2022

Interim Report and Condensed Financial Statements

ARYZTA

Passion for good food

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Interim Report 2022

Interim Financial and Business Review

1.1 Key Highlights H1 2022

- Strong double digit organic revenue growth of 13.3%, ahead of expectations
- Organic growth driven by strong volume growth of 11.3% and a contribution of 2.0% from Price/Mix (1.6% is pricing, 0.4% is mix)
- Continuing operations Underlying EBITDA increased by 36.7% to €104.0m.
- Underlying EBITDA acceleration of 240bps to 12.5% supported by disciplined cost management as simplification of business improved operating performance
- Underlying net profit from continuing operations increased to €9.6m versus a loss of €(30.8)m in the comparable period
- All hybrid dividend payments up to date
- Brazil disposal completed
- New Malaysian facility to drive regional organic growth
- The expectation for full year 2022 is for organic revenue growth in a range of 12% to 14% and we reiterate the underlying EBITDA margin guidance

ARYZTA AG Chairman and interim CEO Urs Jordi commented:

"*Organic growth accelerated due to strong volume growth and further positive pricing to support a double digit revenue growth performance.*

Profitability also improved reflecting the benefits of our simplified structure, disciplined cost management and strong organic growth, despite supply chain volatility and significantly higher input costs.

Management is focused on sustaining the improved business momentum as well as its financial performance to further build a sustainable organic growth driven business."

Interim Financial and Business Review (continued)

	January H1 22 €m	January H1 21 €m	% Change
Continuing Operations			
Revenue	835.3	752.5	11.0%
Underlying EBITDA[1]	104.0	76.1	36.7%
Underlying EBITDA margin	12.5%	10.1%	240 bps
Underlying net profit/(loss)- continuing operations	**9.6**	(30.8)	
Underlying net profit - discontinued operations	–	14.4	(100.0%)
Underlying net profit/(loss) - total[1]	**9.6**	(16.4)	
Underlying diluted EPS (cent) - continuing operations	**1.0**	(3.1)	
Underlying diluted EPS (cent) - total	**1.0**	(1.7)	
IFRS EBITDA - continuing operations	59.7	32.5	83.7%
IFRS EBITDA - discontinued operations	1.5	(17.1)	
IFRS EBITDA - total[1]	61.2	15.4	397.4%
IFRS loss for the period from continuing operations	**(40.7)**	(48.8)	16.6%
IFRS profit/(loss) for the period from discontinued operations	1.5	(76.6)	
IFRS loss for the period	**(39.2)**	(125.4)	69.2%
IFRS diluted loss per share (cent) - continuing operations	**(6.4) cent**	(7.2) cent	11.1%
IFRS diluted loss per share (cent)	**(6.2) cent**	(15.0) cent	58.7%

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 19.

Financial Performance improves on EBITDA acceleration

ARYZTA delivered a strong financial performance in the six month period to January 2022. This was driven by very strong volume growth of 11.3% as society normalization took hold. Positive price/mix of 2% further supported the delivery of an overall organic growth in revenue of 13.3%. Pricing impact accelerated in Q2 and this trend is expected to accelerate further in H2 to recover costs. Disposals reduced revenue by (2.7)%, primarily related to the disposal of the Brazil business in Q1, with currency impacting by 0.4%. Total revenue from continuing operations increased by 11.0% to €835.3m in the period.

Foodservice witnessed the greatest recovery as the impact of COVID-19 waned and society re-opened and normalized. Foodservice organic growth was 30.7%, QSR achieved organic growth of 10.9% and Retail improved its organic growth by 6.5%.

Regionally, Europe performed very strongly achieving an organic growth of 14.3% as restrictions eased across many of ARYZTA's markets. Rest of World delivered a resilient organic growth of 7.7% impacted negatively by longer COVID-19 restrictions in Australia and New Zealand.

Interim Financial and Business Review (continued)

A very strong volume driven growth boosted financial performance in the period. This, combined with the completion of the disposal of Brazil, facilitated the payment of all deferred and actual hybrid dividends. The closing net financial position and closing net debt were also supported by disciplined cost management of the business. These improvements were achieved despite additional investments in working capital to support growth and de-risk supply chain.

The H1 performance reflects stronger customer engagement across all markets and channels and the success of the simplified structure and agile decision making process. Product innovation and renovation also increased as customers looked for more customised products. This helped deepen customer engagement leading to beneficial mix changes.

Underlying EBITDA in the period increased to €104m, reflecting growth of 36.7% and underlying EBITDA margin acceleration of 240bps to 12.5%. These improvements reflect the combination of an acceleration of organic growth, business simplification, cost reductions and disciplined costs management as well as good gross margin protection.

ARYZTA's operating free cash flow amounted to €11.0m, representing a reduction of €16.5m in the cash flow of continuing operations versus the prior period. The main driver of this was an investment in working capital to support growth and the resilience of our supply chain. It was also impacted by one-off effects including calendar timing, temporary COVID restrictions and the disposal of Brazil. Capital expenditure increased by €5.7m to support additional growth driving investments. These effects were partially offset by higher EBITDA and reduced non-recurring expenses.

Total restructuring costs for continuing operations were €(3.9)m, a significant decline from the €(39.7)m incurred in the comparable period for continuing operations.

ARYZTA's net debt increased to €299.6m due to the €182.9m of hybrid dividend payments net of the disposal proceeds received mainly for Brazil of €110.9m. The net debt to EBITDA ratio closed at the end of H1 at 1.15x[1].

Interest costs reduced to €9.1m from €16.6m in the comparable period. The Group's interest cover ratio at H1 was 2.44x[1].

ARYZTA is actively managing all business risks on a daily basis

Inflation across all input costs from labour, raw materials, logistics and particularly energy continue their upward trend, with prices and availability of these key inputs remaining very volatile.

1 Calculated as per the Syndicated Revolving Credit Facilities Agreement terms at January 2022

Interim Financial and Business Review (continued)

ARYZTA's existing contracts are largely covered and new tenders are being priced at spot prices. ARYZTA has a well-established professional procurement team overseeing all its key inputs. The governance around tender process and pricing has been strengthened significantly in light of market volatility and supply chain disruptions. This has resulted in increased contract renewal and customer pricing discussions. In addition, product innovation, renovation and customization are all playing a part in managing the inflation trend. Management are also focusing on operational efficiencies, disciplined cost management and automation measures to support performance.

While the price effect increased from Q1 to Q2, the expectation is for further significant price effect in H2 to deal with the upward inflation trends across all inputs.

New Malaysian facility to drive regional organic growth

In February 2022, ARYZTA more than doubled its manufacturing capacity in Malaysia by exercising its option to acquire the bakery, equipment and the corresponding land of our co-manufacturer De-Luxe Food Services from ENVICTUS International Holding Limited. The option to acquire the assets was part of the original co-operation agreement with ENVICTUS. This new facility will significantly boost the organic growth potential across the South East Asian region. The transaction will expand ARYZTA's Asian product capability in breads, buns and pastries including new product filling capacity, which will greatly enhance the pace of new product development and innovation. South East Asia is a fast growing market for bakery which is forecasted to grow by c. 7-8% CAGR out to 2026. The transaction significantly improves the resilience of ARYZTA's supply chain in the region with the direct ownership of this new modern facility.

Outlook

The expectation for full year 2022 is for organic revenue growth in a range of 12% to 14% and we reiterate the underlying EBITDA margin guidance.

ARYZTA's strategic growth plan and mid-term guidance is expected to be finalised and communicated in the next quarter (Q3) along with the Group's ESG roadmap.

Interim Financial and Business Review (continued)

2 Underlying Income Statement and reconciliation to IFRS

26 week period ended 29 January 2022

	January 2022 €m	January 2021 €m	% Change
Continuing Operations			
Group revenue	835.3	752.5	11.0%
Underlying EBITDA[1]	104.0	76.1	36.7%
Underlying EBITDA margin	12.5%	10.1%	240 bps
Depreciation and ERP amortisation	(53.2)	(54.4)	2.2%
Underlying EBITA[1]	50.8	21.7	134.1%
Finance cost, net	(9.1)	(16.6)	45.2%
Hybrid instrument dividend	(22.7)	(23.0)	1.3%
Underlying pre-tax profits/(loss)	19.0	(17.9)	
Income tax	(9.4)	(12.9)	27.1%
Underlying net profit/(loss) - continuing operations[1]	**9.6**	**(30.8)**	
Underlying net profit - discontinued operations[1,2]	–	14.4	(100.0)%
Underlying net profit/(loss) - total[1]	**9.6**	**(16.4)**	
Underlying diluted EPS (cent) - continuing operations[3]	**1.0**	**(3.1)**	
Underlying diluted EPS (cent) - total[3]	**1.0**	**(1.7)**	

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 19 for definitions of financial terms and references used in the financial and business review.

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

3 The 29 January 2022 weighted average number of ordinary shares used to calculate underlying earnings per share is 991,928,700 (H1 2021: 991,206,398).

Interim Financial and Business Review (continued)

Reconciliation of Underlying EBITDA to IFRS result for the 26 week period ended 29 January 2022:

	January 2022 €m	January 2021 €m
Continuing Operations		
Underlying EBITDA	**104.0**	76.1
Depreciation	**(47.9)**	(49.1)
ERP amortisation	**(5.3)**	(5.3)
Underlying EBITA	**50.8**	21.7
Amortisation of other intangible assets	**(8.2)**	(8.8)
Net loss on disposal of businesses	**(40.2)**	–
Loss on fixed asset disposals and impairments	**(0.2)**	(2.8)
Restructuring-related costs	**(3.9)**	(39.7)
COVID-19 related costs	**–**	(1.1)
IFRS operating loss	**(1.7)**	(30.7)
Gain on equity instruments at fair value through profit or loss	**–**	8.6
RCF termination costs	**(7.7)**	–
Finance cost, net	**(9.1)**	(16.6)
Loss before income tax	**(18.5)**	(38.7)
Income tax expense	**(22.2)**	(10.1)
IFRS loss for the period from continuing operations	**(40.7)**	(48.8)
Discontinued Operations		
IFRS profit/(loss) for the period from discontinued operations	**1.5**	(76.6)
IFRS loss for the period	**(39.2)**	(125.4)
Hybrid instrument dividend	**(22.7)**	(23.0)
Loss used to determine basic EPS	**(61.9)**	(148.4)
IFRS diluted loss per share (cent) - continuing operations[1]	**(6.4) cent**	(7.2) cent
IFRS diluted loss per share (cent)[1]	**(6.2) cent**	(15.0) cent

1 The 29 January 2022 weighted average number of ordinary shares used to calculate IFRS diluted loss per share is 991,830,010 (H1 2021: 991,206,398).

A reconciliation of Underlying EBITDA to IFRS EBITDA is presented below:

	Continuing Operations		Discontinued Operations		ARYZTA Group	
	January 2022 €m	January 2021 €m	January 2022 €m	January 2021 €m	January 2022 €m	January 2021 €m
Underlying EBITDA	**104.0**	76.1	**–**	48.7	**104.0**	124.8
Net (loss)/gain on disposal of businesses and impairment of disposal groups held-for-sale	**(40.2)**	–	**1.6**	(57.7)	**(38.6)**	(57.7)
Loss on fixed asset disposals and impairments	**(0.2)**	(2.8)	–	(0.2)	**(0.2)**	(3.0)
Restructuring-related costs	**(3.9)**	(39.7)	**(0.1)**	(3.3)	**(4.0)**	(43.0)
COVID-19 related costs	**–**	(1.1)	**–**	(4.6)	**–**	(5.7)
IFRS EBITDA[1]	**59.7**	32.5	**1.5**	(17.1)	**61.2**	15.4

1 See glossary in section 19 for definitions of financial terms and references used in the financial and business review.

Interim Financial and Business Review (continued)

3 Organic revenue

26 week period ended 29 January 2022

	ARYZTA Europe €m	ARYZTA Rest of World €m	Total Continuing Operations €m
Group revenue	**721.5**	**113.8**	**835.3**
Organic movement	14.3%	7.7%	13.3%
Disposals movement	(0.4)%	(15.2)%	(2.7)%
Currency movement	0.3%	1.7%	0.4%
Total revenue movement	**14.2%**	**(5.8)%**	**11.0%**

Quarterly organic revenue

	Q3 2021	Q4 2021	Q1 2022	Q2 2022	H1 2022
ARYZTA Europe					
Volume %	(0.3)%	20.5%	8.6%	16.4%	12.3%
Price/Mix %	0.9%	2.0%	1.5%	2.7%	2.0%
Organic movement %	**0.6%**	**22.5%**	**10.1%**	**19.1%**	**14.3%**
ARYZTA Rest of World					
Volume %	14.8%	20.8%	4.3%	7.0%	5.7%
Price/Mix %	(0.7)%	4.1%	3.6%	0.6%	2.0%
Organic movement %	**14.1%**	**24.9%**	**7.9%**	**7.6%**	**7.7%**
Total Continuing Operations					
Volume %	1.9%	20.6%	8.0%	14.8%	11.3%
Price/Mix %	0.7%	2.2%	1.8%	2.2%	2.0%
Organic movement %	**2.6%**	**22.8%**	**9.8%**	**17.0%**	**13.3%**

Interim Financial and Business Review (continued)

4 Segmental Underlying EBITDA

26 week period ended 29 January 2022

Underlying EBITDA	January 2022 €m	January 2021 €m	% Change
ARYZTA Europe	85.3	59.1	44.3%
ARYZTA Rest of World	18.7	17.0	10.0%
Continuing Operations	**104.0**	**76.1**	**36.7%**

Underlying EBITDA margin	January 2022 €m	January 2021 €m	% Change
ARYZTA Europe	11.8%	9.4%	240 bps
ARYZTA Rest of World	16.4%	14.1%	230 bps
Continuing Operations	**12.5%**	**10.1%**	**240 bps**

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 11.0% to €835.3m during the period ended 29 January 2022. Organic revenue increased by 13.3%, with strong volume growth of 11.3% being supported by price/mix growth of 2.0%. Disposals reduced revenue by (2.7%), and currency effects contributed positively by 0.4%.

Group Underlying EBITDA from continuing operations reported for the period ended 29 January 2022 was €104.0m, representing an increase of 36.7%, and an increase in EBITDA margin of 240 bps to 12.5% compared to the period ended 30 January 2021.

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 14.2% to €721.5m during the period ended 29 January 2022. Organic revenue increase of 14.3% was due to volume growth of 12.3%, with a price/mix growth of 2.0%.

ARYZTA Europe Underlying EBITDA reported for the period ended 29 January 2022 was €85.3m, representing an increase of 44.3% compared to the period ended 30 January 2021, with an increase in EBITDA margin of 240 bps to 11.8% for the same 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. While representing only 13.6% of revenue and 18.0% of total Underlying EBITDA for the Group, these locations provide attractive future growth opportunities and have importance as suppliers to our global QSR customers.

ARYZTA Rest of World organic revenue increased by 7.7%, as a result of volume growth of 5.7% combined with positive price/mix growth of 2.0%. The disposal of the Brazilian business in Q1-22 reduced revenues by (15.2%) compared to prior year. ARYZTA Rest of World overall revenue decreased by (5.8)% to €113.8m during the period ended 29 January 2022, primarily due to the disposal of the Brazilian business netted by an increase in volume growth and combined with positive price/mix growth.

ARYZTA Rest of World Underlying EBITDA for the period ended 29 January 2022 was €18.7m, which represents an increase of 10.0% compared to the period ended 30 January 2021, with EBITDA margins of 16.4% increasing by 230 bps.

8 ARYZTA North America - discontinued operations

On 3 May 2021, the Group completed its disposal of its North America businesses in the USA and Canada to an affiliate of Lindsay Goldberg LLC for a cash consideration of US$850.0m. After adjustments for cash, debt and working capital, net proceeds of €659.1m were received as of 31 July 2021. A further €2.4m of transaction costs were cash settled during the period ended 29 January 2022. During the period ended 29 January 2022 a gain of €1.5m was recognised, arising from changes in the estimated final proceeds after transaction costs.

The ARYZTA North America business previously represented a significant component and separately reported segment of the Group, and its results have been separately presented in the Group Balance Sheet as Discontinued Operations, in both the current and prior periods.

Interim Financial and Business Review (continued)

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

During the 26 week period ended 29 January 2022, the Group incurred the following amounts related to impairment, disposal, restructuring and COVID-19 in continuing operations:

	ARYZTA Europe 2022 €m	ARYZTA Rest of World 2022 €m	Total Continuing Operations 2022 €m	Total Continuing Operations 2021 €m
Net gain/(loss) on disposal of businesses	0.1	(40.3)	**(40.2)**	–
Loss on fixed asset disposals and impairments	(0.2)	–	**(0.2)**	(2.8)
Net gain on disposal of equity investment	–	–	**–**	8.6
Total net loss on disposal of businesses and asset write-downs	(0.1)	(40.3)	**(40.4)**	5.8
Severance and other staff-related costs	(2.2)	–	**(2.2)**	(15.2)
Other costs including advisory	(1.6)	(0.1)	**(1.7)**	(24.5)
Total restructuring-related costs	(3.8)	(0.1)	**(3.9)**	(39.7)
COVID-19 related costs	–	–	**–**	(1.1)
Total impairment, disposal, restructuring and COVID-19 related costs	(3.9)	(40.4)	**(44.3)**	(35.0)

Impairment and disposal-related costs

Net gain/(loss) on disposal of businesses

During the period ended 29 January 2022, the Group successfully concluded the disposal of its Brazil business to Grupo Bimbo SAB de CV. As the €110.0m proceeds received, net of associated transaction costs, were in excess of the €64.9m 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 €40.3m was recognised in the income statement.

Loss on fixed asset disposals and impairments

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

Net gain on disposal of equity investment

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

Interim Financial and Business Review (continued)

Restructuring-related costs

During the period ended 29 January 2022, the Group has recognised costs, including providing for amounts as required by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in the Group Consolidated Income Statement as follows:

Severance and other staff related costs
During the period ended 29 January 2022, the Group incurred €2.2m (2021: €15.2m) in severance and other staff-related costs. These costs primarily relate to employees whose services were discontinued following the removal of complex regional structures across the two remaining regions of the Group.

Other costs including advisory
During the period ended 29 January 2022, the Group incurred €1.7m in advisory and other costs primarily associated with ongoing bakery rationalisation and disposal transactions in Europe and Rest of World.

During the prior period ended 30 January 2021, the Group incurred €24.5m in advisory and other costs. €21.3m of the costs related to committed financial and legal services prior to the rejection by the Board of the proposed takeover of the Group in December 2020. The remaining costs included advisory costs associated with ongoing bakery rationalisation and disposal transactions.

COVID-19 related costs

COVID-19 related costs were costs arising due to the effect of the COVID-19 pandemic, including any government-imposed restrictions impacting consumer demand and the production processes, net of any directly related government support. These costs were identified as quantifiable, distinguishable and separable from normal operations.

The Group did not incur any COVID-19 related costs during the period ended 29 January 2022. During the prior period ended 30 January 2021, the Group incurred COVID-19 related costs of €1.1m. These were primarily costs associated with furloughing employees and other incidental labour related costs and costs associated with implementing safety measures across the Group's bakery network.

Interim Financial and Business Review (continued)

10 Cash generation
26 week period ended 29 January 2022

	January 2022 €m	January 2021 €m
Underlying EBITDA - continuing operations	104.0	76.1
Underlying EBITDA - discontinued operations	–	48.7
ARYZTA Underlying EBITDA	**104.0**	**124.8**
Working capital movement	(34.6)	32.2
Working capital movement from debtor securitisation[1]	(1.8)	(12.1)
Capital expenditure	(29.6)	(37.3)
Net payments on lease contracts	(16.7)	(25.0)
Proceeds from sale of property, plant and equipment	0.9	0.7
Restructuring and COVID-19 related cash flows	(11.2)	(26.1)
Segmental operating free cash generation	**11.0**	**57.2**
Dividend from equity investment	–	1.1
Dividends paid on hybrid instruments - actual	(10.9)	–
Interest and income tax on operating activities paid, net	(15.5)	(21.8)
Recognition of deferred income from government grants	(1.3)	(1.6)
Other	0.7	(1.1)
Cash flow generated from activities	**(16.0)**	**33.8**

1 Total debtor balances securitised as of 29 January 2022 is €82m (31 July 2021: €85m).

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

	January 2022 €m	January 2021 €m
Net cash flows from operating activities[2]	**37.9**	**90.8**
Purchase of property, plant and equipment	(26.6)	(35.6)
Purchase of intangible assets	(3.0)	(1.7)
Proceeds from sale of property, plant and equipment	0.9	0.7
Lease principal payments	(14.3)	(21.5)
Dividends paid on hybrid instruments - actual	(10.9)	–
Dividend from equity investment	–	1.1
Cash flow generated from activities	**(16.0)**	**33.8**

2 Net cash flows from operating activities are presented in the Group Consolidated Cash Flow Statement on page 26.

Interim Financial and Business Review (continued)

11 Net debt evolution

	January 2022 €m	January 2021 €m
Opening net debt	**(220.1)**	**(1,010.7)**
Cash flow generated from activities	(16.0)	33.8
Net movements on lease liabilities	9.1	13.6
Disposal of businesses, net of tax and leases	110.9	58.8
Disposal of equity investment	–	24.3
Receipt of vendor loan note	–	10.0
RCF termination costs	(7.7)	–
Dividends paid on hybrid instruments - deferred and compound	(172.0)	–
Foreign exchange movement	(1.8)	4.4
Other[1]	(2.0)	(3.7)
Closing net debt [2]	**(299.6)**	**(869.5)**

1 Other comprises primarily amortisation of upfront borrowing costs.

2 Excluding the €129.5m lease liabilities arising from IFRS 16 at 29 January 2022 (H1 2021: €214.3m), the Group net debt would be €170.1m (H1 2021: €655.2m) at 29 January 2022.

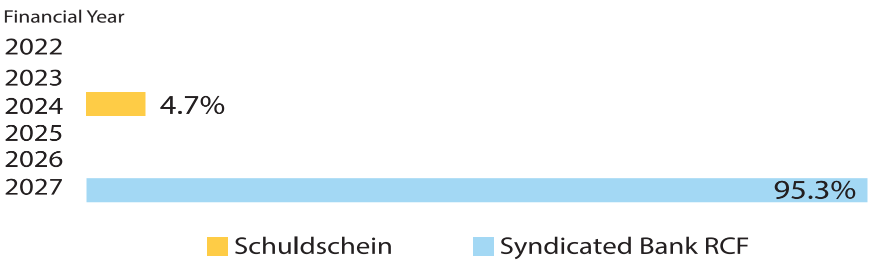
As of 29 January 2022, the Group's gross term debt financing facilities, related capitalised upfront borrowing costs, capitalised lease creditors, and cash and cash equivalents, were as follows:

	January 2022 €m	July 2021 €m
Syndicated Bank RCF	(340.4)	(45.0)
State sponsored COVID-19 related loans	–	(21.9)
Schuldschein	(17.0)	(178.6)
Gross term debt	**(357.4)**	**(245.5)**
Upfront borrowing costs	7.0	9.1
Term debt, net of upfront borrowing costs	**(350.4)**	**(236.4)**
Cash and cash equivalents	180.3	170.9
Net debt excluding leases	**(170.1)**	**(65.5)**
Leases	(129.5)	(154.6)
Net debt	**(299.6)**	**(220.1)**

As of 29 January 2022, the weighted average interest cost of the Group debt financing facilities is 1.8% (31 July 2021: 1.7%) and the weighted average maturity of the Group's gross term debt is 4.53 years.

Gross Term Debt Maturity Profile

H1 2022



Interim Financial and Business Review (continued)

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 the early repayment of the existing facility, the Group incurred €7.7m of costs, due to the write off of existing RCF capitalised borrowing costs.

Under the new 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:
  >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 2022	FY 2021
Net Debt: EBITDA[1]	1.15x	0.58x
EBITDA: Net interest, including Hybrid dividend[1]	2.44x	1.88x

1 Calculated as per the new Syndicated Revolving Credit Facilities Agreement terms at January 2022 and the previous Syndicated Revolving Credit Facilities Agreement terms at FY 2021.

In December 2021, the Group repaid €152.5m and US$11.5m of maturing Schuldschein notes with available capacity on the new RCF.

Interim Financial and Business Review (continued)

12 Hybrid funding

As of 29 January 2022, the Group has €835.7m of Hybrid funding outstanding, as reflected in the table below.

Perpetual Callable Subordinated Instruments		Coupon	Coupon rate if not called	€m
Not called	CHF 400m	5.3%	6.045% +3 Month SARON	(385.5)
Not called	EUR 250m	6.8%	6.77% +5 Year Euro Swap Rate	(250.0)
Not called	CHF 190m	3.5%	4.213% +3 Month SARON	(183.1)
Hybrid principal outstanding at 29 January 2022 exchange rates				**(818.6)**
Hybrid instrument accrued dividends				(17.1)
Hybrid funding outstanding at 29 January 2022 exchange rates				**(835.7)**

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.

In October 2021, the Group announced that it will pay all deferred and actual dividends on its CHF Hybrids, and the deferred, actual and compound dividends on its Euro Hybrid in FY 2022. Dividend payments on these instruments of €182.9m were made during H1-2022, comprising €172.0m of deferred and compound dividends and €10.9m of actual dividends.

At 29 January 2022, €17.1m of unpaid hybrid dividends have been accrued on the Group Consolidated Balance Sheet.

Movements related to Hybrid instrument dividends during the period ended 29 January 2022 were as follows:

	€m
Balance deferred at 31 July 2021	(175.7)
Hybrid instrument dividend charge	(22.7)
Hybrid instrument dividends paid - actual	10.9
Hybrid instrument dividends paid - deferred and compound	172.0
Translation adjustments	(1.6)
Balance accrued at 29 January 2022	**(17.1)**

Interim Financial and Business Review (continued)

13 Foreign currency

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

Currency	Average H1 2022	Average H1 2021	% Change	Closing H1 2022	Closing FY 2021	% Change
CHF	1.0613	1.0781	1.6%	1.0376	1.0773	3.7%
USD	1.1534	1.1928	3.3%	1.1154	1.1882	6.1%
GBP	0.8486	0.9020	5.9%	0.8323	0.8515	2.3%
BRL	6.2644	6.4388	2.7%	6.0291	6.0401	0.2%

14 Return on invested capital

Continuing operations	ARYZTA Europe €m	ARYZTA Rest of World €m	ARYZTA Group €m
29 January 2022			
Segmental net assets[1]	1,174.1	97.1	1,271.2
TTM EBITA[1]	71.0	18.7	89.7
ROIC[1]	6.0%	19.3%	7.1%
31 July 2021			
Segmental net assets[1]	1,164.0	148.6	1,312.6
TTM EBITA[1]	45.1	18.4	63.5
ROIC[1]	3.9%	12.4%	4.8%

1 See glossary in section 19 for definitions of financial terms and references used.

2 Group WACC on a pre-tax basis is currently 8.2% (FY 2021: 8.3%).

15 Net assets, goodwill and intangibles

	January 2022 €m	FY 2021 €m
Property, plant and equipment	831.0	849.8
Investment properties	2.5	3.7
Goodwill and intangible assets	660.4	660.3
Deferred tax on goodwill and intangibles	(14.9)	(16.4)
Working capital	(64.8)	(94.1)
Other segmental assets	2.5	6.0
Other segmental liabilities	(20.2)	(21.9)
Lease liabilities	(129.5)	(136.9)
Net assets of disposal group held-for-sale	4.2	62.1
ARYZTA Group segmental net assets	1,271.2	1,312.6
Interest bearing loans, net of cash	(170.1)	(65.5)
Deferred tax, net	(61.8)	(61.8)
Income tax	(83.7)	(82.9)
Derivative financial instruments	(1.7)	(0.3)
Net assets	**953.9**	**1,102.1**

Interim Financial and Business Review (continued)

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

	January 2022 €m	July 2021 €m
Inventory	110.0	91.5
Trade and other receivables	163.9	151.1
Trade and other payables	(338.7)	(336.7)
Net working capital	**(64.8)**	**(94.1)**

16 Dividend

No dividend on ordinary shares was proposed for the years ended 31 July 2021 or 1 August 2020, and none has been paid during the period ended 29 January 2022.

17 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 75 to 76 of the ARYZTA AG 2021 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group over the remaining 26 weeks of the financial year.

18 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)

19 Glossary of financial terms and references

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

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

'IFRS EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation. A reconciliation of IFRS EBITDA to Underlying EBITDA from continuing operations by segment is presented on page 7.

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

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

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

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

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

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

‘Net working capital’ – Net working capital is a measure of current assets and liabilities with a short-term impact on liquidity. Net working capital includes Trade and other receivables and Inventory, less Trade and other payables.

Group Consolidated Income Statement
for the 26 week period ended 29 January 2022

26 week period ended	Notes	29 January 2022 €m Unaudited	30 January 2021 €m Unaudited
Continuing Operations			
Revenue	3	**835.3**	752.5
Cost of sales		**(571.6)**	(523.0)
Distribution expenses		**(111.5)**	(107.1)
Gross profit		**152.2**	122.4
Selling expenses		**(43.6)**	(44.8)
Administration expenses		**(70.1)**	(108.3)
Net loss on disposal of businesses	4	**(40.2)**	–
Operating loss	3	**(1.7)**	(30.7)
Gain on equity instruments at fair value through profit or loss		**–**	8.6
Loss before financing income, financing costs and income tax		**(1.7)**	(22.1)
Financing income		**0.5**	2.0
Financing costs		**(9.6)**	(18.6)
RCF termination costs		**(7.7)**	–
Loss before income tax	3	**(18.5)**	(38.7)
Income tax expense		**(22.2)**	(10.1)
Loss for the period from continuing operations		**(40.7)**	(48.8)
Discontinued operations			
Profit/(loss) after tax for the period from discontinued operations		**1.5**	(76.6)
Loss for the period attributable to equity shareholders		**(39.2)**	(125.4)

Basic earnings/(loss) per share	Notes	euro cent	euro cent
From continuing operations	7	**(6.4) cent**	(7.2) cent
From discontinued operations	7	**0.2 cent**	(7.8) cent
		(6.2) cent	(15.0) cent

Diluted earnings/(loss) per share	Notes	euro cent	euro cent
From continuing operations	7	**(6.4) cent**	(7.2) cent
From discontinued operations	7	**0.2 cent**	(7.8) cent
		(6.2) cent	(15.0) cent

The notes on pages 28 to 44 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Comprehensive Income
for the 26 week period ended 29 January 2022

26 week period ended	29 January 2022 €m Unaudited	30 January 2021 €m Unaudited
Loss for the period	**(39.2)**	(125.4)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Foreign exchange translation effects		
– Foreign exchange translation effects on net investments	**90.7**	1.6
– Taxation effect of foreign exchange translation movements	**–**	(0.8)
Cash flow hedges		
– Effective portion of changes in fair value of cash flow hedges	**(1.4)**	–
– Deferred tax effect of cash flow hedges	**0.3**	–
Total of items that may be reclassified subsequently to profit or loss	**89.6**	0.8
Items that will not be reclassified to profit or loss:		
Defined benefit plans		
– Actuarial gain on defined benefit pension plans	**1.4**	0.1
– Deferred tax on actuarial gain	**(0.3)**	–
Total of items that will not be reclassified to profit or loss	**1.1**	0.1
Total other comprehensive income	**90.7**	0.9
Total comprehensive income/(loss) for the period	**51.5**	(124.5)

The notes on pages 28 to 44 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 29 January 2022

	Notes	29 January 2022 €m Unaudited	31 July 2021 €m Audited
Assets			
Non-current assets			
Property, plant and equipment	8	**831.0**	849.8
Investment properties		**2.5**	3.7
Goodwill and intangible assets	9	**660.4**	660.3
Other receivables		**2.5**	2.8
Deferred income tax assets		**29.4**	28.4
Total non-current assets		**1,525.8**	1,545.0
Current assets			
Inventory		**110.0**	91.5
Trade and other receivables		**163.9**	151.1
Derivative financial instruments		**–**	0.2
Cash and cash equivalents	10	**180.3**	170.9
		454.2	413.7
Assets held-for-sale		**4.2**	3.2
Assets of disposal group held-for-sale		**–**	101.8
Total current assets		**458.4**	518.7
Total assets		**1,984.2**	2,063.7

The notes on pages 28 to 44 are an integral part of these Group consolidated financial statements.

Group Consolidated Balance Sheet
as at 29 January 2022 (continued)

	Notes	29 January 2022 €m Unaudited	31 July 2021 €m Audited
Equity			
Called up share capital		**17.0**	17.0
Share premium		**1,531.2**	1,531.2
Retained deficit and other reserves		**(594.3)**	(446.1)
Total equity		**953.9**	1,102.1
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	10	**450.9**	163.1
Employee benefits		**2.8**	4.0
Deferred income from government grants		**2.8**	4.1
Other payables		**14.6**	13.8
Deferred income tax liabilities		**106.1**	106.6
Total non-current liabilities		**577.2**	291.6
Current liabilities			
Interest-bearing loans and borrowings	10	**29.0**	210.2
Trade and other payables		**338.7**	336.7
Income tax payable		**83.7**	82.9
Derivative financial instruments		**1.7**	0.5
		453.1	630.3
Liabilities of disposal group held-for-sale		–	39.7
Total current liabilities		**453.1**	670.0
Total liabilities		**1,030.3**	961.6
Total equity and liabilities		**1,984.2**	2,063.7

The notes on pages 28 to 44 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity
for the 26 week period ended 29 January 2022

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 €m reserve	Share-based payment €m reserve	Foreign currency translation reserve €m	Retained deficit €m	Total €m
At 1 August 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 (note 11)	–	–	–	–	–	–	–	(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 28 to 44 are an integral part of these Group consolidated financial statements.

Group Consolidated Statement of Changes in Equity (continued)
for the 26 week period ended 29 January 2022

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

The notes on pages 28 to 44 are an integral part of these Group consolidated financial statements.

Group Consolidated Cash Flow Statement
for the 26 week period ended 29 January 2022

26 week period ended	Notes	29 January 2022 €m Unaudited	(Restated) 30 January 2021 €m Unaudited
Cash flows from operating activities			
Loss for the period - continuing operations		**(40.7)**	(48.8)
Loss for the period - discontinued operations		**1.5**	(76.6)
Loss for the period		**(39.2)**	(125.4)
Income tax charge		**22.2**	11.3
Financing income		**(0.5)**	(2.8)
Financing costs		**9.6**	21.5
RCF termination costs		**7.7**	–
Net gain on disposal of equity investment		**–**	(7.5)
Net loss on disposal of businesses and impairment of disposal groups held for sale		**38.6**	57.7
Net loss on fixed asset disposals and impairments		**0.2**	3.0
Other restructuring and COVID-19 related payments (in excess of)/less than current period costs		**(7.2)**	21.5
Depreciation of property, plant and equipment	8	**47.9**	77.1
Amortisation of intangible assets	9	**13.5**	42.3
Recognition of deferred income from government grants		**(1.3)**	(1.6)
Share-based payments		**0.3**	0.5
Other		**0.4**	(0.9)
Cash flows from operating activities before changes in working capital		**92.2**	96.7
Increase in inventory		**(20.2)**	(11.8)
(Increase)/decrease in trade and other receivables		**(13.9)**	7.9
(Decrease)/increase in trade and other payables		**(2.3)**	24.0
Cash generated from operating activities		**55.8**	116.8
Interest paid		**(7.8)**	(19.0)
Interest received		**0.5**	2.8
Income tax paid - operating activities		**(10.6)**	(9.8)
Net cash flows from operating activities		**37.9**	90.8

The notes on pages 28 to 44 are an integral part of these Group consolidated financial statements.

Please refer to note 2, pages 29 to 30 for details of the accounting policy change presentation restatement.

Group Consolidated Cash Flow Statement
(continued)
for the 26 week period ended 29 January 2022

26 week period ended	Notes	29 January 2022 €m Unaudited	(Restated) 30 January 2021 €m Unaudited
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**0.9**	0.7
Purchase of property, plant and equipment		**(26.6)**	(35.6)
Purchase of intangible assets		**(3.0)**	(1.7)
Disposal of business, net	5	**107.9**	19.2
Income tax paid on disposal of business	5	**(14.2)**	–
Disposal of financial assets at fair value through income statement		**–**	24.3
Dividends received from equity investment		**–**	1.1
Receipts from repayment of vendor loan note		**–**	10.0
Net cash flows from investing activities		**65.0**	18.0
Cash flows from financing activities			
Gross drawdown of loan capital	10	**337.2**	20.4
Gross repayment of loan capital	10	**(236.9)**	(142.3)
Capital element of lease liabilities	10	**(14.3)**	(21.5)
Hybrid instrument dividend paid	11	**(182.9)**	–
Net cash flows from financing activities		**(96.9)**	(143.4)
Net increase/(decrease) in cash and cash equivalents	10	**6.0**	(34.6)
Translation adjustment	10	**3.4**	1.4
Net cash and cash equivalents at start of period	10	**170.9**	423.6
Net cash and cash equivalents at end of period	10	**180.3**	390.4

The notes on pages 28 to 44 are an integral part of these Group consolidated financial statements.

Please refer to note 2, pages 29 to 30 for details of the accounting policy change presentation restatement.

Notes to the Group Condensed Interim Financial Statements
for the 26 week period ended 29 January 2022

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 31 July 2021, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

These Interim Financial Statements for the 26 week period ended 29 January 2022 and the comparative figures for the 26 week period ended 30 January 2021 are unaudited and have not been reviewed by the auditors. The extracts from the Group's Annual Financial Statements for the period ended 31 July 2021 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 2022	Average H1 2021	% Change	Closing H1 2022	Closing FY 2021	% Change
CHF	1.0613	1.0781	1.6%	1.0376	1.0773	3.7%
USD	1.1534	1.1928	3.3%	1.1154	1.1882	6.1%
GBP	0.8486	0.9020	5.9%	0.8323	0.8515	2.3%
BRL	6.2644	6.4388	2.7%	6.0291	6.0401	0.2%

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

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 88 to 106 of the ARYZTA AG 2021 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 1 August 2021.

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:

– Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16

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 31 July 2021 period-end financial statements and had no material impact on the consolidated results or financial position of the Group.

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

Reclassifications and adjustments
The Group has historically recorded net interest cash flows within 'Net cash flows from financing activities' on the Group Consolidated Cash Flow Statement. During the current period, the Group has reviewed this accounting policy to ensure it best represents the function of interest cost within the entity and that the Group's accounting policies are aligned with companies within its peer group. As a result, the Group believes net interest cash flows more appropriately represent part of the cost of maintaining the operations of the business and therefore, in accordance with IAS 7, Statement of Cash Flows, has elected to report net interest cash flows within 'Net cash flows from operating activities'.

As the change in accounting policy must be reported retrospectively, the Group has adjusted all prior period comparative amounts impacted by this change in accounting policy and a comparison of the impact of this change is summarised below:

in €m	Before accounting policy change January 2021	Reclassification	After accounting policy change January 2021
Net cash flows from operating activities	107.0	(16.2)	90.8
Net cash flows from investing activities	18.0		18.0
Net cash flows from financing activities	(159.6)	16.2	(143.4)
Net decrease in cash and cash equivalents	**(34.6)**	**–**	**(34.6)**
Translation adjustment	1.4		1.4
Net cash and cash equivalents at start of period	423.6		423.6
Net cash and cash equivalents at end of period	**390.4**	**–**	**390.4**

Certain amounts in the 30 January 2021 and 31 July 2021 comparative financial statement figures and related notes have been reclassified to conform to the 29 January 2022 presentation. These reclassifications were made for presentation purposes and have no effect on previously reported total revenue, expenses, loss for the period,

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

total assets, total liabilities, total equity or total cash flow classifications as previously reported.

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 prior period ended 30 January 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.

Going concern

The Group has continued to demonstrate strong liquidity management in response to the government restrictions imposed due to COVID-19 during the period. The Group's Net Debt : EBITDA and Interest cover covenant ratios of 1.15x and 2.44x respectively represent significant headroom versus the covenants applicable in the period, being Net Debt : EBITDA ratio of 3.5x or lower and Interest cover ratio of 1.5x or higher. On this basis, together with available market information, the financial statements for the period ended 29 January 2022 have been prepared on a going concern basis.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

3 Segment Information

26 week period ended I) Segment revenue and result	ARYZTA Europe 29 January 2022 €m	ARYZTA Europe 30 January 2021 €m	ARYZTA Rest of World 29 January 2022 €m	ARYZTA Rest of World 30 January 2021 €m	Total Continuing Operations 29 January 2022 €m	Total Continuing Operations 30 January 2021 €m
Segment revenue[1]	**721.5**	631.7	**113.8**	120.8	**835.3**	752.5
Underlying EBITDA[2]	**85.3**	59.1	**18.7**	17.0	**104.0**	76.1
Depreciation	**(42.4)**	(42.0)	**(5.5)**	(7.1)	**(47.9)**	(49.1)
ERP Amortisation	**(5.3)**	(5.3)	**–**	–	**(5.3)**	(5.3)
Underlying EBITA	**37.6**	11.8	**13.2**	9.9	**50.8**	21.7
Amortisation of non-ERP intangible assets	**(5.9)**	(6.0)	**(2.3)**	(2.8)	**(8.2)**	(8.8)
Net gain/(loss) on disposal of businesses	**0.1**	–	**(40.3)**	–	**(40.2)**	–
Loss on fixed asset disposals and impairments	**(0.2)**	(2.8)	**–**	–	**(0.2)**	(2.8)
Restructuring-related costs	**(3.8)**	(33.8)	**(0.1)**	(5.9)	**(3.9)**	(39.7)
COVID-19 related costs	**–**	(0.6)	**–**	(0.5)	**–**	(1.1)
Operating (loss)/profit[3]	**27.8**	(31.4)	**(29.5)**	0.7	**(1.7)**	(30.7)
Gain on equity instruments at fair value through profit or loss[4]					**–**	8.6
Financing income[4]					**0.5**	2.0
Financing costs[4]					**(9.6)**	(18.6)
RCF termination costs[4]					**(7.7)**	–
Loss before income tax as reported in Group Consolidated Income Statement					**(18.5)**	(38.7)

1 There were no significant intercompany revenues between segments.

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

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

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

A reconciliation of IFRS EBITDA to Underlying EBITDA from continuing operations is shown below:

	ARYZTA Europe 29 January 2022 €m	ARYZTA Europe 30 January 2021 €m	ARYZTA Rest of World 29 January 2022 €m	ARYZTA Rest of World 30 January 2021 €m	Total Continuing Operations 29 January 2022 €m	Total Continuing Operations 30 January 2021 €m
Operating (loss)/profit	**27.8**	(31.4)	**(29.5)**	0.7	**(1.7)**	(30.7)
Depreciation	**42.4**	42.0	**5.5**	7.1	**47.9**	49.1
ERP amortisation	**5.3**	5.3	**–**	–	**5.3**	5.3
Amortisation of non-ERP intangible assets	**5.9**	6.0	**2.3**	2.8	**8.2**	8.8
IFRS EBITDA	**81.4**	21.9	**(21.7)**	10.6	**59.7**	32.5
Net (gain)/loss on disposal of businesses	**(0.1)**	–	**40.3**	–	**40.2**	–
Loss on fixed asset disposals and impairments	**0.2**	2.8	**–**	–	**0.2**	2.8
Restructuring-related costs	**3.8**	33.8	**0.1**	5.9	**3.9**	39.7
COVID-19 related costs	**–**	0.6	**–**	0.5	**–**	1.1
Underlying EBITDA	**85.3**	59.1	**18.7**	17.0	**104.0**	76.1

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

26 week period ended	29 January 2022 €m		30 January 2021 €m	
II) Segment revenue by location	Revenue	% of Group Revenue	Revenue	% of Group Revenue
Germany	**240.1**	**28.7%**	230.6	30.6%
France	**119.1**	**14.3%**	81.4	10.8%
Switzerland (ARYZTA's country of domicile)	**105.8**	**12.7%**	96.1	12.8%
Other[1]	**256.5**	**30.7%**	223.6	29.7%
ARYZTA Europe segmental revenue	**721.5**	**86.4%**	631.7	83.9%
ARYZTA Rest of World segmental revenue[2]	**113.8**	**13.6%**	120.8	16.1%
ARYZTA Group continuing operations revenue[3]	**835.3**	**100.0%**	752.5	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 16% of the ARYZTA Group continuing operations revenue in the current financial period (January 2021: 17%). No other customer represented more than 10% of the ARYZTA Group continuing operations revenue in the current and prior financial period. These revenues were earned across all of the Group's operating segments in the current and prior financial periods. There is no significant credit risk associated with receivables from this customer.

26 week period ended	ARYZTA Europe 29 January 2022 €m	ARYZTA Europe 30 January 2021 €m	ARYZTA Rest of World 29 January 2022 €m	ARYZTA Rest of World 30 January 2021 €m	Total Continuing Operations 29 January 2022 €m	Total Continuing Operations 30 January 2021 €m
III) Segment revenue by product						
Bread Rolls & Artisan Loaves	**314.2**	295.2	**77.6**	88.7	**391.8**	383.9
Sweet Baked & Morning Goods	**248.1**	211.0	**33.1**	29.8	**281.2**	240.8
Savoury & Other	**159.2**	125.5	**3.1**	2.3	**162.3**	127.8
Revenue	**721.5**	631.7	**113.8**	120.8	**835.3**	752.5

26 week period ended	ARYZTA Europe 29 January 2022 €m	ARYZTA Europe 30 January 2021 €m	ARYZTA Rest of World 29 January 2022 €m	ARYZTA Rest of World 30 January 2021 €m	Total Continuing Operations 29 January 2022 €m	Total Continuing Operations 30 January 2021 €m
IV) Segment revenue by channel						
QSR	**80.3**	65.2	**79.7**	89.4	**160.0**	154.6
Retail	**426.2**	403.1	**15.3**	11.7	**441.5**	414.8
Other Foodservice	**215.0**	163.4	**18.8**	19.7	**233.8**	183.1
Revenue	**721.5**	631.7	**113.8**	120.8	**835.3**	752.5

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

V) Segment assets	ARYZTA Europe 29 January 2022 €m	ARYZTA Europe 31 July 2021 €m	ARYZTA Rest of World 29 January 2022 €m	ARYZTA Rest of World 31 July 2021 €m	Total ARYZTA Group 29 January 2022 €m	Total ARYZTA Group 31 July 2021 €m
Segment assets	**1,626.8**	1,618.3	**147.7**	245.9	**1,774.5**	1,864.2
Reconciliation to total assets						
Deferred income tax assets					**29.4**	28.4
Derivative financial instruments					–	0.2
Cash and cash equivalents					**180.3**	170.9
Total assets as reported in Group Consolidated Balance Sheet					**1,984.2**	2,063.7

VI) Segment liabilities	ARYZTA Europe 29 January 2022 €m	ARYZTA Europe 31 July 2021 €m	ARYZTA Rest of World 29 January 2022 €m	ARYZTA Rest of World 31 July 2021 €m	Total ARYZTA Group 29 January 2022 €m	Total ARYZTA Group 31 July 2021 €m
Segment liabilities[1]	**452.7**	454.3	**50.6**	97.3	**503.3**	551.6
Reconciliation to total liabilities						
Interest-bearing loans and borrowings[1]					**350.4**	236.4
Derivative financial instruments					**1.7**	0.5
Current and deferred income tax liabilities[1]					**174.9**	173.1
Total liabilities as reported in Group Consolidated Balance Sheet					**1,030.3**	961.6

1 Deferred tax liabilities associated with acquired intangible assets and lease liabilities are included within Segment liabilities.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

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

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

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

	IFRS Income Statement 29 January 2022 €m	Impairment, disposal & restructuring related costs 29 January 2022 €m	Intangible amortisation 29 January 2022 €m	Financial Business Review 29 January 2022 €m	IFRS Income Statement 30 January 2021 €m	Impairment, disposal & restructuring related costs 30 January 2021 €m	COVID-19 related costs 30 January 2021 €m	Intangible amortisation 30 January 2021 €m	Financial Business Review 30 January 2021 €m
Revenue	**835.3**	–	–	**835.3**	**752.5**	–	–	–	**752.5**
Cost of sales	**(571.6)**	0.5	–	**(571.1)**	**(523.0)**	6.1	(0.3)	–	**(517.2)**
Distribution expenses	**(111.5)**	0.1	–	**(111.4)**	**(107.1)**	0.1	0.3	–	**(106.7)**
Gross profit	**152.2**	0.6	–	**152.8**	**122.4**	6.2	–	–	**128.6**
Selling expenses	**(43.6)**	0.1	–	**(43.5)**	**(44.8)**	0.9	0.1	–	**(43.8)**
Administration expenses	**(70.1)**	3.4	8.2	**(58.5)**	**(108.3)**	35.4	1.0	8.8	**(63.1)**
Net loss on disposal of businesses	**(40.2)**	40.2	–	**–**	**–**	–	–	–	**–**
Operating (loss)/profit	**(1.7)**	44.3	8.2	**50.8**	**(30.7)**	42.5	1.1	8.8	**21.7**

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

During the period ended 29 January 2022, the Group incurred the following impairment, disposal, restructuring and COVID-19 related costs in respect of continuing operations, which are presented separately when providing information to the Chief Operating Decision Maker, as reflected within the presentation of segmental Underlying EBITDA within note 3. Furthermore, this metric forms the basis for Trailing Twelve Month EBITDA utilised in calculating the Net Debt: EBITDA ratio for banking covenant compliance.

		ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
		29 January 2022 €m	30 January 2021 €m	29 January 2022 €m	30 January 2021 €m	29 January 2022 €m	30 January 2021 €m
26 week period ended	Notes						
Net gain/(loss) on disposal of businesses		**0.1**	–	**(40.3)**	–	**(40.2)**	–
Loss on fixed asset disposals and impairments		**(0.2)**	(2.8)	**–**	–	**(0.2)**	(2.8)
Total net loss on disposal of businesses and asset write-downs	4.1	**(0.1)**	(2.8)	**(40.3)**	–	**(40.4)**	(2.8)
Severance and other staff-related costs		**(2.2)**	(13.1)	**–**	(2.1)	**(2.2)**	(15.2)
Other costs including advisory		**(1.6)**	(20.7)	**(0.1)**	(3.8)	**(1.7)**	(24.5)
Total restructuring-related costs	4.2	**(3.8)**	(33.8)	**(0.1)**	(5.9)	**(3.9)**	(39.7)
						–	–
COVID-19 related costs	4.3	**–**	(0.6)	**–**	(0.5)	**–**	(1.1)
Total impairment, disposal, restructuring and COVID-19 related costs		**(3.9)**	(37.2)	**(40.4)**	(6.4)	**(44.3)**	(43.6)

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

During the period ended 29 January 2022, the Group successfully concluded the disposal of its Brazil business to Grupo Bimbo SAB de CV. As the €110.0m proceeds received, net of associated transaction costs, were in excess of the €64.9m 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 €40.3m was recognised in the income statement. See note 5 for further information.

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

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

4.2 Restructuring-related costs

During the period ended 29 January 2022, the Group has recognised costs, including providing for amounts as required by IAS 37, 'Provisions, Contingent Liabilities and Contingent Assets', in the Group Consolidated Income Statement as follows:

Severance and other staff related costs
During the period ended 29 January 2022, the Group incurred €2.2m (2021: €15.2m) in severance and other staff-related costs. These costs primarily relate to employees whose services were discontinued following the removal of complex regional structures across the two remaining regions of the Group.

Other costs including advisory
During the period ended 29 January 2022, the Group incurred €1.7m in advisory and other costs primarily associated with ongoing bakery rationalisation and disposal transactions in Europe and Rest of World.

During the prior period ended 30 January 2021, the Group incurred €24.5m in advisory and other costs. €21.3m of the costs related to committed financial and legal services prior to the rejection by the Board of the proposed takeover of the Group in December 2020. The remaining costs included advisory costs associated with ongoing bakery rationalisation and disposal transactions.

4.3 COVID-19 related costs

COVID-19 related costs were costs arising due to the effect of the COVID-19 pandemic, including any government-imposed restrictions impacting consumer demand and the production processes, net of any directly related government support. These costs were identified as quantifiable, distinguishable and separable from normal operations.

The Group did not incur any COVID-19 related costs during the period ended 29 January 2022. During the prior period ended 30 January 2021, the Group incurred COVID-19 related costs of €1.1m. These were primarily costs associated with furloughing employees and other incidental labour related costs and costs associated with implementing safety measures across the Group's bakery network.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

5 Disposal groups held-for-sale

During October 2021, the Group successfully concluded the disposal of its Brazil business to Grupo Bimbo SAB de CV, which had been classified as a disposal group held-for-sale as of 31 July 2021.

In accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations', the net assets were measured at the lower of carrying amount and fair value less costs to sell at the period ended 31 July 2021 therefore no loss on re-measurement was recorded. The Brazil business is part of the 'Rest Of World' segment and historically generated approximately 24% of annual revenue of the segment.

A calculation of the loss on disposal is shown below:

	29 January 2022 €m
Property plant and equipment	**72.6**
Goodwill and intangible assets	**13.5**
Inventory	**4.4**
Trade and other receivables	**12.9**
Income tax	**0.6**
Deferred tax assets	**0.7**
Assets disposed	**104.7**
Trade and other payables	**(15.8)**
Deferred tax liabilities	**(6.8)**
Lease liabilities	**(17.2)**
Liabilities disposed	**(39.8)**
Net assets disposed	**64.9**
Consideration	
Gross consideration, net of transaction costs	**110.2**
Net cash disposed	**(0.2)**
Total consideration	**110.0**
Translation reserve classification to income statement on disposal	**(85.4)**
Net loss on disposal before tax	**(40.3)**
Tax on disposal	(14.5)
Net loss on disposal after tax	**(54.8)**

As the €110.0m consideration received, net of associated transaction costs, were in excess of the €64.9m 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 €40.3m was recognised in the income statement. Including tax of €14.5m which was recognised in the income statement, the net loss on disposal after tax is €54.8m.

Net cash proceeds of €95.8m were recorded in the Group Consolidated Cash Flow Statement in respect of the disposal of the Brazil business, during the period ended 29 January 2022. This comprised €110.0m cash proceeds, offset by directly attributable income tax payments arising on disposal of €14.2m. Transaction costs and taxes of €0.3m remain outstanding and are expected to be settled within the next 12 months.

Notes to the Group Condensed Interim Financial Statements (continued) for the 26 week period ended 29 January 2022

In addition, during the period ended 29 January 2022, €0.3m of proceeds were received in respect of the disposal of an immaterial business in Europe, offset by €2.4m of transaction cost payments directly related to the disposal of the North America discontinued operation sold during the prior financial year. Combined with the net proceeds of €95.8m in respect of the Brazil transaction, a total of €93.7m of net cash proceeds related to disposal of businesses, after income tax paid of €14.2m, have been recognised in the Group Consolidated Cash Flow Statement during the period ended 29 January 2022.

During the period ended 29 January 2022, net debt proceeds of €110.9m have been recognised in respect of disposal of businesses, as presented in section 11 on page 14, comprising the cash proceeds after tax of €93.7m and the Brazil lease liabilities disposed of €17.2m.

During the period ended 29 January 2022, a total of €24.8m of income tax paid was recognised in the Group Consolidated Cash Flow Statement (January 2021: €9.8m), of which €10.6m is presented within net cash flows from operating activities (January 2021: €9.8m) and €14.2m is presented within net cash flows from investing activities (January 2021: Nil).

6 Dividends

No dividend on ordinary shares was proposed for the periods ended 31 July 2021 or 1 August 2020, and none has been paid during the period ended 29 January 2022.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

7 Earnings per share

26 week period ended Basic loss per share	29 January 2022 €m	30 January 2021 €m
Loss attributable to equity shareholders - continuing operations	**(40.7)**	(48.8)
Loss attributable to equity shareholders - discontinued operations	**1.5**	(76.6)
Loss attributable to equity shareholders	**(39.2)**	(125.4)
Hybrid instrument dividend	**(22.7)**	(23.0)
Loss used to determine basic EPS - continuing operations	**(63.4)**	(71.8)
Profit/(loss) used to determine basic EPS - discontinued operations	**1.5**	(76.6)
Loss used to determine basic EPS	**(61.9)**	(148.4)

Weighted average number of ordinary shares		
Ordinary shares outstanding at beginning of period[1]	**991.8**	991.1
Effect of exercise of equity instruments	**–**	0.1
Weighted average ordinary shares used to determine basic EPS	**991.8**	991.2

Basic loss per share - continuing operations	**(6.4) cent**	(7.2) cent
Basic earnings/(loss) per share - discontinued operations	**0.2 cent**	(7.8) cent
Basic loss per share	**(6.2) cent**	(15.0) cent

Diluted loss per share	€m	€m
Loss used to determine basic EPS - continuing operations	**(63.4)**	(71.8)
Profit/(loss) used to determine basic EPS - discontinued operations	**1.5**	(76.6)
Loss used to determine basic EPS	**(61.9)**	(148.4)

Weighted average number of ordinary shares (diluted)		
Weighted average ordinary shares used to determine basic EPS	**991.8**	991.2
Effect of equity-based incentives with a dilutive impact[2]	**–**	–
Weighted average ordinary shares used to determine diluted EPS	**991.8**	991.2

Diluted loss per share - continuing operations	**(6.4) cent**	(7.2) cent
Diluted earnings/(loss) per share - discontinued operations	**0.2 cent**	(7.8) cent
Diluted loss per share	**(6.2) cent**	(15.0) 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 profit per share or increase loss per share from continuing operations. As the impact related to the conversion of equity-based incentives would decrease the loss per share for the periods ended 29 January 2022 and 30 January 2021, no dilutive effect was given to outstanding equity based incentives.

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

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

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

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

26 week period ended **Underlying diluted earnings per share**	**29 January 2022 €m**	**30 January 2021 €m**
Loss used to determine basic EPS - continuing operations	**(63.4)**	(71.8)
Amortisation of non-ERP intangible assets (note 3)	**8.2**	8.8
Tax on amortisation of non-ERP intangible assets	**(1.7)**	(1.8)
Net loss on disposal of businesses (note 4)	**40.2**	–
Loss on fixed asset disposals and impairments (note 4)	**0.2**	2.8
Restructuring-related costs (note 4)	**3.9**	39.7
COVID-19 related costs (note 4)	**–**	1.1
RCF termination costs	**7.7**	–
Gain on equity instruments at FVTPL	**–**	(8.6)
Tax on net impairment, disposal and restructuring-related costs	**14.5**	(1.0)
Underlying net profit/(loss) - continuing operations	**9.6**	(30.8)
Profit/(loss) used to determine basic EPS - discontinued operations	**1.5**	(76.6)
Amortisation of non-ERP intangible assets	**–**	25.6
Tax on amortisation of non-ERP intangible assets	**–**	(5.9)
Net gain on disposal of businesses	**(1.6)**	(4.8)
Loss on fixed asset disposals and impairments	**–**	0.2
Restructuring-related costs	**0.1**	3.3
COVID-19 related costs	**–**	4.6
Tax on net impairment, disposal and restructuring-related costs	**–**	5.5
Loss on reclassification to disposal group held-for-sale	**–**	62.5
Underlying net profit - discontinued operations	**–**	14.4
Underlying net profit/(loss) - total	**9.6**	(16.4)
Weighted average ordinary shares used to determine basic EPS	**991.8**	991.2
Underlying basic earnings per share - continuing operations	**1.0 cent**	(3.1) cent
Underlying basic earnings per share - discontinued operations	**0.0 cent**	1.4 cent
Underlying basic earnings per share - total	**1.0 cent**	(1.7) cent
Weighted average ordinary shares used to determine basic EPS	**991.8**	991.2
Effect of equity-based incentives with a dilutive impact[1]	**0.1**	–
Weighted average ordinary shares used to determine underlying diluted EPS	**991.9**	991.2
Underlying diluted earnings per share - continuing operations	**1.0 cent**	(3.1) cent
Underlying diluted earnings per share - discontinued operations	**0.0 cent**	1.4 cent
Underlying diluted earnings per share - total	**1.0 cent**	(1.7) cent

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

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

8 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 31 July 2021	**294.9**	**403.9**	**0.5**	**16.5**	**134.0**	**849.8**
Additions	1.2	7.1	–	11.6	5.5	25.4
Transfer from assets under construction	0.5	8.7	–	(9.2)	–	–
Transfer to assets held-for-sale	(0.8)	–	–	–	–	(0.8)
Asset disposals	–	(0.1)	–	–	–	(0.1)
Transfer from investment properties	0.3	–	–	–	–	0.3
Depreciation charge for period	(5.5)	(26.9)	(0.1)	–	(15.4)	(47.9)
Translation adjustments	0.9	1.6	–	0.2	1.6	4.3
Net book value at 29 January 2022	**291.5**	**394.3**	**0.4**	**19.1**	**125.7**	**831.0**
At 29 January 2022						
Cost	357.5	786.3	1.7	19.1	192.6	1,357.2
Accumulated depreciation	(66.0)	(392.0)	(1.3)	–	(66.9)	(526.2)
Net book value at 29 January 2022	**291.5**	**394.3**	**0.4**	**19.1**	**125.7**	**831.0**

9 Goodwill and intangible assets

29 January 2022	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	–	2.5	–	–	2.7
Reclassifications	–	–	–	(1.8)	1.8	–	–
Amortisation charge for the period	–	(7.0)	(0.1)	(0.9)	(5.3)	(0.2)	(13.5)
Translation adjustments	10.2	0.4	(0.1)	0.4	–	–	10.9
Net book value at 29 January 2022	**530.3**	**61.4**	**0.8**	**11.4**	**54.7**	**1.8**	**660.4**
At 29 January 2022							
Cost	530.3	179.9	103.3	33.2	136.5	5.1	988.3
Accumulated amortisation	–	(118.5)	(102.5)	(21.8)	(81.8)	(3.3)	(327.9)
Net book value at 29 January 2022	**530.3**	**61.4**	**0.8**	**11.4**	**54.7**	**1.8**	**660.4**

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

10 Analysis of net debt

Analysis of net debt	31 July 2021 €m	Cash flows €m	Non-cash movements €m	Translation adjustment €m	29 January 2022 €m
Cash	170.9	6.0	–	3.4	180.3
Loans	(236.4)	(100.3)	(9.6)	(4.1)	(350.4)
Leases[1]	(154.6)	14.3	11.9	(1.1)	(129.5)
Net debt	**(220.1)**	**(80.0)**	**2.3**	**(1.8)**	**(299.6)**

1 The lease liability balance at 29 January 2022 comprises €129.5m (31 July 2021: €136.9m) presented in interest-bearing loans and borrowings and Nil (31 July 2021: €17.7m) presented in liabilities of disposal groups held-for-sale in the Group Consolidated Balance Sheet.

11 Hybrid dividend

As announced 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 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 29 January 2022, and these hybrid instruments remain part of the ARYZTA capital structure.

12 Post balance sheet events – after 29 January 2022

There have been no significant events, outside the ordinary course of business, affecting the Group since 29 January 2022.

13 Contingent liabilities

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

14 Related party transactions

During the 26 week period ended 29 January 2022, there have been no significant changes in the related party transactions described in the ARYZTA AG 2021 Annual Report and Accounts, which could have a material impact on the financial position or performance of the Group.

Notes to the Group Condensed Interim Financial Statements (continued)
for the 26 week period ended 29 January 2022

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those risks outlined on pages 160 and 161 of the ARYZTA AG 2021 Annual Report and Accounts.

During the period ended 29 January 2022:
- 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 31 July 2021;

- 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 31 July 2021;

- Estimates associated with employee benefit schemes have remained materially consistent with 31 July 2021; and

- Estimates associated with the provision for income tax and deferred income tax, and judgements around uncertain tax positions have remained materially consistent with 31 July 2021.

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 75-76 of the ARYZTA AG 2021 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 29 January 2022

16 Distribution of interim report

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

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

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

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

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

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

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

On behalf of the Board

Urs Jordi
Chair, Board of Directors

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

7 March 2022