Company Income Statement
for the year ended 31 July 2017

in CHF `000	2017	2016
Revenues from licences and management fees from Group companies	**8,920**	9,189
Dividend income from Group companies	**139,181**	126,581
Personnel expenses	**(2,498)**	(4,800)
Other operating expenses to Group companies	**(4,376)**	(4,955)
Other operating expenses	**(10,660)**	(5,505)
Depreciation and amortisation	**(226)**	(225)
Operating profit	**130,341**	120,285
Financial income from Group companies	**81,584**	52,908
Financial expenses	**(81,920)**	(64,919)
Profit before income tax	**130,005**	108,274
Income tax	**(1,186)**	(271)
Profit for the year	**128,819**	108,003

Company Balance Sheet
as at 31 July 2017

in CHF `000	2017	2016
Assets		
Current assets		
Cash and cash equivalents	**2,115**	2,666
Other current receivables		
– from third parties	**14,177**	1,536
– from Group companies	**974**	83
Total current assets	**17,266**	4,285
Long-term assets		
Financial assets		
– loans to Group companies	**3,482,822**	2,326,789
Investments		
– investments in Group companies	**2,114,581**	2,114,367
Property, plant and equipment	**782**	2,000
Total long-term assets	**5,598,185**	4,443,156
Total assets	**5,615,451**	4,447,441

Company Balance Sheet (continued) as at 31 July 2017

in CHF `000	2017	2016
Liabilities		
Short-term liabilities		
Trade payable		
– to third parties	**581**	863
Short-term interest bearing liabilities		
– to third parties	**2,796,852**	193,829
Other short-term liabilities		
– to third parties	**226,803**	178,472
– to Group companies	**67,935**	563,010
Accrued expenses	**29,374**	18,474
Total short-term liabilities	**3,121,545**	954,648
Long-term liabilities		
Long-term interest-bearing liabilities		
– to third parties	**590,000**	1,666,839
– to Group companies	**278,522**	278,522
Total long-term liabilities	**868,522**	1,945,361
Total liabilities	**3,990,067**	2,900,009
Equity		
Share capital	**1,836**	1,836
Legal reserves from capital contribution	**1,028,524**	1,079,391
Legal reserves for own shares from capital contribution	**117,871**	117,871
Retained earnings	**477,153**	348,334
Total equity	**1,625,384**	1,547,432
Total equity and liabilities	**5,615,451**	4,447,441

Notes to the Company Financial Statements

1 Basis of presentation

The financial statements of ARYZTA AG, with a registered address of Talacker 41, 8001 Zurich, have been prepared in accordance with the requirements of Swiss law.

The Company's accounting period for the year is from 1 August 2016 to 31 July 2017. Certain amounts in the Company's 31 July 2016 financial statements and related notes have been reclassified or adjusted to conform to the 31 July 2017 presentation. These reclassifications or adjustments were made for presentation purposes and have no effect on profit for the year, total assets, total liabilities or equity as previously reported.

2 Accounting policies

Financial Assets
Financial assets are valued at acquisition cost, less adjustments for foreign currency movements and any other impairment of value.

Investments
Investments are initially recognised at cost. These investments are assessed annually and adjusted to their recoverable amount, where necessary.

Foreign currency translation
Assets and liabilities in currencies other than Swiss francs are translated to Swiss francs using year-end rates of exchange. Income and expenses denominated in foreign currencies are recognised in Swiss francs at the applicable rate of exchange on the date of the transactions.

Dividends
Dividend income resulting from financial investments is recorded upon approval of the dividend distribution.

Revenue from licences and management fees
Revenues from licences and management fees from Group companies are recognised in the period in which they fall due.

Treasury shares
Treasury shares are recognised at acquisition cost and include shares held directly or by any ARYZTA AG Group company.

3 Full-time equivalents

The number of full-time equivalents in ARYZTA AG is not greater than 50. Please refer to page 102 of the Group Consolidated Financial Statements to view the Group's full-time equivalents.

Notes to the Company Financial Statements (continued)

4 Loans, guarantees and pledges in favour of third parties

The Company has the following outstanding bonds, which are included within interest bearing loans and borrowings.

	2017 in CHF '000	2016 in CHF '000	Interest Rate	Maturity
Hybrid Instrument 2013	**400,000**	400,000	4.00%	No specified maturity date
Hybrid Instrument 2014	**190,000**	190,000	3.50%	No specified maturity date

During August 2016, the Group exercised its option to increase its Syndicated Bank Revolving Credit Facility ('RCF') by CHF 150m, to a total available capacity of CHF 1,550m. During August 2016, the Group also signed a new €1,000m term loan facility, with substantially similar financial terms to the Syndicated Bank RCF.

The short-term portion of the Company's interest-bearing loans and borrowings relates primarily to the existing RCF and term loan facilities, which were settled subsequent to year-end (note 11). Additionally, amounts are also drawn by the Company against positive cash balances of other entities within the Group's overall cash pooling arrangement. These cash pooling overdrafts are repayable on demand and form an integral part of the Group's cash and debt management structure.

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

5 Details of investments

The Company holds direct investments in the following entities, all of which are intermediate holding companies or intercompany financing entities within the ARYZTA Group.

		Share capital millions		Percentage	
Company (Domicile)		**2017**	2016	**2017**	2016
ARYZTA Holdings Asia Pacific BV (Amsterdam, NL)	EUR	**0.020**	0.020	**100**	100
ARYZTA Holdings Germany AG (Zurich, CH)	CHF	**0.100**	0.100	**100**	100
ARYZTA Holdings Ireland Limited (St Helier, JE)	EUR	**–**	–	**100**	100
ARYZTA Finance II AG (Cham, CH)	EUR	**0.087**	0.087	**100**	100
Hiestand Beteiligungsholding GmbH & Co. KG (Schweinfurt, DE)[1]	EUR	**0.026**	0.026	**100**	100
ARYZTA Food Europe AG (Zurich, CH)	CHF	**6.450**	6.450	**100**	100
Summerbake GmbH (Klotze, DE)	EUR	**0.025**	0.025	**100**	100

1 The amount disclosed represents limited liability capital.

Notes to the Company Financial Statements (continued)

6 Share capital

	Year ended 31 July 2017 `000	Year ended 31 July 2017 in CHF`000	Year ended 31 July 2016 `000	Year ended 31 July 2016 in CHF`000
Shares of CHF 0.02 each – authorised, issued and fully paid				
As at 1 August and 31 July	**91,811**	**1,836**	91,811	1,836

	Year ended 31 July 2017 `000	Year ended 31 July 2017 in CHF`000	Year ended 31 July 2016 `000	Year ended 31 July 2016 in CHF`000
Shares of CHF 0.02 each				
Conditional capital	**–**	**–**	–	–
Authorised capital	**9,181**	**184**	9,181	184

At the Annual General Meeting on 8 December 2015, the shareholders approved the resolution to modify Article 5 of the Articles of Association (Authorised capital for general purposes). Pursuant to these modifications, the Board of Directors is now authorised to increase the share capital at any time until 7 December 2017, by an amount not exceeding CHF 183,621.06, through the issue of up to a maximum of 9,181,053 fully paid-up registered shares with a nominal value of CHF 0.02 each.

Furthermore, the Board of Directors was authorised to exclude the subscription rights of the shareholders and to allocate them to third parties, if the shares are used for the following purposes:

(1) acquisition of companies, parts of companies or equity holdings or for new investment projects or for financing of such transactions (maximum of 9,181,053 fully paid-up registered shares),
(2) broadening the shareholder constituency (maximum of 4,590,526 fully paid-up registered shares), or
(3) for the purpose of the participation of employees (maximum of 3,060,351 fully paid-up registered shares).

The registered share capital of the Company as at 31 July 2017, amounts to CHF 1,836,210.68, and is divided into 91,810,534 registered shares with a par value of CHF 0.02 per share, of which 88,758,527 are outstanding and 3,052,007 are classified as treasury shares.

Shareholders are entitled to dividends as declared and approved. The ARYZTA shares rank pari passu in all respects with each other.

Notes to the Company Financial Statements
(continued)

7 Treasury shares owned by the Company or one of its subsidiaries

	Year ended 31 July 2017 `000	**Year ended 31 July 2017** in CHF`000	Year ended 31 July 2016 `000	Year ended 31 July 2016 in CHF`000
As at 1 August and 31 July	**3,052**	**117,871**	3,052	117,871

There were no options exercised or other treasury share transactions during the years ended 31 July 2017 or 31 July 2016.

Treasury shares are held by ARYZTA Grange Company, a wholly-owned subsidiary within the ARYZTA Group.

8 Participations

As at 31 July 2017, the Company has been notified of the following shareholdings or voting rights, which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares 2017	**Number of shares % 2017**	Number of shares 2016	Number of shares % 2016
Causeway Capital Management LLC	**6,881,741**	**7.50%**	6,881,741	7.50%
Black Creek Investment Management Inc.	**4,603,407**	**5.01%**	–	–
ARYZTA Treasury shares	**3,052,007**	**3.32%**	3,052,007	3.32%
Cobas Asset Management	**2,897,454**	**3.16%**	–	–
Norges Bank	**2,848,734**	**3.10%**	2,858,242	3.11%
CI Financial Corp.	**2,843,081**	**3.10%**	–	–

Any significant shareholder notifications during the year, and since 31 July 2017, are available on the Group's website at:
www.aryzta.com/investor-centre/shareholder-notifications

9 Pension fund liability

The pension fund liability was CHF 17,620 at 31 July 2017 (2016: CHF 20,069).

Notes to the Company Financial Statements
(continued)

10 Non-executive Directors and Executive Management share interests

Please refer to the ARYZTA AG Compensation Report on pages 49 to 57 for details on the compensation process and compensation for the year of Non-executive Directors and Group Executive Management.

Non-executive Directors' and Executive Management's share interests
The Directors and Company Secretary had no interests, other than those shown below, in the ordinary shares in, or loan stock of, the Company or other Group undertakings.

Beneficial interests at 31 July were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of shares 2017	No. of shares 2016
Directors		
Gary McGann[2]	**5,650**	N/A
Charles Adair	**5,000**	5,000
Dan Flinter[3]	**1,200**	1,200
Annette Flynn	**1,000**	1,000
Andrew Morgan	**–**	–
Rolf Watter[2]	**7,050**	N/A
Wolfgang Werlé	**2,336**	2,336
Denis Lucey[2]	**N/A**	4,250
Shaun B. Higgins[2]	**N/A**	2,500
Owen Killian[1]	**N/A**	216,530
Executive Management		
Pat Morrissey	**131,922**	131,922
Dermot Murphy[1]	**35,000**	N/A
Robert O'Boyle[1]	**10,000**	N/A
Patrick McEniff[1]	**N/A**	558,347
John Yamin[1]	**N/A**	47,171
Total	**199,158**	970,256

1 Effective 31 March 2017, Owen Killian, Patrick McEniff and John Yamin resigned from the Executive management, and Dermot Murphy and Robert O'Boyle were appointed to Executive management.

2 Effective 13 December 2016, Denis Lucey and Shaun B. Higgins retired from the Board, and Gary McGann and Rolf Watter were elected to the Board.

3 Effective 8 December 2015 Dan Flinter was elected to the Board.

No loans or advances were made to members of the Board of Directors or to Executive Management during the financial year, or were outstanding at 31 July 2017 (2016: none).

Notes to the Company Financial Statements (continued)

Executive Management's interests in equity instruments
Executive Management were granted no Option Equivalent Awards under the Option Equivalent Plan during FY 2017. As shown in the ARYZTA AG Compensation Report, Executive Management compensation table on page 54, no expense was recognised for Executive Management LTIP awards in FY 2017 or FY 2016.

The following table details awards outstanding under the Option Equivalent Plan in favour of Executive Management:

Executive Management	Options carried forward 1 August 2016	Granted during the year	Forfeited during the year	Closing position 31 July 2017	Of which Vesting criteria have been fulfilled[1]
Owen Killian	1,570,000	–	(410,000)	1,160,000	750,000
Patrick McEniff	1,210,000	–	(300,000)	910,000	610,000
John Yamin	300,000	–	(150,000)	150,000	–
Pat Morrissey	340,000	–	(120,000)	220,000	100,000
Dermot Murphy	125,000	–	–	125,000	50,000
Ronan Minahan	120,000	–	–	120,000	–
Robert O'Boyle	32,500	–	–	32,500	22,500
Total	**3,697,500**	**–**	**(980,000)**	**2,717,500**	**1,532,500**

1 The weighted average exercise price of all Option Equivalent Plan awards that remain outstanding and for which the vesting conditions have been met is CHF 39.22 (the exercise prices of which range from CHF 37.23 to CHF 46.70).

11 Post balance sheet events – after 31 July 2017

During July 2017, the Group agreed to the terms of a new five-year unsecured €1,800m refinancing of its Syndicated Bank RCF and term loan facility comprising a €1,000m amortising term loan and a €800m revolving credit facility.

The new financing was utilised on 22 September 2017 to repay in full the revolving credit and term loan facilities put in place last year.

The refinancing is underwritten by four of the Group's key relationship banks, with general syndication to take place over the next two months.

In order to provide enhanced financial flexibility, the Group has increased the covenant to a maximum 4.75x Net Debt: EBITDA at 31 July 2017 and 31 January 2018, reducing to a maximum of 4.00x at 31 July 2018 and a maximum of 3.50x from 31 July 2019. The Group has also reduced the interest cover covenant to 3.0x EBITDA: Interest. The new facility extends the maturity profile of the Group's debt to just over 4 years.

Company Appropriation of Available Earnings

Appropriation of available earnings

The Board of Directors will propose to the Annual General Meeting of Shareholders the following appropriation of earnings:

in CHF `000	**2017**	2016
Balance of retained earnings carried forward	**348,334**	240,331
Net profit for the year	**128,819**	108,003
Closing balance of retained earnings	**477,153**	348,334
Dividend payment from retained earnings	**–**	–
Balance of retained earnings to be carried forward	**477,153**	348,334

Proposed release and distribution of legal reserves from capital contribution in the amount of	**–**	50,867

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2017

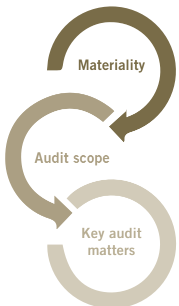
Opinion
We have audited the financial statements of ARYZTA AG, which comprise the balance sheet as at 31 July 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 153 to 161) as at 31 July 2017 comply with Swiss law and the company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach
Overview



Overall materiality: EUR 28 million

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

– Valuation of investments in subsidiaries

Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2017 (continued)

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	CHF 28 million
How we determined it	0.5% of total assets, rounded
Rationale for the materiality benchmark applied	We chose total assets as the measure because, in our view, it is the benchmark that is most relevant for a holding company that mainly holds investments and is not profit oriented, and is a generally accepted benchmark according to auditing standards.

We agreed with the Audit Committee that we would report to them misstatements above CHF 2.8 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments in subsidiaries

Key audit matter	How our audit addressed the key audit matter
The investments in subsidiaries and loans to group companies amount to CHF 2.1 billion (37.6% of total assets) as of July 31, 2017. To identify indicators for impairments of investments, management compared the carrying value of the investments with the underlying shareholder's equity and assessed qualitative aspects. For investments with indicators for impairment, management followed a standardized process to determine the recoverable amount derived from the cash flow projections in the strategic plan approved by the Board of Directors of ARYZTA AG. In general discrete valuation is made for each single investment. Certain investments are subject to a group valuation approach due to their homogeneity in nature.	We evaluated and tested the management's process to determine impairment indicators by re-performing the comparison for an appropriate sample of investments. In addition, we reviewed management's assessment if other qualitative indicators for impairments exist. We evaluated and challenged the reasonableness of management's key assumptions applied in its determination of the recoverable amount, specifically: – Cash flow projections in the forecast, by comparing them to the budgets in the strategic plan as approved by the Board of Directors of Aryzta AG. – Assessment of prior year forecast accuracy by comparing actual results with the figures included in the prior year budgets. – Mid and long term growth rates, by comparing them to economic and industry forecasts. – Discount rate, by assessing the cost of capital for the company. We performed our own sensitivity analysis around the assumptions to ascertain the extent of change in those assumptions that either individually or collectively would be required for investments to be impaired.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2017 (continued)

We consider the valuation of investments as a particularly significant area due to the size of the carrying value and judgement involved in assessing the recoverability of these assets. Investments are carried at initial cost value and are subject to a yearly impairment assessment. The valuation methods used involve considerable judgment with respect to assumptions about the future results of the business.	We found that the assessments were based upon reasonable assumptions and were consistently applied and therefore we concur with management's assessment.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2017 (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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

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

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

pwc PricewaterhouseCoopers AG

Sandra Böhm
Audit expert
Auditor in charge

Garrett Young

Zurich, 2 October 2017