Annual Report and Accounts 2022

Group Consolidated and Company Financial Statements 2022

Statement of Directors' Responsibilities
for the period ended 30 July 2022

Swiss company law requires the directors to prepare Group consolidated and Company financial statements for each financial period. The directors are required to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') and the requirements of Swiss law and to prepare the Company financial statements in accordance with Swiss law and the Company's Articles of Association.

This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of the Group consolidated and Company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing each of the Group consolidated and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping proper books of account that present, with reasonable accuracy at any time, the financial position of the Group and Company and enable them to ensure that its financial statements comply with IFRS, the requirements of Swiss law and the Company's Articles of Association.

They are also responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

On behalf of the Board

Urs Jordi
Chair, Board of Directors

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

30 September 2022

Group Consolidated Income Statement
for the period ended 30 July 2022

	Notes	2022 €m	2021 €m
Continuing Operations			
Revenue	2	**1,756.1**	1,525.4
Cost of sales		**(1,205.8)**	(1,058.5)
Distribution expenses		**(231.8)**	(214.4)
Gross profit		**318.5**	252.5
Selling expenses		**(85.1)**	(86.8)
Administration expenses		**(143.3)**	(178.3)
Net loss on disposal of businesses	3,4	**(42.0)**	–
Operating profit/(loss)	2	**48.1**	(12.6)
Gain on equity instruments at fair value through profit or loss	18	**–**	8.6
Profit/(loss) before financing income, financing costs and income tax		**48.1**	(4.0)
Financing income	6	**1.3**	3.0
Financing costs	6	**(18.4)**	(35.8)
RCF termination costs	6	**(8.3)**	–
Profit/(loss) before income tax		**22.7**	(36.8)
Income tax expense	11	**(20.8)**	(13.5)
Profit/(loss) for the period from continuing operations		**1.9**	(50.3)
Discontinued operations			
Loss for the period from discontinued operations	5	**(1.0)**	(185.5)
Profit/(loss) for the period attributable to equity shareholders		**0.9**	(235.8)

Basic loss per share	Notes	euro cent	euro cent
From continuing operations	13	**(4.4) cent**	(9.7) cent
From discontinued operations	13	**(0.1) cent**	(18.7) cent
		(4.5) cent	(28.4) cent

Diluted loss per share	Notes	euro cent	euro cent
From continuing operations	13	**(4.4) cent**	(9.7) cent
From discontinued operations	13	**(0.1) cent**	(18.7) cent
		(4.5) cent	(28.4) cent

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Group Consolidated Statement of Comprehensive Income
for the period ended 30 July 2022

	Notes	2022 €m	2021 €m
Profit/(loss) for the period		**0.9**	(235.8)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation effects			
– Foreign exchange translation effects on net investments		**94.3**	64.0
– Taxation effect of foreign exchange translation movements	11	**6.3**	–
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		**(5.7)**	(0.3)
– Fair value of cash flow hedges transferred to income statement		**2.7**	(0.3)
– Deferred tax effect of cash flow hedges	11	**0.7**	–
Total of items that may be reclassified subsequently to profit or loss		**98.3**	63.4
Items that will not be reclassified to profit or loss:			
Defined benefit plans			
– Actuarial (loss)/gain on defined benefit pension plans	26	**(2.5)**	5.7
– Deferred tax effect of actuarial loss/(gain)	11	**0.3**	(0.9)
Total of items that will not be reclassified to profit or loss		**(2.2)**	4.8
Total other comprehensive income		**96.1**	68.2
Total comprehensive income/(loss) for the period		**97.0**	(167.6)

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Group Consolidated Balance Sheet
as at 30 July 2022

	Notes	**2022 €m**	2021 €m
Assets			
Non-current assets			
Property, plant and equipment	14	**853.6**	849.8
Investment properties	16	**–**	3.7
Goodwill and intangible assets	17	**667.5**	660.3
Other receivables	20	**2.7**	2.8
Deferred income tax assets	25	**37.2**	28.4
Total non-current assets		**1,561.0**	1,545.0
Current assets			
Inventory	19	**120.4**	91.5
Trade and other receivables	20	**152.5**	151.1
Derivative financial instruments	23	**1.5**	0.2
Cash and cash equivalents		**245.8**	170.9
		520.2	413.7
Assets held-for-sale		**1.4**	3.2
Assets of disposal group held-for-sale		**–**	101.8
Total current assets		**521.6**	518.7
Total assets		**2,082.6**	2,063.7

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Group Consolidated Balance Sheet (continued) as at 30 July 2022

	Notes	2022 €m	2021 €m
Equity			
Called up share capital	27	**17.0**	17.0
Share premium		**1,531.2**	1,531.2
Retained deficit and other reserves		**(615.8)**	(446.1)
Total equity		**932.4**	1,102.1
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	22	**507.6**	163.1
Employee benefits	26	**6.5**	4.0
Deferred income from government grants	24	**1.6**	4.1
Other payables	21	**15.3**	13.8
Deferred income tax liabilities	25	**98.6**	106.6
Total non-current liabilities		**629.6**	291.6
Current liabilities			
Interest-bearing loans and borrowings	22	**28.2**	210.2
Trade and other payables	21	**399.9**	336.7
Income tax payable		**87.7**	82.9
Derivative financial instruments	23	**4.8**	0.5
		520.6	630.3
Liabilities of disposal group held-for-sale		–	39.7
Total current liabilities		**520.6**	670.0
Total liabilities		**1,150.2**	961.6
Total equity and liabilities		**2,082.6**	2,063.7

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Group Consolidated Statement of Changes in Equity
for the period ended 30 July 2022

	Share capital €m	Share premium €m	Treasury shares €m	Other equity reserve €m	Cash flow hedge reserve €m	Share-based payment reserve €m	Foreign currency trans-lation reserve €m	Retained deficit €m	Total share-holders equity €m
At 31 July 2021	**17.0**	**1,531.2**	**–**	**720.5**	**0.2**	**3.7**	**(74.8)**	**(1,095.7)**	**1,102.1**
Profit for the period	–	–	–	–	–	–	–	0.9	0.9
Other comprehensive income/(loss)	–	–	–	–	(2.3)	–	100.6	(2.2)	96.1
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**(2.3)**	**–**	**100.6**	**(1.3)**	**97.0**
Share-based payments (note 10)	–	–	–	–	–	3.8	–	–	3.8
Transfer of share-based payment reserve to retained deficit	–	–	–	–	–	(2.0)	–	2.0	–
Redemption of hybrid instruments (note 27)	–	–	–	(49.1)	–	–	–	1.1	(48.0)
Hybrid dividend (note 27)	–	–	–	–	–	–	–	(222.5)	(222.5)
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**(49.1)**	**–**	**1.8**	**–**	**(219.4)**	**(266.7)**
At 30 July 2022	**17.0**	**1,531.2**	**–**	**671.4**	**(2.1)**	**5.5**	**25.8**	**(1,316.4)**	**932.4**

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Group Consolidated Statement of Changes in Equity (continued) for the period ended 30 July 2022

	Share capital €m	Share premium €m	Treasury shares €m	Other equity reserve €m	Cash flow hedge reserve €m	Share-based payment reserve €m	Foreign currency translation reserve €m	Retained deficit €m	Total shareholders equity €m
At 1 August 2020	**17.0**	**1,531.2**	**–**	**720.5**	**0.8**	**1.9**	**(138.8)**	**(864.7)**	**1,267.9**
Loss for the period	–	–	–	–	–	–	–	(235.8)	(235.8)
Other comprehensive (loss)/income	–	–	–	–	(0.6)	–	64.0	4.8	68.2
Total comprehensive (loss)/income	**–**	**–**	**–**	**–**	**(0.6)**	**–**	**64.0**	**(231.0)**	**(167.6)**
Share-based payments (note 10)	–	–	–	–	–	1.8	–	–	1.8
Total transactions with owners recognised directly in equity	**–**	**–**	**–**	**–**	**–**	**1.8**	**–**	**–**	**1.8**
At 31 July 2021	**17.0**	**1,531.2**	**–**	**720.5**	**0.2**	**3.7**	**(74.8)**	**(1,095.7)**	**1,102.1**

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Group Consolidated Cash Flow Statement
for the period ended 30 July 2022

	Notes	2022 €m	(Restated)[1] 2021 €m
Cash flows from operating activities			
Profit/(loss) for the period - continuing operations		**1.9**	(50.3)
Loss for the period - discontinued operations		**(1.0)**	(185.5)
Profit/(loss) for the period		**0.9**	(235.8)
Income tax expense	11	**20.8**	23.5
Financing income		**(1.3)**	(4.2)
Financing costs		**18.4**	39.8
RCF termination costs	22	**8.3**	–
Gain on equity instruments at fair value through profit or loss	18	**–**	(8.6)
Net loss on disposal of businesses and impairment of disposal groups held for sale		**43.0**	184.7
Net loss on fixed asset disposals and impairments		**2.4**	5.1
Other restructuring-related payments (in excess of) / less than current year costs		**(9.4)**	7.3
Depreciation of property, plant and equipment	14	**96.5**	127.2
Amortisation of intangible assets	17	**27.3**	56.7
Recognition of deferred income from government grants	24	**(1.6)**	(3.3)
Share-based payments	10	**3.8**	1.8
Other		**0.3**	(0.8)
Cash flows from operating activities before changes in working capital		**209.4**	193.4
Increase in inventory		**(32.2)**	(10.5)
Increase in trade and other receivables		**(8.3)**	(103.0)
Increase in trade and other payables		**60.8**	53.6
Cash generated from operating activities		**229.7**	133.5
Interest paid		**(14.8)**	(36.2)
Interest received		**1.3**	3.6
Income tax paid		**(16.1)**	(16.6)
Net cash flows from operating activities		**200.1**	84.3

1 Please refer to note 1, page 89 for details of the accounting policy change presentation restatement

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Group Consolidated Cash Flow Statement
(continued)
for the period ended 30 July 2022

	Notes	2022 €m	(Restated)[1] 2021 €m
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**4.8**	5.2
Proceeds from sale of investment property	16	**0.9**	2.9
Purchase of property, plant and equipment		**(83.3)**	(84.0)
Purchase of intangible assets		**(6.1)**	(4.0)
Disposal of business, net of cash disposed	4	**106.8**	677.7
Income tax paid on disposal of business	4	**(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		**8.9**	633.2
Cash flows from financing activities			
Gross drawdown of loan principal	22	**386.1**	20.0
Gross repayment of loan principal	22	**(237.1)**	(956.3)
Capital element of finance lease liabilities	22	**(29.4)**	(39.7)
Dividends paid on hybrid instruments - actual	27	**(43.0)**	–
Dividends paid on hybrid instruments - deferred and compound	27	**(172.0)**	–
Hybrid instrument principal repayment	27	**(48.0)**	–
Net cash flows from financing activities		**(143.4)**	(976.0)
Net increase/(decrease) in cash and cash equivalents	22	**65.6**	(258.5)
Translation adjustment	22	**9.3**	5.8
Cash and cash equivalents at start of period	22	**170.9**	423.6
Cash and cash equivalents at end of period	22	**245.8**	170.9

1 Please refer to note 1, page 89 for details of the accounting policy change presentation restatement

The notes on pages 87 to 156 are an integral part of these Group consolidated financial statements.

Fiscal year 2022 ended on 30 July 2022 and fiscal year 2021 ended on 31 July 2021. Please refer to Note 1 page 88 for further detail.

Notes to the Group Consolidated Financial Statements
for the period ended 30 July 2022

1 Accounting Policies

Organisation

ARYZTA AG (the 'Company') is domiciled and incorporated in Schlieren, Switzerland. The consolidated financial statements for the period ended 30 July 2022 consolidate the individual financial statements of the Company and its subsidiaries (together referred to as the 'Group'). ARYZTA AG is the ultimate controlling party of the Group.

The Group consolidated financial statements and the ARYZTA AG Company financial statements were authorised for issue by the directors on 30 September 2022, subject to approval by the shareholders at the Annual General Meeting on 30 November 2022.

Statement of compliance

The Group consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB') and the requirements of Swiss law. These policies have been consistently applied to all years presented, unless otherwise stated.

New standards, interpretations and accounting framework

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, IFRS 7, IFRS 4 and IFRS 16

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.

The following new standards, interpretations and amendments to accounting framework, issued by the IASB or the IFRS Interpretations Committee, have not yet become effective. The Group has not applied early adoption in relation to any of them.

Standard/Interpretation/Framework	Effective date	Planned implementation by ARYZTA (reporting period)
Amendments to IAS 37 – Onerous Contracts	1 January 2022	2023
Amendments to IFRS 3 – Business Combinations	1 January 2022	2023
Amendments to IAS 16 – Property, Plant and Equipment	1 January 2022	2023
Annual Improvements to IFRS Standards (2018–2020)	1 January 2022	2023
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023	2024
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023	2024
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement	1 January 2023	2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023	2024
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	2024
IFRS 17 – Insurance Contracts	1 January 2023	2024

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

The Group has undertaken an initial assessment of the potential impacts of the new standards, amendments and improvements listed above that are effective for the Group. Based on this initial assessment, the Group does not currently believe the adoption of these standards, amendments and interpretations will have a significant impact on the consolidated results or financial position of the Group.

Basis of preparation

The Group consolidated financial statements are prepared on a historical cost basis, except that investment properties, disposal groups held-for-sale, derivative financial instruments and certain equity investments and financial liabilities are stated at fair value through profit or loss or other comprehensive income.

The Group consolidated financial statements are presented in millions of euro, rounded to the nearest €0.1 million (m), unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions in the application of the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Further information on areas involving a higher degree of judgement and accounting estimates is set out in note 33.

Financial period

The Company manages its operations and reports its financial performance on a 4–4–5 calendar, dividing the financial period into four quarters of 13 weeks grouped into two 4-week "months" and one 5-week "month". Under this method the Company's fiscal period is defined as the last Saturday in July or every six years the first Saturday in August. Accordingly, the fiscal periods for 2022 and 2021 ended on 30 July 2022 and 31 July 2021 respectively. Fiscal period 2022 comprised of the 52 week period ended on 30 July 2022 and 2021 comprised of the 52 weeks ended 31 July 2021.

Income statement presentation

In accordance with IAS 1, 'Presentation of Financial Statements', the Group Consolidated Income Statement is presented by function of expense, with the exception of net loss on disposal of businesses, RCF termination costs and gain on equity instruments at fair value through profit or loss. In accordance with IAS 1.85, net loss on disposal of businesses, RCF termination costs and gain on equity instruments at fair value through profit or loss have been presented separately on the basis of materiality and to distinguish them from other elements of financial performance.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Management has also identified certain impairment, disposal and restructuring-related costs within each functional area that do not relate to the underlying business of the Group. Due to the relative size or nature of these items, in order to enable comparability of the Group's underlying results from period to period, these items have been presented as separate components of Underlying EBITDA, as defined in note 2, and have been excluded from the calculation of underlying net profit in note 13.

Additionally, to enable a more comprehensive understanding of the Group's financial performance, the Group Consolidated Income Statement by nature of cost, through operating profit, is set out in note 7.

Discontinued operations presentation
Following the classification of ARYZTA's North America businesses as held-for-sale in January 2021, the results of these businesses are presented within loss from discontinued operations in the Group Consolidated Income Statement, as required by IFRS 5: Non-current assets held for sale and discontinued operations.

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 July 2021	Reclassification	After accounting policy change July 2021
Net cash flows from operating activities	116.9	(32.6)	84.3
Net cash flows from investing activities	633.2		633.2
Net cash flows from financing activities	(1,008.6)	32.6	(976.0)
Net decrease in cash and cash equivalents	**(258.5)**	–	**(258.5)**
Translation adjustment	5.8		5.8
Net cash and cash equivalents at start of period	423.6		423.6
Net cash and cash equivalents at end of period	**170.9**	–	**170.9**

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

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Going concern

The Directors' analysis of whether the use of the going concern basis is appropriate covers at least 12 months from the date of the financial statements and is based on a number of factors, including financial performance, liquidity and compliance with the Group's financial covenants as defined under the terms of the Group's Syndicated Bank Facilities, as well as considering the Group's principal risks and uncertainties (see pages 74-75).

During FY 2022, the Group utilised a new €500m revolving credit facility. The financial covenant ratios as defined under the terms of the Group's Syndicated Bank Facilities Agreement are a Net Debt : EBITDA ratio being equal to or lower than 3.5x and a Net Interest cover ratio being equal to or above 2.0x in FY 2022. The Net Interest cover ratio must be equal to or above 3.0x after FY 2022, and equal to or above 3.5x after FY 2023.

The Directors have evaluated the appropriateness of adopting the going concern basis, including reviewing forecasts and assumptions relating to the financial performance and liquidity of the business. The base case scenario forecast included an estimate of the Group's continued recovery from the impact of COVID-19 and the supply chain disruptions and war in Ukraine that drove inflation across all inputs during the second half of FY 2022. Additionally, the Directors considered what the impact of a negative change in the assumptions underlying the base case scenario would have on the performance of the business and benchmarked the impact against the financial covenant tests for FY 2023 and throughout the going concern assessment period. In particular, the Directors assessed the impact of a downside scenario where the projected EBITDA generation was negatively impacted by further inflationary pressures, economic downturn, consumer sentiment and supply chain challenges resulting in underlying EBITDA margin % being 200bps lower than forecast over the going concern assessment period and determined that the financial covenant tests during the period would still be met.

The Group delivered significantly improved profitability and cash generation during FY 2022, supported by operational efficiencies and price increases, together with disciplined management of operating costs delivering operating leverage on higher revenue performance. This improved performance, combined with the successful divestment of the non-core North America and Brazil businesses during FY 2021 and early FY 2022, has enabled the Group to significantly improve its financial position. The Group would use levers such as repayment of debt and implementation of further cost reductions should the situation require it. Based on these considerations, together with available market information, the financial statements for the period ended 30 July 2022 have been prepared on a going concern basis.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Basis of consolidation
The Group consolidated financial statements reflect the consolidation of the results, the assets and the liabilities of the parent undertaking, and all of its subsidiaries. The Group had no joint venture or associate investments during the financial years ended 30 July 2022 or 31 July 2021.

Subsidiary undertakings
Subsidiary undertakings are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Where necessary, the accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Disposal of subsidiaries
When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount, plus proceeds received, recognised in profit or loss. The fair value of the retained interest is then utilised as the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Transactions eliminated on consolidation
Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the Group consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that they do not provide evidence of impairment.

Revenue recognition
Revenue represents the amount of consideration the Group expects to receive in exchange for the sale of goods and services supplied to third parties, after deducting trade discounts, allowances, and promotional and volume rebates, and is exclusive of sales tax/VAT. Revenue is recognised when control of the goods has passed to the buyer, which is usually upon shipment or delivery, depending on the specific terms agreed with individual customer. Revenue is recorded when there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

An estimate is made on the basis of historical sales returns and is recorded to allocate these returns to the same period as the original revenue is recorded. Rebates, allowances and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience, using the expected value method. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is no longer highly probable.

Financing income is recognised on an accrual basis, taking into consideration the sums lent and the actual interest rate applied.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Segmental reporting

Management has determined the operating segments based on the reports regularly reviewed by the Group's Chief Operating Decision Maker ('CODM') in making strategic decisions, allocating resources and assessing performance.

As of 19 November 2020, the Group's Chief Operating Decision Maker ('CODM') is Urs Jordi, Chair of the Board and Interim CEO. Former Group CEO, Kevin Toland was CODM during the prior period until his departure from the Group on 19 November 2020.

The Group has two operating and reporting segments, ARYZTA Europe and ARYZTA Rest of World, which comprise the continuing operations of the Group. Following the Group's decision to dispose of its North America businesses during the prior period ended 31 July 2021, the ARYZTA North America operating segment has been classified as a discontinued operation.

ARYZTA Europe has leading market positions in the European convenience bakery market. In Europe, ARYZTA has a diversified customer base within the Foodservice, Large Retail and Convenience or independent Retail channels.

ARYZTA Rest of World consists of businesses in Japan, Malaysia, Singapore, Taiwan, Australia and New Zealand, primarily partnering with international QSR and other Foodservice customers. The Group disposed of its South America business during the period ended 30 July 2022.

Segment assets and liabilities consist of property, plant and equipment, goodwill and intangible assets and other assets and liabilities that can be reasonably allocated to the reported segment. Unallocated assets and liabilities include financial assets at fair value, bank debt, cash and cash equivalents and tax balances. Net finance costs and income tax are managed on a centralised basis. Therefore, these items are not allocated between operating segments for the purpose of presenting information to the CODM.

Exceptional items

Exceptional items relate to significant income and/or expenses that are disclosed in a separate note to the financial statements. Where individual transactions are significantly material to the Group, these are disclosed on the face of the income statement due to their nature or amount to highlight the effect of such items within the Group Income Statement and results for the period and to better inform the user of their significance. Examples of such items may include but are not limited to:

- profits or losses on termination or disposal of operations;
- significant impairments of assets, including goodwill impairment;
- transaction, integration and costs related to acquisition or disposal activity;
- significant litigation costs and settlements;
- debt early termination costs;
- significant restructuring programmes;
- costs arising due to the effect of natural disasters and national health emergencies (including pandemics and the related recovery periods, including any government-imposed restrictions impacting consumer demand and the production processes, net of directly related government support).

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Management exercises judgement in assessing items which, by virtue of its scale or nature, should be highlighted and disclosed in the Group Income Statement and notes to the Group Financial Statements as exceptional items. Exceptional items are included within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

Employee benefits

Pension obligations

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement, as the related employee service is received. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan, by estimating the amount of future benefit employees have earned in return for their service in the current and prior periods. The future benefit is discounted to determine the present value of the obligation and the fair value of any plan assets is deducted. The discount rate is the yield at the balance sheet date on high-quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

The defined benefit calculations are performed by a qualified actuary using the projected unit credit method on an annual basis. Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in the Group Consolidated Statement of Comprehensive Income, net of related taxes. Current and past service costs are recognised as employment costs in the income statement. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets, and is recognised in financing costs/income in the income statement.

Share-based compensation

As defined in IFRS 2, 'Share-based Payment', the cost of equity instruments is recognised at grant date fair value in the group income statement, with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the equity instrument. The fair value of the performance share units are measured based on a Monte Carlo simulation, taking into account the terms and conditions under which the equity instruments were granted. A portion of the Group's equity-settled share-based compensation plans are subject to non-market vesting conditions; therefore, the amount recognised in respect of this portion is adjusted annually to reflect the current estimate of achieving these conditions and the number of equity instruments expected to eventually vest.

Termination benefits

The Group recognises termination benefits when it has a formal plan to terminate the employment of current employees, which has been approved at the appropriate levels of the organisation and when the entity is demonstrably committed to a termination through announcement of the plan to those affected. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Income taxes

Income tax expense on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the related tax is also recognised directly in equity or in other comprehensive income, respectively. Current income tax is the expected tax payable on the taxable income for the period, using tax rates and laws that have been enacted or substantially enacted at the balance sheet date, in the respective countries where the Group and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred income tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date. If the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not affect accounting or taxable profit or loss, it is not recognised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recovered. Deferred income tax assets are reduced to the extent it is no longer probable the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Foreign currency

Items included in the financial statements of the Group's entities are measured using the currency of the primary economic environment in which each entity operates (the 'functional currency'). The consolidated financial statements are presented in euro, the Group's presentation currency.

Transactions in currencies other than the functional currency of each respective entity are converted to the relevant functional currency using the foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to the relevant functional currency using the foreign exchange rate at the balance sheet date. Foreign exchange differences arising on conversion into the local functional currency are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to euro at the foreign exchange rates at the balance sheet date. Income and expenses of foreign operations are translated to euro at the average exchange rates for the period, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions. Foreign exchange differences arising on translation of the net assets of a foreign operation are recognised in other comprehensive income, as a change in the foreign currency translation reserve.

Exchange gains or losses on long-term intra-group loans and on foreign currency borrowings used to finance or provide a hedge against Group equity investments in non-euro denominated operations are included in other comprehensive income, as a change in the foreign currency translation reserve, to the extent they are neither planned nor expected to be repaid in the foreseeable future, or are expected to provide an effective hedge of the net investment. Any differences that have arisen since transition to IFRS are recognised in the foreign currency translation reserve and are recycled through the Group Consolidated Income Statement on the repayment of the intra-group loan, or on disposal of the related business.

The principal euro foreign exchange currency rates used by the Group for the preparation of these consolidated financial statements are as follows:

Currency	Average FY 2022	Average FY 2021	% Change	Closing FY 2022	Closing FY 2021	% Change
CHF	1.0423	1.0868	4.1%	0.9730	1.0773	9.7%
USD	1.1139	1.1947	6.8%	1.0193	1.1882	14.2%
AUD	1.5445	1.5949	3.2%	1.4570	1.6072	9.3%
GBP	0.8466	0.8820	4.0%	0.8380	0.8515	1.6%

Dividends

Dividends are recognised in the period in which they are approved by the Company's shareholders.

Property, plant and equipment

Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditures, including repairs and maintenance costs, are recognised in the income statement as an expense as incurred.

Interest on specific and general borrowings used to finance construction costs of property, plant and equipment is capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Depreciation is calculated to write-off the cost, less estimated residual value, of property, plant and equipment, other than freehold land and assets under construction, on a straight-line basis, by reference to the following estimated useful lives:

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Buildings	25 to 50	years
Plant and machinery	3 to 20	years
Motor vehicles	3 to 7.5	years

The residual value of assets, if significant, and the useful life of assets is reassessed annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals of property, plant and equipment are recognised on the completion of sale. Gains and losses on disposals are determined by comparing the proceeds received, net of related selling costs, with the carrying amount of the asset and are included in operating profit.

Investment properties

Investment property, principally comprised of land and buildings, is held for capital appreciation and is stated at fair value. The fair value is based on market value, being the estimated amount for which a property could be exchanged in an arm's length transaction. Any gain or loss arising from a change in fair value is recognised in the Group Consolidated Income Statement. When property is transferred from investment property to owner-occupied property following a change in use, the fair value at the time of the change of use is the deemed cost of the property under its new classification. When property is transferred to investment property following a change in use, any difference arising at the date of transfer between the carrying amount of the property immediately prior to transfer and its fair value is recognised in equity if it is a gain. Upon disposal of the property, the gain would be transferred to retained earnings. Any loss arising in this manner, unless it represents the reversal of a previously recognised gain, would be recognised immediately in the Group Consolidated Income Statement.

Leases

Identifying a lease
Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is treated as a lease.

As Lessee
Where the Group acts as a lessee the Group recognises a right of use asset and lease liability at the lease commencement date, which is the date the underlying asset is available for our use.

The Group recognises right-of-use assets at the commencement date of the lease (the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right of use assets are depreciated on a straight-line basis over the shorter of the lease term and estimated useful lives of the assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right of use assets are subject to impairment under IAS 36 'Impairment of assets'. Right of use assets are presented within Property, Plant and Equipment in the Group Consolidated Balance Sheet.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. In the Group Consolidated Cash Flow Statement the payments made are separated into the principal portion, and interest (both presented in financing activities). It is remeasured if there is a change in future lease payments, a change in the lease term, or as appropriate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date or the interest rate implicit in the lease, if this is readily determinable. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease, the term and currency of the lease. Lease liabilities are presented within interest-bearing loans and borrowings except for those leases that are part of disposal groups held-for-sale, they are presented in liabilities of disposal groups held-for-sale.

Short-term, low-value and wholly variable leases
The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets, short-term leases and wholly variable leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As Lessor
When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. The cost of each acquisition is measured as the aggregate of the fair value of the consideration transferred, as at the acquisition date, and the fair value of any non-controlling interest in the acquiree.

The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Where any part of the consideration for a business combination is contingent, the fair value of that component is determined by discounting the estimated

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

amounts payable to their present value at the acquisition date. The discount is unwound as a finance charge in the Group Consolidated Income Statement over the life of the obligation. Subsequent changes to the estimated amounts payable for contingent consideration are recognised as a gain or loss in the Group Consolidated Income Statement.

Where a business combination is achieved in stages, the Group's previously held interest in the acquiree is re-measured to fair value at the acquisition date and included within the consideration, with any gain or loss recognised in the Group Consolidated Income Statement.

Goodwill is initially recognised at cost, being the difference between the cost of the acquisition over the fair value of the net identifiable assets and liabilities assumed. Following initial recognition, goodwill is stated at cost, less any accumulated impairment losses.

When the initial accounting for a business combination is only provisionally determined at the end of the financial period in which the combination occurs, any adjustments to the provisional values allocated to the identifiable assets and liabilities are made within a period of no more than one period from the acquisition date.

Acquisition costs arising in connection with a business combination are expensed as incurred.

Intangible assets

Intangible assets acquired as part of a business combination are initially recognised at fair value, being their deemed cost as at the date of acquisition. These generally include brand and customer-related intangible assets.

Computer software that is not an integral part of an item of computer hardware is also classified as an intangible asset. Where intangible assets are separately acquired, they are capitalised at cost. Cost comprises purchase price and other applicable directly attributable costs. Directly attributable costs that are capitalised as part of the ERP and computer-related intangibles include the employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products or processes, is capitalised, if the product or process is technically and commercially feasible, the attributable expenditure can be reliably measured, and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour or an appropriate proportion of overheads. Capitalised development expenditure is stated at cost, less accumulated amortisation and impairment losses. Other development expenditure is recognised in the income statement as an expense as incurred.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Intangible assets with finite lives are amortised over the period of their expected useful lives in equal annual instalments, generally as follows:

Customer relationships	10 to 15 years
Brands	10 to 15 years
Computer-related intangibles	3 to 5 years
ERP-related intangibles	6 to 12 years
Patents and other	8 to 12 years

Subsequent to initial recognition, the expected useful lives and related amortisation of finite life intangible assets are reviewed at least at each financial period end and, if the expected economic benefits of the asset are different from previous estimates, amortisation is adjusted accordingly. Intangible assets are stated at cost, less accumulated amortisation and any impairment losses incurred.

There are no intangible assets with an indefinite useful life.

Impairment of non-financial assets

The carrying amounts of the Group's assets, other than inventories (which are carried at the lower of cost and net realisable value), deferred tax assets (which are recognised based on recoverability), are reviewed to determine whether there is an indication of impairment when an event or transaction indicates that there may be, and at least at each reporting date. If any such indication exists, an impairment test is carried out and, if necessary, the asset is written down to its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and an asset's value-in-use. The Group tests goodwill for impairment annually, during the last quarter of the financial period, or more frequently if events or changes in circumstances indicate a potential impairment.

An impairment loss is recognised whenever the carrying amount of an asset, or its cash-generating unit, exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement as an expense. Goodwill is allocated to the various cash-generating units for the purposes of impairment testing. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. An impairment loss for goodwill is not subsequently reversed. An impairment loss for other assets may be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventory

Inventory is stated at the lower of cost, on a first-in, first-out basis, and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the products to their present location and condition. Net realisable value is the estimated selling price of inventory on hand, less all further costs to completion and all costs expected to be incurred in marketing, distribution and selling.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Cash and cash equivalents
Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the balance sheet comprise cash at bank and on hand, call deposits and other short-term highly liquid investments with original maturities of three months or less. The group operates a multi-party cash pooling arrangement that is always in a net cash position.

Disposal groups held-for-sale
Disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

The assets of a disposal group classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the disposal group is recognised at the date of derecognition. Non-current assets that are part of a disposal group are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Discontinued operations
A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

– Represents a separate major line of business or geographic area of operations;
– Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
– Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative period in the Group Consolidated Income Statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Share capital
Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity, net of tax, as a deduction from the proceeds.

If any Group company purchases ARYZTA AG's equity share capital, those shares are accounted for as treasury shares in the consolidated financial statements of the Group. Consideration paid for treasury shares, including any directly attributable incremental cost, net of tax, is deducted from equity attributable to the shareholders of the Company, until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's shareholders.

Financial assets and liabilities
Financial assets are recognised in or derecognised from the Group Consolidated Balance Sheet on trade-date basis, being the date on which the Group contractually commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only when the Group's obligations are discharged, cancelled or expired.

At initial recognition, the group measures a financial asset or liability at its fair value plus directly attributable transaction costs, except in the case of a financial instrument through profit or loss (FVPL), which are initially recognised at fair value.

Financial Assets classifications
Financial assets are classified into one of the following categories depending on the Group's business model for managing the financial assets and the contractual terms of the cash flows:

Amortised cost
Trade and other receivables (excluding prepayments) and cash and cash equivalents are initially measured at fair value and are thereafter measured at amortised cost, using the effective interest method, less loss allowance.

Fair value through income statement (FVPL) or Other Comprehensive Income (FVOCI)
Derivative financial instruments are initially recorded at fair value on the date the contract is entered into and are subsequently re-measured to fair value, as of each reporting date, using quoted market values. The gain or loss arising on re-measurement is recognised in the income statement, except where the instrument is a designated cash flow hedging instrument in which case fair value changes in the effective portion of the derivative are recognised in OCI.

Debt instruments
Subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the Consolidated Income Statement. Impairment losses are presented in the Consolidated Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group has no debt instruments measured at FVOCI.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. In addition, assets that are irrevocably designated as FVPL at origination to eliminate or significantly reduce an accounting mismatch are also measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Consolidated Income Statement.

Equity investments
The Group subsequently measures all equity instrument investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the Group Consolidated Income Statement following the derecognition of the investment. Dividends from such investments continue to be recognised in Consolidated Income Statement when the Group's right to receive payments is established.

Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Credit losses associated with trade and other receivables are recognised in administration expenses. Where risks associated with trade receivables are transferred out of the Group under receivables purchase arrangements, such receivables are derecognised from the balance sheet, except to the extent of the Group's continued involvement or exposure.

Trade and other payables
Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest method. Trade and other payables are classified as current liabilities, if payment is due within one year or less, otherwise, they are presented as non-current liabilities.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Provisions
A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the outflow can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Derivatives
Derivative financial instruments, including forward currency contracts, interest rate swaps and commodity futures contracts are used to manage the Group's exposure to foreign currency risk, interest rate risk and commodity price risk. These derivatives are generally designated as cash flow hedges. The Group does not use derivatives for speculative purposes.

Derivative financial instruments are initially recorded at fair value on the date the contract is entered into and are subsequently re-measured to fair value, as of each reporting date, using quoted market values. The gain or loss arising on re-measurement is recognised in the income statement, except where the instrument is a designated hedging instrument.

The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available a discounted cash flow analysis is used based on the applicable yield curve adjusted for counterparty risk for the duration and currency of the instrument, which are observable:
– Foreign exchange forward contracts are measured using quoted forward exchange rates to match the maturities of these contracts; and
– Commodity swap contracts are marked to market using observable market data and dealer quotes at the balance sheet date.

Cash flow hedges
Subject to the satisfaction of certain criteria relating to the documentation of the risk, objectives and strategy for the hedging transaction and the ongoing measurement of its effectiveness, cash flow hedges are accounted for under hedge accounting rules. At inception of a hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions. In order to achieve and maintain cash flow hedge accounting, it is necessary for management to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable.

In such cases, any unrealised gain or loss arising on the effective portion of the derivative instrument is recognised in other comprehensive income, as part of the cash flow hedge reserve. Unrealised gains or losses on any ineffective portion are recognised in the income statement. When the hedged transaction occurs, the related gains or losses in the cash flow hedge reserve are transferred to the income statement. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Net investment hedge
Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of or sold.

Interest-bearing loans and borrowings
Interest-bearing borrowings are recognised initially at fair value, net of attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are capitalised as transaction costs of the loan, to the extent that it is probable that some or all of the facility will be drawn down, and are amortised over the period of the facility to which the fees relate. Remaining loan transaction costs are recognised in the Group Consolidated Income Statement on derecognition of the related loan liability.

For interest-bearing loans and borrowings with a contractual re-pricing date of less than six months, the nominal amount is considered to approximate fair value for disclosure purposes. For loans with a re-pricing date of greater than six months, the fair value is calculated based on the expected future principal and interest cash flows, discounted at appropriate current market interest rates.

Other equity reserve
As the perpetual callable subordinated instruments (‘Hybrid instruments’) have no maturity date and repayment is at the option of ARYZTA, they 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.

Dividends on these Hybrid instruments accrue at the coupon rate applicable to each respective instrument on an ongoing basis; however, a contractual obligation to settle these dividends in cash only arises when a Compulsory Payment Event, such as payment of a cash dividend to equity shareholders, has occurred within the last twelve months.

Government grants
Grants that compensate the Group for the cost of an asset are shown as deferred income in the balance sheet and are recognised in the income statement in instalments on a basis consistent with the depreciation policy of the relevant assets. Other grants are credited to the income statement to offset the associated expenditure.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

2 Segment information

2.1 Analysis by business segment

Continuing operations I) Segment revenue and result	ARYZTA Europe 2022 €m	2021 €m	ARYZTA Rest of World 2022 €m	2021 €m	Total Continuing Operations 2022 €m	2021 €m
Segment revenue[1]	**1,531.1**	1,284.2	**225.0**	241.2	**1,756.1**	1,525.4
Underlying EBITDA[2]	**179.5**	140.5	**39.3**	32.9	**218.8**	173.4
Depreciation	**(85.2)**	(84.6)	**(11.3)**	(14.5)	**(96.5)**	(99.1)
ERP amortisation	**(11.0)**	(10.8)	**–**	–	**(11.0)**	(10.8)
Underlying EBITA	**83.3**	45.1	**28.0**	18.4	**111.3**	63.5
Amortisation of non-ERP intangible assets	**(11.5)**	(12.0)	**(4.8)**	(5.7)	**(16.3)**	(17.7)
Net loss on disposal of businesses	**0.2**	–	**(42.2)**	–	**(42.0)**	–
Loss on fixed asset disposals and impairments	**(2.4)**	(3.8)	**–**	(0.5)	**(2.4)**	(4.3)
Restructuring-related costs	**(2.4)**	(44.9)	**(0.1)**	(7.9)	**(2.5)**	(52.8)
COVID-19 related costs	**–**	(0.7)	**–**	(0.6)	**–**	(1.3)
Operating profit/(loss)[3]	**67.2**	(16.3)	**(19.1)**	3.7	**48.1**	(12.6)
Gain on equity instruments at fair value through profit or loss[4]					**–**	8.6
Financing income[4]					**1.3**	3.0
Financing costs[4]					**(18.4)**	(35.8)
RCF termination costs[4]					**(8.3)**	–
Profit/(loss) before income tax as reported in Group Consolidated Income Statement					**22.7**	(36.8)

1 There were no significant intercompany revenues between business segments.

2 'Underlying EBITDA' - presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, restructuring and Covid-related costs and related tax credits.

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 expense are managed on a centralised basis. Therefore, these items are not allocated between business segments for the purposes of presenting information to the Chief Operating Decision Maker.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

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

	ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
	2022 €m	2021 €m	**2022 €m**	2021 €m	**2022 €m**	2021 €m
Operating profit/(loss)	**67.2**	(16.3)	**(19.1)**	3.7	**48.1**	(12.6)
Depreciation	**85.2**	84.6	**11.3**	14.5	**96.5**	99.1
ERP amortisation	**11.0**	10.8	**–**	–	**11.0**	10.8
Amortisation of non-ERP intangible assets	**11.5**	12.0	**4.8**	5.7	**16.3**	17.7
IFRS EBITDA	**174.9**	91.1	**(3.0)**	23.9	**171.9**	115.0
Net loss on disposal of businesses	**(0.2)**	–	**42.2**	–	**42.0**	–
Loss on fixed asset disposals and impairments	**2.4**	3.8	**–**	0.5	**2.4**	4.3
Disposal and restructuring-related costs	**2.4**	44.9	**0.1**	7.9	**2.5**	52.8
COVID-19 related costs	**–**	0.7	**–**	0.6	**–**	1.3
Underlying EBITDA	**179.5**	140.5	**39.3**	32.9	**218.8**	173.4

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

II) Segment revenue by location	2022 €m Revenue	2022 % of Group Revenue	2021 €m Revenue	2021 % of Group Revenue
Switzerland (ARYZTA's country of domicile)	**220.7**	**12.6%**	194.2	12.7%
Germany	**507.4**	**28.9%**	457.4	30.0%
France	**253.7**	**14.4%**	170.5	11.2%
Other[1]	**549.3**	**31.3%**	462.1	30.3%
ARYZTA Europe segmental revenue	**1,531.1**	**87.2%**	1,284.2	84.2%
ARYZTA Rest of World segmental revenue[2]	**225.0**	**12.8%**	241.2	15.8%
ARYZTA Group continuing operations revenue[3]	**1,756.1**	**100.0%**	1,525.4	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 (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.

	ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
III) Segment revenue by product	**2022 €m**	2021 €m	**2022 €m**	2021 €m	**2022 €m**	2021 €m
Bread Rolls & Artisan Loaves	**678.0**	594.7	**153.3**	177.0	**831.3**	771.7
Sweet Baked & Morning Goods	**521.2**	426.2	**64.7**	59.7	**585.9**	485.9
Savoury & Other	**331.9**	263.3	**7.0**	4.5	**338.9**	267.8
Revenue	**1,531.1**	1,284.2	**225.0**	241.2	**1,756.1**	1,525.4

	ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
IV) Segment revenue by channel	**2022 €m**	2021 €m	**2022 €m**	2021 €m	**2022 €m**	2021 €m
QSR	**170.3**	133.9	**162.2**	176.6	**332.5**	310.5
Retail	**907.0**	808.7	**27.5**	24.9	**934.5**	833.6
Other Foodservice	**453.8**	341.6	**35.3**	39.7	**489.1**	381.3
Revenue	**1,531.1**	1,284.2	**225.0**	241.2	**1,756.1**	1,525.4

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

V) Segment assets	ARYZTA Europe 2022 €m	2021 €m	ARYZTA Rest of World 2022 €m	2021 €m	ARYZTA Group 2022 €m	2021 €m
Segment assets	**1,637.1**	1,618.3	**161.0**	245.9	**1,798.1**	1,864.2
Reconciliation to total assets as reported in Group Consolidated Balance Sheet						
Deferred income tax assets					**37.2**	28.4
Derivative financial instruments					**1.5**	0.2
Cash and cash equivalents					**245.8**	170.9
Total assets as reported in Group Consolidated Balance Sheet					**2,082.6**	2,063.7

VI) Segment liabilities	ARYZTA Europe 2022 €m	2021 €m	ARYZTA Rest of World 2022 €m	2021 €m	ARYZTA Group 2022 €m	2021 €m
Segment liabilities	**496.9**	442.7	**52.5**	92.5	**549.4**	535.2
Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet						
Interest-bearing bank loans and borrowings (excluding leases)					**409.7**	236.4
Derivative financial instruments					**4.8**	0.5
Current and deferred income tax liabilities					**186.3**	189.5
Total liabilities as reported in Group Consolidated Balance Sheet					**1,150.2**	961.6

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

VII) Other segment information	ARYZTA Europe 2022 €m	2021 €m	ARYZTA Rest of World 2022 €m	2021 €m	Total Continuing Operations 2022 €m	2021 €m
Capital expenditure						
– Property, plant and equipment	**64.8**	65.8	**29.6**	44.9	**94.4**	110.7
– Intangibles	**6.3**	3.6	**0.2**	0.1	**6.5**	3.7
Total capital expenditure	**71.1**	69.4	**29.8**	45.0	**100.9**	114.4

2.2 Segmental non-current assets

I) Segment non-current assets by segment	ARYZTA Europe 2022 €m	2021 €m	ARYZTA Rest of World 2022 €m	2021 €m	ARYZTA Group 2022 €m	2021 €m
IFRS 8 non-current assets[1]	**1,388.7**	1,404.2	**135.1**	112.4	**1,523.8**	1,516.6

1 Non-current assets as reported under IFRS 8, Operating Segments, include all non-current assets as presented in the Group Consolidated Balance Sheet, with the exception of deferred taxes and derivative financial instruments.

II) Segment non-current assets by location	2022 Non-current assets €m	2022 % of Group non-current assets	2021 Non-current assets €m	2021 % of Group non-current assets
Switzerland (ARYZTA's country of domicile)	**347.6**	**22.8%**	322.9	21.3%
Germany	**369.5**	**24.2%**	396.6	26.2%
Ireland	**189.9**	**12.5%**	187.2	12.3%
Other[1]	**481.7**	**31.6%**	497.5	32.8%
ARYZTA Europe segmental non-current assets	**1,388.7**	**91.1%**	1,404.2	92.6%
ARYZTA Rest of World segmental non-current assets[2]	**135.1**	**8.9%**	112.4	7.4%
ARYZTA Group non-current assets	**1,523.8**	**100.0%**	1,516.6	100.0%

1 Other includes foreign countries in the Europe segment which individually did not represent greater than 10% of ARYZTA Group non-current assets at the end of the current or prior financial year.

2 No country in the Rest of World segment represented greater than 10% of the ARYZTA Group non-current assets in the current or prior financial year on an individual country basis.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

3 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 and restructuring 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.

Continuing operations	**IFRS Income Statement 2022 €m**	Impairment, disposal & restructuring related costs 2022 €m	Non-ERP Intangible amortisation 2022 €m	**Financial Business Review 2022 €m**	**IFRS Income Statement 2021 €m**	Impairment, disposal & restructuring related costs 2021 €m	Covid-19 related costs 2021 €m	Non-ERP Intangible amortisation 2021 €m	**Financial Business Review 2021 €m**
Revenue	**1,756.1**	–	–	**1,756.1**	**1,525.4**	–	–	–	**1,525.4**
Cost of sales	**(1,205.8)**	2.6	–	**(1,203.2)**	**(1,058.5)**	11.3	(0.2)	–	**(1,047.4)**
Distribution expenses	**(231.8)**	0.1	–	**(231.7)**	**(214.4)**	2.4	0.4	–	**(211.6)**
Gross profit	**318.5**	2.7	–	**321.2**	**252.5**	13.7	0.2	–	**266.4**
Selling expenses	**(85.1)**	0.4	–	**(84.7)**	**(86.8)**	2.4	0.3	–	**(84.1)**
Administration expenses	**(143.3)**	1.8	16.3	**(125.2)**	**(178.3)**	41.0	0.8	17.7	**(118.8)**
Net loss on disposal of businesses	**(42.0)**	42.0	–	**–**	**–**	–	–	–	**–**
Operating profit/(loss) of continuing operations	**48.1**	46.9	16.3	**111.3**	**(12.6)**	57.1	1.3	17.7	**63.5**

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

During the period ended 30 July 2022, the Group incurred the following impairment, disposal and restructuring 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 2. Furthermore, this metric forms the basis for the 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	
	Notes	2022 €m	2021 €m	2022 €m	2021 €m	2022 €m	2021 €m
Net loss on disposal of businesses	3.1	**0.2**	–	**(42.2)**	–	**(42.0)**	–
Net loss on fixed asset disposals and impairments	3.2	**(2.4)**	(3.8)	**–**	(0.5)	**(2.4)**	(4.3)
Total net loss on disposal of businesses and asset write-downs		**(2.2)**	(3.8)	**(42.2)**	(0.5)	**(44.4)**	(4.3)
						–	–
Severance and other staff-related costs		**(2.0)**	(24.2)	**–**	(4.2)	**(2.0)**	(28.4)
Other costs including advisory		**(0.4)**	(7.1)	**(0.1)**	(1.2)	**(0.5)**	(8.3)
Legal & financial obligations related to takeover of Group, rejected by Board in Dec 2020		**–**	(13.6)	**–**	(2.5)	**–**	(16.1)
Total restructuring-related costs	3.3	**(2.4)**	(44.9)	**(0.1)**	(7.9)	**(2.5)**	(52.8)
						–	–
COVID-19 related costs	3.4	**–**	(0.7)	**–**	(0.6)	**–**	(1.3)
						–	–
Total impairment, disposal, restructuring and COVID-19 related costs		**(4.6)**	(49.4)	**(42.3)**	(9.0)	**(46.9)**	(58.4)

3.1 Net loss on disposal of businesses – continuing operations

During the period ended 30 July 2022, the Group successfully concluded the disposal of its Brazil business to Grupo Bimbo SAB de CV. In addition the Group completed the sale of an immaterial business in Europe. As the €108.4m proceeds received, net of associated transaction costs, were in excess of the €65.0m 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 €42.0m was recognised in the income statement. See note 4 for further details.

3.2 Loss on sale and impairment of fixed assets and investment property – continuing operations

During the period ended 30 July 2022, the Group recorded an impairment of €2.4m in the ARYZTA Europe segment (2021: €4.3m), primarily related to the write-down of building assets to recoverable value.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

3.3 Restructuring-related costs – continuing operations
During the period ended 30 July 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 30 July 2022, the Group incurred €2.0m (2021: €28.4m) in severance and other staff-related costs. These costs primarily relate to employees whose services were discontinued as part of the Group's continued efficiency programs and the structural costs optimizations projects.

Other costs including advisory
During the period ended 30 July 2022, the Group incurred €0.5m (2021: €8.3m) 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 31 July 2021, the Group incurred €16.1m in 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.

3.4 COVID-19 related costs - continuing operations
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 30 July 2022. During the prior period ended 31 July 2021, the Group incurred COVID-19 related costs of €1.3m 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 Consolidated Financial Statements (continued)
for the period ended 30 July 2022

4 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. The Brazil business is part of the 'Rest Of World' segment and historically generated approximately 24% of annual revenue of the segment. In addition, the Group completed the sale of an immaterial business in Aryzta Europe.

A calculation of the loss on disposal of businesses is shown below:

	2022 €m
Property, plant and equipment	**72.7**
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	**104.8**
Trade and other payables	**(15.8)**
Lease liabilities	**(17.2)**
Deferred tax liabilities	**(6.8)**
Liabilities disposed	**(39.8)**
Net assets disposed	**65.0**
Consideration	
Gross consideration, net of transaction costs	**108.6**
Net cash disposed	**(0.2)**
Total consideration	**108.4**
Translation reserve classification to income statement on disposal	**(85.4)**
Net loss on disposal before tax	**(42.0)**
Tax on disposal	**(14.5)**
Net loss on disposal after tax	**(56.5)**

As the €108.4m consideration received, net of associated transaction costs, was in excess of the €65.0m 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 €42.0m was recognised in the Group Consolidated Income Statement. Including directly attributable tax of €14.5m which was recognised in the income statement, the net loss on disposal after tax is €56.5m.

Before transaction costs of €1.5m which remain outstanding and are expected to be settled within the next 12 months, cash proceeds before tax in relation to these transactions received during the period ended 30 July 2022 were €109.9m. In addition, €3.1m of transaction costs payments directly related to the disposal of the North America discontinued operation sold during the prior financial year were incurred, resulting in net cash proceeds from disposal of businesses of €106.8m which were recorded in the Group Consolidated Cash Flow Statement during the period ended 30 July 2022.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

In addition, income tax payments arising on disposal of businesses of €14.2m, have been recognised in the Group Consolidated Cash Flow Statement during the period ended 30 July 2022. During the period ended 30 July 2022, a total of €30.3m of income tax paid was recognised in the Group Consolidated Cash Flow Statement (2021: €16.6m), of which €16.1m is presented within net cash flows from operating activities (2021: €16.6m) and €14.2m is presented within net cash flows from investing activities (2021: Nil).

5 Discontinued operations

During the period ended 31 July 2021, the Board of Directors confirmed its intention to dispose of the Group's businesses in North America, in order to reduce debt levels, and in order to focus on the Group's Europe and APAC markets.

On 12 March 2021, the Group publicly announced the sale of its North American businesses in the USA and Canada to an affiliate of Lindsay Goldberg LLC for a cash consideration of US$850m, which completed on 3 May 2021. After adjustments for cash, debt and working capital, net proceeds of €659.1m were recorded in the Group Consolidated Cash Flow Statement at 31 July 2021.

In accordance with IFRS 5, 'Non-current Assets Held for Sale and Discontinued Operations', as the ARYZTA North America business previously represented a significant component and separately reported segment of the Group, its results have been separately presented in the Group Consolidated Income Statement as Discontinued Operations, in both the current and prior periods.

Analysis of the loss after tax for the period from discontinued operations, is as follows:

	2022 €m	2021 €m
Revenue	–	794.3
Cost of sales	–	(603.6)
Distribution expenses	–	(82.6)
Gross profit	–	108.1
Selling expenses	–	(22.0)
Administration expenses	–	(74.1)
Net gain on disposal of businesses	–	4.6
Operating profit	–	16.6
Finance income	–	1.2
Finance costs	–	(4.0)
Profit before income tax	–	13.8
Income tax credit	–	4.6
Profit after tax from discontinued operations	–	18.4
Loss on disposal of discontinued operations	**(1.0)**	(189.3)
Income tax on loss on disposal of discontinued operations	–	(14.6)
Loss after tax for the period from discontinued operations	**(1.0)**	(185.5)

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

The major classes of assets and liabilities of ARYZTA North America disposed, the consideration received and a calculation of the loss on disposal during the period ended 31 July 2021 are as follows:

	2021 €m
Property, plant and equipment	**403.0**
Goodwill and intangible assets	**426.8**
Deferred income tax assets	**24.6**
Inventory	**79.8**
Trade and other receivables	**152.3**
Assets disposed	**1,086.5**
Leases	**(74.2)**
Deferred income tax liabilities	**(29.9)**
Trade and other payables	**(189.6)**
Liabilities disposed	**(293.7)**
Net assets disposed	**792.8**
Consideration	
Gross consideration, net of transaction costs	**649.3**
Net cash disposed	**(1.9)**
Total Consideration	**647.4**
Translation reserve classification to income statement on disposal	**(43.9)**
Net loss on disposal	**(189.3)**

A cumulative €43.9m foreign currency translation loss on net investment, related to this disposal group, was recognised through other comprehensive income since initial investment, and transferred to the loss on disposal in the income statement during the prior period ended 31 July 2021.

The Underlying EBITDA of discontinued operations has been reconciled to the operating profit from discontinued operations during the prior period ended 31 July 2021 as follows:

	2021 €m
Underlying EBITDA - discontinued operations	**76.6**
Depreciation	**(28.1)**
ERP amortisation	**(2.5)**
Underlying EBITA	**46.0**
Amortisation of non-ERP intangible assets	**(25.7)**
Net gain on disposal of businesses	**4.6**
Loss on fixed asset disposals and impairments	**(0.8)**
Restructuring-related costs	**(2.8)**
COVID-19 related costs	**(4.7)**
Operating profit - discontinued operations	**16.6**

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Disposal, restructuring and COVID-19 related costs - discontinued operations
During the period ended 30 July 2022, the ARYZTA North America discontinued operation, reported a loss of €1.0m related to net loss on disposal of business. In addition, during the period ended 30 July 2022, the group made payments of €3.1m for transaction costs directly related to the disposal of the North America discontinued operation sold during the prior financial year and this is recongised as part of the €106.8m for Disposal of business, net of cash disposed, in the Group Consolidated Cashflow Statement.

During the period ended 31 July 2021, the Group completed the disposal of its non-core Pizza businesses within North America, which had been classified as a disposal group held-for-sale as of 1 August 2020. These businesses historically generated approximately 11% of the annual revenues of the segment. As the €18.6m proceeds received, net of associated transaction costs, were in excess of the €18.5m carrying value of the net assets disposed, combined with a €4.5m cumulative foreign currency translation gain since the initial investment, a gain on disposal of €4.6m was recognised in the income statement. Including €39.6m of lease liabilities disposed, the net debt consideration was €58.2m.

During the period ended 31 July 2021, the ARYZTA North America business incurred €2.8m in restructuring-related costs, of which €1.5m related to severance and other staff-related costs. These costs primarily related to the employees whose services were discontinued following business rationalisation decisions as part of the restructuring of the business. The business also incurred €1.3m during the period ended 31 July 2021 in advisory and other costs related to the business rationalisation.

The business incurred €4.7m of costs as a result of COVID-19 restrictions during the period ended 31 July 2021, which mainly related to costs associated with incidental labour related costs and incremental inventory write-offs incurred due to further restrictions within the Foodservice sector in the period.

Cash flow statement - discontinued operations
The net cash flows incurred by ARYZTA North America discontinued operations are as follows:

	2022 €m	(Restated)[1] 2021 €m
Operating	–	31.3
Investing	**(3.1)**	654.0
Financing	–	(9.2)
Net cash (outflow)/inflow	**(3.1)**	676.1

1 The prior period ended 31 July 2021 cash flow statement for discontinued operations has been restated for an accounting policy change presentation. Please refer to note 1, page 89 for details of the accounting policy change presentation restatement.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

6 Financing income and costs

	2022 €m	2021 €m
Financing income - continuing operations		
Total financing income recognised in Group Consolidated Income Statement	**1.3**	3.0
Financing costs - continuing operations		
Interest cost on bank loans and overdrafts	**(14.0)**	(31.6)
Interest cost on lease liabilities	**(4.4)**	(4.2)
Total financing costs recognised in Group Consolidated Income Statement	**(18.4)**	(35.8)
RCF termination costs (note 22)	**(8.3)**	-

7 Other information

Group Consolidated Income statement by nature of cost through to operating profit - continuing operations	2022 €m	2021 €m
Revenue	**1,756.1**	1,525.4
Raw materials and consumables used	**(818.3)**	(677.2)
Employment costs (note 9)	**(383.4)**	(411.1)
Storage and distribution costs	**(119.6)**	(106.2)
Amortisation of intangible assets (note 2)	**(27.3)**	(28.5)
Depreciation of property, plant and equipment (note 2)	**(96.5)**	(99.1)
Light, heat and power	**(66.6)**	(47.1)
Operating lease rentals	**(3.1)**	(3.1)
Repairs and maintenance	**(38.9)**	(41.1)
Advertising and marketing	**(2.6)**	(7.3)
Research and development	**(5.4)**	(5.3)
Net loss on disposal of businesses (note 4)	**(42.0)**	-
Asset disposals and impairments (note 3)	**(2.4)**	(4.3)
Other restructuring-related costs (note 3)	**(0.5)**	(24.4)
COVID-19 related costs (note 3)	**-**	(1.3)
Government aid	**0.6**	10.7
Other direct and indirect costs	**(102.0)**	(92.7)
Operating profit/(loss) from continuing operations	**48.1**	(12.6)

Group revenue categories
Group revenue relates primarily to sale of products.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

8 Directors' compensation
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 Directors and Group Executive Management. Also see compensation of key management disclosure as included in note 30.

9 Employment

Average number of persons employed by the Group during the year by function - continuing operations	2022	2021
Production	**5,209**	5,981
Sales and distribution	**2,217**	2,300
Management and administration	**742**	970
Average number of persons employed - continuing operations	**8,168**	9,251

Average number of persons employed by the Group during the year by region - continuing operations	2022	2021
Europe	**7,069**	7,183
Rest of World	**1,099**	2,068
Total Group - continuing operations	**8,168**	9,251

Employment costs of the Group - continuing operations	2022 €m	2021 €m
Wages and salaries	**323.4**	325.4
Social welfare costs	**46.2**	47.8
Severance and other staff-related costs (note 3)	**2.0**	28.4
Defined contribution plans (note 26)	**5.3**	5.9
Defined benefit plans - current service cost (note 26)	**3.4**	3.6
Defined benefit plans - past service cost (note 26)	**(0.7)**	(1.8)
Share-based payments (note 10)	**3.8**	1.8
Employment costs - continuing operations	**383.4**	411.1

10 Share-based payments
The Group has equity-based incentive awards outstanding under various ARYZTA Long-Term Incentive Plans ('LTIPs'). In addition, as detailed in the Compensation Report, since the November 2018 AGM, non-executive members of the Board of Directors have been compensated in the form of restricted shares or Restricted Stock Units ('RSUs') in respect of 40% of their fixed annual fees.

As the Group has no legal or constructive obligation to repurchase or settle the awards in cash, the equity instruments granted under these LTIPs are equity-settled share-based payments, as defined in IFRS 2 'Share-based Payment'.

During the period ended 30 July 2022, the Group granted Performance Share Units ('PSUs') to Group Executives and other members of senior management. Vesting of these awards is conditional on achievement of EBITA, ROIC and TSR targets during the associated performance periods ending in 2022, 2023 and 2024, as well as continued employment throughout the respective performance periods. The Group also granted Performance Share Units ('PSUs') to Group Executives and other members of senior management during the period ended 1 August 2020. Vesting of these awards is

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

conditional on achievement of EBITDA, ROIC and TSR targets during the associated performance periods ending in 2021, 2022 and 2023, as well as continued employment throughout the respective performance periods. Further details are set out on pages 53 to 71 in the Compensation Report.

The number of awards granted during the period, as included in the respective tables below, represents the target number of awards that could potentially vest. The actual vesting level will be determined based on the level of performance achieved during the applicable vesting period and applying the corresponding vesting multiple, ranging between 0 and 1.5, to the number of awards received by each participant.

The total cost reported in the Group Consolidated Income Statement in relation to equity-settled share-based payments is €3.8m (2021: €1.8m). The analysis of movements within the LTIP plans is as follows:

10.1 Performance Share Units and Restricted Stock Units

Restricted Stock Unit and Performance Share awards outstanding	**Weighted conversion price 2022 in CHF**	**Number of equity entitlements 2022**	Weighted conversion price 2021 in CHF	Number of equity entitlements 2021
Outstanding at beginning of the year	**0.00**	**9,333,563**	0.00	26,688,388
Granted during the year	**0.00**	**4,407,088**	–	–
Exercised during the year	**0.00**	**(143,483)**	0.00	(167,902)
Forfeited during the year	**0.00**	**(562,406)**	0.00	(17,186,923)
Outstanding at the end of the year	**0.00**	**13,034,762**	0.00	9,333,563
Vested at end of the year	**–**	**–**	–	–

Restricted Stock Unit and Performance Share awards outstanding by conversion price	Actual remaining life (years)	Conversion price in CHF	**Number of equity entitlements**
Issued during financial year 2020	7.2	0.00	**8,776,705**
Issued during financial year 2022	9.5	0.00	**4,258,057**
As of 30 July 2022	8.0	0.00	**13,034,762**

Awards relating to the PSUs granted during financial period ended 30 July 2022 were forfeited as certain employees exited the business before the vesting period ended. As the performance conditions associated with the PSUs awards granted during financial period 2019 were not met, these awards were forfeited during the period ended 31 July 2021.

The weighted average fair value assigned to PSUs issued during the period ended 30 July 2022 was CHF 1.08, which represents the full value of an ordinary share on the grant date, as the exercise price associated with these awards is nil and the expected dividend yield was 0.0%.

During the period ended 30 July 2022, the performance conditions associated with 143,483 RSUs 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 0.46).

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for the period ended 30 July 2022

10.2 Options and option equivalents

Option Equivalent Plan awards	Weighted conversion price 2022 in CHF	Number of equity entitlements 2022	Weighted conversion price 2021 in CHF	Number of equity entitlements 2021
Outstanding at beginning of the year	**8.57**	**4,646,183**	2.62	22,610,768
Forfeited during the year	**–**	**–**	1.08	(17,964,585)
Expired during the year	**8.50**	**(4,420,458)**	–	–
Outstanding at the end of the year	**9.93**	**225,725**	8.57	4,646,183
Vested at end of the year	**9.93**	**225,725**	8.57	4,646,183

Option Equivalent Plan awards outstanding by conversion price	Actual remaining life (years)	Conversion price in CHF	Number of equity entitlements
Issued during financial year 2013	0.3	9.93	**225,725**
As of 30 July 2022	0.3	9.93	**225,725**

During the period ended 30 July 2022, vested options expired as the performance period of ten years had ended. The vested option awards still outstanding as of 30 July 2022 can be exercised no later than ten years after grant date. As the performance conditions associated with the option awards granted during financial period 2019 were not met, these awards were forfeited during the period ended 31 July 2021.

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for the period ended 30 July 2022

11 Income taxes

Income tax (charge)/credit	2022 €m	2021 €m
Current tax charge	**(30.5)**	(23.2)
Deferred tax credit (note 25)	**9.7**	9.7
Income tax charge - continuing operations	**(20.8)**	(13.5)

Reconciliation of average effective tax charge to applicable tax charge	2022 €m	2021 €m
Profit/(loss) before income tax	**22.7**	(36.8)
Income tax on (profit)/loss for the year at 20.83% (2021: 20.83%)[1]	**(4.7)**	7.7
Income/(expenses) not taxable/(deductible) for tax purposes	**(8.7)**	(7.3)
Income subject to other rates of tax	**(1.1)**	(14.9)
Excess deferred tax assets not recognised / derecognised	**(11.4)**	(7.8)
Impact of impairment in group subsidiaries	**–**	7.7
Change in estimates and other prior year adjustments:		
– Current tax	**0.9**	0.4
– Deferred tax	**4.2**	0.7
Income tax charge - continuing operations	**(20.8)**	(13.5)

Income tax recognised in other comprehensive income	2022 €m	2021 €m
Relating to foreign exchange translation effects	**6.3**	–
Relating to cash flow hedges	**0.7**	–
Relating to Group employee benefit plans actuarial loss/(gain) (note 25)	**0.3**	(0.9)
Tax recognised directly in other comprehensive income	**7.3**	(0.9)

1 20.83% is the standard rate of income tax applicable to trading profits in Zurich, Switzerland.

12 Proposed dividend

No dividend is planned to be proposed for the period ended 30 July 2022. No dividend was proposed or paid for the period ended 31 July 2021.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

13 Earnings per share

Basic loss per share	2022 €m	2021 €m
Profit/(loss) attributable to equity shareholders - continuing operations	**1.9**	(50.3)
Loss attributable to equity shareholders - discontinued operations	**(1.0)**	(185.5)
Profit/(loss) attributable to equity shareholders - total	**0.9**	(235.8)
Hybrid instrument dividend (note 27)	**(45.2)**	(46.2)
Loss used to determine basic EPS - continuing operations	**(43.3)**	(96.5)
Loss used to determine basic EPS - discontinued operations	**(1.0)**	(185.5)
Loss used to determine basic EPS - total	**(44.3)**	(282.0)

Weighted average number of ordinary shares	in Millions	in Millions
Ordinary shares outstanding at start of period[1]	**991.8**	991.1
Effect of exercise of equity instruments	**0.1**	0.2
Release of treasury shares as restricted shares	**0.2**	0.2
Weighted average ordinary shares used to determine basic EPS	**992.1**	991.5
Basic loss per share - continuing operations	**(4.4) cent**	(9.7) cent
Basic loss per share - discontinued operations	**(0.1) cent**	(18.7) cent
Basic loss per share	**(4.5) cent**	(28.4) cent

Diluted loss per share	€m	€m
Loss used to determine basic EPS - continuing operations	**(43.3)**	(96.5)
Loss used to determine basic EPS - discontinued operations	**(1.0)**	(185.5)
Loss used to determine basic EPS - total	**(44.3)**	(282.0)

Weighted average number of ordinary shares (diluted)	in Millions	in Millions
Weighted average ordinary shares used to determine basic EPS	**992.1**	991.5
Effect of equity-based incentives with a dilutive impact[2]	**–**	–
Weighted average ordinary shares used to determine diluted EPS	**992.1**	991.5
Diluted loss per share - continuing operations	**(4.4) cent**	(9.7) cent
Diluted loss per share - discontinued operations	**(0.1) cent**	(18.7) cent
Diluted loss per share	**(4.5) cent**	(28.4) cent

1 Issued share capital excludes treasury shares as detailed in note 27.

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 impacts related to the conversion of equity-based incentives would decrease the loss per share for the periods ended 30 July 2022 and 31 July 2021, no dilutive effect was taken during these periods.

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 impairment, disposal, restructuring and COVID-19 related costs; and
– excludes RCF termination costs.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Underlying diluted earnings per share	2022 €m	2021 €m
Loss used to determine basic EPS - continuing operations	**(43.3)**	(96.5)
Amortisation of non-ERP intangible assets (note 2)	**16.3**	17.7
Tax on amortisation of non-ERP intangible assets (note 25)	**(3.1)**	(3.0)
Net loss on disposal of businesses (note 3)	**42.0**	–
Loss of fixed assets disposal and impairments (note 3)	**2.4**	4.3
Restructuring-related costs (note 3)	**2.5**	52.8
COVID-19 related costs (note 3)	**–**	1.3
Gain on equity instruments at fair value through profit or loss	**–**	(8.6)
RCF termination costs	**8.3**	–
Tax on net impairment, disposal, restructuring and Covid-related costs	**20.5**	(10.2)
Underlying net profit/(loss) - continuing operations	**45.6**	(42.2)
Loss used to determine basic EPS - discontinued operations	**(1.0)**	(185.5)
Amortisation of non-ERP intangible assets (note 5)	**–**	25.7
Tax on amortisation of non-ERP intangible assets	**–**	(5.9)
Loss on disposal of businesses (note 5)	**–**	(4.6)
Loss of sale and impairment of fixed assets (note 5)	**–**	0.8
Restructuring-related costs (note 5)	**–**	2.8
COVID-19 related costs (note 5)	**–**	4.7
Tax on net impairment, disposal and restructuring-related costs	**–**	20.1
Loss on disposal of discontinued operations (note 5)	**1.0**	189.3
Underlying net profit - discontinued operations	**–**	47.4
Underlying net profit - total	**45.6**	5.2

	in Millions	in Millions
Weighted average ordinary shares used to determine basic EPS	**992.1**	991.5
Underlying basic earnings per share - continuing operations	**4.6 cent**	(4.3) cent
Underlying basic earnings per share - discontinued operations	**0.0 cent**	4.8 cent
Underlying basic earnings per share - total	**4.6 cent**	0.5 cent

	in Millions	in Millions
Weighted average ordinary shares used to determine basic EPS	**992.1**	991.5
Effect of equity-based incentives with a dilutive impact[1]	**5.9**	-
Weighted average ordinary shares used to determine underlying diluted EPS	**998.0**	991.5
Underlying diluted earnings per share - continuing operations	**4.6 cent**	(4.3) cent
Underlying diluted earnings per share - discontinued operations	**0.0 cent**	4.8 cent
Underlying diluted earnings per share - total	**4.6 cent**	0.5 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 impacts related to the conversion of equity-based incentives would decrease the loss per share for the period ended 31 July 2021, no dilutive effect was taken during this period.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

14 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	14.6	23.2	0.1	41.5	15.0	94.4
Transfer from assets under construction	2.6	19.7	-	(22.3)	-	-
Transfer to assets held-for-sale (note 4)	(1.0)	(0.4)	-	-	-	(1.4)
Asset impairments (note 3)	-	(2.6)	-	-	-	(2.6)
Asset disposals	(0.2)	(1.1)	(0.2)	-	-	(1.5)
Transfer from investment properties (note 16)	2.8	-	-	-	-	2.8
Depreciation charge for year	(11.0)	(54.7)	(0.1)	-	(30.7)	(96.5)
Reclassifications	0.8	(0.8)	-	-	-	-
Translation adjustments	1.1	3.6	(0.1)	0.3	3.7	8.6
Net book value at 30 July 2022	**304.6**	**390.8**	**0.2**	**36.0**	**122.0**	**853.6**
At 30 July 2022						
Cost	372.1	776.0	1.6	36.0	201.4	1,387.1
Accumulated depreciation	(67.5)	(385.2)	(1.4)	-	(79.4)	(533.5)
Net book value at 30 July 2022	**304.6**	**390.8**	**0.2**	**36.0**	**122.0**	**853.6**

	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 1 August 2020	**386.2**	**694.2**	**1.0**	**40.8**	**201.2**	**1,323.4**
Additions	4.5	25.1	-	63.0	38.6	131.2
Transfer from assets under construction	4.2	33.7	-	(37.9)	-	-
Disposals as part of business disposals	(69.1)	(256.8)	-	(22.4)	(54.7)	(403.0)
Transfer to disposal groups classified as held-for-sale	(12.3)	(13.5)	-	(28.4)	(17.4)	(71.6)
Transfer to assets held-for-sale (note 4)	(3.2)	-	-	-	-	(3.2)
Asset impairments (note 3)	(3.3)	(2.0)	-	-	(0.3)	(5.6)
Asset disposals	(2.1)	(1.9)	(0.2)	-	-	(4.2)
Depreciation charge for year	(13.1)	(77.6)	(0.4)	-	(36.1)	(127.2)
Translation adjustments	3.1	2.7	0.1	1.4	2.7	10.0
Net book value at 31 July 2021	**294.9**	**403.9**	**0.5**	**16.5**	**134.0**	**849.8**
At 31 July 2021						
Cost	362.3	802.3	1.8	16.5	187.2	1,370.1
Accumulated depreciation	(67.4)	(398.4)	(1.3)	-	(53.2)	(520.3)
Net book value at 31 July 2021	**294.9**	**403.9**	**0.5**	**16.5**	**134.0**	**849.8**

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for the period ended 30 July 2022

15 Leases

The movement in the Group's right-of-use leased assets during the period is as follows:

	Land and Buildings €m	Plant and Machinery €m	Motor Vehicles €m	Total €m
At 31 July 2021, net carrying amount	**104.1**	**8.9**	**21.0**	**134.0**
Net additions	3.7	6.5	4.8	15.0
Depreciation charge for the period	(16.7)	(3.6)	(10.4)	(30.7)
Translation adjustment	3.0	0.4	0.3	3.7
At 30 July 2022, net carrying amount	**94.1**	**12.2**	**15.7**	**122.0**

	Land and Buildings €m	Plant and Machinery €m	Motor Vehicles €m	Total €m
At 1 August 2020, net carrying amount	**165.7**	**8.8**	**26.7**	**201.2**
Net additions	26.2	6.6	5.8	38.6
Arising on disposal of business, net carrying amount	(52.4)	(2.1)	(0.2)	(54.7)
Arising on disposal group held-for-sale	(16.9)	(0.2)	(0.3)	(17.4)
Depreciation charge for the period	(20.7)	(4.4)	(11.0)	(36.1)
Impairment of leased assets	(0.3)	–	–	(0.3)
Translation adjustment	2.5	0.2	–	2.7
At 31 July 2021, net carrying amount	**104.1**	**8.9**	**21.0**	**134.0**

Lease Liabilities

The movement in the Group's lease liabilities during the period is as follows:

	2022 €m	2021 €m
Balance at beginning of period	**154.6**	**268.5**
Net additions	15.0	38.6
Arising on disposal of business, net carrying amount	(17.2)	(113.9)
Payments	(33.8)	(47.6)
Discount unwinding	4.4	7.9
Translation adjustment	3.1	1.1
Balance at end of period	**126.1**	**154.6**
Presented in non-current interest bearing loans & borrowings (note 22)	97.9	109.1
Presented in current interest bearing loans & borrowings (note 22)	28.2	27.8
Presented in liabilities of disposal groups held-for-sale	–	17.7
Balance at end of period	**126.1**	**154.6**

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Undiscounted lease liabilities
The table below shows analysis of the maturity profile of the undiscounted lease liabilities arising from the Group's leasing activities as at 30 July 2022. The projections are based on the foreign exchange rates applicable at the end of the relevant financial period:

	2022 €m	2021 €m
Within one year	28.9	33.5
Between one and two years	21.3	27.7
Between two and three years	16.5	21.5
Between three and four years	14.3	16.7
Between four and five years	11.5	14.5
Over five years	58.4	82.8
Total	**150.9**	**196.7**

Short term, low value and wholly variable leases
The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Wholly variable lease payments directly linked to sales or usage are also expensed as incurred. The following lease costs have been charged to the Group Consolidated Income Statement as incurred:

	2022 €m	2021 €m
Short term leases	1.9	2.5
Leases of low value assets	1.2	0.7
Wholly-variable lease payments	-	-
Total	**3.1**	**3.1**

Future possible cash outflows not included in the lease liability
Some leases contain break clauses or extension options to provide operational flexibility. Potential future undiscounted lease payments not included in the reasonably certain lease term, and therefore not included in lease liabilities, total €46.9m. Future increases or decreases in rentals linked to an index or rate are not included in the lease liability until the change in cash flows takes effect.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

16 Investment properties

	2022 €m	2021 €m
Balance at beginning of period	**3.7**	6.4
Transfer to property, plant and equipment (note 14)	**(2.8)**	-
Disposals	**(1.0)**	(2.7)
Translation adjustment	**0.1**	-
Balance at end of period	**-**	3.7

Investment property is principally comprised of properties previously used in operations, which were transferred to investment property upon the determination that they would no longer be used in operations, but instead would be held as an investment for capital appreciation.

During the period ended 30 July 2022, a property in the ARYZTA Europe segment was disposed of for net cash consideration of €0.9m. As the proceeds received were lower than the €1.0m carrying value of the assets, this transaction resulted in a loss on disposal of €0.1m.

During the period ended 30 July 2022, resulting from a change in use to operations, a property in the ARYZTA Europe segment with a carrying value of €2.8m was transferred to property, plant and equipment.

During the period ended 31 July 2021, a property in the ARYZTA Europe segment was disposed of for net cash consideration of €2.9m. As the proceeds received were greater than the €2.7m carrying value of the assets, this transaction resulted in a gain on disposal of €0.2m.

The carrying value of investment properties at fair value was determined based on the results of independent valuations. The valuations were arrived at by reference to location, market conditions and status of planned disposals, and were performed by independent valuation experts holding recognised and relevant qualifications. The fair values of investment properties are considered a Level 3 fair value measurement. Rental income and operating expenses recognised related to these properties were not significant.

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for the period ended 30 July 2022

17 Goodwill and intangible assets

	Goodwill €m	Customer Relationships €m	Brands €m	Computer-related €m	ERP-related intangibles €m	Patents and other €m	Total €m
Net book value at 31 July 2021	**520.1**	**67.8**	**1.0**	**11.2**	**58.2**	**2.0**	**660.3**
Additions	–	0.2	–	0.9	5.4	–	6.5
Amortisation charge for the year	–	(13.7)	(0.2)	(1.9)	(11.0)	(0.5)	(27.3)
Translation adjustments	27.3	0.8	(0.1)	–	–	–	28.0
Net book value at 30 July 2022	**547.4**	**55.1**	**0.7**	**10.2**	**52.6**	**1.5**	**667.5**
At 30 July 2022							
Cost	547.4	183.6	109.7	33.2	140.1	4.9	1,018.9
Accumulated amortisation	–	(128.5)	(109.0)	(23.0)	(87.5)	(3.4)	(351.4)
Net book value at 30 July 2022	**547.4**	**55.1**	**0.7**	**10.2**	**52.6**	**1.5**	**667.5**

	Goodwill €m	Customer Relationships €m	Brands €m	Computer-related €m	ERP-related intangibles €m	Patents and other €m	Total €m
Net book value at 1 August 2020	**823.4**	**181.1**	**16.6**	**15.6**	**102.6**	**4.0**	**1,143.3**
Additions	-	-	-	2.7	1.7	-	4.4
Asset impairments	-	-	-	(0.1)	-	-	(0.1)
Disposals as part of business disposals (note 5)	(315.7)	(77.0)	(8.7)	(3.8)	(32.8)	(1.4)	(439.4)
Transfer to disposal groups classified as held-for-sale (note 4)	(9.2)	(5.1)	-	-	-	-	(14.3)
Amortisation charge for the year	-	(33.4)	(6.8)	(2.7)	(13.2)	(0.6)	(56.7)
Translation adjustments	21.6	2.2	(0.1)	(0.5)	(0.1)	-	23.1
Net book value at 31 July 2021	**520.1**	**67.8**	**1.0**	**11.2**	**58.2**	**2.0**	**660.3**
At 31 July 2021							
Cost	520.1	189.4	99.7	32.2	134.7	5.1	981.2
Accumulated amortisation	-	(121.6)	(98.7)	(21.0)	(76.5)	(3.1)	(320.9)
Net book value at 31 July 2021	**520.1**	**67.8**	**1.0**	**11.2**	**58.2**	**2.0**	**660.3**

Goodwill Impairment testing

Goodwill acquired through business combinations is allocated at acquisition to the cash-generating units ('CGUs'), or groups of CGUs, that are expected to benefit from the synergies of the business combination.

The Group tests goodwill for impairment annually, during the last quarter of the financial period, or more frequently if changes in circumstances indicate a potential impairment.

The business units shown in the following table represent the lowest level at which goodwill is monitored for internal management purposes. Accordingly, this is also the level at which the 2022 goodwill impairment testing was performed. The carrying amount of goodwill allocated to the relevant CGUs, as well as the key assumptions used in the 2022 impairment testing, are summarised as follows:

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

	Pre-tax discount rate 2022	Pre-tax discount rate 2021	**Projection period 2022**	Projection period 2021	**Terminal growth rate 2022**	Terminal growth rate 2021	**Carrying Value 2022 €m**	Carrying Value 2021 €m
North West Europe[1]	**8.0%**	7.3%	**5 years**	5 years	**2.0%**	1.9%	**63.2**	63.2
Germany and Other Europe	**9.0%**	8.1%	**5 years**	5 years	**2.2%**	2.1%	**86.2**	88.2
Switzerland	**6.8%**	6.1%	**5 years**	5 years	**1.0%**	0.7%	**272.7**	246.3
France	**9.1%**	7.6%	**5 years**	5 years	**1.6%**	1.5%	**85.4**	85.4
ARYZTA Europe							**507.5**	483.1
ARYZTA Rest of World	**8.6%**	7.9%	**5 years**	5 years	**2.1%**	1.8%	**39.9**	37.0
							547.4	520.1

1 The North West Europe CGU comprises businesses in Ireland, Netherlands and Denmark.

The recoverable amounts of CGUs are based on value-in-use calculations. These calculations use pre-tax cash flow projections based on expected future operating results and related cash flows at the time the impairment test is performed. These projections are based on current operating results of the individual CGU and an assumption regarding future organic growth. For the purposes of the calculation of value-in-use, the cash flows are projected based on current financial budgets, with additional cash flows in subsequent periods calculated using a terminal value methodology and discounted using the relevant rate, as disclosed in the table above.

Goodwill sensitivity analysis

A significant adverse change in the expected future operational results and cash flows may result in the value-in-use being less than the carrying amount of a CGU, which would result in an impairment. Key assumptions include management's estimates of the terminal growth rate, the discount rate, future revenue and profitability.

The terminal growth rates used approximate relevant long-term inflation rates and industry growth trends within each CGU. The discount rates used are based on the relevant risk-free rates, adjusted to reflect the risk associated with the respective future cash flows of that CGU.

Based on the results of the impairment testing undertaken, sufficient headroom exists for the CGUs, such that any reasonably possible movement in any of the underlying assumptions, including a reduction in the terminal growth rate by 1.0%, or increasing the discount rate by 1.0%, would not give rise to an impairment charge.

Revenue is projected to grow over the plan period in line with industry growth projections, consistent with external market data, with further assumed improvements in annual underlying EBITDA as the business recovers from the impact of COVID-19. EBITDA improvement within the Germany & Other Europe CGU also requires delivery of planned operating leverage and cost savings. A decrease of 1% in the revenue compound annual growth rate across the projection period, or a reduction in underlying EBITDA realised of 5% per annum across the projection period in each of the CGUs would not result in an impairment.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Intangible asset movements during the period ended 31 July 2021
During the period ended 31 July 2021, €439.4m of goodwill and intangible assets were de-recognised in relation to the disposal of businesses in North America. These included €315.7m related to goodwill, €87.1m related to customer-related, brand and other intangibles and €36.6m related to software. In addition, €14.3m of goodwill and intangible assets related to the Group's Brazil business were transferred to disposal group held-for-sale during the period ended 31 July 2021, comprising €9.2m of goodwill and €5.1m of customer-related intangible assets.

18 Investment in Picard
Following the partial disposal of the Group’s previous joint venture investment in Picard, as of 1 August 2020 the Group retained a 4.6% interest in Picard, recorded as a financial investment at fair value, as well as a €10.0m vendor loan note receivable. The fair value had been measured using inputs not observable within the market, and was therefore within Level 3 of the fair value hierarchy.

During the prior period ended 31 July 2021, €10.0m was received on repayment of the vendor loan note and the Group also received a €1.1m dividend from the 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 prior period ended 31 July 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 of the investment and the dividend income received.

19 Inventory

	2022 €m	2021 €m
Raw materials	**21.8**	16.2
Finished goods	**93.2**	70.7
Packaging and other	**5.4**	4.6
Balance at end of period	**120.4**	91.5

During the period ended 30 July 2022, a total expense of €5.7m (2021: €6.3m) was recognised in the Group Consolidated Income Statement arising from write-down of inventory from continuing operations.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

20 Trade and other receivables

	2022 €m	2021 €m
Non-current		
Other receivables	**2.7**	2.8
Balance at end of period	**2.7**	2.8
Current		
Trade receivables, net	**103.9**	98.8
VAT recoverable	**15.7**	14.4
Prepayments	**13.8**	15.8
Other receivables	**19.1**	22.1
Balance at end of period	**152.5**	151.1

21 Trade and other payables

	2022 €m	2021 €m
Non-current		
Other payables	**15.3**	13.8
Balance at end of period	**15.3**	13.8
Current		
Trade payables	**205.1**	147.2
Accruals and other payables[1]	**176.9**	172.5
Employee-related tax and social welfare	**11.5**	11.6
VAT payable	**6.4**	5.4
Balance at end of period	**399.9**	336.7

1 Accruals and other payables consist primarily of balances due for goods and services received not yet invoiced and for staff compensation.

Trade payables includes €44.3m (2021: €19.4m) due to suppliers that have signed up to a supply chain financing programme, under which the suppliers can elect on an invoice by invoice basis to receive a discounted early payment from the partner bank rather than being paid in line with the agreed payment terms. If the option is taken, the Group's liability is assigned by the supplier to be due to the partner bank rather than the supplier. The value of the liability payable by the Group remains unchanged. The Group assesses the arrangement against indicators to assess if debts which vendors have sold to the funder under the supplier financing scheme continue to meet the definition of trade payables or should be classified as borrowings. At 30 July 2022, these payables met the criteria of trade payables.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

22 Interest-bearing loans and borrowings

Details of the Group's interest bearing loans and borrowings are outlined below.

	2022 €m	2021 €m
Included in non-current liabilities		
Loans	**409.7**	54.0
Leases (note 15)	**97.9**	109.1
Non-current interest-bearing loans and borrowings	**507.6**	163.1
Included in current liabilities		
Loans	**-**	182.4
Leases (note 15)	**28.2**	27.8
Current interest-bearing loans and borrowings	**28.2**	210.2
Lease liabilities presented within disposal groups held-for-sale (note 15)	**-**	17.7
Total loans	**409.7**	236.4
Total leases	**126.1**	154.6
Total interest-bearing loans and borrowings	**535.8**	391.0

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 this, the Group recognised €8.3m of costs in respect of the write-off of existing RCF capitalised borrowing costs.

An analysis of the movements in net debt during the periods ended 30 July 2022 and 31 July 2021, is shown below:

Analysis of net debt	31 July 2021 €m	Cash flows €m	Non-cash movements €m	Translation adjustment €m	30 July 2022 €m
Cash and cash equivalents	170.9	65.6	-	9.3	245.8
Loans	(236.4)	(149.0)	(11.0)	(13.3)	(409.7)
Leases (note 15)	(154.6)	29.4	2.2	(3.1)	(126.1)
Net debt	**(220.1)**	**(54.0)**	**(8.8)**	**(7.1)**	**(290.0)**

Analysis of net debt	1 August 2020 €m	Cash flows €m	Non-cash movements €m	Translation adjustment €m	31 July 2021 €m
Cash and cash equivalents	423.6	(258.5)	-	5.8	170.9
Loans	(1,165.8)	936.3	(7.3)	0.4	(236.4)
Leases (note 15)	(268.5)	39.7	75.3	(1.1)	(154.6)
Net debt	**(1,010.7)**	**717.5**	**68.0**	**5.1**	**(220.1)**

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

The terms of outstanding loans are as follows:

2022	Currency	Financial year of maturity	Nominal Value €m	Carrying amount €m
Schuldschein variable	EUR	2024	8.0	8.0
Schuldschein fixed	USD	2024	9.8	9.8
Syndicated Bank RCF	Various	2027	398.5	391.9
Total outstanding loans at 30 July 2022			**416.3**	**409.7**

1 All debt instruments above are unsecured.

2021	Currency	Financial year of maturity	Nominal Value €m	Carrying amount €m
Syndicated Bank RCF	Various	2023	45.0	36.0
State-sponsored Covid-related loans	Various	Various	21.9	21.9
Schuldschein Variable	EUR	2022	119.5	119.4
Schuldschein Variable	EUR	2024	8.0	8.0
Schuldschein Fixed	EUR	2022	33.0	33.0
Schuldschein Fixed	USD	2022	9.7	9.7
Schuldschein Fixed	USD	2024	8.4	8.4
Total outstanding loans at 31 July 2021			**245.5**	**236.4**

The weighted average effective interest rate in respect of the Group's interest-bearing loans was as follows:

	2022	2021
Total bank loans	**1.8%**	1.7%

Repayment schedule – loans (nominal values)	**2022 €m**	2021 €m
Less than one year	**-**	182.2
Between one and five years	**416.3**	63.3
After five years	**-**	-
	416.3	245.5

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

23 Financial instruments and financial risk

The fair values of financial assets, financial liabilities together with the carrying amounts shown in the balance sheet, are as follows:

	Fair value hierarchy	Fair Value through income statement 2022 €m	Fair value through OCI 2022 €m	Amortised cost 2022 €m	Total carrying amount 2022 €m	Fair value 2022 €m
Trade and other receivables (excluding prepayments)		–	–	125.7	125.7	125.7
Cash and cash equivalents		–	–	245.8	245.8	245.8
Derivative financial assets	*Level 2*	–	1.5	–	1.5	1.5
Total financial assets		**–**	**1.5**	**371.5**	**373.0**	**373.0**
Trade and other payables (excluding non-financial liabilities)		–	–	(397.3)	(397.3)	(397.3)
Bank borrowings	*Level 2*	–	–	(409.7)	(409.7)	(416.3)
Lease liabilities		–	–	(126.1)	(126.1)	(126.1)
Derivative financial liabilities	*Level 2*	–	(4.8)	–	(4.8)	(4.8)
Total financial liabilities		**–**	**(4.8)**	**(933.1)**	**(937.9)**	**(944.5)**

	Fair value hierarchy	Fair Value through income statement 2021 €m	Fair value through OCI 2021 €m	Amortised cost 2021 €m	Total carrying amount 2021 €m	Fair value 2021 €m
Trade and other receivables (excluding prepayments)		–	–	123.8	123.8	123.8
Cash and cash equivalents		–	–	170.9	170.9	170.9
Derivative financial assets	*Level 2*	–	0.2	–	0.2	0.2
Total financial assets		**–**	**0.2**	**294.7**	**294.9**	**294.9**
Trade and other payables (excluding non-financial liabilities)		–	–	(333.5)	(333.5)	(333.5)
Bank borrowings	*Level 2*	–	–	(236.4)	(236.4)	(245.5)
Lease liabilities		–	–	(136.9)	(136.9)	(136.9)
Derivative financial liabilities	*Level 2*	–	(0.5)	–	(0.5)	(0.5)
Total financial liabilities		**–**	**(0.5)**	**(706.8)**	**(707.3)**	**(716.4)**

Estimation of fair values

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding tables.

Fair value hierarchy

The tables at the beginning of this note summarise the financial instruments carried at fair value, by valuation method. Fair value classification levels have been assigned to the Group's financial instruments carried at fair value. The different levels assigned are defined as follows:

Level 1: Prices quoted in active markets
Level 2: Valuation techniques based on observable market data
Level 3: Valuation techniques based on unobservable inputs

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Trade and other receivables/payables
Trade and other receivables are carried at amortised cost, less loss allowance. Trade and other payables are carried at amortised cost. For any trade and other receivables or payables with a remaining life of less than six months or demand balances, the carrying value, less impairment provision where appropriate, is deemed to approximate fair value.

Cash and cash equivalents, including short-term bank deposits
For short-term bank deposits and cash and cash equivalents, all of which have an original and remaining maturity of less than three months, the nominal amount is deemed to approximate fair value.

Derivatives (forward currency and commodity swap contracts)
Forward currency contracts are marked to market using quoted forward exchange rates, and commodity contracts are marked to market using observable market data and dealer quotes at the balance sheet date.

Interest-bearing loans and borrowings
For interest-bearing loans and borrowings with a contractual re-pricing date of less than six months, the nominal amount including accrued interest is considered to approximate fair value for disclosure purposes. For loans with a re-pricing date of greater than six months, the fair value is calculated based on the expected future principal and interest cash flows, discounted at appropriate current market interest rates.

Lease liabilities
Fair value is based on the present value of future cash flows discounted at market interest rates. In calculating the present value of future cashflows, the Group uses the incremental borrowing rate at the lease commencement date or the interest rate implicit in the lease, if this is readily determinable. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease, the term and currency of the lease.

Risk exposures

Group risk management
Risk management is a fundamental element of the Group's business practice at all levels and encompasses different types of risks. This overall Group risk management process includes the performance of a risk assessment that is described in more detail in note 32. Financial risk management specifically is described in further detail below.

Financial risk management
The Group's international operations expose it to different financial risks that include:
- credit risks;
- liquidity risks;
- foreign exchange rate risks;
- interest rate risks; and
- commodity price risks.

The Group has a risk management programme in place, which seeks to limit the impact of these risks on the financial performance of the Group. The Board has determined the policies for managing these risks. It is the policy of the Board to manage these risks in a non-speculative manner.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Credit risk

Exposure to credit risk
Credit risk arises from credit issued to customers on outstanding receivables and outstanding transactions, as well as cash and cash equivalents, favourable derivative financial instruments and deposits with banks and financial institutions.

The Group has not pledged any financial assets as collateral for liabilities or contingent liabilities.

Cash and short-term bank deposits
Cash and short-term bank deposits are invested with institutions with the highest short-term credit rating, with limits on amounts held with individual banks or institutions at any one time. Management does not expect any losses from non-performance by these counterparties.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. There is no significant concentration of credit risk by dependence on individual customers or geographies. The Group has detailed procedures for monitoring and managing the credit risk related to its trade receivables based on experience, customer's track record and historic default rates. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation and default in payments are considered to be indicators that the trade receivables is impaired. Individual risk limits are generally set by customer, and risk is only accepted above such limits in defined circumstances. The utilisation of credit limits is regularly monitored. Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

The Group applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle receivables.

The Group also manages credit risk through the use of a receivables purchase arrangement with a financial institution. Under the terms of this non-recourse agreement, the Group has transferred substantially all credit risk and control of certain trade receivables, amounting to €108.0m (2021: €85.4m). The Group has continued to also recognise an asset within Trade and other receivables, of €8.5m (2021: €7.2m), representing the fair value and maximum extent of its continuing involvement or exposure. This maximum exposure was determined based on a Reserve Calculation Ratio (approximately 8%), as per the terms of the receivables purchase arrangement. Total expenses associated with this receivables purchase agreement during the period ended 30 July 2022 were €1.5m (2021: €1.9m).

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

The undiscounted cash outflows required to repurchase these derecognised financial assets would be equal to the receivables transferred, net of the Group's remaining continuing involvement asset. The estimated maturity of any such cash outflows would be expected to be less than 6 months, as the Group's trade and other receivables are also generally settled in less than 6 months. As the carrying value of the receivables transferred and the continuing involvement retained both equal fair value, no gain or loss has arisen, either at the date of transfer or in connection with the Group's continuing involvement in these assets.

The carrying amount of financial assets, net of loss allowances, represents the Group's maximum credit exposure. The maximum exposure to credit risk at year-end was as follows:

	Carrying amount 2022 €m	Carrying amount 2021 €m
Cash and cash equivalents	**245.8**	170.9
Trade and other receivables	**125.7**	123.7
Derivative financial assets	**1.5**	0.2
	373.0	294.8

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was as follows:

	Carrying amount 2022 €m	Carrying amount 2021 €m
Europe	**84.5**	77.4
North America	**-**	0.7
Rest of World	**19.4**	20.7
	103.9	98.8

The aging of trade receivables at the reporting date was as follows:

	Gross 2022 €m	**Loss allowances 2022 €m**	Gross 2021 €m	Loss allowances 2021 €m
Not past due	**82.0**	**1.4**	82.9	1.3
Past due 0–30 days	**21.1**	**0.3**	15.5	0.7
Past due 31–120 days	**2.9**	**0.6**	3.0	0.6
Past due more than 121 days	**1.5**	**1.3**	2.8	2.8
	107.5	**3.6**	104.2	5.4

The analysis of movement in loss allowances in respect of trade receivables was as follows:

	2022 €m	2021 €m
Balance at beginning of period	**5.4**	10.2
Utilised during the year	**(1.0)**	(3.8)
Decrease in loss allowance during the financial year	**(0.8)**	(1.0)
Translation adjustment	**-**	-
Balance at end of period	**3.6**	5.4

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's objective is to maintain a balance between flexibility and continuity of funding, so that not more than 40% of total bank borrowing facilities should mature in the next twelve-month period. At 30 July 2022, none of the Group's bank borrowings will mature within the next 12 months.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

2022	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6 – 12 mths €m	1 – 2 years €m	2 – 5 years €m	More than 5 years €m
Non-derivative financial liabilities							
Fixed rate bank loans	(9.8)	(10.5)	(0.2)	(0.2)	(10.1)		-
Variable rate bank loans	(399.9)	(455.0)	(5.9)	(5.9)	(19.7)	(423.5)	-
Lease liabilities	(126.1)	(150.9)	(16.8)	(12.1)	(21.3)	(42.3)	(58.4)
Trade and other payables	(397.3)	(397.3)	(364.7)	(17.3)	(12.0)	(0.8)	(2.5)
Derivative financial instruments							
Financial instruments used for hedging							
– Inflows	125.7	125.7	108.6	14.4	2.7	-	-
– Outflows	(130.5)	(130.6)	(112.8)	(15.1)	(2.7)	-	-
	(937.9)	**(1,018.6)**	**(391.8)**	**(36.2)**	**(63.1)**	**(466.6)**	**(60.9)**

2021	Carrying amount €m	Contractual cash flows €m	6 mths or less €m	6 – 12 mths €m	1 – 2 years €m	2 – 5 years €m	More than 5 years €m
Non-derivative financial liabilities							
Fixed rate bank loans	(51.0)	(52.8)	(43.6)	(0.2)	(0.4)	(8.6)	-
Variable rate bank loans	(185.4)	(196.4)	(140.8)	(0.4)	(45.2)	(9.9)	-
Lease liabilities	(154.6)	(196.7)	(16.7)	(16.8)	(27.7)	(52.7)	(82.8)
Trade and other payables	(333.5)	(333.5)	(300.3)	(19.4)	(11.4)	(0.9)	(1.5)
Derivative financial instruments							
Financial instruments used for hedging							
– Inflows	103.7	103.7	102.6	1.1	-	-	-
– Outflows	(104.1)	(104.1)	(102.9)	(1.1)	-	-	-
	(724.9)	**(779.8)**	**(501.7)**	**(36.8)**	**(84.7)**	**(72.1)**	**(84.3)**

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Accounting for derivatives and hedging activities
The fair value of derivative financial assets and liabilities at the balance sheet date is set out in the following table:

	Assets 2022 €m	**Liabilities 2022 €m**	Assets 2021 €m	Liabilities 2021 €m
Cash flow hedges				
Currency forward contracts	**0.1**	**(2.0)**	0.2	(0.5)
Commodity contracts	**1.4**	**(2.8)**	-	-
At end of period	**1.5**	**(4.8)**	0.2	(0.5)

Cash flow hedges
Cash flow hedges are hedges of highly probable forecasted future income or expenses. In order to qualify for hedge accounting, the Group is required to document the relationship between the item being hedged and the hedging instrument and demonstrate, at inception, that the hedge relationship will be highly effective on an ongoing basis. The hedge relationship must be tested for effectiveness on subsequent reporting dates. The impact on the Group Consolidated Statement of Comprehensive Income is on page 80.

There is no significant difference between the timing of the cash flows and the income statement effect of cash flow hedges. The fair value included in the hedging reserve will primarily be released to the Consolidated Income Statement within 6 months (2020: 6 months) of the balance sheet date.

Market risk
Market risk is the risk that changes in market prices and indices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments.

Foreign exchange risk
In addition to the Group's operations carried out in eurozone economies, it has significant operations in the UK and Switzerland. As a result, the Group Consolidated Balance Sheet is exposed to currency fluctuations including, in particular, Sterling, US dollar and Swiss franc movements. The Group manages its balance sheet having regard to the currency exposures arising from its assets being denominated in a wide range of currencies.

Net investment hedges
As part of its approach towards mitigating its exposure to foreign currency risk, the Group will, when required, fund foreign currency investments in the currency of the related assets.

These relationships are typically designated by the Group as net investment hedges of foreign currency exposures on net investments in foreign operations using the borrowings as the hedging instrument. These hedge designations allow the Group to mitigate the risk of foreign currency exposures on the carrying amount of net assets in foreign operations in its Group consolidated financial statements.

Notes to the Group Consolidated Financial Statements (continued)
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The borrowings designated in net investment hedge relationships are measured at amortised cost, with the effective portion of the change in value of the borrowings being recognised directly through other comprehensive income in the foreign currency translation reserve. Any ineffectiveness arising on such hedging relationships is recognised immediately in the income statement.

Foreign currency contracts
The Group also hedges a portion of its transactional currency exposure through the use of currency swaps. Transactional exposures arise from sales or purchases by an operating unit in currencies other than the unit's functional currency. The Group uses forward currency contracts to eliminate the currency exposures on certain foreign currency purchases. The forward currency contracts must be in the same currency and match the settlement terms of the hedged item.

The following table details the Group's exposure to transactional foreign currency risk at 30 July 2022:

2022 in Millions	GBP	USD	CHF	EUR	Other	Total
Trade receivables	10.2	0.1	-	4.1	-	14.4
Other receivables	-	-	-	-	-	-
Cash and cash equivalents	1.5	2.6	0.2	5.2	0.9	10.4
Trade payables	(2.6)	(0.4)	-	(16.3)	(0.1)	(19.4)
Other payables	(1.7)	(0.1)	-	(2.7)	(0.2)	(4.7)
Derivative financial instruments	(0.1)	-	(1.7)	-	(1.8)	(3.6)
At 30 July 2022	**7.3**	**2.2**	**(1.5)**	**(9.7)**	**(1.2)**	**(2.9)**

The following table details the Group's exposure to transactional foreign currency risk at 31 July 2021:

2021 in Millions	GBP	USD	CHF	EUR	Other	Total
Trade receivables	10.7	0.3	6.4	16.0	1.4	34.8
Other receivables	-	-	-	-	-	-
Cash and cash equivalents	0.4	2.5	0.1	8.2	0.5	11.7
Trade payables	(2.0)	(0.4)	(0.3)	(17.2)	(2.2)	(22.1)
Other payables	(1.9)	(0.9)	-	(9.9)	(1.2)	(13.9)
Derivative financial instruments	-	-	-	0.1	-	0.1
At 31 July 2021	**7.2**	**1.5**	**6.2**	**(2.8)**	**(1.5)**	**10.6**

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Currency sensitivity analysis
A 10% strengthening or weakening of the euro against the foreign currencies below at 30 July 2022 would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in the prior year.

2022	10% strengthening income statement €m	10% strengthening equity €m	10% weakening income statement €m	10% weakening equity €m
GBP	(0.7)	–	0.7	–
USD	(0.2)	0.9	0.2	(1.0)
CHF	–	0.2	–	(0.2)
At 30 July 2022	(0.9)	1.1	0.9	(1.2)

2021	10% strengthening income statement €m	10% strengthening equity €m	10% weakening income statement €m	10% weakening equity €m
GBP	(0.7)	(0.4)	0.7	0.5
USD	(0.1)	(0.3)	0.2	0.3
CHF	(0.6)	-	0.6	-
At 31 July 2021	(1.4)	(0.7)	1.5	0.8

The impact on equity from changing exchange rates results principally from foreign currency loans designated as net investment hedges. This impact would be offset by the revaluation of the hedged net assets, which would also be recorded in equity.

Interest rate risk
The Group's debt bears both variable and fixed rates of interest as per the original contracts. Fixed rate debt is achieved through the issuance of fixed rate debt or the use of interest rate swaps. At 30 July 2022, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Carrying amount 2022 €m	Carrying amount 2021 €m
Fixed rate instruments		
Bank borrowings	**(9.8)**	(51.0)
Lease liabilities	**(126.1)**	(154.6)
	(135.9)	(205.6)
Variable rate instruments		
Cash and cash equivalents	**245.8**	170.9
Bank borrowings	**(399.9)**	(185.4)
Total interest-bearing financial instruments	**(290.0)**	(220.1)

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Cash flow sensitivity analysis for variable rate liabilities

A change of 50 bps in interest rates at the reporting date would have had the effect as shown below on the Group Consolidated Income Statement and equity. This analysis assumes that all other variables, in particular interest earned on cash and cash equivalents and foreign currency exchange rates, remain constant. The analysis is performed on the same basis as in the prior year.

2022	Principal amount €m	Impact of 50 bp increase on income statement €m
Variable rate bank borrowings	(399.9)	(2.0)
Cash flow sensitivity, net	**(399.9)**	**(2.0)**

2021	Principal amount €m	Impact of 50 bp increase on income statement €m
Variable rate bank borrowings	(185.4)	(0.9)
Cash flow sensitivity, net	**(185.4)**	**(0.9)**

Commodity price risk

The Group purchases and sells certain commodities for the purposes of receipt or delivery and uses derivative contracts to protect itself from movements in prices other than exchange differences. Where a commodity contract is not entered into, or does not continue to be held, to meet the Group's own purchase, sale or usage requirements, it is treated as a derivative financial instrument, and the recognition and measurement requirements of IFRS 9 are applied.

Where contracts are entered into and continue to be held for the purpose of the receipt or delivery of the non-financial item, in accordance with the business unit's expected purchase, sale or usage requirements, they are classified as 'own use' contracts. 'Own use' contracts are outside the scope of IFRS 9, 'Financial Instruments', and are accounted for on an accrual basis.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

24 Deferred income from government grants

	2022 €m	2021 €m
At beginning of period	**4.1**	7.6
Repaid during the year	**(0.8)**	-
Arising on business disposals	**-**	(0.2)
Recognised in Group Consolidated Income Statement	**(1.6)**	(3.3)
Translation adjustment	**(0.1)**	-
At end of period	**1.6**	4.1

25 Deferred income tax

The deductible and taxable temporary differences at the balance sheet date, in respect of which deferred income tax has been recognised, are analysed as follows:

	2022 €m	2021 €m
Deferred income tax assets (deductible temporary differences)		
Property, plant and equipment and ERP	**5.8**	4.6
Employee compensation	**2.9**	1.9
Pension related	**5.5**	4.2
Financing related	**1.1**	0.1
Tax loss carry-forwards and tax credits	**16.6**	13.4
Other	**5.3**	4.2
	37.2	28.4
Deferred income tax liabilities (taxable temporary differences)		
Property, plant and equipment and ERP	**(69.9)**	(69.1)
Intangible assets	**(13.6)**	(16.4)
Pension related	**(5.7)**	(4.6)
Financing related	**(3.2)**	(9.2)
Other	**(6.2)**	(7.3)
	(98.6)	(106.6)

Unrecognised deferred income taxes

The deductible temporary differences, as well as the unused tax losses and tax credits, for which no deferred tax assets are recognised expire as follows:

	2022 €m	2021 €m
Within one year	**0.1**	–
Between one and five years	**227.1**	0.8
After five years	**337.7**	543.3
Total unrecognised tax losses	**564.9**	544.1

Deferred income tax liabilities of €3.7m (2021: €3.0m) have not been recognised for withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries, as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Movements in net deferred tax assets/(liabilities), during the period, were as follows:

2022	Intangible assets €m	Property, plant & equipment and ERP €m	Employee compensation €m	Pension related €m	Financing related €m	Tax losses and credits €m	Other €m	**Total**	Discontinued Operations	**Total**
At 31 July 2021	(16.4)	(64.5)	1.9	(0.4)	(9.1)	13.4	(3.1)	**(78.2)**	–	**(78.2)**
Recognised in Group Consolidated Income Statement	3.1	0.9	0.8	–	0.6	1.8	2.5	**9.7**	–	**9.7**
Recognised in Group Consolidated Statement of Comprehensive Income	–	–	–	0.3	7.0	–	–	**7.3**	–	**7.3**
Translation adjustments and other	(0.3)	(0.5)	0.2	(0.1)	(0.6)	1.4	(0.3)	**(0.2)**	–	**(0.2)**
At 30 July 2022	(13.6)	(64.1)	2.9	(0.2)	(2.1)	16.6	(0.9)	**(61.4)**	–	**(61.4)**

2021	Intangible assets €m	Property, plant & equipment and ERP €m	Employee compensation €m	Pension related €m	Financing related €m	Tax losses and credits €m	Other €m	**Total Continuing Operations**	Discontinued Operations	**Total**
At 1 August 2020	(21.1)	(69.9)	1.7	0.7	(10.3)	6.5	(0.7)	**(93.1)**	(5.8)	**(98.9)**
Recognised in Group Consolidated Income Statement	3.0	–	0.2	(0.2)	1.2	6.8	(1.3)	**9.7**	1.0	**10.7**
Recognised in Group Consolidated Statement of Comprehensive Income	–	–	–	(0.9)	–	–	–	**(0.9)**	–	**(0.9)**
Transferred to disposal groups held-for-sale (note 4)	1.7	5.4	–	–	–	–	(0.7)	**6.4**	–	**6.4**
Disposal as part of discontinued operations	–	–	–	–	–	–	–	**–**	5.3	**5.3**
Translation adjustments and other	–	–	–	–	–	0.1	(0.4)	**(0.3)**	(0.5)	**(0.8)**
At 31 July 2021	(16.4)	(64.5)	1.9	(0.4)	(9.1)	13.4	(3.1)	**(78.2)**	(0.0)	**(78.2)**

26 Employee benefits

The Group operates a number of defined benefit and defined contribution pension plans in various jurisdictions. The Group operates five of the defined benefit plans in Switzerland, two in France and one in Germany. The majority of plans are externally funded with plan assets held in corresponding separate trustee-administered funds, governed by local regulations and practice in each country.

The trustees of the various pension funds are required by law to act in the best interests of the plan participants and are responsible for investment strategy and plan administration. The level of benefits available to members depends on length of service and either their average salary over their period of employment, their salary in the final years leading up to retirement or in some cases historical salaries, depending on the rules of the individual plan.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Long-term employee benefits included in the Group Consolidated Balance Sheet comprises the following:

	2022 €m	2021 €m
Total deficit in defined benefit plans	**3.2**	0.8
Other[1]	**3.3**	3.2
Total	**6.5**	4.0

1 Other includes provisions to meet unfunded pension fund deficiencies in a variety of insignificant subsidiaries.

The valuations of the defined benefit schemes used for the purposes of the following disclosures are those of the most recent actuarial reviews carried out at 30 July 2022 by an independent, qualified actuary. The valuations have been performed using the projected unit method.

Employee benefit plan risks
The employee benefit plans expose the Group to a number of risks, the most significant of which are:

Asset volatility
The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield, this will create a deficit. The plans hold a significant proportion of equities which, though expected to outperform corporate bonds in the long-term, create volatility and risk. The allocation to equities is monitored to ensure it remains appropriate given the long-term objectives of the plans.

Changes in bond yields
An increase in corporate bond yields will decrease the value placed on liabilities of the plans, although this will be partially offset by a decrease in the value of the bond holdings within the plans.

Life expectancy
In the event that members live longer than assumed, a further deficit will emerge.

The Group ensures that the investment positions are managed with an asset-liability matching ('ALM') framework that has been developed to achieve long-term investments that are in line with the obligations under the pension plans. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency.

Financial assumptions
The main assumptions used were determined based on management experience and expectations in each country, as well as actuarial advice based on published statistics.

An average of these assumptions across all plans were as follows:

	2022	2021
Rate of increase in salaries	**2.4%**	2.0%
Discount rate on plan liabilities	**1.8%**	0.1%

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

The mortality assumptions imply the following life expectancies, in years, of an active member on retiring at age 65, 20 years from now:

	2022	2021
Male	**23.7**	23.3
Female	**25.4**	25.0

The mortality assumptions imply the following life expectancies, in years, of an active member, aged 65, retiring now:

	2022	2021
Male	**21.7**	21.7
Female	**23.4**	23.5

The weighted average duration of the defined benefit obligation were as follows:

	2022	2021	2020
Average duration of Defined benefit obligation (years)	**14.8**	**15.5**	**15.5**

The sensitivity of the defined benefit obligation to changes in the principal financial actuarial assumptions is set out below. The present value of the defined benefit obligation has been calculated using the projected unit credit method, which is the same as that applied in calculating the defined benefit obligation recognised in the Group Consolidated Balance Sheet. The impact on the defined benefit obligation as at 30 July 2022 is on the basis that only one principal financial actuarial assumption is changed, with all other assumptions remaining unchanged.

The impact of a change in the assumption of life expectancy has been measured as at 30 July 2022 in the sensitivity analysis. The method in preparing the sensitivity analysis did not change compared to the previous period.

Assumption	Change in Assumption	Impact on plan liabilities
Discount rate	**Increase/decrease 0.5%**	Decrease by 2.1% / increase by 2.7%
Salary growth rate	**Increase/decrease 0.5%**	Increase by 0.6% / decrease by 0.5%
Life expectancy	**Increase/decrease 1 year**	Increase by 0.7% / decrease by 0.6%

Net pension liability	2022 €m	2021 €m
Total fair value of assets	**83.5**	78.5
Present value of plan liabilities	**(86.7)**	(79.3)
Deficit in the plans	**(3.2)**	(0.8)
Related net deferred tax liability (note 25)	**(0.2)**	(0.4)
Net pension liability	**(3.4)**	(1.2)

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Fair value of plan assets	Quoted €m	Non-quoted €m	**2022 €m**	2021 €m
Cash and cash equivalents	2.4	-	**2.4**	1.8
Equity instruments	27.9	-	**27.9**	28.0
Debt instruments	31.8	0.1	**31.9**	28.6
Property	21.3	-	**21.3**	20.0
Other	-	-	**-**	0.1
Total fair value of assets	83.4	0.1	**83.5**	78.5

Movement in the fair value of plan assets	**2022 €m**	2021 €m
Fair value of plan assets at the beginning of the period	**78.5**	69.5
Interest income	**0.1**	0.2
Employer contributions	**2.7**	2.6
Employee contributions	**2.3**	2.3
Benefit payments made	**(0.1)**	(1.5)
Actuarial return on plan assets (excluding interest income)	**(7.7)**	5.9
Translation adjustments	**7.7**	(0.5)
Fair value of plan assets at the end of the period	**83.5**	78.5

Movement in the present value of plan obligations	**2022 €m**	2021 €m
Present value of plan obligations at the beginning of the period	**(79.3)**	(76.9)
Current service cost	**(3.4)**	(3.6)
Past service cost	**0.7**	1.8
Interest expense on plan obligations	**(0.1)**	(0.2)
Employee contributions	**(2.3)**	(2.3)
Benefit payments made	**0.1**	1.5
Actuarial changes in demographic and financial assumptions	**10.9**	1.5
Actuarial experience adjustments	**(5.7)**	(1.7)
Translation adjustments	**(7.6)**	0.6
Present value of plan obligations at the end of the period	**(86.7)**	(79.3)

Movement in net liability recognised in the Group Consolidated Balance Sheet	**2022 €m**	2021 €m
Net liability in plans at the beginning of the period	**(0.8)**	(7.4)
Current service cost (note 9)	**(3.4)**	(3.6)
Past service cost (note 9)	**0.7**	1.8
Employer contributions	**2.7**	2.6
Net interest expense	**-**	-
Actuarial (loss)/gain on Group defined benefit pension plans	**(2.5)**	5.7
Translation adjustments	**0.1**	0.1
Net liability in plans at the end of the period	**(3.2)**	(0.8)

The estimated contributions expected to be paid during the period ending 29 July 2023 in respect of the Group's defined benefit plans are €3.0m.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Analysis of defined benefit expense recognised in the Group Consolidated Income Statement	2022 €m	2021 €m
Current service cost (note 9)	**3.4**	3.6
Past service cost (note 9)	**(0.7)**	(1.8)
Non-financing expense	**2.7**	1.8
Expected return on Plan assets	**(0.1)**	(0.2)
Interest cost on Plan liabilities	**0.1**	0.2
Included in financing costs, net	**-**	-
Net charge to Group Consolidated Income Statement	**2.7**	1.8

Additionally, a charge of €5.3m (2021: €5.9m) was recorded in the Group Consolidated Income Statement - continuing operations in respect of the Group's defined contribution plans.

Defined benefit pension expense recognised in Group Consolidated Statement of Comprehensive Income	2022 €m	2021 €m
Return on plan assets (excluding interest income)	**(7.7)**	5.9
Experience losses on plan liabilities	**(5.7)**	(1.7)
Changes in demographic and financial assumptions	**10.9**	1.5
Actuarial (loss)/gain	**(2.5)**	5.7
Deferred tax effect of actuarial loss/(gain) (note 11)	**0.3**	(0.9)
Actuarial (loss)/gain recognised in Group Consolidated Statement of Comprehensive Income	**(2.2)**	4.8

History of experience gains and losses:	2022	2021
Difference between expected and actual return on plan assets:		
– Amount (in €m)	**(7.7)**	5.9
– % of Plan assets	**(9.2)%**	7.5%
Experience losses on plan obligations:		
– Amount (in €m)	**(5.7)**	(1.7)
– % of Plan obligations	**(6.6)%**	(2.1)%
Total actuarial (losses)/gains recognised in Group Consolidated Statement of Comprehensive Income:		
– Amount (in €m)	**(2.5)**	5.7
– % of Plan obligations	**(2.8)%**	7.2%

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

27 Shareholders equity

Registered shares of CHF 0.02 each – authorised, issued and fully paid	2022 in Millions	2022 in EUR Millions	2021 in Millions	2021 in EUR Millions
At beginning and end of period	**993.1**	**17.0**	993.1	17.0

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.

Treasury shares of CHF 0.02 each - authorised, called up and fully paid	2022 in '000s	2022 in EUR `000	2021 in '000s	2021 in EUR `000
At beginning of period	**1,321**	**21**	1,982	32
Release of treasury shares upon vesting and exercise of equity entitlements	**(144)**	**(2)**	(168)	(3)
Release of treasury shares as restricted shares	**(359)**	**(6)**	(493)	(8)
At end of period	**818**	**13**	1,321	21

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.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

Other equity reserve

	2022 €m	2021 €m
At beginning of period	**720.5**	720.5
Redemption of perpetual callable subordinated instrument	**(49.1)**	-
At beginning and end of period	**671.4**	720.5

In April 2013, the Group raised CHF 400.0m through the issuance of a Perpetual Callable Subordinated Instrument ('Hybrid Instrument'), which was recognised at a carrying value of €319.4m within equity. This Hybrid Instrument has no maturity date, and as the first call option was not exercised by ARYZTA in April 2018, the coupon is now 6.045%, plus the SARON 3 months compound rate.

In October 2014, the Group raised CHF 190.0m through the issuance of a Hybrid Instrument. This Hybrid Instrument has no maturity date, and as the first call option was not exercised by ARYZTA in April 2020, the coupon is now 4.213%, plus the SARON 3 months compound rate.

In November 2014, the Group raised €250.0m through the issuance of an additional Hybrid Instrument. This Hybrid Instrument offers a coupon of 6.8% and has no maturity date, and as the first call option was not exercised by ARYZTA in March 2019, the coupon is now 6.77%, plus the 5 year euro swap rate.

The two Hybrid instruments issued during the year ended 31 July 2015 were recognised at a combined value of €401.0m within equity. In July 2022, the Group repurchased and cancelled €50.0m of the outstanding principal on its Euro Hybrid Instument, for consideration of €48.0m. This resulted in a reduction in the other equity reserve of €49.1m and a gain in the retained deficit of €1.1m

As the Hybrid instruments have no maturity date and payment is at the option of ARYZTA, they 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.

Dividends on these Hybrid instruments accrue at the coupon rate applicable to each respective instrument on an ongoing basis; however, a contractual obligation to settle these dividends in cash only arises when a Compulsory Payment Event, such as payment of a cash dividend to equity shareholders, has occurred within the last twelve months.

Notes to the Group Consolidated Financial Statements (continued) for the period ended 30 July 2022

Following the settlement of deferred, actual and compound dividends outstanding in October 2021, at 30 July 2022, €7.7m of unpaid hybrid dividends have been accrued on the Group Consolidated Balance Sheet. Because the Group had not paid a cash dividend to equity shareholders or to other hybrid instument holders during the previous 12 months, as of 31 July 2021 the Group was under no contractual obligation to settle the Hybrid instrument dividends in cash. Therefore, these deferred dividends were not accrued as separate financial liabilities as of 31 July 2021, but instead remained within equity, in accordance with IAS 32 'Financial Instruments'.

Should a Compulsory Payment Event occur in the future, all Hybrid instrument deferred dividends will become due in cash.

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

	2022 €m	2021 €m
Balance at beginning of the period	(175.7)	(129.2)
Hybrid instrument dividend charge	(45.2)	(46.2)
Hybrid instrument dividends paid - actual	43.0	-
Hybrid instrument dividends paid - deferred and compound	172.0	-
Translation adjustments	(1.8)	(0.3)
Balance at end of period	**(7.7)**	**(175.7)**

Cash flow hedge reserve

The cash flow hedge reserve comprises of the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Share-based payment reserve

This reserve comprises amounts credited to reserves in connection with equity awards, less the amount related to any such awards that become vested.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences, since the date of the Group's transition to IFRS, arising from translation of the net assets of the Group's non-euro-denominated functional currency operations into euro, the Group's presentation currency.

Capital and net debt management

The capital managed by the Group as at 30 July 2022 consists of total equity of €932.4m (2021: €1,102.1m) and net debt of €290.0m at 30 July 2022 (2021: €220.1m). The Group has set the following goals for the management of its capital and net debt:

- To maintain prudent Net Debt: EBITDA[1] and interest cover (EBITDA: Net interest, including Hybrid dividend[1]) ratios to support a prudent capital base and ensure a long-term sustainable business.
- To achieve a return for investors in excess of the Group's weighted average cost of capital.
- To apply a dividend policy that takes into account the Group's financial performance and position, the Group's future outlook and other relevant factors including tax and other legal considerations.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

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.

The covenants are summarised in the table below:

	FY 2021[1]	H1 FY 2022	FY 2022
Leverage covenant (maximum)	6.0x	3.5x	3.5x
Interest cover covenant (minimum)	1.0x	1.5x	2.0x

1 As per terms of previous €800m RCF Agreement.

The Group's key financial ratios at 30 July 2022 were as follows:

	FY 2022	FY 2021
Leverage covenant (Net Debt: EBITDA)[1]	1.01x	0.58x
Interest cover covenant (EBITDA: Net interest, including Hybrid dividend)[1]	3.17x	1.88x

1 Calculated as per Syndicated Bank Facilities Agreement terms.

These ratios were complied with throughout the period ended 30 July 2022, and are reported to the Board of Directors at regular intervals through internal financial reporting.

No dividend is planned to be proposed for the period ended 30 July 2022.

28 Commitments

28.1 Capital commitments

Capital expenditure contracted for at the end of the period, but not yet incurred, is as follows:

	2022 €m	2021 €m
Property, plant and equipment	**10.2**	10.1
Intangible assets	**0.2**	–
Total - continuing operations	**10.4**	10.1

28.2 Other commitments

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 Group Consolidated Financial Statements (continued)
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29 Contingent liabilities

Letters of credit and guarantees

Letters of credit and guarantees amounting to €17.5 million are outstanding at 30 July 2022 (2021: €14.3 million). The Group does not expect any material loss to arise from these letters of credit or guarantees.

Litigation

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.

30 Related party transactions

During the period ended 30 July 2022, there were no trading balances owing to or owing from the Group from related parties (2021: Nil) and there were no transactions for provision of services rendered or received during the period ended 30 July 2022 (2021: Nil).

Compensation of key management

For the purposes of the disclosure requirements of IAS 24, 'Related Party Disclosures', the term 'key management personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Group) comprises the Board of Directors and the Group Executive Management, which manage the business and affairs of the Group. A summary of the compensation to key management is as follows:

	2022 €m	2021 €m
Short-term employee benefits	**4.1**	13.6
Other long-term benefits	**0.4**	0.6
Long-term incentives (LTIP)	**0.3**	0.2
Total key management compensation	**4.8**	14.4

Amounts shown in the table above represent the ongoing wages, salaries and other compensation of Executive Management and the Board of Directors. Contractual obligations associated with the departure of former members of executive management totalling €3.7m is included for the period ended 31 July 2021. None of the non-executive members of the Board of Directors has fulfilled any operational management functions for companies of the ARYZTA Group in the three years immediately preceding the period.

Further detailed disclosure in relation to the compensation entitlements of the Board of Directors and Executive Management is provided in the Compensation Report on pages 53 to 71.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

31 Post balance sheet events – after 30 July 2022
As of 30 September 2022, the date of approval of the Group consolidated financial statements by the Board of Directors, there have been no material significant events that would require adjustment or disclosure within the Group consolidated financial statements.

32 Risk assessment
The Board and senior management continue to invest significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks are identified and associated mitigating controls are evaluated. These processes are driven by local management, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting the potential frequency, severity and velocity of identified risks is reviewed by the Board of Directors on at least an annual basis. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial, health and safety audit programmes.

33 Accounting estimates and judgements
The preparation of financial statements in conformity with IFRS 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 expenses.

Information about significant areas of estimation, uncertainty, and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Group consolidated financial statements are described below:

Note	Name
Note 1	Going concern
Note 17	Goodwill and intangible assets
Note 15	Leases
Note 26	Employee benefits
Notes 11 & 25	Income taxes and deferred income tax

With COVID-19 continuing to have a significant impact on the macro-economic conditions in which the Group operates, in particular during the first half of the financial year, and supply chain disruptions during the second half of the financial year driving inflation across all inputs, the Directors have placed a particular focus on whether it is appropriate to adopt the going concern basis in preparing the financial statements for the period ended 30 July 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 1, page 90.

The Group tests annually whether goodwill and intangible assets have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGUs) have been determined based on value in use calculations. The value in use calculation is based on an estimate of future cash flows expected to

Notes to the Group Consolidated Financial Statements (continued)
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arise from the CGUs and these are discounted to net present value using an appropriate discount rate. The tests are dependent on management's estimates and judgements, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long term growth rate of the applicable businesses and terminal values. Such estimates and judgements are subject to change as a result of changing economic conditions. Additional information in relation to impairment reviews, including headroom and sensitivity analysis is disclosed in note 17.

The Group applies estimation in determining the incremental borrowing rates for leases which has a significant impact on the lease liabilities and right-of-use assets recognised. Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease, the term and currency of the lease. The weighted average incremental borrowing rate applied to lease liabilities on the Group Consolidated Balance Sheet was 2.89% at 30 July 2022.

Judgement is involved in determining the lease term where there are extension or termination options. In determining the lease term, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal or termination of the lease. The Group assesses at lease commencement date whether it is reasonably certain to exercise these options for leases. The Group reassesses whether it is reasonably certain to exercise them if there is a significant event or change in circumstances within its control. Details of the leasing arrangements of the Group are disclosed in note 15.

The estimation of and accounting for employee benefits involves judgements made on a country by country basis, in conjunction with independent actuaries in relation to various assumptions. Estimates are required in respect of uncertain future events including mortality rates of members and increase in pension payments linked to certain obligations and discount rates used in estimating the present value of the schemes assets and liabilities. Details of the financial position of the employee benefit schemes are set out in note 26.

Judgement and estimation is required in determining the income tax charge as the Group operates in multiple jurisdictions and the tax treatment of many items is uncertain with tax legislation being open to different interpretation. In addition, the Group is subject to uncertainties involving tax audits which can involve complex issues that can require extended periods to conclude. The Group considers these uncertain tax positions in the recognition of its income tax/deferred tax assets or liabilities. The Group uses in-house tax experts, professional firms and previous experience when assessing tax risks and the tax uncertainties have been measured using a probability weighted expected value approach. Details around income taxes are set out in note 11, and deferred taxes are set out in note 25.

Notes to the Group Consolidated Financial Statements (continued)
for the period ended 30 July 2022

34 Significant subsidiaries
A list of all of the Group's significant subsidiary undertakings, as at 30 July 2022 and 31 July 2021, are provided in the table below. For the purposes of this note a significant subsidiary is one that has third-party revenues equal to, or in excess of,2% of total Group revenue and/or consolidated Group assets equal to, or in excess of, 2% of total Group assets.

Name	Nature of business	Currency	Share capital millions	Group % share 2022	Group % share 2021	Registered office
(a) Significant subsidiaries – Europe						
ARYZTA Food Solutions Ireland UC	Food distribution	EUR	0.635	100	100	1
ARYZTA Bakeries Ireland UC	Food manufacturing and distribution	EUR	131.860	100	100	1
ARYZTA Technology Ireland UC	Asset management company	EUR	0.000	100	100	1
Aryzta France SAS	Food distribution	EUR	28.750	100	100	2
Jallon SAS	Food distribution	EUR	0.312	100	100	2
France Distribution SAS	Food distribution	EUR	0.108	100	100	2
ARYZTA Food Solutions Schweiz AG	Food distribution	CHF	3.500	100	100	3
ARYZTA Bakeries Deutschland GmbH	Food manufacturing and distribution	EUR	3.072	100	100	4
ARYZTA Food Solutions GmbH	Food distribution	EUR	0.025	100	100	5
FSB Backwaren GmbH	Food manufacturing and distribution	EUR	0.614	100	100	6
Pré Pain B.V.	Food manufacturing and distribution	EUR	0.018	100	100	7
ARYZTA Polska Sp.z o.o.	Food manufacturing and distribution	PLN	69.174	100	100	8
Fornetti Kft	Food manufacturing and distribution	HUF	500.000	100	100	9
(b) Significant subsidiaries – Rest of World						
ARYZTA Australia Pty Limited	Food manufacturing and distribution	AUD	17.000	100	100	10
ARYZTA Do Brazil Alimentos Ltda[1]	Food manufacturing and distribution	BRL	N/A	N/A	100	N/A

1 Correct for 2021 before disposal of business

Registered offices of subsidiaries consolidated as of 30 July 2022:
1. Grangecastle Business Park, New Nangor Road, Clondalkin, Dublin 22, Ireland.
2. ZAC de Bel Air, 14–16 Avenue Joseph Paxton, Ferrières en Brie, 77164, France.
3. Ifangstrasse 9, 8952 Schlieren-Zurich, Switzerland.
4. Industriestrasse 4, 06295 Lutherstadt Eisleben, Germany.
5. Konrad Goldmann Strasse 5 b, 79100 Freiburg im Breisgau, Germany.
6. Hochstrasse 177, 47228 Duisburg, Germany.
7. Kleibultweg 94, Oldenzaal, 7575 BX, the Netherlands.
8. ul. Zachodnia 10, 05-825 Grodzisk Mazowiecki, Poland.
9. 6000 Kecskemét, Városföld 8683/104.hrsz. dulo 92, Hungary.
10. '5A' L 1, 62 Hume Highway, Chullora NSW 2190, Australia.

The country of registration is also the principal location of activities in each case.

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

Opinion

We have audited the Consolidated Financial Statements of ARYZTA AG and its subsidiaries (the Group), which comprise the Group Consolidated Income Statement and Group Consolidated Statement of Comprehensive Income for the period ended 30 July 2022, the Group Consolidated Balance Sheet as at 30 July 2022 and the Group Consolidated Statement of Changes in Equity and Group Consolidated Cash Flow Statement for the period then ended, and notes to the Group Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the Group Consolidated Financial Statements (pages 79 to 156) give a true and fair view of the consolidated financial position of the Group as at 30 July 2022, its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRS) and Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 responsibilities for the audit of the consolidated financial statements 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 consolidated 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 consolidated financial statements.

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

Valuation of goodwill

Area of focus

As at 30 July 2022, the carrying value of goodwill was EUR 547.4 million (2021: EUR 520.1 million) which represents 26% of total assets (2021: 25%) and 59% of total equity (2021: 47%). Goodwill is subject to impairment testing on an annual basis and at any time during the year, if an indicator of impairment exists. Goodwill acquired through business combination activity has been allocated to cash generating units (CGUs). The recoverable amount of the CGUs is determined based on a value-in-use computation.

Auditing management's annual goodwill impairment test is considered a risk area as it is complex and involves key judgements by management due to the significant estimation required in determining the value in use of each CGU.

In particular, judgemental aspects include assumptions of future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, all of which may be subject to management override.

Key judgements for the impairment test and identified cash generating units are disclosed in the Notes (Note 17).

Our audit response

We obtained an understanding of the Group's goodwill impairment review process and the process for setting significant assumptions, including future profitability, revenue growth, margins and forecast cash flows, and the selection of appropriate discount rates, among others.

We assessed and evaluated the reasonableness of the Group's allocation of goodwill to CGUs taking into consideration internal management reporting and how the business is managed.

We obtained the Group's impairment analysis for each CGU and performed the following procedures, among others:

- We compared the significant assumptions used by management to external economic forecasts, the Group's historical results, and evaluated whether changes in the Group's business could affect the significant assumptions. In these circumstances we applied professional skepticism when assessing the judgements made by management.
- We tested the mathematical accuracy of the models and reconciled the projections to budgets which have been subject to approval by the Board of Directors.
- We assessed the historical accuracy of management's estimates and performed sensitivity analyses on significant assumptions to evaluate the impact on the estimated value in use of the CGUs for changes in these assumptions.
- We involved valuation specialists to assist in our evaluation of the valuation methodology and comparison of key inputs used by management in calculating discount rates to external market data (principally risk-free rates, country risk premia and inflation rates).
- We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities.

Our audit procedures did not lead to any reservations regarding the valuation of goodwill.

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

Revenue recognition

Area of focus

Revenues from continuing operations for the period ended 30 July 2022 were EUR 1,756.1 million (2021: EUR 1,525.4 million from continuing operations and EUR 794.3 million from discontinued operations).

Revenues are a key performance indicator for ARYZTA and are a focus of internal and external stakeholders. There is a significant risk that revenues may be inflated or recognised in an incorrect period through management override of controls and the posting of manual topside journal adjustments to achieve budgeted financial results.

The accounting principles for revenue recognition are disclosed in Note 1, page 91.

Our audit response

For the purpose of our audit, we performed the following procedures, among others:

- For significant manual journals posted to revenues, we identified journal sources, profiled journal activity by month and compared to the prior year, analysed who posted these journals considering our understanding of the process and followed up on any unusual trends and anomalies.
- We identified and tested non-routine top-side adjustments recorded in revenue accounts.
- We performed audit procedures over cut-off, credit memos and other adjustments to obtain assurance over appropriateness of cut-off and to understand the underlying business drivers for credit memos, discounts and rebates, margins achieved and margin fluctuations.
- We assessed the completeness of disclosures against the requirements of IFRS 15 'Revenue from contracts with customers'.

Our audit procedures did not lead to any reservations regarding recognition of revenue.

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

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Group Consolidated Financial Statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Group Consolidated 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, ISAs 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 Group Consolidated Financial Statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the EXPERTsuisse website at: http://www.expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

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

Report on other legal and regulatory requirements

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

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Olivier Mange	Jennifer Mathias
Licensed audit expert Auditor in charge	Certified public accountant

Zurich, 30 September 2022