.0
Schuldschein fixed	USD	2023	9.1	9.1
Syndicated Bank RCF	Various	2026	386.0	380.2
Total outstanding loans at 29 July 2023			**403.1**	**397.3**

1 All debt instruments above are unsecured.

2022	Currency	Financial year of maturity	Nominal Value €m	Carrying amount €m
Schuldschein variable	EUR	2023	8.0	8.0
Schuldschein fixed	USD	2023	9.8	9.8
Syndicated Bank RCF	Various	2026	398.5	391.9
Total outstanding loans at 30 July 2022			**416.3**	**409.7**

In July 2023, the Group agreed a new CHF 71.8m and €60.0m term loan facility, at the same interest and maturity terms as the existing RCF. This facility provides the Group with additional flexibility around its capital management. The facility was not drawn down as of 29 July 2023.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The weighted average effective interest rate in respect of the Group's interest-bearing loans was as follows:

	29 July 2023 €m	30 July 2022 €m
Total bank loans	**4.1%**	1.8%

Repayment schedule – loans (nominal values)	**29 July 2023 €m**	30 July 2022 €m
Less than one year	**17.1**	–
Between one and five years	**386.0**	416.3
After five years	**–**	–
	403.1	416.3

19 Financial instruments and financial risk

The fair values of financial assets, financial liabilities together with the carrying amounts shown in the balance sheet, are as follows:

As of 29 July 2023	**Fair value hierarchy**	**Fair value through OCI 2023 €m**	**Amortised cost 2023 €m**	**Total carrying amount 2023 €m**	**Fair value 2023 €m**
Trade and other receivables (excluding prepayments)		–	134.7	134.7	134.7
Cash and cash equivalents		–	130.8	130.8	130.8
Derivative financial assets	*Level 2*	2.2	–	2.2	2.2
Total financial assets		**2.2**	**265.5**	**267.7**	**267.7**
Trade and other payables (excluding non-financial liabilities)		–	(438.1)	(438.1)	(438.1)
Bank borrowings	*Level 2*	–	(397.3)	(397.3)	(403.1)
Lease liabilities		–	(127.6)	(127.6)	(127.6)
Derivative financial liabilities	*Level 2*	(2.4)	–	(2.4)	(2.4)
Total financial liabilities		**(2.4)**	**(963.0)**	**(965.4)**	**(971.2)**

As of 30 July 2022	**Fair value hierarchy**	**Fair value through OCI 2022 €m**	**Amortised cost 2022 €m**	**Total carrying amount 2022 €m**	**Fair value 2022 €m**
Trade and other receivables (excluding prepayments)		–	125.7	125.7	125.7
Cash and cash equivalents		–	245.8	245.8	245.8
Derivative financial assets	*Level 2*	1.5	–	1.5	1.5
Total financial assets		**1.5**	**371.5**	**373.0**	**373.0**
Trade and other payables (excluding non-financial liabilities)		–	(397.3)	(397.3)	(397.3)
Bank borrowings	*Level 2*	–	(409.7)	(409.7)	(416.3)
Lease liabilities		–	(126.1)	(126.1)	(126.1)
Derivative financial liabilities	*Level 2*	(4.8)	–	(4.8)	(4.8)
Total financial liabilities		**(4.8)**	**(933.1)**	**(937.9)**	**(944.5)**

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Estimation of fair values
Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding tables.

Fair value hierarchy
The tables at the beginning of this note summarise the financial instruments carried at fair value, by valuation method. Fair value classification levels have been assigned to the Group's financial instruments carried at fair value. The different levels assigned are defined as follows:

Level 1: Prices quoted in active markets
Level 2: Valuation techniques based on observable market data
Level 3: Valuation techniques based on unobservable inputs

Trade and other receivables/payables
Trade and other receivables are carried at amortised cost, less loss allowance. Trade and other payables are carried at amortised cost. For any trade and other receivables or payables with a remaining life of less than six months or demand balances, the carrying value, less impairment provision where appropriate, is deemed to approximate fair value.

Cash and cash equivalents, including short-term bank deposits
For short-term bank deposits and cash and cash equivalents, all of which have an original and remaining maturity of less than three months, the nominal amount is deemed to approximate fair value.

Derivatives (forward currency, interest rate and commodity swap contracts)
Forward currency contracts are marked to market using quoted forward exchange rates, interest rate swap contracts are measured using quoted daily reference rates to match the maturities of the contracts; and commodity contracts are marked to market using observable market data and dealer quotes at the balance sheet date.

Interest-bearing loans and borrowings
For interest-bearing loans and borrowings with a contractual re-pricing date of less than six months, the nominal amount including accrued interest is considered to approximate fair value for disclosure purposes. For loans with a re-pricing date of greater than six months, the fair value is calculated based on the expected future principal and interest cash flows, discounted at appropriate current market interest rates.

Lease liabilities
Fair value is based on the present value of future cash flows discounted at market interest rates. In calculating the present value of future cashflows, the Group uses the incremental borrowing rate at the lease commencement date or the interest rate implicit in the lease, if this is readily determinable. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease, the term and currency of the lease.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Risk exposures

Group risk management

Risk management is a fundamental element of the Group's business practice at all levels and encompasses different types of risks. This overall Group risk management process includes the performance of a risk assessment that is described in more detail in note 27. Financial risk management specifically is described in further detail below.

Financial risk management

The Group's international operations expose it to different financial risks that include:
- credit risks;
- liquidity risks;
- foreign exchange rate risks;
- interest rate risks; and
- commodity price risks.

The Group has a risk management programme in place, which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined the policies for managing these risks. It is the policy of the Board to manage these risks in a non-speculative manner.

Credit risk

Exposure to credit risk

Credit risk arises from credit issued to customers on outstanding receivables and outstanding transactions, as well as cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions.

The Group has not pledged any financial assets as collateral for liabilities or contingent liabilities.

Cash and short-term bank deposits

Cash and short-term bank deposits are invested with institutions with the highest short-term credit rating, with limits on amounts held with individual banks or institutions at any one time. Management does not expect any losses from non-performance by these counterparties.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no significant concentration of credit risk by dependence on individual customers or geographies. The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default in payments are considered to be indicators that the trade receivables is impaired. Individual risk limits are generally set by customer, and risk is only accepted above such limits in defined circumstances. The utilisation of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The Group applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables.

The Group also manages credit risk through the use of a receivables purchase arrangement with a financial institution. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables, amounting to €134.2m (2022: €108.0m). The Group has continued to also recognise an asset within Trade and other receivables, of €11.1m (2022: €8.5m), representing the fair value and maximum extent of its continuing involvement or exposure. This maximum exposure was determined based on a Reserve Calculation Ratio (approximately 8%), as per the terms of the receivables purchase arrangement. Total expenses associated with this receivables purchase agreement during the period ended 29 July 2023 were €4.4m (2022: €1.5m).

The undiscounted cash outflows required to repurchase these derecognised financial assets would be equal to the receivables transferred, net of the Group's remaining continuing involvement asset. The estimated maturity of any such cash outflows would be expected to be less than 6 months, as the Group's trade and other receivables are also generally settled in less than 6 months. As the carrying value of the receivables transferred and the continuing involvement retained both equal fair value, no gain or loss has arisen, either at the date of transfer or in connection with the Group's continuing involvement in these assets.

The carrying amount of financial assets, net of loss allowances, represents the Group's maximum credit exposure. The maximum exposure to credit risk at year-end was as follows:

	29 July 2023 €m	30 July 2022 €m
Cash and cash equivalents	**130.8**	245.8
Trade and other receivables	**134.7**	125.7
Derivative financial assets	**2.2**	1.5
	267.7	373.0

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	29 July 2023 €m	30 July 2022 €m
Europe	**98.8**	84.5
Rest of World	**19.7**	19.4
	118.5	103.9

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The aging of trade receivables at the reporting date was as follows:

	Gross 29 July 2023 €m	**Loss allowances 29 July 2023 €m**	Gross 30 July 2022 €m	Loss allowances 30 July 2022 €m
Not past due	**98.9**	**0.8**	82.0	1.4
Past due 0–30 days	**19.3**	**0.1**	21.1	0.3
Past due 31–120 days	**2.1**	**0.9**	2.9	0.6
Past due more than 121 days	**1.3**	**1.3**	1.5	1.3
	121.6	**3.1**	107.5	3.6

The analysis of movement in loss allowances in respect of trade receivables was as follows:

	29 July 2023 €m	30 July 2022 €m
Balance at beginning of period	**3.6**	5.4
Utilised during the period	**(1.2)**	(1.0)
Increase/(decrease) in loss allowance during the financial period	**0.7**	(0.8)
Translation adjustment	**–**	–
Balance at end of period	**3.1**	3.6

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's objective is to maintain a balance between flexibility and continuity of funding, so that not more than 40% of total bank borrowing facilities should mature in the next twelve-month period. At 29 July 2023, €17.1m of the Group's Schuldschein borrowings will mature within the next 12 months.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The following are the contractual maturities of financial liabilities, including estimated interest payments:

29 July 2023	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6 – 12 mths €m	1 – 2 years €m	2 – 5 years €m	More than 5 years €m
Non-derivative financial liabilities							
Fixed rate bank loans	(9.1)	(9.3)	(9.3)	–	–	–	–
Variable rate bank loans	(388.2)	(454.3)	(17.7)	(9.5)	(19.0)	(408.1)	–
Lease liabilities	(127.6)	(152.2)	(16.2)	(13.6)	(23.6)	(48.6)	(50.2)
Trade and other payables	(438.1)	(438.1)	(404.2)	(16.7)	(5.8)	(8.2)	(3.2)
Derivative financial instruments							
Interest rate swaps used for hedging	(0.1)	(0.1)	–	–	–	(0.1)	–
Financial instruments used for hedging							
– Inflows	156.8	156.8	138.4	16.8	1.6	–	–
– Outflows	(159.1)	(159.1)	(140.2)	(17.3)	(1.6)	–	–
	(965.4)	**(1,056.3)**	**(449.2)**	**(40.3)**	**(48.4)**	**(465.0)**	**(53.4)**

30 July 2022	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6 – 12 mths €m	1 – 2 years €m	2 – 5 years €m	More than 5 years €m
Non-derivative financial liabilities							
Fixed rate bank loans	(9.8)	(10.5)	(0.2)	(0.2)	(10.1)		–
Variable rate bank loans	(399.9)	(455.0)	(5.9)	(5.9)	(19.7)	(423.5)	–
Lease liabilities	(126.1)	(150.9)	(16.8)	(12.1)	(21.3)	(42.3)	(58.4)
Trade and other payables	(397.3)	(397.3)	(364.7)	(17.3)	(12.0)	(0.8)	(2.5)
Derivative financial instruments							
Financial instruments used for hedging							
– Inflows	125.7	125.7	108.6	14.4	2.7	–	–
– Outflows	(130.5)	(130.6)	(112.8)	(15.1)	(2.7)	–	–
	(937.9)	**(1,018.6)**	**(391.8)**	**(36.2)**	**(63.1)**	**(466.6)**	**(60.9)**

Accounting for derivatives and hedging activities

The fair value of derivative financial assets and liabilities at the balance sheet date is set out in the following table:

	Assets 29 July 2023 €m	Liabilities 29 July 2023 €m	Assets 30 July 2022 €m	Liabilities 30 July 2022 €m
Cash flow hedges				
Currency forward contracts	**0.1**	**(1.8)**	0.1	(2.0)
Interest rate swaps	**1.2**	**(0.1)**	–	–
Commodity contracts	**0.9**	**(0.5)**	1.4	(2.8)
At end of period	**2.2**	**(2.4)**	1.5	(4.8)

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Cash flow hedges
Cash flow hedges are hedges of highly probable forecasted future income or expenses. In order to qualify for hedge accounting, the Group is required to document the relationship between the item being hedged and the hedging instrument and demonstrate, at inception, that the hedge relationship will be highly effective on an ongoing basis. The hedge relationship must be tested for effectiveness on subsequent reporting dates. The impact on the Group Consolidated Statement of Comprehensive Income is on page 24.

There is no significant difference between the timing of the cash flows and the Group Consolidated Income Statement effect of cash flow hedges. The fair value included in the hedging reserve will primarily be released to the Group Consolidated Income Statement within 6 months (2022: 6 months) of the balance sheet date.

Market risk
Market risk is the risk that changes in market prices and indices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk
The Group Consolidated Balance Sheet is exposed to currency fluctuations including, in particular, Sterling, US dollar and Swiss franc movements. The Group manages its balance sheet having regard to the currency exposures arising from its assets being denominated in a wide range of currencies.

Net investment hedges
As part of its approach towards mitigating its exposure to foreign currency risk, the Group will, when required, fund foreign currency investments in the currency of the related assets.

These relationships are typically designated by the Group as net investment hedges of foreign currency exposures on net investments in foreign operations using the borrowings as the hedging instrument. These hedge designations allow the Group to mitigate the risk of foreign currency exposures on the carrying amount of net assets in foreign operations in its Group consolidated financial statements.

The borrowings designated in net investment hedge relationships are measured at amortised cost, with the effective portion of the change in value of the borrowings being recognised directly through other comprehensive income in the foreign currency translation reserve. Any ineffectiveness arising on such hedging relationships is recognised immediately in the Group Consolidated Income Statement.

Foreign currency contracts
The Group also hedges a portion of its transactional currency exposure through the use of currency swaps. Transactional exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group uses forward currency contracts to eliminate the currency exposures on certain foreign currency purchases. The forward currency contracts must be in the same currency and match the settlement terms of the hedged item.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The following table details the Group's exposure to transactional foreign currency risk at 29 July 2023:

2023 in Millions	GBP	USD	CHF	EUR	Other	Total
Trade receivables	4.8	0.9	–	5.2	1.4	12.3
Other receivables	–	–	–	–	–	–
Cash and cash equivalents	0.9	1.1	0.7	7.6	1.7	12.0
Trade payables	(1.1)	(0.2)	–	(13.6)	(4.3)	(19.2)
Other payables	(1.4)	–	(0.1)	(4.1)	(0.2)	(5.8)
Derivative financial instruments	–	–	–	(0.3)	(0.3)	(0.6)
At 29 July 2023	**3.2**	**1.8**	**0.6**	**(5.2)**	**(1.7)**	**(1.3)**

The following table details the Group's exposure to transactional foreign currency risk at 30 July 2022:

2022 in Millions	GBP	USD	CHF	EUR	Other	Total
Trade receivables	10.2	0.1	–	4.1	–	14.4
Other receivables	–	–	–	–	–	–
Cash and cash equivalents	1.5	2.6	0.2	5.2	0.9	10.4
Trade payables	(2.6)	(0.4)	–	(16.3)	(0.1)	(19.4)
Other payables	(1.7)	(0.1)	–	(2.7)	(0.2)	(4.7)
Derivative financial instruments	(0.1)	–	(1.7)	–	(1.8)	(3.6)
At 30 July 2022	**7.3**	**2.2**	**(1.5)**	**(9.7)**	**(1.2)**	**(2.9)**

Currency sensitivity analysis

A 10% strengthening or weakening of the euro against the foreign currencies below at 29 July 2023 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in the prior year.

2023	10% strengthening income statement €m	10% strengthening equity €m	10% weakening income statement €m	10% weakening equity €m
GBP	(0.3)	–	0.3	–
USD	(0.2)	0.8	0.2	(0.8)
CHF	(0.1)	–	0.1	–
At 29 July 2023	(0.6)	0.8	0.6	(0.8)

2022	10% strengthening income statement €m	10% strengthening equity €m	10% weakening income statement €m	10% weakening equity €m
GBP	(0.7)	–	0.7	–
USD	(0.2)	0.9	0.2	(1.0)
CHF	–	0.2	–	(0.2)
At 30 July 2022	(0.9)	1.1	0.9	(1.2)

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The impact on equity from changing exchange rates results principally from foreign currency loans designated as net investment hedges. This impact would be offset by the revaluation of the hedged net assets, which would also be recorded in equity.

Interest rate risk

The Group's debt bears both variable and fixed rates of interest as per the original contracts. Fixed rate debt is achieved through the issuance of fixed rate debt or the use of interest rate swaps. At 29 July 2023, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	29 July 2023 €m	30 July 2022 €m
Fixed rate instruments		
Bank borrowings	**(9.1)**	(9.8)
Lease liabilities	**(127.6)**	(126.1)
	(136.7)	(135.9)
Variable rate instruments		
Cash and cash equivalents	**130.8**	245.8
Bank borrowings	**(388.2)**	(399.9)
Total interest-bearing financial instruments	**(394.1)**	(290.0)

Cash flow sensitivity analysis for variable rate liabilities

A change of 50 bps in interest rates at the reporting date would have had the effect as shown below on the Group Consolidated Income Statement and equity. This analysis assumes that all other variables, in particular interest earned on cash and cash equivalents and foreign currency exchange rates, remain constant. The analysis is performed on the same basis as in the prior year.

29 July 2023	Principal amount €m	Impact of 50 bp increase on income statement €m	Impact of 50 bp increase on equity €m
Variable rate bank borrowings	(388.2)	(1.9)	–
Interest rate swaps	202.4	–	1.0
Cash flow sensitivity, net	**(185.8)**	**(1.9)**	**1.0**

30 July 2022	Principal amount €m	Impact of 50 bp increase on income statement €m	Impact of 50 bp increase on equity €m
Variable rate bank borrowings	(399.9)	(2.0)	–
Cash flow sensitivity, net	**(399.9)**	**(2.0)**	**–**

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Commodity price risk

The Group purchases and sells certain commodities for the purposes of receipt or delivery and uses derivative contracts to protect itself from movements in prices other than exchange differences. Where a commodity contract is not entered into, or does not continue to be held, to meet the Group's own purchase, sale or usage requirements, it is treated as a derivative financial instrument, and the recognition and measurement requirements of IFRS 9 are applied.

Where contracts are entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item, in accordance with the business unit's expected purchase, sale or usage requirements, they are classified as 'own use' contracts. 'Own use' contracts are outside the scope of IFRS 9, 'Financial Instruments', and are accounted for on an accrual basis.

20 Deferred income tax

The deductible and taxable temporary differences at the balance sheet date, in respect of which deferred income tax has been recognised, are analysed as follows:

	29 July 2023 €m	30 July 2022 €m
Deferred income tax assets (deductible temporary differences)		
Property, plant and equipment and ERP	**7.9**	5.8
Employee compensation	**2.6**	2.9
Pension related	**5.8**	5.5
Financing related	**0.9**	1.1
Tax loss carry-forwards and tax credits	**26.3**	16.6
Other	**5.5**	5.3
	49.0	37.2
Deferred income tax liabilities (taxable temporary differences)		
Property, plant and equipment and ERP	**(70.8)**	(69.9)
Intangible assets	**(10.0)**	(13.6)
Employee compensation	**(0.1)**	–
Pension related	**(6.3)**	(5.7)
Financing related	**(3.4)**	(3.2)
Other	**(7.6)**	(6.2)
	(98.2)	(98.6)

Unrecognised deferred income taxes

The deductible temporary differences, as well as the unused tax losses and tax credits, for which no deferred tax assets are recognised expire as follows:

	29 July 2023 €m	30 July 2022 €m
Within one year	**0.1**	0.1
Between one and five years	**281.1**	227.1
After five years	**201.8**	337.7
Total unrecognised tax losses	**483.0**	564.9

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Deferred income tax liabilities of €2.4m (2022: €3.7m) have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries, as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Movements in net deferred tax assets/(liabilities), during the period, were as follows:

2023	Intangible assets €m	Property, plant & equipment and ERP €m	Employee compensation €m	Pension related €m	Financing related €m	Tax losses and credits €m	Other €m	Total
At 30 July 2022	(13.6)	(64.1)	2.9	(0.2)	(2.1)	16.6	(0.9)	**(61.4)**
Recognised in Group Consolidated Income Statement	3.3	0.9	(0.1)	(0.2)	0.4	9.1	(1.2)	**12.2**
Recognised in Group Consolidated Statement of Comprehensive Income	–	–	–	–	(0.8)	–	–	**(0.8)**
Translation adjustments and other	0.3	0.3	(0.3)	(0.1)	–	0.6	–	**0.8**
At 29 July 2023	(10.0)	(62.9)	2.5	(0.5)	(2.5)	26.3	(2.1)	**(49.2)**

2022	Intangible assets €m	Property, plant & equipment and ERP €m	Employee compensation €m	Pension related €m	Financing related €m	Tax losses and credits €m	Other €m	Total
At 31 July 2021	(16.4)	(64.5)	1.9	(0.4)	(9.1)	13.4	(3.1)	**(78.2)**
Recognised in Group Consolidated Income Statement	3.1	0.9	0.8	–	0.6	1.8	2.5	**9.7**
Recognised in Group Consolidated Statement of Comprehensive Income	–	–	–	0.3	7.0	–	–	**7.3**
Translation adjustments and other	(0.3)	(0.5)	0.2	(0.1)	(0.6)	1.4	(0.3)	**(0.2)**
At 30 July 2022	(13.6)	(64.1)	2.9	(0.2)	(2.1)	16.6	(0.9)	**(61.4)**

21 Employee benefits

The Group operates a number of defined benefit and defined contribution pension plans in various jurisdictions. The Group operates two defined benefit plans in Switzerland, two in France and one in Germany. The majority of plans are externally funded with plan assets held in corresponding separate trustee-administered funds, governed by local regulations and practice in each country.

The trustees of the various pension funds are required by law to act in the best interests of the plan participants and are responsible for investment strategy and plan administration. The level of benefits available to members depends on length of service and either their average salary over their period of employment, their salary in the final years leading up to retirement or in some cases historical salaries, depending on the rules of the individual plan.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Long-term employee benefits included in the Group Consolidated Balance Sheet comprises the following:

	29 July 2023 €m	30 July 2022 €m
Total deficit in defined benefit plans	**1.0**	3.2
Other[1]	**2.4**	3.3
Total	**3.4**	6.5

1 Other includes provisions to meet unfunded pension fund deficiencies in a variety of insignificant subsidiaries.

The valuations of the defined benefit schemes used for the purposes of the following disclosures are those of the most recent actuarial reviews carried out at 29 July 2023 by an independent, qualified actuary. The valuations have been performed using the projected unit method.

Employee benefit plan risks
The employee benefit plans expose the Group to a number of risks, the most significant of which are:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk. The allocation to equities is monitored to ensure it remains appropriate given the long-term objectives of the plans.

Changes in bond yields
An increase in corporate bond yields will decrease the value placed on liabilities of the plans, although this will be partially offset by a decrease in the value of the bond holdings within the plans.

Life expectancy
In the event that members live longer than assumed, a further deficit will emerge.

The Group ensures that the investment positions are managed with an asset-liability matching ('ALM') framework that has been developed to achieve long-term investments that are in line with the obligations under the pension plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

Financial assumptions
The main assumptions used were determined based on management experience and expectations in each country, as well as actuarial advice based on published statistics.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

An average of these assumptions across all plans were as follows:

	2023	2022
Rate of increase in salaries	**1.3%**	2.4%
Discount rate on plan liabilities	**2.0%**	1.8%

The mortality assumptions imply the following life expectancies, in years, of an active member on retiring at age 65, 20 years from now:

	2023	2022
Male	**23.5**	23.7
Female	**25.2**	25.4

The mortality assumptions imply the following life expectancies, in years, of an active member, aged 65, retiring now:

	2023	2022
Male	**21.8**	21.7
Female	**23.6**	23.4

The weighted average duration of the defined benefit obligation was as follows:

	2023	2022	2021
Average duration of Defined benefit obligation (years)	**14.5**	**14.8**	**15.5**

The sensitivity of the defined benefit obligation to changes in the principal financial actuarial assumptions is set out below. The present value of the defined benefit obligation has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised in the Group Consolidated Balance Sheet. The impact on the defined benefit obligation as at 29 July 2023 is on the basis that only one principal financial actuarial assumption is changed, with all other assumptions remaining unchanged.

The impact of a change in the assumption of life expectancy has been measured as at 29 July 2023 in the sensitivity analysis. The method in preparing the sensitivity analysis did not change compared to the previous period.

Assumption	**Change in Assumption**	Impact on plan liabilities
Discount rate	**Increase/decrease 0.5%**	Decrease by 3.6% /increase by 4.0%
Salary growth rate	**Increase/decrease 0.5%**	Increase by 0.9% / decrease by 0.9%
Life expectancy	**Increase/decrease 1 year**	Increase by 1.1% /decrease by 1.0%

Net pension liability	**29 July 2023 €m**	30 July 2022 €m
Total fair value of assets	**80.1**	83.5
Present value of plan liabilities	**(81.1)**	(86.7)
Deficit in the plans	**(1.0)**	(3.2)
Related net deferred tax liability (note 20)	**(0.5)**	(0.2)
Net pension liability	**(1.5)**	(3.4)

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Fair value of plan assets	Quoted €m	Non-quoted €m	29 July 2023 €m	30 July 2022 €m
Cash and cash equivalents	4.1	–	**4.1**	2.4
Equity instruments	24.3	–	**24.3**	27.9
Debt instruments	28.4	0.2	**28.6**	31.9
Property	23.1	–	**23.1**	21.3
Total fair value of assets	79.9	0.2	**80.1**	83.5

Movement in the fair value of plan assets	29 July 2023 €m	30 July 2022 €m
Fair value of plan assets at the beginning of the period	**83.5**	78.5
Interest income	**1.4**	0.1
Employer contributions	**3.2**	2.7
Employee contributions	**2.5**	2.3
Benefit payments made	**(7.9)**	(0.1)
Remeasurement (changes in asset ceiling)	**(2.3)**	–
Actuarial return on plan assets (excluding interest income)	**(1.1)**	(7.7)
Translation adjustments	**0.8**	7.7
Fair value of plan assets at the end of the period	**80.1**	83.5

Movement in the present value of plan obligations	29 July 2023 €m	30 July 2022 €m
Present value of plan obligations at the beginning of the period	**(86.7)**	(79.3)
Current service cost	**(3.3)**	(3.4)
Past service cost	**1.1**	0.7
Interest expense on plan obligations	**(1.5)**	(0.1)
Employee contributions	**(2.5)**	(2.3)
Benefit payments made	**7.9**	0.1
Actuarial changes in demographic and financial assumptions	**1.4**	10.9
Actuarial experience adjustments	**3.2**	(5.7)
Translation adjustments	**(0.7)**	(7.6)
Present value of plan obligations at the end of the period	**(81.1)**	(86.7)

Movement in net liability recognised in the Group Consolidated Balance Sheet	29 July 2023 €m	30 July 2022 €m
Net liability in plans at the beginning of the period	**(3.2)**	(0.8)
Current service cost (note 7)	**(3.3)**	(3.4)
Past service cost (note 7)	**1.1**	0.7
Employer contributions	**3.2**	2.7
Net interest expense	**(0.1)**	–
Actuarial gain/(loss) on group defined benefit pension plans	**1.2**	(2.5)
Translation adjustments	**0.1**	0.1
Net liability in plans at the end of the period	**(1.0)**	(3.2)

Notes to the Group Consolidated Financial Statements (continued) for the 52 week period ended 29 July 2023

The estimated contributions expected to be paid during the 12 month period to July 2024 in respect of the Group's defined benefit plans are €3.1m.

Analysis of defined benefit expense recognised in the Group Consolidated Income Statement	29 July 2023 €m	30 July 2022 €m
Current service cost (note 7)	**3.3**	3.4
Past service cost (note 7)	**(1.1)**	(0.7)
Non-financing expense	**2.2**	2.7
Expected return on plan assets	**(1.4)**	(0.1)
Interest cost on plan liabilities	**1.5**	0.1
Included in financing costs, net	**0.1**	–
Net charge to Group Consolidated Income Statement	**2.3**	2.7

Additionally, a charge of €6.1m (2022: €5.3m) was recorded in the Group Consolidated Income Statement - continuing operations in respect of the Group's defined contribution plans.

Defined benefit pension expense recognised in Group Consolidated Statement of Comprehensive Income	29 July 2023 €m	30 July 2022 €m
Return on plan assets (excluding interest income)	**(1.1)**	(7.7)
Remeasurement (changes in asset ceiling)	**(2.3)**	–
Experience gains/(losses) on plan liabilities	**3.2**	(5.7)
Changes in demographic and financial assumptions	**1.4**	10.9
Actuarial gain/(loss)	**1.2**	(2.5)
Deferred tax effect of actuarial loss (note 9)	**–**	0.3
Actuarial gain/(loss) recognised in Group Consolidated Statement of Comprehensive Income	**1.2**	(2.2)

History of experience gains and losses:	2023	2022
Difference between expected and actual return on plan assets:		
– Amount (in €m)	**(1.1)**	(7.7)
– % of Plan assets	**(1.4)%**	(9.2)%
Experience gains/(losses) on plan obligations:		
– Amount (in €m)	**3.2**	(5.7)
– % of Plan obligations	**3.9%**	(6.6)%
Total actuarial gains/(losses) recognised in Group Consolidated Statement of Comprehensive Income:		
– Amount (in €m)	**1.2**	(2.5)
– % of Plan obligations	**1.5%**	(2.8)%

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

22 Shareholders equity

Registered shares of CHF 0.02 each – authorised, issued and fully paid	**29 July 2023** in Millions	**29 July 2023** in EUR Millions	30 July 2022 in Millions	30 July 2022 in EUR Millions
At beginning and end of period	**993.1**	**17.0**	993.1	17.0

In accordance with Article 4 of the Articles of Association (Conditional capital), the registered share capital may be increased at any time until 17 November 2023 in an amount not to exceed CHF 993,105.72 by issuing up to 49,655,286 fully paid-up registered shares with a par value of CHF 0.02 each (representing 5% of the currently issued share capital) through the direct or indirect issuance of shares, options or related subscription granted to members of the Board of Directors in lieu of cash fees, members of the Executive Management and employees of the Company and its Group companies.

In accordance with Article 5 of the Articles of Association (Authorised capital), the Board of Directors is authorised to increase the share capital of the Company at any time until 17 November 2023 by a maximum amount of CHF 1,986,211 by issuing of up to 99,310,572 fully paid up registered shares with a par value of CHF 0.02 each. A partial increase is permitted.

The Board of Directors is authorised to withdraw or limit the pre-emptive rights of the existing shareholders if the newly issued shares are used for the following purposes: (1) mergers, acquisitions (including take-overs) of companies, parts of companies or holdings, equity stakes (participation) or new investments planned by the Company, or the financing or re-financing of such transactions, (2) broadening the shareholder constituency, or (3) employee participations.

Treasury shares of CHF 0.02 each - authorised, called up and fully paid	**29 July 2023** in '000s	**29 July 2023** in EUR `000	30 July 2022 in '000s	30 July 2022 in EUR `000
At beginning of period	**818**	**13**	1,321	21
Release of treasury shares upon vesting and exercise of equity entitlements	**(373)**	**(6)**	(144)	(2)
Release of treasury shares as restricted shares	**(267)**	**(4)**	(359)	(6)
Purchase of treasury shares	**300**	**452**	–	–
At end of period	**478**	**455**	818	13

During the period ended 29 July 2023, the performance conditions associated with 372,861 PSU awards were fulfilled. Therefore, these awards were approved as vested by the Remuneration Committee and were subsequently exercised by employees, in exchange for the same number of shares (2022: 143,483 RSU awards). The weighted average share price at the time of these exercises was CHF 1.00 (2022: CHF 1.07).

In addition, during the period ended 29 July 2023, 267,377 shares were issued out of treasury shares, in respect of restricted shares for non-executive directors (2022: 359,188). These shares were issued out of shares previously held in treasury by ARYZTA Grange Company UC, a wholly-owned subsidiary within the ARYZTA AG Group.

During the period ended 29 July 2023, ARYZTA AG purchased 300,000 shares into treasury, for consideration of €0.5m.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Other equity reserve

	29 July 2023 €m	30 July 2022 €m
At beginning of period	**671.4**	720.5
Redemption of perpetual callable subordinated instrument	**(196.3)**	(49.1)
At end of period	**475.1**	671.4

In April 2013, the Group raised CHF 400.0m through the issuance of a Perpetual Callable Subordinated Instrument ('Hybrid Instrument'), which was recognised at a carrying value of €319.4m within equity. This Hybrid Instrument has no maturity date, and as the first call option was not exercised by ARYZTA in April 2018, the coupon is now 6.045%, plus the SARON 3 months compound rate.

In October 2014, the Group raised CHF 190.0m through the issuance of a Hybrid Instrument. This Hybrid Instrument has no maturity date, and as the first call option was not exercised by ARYZTA in April 2020, the coupon is now 4.213%, plus the SARON 3 months compound rate.

In November 2014, the Group raised €250.0m through the issuance of an additional Hybrid Instrument, which had no maturity date. As the first call option on this instrument was not exercised by ARYZTA in March 2019, the coupon during the current and prior period was 6.77%, plus the 5 year euro swap rate.

The CHF 190m and €250.0m Hybrid instruments issued during the year ended 31 July 2015 were recognised at a combined value of €401.0m within equity.

In July 2022, the Group repurchased and cancelled €50.0m of the outstanding principal on its Euro Hybrid Instrument, for consideration of €48.0m. This resulted in a reduction in the other equity reserve of €49.1m and a gain in the retained deficit of €1.1m in the prior period.

In March 2023, the Group redeemed the remaining €200.0m of the outstanding principal on its Euro Hybrid Instrument, at face value. This resulted in a reduction in the other equity reserve of €196.3m and a loss in the retained deficit of €3.7m in the period ended 29 July 2023.

As the Hybrid instruments have no maturity date and payment is at the option of ARYZTA, they 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 settle 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.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Unpaid hybrid dividends of €4.3m (2022: €7.7m) have been accrued on the Group Consolidated Balance Sheet.

Movements related to the Hybrid instrument dividends were as follows:

	29 July 2023 €m	30 July 2022 €m
Balance at beginning of period	**(7.7)**	(175.7)
Hybrid instrument dividend charge	**(47.3)**	(45.2)
Hybrid instrument dividends paid - actual	**50.8**	43.0
Hybrid instrument dividends paid - deferred and compound	**–**	172.0
Translation adjustments	**(0.1)**	(1.8)
Balance at end of period	**(4.3)**	(7.7)

Cash flow hedge reserve
The cash flow hedge reserve comprises of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Share-based payment reserve
This reserve comprises amounts credited to reserves in connection with equity awards, less the amount related to any such awards that become vested.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign exchange differences, since the date of the Group's transition to IFRS, arising from translation of the net assets of the Group's non-euro-denominated functional currency operations into euro, the Group's presentation currency.

Capital and net debt management
The capital managed by the Group as at 29 July 2023 consists of total equity of €793.3m (2022: €932.4m) and net debt of €394.1m at 29 July 2023 (2022: €290.0m). The Group has set the following goals for the management of its capital and net debt:

- To maintain prudent Net Debt: EBITDA and interest cover (EBITDA: Net interest, including Hybrid dividend) ratios to support a prudent capital base and ensure a long-term sustainable business.
- To achieve a return for investors in excess of the Group's weighted average cost of capital.
- To apply a dividend policy that takes into account the Group's financial performance and position, the Group's future outlook and other relevant factors including tax and other legal considerations.

In September 2021, the Group replaced its existing €800m Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement. In July 2023, the Group agreed a new CHF 71.8m and €60.0m term loan facility, on the same interest and maturity terms as the existing RCF, allowing for additional flexibility in its capital management. This was not drawn down as of 29 July 2023.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

Under the RCF Agreement the Group's financial covenants are as follows:

– Leverage covenant (Net Debt: EBITDA): maximum 3.5x
– Interest cover covenant (EBITDA: Net interest, including Hybrid dividend), minimum:
  >2.00x – until 31 July 2022
  >3.00x – until 31 July 2023
  >3.50x – until facility termination date in September 2026.

The Group's key financial ratios at 29 July 2023 were as follows:

	July 2023	July 2022
Leverage covenant (Net Debt: EBITDA)[1]	1.18x	1.01x
Interest cover covenant (EBITDA: Net interest, including Hybrid dividend)[1]	3.56x	3.17x

1 Calculated as per Syndicated Bank Facilities Agreement terms.

These ratios were complied with throughout the period ended 29 July 2023, and are reported to the Board of Directors at regular intervals through internal financial reporting.

No interim dividend has been paid during the period ended 29 July 2023 (2022: nil).

23 Commitments

23.1 Capital commitments

Capital expenditure contracted for at the end of the period, but not yet incurred, is as follows:

	29 July 2023 €m	30 July 2022 €m
Property, plant and equipment	**17.5**	10.2
Intangible assets	**–**	0.2
Total	**17.5**	10.4

23.2 Other commitments

The Company is party to cross guarantees on ARYZTA Group borrowings. The Company has also guaranteed the liabilities of subsidiaries within the ARYZTA Group. The Company treats these guarantees as a contingent liability, until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

24 Contingent liabilities

Letters of credit and guarantees

Letters of credit and guarantees amounting to €10.2 million are outstanding at 29 July 2023 (2022: €17.5 million). The Group does not expect any material loss to arise from these letters of credit or guarantees.

Litigation

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.

25 Related party transactions

During the period ended 29 July 2023, there were no trading balances owing to or owing from the Group from related parties (2022: Nil) and there were no transactions for provision of services rendered or received during the period ended 29 July 2023 (2022: Nil).

Compensation of key management

For the purposes of the disclosure requirements of IAS 24, 'Related Party Disclosures', the term 'key management personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors and the Group Executive Management, which manage the business and affairs of the Group. A summary of the compensation to key management is as follows:

	29 July 2023 €m	30 July 2022 €m
Short-term employee benefits	**5.0**	4.1
Other long-term benefits	**0.4**	0.4
Long-term incentives (LTIP)	**0.5**	0.3
Total key management compensation	**5.9**	4.8

Amounts shown in the table above represent the ongoing wages, salaries and other compensation of Executive Management (2023: €4.8m; 2022: €3.8m) and the Board of Directors (2023: €1.1m; 2022: €1.0m). None of the non-executive members of the Board of Directors has fulfilled any operational management functions for companies of the ARYZTA Group in the three years immediately preceding the period.

26 Post balance sheet events – after 29 July 2023

As of 29 September 2023, the date of approval of the Interim group consolidated financial statements by the Board of Directors, there have been no material significant events that would require adjustment or disclosure within the Interim group consolidated financial statements.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

27 Risk assessment
The Board and senior management continue to invest significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks are identified and associated mitigating controls are evaluated. These processes are driven by local management, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting the potential frequency, severity and velocity of identified risks is reviewed by the Board of Directors on at least an annual basis. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial, health and safety audit programmes.

28 Accounting estimates and judgements
The preparation of financial statements in conformity with IFRS 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 expenses.

Information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Interim group consolidated financial statements are described below:

Note	Name
Note 1	Going concern
Note 14	Goodwill and intangible assets
Note 13	Leases
Note 21	Employee benefits
Notes 9 & 20	Income taxes and deferred income tax

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. Further detail on the Directors' analysis of the going concern basis is disclosed in note 1, page 33-34.

The Group tests annually whether goodwill and intangible assets have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGUs) have been determined based on value in use calculations. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. The tests are dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long term growth rate of the applicable businesses and terminal values. Such estimates and judgements are subject to change as a result of changing economic conditions. Additional information in relation to impairment reviews, including headroom and sensitivity analysis is disclosed in note 14.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

The Group applies estimation in determining the incremental borrowing rates for leases which has a significant impact on the lease liabilities and right-of-use assets recognised. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease, the term and currency of the lease. The weighted average incremental borrowing rate applied to lease liabilities on the Group Consolidated Balance Sheet was 3.3% at 29 July 2023.

Judgement is involved in determining the lease term where there are extension or termination options. In determining the lease term, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal or termination of the lease. The Group assesses at lease commencement date whether it is reasonably certain to exercise these options for leases. The Group reassesses whether it is reasonably certain to exercise them if there is a significant event or change in circumstances within its control. Details of the leasing arrangements of the Group are disclosed in note 13.

The estimation of and accounting for employee benefits involves judgements made on a country by country basis, in conjunction with independent actuaries in relation to various assumptions. Estimates are required in respect of uncertain future events including mortality rates of members and increase in pension payments linked to certain obligations and discount rates used in estimating the present value of the schemes' assets and liabilities. Details of the financial position of the employee benefit schemes are set out in note 21.

Judgement and estimation are required in determining the income tax charge as the Group operates in multiple jurisdictions and the tax treatment of many items is uncertain with tax legislation being open to different interpretations. In addition, the Group is subject to uncertainties involving tax audits which can involve complex issues that can require extended periods to conclude. The Group considers these uncertain tax positions in the recognition of its income tax/deferred tax assets or liabilities. The Group uses in-house tax experts, professional firms and previous experience when assessing tax risks and the tax uncertainties have been measured using a probability weighted expected value approach. Details around income taxes are set out in note 9, and deferred taxes are set out in note 20.

Notes to the Group Consolidated Financial Statements (continued)
for the 52 week period ended 29 July 2023

29 Significant subsidiaries

A list of all of the Group's significant subsidiary undertakings, as at 29 July 2023 and 30 July 2022, are provided in the table below. For the purposes of this note a significant subsidiary is one that has third-party revenues equal to, or in excess of, 2% of total Group revenue and/or assets equal to, or in excess of, 2% of total Group assets.

Name	Nature of business	Currency	Share capital millions	Group % share 2023	Group % share 2022	Registered office
(a) Significant subsidiaries – Europe						
ARYZTA Food Solutions Ireland UC	Food distribution	EUR	0.635	100	100	1
ARYZTA Bakeries Ireland UC	Food manufacturing and distribution	EUR	131.860	100	100	1
ARYZTA Technology Ireland UC	Asset management company	EUR	0.000	100	100	1
Aryzta France SAS	Food distribution	EUR	28.750	100	100	2
France Distribution SAS	Food distribution	EUR	0.108	100	100	2
Jallon SAS	Food distribution	EUR	0.312	100	100	3
Hiestand Schweiz AG	Food distribution	CHF	3.500	100	100	4
ARYZTA Bakeries Deutschland GmbH	Food manufacturing and distribution	EUR	3.072	100	100	5
Hiestand Deutschland GmbH	Food manufacturing and distribution	EUR	0.512	100	100	6
ARYZTA Food Solutions GmbH	Food distribution	EUR	0.025	100	100	7
FSB Backwaren GmbH	Food manufacturing and distribution	EUR	0.614	100	100	8
ARYZTA Bakeries UK Ltd	Food manufacturing and distribution	GBP	0.610	100	100	9
Pré Pain B.V.	Food manufacturing and distribution	EUR	0.018	100	100	10
ARYZTA Polska Sp. z o.o.	Food manufacturing and distribution	PLN	69.174	100	100	11
Fornetti Kft	Food manufacturing and distribution	HUF	500.000	100	100	12
(b) Significant subsidiaries – Rest of World						
ARYZTA Australia Pty Limited	Food manufacturing and distribution	AUD	17.000	100	100	13

Registered offices of subsidiaries consolidated as of 29 July 2023:
1. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
2. ZAC de Bel Air, 14–16 Avenue Joseph Paxton, Ferrières en Brie, 77164, France.
3. ZAC de la Fouillouse, 658 Rue Nicéphore Niépce, Saint Priest, 69800, France.
4. Ifangstrasse 9, 8952 Schlieren-Zurich, Switzerland.
5. Industriestrasse 4, 06295 Lutherstadt Eisleben, Germany.
6. Albert-Einstein-Str. 1, 97447, Gerolzhofen, Germany.
7. Konrad Goldmann Strasse 5 b, 79100 Freiburg im Breisgau, Germany.
8. Hochstrasse 177, 47228 Duisburg, Germany.
9. Unit 12, Humphrys Road, Woodside Estate, Dunstable, LU5 4TP, United Kingdom.
10. Kleibultweg 94, Oldenzaal, 7575 BX, the Netherlands.
11. ul. Zachodnia 10, 05-825 Grodzisk Mazowiecki, Poland.
12. 6000 Kecskemét, Városföld 8683/104.hrsz. dulo 92, Hungary.
13. '5A' L 1, 62 Hume Highway, Chullora NSW 2190, Australia.

The country of registration is also the principal location of activities in each case.

Independent auditor's report on the interim consolidated financial statements July 2023

To the Board of Directors of
ARYZTA AG, Schlieren

Zurich, 29 September 2023

Opinion

We have audited the interim consolidated financial statements of ARYZTA AG and its subsidiaries (the Group), which comprise the Group consolidated balance sheet as at 29 July 2023, the Group consolidated income statement, the Group consolidated statement of comprehensive income, the Group consolidated statement of changes in equity and the Group consolidated statement of cash flows for the period from 31 July 2022 to 29 July 2023, and notes to the Group consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the interim consolidated financial statements, pages 23 to 89, give a true and fair view of the consolidated financial position of the Group as at 29 July 2023 and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the interim consolidated financial statements" section of our report. We are independent of the Group in accordance with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the interim consolidated financial statements of the current period. These matters were addressed in the context of our audit of the interim consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the interim consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the interim consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the interim consolidated financial statements.

Independent auditor's report on the interim consolidated financial statements July 2023 (continued)

Valuation of goodwill

Area of focus

As at 29 July 2023, the carrying value of goodwill was EUR 549.8 million (2022: EUR 547.4 million) which represents 28% of total assets (2022: 26%) and 69% (2022: 59%) of total equity. Goodwill is subject to impairment testing on an annual basis and at any time during the period if an indicator of impairment exists. Goodwill acquired through business combination activity has been allocated to cash-generating units (CGUs). The recoverable amount of the CGUs is determined based on a value-in-use computation.

Auditing management's annual goodwill impairment test is considered a risk area as it is complex and involves key judgements by management due to the significant estimation required in determining the value-in-use of each CGU.

In particular, judgemental aspects include assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override.

Key judgements for the impairment test and identified cash generating units are disclosed in the note 14.

Our audit response

We obtained an understanding of the Group's goodwill impairment review process and the process for setting significant assumptions, including future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, among others.

We assessed and evaluated the reasonableness of the Group's allocation of goodwill to CGUs taking into consideration internal management reporting and how the business is managed.

We obtained the Group's impairment analysis for each CGU and performed the following procedures, among others:

- We compared the significant assumptions used by management to external economic forecasts, the Group's historical results, and evaluated whether changes in the Group's business could affect the significant assumptions. In these circumstances we applied professional skepticism when assessing the judgements made by management.
- We tested the mathematical accuracy of the models and reconciled the projections to budgets which have been subject to approval by the Board of Directors.
- We assessed the historical accuracy of management's estimates and performed sensitivity analyses on significant assumptions to evaluate the impact on the estimated value in use of the CGUs for changes in these assumptions.
- We involved valuation specialists to assist in our evaluation of the valuation methodology and comparison of key inputs used by management in calculating discount rates to external market data (principally risk-free rates, country risk premia and inflation rates).
- We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.

Our audit procedures did not lead to any reservations regarding the valuation of goodwill.

Independent auditor’s report on the interim consolidated financial statements July 2023 (continued)

Revenue recognition

Area of focus

Revenues from operations for the period ended 29 July 2023 were EUR 2,123.2 million (2022: EUR 1,756.1 million)

Revenues are a key performance indicator for ARYZTA and are a focus of internal and external stakeholders. There is a significant risk that revenues may be inflated or recognised in an incorrect period through management override of controls and the posting of manual journal adjustments to achieve budgeted financial results.

The accounting principles for revenue recognition are disclosed in Note 1, page 35.

Our audit response

For the purpose of our audit, we performed the following procedures, among others:

- For significant manual journals posted to revenues, we identified journal sources, profiled journal activity by month and compared to the prior year, analysed who posted these journals considering our understanding of the process and followed up on any unusual trends and anomalies.
- We identified and tested non-routine top-side adjustments recorded in revenue accounts.
- We performed audit procedures over cut-off, credit memos and other adjustments to obtain assurance over appropriateness of cut-off and to understand the underlying business drivers for credit memos, discounts and rebates, margins achieved and margin fluctuations.
- We assessed the completeness of disclosures against the requirements of IFRS 15 “Revenue from contracts with customers”.

Our audit procedures did not lead to any reservations regarding recognition of revenue.

Independent auditor's report on the interim consolidated financial statements July 2023 (continued)

Other information

The Board of Directors is responsible for the other information in the Interim Report. The other information comprises all information included in the Interim Report, but does not include the interim consolidated financial statements and our auditor's report thereon.

Our opinion on the interim consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the interim consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the interim consolidated financial statements 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 interim consolidated financial statements

The Board of Directors is responsible for the preparation of the interim consolidated financial statements, which give a true and fair view in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report on the interim consolidated financial statements July 2023 (continued)

Auditor's responsibilities for the audit of the interim consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the interim consolidated financial statements as a whole are 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 ISA 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 these interim consolidated financial statements.

A further description of our responsibilities for the audit of the interim consolidated financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Ernst & Young Ltd

Olivier Mange	Jennifer Mathias
Licensed audit expert Auditor in charge	Certified public accountant

Interim Report July 2023
Group and investor information

ARYZTA AG is an international bakery company with a leadership position in convenience bakery. We offer a comprehensive range of products and services for in-store bakery solutions. ARYZTA has excellent capabilities in the baking industry, offering high quality and great tasting bread, rolls, buns, pastries, savoury and American bakery such as cookies. Our purpose is to create moments of joy for our consumers every day with our freshly baked off products at the point of sale. The Group is headquartered in Schlieren, Switzerland, with operations in Europe, Asia, Australia and New Zealand.

ARYZTA AG Board of Directors

The Group's Board of Directors for the period ended 29 July 2023 comprises:

- Urs Jordi (Chairman and Interim Group Chief Executive Officer)
- Gordon Hardie
- Heiner Kamps
- Jörg Riboni (Lead Independent Director)
- Hélène Weber-Dubi
- Alejandro Legarda Zaragüeta

ARYZTA AG Executive Management

The Group's Executive Management for the period ended 29 July 2023 comprises:

- Urs Jordi (Chairman and Interim Group Chief Executive Officer)
- Martin Huber (Group Chief Financial Officer)
- Rhona Shakespeare (General Counsel and Company Secretary)
- Sandip Gudka (Group Chief Operating Officer) - appointed on 1 April 2023

Full biographical details of each director and member of the executive management, and information on the membership and roles of the Board Committees, and the 2022 Corporate Governance Report, are set out at https://www.aryzta.com/corporate-governance/organization/.

Information and documents pertaining to the Group's corporate governance regulations, including the Company Articles of Association, are available at https://www.aryzta.com/corporate-governance/regulations/.

Auditors

Ernst & Young AG, Zurich, was re-elected by shareholders at the 2022 AGM as the external statutory auditor and Group auditor for the 2023 financial year. Olivier Mange was appointed lead auditor during the 2022 financial year.

Change to fiscal year and Interim report

During March 2023, ARYZTA announced that it is changing its fiscal year from July ending to December ending to align with calendar year reporting. After December 2023, the Group will manage its operations and report its financial performance on a periodic basis, dividing the financial period into 12 calendar months. Under this method the Group's fiscal period end will be defined as 31 December each year. Accordingly, the fiscal periods for 2023 and 2022 will be 17 months ended 31 December 2023 and 52 week period ended 30 July 2022 respectively. The subsequent fiscal period for 2024 will be 12 months ended 31 December 2024.

The Group have prepared this interim report and financial statements for the 52 week period ended 29 July 2023.

Group and investor information (continued)

Investor relations contact details

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Investor center and share information
https://www.aryzta.com/investor-center/share-information/

ARYZTA is listed on the SIX Swiss Exchange (SIX: ARYN).

Announcement cycle

Announcement	News Release	Report	Conference Call	Webcast
Half-Year results	x	x	x	x
Full-year results and Annual report	x	x	x	x

Key dates to December 2024

Fifth-quarter revenue update (October 2023)	27 November 2023
Full-year results & 2023 Annual Report	4 March 2024
Annual General Meeting 2023	24 April 2024
Announcement of half-year results 2024	12 August 2024

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, or war 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.