Company Income Statement
for the year ended 31 July 2019

in CHF `000	2019	2018
Revenues from licences and management fees from Group companies	**8,009**	10,974
Dividend income from Group companies	**73,000**	213,040
Personnel expenses	**(2,907)**	(3,425)
Other operating expenses to Group companies	**(8,972)**	(14,419)
Other operating expenses	**(8,530)**	(16,053)
Depreciation and amortisation	**(132)**	(274)
Impairment of investment in Group Companies	**–**	(110,000)
Operating profit	**60,468**	79,843
Financial income from Group companies	**75,151**	86,409
Financial expenses	**(84,833)**	(129,005)
Profit before income tax	**50,786**	37,247
Income tax	**(367)**	(293)
Profit for the year	**50,419**	36,954

Company Balance Sheet
as at 31 July 2019

in CHF `000	2019	2018
Assets		
Current assets		
Cash and cash equivalents	**711**	1,091
Other current receivables		
– from third parties	**11,824**	14,394
– from Group companies	**542**	427
Total current assets	**13,077**	15,912
Long-term assets		
Financial assets		
– loans to Group companies	**3,350,001**	3,449,240
Investments		
– investments in Group companies	**2,187,079**	2,004,581
Property, plant and equipment	**192**	124
Total long-term assets	**5,537,272**	5,453,945
Total assets	**5,550,349**	5,469,857

Company Balance Sheet (continued)
as at 31 July 2019

in CHF `000	**2019**	2018
Liabilities		
Short-term liabilities		
Trade payable		
– to third parties	**560**	1,470
Short-term interest bearing liabilities		
– to third parties	**987,228**	979,233
Other short-term liabilities		
– to third parties	**195,297**	197,783
– to Group companies	**44,925**	63,490
Accrued expenses	**67,505**	63,694
Total short-term liabilities	**1,295,515**	1,305,670
Long-term liabilities		
Long-term interest-bearing liabilities		
– to third parties	**1,326,898**	2,223,327
Liabilities to Group companies	**370,015**	278,522
Total long-term liabilities	**1,696,913**	2,501,849
Total liabilities	**2,992,428**	3,807,519
Equity		
Share capital	**19,862**	1,858
Legal reserves from capital contribution	**1,873,607**	1,030,684
Legal reserves for own shares from capital contribution	**99,926**	115,689
Retained earnings	**564,526**	514,107
Total equity	**2,557,921**	1,662,338
Total equity and liabilities	**5,550,349**	5,469,857

Notes to the Company Financial Statements

1 Basis of presentation
The financial statements of ARYZTA AG, with a registered address of Ifangstrasse 9, 8952 Schlieren, have been prepared in accordance with the requirements of Swiss law.

The Company's accounting period for the year is from 1 August 2018 to 31 July 2019.

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 are earned.

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 117 of the Group Consolidated Financial Statements to view the Group's full-time equivalents.

4 Loans, guarantees and pledges in favour of third parties
The Company has the following outstanding bonds and bank loans, which are included within interest bearing loans and borrowings.

Bonds outstanding	**2019** in CHF '000	2018 in CHF '000	**Interest Rate**	**Maturity**
Hybrid Instrument 2013	**400,000**	400,000	5.3%	No specified maturity date
Hybrid Instrument 2014	**190,000**	190,000	3.5%	No specified maturity date

Notes to the Company Financial Statements (continued)

Bank loans outstanding	2019 in CHF '000	2018 in CHF '000	Financial year of maturity
Syndicated Bank RCF	**435,130**	708,341	2023
Syndicated Bank Term Loan[1]	**390,079**	1,017,607	2023

1 The schedule of mandatory repayments by financial year on the amortising Syndicated Bank Term Loan is as follows: FY 2020 – €80m; FY 2021 – €80m; FY 2022 – €80m and FY 2023 – €113m.

The average interest rate on the combined RCF and Term Loan facilities is 1.74%.

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. On 22 September 2017, this financing was used to repay the existing revolving credit and term loan facilities outstanding at that time in full.

In September 2018, the Group received the unanimous consent of its lenders to amend its existing Facilities Agreement to provide additional flexibility to pursue its new business strategy and implement a share capital increase as part of its deleveraging plan. Details of the capital increase are included in note 6 on page 173. Details of the Group's financing covenants are included in note 25 to the Group Financial Statements on pages 156 and 157.

The short-term portion of the Company's interest-bearing loans and borrowings relates primarily to amounts 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.

Company (Domicile)		Share capital millions 2019	Share capital millions 2018	Percentage 2019	Percentage 2018
ARYZTA Holdings Asia Pacific BV (Amsterdam, NL)	EUR	**0.020**	0.020	**100**	100
ARYZTA Holdings Germany AG (Schlieren, 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 (Schlieren, 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.

As a result of reductions in profitability within Hiestand Beteiligungsholding AG (CH) & Co. KG and its subsidiaries during previous years and reductions in estimated future profitability during the prior year, the Company recorded a CHF 110,000,000 impairment of its investment in this wholly-owned subsidiary during the year ended 31 July 2018.

Notes to the Company Financial Statements (continued)

6 Share capital

	Year ended 31 July 2019 Number of shares `000	Year ended 31 July 2019 in CHF`000	Year ended 31 July 2018 Number of shares `000	Year ended 31 July 2018 in CHF`000
Shares of CHF 0.02 each – authorised, issued and fully paid				
As at 1 August	**92,921**	**1,858**	91,811	1,836
Issued during the year	**900,185**	**18,004**	1,110	22
As at 31 July	**993,106**	**19,862**	92,921	1,858

	Year ended 31 July 2019 Number of shares `000	Year ended 31 July 2019 in CHF`000	Year ended 31 July 2018 Number of shares `000	Year ended 31 July 2018 in CHF`000
Shares of CHF 0.02 each				
Conditional capital	**–**	**–**	–	–
Authorised capital	**8,071**	**161**	8,071	161

During November 2018, the Group completed a capital raise, by way of a rights issue, in order to strengthen the balance sheet, provide necessary liquidity and working capital funding, and to enable delivery of ARYZTA's three year turnaround plan, Project Renew. At the Annual General Meeting on 1 November 2018, a total of 900,184,940 registered shares with a nominal value of CHF 0.02 each were offered to Aryzta's existing shareholders on a 10 for 1 share basis.

The proceeds of the capital raise upon completion of the rights issue, net of related transaction costs, resulted in an increase in share capital of CHF 18,003,699, and an increase in legal reserves from capital contribution of CHF 827,160,265 during the year ended 31 July 2019.

The dividend for the year ended 31 July 2017 was proposed to be settled as a scrip dividend via newly issued share capital, based on a ratio of one new share for every 80 shares held, and was approved at the Annual General Meeting held on 7 December 2017. Accordingly, a total of 1,110,253 new shares were issued, with a par value of CHF 0.02 per share during the year ended 31 July 2018.

In accordance with Article 5 of the Articles of Association (Authorised capital for general purposes), the Board of Directors is authorised to increase the share capital of the Company at any time until 9 December 2019 by a maximum amount of CHF 161,416 by issuing of up to 8,070,800 fully paid up registered shares with a par value of CHF 0.02 each. A partial increase is permitted.

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

Notes to the Company Financial Statements
(continued)

The registered share capital of the Company as at 31 July 2019, amounts to CHF 19,862,114.54, and is divided into 993,105,727 registered shares with a par value of CHF 0.02 per share, of which 990,587,322 are outstanding and 2,518,405 are classified as treasury shares.

The registered share capital of the Company as at 31 July 2018, amounted to CHF 1,858,415.74, and was divided into 92,920,787 registered shares with a par value of CHF 0.02 per share, of which 89,933,679 were outstanding and 2,987,108 were 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.

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

	Year ended 31 July 2019 Number of shares \`000	**Year ended 31 July 2019** in CHF\`000	Year ended 31 July 2018 Number of shares \`000	Year ended 31 July 2018 in CHF\`000
As at 1 August	**2,987**	**115,689**	3,052	117,871
Release of treasury shares upon exercise of LTIP shares	**(85)**	**(2,853)**	(65)	(2,182)
Release of treasury shares as restricted shares	**(384)**	**(12,910)**	–	–
As at 31 July	**2,518**	**99,926**	2,987	115,689

During the year ended 31 July 2019, the performance conditions associated with 84,815 Restricted Stock Unit awards were fulfilled (2018: 64,899). Therefore, these awards were approved as vested by the Remuneration Committee and were subsequently exercised by employees, in exchange for the same number of shares. The weighted average share price at the time of these exercises was CHF 10.33 (2018: CHF 28.69).

In addition, during the year ended 31 July 2019, 383,888 shares were issued out of treasury shares, is respect of restricted shares for non-executive directors, as detailed on pages 54 to 68 of the Compensation Report.

These shares were issued out of shares previously held in treasury by ARYZTA Grange Company UC, a wholly-owned subsidiary within the ARYZTA AG Group.

Notes to the Company Financial Statements (continued)

8 Participations

As at 31 July 2019 and 2018, 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 2019	**Number of shares % 2019**	Number of shares 2018	Number of shares % 2018
Cobas Asset Management	**99,310,573**	**10.00%**[1]	9,309,685	10.02%
JO Hambro	**58,093,539**	**5.85%**	–	–
Causeway Capital Management LLC	**49,655,286**	**5.00%**[1]	6,967,763	7.50%
CI Financial Corp.	**49,655,286**	**5.00%**[1]	4,673,420	5.03%
Black Creek Investment Management Inc.	**49,655,286**	**5.00%**[1]	4,660,950	5.01%
Credit Suisse	**31,590,045**	**3.18%**	–	–
Norges Bank	**29,832,029**	**3.00%**	–	–
Financière de l'Echiquier	–	**<3%**	4,636,210	4.99%
ARYZTA Treasury shares	–	**<3%**	2,987,108	3.21%
BlackRock Inc	–	**<3%**	2,809,135	3.02%

1 Shareholders with significant holdings before the November 2018 capital raise who have not notified the Group of a change in their holdings above or below a disclosure threshold are assumed to have offset the dilutive effect of the capital increase by participating with a number of shares which prevented them being required to disclose a crossing of a disclosure threshold.

Any significant shareholder notifications during the year, and since 31 July 2019, are available from the Group's website at: www.aryzta.com/investor-centre/shareholder-notifications.

9 Pension fund liability

The pension fund liability was CHF 53,744 at 31 July 2019 (2018: CHF 20,913).

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 54 to 68 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 ordinary shares 2019	No. of restricted shares/ unvested RSUs 2019	Total No. of ordinary shares 2019	No. of ordinary shares 2018
Directors				
Gary McGann	161,700	116,428	**278,128**	14,700
Chuck Adair[1]	N/A	N/A	**N/A**	5,062
Mike Andres[1]	–	40,011	**40,011**	N/A
Greg Flack[1]	–	40,011	**40,011**	N/A
Dan Flinter	13,365	40,371	**53,736**	1,215
Annette Flynn	11,132	37,488	**48,620**	1,012
Jim Leighton[2]	–	40,011	**40,011**	–
Tim Lodge[1]	–	34,604	**34,604**	N/A
Andrew Morgan	–	34,604	**34,604**	–
Rolf Watter	78,507	40,371	**118,878**	7,137
Executive Management				
Kevin Toland	97,240	–	**97,240**	8,840
Claudio Gekker	–	–	**–**	–
John Heffernan	14,014	–	**14,014**	1,274
Dave Johnson	–	–	**–**	–
Tony Murphy	–	–	**–**	–
Robert O'Boyle	111,397	–	**111,397**	10,127
Rhona O'Brien	–	–	**–**	–
Frederic Pflanz	–	–	**–**	–
Gregory Sklikas	–	–	**–**	–
Total	**487,355**	**423,899**	**911,254**	49,367

1 Effective 1 November 2018, C. Adair retired from the Board and M. Andres, G. Flack and T. Lodge were elected to the Board.

2 The Beneficial holding of J. Leighton is held in the form of Restricted Stock Units.

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 2019 (2018: none).

Notes to the Company Financial Statements
(continued)

Executive Management's interests in equity instruments under the LTIP

	Opening position 31 July 2018	No. of PSUs granted during the year[1]	**No. of PSUs Closing position 31 July 2019[2]**	No. of options granted during the year[1]	**No. of options Closing position 31 July 2019[2]**
Executive Management					
Kevin Toland	–	1,225,794	**1,225,794**	1,936,777	**1,936,777**
Claudio Gekker	–	326,547	**326,547**	515,951	**515,951**
John Heffernan	–	302,843	**302,843**	397,324	**397,324**
Dave Johnson	–	948,457	**948,457**	1,561,245	**1,561,245**
Tony Murphy	–	378,554	**378,554**	598,122	**598,122**
Robert O'Boyle	–	324,731	**324,731**	513,080	**513,080**
Rhona O'Brien	–	174,135	**174,135**	150,670	**150,670**
Frederic Pflanz	–	668,779	**668,779**	1,056,683	**1,056,683**
Gregory Sklikas	–	393,696	**393,696**	340,645	**340,645**
Total	–	**4,743,536**	**4,743,536**	**7,070,497**	**7,070,497**

1 PSU's and options are presented at target award. The number of PSU's and options vested may change depending on the achievement of operating performance measures at vesting.

2 All awards are unvested as at 31 July 2019.

Previous and discontinued compensation plans

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

	Options carried forward 1 August 2018	Modified during the year[1]	Closing position 31 July 2019	Of which Vesting criteria have been fulfilled[2]
Executive Management				
Kevin Toland	–	–	–	–
Frederic Pflanz	–	–	–	–
John Heffernan	–	–	–	–
Tony Murphy	–	–	–	–
Rhona O'Brien	–	–	–	–
Dave Johnson	–	–	–	–
Gregory Sklikas	–	–	–	–
Robert O'Boyle	22,500	83,309	105,809	105,809
Claudio Gekker	–	–	–	–
Total current executive management	**22,500**	**83,309**	**105,809**	**105,809**
Owen Killian	750,000	2,776,961	3,526,961	3,526,961
Patrick McEniff	610,000	2,258,595	2,868,595	2,868,595
Pat Morrissey	100,000	370,261	470,261	470,261
Dermot Murphy	50,000	185,131	235,131	235,131
Total former executive management	**1,510,000**	**5,590,948**	**7,100,948**	**7,100,948**
Total current and former executive management	**1,532,500**	**5,674,257**	**7,206,757**	**7,206,757**

1 During the financial year ended 31 July 2019, in order to maintain the dilutive impact of the November 2018 capital increase at a consistent level for outstanding LTIP awards with the dilution experienced by shareholders who did not participate in the rights issue and instead sold their rights received, the Group adjusted all outstanding LTIP awards by dividing the previous exercise price of each outstanding LTIP award by the 4.64x Theoretical Ex-Rights Price ('TERP') and likewise by multiplying the previous number of outstanding LTIP awards by TERP. Additionally, in order to eliminate the impact of the Scrip Dividend issued in January 2018, the Group also adjusted all outstanding LTIP awards by dividing the exercise price by 81 and multiplying by 80 and likewise multiplying the number of LTIP awards outstanding by 81 and dividing by 80.

2 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 8.31.

Notes to the Company Financial Statements
(continued)

11 Post balance sheet events – after 31 July 2019

As announced on 4 October 2019, the Group received a binding offer from Invest Group Zouari ('IGZ') to purchase 43.3% of its 47.8% holding in Picard for gross consideration of €156m. ARYZTA would retain a 4.5% interest in Picard, to be recorded as a financial investment at fair value. The transaction is subject to a works council consultation process in France and to customary regulatory approvals. Subject to ARYZTA's acceptance of the offer following completion of the works council consultation process, the transaction is expected to close in the last quarter of calendar year 2019. Upon completion, the proposed transaction is expected to generate a material one-off non-cash accounting loss, currently estimated to be c. €280m based on year end 2019 carrying value. This loss could change depending on the timing of when the proposed transaction closes, as the results for Picard would continue to be consolidated under the equity method of accounting until then.

During October 2019, the Group completed the disposal of its UK Food Solutions business within the Europe operating segment for gross consideration of €8m. The transaction is expected to result in a loss relating to derecognition of goodwill and recycle of cumulative foreign currency translation loss since the initial investment.

These disposals are consistent with ARYZTA's strategy to focus on its frozen B2B bakery operations and exit non-core businesses.

In Switzerland, changes to the Swiss federal and the canton of Zurich tax laws, which eliminated certain favourable tax regimes, were substantively enacted in May and September 2019 respectively. As substantive enactment at the Zurich cantonal level had not taken place until after the reporting date of 31 July 2019, no adjustments to ARYZTA AG's tax position have been reported in the Company balance sheet. If reflected, there is currently no impact on the current tax expense of the Company expected. Changes in the tax laws in other Swiss cantons in which the ARYZTA Group operates are still under discussion.

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	2019	2018
Balance of retained earnings carried forward	**514,107**	477,153
Net profit for the year	**50,419**	36,954
Closing balance of retained earnings	**564,526**	514,107
Dividend payment from retained earnings	–	–
Balance of retained earnings to be carried forward	**564,526**	514,107

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2019

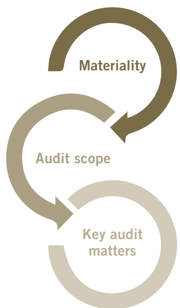
Opinion
We have audited the financial statements of ARYZTA AG, which comprise the income statement for the year ended 31 July 2019, the balance sheet as at 31 July 2019 and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (on pages 168 to 178) as at 31 July 2019 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: CHF 27,750,000

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

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.

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 materiality	CHF 27,750,000
How we determined it	0.5 % of total assets, rounded
Rationale for the materiality benchmark applied	We chose total assets as the benchmark 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 it is a generally accepted benchmark.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2019 (continued)

We agreed with the Board of Directors that we would report to them misstatements above CHF 2,750,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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.

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
Investments in subsidiaries total CHF 2.2 billion (39.4% of total assets) as of 31 July 2019. Investments are carried at initial cost value and are subject to an annual impairment assessment. To identify indicators of impairment of investments, management compared the carrying value of the investments with the investee's net assets. For investments with indicators of impairment, management prepared an estimate of the recoverable amount using cash flow projections subject to scrutiny and approval 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 homogeneous nature. As a result of the current year assessment, no impairment was recorded. 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. The valuation methods used involve considerable judgment with respect to assumptions about the future performance of the business. Refer to Note 2 Accounting policies and Note 5 Details of investments.	We evaluated and tested management's process to identify impairment indicators by reperforming the comparison for an appropriate sample of investments. We evaluated and challenged the reasonableness of the key assumptions applied by management in its determination of the recoverable amount, such as: – Cash flow projections in the forecast, by comparing them to the budgets rolled up into the strategic plan approved by the Board of Directors of Aryzta AG. – Discount rate used, by assessing the reasonableness of the model employed. Based on the work performed, we found that the assessments were based on reasonable assumptions.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2019 (continued)

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.
- 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.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2019 (continued)

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 Uglow | Carrie Rohner

Audit expert
Auditor in charge

Zurich, 8 October 2019