

Company Income Statement

for the period ended 30 July 2022

in CHF m	Notes	2022	2021
Revenues from licences and management fees from Group companies		9.5	5.5
Dividend income from Group companies		-	219.7
Gain on extinguishment of loan	5	94.3	-
Personnel expenses		(7.2)	(6.5)
Other operating expenses to Group companies		(12.9)	(7.4)
Other operating expenses		(21.5)	(50.3)
Impairment of investment in Group Companies	5	(93.6)	(372.1)
Operating Loss		(31.4)	(211.1)
Financial income from Group companies		36.2	49.7
Financial expenses		(39.8)	(53.7)
Loss before income tax		(35.0)	(215.1)
Income tax		(1.5)	(1.2)
Loss for the period		(36.5)	(216.3)

Company Balance Sheet

as at 30 July 2022

in CHF m	Notes	2022	2021
Assets			
Current assets			
Cash and cash equivalents		56.5	18.7
Other current receivables			
– from third parties		5.5	5.7
– from Group companies		0.6	1.1
Total current assets		62.6	25.5
Long-term assets			
Financial assets			
– loans to Group companies		1,698.9	1,625.7
Investments			
– investments in Group companies	5	1,102.3	1,132.6
Property, plant and equipment		0.1	0.1
Total long-term assets		2,801.3	2,758.4
Total assets		2,863.9	2,783.9

Company Balance Sheet (continued)

as at 30 July 2022

in CHF m	Notes	2022	2021
Liabilities			
Short-term liabilities			
Trade payable			
– to third parties		1.1	0.3
Other short-term liabilities			
– to third parties		92.2	69.7
– to Group companies		36.1	36.6
Accrued expenses		11.3	121.7
Total short-term liabilities		140.7	228.3
Long-term liabilities			
Long-term interest-bearing liabilities			
– to third parties	4	977.7	638.5
Liabilities to Group companies		669.7	804.9
Total long-term liabilities		1,647.4	1,443.4
Total liabilities		1,788.1	1,671.7
Equity			
Share capital	6	19.9	19.9
Legal reserves from capital contribution		4.0	827.2
Legal reserves from foreign capital contribution		19.9	26.2
Legal reserve for own shares from foreign capital contribution	7	32.5	52.4
Free reserves from capital contribution		823.2	-
Free reserves from foreign capital contribution		1,094.0	1,067.7
Retained earnings		(917.7)	(881.2)
Total equity		1,075.8	1,112.2
Total equity and liabilities		2,863.9	2,783.9

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 is from 1 August 2021 to 30 July 2022.

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 118 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 and bank loans, which are included within interest bearing loans and borrowings.

Bonds outstanding	Interest Rate	2022 in CHF m.	2021 in CHF m.	Maturity
Hybrid Instrument 2013	5.5%	400.0	400.0	No specified maturity date
Hybrid Instrument 2014	3.7%	190.0	190.0	No specified maturity date
Bank loans outstanding				Financial period of maturity
Syndicated Bank RCF		387.7	48.5	2027

The average interest rate on the RCF facility is 1.7%.

In September 2021, the Group replaced its existing €800m Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement.

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.

Details of the Group's financing covenants are included in note 27 to the Group Financial Statements on page 152.

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.

Notes to the Company Financial Statements (continued)

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		Percentage	
		2022	2021	2022	2021
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 (Duisburg, DE)	EUR	0.025	0.025	100	100
ARYZTA Investments SAS (Ferrières-en-Brie, FR)	EUR	40.100	40.100	100	100

1 The amount disclosed represents limited liability capital.

A list of significant indirect investments in Group companies is disclosed in note 34 of the Group Financial Statements on page 156.

During the year ended 30 July 2022, a re-organisation of the Company's loan positions with a wholly-owned subsidiary resulted in a gain on extinguishment of loan of CHF 94.3m. As this loan re-organisation resulted in a lower net asset value of the subsidiary, together with lower future expected cash flows, the Company recorded a total impairment of CHF 93.6m in respect of its investments in its wholly-owned Group companies during the period ended 30 July 2022.

As a result of reductions in current and future expected profitability and cash flows, the Company recorded a total impairment of CHF 372.1m in respect of its investments in its wholly-owned Group companies during the period ended 31 July 2021.

Notes to the Company Financial Statements (continued)

6 Share capital

	Period ended 30 July 2022 Number of shares m	Period ended 30 July 2022 in CHF m	Period ended 31 July 2021 Number of shares m	Period ended 31 July 2021 in CHF m
Shares of CHF 0.02 each – authorised, issued and fully paid				
As at beginning and end of period	993.1	19.9	993.1	19.9
Shares of CHF 0.02 each				
Conditional capital	49.7	1.0	49.7	1.0
Authorised capital	99.3	2.0	99.3	2.0

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

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

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

The registered share capital of the Company as at 30 July 2022, 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 992,287,888 are outstanding and 817,839 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.

As noted on page 172, at the 2021 Annual General Meeting held on 17 November 2021 the shareholders approved a re-appropriation of CHF 823.2m from Legal reserves from capital contribution to Free reserves from capital contribution and of CHF 26.2m from Legal reserves from foreign capital contribution to Free reserves from foreign capital contribution. At the 2020 Annual General Meeting held on 15 December 2020 the shareholders approved a re-appropriation of CHF 1,067.7m from Legal reserves from foreign capital contribution to Free reserves from foreign capital contribution.

Notes to the Company Financial Statements (continued)

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

	Period ended 30 July 2022 '000	Period ended 30 July 2022 in CHF m	Period ended 31 July 2021 '000	Period ended 31 July 2021 in CHF m
As at beginning of period	1,321	52.4	1,982	78.6
Release of treasury shares upon exercise of LTIP shares	(144)	(5.7)	(168)	(6.7)
Release of treasury shares as restricted shares	(359)	(14.2)	(493)	(19.5)
As at end of period	818	32.5	1,321	52.4

During the period ended 30 July 2022, the performance conditions associated with 143,483 Restricted Stock Unit awards were fulfilled (2021: 167,902). Therefore, these awards were approved as vested by the Remuneration Committee and were subsequently exercised by employees, in exchange for the same number of shares. The weighted average share price at the time of these exercises was CHF 1.07 (2021: CHF 0.48).

In addition, during the period ended 30 July 2022, 359,188 shares were issued out of treasury shares, in respect of restricted shares for non-executive directors (2021: 493,492).

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.

8 Participations

As at 30 July 2022, 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 2022	Number of shares % 2022
Jürg Kallay, Heiner Kamps, Ella Kamps, Michael Philips, Wilhelm Beier and Karl Gerhold ¹	59,146,873	5.96%
Francisco Garcia Parames and Maria Angeles Leon Lopez ²	49,375,667	4.97%
Credit Suisse Funds AG	30,703,083	3.09%
Swisscanto Fondsleitung AG	30,279,139	3.05%
Accuro Fund Solutions AG ³	30,159,443	3.04%

¹ Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man., Themis Beteiligungs-AG, KFRH Kamps Management GmbH, Occasio GmbH

² Direct shareholder: Cobas Asset Management, SGIIC, S.A

³ Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man., Tortuga Equity Fund Europe, Teilfonds der Tortuga Fonds SICa, Swiss Select I, Teilfonds des AMCFM Fund

Any significant shareholder notifications during the period, and since 30 July 2022, are available from the ARYZTA website at: www.aryzta.com/investor-centre/shareholder-notifications and also on the SIX Exchange Regulation's website at: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

Notes to the Company Financial Statements (continued)

9 Pension fund liability

The pension fund liability was CHF 80,897 at 30 July 2022 (2021: CHF 23,731).

10 Non-executive Directors and Executive Management share interests

Please refer to the ARYZTA AG Compensation Report on pages 53 to 71 for details on the compensation process and compensation for the period 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 30 July 2022 and 31 July 2021 were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares 2022	No. of restricted shares 2022	Total 2022	Total 2021
Directors				
Urs Jordi	266,500	283,186	549,686	266,526
Gordon Hardie	-	97,306	97,306	51,364
Heiner Kamps ¹	59,146,873	84,166	59,231,039	15,740,120
Jörg Riboni	1,430,000	125,947	1,555,947	805,809
Hélène Weber-Dubi	-	105,209	105,209	59,267
Alejandro Zaragueta	132,000	122,447	254,447	217,694
Former Directors				
Luisa Delgado	-	110,981	110,981	110,981
Total	60,975,373	929,242	61,904,615	17,251,761

¹ Includes total holding of a shareholder group that Heiner Kamps is a member of

No loans or advances were made to members of the Board of Directors or to Executive Management during the financial period, or were outstanding at 30 July 2022 (2021: Nil).

Executive Management's interests in equity instruments

	No. of shares closing position FY 2022	No. of PSUs Closing position FY 2022 ^{1,2}	No. of shares closing position FY 2021	No. of PSUs Closing position FY 2021 ^{1,2}
Urs Jordi	266,500	760,248	107,000	159,526
Martin Huber	201,000	318,042	-	-
Rhona Shakespeare	-	502,047	-	291,916
Total executive management	467,500	1,580,337	107,000	451,442

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

² The FY20 awards are unvested as at 30 July 2022.

Notes to the Company Financial Statements (continued)

Previous and discontinued compensation plans

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

	No. of options carried forward FY2022	Expired during the year ¹	No. of options closing position FY 2022	No. of options of which vesting criteria have been fulfilled ²
Owen Killian	2,116,177	(2,116,177)	–	–
Patrick McEniff	1,692,941	(1,692,941)	–	–
Pat Morrissey	470,261	(470,261)	–	–
Dermot Murphy	235,131	(141,079)	94,052	94,052
Total former executive management	4,514,510	(4,420,458)	94,052	94,052

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 9.33.

11 Post balance sheet events - after 30 July 2022

As of 30 September 2022, the date of approval of the financial statements by the Board of Directors, there have been no material significant events that would require adjustment or disclosure within the financial statements.

Company Appropriation of Available Earnings and Re-appropriation of Reserves

Appropriation of available earnings

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

in CHF m	2022	2021
Balance of retained earnings carried forward	(881,154)	(664,884)
Net loss for the period	(36,461)	(216,270)
Closing balance of retained earnings	(917,615)	(881,154)
Dividend payment from retained earnings	–	–
Balance of retained earnings to be carried forward	(917,615)	(881,154)

Re-appropriation of reserves - 2021 Annual General Meeting

Subsequent to the issuance of the 2021 Annual Report and Accounts, the Board of Directors proposed to the 2021 Annual General Meeting of Shareholders the following re-appropriation of reserves, which was approved on 17 November 2021:

in CHF'000	2021
Legal reserves from capital contribution	827,160
Legal reserves from foreign capital contribution	26,244
Re-appropriation to free reserves from capital contribution	(823,187)
Re-appropriation to free reserves from foreign capital contribution	(26,244)
Legal reserves from capital contribution	3,973
Legal reserves from foreign capital contribution	-
Free reserves from capital contribution	823,187
Free reserves from foreign capital contribution	1,093,975

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2022

As statutory auditor, we have audited the accompanying financial statements of ARYZTA AG, which comprise the income statement, balance sheet and notes, for the period ended 30 July 2022.



Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.



Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements (pages 162 to 171) for the period ended 30 July 2022 comply with Swiss law and the company's articles of incorporation.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2022 (continued)



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 judgment, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Valuation of investments in Group companies

Area of focus

As at 30 July 2022 ARYZTA AG holds direct and indirect investments in subsidiaries with a carrying amount of CHF 1'102.3 million (38% of total assets and 102% of total equity). When indicators of impairment are identified, Aryzta AG estimates the recoverable amount of its investments. An impairment charge of CHF 93.6 million was recognised during the period in respect to investments in Group companies.

Due to the significance of the carrying amount of the investments in subsidiaries, the impairment charge in the current financial period and the judgment involved in the assessment of the valuation, this matter was considered significant to our audit.

We refer to Note 2 on page 165, Accounting policies and Note 5 on pages 167, Details of investments.

Our audit response

We obtained an understanding of management's process to identify indicators of impairment of investments in Group companies and the process for estimating the recoverable amount of each investment.

We obtained the impairment analysis prepared by management and performed the following procedures, among others:

- We tested the analysis prepared by Management, which consisted of comparing the net assets and discounted cash-flow balances with the carrying amount of the investment.
- We tested the mathematical accuracy of the investment valuation model and also considered the results of the impairment test prepared in the context of the consolidated financial statements.

Our audit procedures did not lead to any reservation concerning the valuation of investments in Group companies.

Report of the statutory auditor to the General Meeting of ARYZTA AG on the financial statements 2022 (continued)



Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a para. 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 recommend that the financial statements submitted to you be approved.



Ernst & Young Ltd

Olivier Mange
Licensed audit expert
Auditor in charge

Jennifer Mathias
Certified public accountant

Zurich, 30 September 2022