2023

Interim Report and Condensed Financial Statements

ARYZTA
Passion for good food

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Interim Financial and Business Review

1.1 Key Highlights H1 2023

– Revenue increased 24.2% from €835.3m to €1,037.1m

– Organic revenue growth 25.4%

– EBITDA[1] increased to €129.1m

– EBITDA margin[1] at 12.5%

– Operating free cash flow reached €76.0m

– IFRS profit for the period of €51.7m

– Expectation of further improvements in FY2023 in all metrics

– Reiteration of mid-term targets 2025

– Redeeming in full the outstanding €200m of Euro Hybrid bond as announced on 22 February 2023

[1] *See glossary in section 18 for details around changes to the Group's Alternative Performance Measures, including the discontinuing of the Underlying EBITDA measure.*

ARYZTA AG Chairman and interim CEO Urs Jordi commented:

"ARYZTA's business performance improved across all our key metrics as our strategic plan continues to deliver. Revenue and organic growth both improved despite unavoidable pricing to recover significant cost inflation. Margins were maintained through improved operational leverage and strong focus on fixed cost controls. This increased cash generation and net profits. It also facilitated the planned redemption in full of the €200m Euro Hybrid bond which improves our capital structure and reduces interest costs.

Our performance reflects the step by step implementation of our bakery strategy as we focus on operational performance improvements within the businesses. We continue to benefit from market share gains as the competitive advantages of bake off drive volume and value."

Outlook

Current trading and consumer trends remain unchanged. Inflationary trends continue across all inputs with significant price volatility at elevated levels. Despite this challenging trading environment, the expectation is to deliver further improvement in all key metrics for FY2023. We reiterate the mid-term targets for 2025.

Interim Financial and Business Review (continued)

	January H1 23 €m	January H1 22 €m	% Change
Continuing Operations			
Revenue	1,037.1	835.3	24.2%
EBITDA[1]	129.1	59.7	116.2%
EBITDA margin	12.5%	7.1%	540 bps
Profit/(loss) for the period from continuing operations	51.7	(40.7)	
Profit for the period from discontinued operations	–	1.5	(100.0)%
Profit/(loss) for the period	51.7	(39.2)	
Hybrid instrument dividend	(24.5)	(22.7)	(7.9)%
Profit/(loss) used to determine EPS	27.2	(61.9)	
Diluted EPS (cent)	2.7	(6.2)	-

1 Certain financial alternative performance measures, that are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary in section 18.

Strategy delivers improved performance

ARYZTA's strong H1 performance reflects the step by step implementation of business improvement initiatives as well as disciplined cost control to capture the benefits of the improved operational leverage.

Total revenue increased by 24.2% to €1,037.1m and organic revenue growth increased by 25.4% with Europe achieving an organic growth of 26.2% and Rest of World achieving 20.2% organic growth. The growth was broad based across the Group and across channels with outperformance in some markets such as France, Poland and Switzerland in Europe as well as APAC. Outperformance was evident in some channels such as QSR reflecting the positive impact of new product innovation. In European retail, ARYZTA outperformed the market in terms of both volume and value. Foodservice performance was supported by portfolio expansion and growth in customer base.

This strong performance was achieved against a backdrop of significantly higher cost inflation necessitating pricing of 19.3%. Pricing in Q2 increased to 20.5% up from 18.1% in Q1. Consumer trends remained unchanged despite the price increases as bake off remained attractively priced within the overall food basket costs, supported by its competitive advantages in terms of savings on labour, space and waste.

Volume growth remained healthy at 5.8% reflecting the focus of local businesses growing their customer volumes through product innovation and renovation.

EBITDA margins increased to 12.5% from 7.1% in the prior period, of which 5.4% is due to the absence of disposal and restructuring costs which impacted the prior period. Excluding these impacts from the prior year, EBITDA margin was flat period on period, reflecting disciplined cost management and the improved strong operational leverage benefits. This protected the group margin from the significant input cost inflation pressure affecting the gross margin as a percentage of revenue. Strategic initiatives around improving operational performance such as continuous manufacturing improvement, recipe standardization, procurement and end-to-end optimization all contributed to the margin achievement in the period.

Europe EBITDA margin declined by 20bps to 11.1%. This is the net effect of a margin reduction of 70bps from operations, as pricing in some European businesses only recovered inflationary effects in absolute terms, offset by the absence of restructuring costs (which amounted to 50bps).

Interim Financial and Business Review (continued)

ARYZTA Rest of World achieved an EBITDA margin of 22.3% (+4140bps vs. prior period). This reflected a very strong operating increase of 590bps supported by our other foodservice channel with a recovery in key markets like Japan and Australia and the benefit of the new Malaysian facility. The remaining increase of 3550bps related to the absence of disposal costs (including loss on the sale of Brazil).

Strong Cash performance

ARYZTA delivered €76m free cash from operations, a €65m improvement from the comparable period. This was driven by the improved EBITDA along with disciplined working capital management. This resulted in a cash flow from activities of c.€45m. The improved business and cash generation performance also delivered a significant improvement in the Group's financial metrices. ROIC increased to 9.1% which is above the Group's 8.0% WACC.

Redemption of €200m Euro Hybrid

In February 2023, ARYZTA AG announced the irrevocable redemption in full of the outstanding €200m of its Euro Hybrid Bond. This will be funded from cash from activities and other existing resources. This redemption significantly improves the Group's capital structure and reduces interest costs.

Appointment of Chief Operations Officer

ARYZTA announces the appointment of Sandip Gudka as Chief Operations Officer (COO) and a member of the Executive Committee (EXCO) commencing 1 April 2023. In addition to his current responsibilities (Global Bun Bakeries managing director), Sandip will also assume responsibility for the ESG roadmap of the Group and will report directly to the Interim CEO. Sandip joined ARYZTA in 2015 and has held a number of key senior management roles since then. Sandip's appointment further strengthens the senior executive management team and enhances its capabilities to deliver the ongoing continuous change process to improve and deliver business performance.

ARYZTA announces new fiscal year end date

ARYZTA AG also announces that it is changing its fiscal year from July year-end to December year-end to align with calendar year reporting. As part of this process the company will issue audited IFRS financial statements for the 12 month period 31 July 2022 to 29 July 2023 (non-statutory financial statements) and its 2023 annual report and accounts (including compensation report) for the 17 month period from 31 July 2022 to 31 December 2023. All ARYZTA AG directors will remain in office until the next AGM.

Interim Financial and Business Review (continued)

2 Summary Income Statement

26 week period ended 28 January 2023

	January 2023 €m	January 2022 €m	% Change
Continuing Operations			
Revenue	1,037.1	835.3	24.2%
EBITDA[1]	129.1	59.7	116.2%
EBITDA margin	12.5%	7.1%	540 bps
Depreciation and amortisation	(63.5)	(61.4)	(3.4)%
Operating profit/(loss)	65.6	(1.7)	
Operating profit/(loss) margin	6.3%	(0.2)%	650 bps
Finance cost, net	(8.6)	(9.1)	(5.5)%
RCF termination costs	–	(7.7)	100.0%
Profit/(loss) before income tax	57.0	(18.5)	408.1%
Income tax expense	(5.3)	(22.2)	76.1%
Profit/(loss) for the period from continuing operations	51.7	(40.7)	
Profit for the period from discontinued operations	–	1.5	(100.0)%
Profit/(loss) for the period	**51.7**	**(39.2)**	
Hybrid instrument dividend	(24.5)	(22.7)	(7.9)%
Profit/(loss) used to determine EPS	**27.2**	**(61.9)**	
Diluted EPS (cent) - total[2]	**2.7**	**(6.2)**	

1 Certain financial alternative performance measures, which are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary in section 18 for definitions of financial terms and references used in the financial and business review.

2 The 28 January 2023 weighted average number of ordinary shares used to calculate diluted EPS is 993,651,150 (H1 2022: 991,830,010).

Interim Financial and Business Review (continued)

3 Organic revenue
26 week period ended 28 January 2023

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Continuing Operations €m
Revenue	**910.1**	**127.0**	**1,037.1**
Organic movement	26.2%	20.2%	25.4%
Disposals movement	–	(11.3)%	(1.5)%
Currency movement	(0.2)%	2.7%	0.3%
Total revenue movement	**26.1%**	**11.6%**	**24.2%**

Quarterly organic revenue

	Q3 2022	Q4 2022	Q1 2023	Q2 2023	H1 2023
ARYZTA Europe					
Volume %	18.0%	10.1%	2.8%	8.4%	5.6%
Price %	6.6%	11.8%	19.7%	21.4%	20.5%
Mix %	1.0%	0.9%	(0.4)%	0.6%	0.1%
Organic movement %	**25.6%**	**22.8%**	**22.1%**	**30.4%**	**26.2%**
ARYZTA Rest of World					
Volume %	3.3%	11.8%	12.0%	1.8%	7.1%
Price %	3.5%	6.1%	8.7%	14.5%	11.5%
Mix %	0.4%	1.0%	0.7%	2.5%	1.6%
Organic movement %	**7.2%**	**18.9%**	**21.4%**	**18.8%**	**20.2%**
Total Continuing Operations					
Volume %	15.6%	10.3%	4.1%	7.6%	5.8%
Price %	6.1%	11.0%	18.1%	20.5%	19.3%
Mix %	0.9%	0.9%	(0.2)%	0.8%	0.3%
Organic movement %	**22.6%**	**22.2%**	**22.0%**	**28.9%**	**25.4%**

Interim Financial and Business Review (continued)

4 Segmental EBITDA

26 week period ended 28 January 2023

EBITDA[1]	January 2023 €m	January 2022 €m	% Change
ARYZTA Europe	100.8	81.4	23.8%
ARYZTA Rest of World	28.3	(21.7)	
Total Continuing Operations	**129.1**	**59.7**	**116.2%**

EBITDA margin	January 2023 €m	January 2022 €m	% Change
ARYZTA Europe	11.1%	11.3%	(20) bps
ARYZTA Rest of World	22.3%	(19.1)%	4,140 bps
Total Continuing Operations	**12.5%**	**7.1%**	**540 bps**

1 See glossary in section 18 for definitions of financial terms and references used in the financial and business review.

5 Our business

ARYZTA is an international bakery company with a leadership position in convenience bakery. ARYZTA is based in Schlieren, Switzerland, with operations in Europe, Asia, Australia and New Zealand. ARYZTA has three channels and routes to market: Retail, Quick Service Restaurants (QSR) and Other Foodservice.

Total revenue increased by 24.2% to €1,037.1m during the period ended 28 January 2023. Organic revenue increased by 25.4%, with volume growth of 5.8% being supported by strong price growth of 19.3% and mix growth of 0.3%. Disposals reduced revenue by (1.5%), and currency effects contributed positively by 0.3%.

Group EBITDA from continuing operations reported for the period ended 28 January 2023 was €129.1m, representing an increase of 116.2%, and an EBITDA margin of 12.5%, representing an increase of 540 bps from the prior period ended 29 January 2022. This increase arose from impairment, disposal and restructuring-related costs in the prior period, which did not recur in the current period. Excluding these impacts from the prior year, EBITDA margin was flat period-on-period,

Interim Financial and Business Review (continued)

6 ARYZTA Europe

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

ARYZTA Europe revenue increased by 26.1% to €910.1m during the period ended 28 January 2023. Organic revenue increase of 26.2% was due to volume growth of 5.6%, with a price growth of 20.5% and mix growth of 0.1%.

ARYZTA Europe EBITDA for the period ended 28 January 2023 was €100.8m, representing an increase of 23.8% compared to the period ended 29 January 2022, with a decrease in EBITDA margin of 20 bps to 11.1% for the same period. This arose from a margin reduction of 70 bps from operations, offset by an increase of 50 bps due to prior period impairment, disposal and restructuring-related costs, which did not recur in the current period.

7 ARYZTA Rest of World

ARYZTA's operations in the Rest of World primarily include businesses in Australia, Japan, Malaysia, Singapore, New Zealand and Taiwan.

ARYZTA Rest of World revenue increased by 11.6% to €127.0m during the period ended 28 January 2023. ARYZTA Rest of World organic revenue increased by 20.2%, as a result of volume growth of 7.1%, combined with positive price growth of 11.5% and mix growth of 1.6%. The disposal of the Brazilian business in Q1-22 reduced revenues by (11.3%) compared to prior period, partially offset by a positive currency movement of 2.7%.

ARYZTA Rest of World EBITDA for the period ended 28 January 2023 was €28.3m compared to the prior period of (€21.7m) which represents an increase of €50.0m, with EBITDA margin of 22.3% increasing by 4,140bps. This reflected an operating increase of 590 bps, in addition to a 3,550 bps increase due primarily to the prior period loss on disposal of the Brazil business, which did not recur in the current period.

Interim Financial and Business Review (continued)

8 Impairment, disposal and restructuring-related costs

There were no impairment, disposal or restructuring-related costs incurred during the 26 week period ended 28 January 2023. The Group incurred the following amounts related to impairment, disposal and restructuring in continuing operations during the period ended 29 January 2022:

	Continuing Operations January 2023 €m	Continuing Operations January 2022 €m
Net loss on disposal of businesses	–	(40.2)
Net loss on fixed asset disposals and impairments	–	(0.2)
Total net loss on disposal of businesses and asset write-downs	–	(40.4)
Severance and other staff-related costs	–	(2.2)
Other costs including advisory	–	(1.7)
Total restructuring-related costs	–	(3.9)
Total impairment, disposal and restructuring-related costs	–	(44.3)

Impairment and disposal-related costs

During the prior period ended 29 January 2022, the Group recognised total net loss on disposal of businesses and asset write-downs of (€40.4m), primarily relating to the disposal of its Brazil business to Grupo Bimbo SAP de CV.

Restructuring-related costs

During the prior period ended 29 January 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 €2.2m in severance and other staff-related costs during the prior period. These costs primarily related to employees whose services were discontinued following the removal of complex regional structures across Europe and Rest of World.

The Group incurred €1.7m in advisory and other costs primarily associated with bakery rationalisation and disposal transactions in Europe and Rest of World during the prior period.

Interim Financial and Business Review (continued)

9 Cash generation

26 week period ended 28 January 2023

	January 2023 €m	January 2022 €m
EBITDA	**129.1**	**59.7**
Impairment, disposal and restructuring-related costs	–	44.3
Working capital movement	(18.8)	(34.6)
Working capital movement from debtor securitisation[1]	12.9	(1.8)
Capital expenditure	(28.0)	(29.6)
Net payments on lease contracts	(18.1)	(16.7)
Proceeds from sale of property, plant and equipment	0.6	0.9
Restructuring-related cash flows	(1.7)	(11.2)
Operating free cash generation	**76.0**	**11.0**
Dividends paid on hybrid instruments - actual	(15.6)	(10.9)
Interest and income tax on operating activities paid, net	(12.2)	(15.5)
Recognition of deferred income from government grants	(0.2)	(1.3)
Other	(3.2)	0.7
Cash flow generated from activities	**44.8**	**(16.0)**

1 Total debtor balances securitised as of 28 January 2023 is €116m (30 July 2022: €108m).

A reconciliation of IFRS cash flow from operating activities to Cash flow generated from activities is presented below:

	January 2023 €m	January 2022 €m
Net cash flows from operating activities[2]	**104.2**	**37.9**
Purchase of property, plant and equipment	(26.1)	(26.6)
Purchase of intangible assets	(1.9)	(3.0)
Proceeds from sale of property, plant and equipment	0.6	0.9
Lease principal payments	(16.4)	(14.3)
Dividends paid on hybrid instruments - actual	(15.6)	(10.9)
Cash flow generated from activities	**44.8**	**(16.0)**

2 Net cash flows from operating activities are presented in the Group Consolidated Cash Flow Statement on page 24.

Interim Financial and Business Review (continued)

10 Net debt and investment activity

	January 2023 €m	January 2022 €m
Opening net debt	**(290.0)**	**(220.1)**
Cash flow generated from activities	44.8	(16.0)
Net movements on lease liabilities	2.3	9.1
Disposal of businesses, net of cash and leases	(0.6)	110.9
RCF termination costs	–	(7.7)
Dividends paid on hybrid instruments - deferred and compound	–	(172.0)
Foreign exchange movement	2.1	(1.8)
Other[1]	(0.8)	(2.0)
Closing net debt[2]	**(242.2)**	**(299.6)**

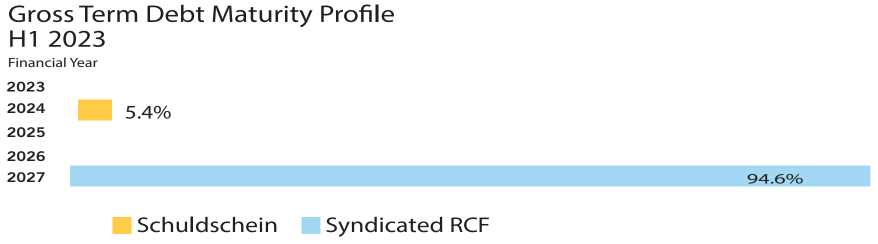
1 Other comprises primarily amortisation of upfront borrowing costs.

2 Excluding the €122.2m lease liabilities arising from IFRS 16 at 28 January 2023 (H1 2022: €129.5m), the Group net debt would be €120.0m (H1 2022: €170.1m).

As of 28 January 2023, the Group's gross term debt financing facilities, related capitalised upfront borrowing costs, capitalised lease creditors, and cash and cash equivalents, were as follows:

	January 2023 €m	July 2022 €m
Syndicated Bank RCF	(294.7)	(398.5)
Schuldschein	(17.2)	(17.8)
Gross term debt	**(311.9)**	**(416.3)**
Upfront borrowing costs	6.0	6.6
Term debt, net of upfront borrowing costs	**(305.9)**	**(409.7)**
Cash and cash equivalents	185.9	245.8
Net debt excluding leases	**(120.0)**	**(163.9)**
Leases	(122.2)	(126.1)
Net debt	**(242.2)**	**(290.0)**

As of 28 January 2023, the weighted average interest cost of the Group debt financing facilities is 3.4% (30 July 2022: 1.8%) and the weighted average maturity of the Group's gross term debt is 3.5 years.



Interim Financial and Business Review (continued)

In September 2021, ARYZTA replaced its existing Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement. In connection with the early repayment of the existing facility, the Group incurred €7.7m of costs during the prior financial period, due to the write off of existing RCF capitalised borrowing costs.

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

– Leverage covenant (Net Debt: Covenant EBITDA):
  – maximum 3.5x
– Interest cover covenant (Covenant EBITDA: Net interest, including Hybrid dividend), minimum:
  >1.50x – until 31 January 2022
  >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 were as follows:

	January 2023	FY 2022
Net Debt: Covenant EBITDA[1]	0.65x	1.01x
Covenant EBITDA: Net interest, including Hybrid dividend[1]	3.49x	3.17x

1 Calculated as per Syndicated Bank Facility Agreement terms.

11 Hybrid funding

As of 28 January 2023, the Group has €805.1m of Hybrid funding outstanding, as reflected in the table below.

Instrument	Coupon	Coupon rate if not called	€m
CHF 400m	7.0%	6.045% + SARON 3 months compound rate	(399.0)
EUR 200m	6.8%	6.77% + 5 Year Euro Swap Rate	(200.0)
CHF 190m	4.9%	4.213% + SARON 3 months compound rate	(189.5)
Hybrid principal outstanding at 28 January 2023 exchange rates			**(788.5)**
Hybrid instrument accrued dividends			(16.6)
Hybrid funding outstanding at 28 January 2023 exchange rates			**(805.1)**

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

Interim Financial and Business Review (continued)

In October 2021, the Group announced that it would pay all deferred and actual dividends on its CHF Hybrids, and the deferred, actual and compound dividends on its Euro Hybrid during FY 2022. Dividend payments on these instruments of €215.0m were made during the prior financial year ended 30 July 2022, comprising €172.0m of deferred and compound dividends and €43.0m of actual dividends. During the 26 week period to 28 January 2023, dividend payments on these instruments of €15.6m were made.

Dividends on these Hybrid instruments accrue at the coupon rate applicable to each respective instrument on an ongoing basis; however, a contractual obligation to pay these dividends in cash only arises when a Compulsory Payment Event, such as payment of a cash dividend to equity shareholders, has occurred within the last twelve months. At 28 January 2023, €16.6m of unpaid hybrid dividends have been accrued on the Group Consolidated Balance Sheet.

In July 2022, the Group repurchased and cancelled €50.0m of the outstanding principal on its Euro Hybrid Bond, for consideration of €48.0m.

Movements related to the Hybrid instrument principals and dividends over the last two years were as follows:

	26 week period to 28 January 2023 €m	52 week period to 30 July 2022 €m
Balance at beginning of period	**(814.1)**	**(973.3)**
Hybrid instrument dividend charge	(24.5)	(45.2)
Hybrid instrument dividends paid - actual	15.6	43.0
Hybrid instrument dividends paid - deferred and compound	–	172.0
Hybrid instrument redemption	–	50.0
Translation adjustments	17.9	(60.6)
Balance at end of period	**(805.1)**	**(814.1)**

12 Foreign currency

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

Currency	Average H1 2023	Average H1 2022	% Change	Closing H1 2023	Closing FY 2022	% Change
CHF	0.9794	1.0613	7.7%	1.0024	0.9730	(3.0)%
AUD	1.5238	1.5847	3.8%	1.5292	1.4570	(5.0)%
GBP	0.8681	0.8486	(2.3)%	0.8777	0.8380	(4.7)%
PLN	4.7231	4.5908	(2.9)%	4.7115	4.7641	1.1%

Interim Financial and Business Review (continued)

13 Return on invested capital

	ARYZTA Europe €m	ARYZTA Rest of World €m	ARYZTA Group €m
28 January 2023			
Average segmental net assets[1]	1,150.9	102.6	1,253.5
NOPAT[1]	82.1	31.4	113.5
ROIC[1,2]	7.1%	30.6%	9.1%
30 July 2022			
Average segmental net assets[1]	1,157.9	99.9	1,257.8
NOPAT[1]	61.9	20.3	82.2
ROIC[1,2]	5.3%	20.4%	6.5%

1 See glossary in section 18 for definitions of financial terms and references used.

2 Group WACC on a post-tax basis is currently 8.0% (FY 2022: 6.9%).

14 Net assets, goodwill and intangibles

	January 2023 €m	FY 2022 €m
Property, plant and equipment	837.6	853.6
Goodwill and intangible assets	648.5	667.5
Working capital	(124.5)	(127.0)
Other segmental assets	3.1	4.1
Other segmental liabilities	(21.3)	(23.4)
Lease liabilities	(122.2)	(126.1)
Segmental net assets	1,221.2	1,248.7
Interest bearing loans, net of cash	(120.0)	(163.9)
Deferred tax, net	(56.6)	(61.4)
Income tax	(88.3)	(87.7)
Derivative financial instruments	(3.0)	(3.3)
Net assets	**953.3**	**932.4**

Net working capital comprises inventory, trade and other receivables and trade and other payables:

	January 2023 €m	July 2022 €m
Inventory	138.0	120.4
Trade and other receivables	173.2	152.5
Trade and other payables	(435.7)	(399.9)
Net working capital	**(124.5)**	**(127.0)**

Interim Financial and Business Review (continued)

15 Dividend

No dividend on ordinary shares was proposed for the financial year ended 30 July 2022, and none has been paid during the period ended 28 January 2023.

16 Principal risks and uncertainties

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on pages 74 to 75 of the ARYZTA AG 2022 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group over the remainder of the financial year.

17 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, war or a natural disaster, and regulatory developments. You are cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this document. The Company expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements other than as required by applicable laws.

Interim Financial and Business Review (continued)

18 Glossary of financial terms and references

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

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation. In the 2022 Annual Report and Accounts this was referred to as 'IFRS EBITDA'.

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.

A reconciliation of continuing operations 'Underlying EBITDA' to 'EBITDA' for the prior 26 week period ended 29 January 2022 is presented below:

	ARYZTA Europe January 2022 €m	ARYZTA Rest of World January 2022 €m	Continuing Operations January 2022 €m
Underlying EBITDA as previously reported	85.3	18.7	**104.0**
Impairment, disposal and restructuring-related costs	(3.9)	(40.4)	**(44.3)**
EBITDA	81.4	(21.7)	**59.7**
Underlying EBITDA margin as previously reported	11.8%	16.4%	**12.5%**
Impairment, disposal and restructuring-related margin	(0.5)%	(35.5%)	**(5.4%)**
EBITDA margin	11.3%	(19.1)%	**7.1%**

‘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’.

'Cash flow generated from activities' – 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.

'Net debt' – is defined as the Group’s interest bearing loans and bonds and lease liabilities, after deduction of cash and cash equivalents.

'Segmental Net Assets’ – Excludes financial assets at fair value, bank debt, cash and cash equivalents and tax balances.

‘ROIC’ – Return On Invested Capital is defined as pro-forma trailing twelve month operating profit after income tax, before gains/losses on disposal of businesses excluding taxation directly attributable to disposal of businesses, reflecting the full twelve month contribtion from acquisitions and full twelve month deductions from disposals; divided by average Segmental Net Assets, as at the beginning and the end of the financial period.

Interim Financial and Business Review (continued)

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 profit alternative performance measure, the ROIC profitability definition has been amended to profit after income tax, 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	(2.5)	(0.4)	**(2.9)**
NOPAT as revised	61.9	20.3	**82.2**
ROIC as previously reported	5.6%	20.7%	**6.8%**
Impact of change in taxation	(0.3)%	(0.3)%	**(0.3)%**
ROIC as revised	5.3%	20.4%	**6.5%**

Group Consolidated Income Statement
for the 26 week period ended 28 January 2023

26 week period ended	Notes	28 January 2023 €m Unaudited	29 January 2022 €m Unaudited
Continuing Operations			
Revenue	3	**1,037.1**	835.3
Cost of sales		**(720.5)**	(571.6)
Distribution expenses		**(135.3)**	(111.5)
Gross profit		**181.3**	152.2
Selling expenses		**(44.7)**	(43.6)
Administration expenses		**(71.0)**	(70.1)
Net loss on disposal of businesses	4	–	(40.2)
Operating profit/(loss)	3	**65.6**	(1.7)
Financing income		**2.0**	0.5
Financing costs		**(10.6)**	(9.6)
RCF termination costs		–	(7.7)
Profit/(loss) before income tax	3	**57.0**	(18.5)
Income tax expense		**(5.3)**	(22.2)
Profit/(loss) for the period from continuing operations		**51.7**	(40.7)
Discontinued operations			
Profit after tax for the period from discontinued operations		–	1.5
Profit/(loss) for the period attributable to equity shareholders		**51.7**	(39.2)

Basic earnings/(loss) per share		euro cent	euro cent
From continuing operations	6	**2.7 cent**	(6.4) cent
From discontinued operations	6	**0.0 cent**	0.2 cent
		2.7 cent	(6.2) cent

Diluted earnings/(loss) per share		euro cent	euro cent
From continuing operations	6	**2.7 cent**	(6.4) cent
From discontinued operations	6	**0.0 cent**	0.2 cent
		2.7 cent	(6.2) cent

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Comprehensive Income
for the 26 week period ended 28 January 2023

26 week period ended	28 January 2023 €m Unaudited	29 January 2022 €m Unaudited
Profit/(loss) for the period	**51.7**	(39.2)
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	**(4.7)**	90.7
Cash flow hedges		
– Effective portion of changes in fair value of cash flow hedges	**0.2**	(1.4)
– Deferred tax effect of cash flow hedges	**0.1**	0.3
Total of items that may be reclassified subsequently to profit or loss	**(4.4)**	89.6
Items that will not be reclassified to profit or loss:		
Defined benefit plans		
– Actuarial (loss)/gain on defined benefit pension plans	**(0.2)**	1.4
– Deferred tax on actuarial loss/(gain)	**–**	(0.3)
Total of items that will not be reclassified to profit or loss	**(0.2)**	1.1
Total other comprehensive (loss)/income	**(4.6)**	90.7
Total comprehensive income for the period	**47.1**	51.5

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 28 January 2023

	Notes	**28 January 2023 €m Unaudited**	30 July 2022 €m Audited
Assets			
Non-current assets			
Property, plant and equipment	7	**837.6**	853.6
Goodwill and intangible assets	8	**648.5**	667.5
Other receivables		**2.9**	2.7
Deferred income tax assets		**38.3**	37.2
Total non-current assets		**1,527.3**	1,561.0
Current assets			
Inventory		**138.0**	120.4
Trade and other receivables		**173.2**	152.5
Derivative financial instruments		**1.1**	1.5
Cash and cash equivalents	9	**185.9**	245.8
		498.2	520.2
Assets held-for-sale		**0.2**	1.4
Total current assets		**498.4**	521.6
Total assets		**2,025.7**	2,082.6

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 28 January 2023 (continued)

	Notes	**28 January 2023 €m Unaudited**	30 July 2022 €m Audited
Equity			
Called up share capital		**17.0**	17.0
Share premium		**1,531.2**	1,531.2
Retained deficit and other reserves		**(594.9)**	(615.8)
Total equity		**953.3**	932.4
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	9	**383.9**	507.6
Employee benefits		**6.6**	6.5
Deferred income from government grants		**1.4**	1.6
Other payables		**13.3**	15.3
Deferred income tax liabilities		**94.9**	98.6
Total non-current liabilities		**500.1**	629.6
Current liabilities			
Interest-bearing loans and borrowings	9	**44.2**	28.2
Trade and other payables		**435.7**	399.9
Income tax payable		**88.3**	87.7
Derivative financial instruments		**4.1**	4.8
Total current liabilities		**572.3**	520.6
Total liabilities		**1,072.4**	1,150.2
Total equity and liabilities		**2,025.7**	2,082.6

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity
for the 26 week period ended 28 January 2023

Unaudited for the 26 week period ended 28 January 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 €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	–	–	–	–	–	–	–	51.7	51.7
Other comprehensive (loss)/income	–	–	–	–	0.3	–	(4.7)	(0.2)	(4.6)
Total comprehensive income	**–**	**–**	**–**	**–**	**0.3**	**–**	**(4.7)**	**51.5**	**47.1**
Share-based payments	–	–	–	–	–	(1.7)	–	–	(1.7)
Hybrid dividend	–	–	–	–	–	–	–	(24.5)	(24.5)
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**(1.7)**	**–**	**(24.5)**	**(26.2)**
At 28 January 2023	**17.0**	**1,531.2**	**–**	**671.4**	**(1.8)**	**3.8**	**21.1**	**(1,289.4)**	**953.3**

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity (continued)
for the 26 week period ended 28 January 2023

Unaudited **for the 26 week period ended 29 January 2022**	**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 €m**
At 31 July 2021	**17.0**	**1,531.2**	**-**	**720.5**	**0.2**	**3.7**	**(74.8)**	**(1,095.7)**	**1,102.1**
Loss for the period	–	–	–	–	–	–	–	(39.2)	(39.2)
Other comprehensive income	–	–	–	–	(1.1)	–	90.7	1.1	90.7
Total comprehensive income	**–**	**–**	**–**	**–**	**(1.1)**	**–**	**90.7**	**(38.1)**	**51.5**
Share-based payments	–	–	–	–	–	0.3	–	–	0.3
Transfer of share-based payment reserve to retained earnings	–	–	–	–	–	(1.6)	–	1.6	–
Hybrid dividend	–	–	–	–	–	–	–	(200.0)	(200.0)
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**(1.3)**	**–**	**(198.4)**	**(199.7)**
At 29 January 2022	**17.0**	**1,531.2**	**–**	**720.5**	**(0.9)**	**2.4**	**15.9**	**(1,332.2)**	**953.9**

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
for the 26 week period ended 28 January 2023

26 week period ended	Notes	28 January 2023 €m Unaudited	29 January 2022 €m Unaudited
Cash flows from operating activities			
Profit/(loss) for the period - continuing operations		**51.7**	(40.7)
Profit for the period - discontinued operations		**–**	1.5
Profit/(loss) for the period		**51.7**	(39.2)
Income tax charge		**5.3**	22.2
Financing income		**(2.0)**	(0.5)
Financing costs		**10.6**	9.6
RCF termination costs		**–**	7.7
Net loss on disposal of businesses and impairment of disposal groups held for sale		**–**	38.6
Net loss on fixed asset disposals and impairments		**–**	0.2
Other restructuring related payments (in excess of)/less than current period costs		**(1.7)**	(7.2)
Depreciation of property, plant and equipment	7	**50.0**	47.9
Amortisation of intangible assets	8	**13.5**	13.5
Recognition of deferred income from government grants		**(0.2)**	(1.3)
Share-based payments		**(1.7)**	0.3
Other		**(1.5)**	0.4
Cash flows from operating activities before changes in working capital		**124.0**	92.2
Increase in inventory		**(20.3)**	(20.2)
Increase in trade and other receivables		**(17.0)**	(13.9)
Increase/(decrease)in trade and other payables		**31.4**	(2.3)
Cash generated from operating activities		**118.1**	55.8
Interest paid		**(10.2)**	(7.8)
Interest received		**2.0**	0.5
Income tax paid - operating activities		**(5.7)**	(10.6)
Net cash flows from operating activities		**104.2**	37.9

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
(continued)
for the 26 week period ended 28 January 2023

26 week period ended	Notes	28 January 2023 €m Unaudited	29 January 2022 €m Unaudited
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**0.6**	0.9
Purchase of property, plant and equipment		**(26.1)**	(26.6)
Purchase of intangible assets		**(1.9)**	(3.0)
Disposal of business, net		**(0.6)**	107.9
Income tax paid on disposal of business		**–**	(14.2)
Net cash flows from investing activities		**(28.0)**	65.0
Cash flows from financing activities			
Gross drawdown of loan capital		**–**	337.2
Gross repayment of loan capital	9	**(100.1)**	(236.9)
Capital element of lease liabilities		**(16.4)**	(14.3)
Hybrid instrument dividend paid	10	**(15.6)**	(182.9)
Net cash flows from financing activities		**(132.1)**	(96.9)
Net (decrease)/increase in cash and cash equivalents	9	**(55.9)**	6.0
Translation adjustment	9	**(4.0)**	3.4
Net cash and cash equivalents at start of period	9	**245.8**	170.9
Net cash and cash equivalents at end of period	9	**185.9**	180.3

The notes on pages 26 to 37 are an integral part of these Group consolidated financial statements.

Notes to the Group Condensed Interim Financial Statements
for the 26 week period ended 28 January 2023

1 Basis of preparation

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

These Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's most recent Annual Financial Statements in respect of the period ended 30 July 2022, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

These Interim Financial Statements for the 26 week period ended 28 January 2023 and the comparative figures for the 26 week period ended 29 January 2022 are unaudited and have not been reviewed by the auditors. The extracts from the Group's Annual Financial Statements for the period ended 30 July 2022 represent an abbreviated version of the Group's full accounts for that period, on which the auditors issued an unqualified audit report.

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

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

Currency	Average H1 2023	Average H1 2022	% Change	Closing H1 2023	Closing FY 2022	% Change
CHF	0.9794	1.0613	7.7%	1.0024	0.9730	(3.0)%
AUD	1.5238	1.5847	3.8%	1.5292	1.4570	(5.0)%
GBP	0.8681	0.8486	(2.3)%	0.8777	0.8380	(4.7)%
PLN	4.7231	4.5908	(2.9)%	4.7115	4.7641	1.1%

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

2 Accounting policies

Except as described below, the Interim Financial Statements have been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates, as set out on pages 87 to 104 of the ARYZTA AG 2022 Annual Report and Accounts.

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

While the above standards and interpretations modified certain presentation and disclosure requirements, these new requirements are not significantly different than information presented as part of the 30 July 2022 period-end financial statements and had no material impact on the consolidated results or financial position of the Group.

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

Segmental reporting
The Group has two operating and reporting segments, ARYZTA Europe and ARYZTA Rest of World. Following the Group's decision to dispose of its North America businesses during the previous period ended 31 July 2021, the ARYZTA North America operating segment was classified as a discontinued operation. The ARYZTA Europe and ARYZTA Rest of World operating segments comprise the continuing operations of the Group. As noted on page 92 of the ARYZTA AG 2022 Annual Report and Accounts, the Group's Chief Operating Decision Maker is Urs Jordi, Chair of the Board and Interim CEO.

Going concern
During the period ended 28 January 2023, the Group has demonstrated improved profitability and cash flow generation, consistent with the going concern assessment as disclosed on page 90 of the ARYZTA AG 2022 Annual Report and Accounts. The Group's Net Debt: Covenant EBITDA and Interest cover covenant ratios of 0.65x and 3.49x respectively represent significant headroom versus the covenants applicable in the period, being Net Debt: Covenant EBITDA ratio of 3.5x or lower and Interest cover ratio of 3.0x or higher. The Group's going concern assessment takes into account the impact of the financial covenant ratios as defined under the terms of the Group's Syndicated Bank Facilities Agreement, as described on page 12. These are a Net Debt: Covenant EBITDA ratio being equal to or lower than 3.5x and a Net Interest cover ratio being equal to or above 3.0x at July 2023, and equal to or above 3.5x after July 2023. On this basis, together with available market information, the financial statements for the period ended 28 January 2023 have been prepared on a going concern basis.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

3 Segment Information

26 week period ended	ARYZTA Europe 28 January 2023 €m	ARYZTA Europe 29 January 2022 €m	ARYZTA Rest of World 28 January 2023 €m	ARYZTA Rest of World 29 January 2022 €m	Total Continuing Operations 28 January 2023 €m	Total Continuing Operations 29 January 2022 €m
I) Segment revenue and result						
Segment revenue[1]	**910.1**	721.5	**127.0**	113.8	**1,037.1**	835.3
EBITDA[2]	**100.8**	81.4	**28.3**	(21.7)	**129.1**	59.7
Depreciation	**(44.0)**	(42.4)	**(6.0)**	(5.5)	**(50.0)**	(47.9)
Amortisation	**(11.0)**	(11.2)	**(2.5)**	(2.3)	**(13.5)**	(13.5)
Operating profit/(loss)[3]	**45.8**	27.8	**19.8**	(29.5)	**65.6**	(1.7)
Financing income[4]					**2.0**	0.5
Financing costs[4]					**(10.6)**	(9.6)
RCF termination costs[4]					**–**	(7.7)
Profit/(loss) before income tax as reported in Group Consolidated Income Statement					**57.0**	(18.5)

1 There were no significant intercompany revenues between business segments.

2 'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation. Certain financial alternative performance measures, which are not defined by IFRS, are used by management to assess the financial and operational performance of ARYZTA. See glossary in section 18 on pages 16-17 for definitions of financial terms and references.

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 Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

26 week period ended **II) Segment revenue by location**	28 January 2023 €m Revenue	28 January 2023 €m % of Group revenue	29 January 2022 €m Revenue	29 January 2022 €m % of Group revenue
Germany	**294.6**	**28.4%**	240.1	28.7%
France	**156.3**	**15.1%**	119.1	14.3%
Switzerland (ARYZTA's country of domicile)	**129.6**	**12.5%**	105.8	12.7%
Other[1]	**329.6**	**31.8%**	256.5	30.7%
ARYZTA Europe segmental revenue	**910.1**	**87.8%**	721.5	86.4%
ARYZTA Rest of World segmental revenue[2]	**127.0**	**12.2%**	113.8	13.6%
ARYZTA Group continuing operations revenue[3]	**1,037.1**	**100.0%**	835.3	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.

One single external customer represented 17% of the ARYZTA Group continuing operations revenue in the current financial period (January 2022: 16%). No other customer represented more than 10% of the ARYZTA Group continuing operations revenue in the current and prior financial period. These revenues were earned across all of the Group's operating segments in the current and prior financial periods. There is no significant credit risk associated with receivables from this customer.

26 week period ended **III) Segment revenue by product**	ARYZTA Europe 28 January 2023 €m	ARYZTA Europe 29 January 2022 €m	ARYZTA Rest of World 28 January 2023 €m	ARYZTA Rest of World 29 January 2022 €m	Total Continuing Operations 28 January 2023 €m	Total Continuing Operations 29 January 2022 €m
Bread Rolls & Artisan Loaves	**400.8**	314.2	**86.1**	77.6	**486.9**	391.8
Sweet Baked & Morning Goods	**311.0**	248.1	**35.3**	33.1	**346.3**	281.2
Savoury & Other	**198.3**	159.2	**5.6**	3.1	**203.9**	162.3
Revenue	**910.1**	721.5	**127.0**	113.8	**1,037.1**	835.3

26 week period ended **IV) Segment revenue by channel**	ARYZTA Europe 28 January 2023 €m	ARYZTA Europe 29 January 2022 €m	ARYZTA Rest of World 28 January 2023 €m	ARYZTA Rest of World 29 January 2022 €m	Total Continuing Operations 28 January 2023 €m	Total Continuing Operations 29 January 2022 €m
QSR	**108.2**	80.3	**92.9**	79.7	**201.1**	160.0
Retail	**530.1**	426.2	**11.8**	15.3	**541.9**	441.5
Other Foodservice	**271.8**	215.0	**22.3**	18.8	**294.1**	233.8
Revenue	**910.1**	721.5	**127.0**	113.8	**1,037.1**	835.3

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

V) Segment assets	ARYZTA Europe 28 January 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 28 January 2023 €m	ARYZTA Rest of World 30 July 2022 €m	Total ARYZTA Group 28 January 2023 €m	Total ARYZTA Group 30 July 2022 €m
Segment assets	**1,641.0**	1,637.1	**159.4**	161.0	**1,800.4**	1,798.1
Reconciliation to total assets as reported Group Consolidated Balance Sheet						
Deferred income tax assets					**38.3**	37.2
Derivative financial instruments					**1.1**	1.5
Cash and cash equivalents					**185.9**	245.8
Total assets as reported in Group Consolidated Balance Sheet					**2,025.7**	2,082.6

VI) Segment liabilities	ARYZTA Europe 28 January 2023 €m	ARYZTA Europe 30 July 2022 €m	ARYZTA Rest of World 28 January 2023 €m	ARYZTA Rest of World 30 July 2022 €m	Total ARYZTA Group 28 January 2023 €m	Total ARYZTA Group 30 July 2022 €m
Segment liabilities	**523.7**	496.9	**55.5**	52.5	**579.2**	549.4
Reconciliation to total liabilities as reported Group Consolidated Balance Sheet						
Interest-bearing loans and borrowings (excluding leases)					**305.9**	409.7
Derivative financial instruments					**4.1**	4.8
Current and deferred income tax liabilities					**183.2**	186.3
Total liabilities as reported in Group Consolidated Balance Sheet					**1,072.4**	1,150.2

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

4 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 Chief Operating Decision Maker. Furthermore, these costs are excluded from the Trailing Twelve Month 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 26 week period ended 28 January 2023. The, the Group incurred the following amounts related to impairment, disposal and restructuring in continuing operations during the period ended 29 January 2022:

		ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
26 week period ended	Notes	**28 January 2023 €m**	**29 January 2022 €m**	**28 January 2023 €m**	**29 January 2022 €m**	**28 January 2023 €m**	**29 January 2022 €m**
Net loss on disposal of businesses		–	0.1	–	(40.3)	–	(40.2)
Loss on fixed asset disposal and impairments		–	(0.2)	–	–	–	(0.2)
Total net loss on disposal of businesses and asset write-downs	4.1	–	(0.1)	–	(40.3)	–	(40.4)
Severance and other staff-related costs		–	(2.2)	–	–	–	(2.2)
Other costs including advisory		–	(1.6)	–	(0.1)	–	(1.7)
Total restructuring-related costs	4.2	–	(3.8)	–	(0.1)	–	(3.9)
Total impairment, disposal and restructuring- related costs		–	(3.9)	–	(40.4)	–	(44.3)

4.1 Impairment and disposal-related costs

During the prior period ended 29 January 2022, the Group recognised total net loss on disposal of businesses and asset write-downs of (€40.4m), primarily relating to the disposal of its Brazil business to Grupo Bimbo SAP de CV.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

4.2 Restructuring-related costs

During the period ended 29 January 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 €2.2m in severance and other staff-related costs during the prior period. These costs primarily related to employees whose services were discontinued following the removal of complex regional structures across Europe and Rest of World.

The Group incurred €1.7m in advisory and other costs primarily associated with bakery rationalisation and disposal transactions in Europe and Rest of World during the prior period.

5 Dividends

No dividend on ordinary shares was proposed for the financial year ended 30 July 2022, and none has been paid during the period ended 28 January 2023.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

6 Earnings per share

26 week period ended	**28 January 2023**	29 January 2022
Basic earnings/(loss) per share	€m	€m
Profit/(loss) attributable to equity shareholders - continuing operations	**51.7**	(40.7)
Profit attributable to equity shareholders - discontinued operations	**–**	1.5
Profit/(loss) attributable to equity shareholders	**51.7**	(39.2)
Hybrid instrument dividend	**(24.5)**	(22.7)
Profit/(loss) used to determine basic EPS - continuing operations	**27.2**	(63.4)
Profit used to determine basic EPS - discontinued operations	**–**	1.5
Profit/(loss) used to determine basic EPS	**27.2**	(61.9)
Weighted average number of ordinary shares	in Millions	in Millions
Ordinary shares outstanding at beginning of period[1]	**992.3**	991.8
Effect of exercise of equity instruments	**0.2**	–
Weighted average ordinary shares used to determine basic EPS	**992.5**	991.8
Basic earnings/(loss) per share - continuing operations	**2.7 cent**	(6.4) cent
Basic earnings per share - discontinued operations	**0.0 cent**	0.2 cent
Basic earnings/(loss) per share	**2.7 cent**	(6.2) cent
Diluted earnings/(loss) per share	€m	€m
Profit/(loss) used to determine basic EPS - continuing operations	**27.2**	(63.4)
Profit used to determine basic EPS - discontinued operations	**–**	1.5
Profit/(loss) used to determine basic EPS	**27.2**	(61.9)
Weighted average number of ordinary shares (diluted)	in Millions	in Millions
Weighted average ordinary shares used to determine basic EPS	**992.5**	991.8
Effect of equity-based incentives with a dilutive impact[2]	**1.2**	–
Weighted average ordinary shares used to determine diluted EPS	**993.7**	991.8
Diluted earnings/(loss) per share - continuing operations	**2.7 cent**	(6.4) cent
Diluted earnings per share - discontinued operations	**0.0 cent**	0.2 cent
Diluted earnings/(loss) per share	**2.7 cent**	(6.2) cent

1 Issued share capital excludes treasury shares.

2 In accordance with IAS 33, potential ordinary shares are treated as dilutive only when their conversion would decrease loss per share or increase loss per share from continuing operations. As the impact related to the conversion of equity-based incentives would decrease the loss per share in the prior period ended 29 January 2022, no dilutive effect was given to outstanding equity based incentives.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

7 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	0.1	8.2	–	16.9	14.1	39.3
Transfer from assets under construction	11.7	14.7	–	(26.4)	–	–
Asset disposals	–	(0.2)	–	–	–	(0.2)
Depreciation charge for period	(5.3)	(28.7)	–	–	(16.0)	(50.0)
Translation adjustments	(1.1)	(2.2)	–	(0.3)	(1.5)	(5.1)
Net book value at 28 January 2023	**310.0**	**382.6**	**0.2**	**26.2**	**118.6**	**837.6**
At 28 January 2023						
Cost	386.2	786.8	1.5	26.2	207.2	1,407.9
Accumulated depreciation	(76.2)	(404.2)	(1.3)	–	(88.6)	(570.3)
Net book value at 28 January 2023	**310.0**	**382.6**	**0.2**	**26.2**	**118.6**	**837.6**

8 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	–	–	–	0.1	4.0	–	4.1
Amortisation charge for the period	–	(6.5)	(0.2)	(0.9)	(5.7)	(0.2)	(13.5)
Translation adjustments	(9.1)	(0.4)	–	(0.1)	–	–	(9.6)
Net book value at 28 January 2023	**538.3**	**48.2**	**0.5**	**9.3**	**50.9**	**1.3**	**648.5**
At 28 January 2023							
Cost	538.3	181.0	106.6	32.3	134.6	5.0	997.8
Accumulated amortisation	–	(132.8)	(106.1)	(23.0)	(83.7)	(3.7)	(349.3)
Net book value At 28 January 2023	**538.3**	**48.2**	**0.5**	**9.3**	**50.9**	**1.3**	**648.5**

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

9 Analysis of net debt

Analysis of net debt	30 July 2022 €m	Cash flows €m	Non-cash movements €m	Translation adjustment €m	28 January 2023 €m
Cash and cash equivalents	245.8	(55.9)	–	(4.0)	185.9
Loans	(409.7)	100.1	(0.8)	4.5	(305.9)
Leases	(126.1)	16.4	(14.1)	1.6	(122.2)
Net debt	**(290.0)**	**60.6**	**(14.9)**	**2.1**	**(242.2)**

10 Hybrid dividend

As announced during the prior period on 4 October 2021, ARYZTA planned to make the hybrid dividend payments on the deferred and actual dividends on its CHF hybrids, and the deferred, actual and compound dividends on its Euro hybrid.

During the period ended 28 January 2023, the Group recognised €24.5m in the Group Consolidated Statement of Changes in Equity for movements in the hybrid dividends. During the period ended 28 January 2023, dividend payments on these instruments of €15.6m were made, as presented in the Group Consolidated Cash Flow Statement. At 28 January 2023 €16.6m of unpaid hybrid dividends have been accrued on the Group Consolidated Balance Sheet.

During the prior period ended 29 January 2022, the Group recognised €200.0m in the Group Consolidated Statement of Changes in Equity for movements in the hybrid dividends, of which €182.9m relates to dividend payments made on the hybrid instruments and the remaining €17.1m is for unpaid hybrid dividends which have been accrued in trade and other payables. Dividend payments of €182.9m comprised of €172.0m of deferred and compound dividends and €10.9m of actual dividends.

The Group has not made any repayments in relation to the hybrid principal during the period ended 28 January 2023, and these hybrid instruments remain part of the ARYZTA capital structure.

11 Post balance sheet events – after 28 January 2023

On 22 February 2023, the Group announced its intention to irrevocably redeem in full the remaining €200 million of the Euro Hybrid instrument. The call date of this intended transaction will be 28 March 2023. The transaction will be funded from existing resources and facilities.

There have been no other significant events, outside the ordinary course of business, affecting the Group since 28 January 2023.

12 Contingent liabilities

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

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

13 Related party transactions

During the 26 week period ended 28 January 2023, there have been no significant changes in the related party transactions described in the ARYZTA AG 2022 Annual Report and Accounts, which could have a material impact on the financial position or performance of the Group.

14 Estimates, risks and uncertainties

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those risks outlined on pages 154 and 155 of the ARYZTA AG 2022 Annual Report and Accounts.

During the period ended 28 January 2023:

- 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 2;

- Judgements related to the assessment of goodwill and intangible assets have remained materially consistent with 30 July 2022;

- Judgements associated with determining the terms of leases where there are extension or termination options, and estimates around determination of incremental borrowing rates on lease liabilities have remained materially consistent with 30 July 2022;

- Estimates associated with employee benefit schemes have remained materially consistent with 30 July 2022; and

- Estimates associated with the provision for income tax and deferred income tax, and judgements around uncertain tax positions have remained materially consistent with 30 July 2022.

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on pages 74-75 of the ARYZTA AG 2022 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group over the remaining 26 week period of the financial year.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 28 January 2023

15 Distribution of interim report

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

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

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

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

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

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

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

On behalf of the Board

Urs Jordi
Chair, Board of Directors

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

6 March 2023