2023

Annual Report and Accounts

ARYZTA
SERVING INSPIRATION

FINANCIAL HIGHLIGHTS (17-month period)

Total Revenue **3,046** in € million	EBITDA Group **13.2%** of total revenues
Revenue Europe **2,698** in € million	EBITDA Europe **12.2%** of segment revenues
Revenue Rest of World **348** in € million	EBITDA Rest of World **20.2%** of segment revenues
Profit for the period **161** in € million	Diluted EPS **9.7** in € cent

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FINANCIAL HIGHLIGHTS 2023 (17-month period)

ARYZTA AG is an international bakery company with a leadership position in convenience bakery. We offer a comprehensive range of products and services for in-store bakery solutions. ARYZTA has excellent capabilities in the baking industry, offering high quality and great tasting bread, rolls, buns, pastries, savoury and American bakery such as cookies.

Revenue

€3,046m

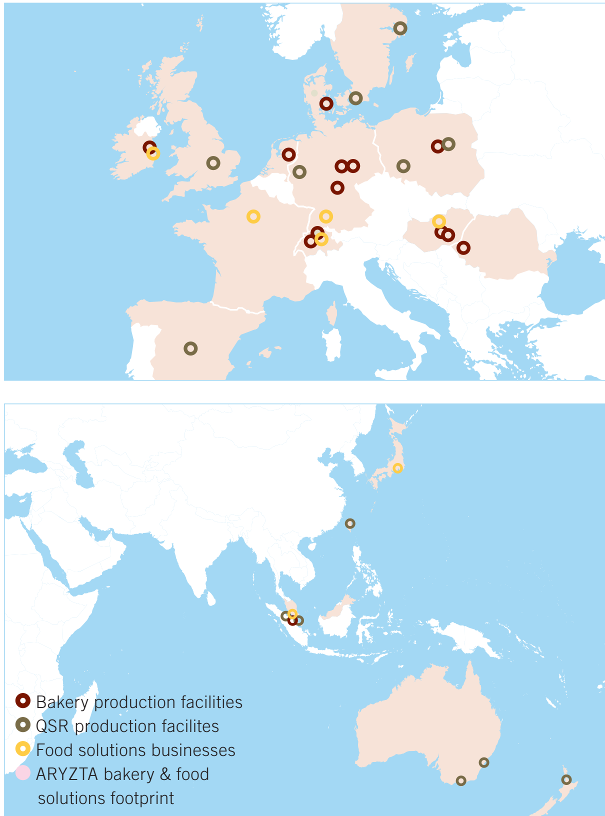
Bakeries

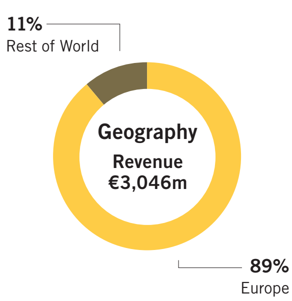
26

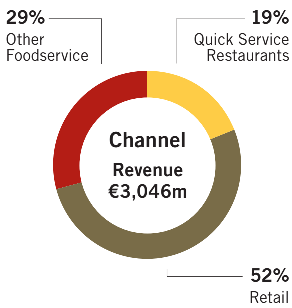
Countries

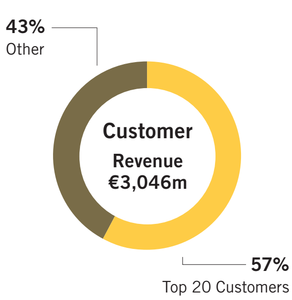
27

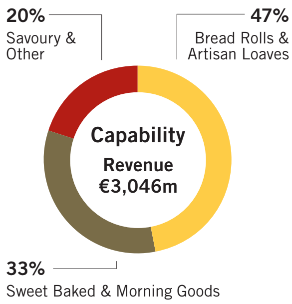
ARYZTA Group





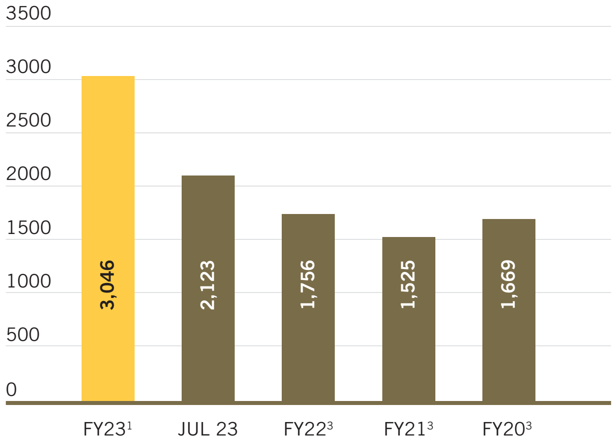




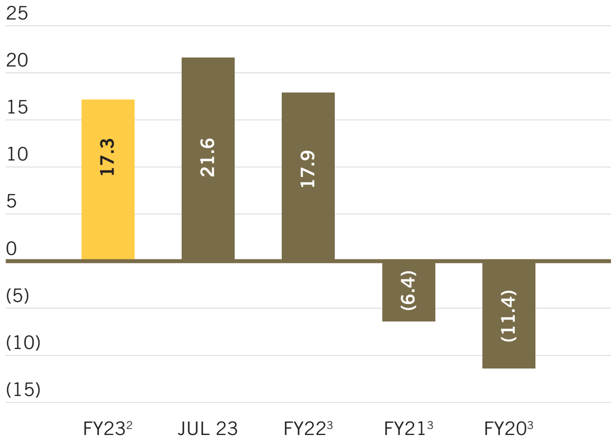


FINANCIAL HIGHLIGHTS 2023

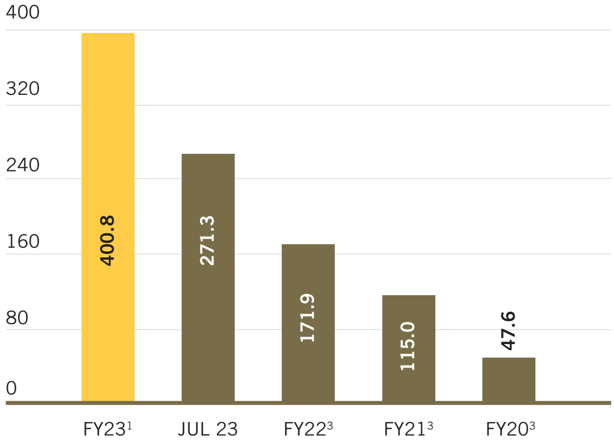
Revenue
in €m



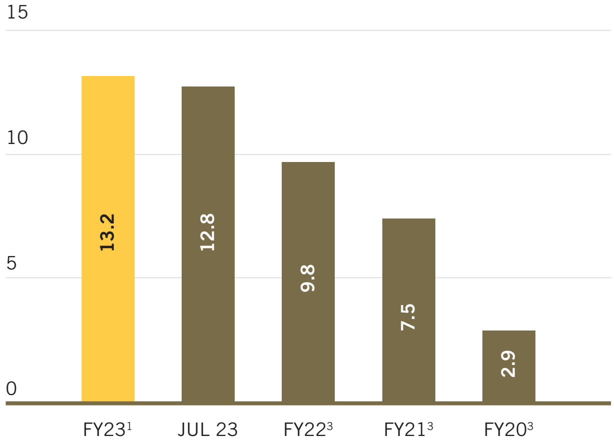
Organic growth
in %



EBITDA
in €m



EBITDA margin
in %



1 17-month period ended 31 December 2023
2 Represents the organic revenue growth comparing the 17-month financial period ended December 2023 to the 17-month prior period ended December 2022
3 Represents results of Continuing operations Europe and Rest of World segments

LETTER TO SHAREHOLDERS

Dear Shareholder,

On behalf of the Board of Directors of ARYZTA AG, I wish to express our thanks and appreciation for your continuing support and positive feedback. Our journey to create shareholder and stakeholder value via organic growth and business performance improvements continues to display strong results.

I am happy to report that we have made significant progress in our turnaround plan and have made substantial progress towards our mid-term targets over the last 17 months. As we are aligning our financial reporting year to the calendar year in future, we are presenting in this annual report details for the 17-month period from August 2022 to December 2023, along with a pro forma comparison of the calendar years 2022 and 2023.

Broad-based financial performance acceleration supported by organic growth

ARYZTA's performance continued to improve despite a challenging business environment, highlighted by input price volatility, significant labour inflation, supply chain disruptions, consumer spending under pressure from cost inflation, tough customer pricing discussions and an increasing interest rate environment. At the same time, we successfully introduced new innovative products with innovation accounting for c. 14% of revenue for the 17-month period, up from 6% in the prior period ended July 2022.

In total, our revenue in the 17-month period until the end of December 2023 increased to €3,046.0m. ARYZTA Europe reported revenues of €2,697.8m, with strong performance led by Germany, France and Poland, while ARYZTA Rest of World achieved revenues of €348.2m.

On Group level, we achieved a strong organic growth of 17.3%[1] in the 17-month period, with volume remaining positive despite the significant necessary pricing.

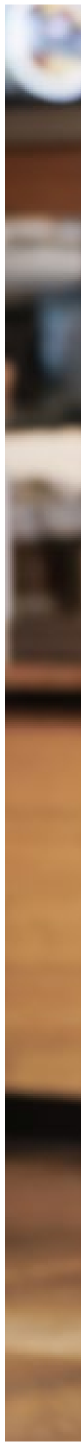
We achieved an EBITDA for the 17-month period of €400.8m, representing an EBITDA margin of 13.2%. Profit for the period increased significantly to €160.5m.

Balance sheet further strengthened

This strong performance led to a substantial improvement of cash generation with free cash flow reaching €139.6m, allowing us to continue to reduce our hybrid bond levels. In addition to the €200.0m repayment of the Euro hybrid in March 2023, we repurchased a further CHF 120.3m from the remaining two Swiss hybrid bonds in the last 5 months of our extended financial year, resulting in an annualized gross interest costs saving of c. CHF 8.5m.

Our improved performance also requires further investment in growth. We are investing c. €40.0m to build a new bakery in Western Australia to support both our customers' expansion plans and our organic growth. This new facility will be largely powered by renewable electricity, creating 80 direct and 500 indirect jobs, and will produce 220 million buns per annum when fully operational.

Our goal remains to optimise the capital structure over time by using our strong cash generation to further reduce debt. We improved our total net debt (incl. hybrids and leases) leverage ratio, which declined to 3.3x EBITDA[2] for the period ended 31 December 2023 compared to 3.7x at the end of July 2023.



1 Represents the organic growth comparing the 17-month financial period ended December 2023 to the 17-month prior period ended December 2022.
2 Based on EBITDA for the 12-month period ended 31 December 2023

LETTER TO SHAREHOLDERS

Urs Jordi
Chairman, Board of Directors

LETTER TO SHAREHOLDERS

Sustainability report

ARYZTA continues to progress its ESG agenda. This annual report includes a detailed sustainability update including the commitment to the Science Based Targets Initiative (SBTi). Our ESG strategy is focused around three pillars, namely environmental efficiency, inspiring innovation and our people and communities, which supports the execution of our strategic value creation framework. For these three pillars we have defined 13 goals to address our greenhouse gas emissions and water usage reductions targets, to ensure we source sustainable ingredients, to support our people and communities and to ensure we produce healthy and nutritious bakery products for our customers and consumers.

Board and new CEO appointments

The Board of Directors appointed Heiner Kamps as the new Lead Independent Director. The Board composition proposals will be communicated to shareholders in the upcoming AGM invitation.

In relation to the dual role of Group Interim CEO and Chairman of ARYZTA, we are committed to separating the two roles by the end of 2024 at which point the business will be sufficiently de-risked and the turnaround advanced. With these objectives on track, the ARYZTA AG Board will be in a position to appoint the new permanent CEO designate later this year.

Outlook

With the post COVID recovery boost no longer a factor and a reducing price effect, we expect full year 2024 growth rates to normalize. Our growth will remain organic focused and innovation led while our margin progression will be supported by efficiencies and costs optimisation. We expect 2024 quarterly growth trends to vary as was the case in 2023. In light of Q1 2024 organic growth trending at a lower run rate, reflecting temporary softness especially in QSR, we expect organic growth to be in the low to mid-single digit range for the full year.

The combination of market growth and innovation supports higher growth opportunities in the bake-off segment. The competitiveness of bake-off improves as rising costs for labour, rents or food burden consumers and thereby underpins continuing growth of bake-off products. These factors all support the prospects of further financial performance improvement. We also expect to stay firmly focused on delivering further sequential improvement in free cash flow and return on invested capital to support our strategy to deleverage our balance sheet.

We look forward to reporting further progress in the current year, delivering on our commitment to create a stronger ARYZTA.

Urs Jordi
Chairman, Board of Directors

1 March 2024

MARKETS AND BUSINESS MODEL

MARKETS AND BUSINESS MODEL

Bake-off market leader

ARYZTA is an international bakery company with a leadership position in convenience bakery and offers a comprehensive range of products and services for in-store bakery solutions.

ARYZTA is focused on the bake-off segment of the bakery market. Bake-off is the premium segment of the total bakery market and accounts for c. 25% of the total market. Products are manufactured and semi-finished frozen and are baked-off or thawed at the point of sale. As such, these products are sold ultra fresh throughout the day and are available 24/7.

ARYZTA services three channels Retail, Quick Service Restaurants ('QSR') and Other Foodservice. These three channels have different functionalities and pricing models. Other Foodservice offers a large assortment of quality bakery products that are delivered directly to customers. The Retail channel supplies large grocery and wholesale with bake-off products manufactured in our own bakeries. And in the QSR channel, the production and ARYZTA bakeries are integrated into the value chain of globally or regionally active Quick Service Restaurants.

ARYZTA's bake-off product portfolio covers three key categories of Bread Rolls & Artisan Loaves, Sweet Baked & Morning Goods, and Savoury & Other. The portfolio focuses on convenience with a range of semi-finished as well as thaw and serve assortments. Its product ranges are focused on the key consumer trends of freshness, health, artisan and ethical, while leveraging the competitive advantages of optimising the value chain of the customers.

	ARYZTA **Other Foodservice**	ARYZTA **Retail**	ARYZTA **Quick Service Restaurants**
Channel focus	– Foodservice – Convenience – Grocery independent – Bakeries independent	– Large Grocery – Wholesale	– QSR
Customer/ Product Base	– Large number of products and customers – Bought-in finished goods from external and ARYZTA bakeries	– Few and large customers – Customised SKUs – Produced by our bakeries	– Global and regional QSR chains dedicated products – Produced by our bakeries
Business model	– Service and distribution model **– Direct Store delivery** – Number of sales organisations: 7	– Production and logistics model **– Central warehouse delivery** – Number of bakeries: 13	– Integrated production model **– Pick up from factory** – Number of bakeries: 13

MARKETS AND BUSINESS MODEL

Large scale manufacturing capabilities

ARYZTA operates 13 bread bakeries as well as 13 manufacturing sites for the QSR channel producing burger buns, and 7 sales organisations for Other Foodservice. ARYZTA is present in 27 countries with market leading positions in Germany, Switzerland, France, Ireland, the UK, the Netherlands, Hungary, Poland, Denmark, Spain, Sweden, and Romania in Europe; and Australia, Japan, Malaysia, Singapore, New Zealand and Taiwan in Rest of World. All bakeries are well-invested, and future investments will be mainly planned for capacity expansion or the introduction of new production lines at existing facilities.

ARYZTA offers the gold standard for oven baked freshness and has the perfect range of products and services for in-store bakery solutions. It all begins with the finest ingredients – along with bakers and chefs whose top priorities are great taste, consistency, and creating memorable food for our customers – respecting local market preferences.

Business model driven by innovation and premiumisation

ARYZTA is a business dedicated to local market needs that empowers local leadership teams and creates value for our customers. The multi-local approach allows efficient structures, and empowers fast decision making to address our local customers' needs. As such, ARYZTA is closer to its customers with shorter supply chains and accelerated innovation response times. This improves the local management's engagement and understanding of our clients and drives deeper customer relationships.

ARYZTA's business model is focused on delivering above market growth through innovation and customised premium product development for our customers. The business model aims to deliver enhanced performance through operational improvements, cost optimisation and end-to-end ('E2E') process efficiency. This approach leverages the continuous market share gain of bake-off within the overall bakery category because of its competitive advantages of delivering freshly baked products, which drive store footfall while minimising waste, labour and space.

INTERVIEW WITH GROUP INTERIM CEO AND GROUP CFO

The 2023 results confirm the successful turnaround

ARYZTA achieved very good results in the 2023 financial period. Group Interim CEO Urs Jordi (UJ) and Group CFO Martin Huber (MH) assess the results and look back on the successful journey of the last three financial periods and provide an insight into the company's ambitions and plans.

What milestones were achieved in the reporting period?

MH: The results are above all confirming the successful implementation of the turnaround plan. Double-digit revenue growth, driven by innovation and market share gains, substantially improved margins and a significant increase in cash flow took ARYZTA to new levels.

> "We focus on our core markets in Europe and Asia Pacific

This encouraging development began in December 2020. What was the trigger back then?

UJ: The Group was in a shambles, and we set out to turn the Group around, restructure it and reposition it. To this day, we aim to confirm the trust of our stakeholders quarter after quarter.

What immediate steps had been taken?

UJ: On the one hand, we had to introduce wide-ranging operational improvements and simplify the structures and businesses. On the other hand, we had to and wanted to focus on our core business, because the weak balance sheet at the time left us with no other options. We therefore sold the business in North America and Latin America at a good price, which immediately increased ARYZTA's room for manoeuvre.

And afterwards?

MH: The newly appointed, crisis-tested team drew up a comprehensive turnaround plan, which we have consistently implemented ever since.

What were the core elements?

UJ: The focus on our core markets in Europe and Asia Pacific with a business model that is considered multi-local and agile and has the customer needs as its central daily focus. This lays the foundation for organic growth. At the same time, we tackled inefficiencies in a targeted manner, resulting in a gradual improvement in operating margins. And finally, it was imperative to strengthen the balance sheet and reduce the excessive debt.

Let's take a closer look at these areas. What is driving organic growth?

MH: In addition to the customer proximity that Urs has mentioned, there are two other aspects: firstly, capturing market growth, as bake-off is not only the premium segment of industrially manufactured bakery products but also continues to be an attractive market with good growth rates and a total size of around 18 billion Euro in the markets we operate. Bakery is well positioned when economic times are challenging for the consumer as it offers attractively well-priced calories to feed the family i.e. real added value.

> "Innovation drives organic growth

UJ: The second factor is innovation and the regular introduction of new products. We are good at meeting changing customer needs and new food trends by introducing new flavours, particularly in the focus areas of savoury and pastry or artisan and health for bread and rolls. Our share of sales with new products of around 14% is significantly higher than that of many of our competitors and underlines ARYZTA's market leadership.

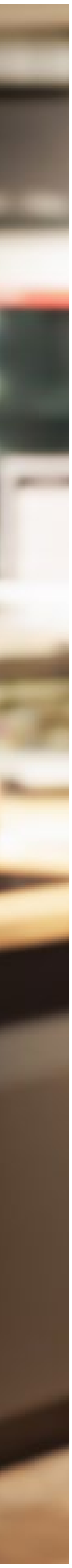
> "Various projects launched to increase efficiency

Does that also drive the margin?

MH: Innovation and the launch of new higher value products is supporting the margin progression combined with our focused continuous improvement programs in operations as well as our disciplined costs management. In order to protect our margin we had to take significant but necessary pricing actions over the last two financial periods. Important to highlight that raw materials are still 30% above pre-COVID levels in 2023.

And strengthening the balance sheet?

MH: To reduce leverage, it was and is necessary to address our debt levels and the hybrid bonds in particular. This is enabled by the much-improved operating result and the significantly improving free cash flow generation, as well as prudent CAPEX management and disciplined working capital management.



INTERVIEW

This framework also led to the formulation of the mid-term targets for 2023–2025?

UJ: Correct. We made good progress in 2021 and 2022, despite the pandemic and challenging economic conditions, and summarised our mid-term targets in a clear guidance at the capital markets day in June 2022.

> “ ARYZTA aims to be the preferred B2B partner for customers

And what are these targets?

MH: Organic growth of 4.5%–5.5%, revenue of more than €2.0bn, an EBITDA margin of 14.5% or more, a ROIC of 11.0% or more and total net debt leverage including hybrids of less than 3.0x. To support the business we plan to invest 3.5–4.0% of revenue in CAPEX on an annual basis until the end of 2025.

What is the overall vision for achieving these goals?

UJ: ARYZTA aims to become the preferred B2B partner for our customers based on our strategic framework of the gold standard for bake-off solutions.

And how do you implement this in your day-to-day work?

UJ: We focus on the four strategic pillars to create value. We are close to our customers and have a dedication to our customer needs. This is also confirmed by customer surveys, which attest to our high reliability, delivery readiness, innovative strength and product customisation. Secondly, constant innovation and an understanding of consumer trends are important to us; thirdly, comprehensive expertise in the three sales channels Other Foodservice, Retail and QSR (Quick Service Restaurants); and fourthly, quality and efficiency along the entire value chain are of great importance.

ARYZTA is the market leader. In production too?

MH: All of our 26 bakeries across Europe and Asia Pacific have good levels of efficiency and are well utilised. Nevertheless, we are looking at targeted CAPEX investments to build new lines supporting our innovation roadmap and driving organic growth as well as delivering continuous improvement as per our efficiency framework. As such, we plan to spend 3.5% to 4.0% of revenue on such investments every year.

UJ: The most recent example is the announced construction of a new factory in Perth, Australia with an investment volume of c. €40.0m, a capacity of 220m burger buns per year and the creation of 80 direct and 500 indirect jobs. This will strengthen our capacity in this growing market, and we are ready for the next stage of growth, particularly in the expanding QSR channel.

What are the next steps?

UJ: Rapid progress has been achieved in the last three years. We have now reached a flight level from which we will continue to grow profitably, albeit not quite as quickly as in previous years, when we could exploit the untapped catch-up potential. We expect organic growth to normalize in the low to mid-single digit range in 2024.

MH: The financial burden, even though much improved from 5.6x at H1 2022 to 3.3x in calendar year 2023, shall be further reduced. We cancelled the Euro-denominated hybrid bond in 2023 in the amount of €200.0m and reduced the two CHF hybrid bonds by CHF 120.3m in October 2023. Supported by our continued progress of operational performance and strong cash generation we will be further optimising our balance sheet until the end of the mid-term plan.

> “ Low to mid-single digit organic growth in 2024

But one of the medium-term goals, ROIC, has already been achieved?

MH: Not only has our business achieved a new performance level, but we are also generating improved returns on invested capital, which are necessary and correct as bakery is a capital intensive business. With a ROIC of 12.3%, we achieved very solid returns for our shareholders in the past financial period, which is above the mid-term target value.

How is this progress reflected in shareholder value?

UJ: On the one hand, the results reflect a profit of 8.2 cent per share for the pro forma calendar year 2023, which is 141% more than in the previous pro forma calendar year, and on the other hand, the share price is also performing well in 2023, with an overall increase of 37%.

> “ Total shareholder return in 2023 reached 37%

Is ARYZTA already capable of paying dividends again?

MH: One of our core objectives remains to further reduce leverage; dividends are still secondary in the current phase but remain our medium-term goal. However, shareholders also benefit from the repayment of liabilities, as this further increases the implicit book value of the company and therefore potentially also the share price.

In summary, ARYZTA remains an attractive investment case?

UJ: We are convinced of that. We are the market leader in an attractive market, our strategy is proving it is working and we are on track to achieve or exceed our mid-term targets for 2025, thereby creating shareholder value. This is good news for existing and new investors.

OPERATING REPORT

17-MONTH PERFORMANCE

17-month period performance 2023: Organic growth reaches 17.3%, EBITDA margin of 13.2%, and free cash flow accelerates to €139.6m

ARYZTA achieved a strong set of figures and EBITDA increased significantly to €400.8m. The positive performance trends from the previous quarters continued in the last five months of the financial period, which has been extended to 31 December 2023, and ARYZTA managed to gain further market share.

Organic growth

17.3%

In general, the business environment in the 2023 reporting period was challenging due to persistent inflationary trends across all input costs, including labour, supply chain disruptions and an increasing interest rate environment.

Overall, ARYZTA achieved strong results in the 2023 financial period, bringing the delivery of the existing mid-term targets within reach on all key metrics. Revenue for the 17-month period increased to €3,046.0m, representing an organic growth of 17.3%[1]. This growth was supported by broad-based pricing of 14.0%, albeit normalizing quarter by quarter, and resilient volume/mix growth of 3.3% reflecting the market momentum for bake-off products. As such, ARYZTA enhanced its leading market position in the attractive and growing bake-off segment.

17-month performance

	17-month December 2023 €m	12-month July 2022 €m	% Change
Revenue	3,046.0	1,756.1	
Organic growth[1,2]	17.3%	17.9%	
EBITDA[2]	400.8	171.9	
EBITDA margin	13.2%	9.8%	340 bps
Profit for the period	160.5	0.9	
Free cash flow[2]	139.6	44.0	
ROIC[2]	12.3%	6.7%	560 bps
Net Debt[3]	490.8	290.0	
Hybrid instrument funding[3]	510.0	814.1	
Total net debt and hybrid funding[3]	1,000.8	1,104.1	

1 Represents the organic growth comparing the 17-month financial period ended December 2023 to the 17-month prior period ended December 2022.
2 See Alternative Performance Measures on pages 237–242 for definitions and reconciliations.
3 Further details on the Groups financial covenants and capital management are included in note 22 to the financial statements on page 212 of this annual report.

17-MONTH PERFORMANCE

ARYZTA Europe accounted for 89% of Group revenue and ARYZTA Rest of World had a share of 11%. In relation to channel development, Retail represented 52%, Other Foodservice 29% and QSR 19% of total revenue.

EBITDA margin for the 17-month period expanded to 13.2%, driven by the strong revenue growth in the period, as well as disciplined cost measures and active portfolio management. Innovation provided additional margin expansion support.

Due to the strong operational performance, free cash flow accelerated to €139.6m in the 17-month period to 31 December 2023, driven by operating profit growth and improved working capital efficiency. Increased EBITDA and improved working capital management net of securitisation more than set-off higher financing costs and tax charges.

Free cash flow

in € million

139.6

The return on invested capital ('ROIC') amounted to 12.3%[1] compared to 6.7% 17 months ago, enabled by organic growth, margin expansion and a solid improvement of the working capital. With these improvements, ROIC is already significantly ahead of the 2025 mid-term target of 11.0% or higher. The group continued to reduce total leverage and net debt, which was supported by the increased free cash flow. Further progress was made simplifying the financing structure following the repayment of the Euro hybrid in the amount of €200.0m in March 2023 and a further CHF 120.3m from the remaining two CHF hybrid bonds in October 2023.

ROIC

12.3%

After these measures, combined Net debt (including lease liabilities) and hybrid funding at current exchange rates decreased from €1,104.1m at July 2022 to €1,000.8m at the end of December 2023, representing a total leverage ratio of 3.3x at 31 December 2023. The Group's financial covenants under the RCF agreement as of 31 December 2023 comprise the Leverage financial ratio[2] at 1.41x and the Interest cover[2] at 3.91x.

1 ROIC is calculated as per the definition outlined in the Alternative Performance Measures section on page 242 and is based on trailing twelve months NOPAT to December 2023

2 Further detail is included in note 22 to the financial statements on page 212 of this annual report.

12-MONTH PERFORMANCE

Calendar year performance 2023: EBITDA margin approaches mid-term 2025 targets and reaches 13.9%, and free cash flow more than doubles to €132.4m

To facilitate the interpretation of results, a pro forma (unaudited) comparison of the performance per calendar year, which will be ARYZTA's new financial reporting period, is provided below for the years 2022 and 2023.

Revenue[1]

in € million

2,192.7

In calendar year 2023 ARYZTA achieved strong results on all key performance metrics confirming the consolidation of the turnaround plan started three years ago. With these results ARYZTA now clearly achieved a new level, from which more normalized improvement-steps towards the mid-term targets are anticipated.

Revenue reached €2,192.7m for the 12-month period ended 31 December 2023, up by 14.4% compared to the previous calendar year (CY 2022: €1,915.9m). ARYZTA Europe accounted for 89% of Group revenue and ARYZTA Rest of World had a share of 11%. In relation to channel development, Retail represented 53%, Other Foodservice 28% and QSR 19% of total revenue.

Organic growth[1]

14.7%

Calendar year performance 2023

(unaudited)	12-month December 2023 €m	12-month December 2022 €m	% Change
Revenue	2,192.7	1,915.9	14.4%
Organic growth[1]	14.7%	22.6%	
EBITDA[1]	304.5	230.1	32.3%
EBITDA margin	13.9%	12.0%	190 bps
Profit for the period	125.7	80.9	55.4%
Free cash flow[1]	132.4	57.3	131.1%
Net debt[2]	(490.8)	(282.8)	
Hybrid instrument funding[2]	(510.0)	(813.7)	
Total net debt and hybrid[2]	(1,000.8)	(1,096.5)	

1 Pro forma 12-month results are unaudited. Please refer to pages 243-244 for further breakdowns
2 Further details on the Groups financial covenants and capital management are included in note 22 to the financial statements on page 212 of this annual report.

12-MONTH PERFORMANCE

Organic growth reached 14.7% supported by pricing of 12.2% to compensate for commodity headwinds. After peaking in early 2023, pricing normalized quarter by quarter while volume/mix growth remained positive at 2.5% but declined compared to the previous year. The launch of new products contributed but was partially compensated by active portfolio management. At the same time and as planned, active portfolio management was margin accretive. The strong post COVID recovery impact is no longer a factor and therefore organic growth is expected to normalize in the low to mid-single digit range in 2024 supported by volume and mix and less so by price.

Input costs

compared to 2020

+30%

Margin progression accelerates

At the same time, EBITDA margin improved due to revenue growth supported by necessary pricing combined with operational efficiency and strict cost discipline as well as the contribution from portfolio management and innovation. Gross margins improved towards pre-COVID level, while input costs are still 30% higher than pre-Pandemic. This development was supported by our efficiency programs, disciplined costs management and the launch of margin enhancing products. Contribution from continued improvement programs in the factory reduced conversion costs as a percentage of revenue, which are now at index 90 compared to the start of the mid-term planning, adding to this achievement.

Distribution costs added 70bps to the margin expansion, disciplined fixed cost control and prudent procurement risk management helped to keep distribution costs under control. At year-end, c. 70% of procurement spend was managed by the global procurement team, and a number of projects focused on recipe standardisation and procurement have been concluded, resulting in costs optimisation of more than €18.0m in calendar year 2023. With this progress, ARYZTA is well underway to deliver the targeted costs optimisation of €26.0–36.0m as part of the mid-term plan.

Costs optimisation

in € million

>18.0

Selling and administration expenses increased slightly because of upfront expenses for cost optimisation projects such as the shared service centre or the acceleration of IT infrastructure standardisation, coupled with one-time costs related to the change of the financial year reporting.

EBITDA[1] was up by 32.3% from €230.1m to €304.5m, corresponding to an EBITDA margin of 13.9%, up from 12.0% in the prior year. Net profit also increased significantly by 55.4% to €125.7m compared to €80.9m in calendar year 2022.

1 Pro forma 12-month results are unaudited. Please refer to pages 243-244 for further breakdowns

12-MONTH PERFORMANCE

Free cash flow more than doubles
Free cash flow more than doubled to €132.4m in calendar year 2023. This was achieved through operational business performance that increased absolute EBITDA by €74.4m, delivered working capital efficiency, net of securitisation, of €24.5m and prudent capital expenditure management.

Free cash flow[1]

in € million

132.4

This operational improvement more than compensated the higher financing costs and increased tax charges based on the better net result.

At the same time, the €375.8m hybrid bond buy-back over the last 2 years resulted in gross hybrid interest savings of €13.2m year-on-year (CY 2022–CY 2023). The full benefit of the executed hybrid bond buy-back will materialise in calendar year 2024. Combined net debt (including lease liabilities) and hybrid funding reduced from €1,096.5m to €1,000.8m in calendar 2023, and the total leverage ratio decreased from 4.8x to 3.3x in the same period.

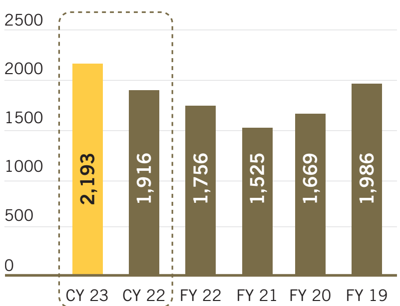
Earnings per share[1]

8.2 cents

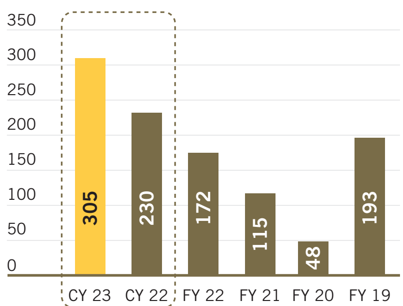
Solid and sustainable returns
Value creation measured through ROIC further improved due to strong margin progression, working capital efficiency and prudent CAPEX management and reached 12.3%. The consolidation of the turnaround started in late 2020 is equally visible in the improvement of earnings per share, which increased by over 140% to 8.2 cents per share.

ARYZTA Group pro forma

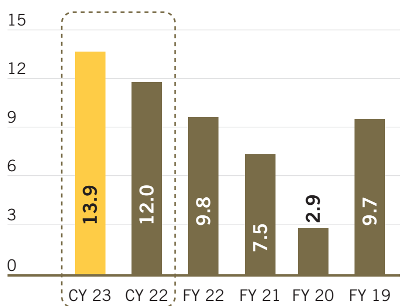
Revenue
in €m



EBITDA
in €m



EBITDA margin
in %



Presented as pro forma Calendar Year (CY) to December 2022 and December 2023 and Financial Year (FY) to July for periods from 2019 to 2022

Total Group pro forma organic growth	Q1 2023	Q2 2023	Q3 2023	Q4 2023	December 2023
Volume %	6.9%	0.1%	0.8%	5.0%	3.1%
Price %	20.5%	17.3%	10.0%	3.8%	12.2%
Mix %	0.5%	(0.4%)	(1.7%)	(0.7%)	(0.6%)
Organic growth %	**27.9%**	**17.0%**	**9.1%**	**8.1%**	**14.7%**

1 Pro forma 12-month results are unaudited. Please refer to pages 243-244 for further breakdowns

12-MONTH PERFORMANCE

Europe performed strongly
ARYZTA Europe substantially contributed to the overall Group performance in calendar year 2023 with revenues of €1,948.0m and an organic growth of 15.2%, reflecting pricing of 12.5% and volume/mix growth of 2.7%.

Innovation also benefited performance with revenue coming from new product launches nearly doubled from 8% to 14%.

In the period, ARYZTA's core channels of QSR, Other Foodservice and Retail performed well, with customer satisfaction increasing, reflecting improved services levels and good product quality ratings. This supported a strong performance in Retail where ARYZTA continued to gain market share, outperforming the channel in our key European businesses.

In addition, the ongoing efficiencies initiatives continued to support the business growth development and margin performance. Further benefits are expected from these initiatives in the coming years. The successful commissioning of additional line capacity at some bakeries also boosted growth performance.

The EBITDA increased to €254.1m, representing a margin of 13.0%, up by 200bps compared to previous year.

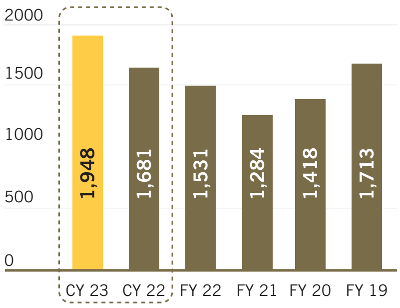
Margin progression was broad-based across the European businesses supported by strong operational performances reflecting efficiencies and benefits from active portfolio management.

EBITDA[1]
in € million

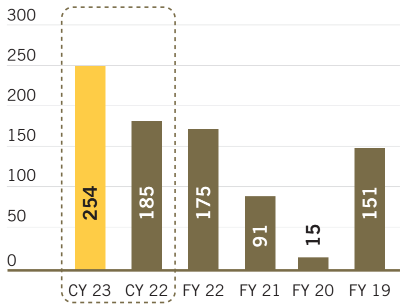
254.1

ARYZTA Europe

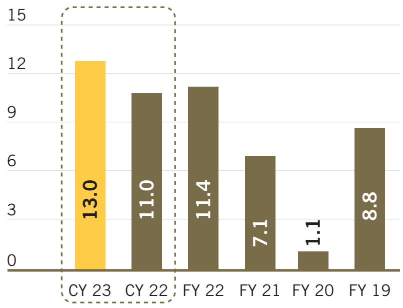
Revenue
in €m



EBITDA
in €m



EBITDA margin
in %



Presented as pro forma Calendar Year (CY) to December 2022 and December 2023 and Financial Year (FY) to July for periods from 2019 to 2022

Pro forma organic growth	Q1 2023	Q2 2023	Q3 2023	Q4 2023	December 2023
Volume %	7.9%	0.2%	0.3%	5.6%	3.4%
Price %	21.2%	17.7%	10.4%	3.6%	12.5%
Mix %	0.2%	(0.4%)	(1.7%)	(0.6%)	(0.7%)
Organic growth %	**29.3%**	**17.5%**	**9.0%**	**8.6%**	**15.2%**

1 Pro forma 12-month results are unaudited. Please refer to pages 243-244 for further breakdowns

12-MONTH PERFORMANCE

Growth in Rest of World continued
ARYZTA Rest of World achieved excellent results in the calendar year 2023. Total regional revenues reached €244.7m, compared to €235.2m in the previous period. The QSR growth in Australia, New Zealand, Malaysia, and Singapore was driven by innovation, new restaurant openings and promotional offers.

EBITDA margin[1]

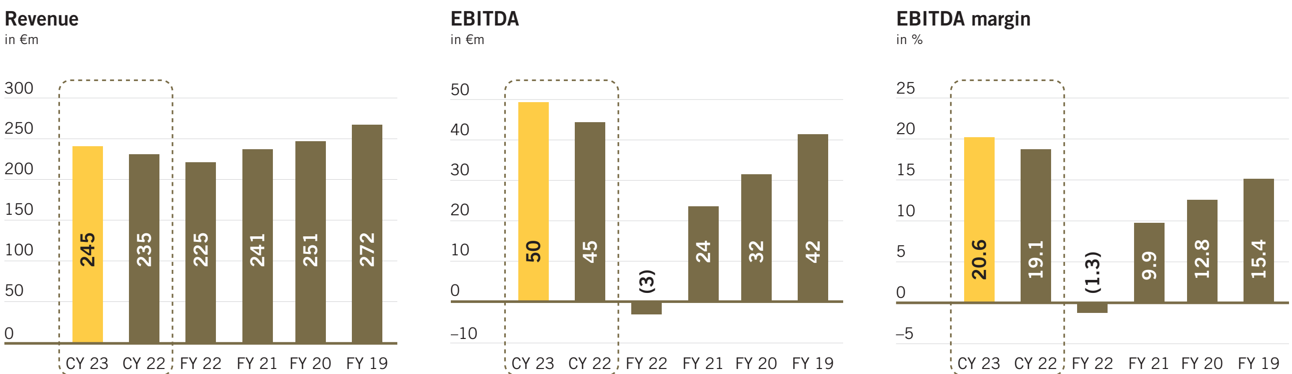
20.6%

Other Foodservice delivered resilient organic growth with strong double digit revenue growth in the core channel, which was partially compensated by active portfolio management supporting margin expansion and some temporary lower revenue in Other Foodservice channels. Overall organic growth in ARYZTA Rest of World amounted to 11.2%, comprising a 0.6% increase in volume/mix and 10.6% contribution from necessary pricing.

Innovation supported growth in both key channels and strong customer expansion in the region also benefited performance. In total, EBITDA reached €50.4m, corresponding to an EBITDA margin of 20.6%. This represents an improvement of 150bps compared to previous year. The key contributor to this result was our Other Foodservice business, which benefited from efficiency and cost discipline measures as well as margin recovery from pricing.

In December, the Group formally agreed to proceed with the construction and commissioning of a new bakery in Western Australia with a total investment estimated to be c. €40.0m over a two-year period.

ARYZTA Rest of World



Presented as pro forma Calendar Year (CY) to December 2022 and December 2023 and Financial Year (FY) to July for periods from 2019 to 2022

Pro forma organic growth	Q1 2023	Q2 2023	Q3 2023	Q4 2023	December 2023
Volume %	0.0%	(0.7%)	3.8%	0.4%	0.9%
Price %	16.2%	14.6%	7.5%	5.8%	10.6%
Mix %	2.1%	(0.4%)	(1.2%)	(1.3%)	(0.3%)
Organic growth %	**18.3%**	**13.5%**	**10.1%**	**4.9%**	**11.2%**

1 Pro forma 12-month results are unaudited. Please refer to pages 243-244 for further breakdowns

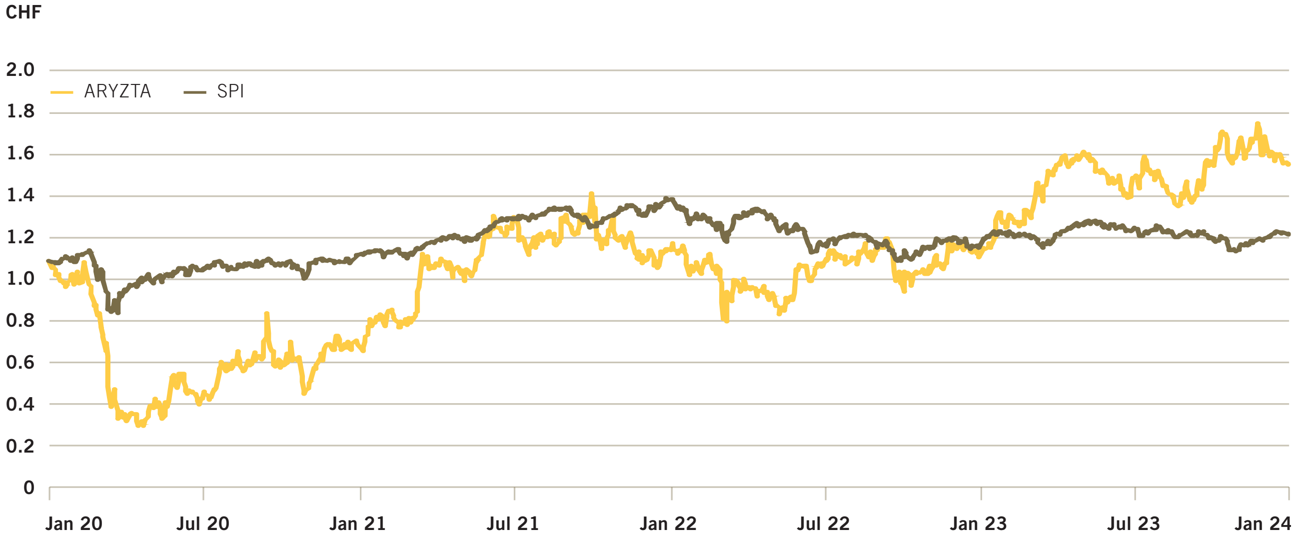
INVESTOR INFORMATION

SHARE AND BOND INFORMATION

Share Data

	2022/2023 (01.08.–31.12.)	2021/2022 (01.08.–31.07.)	2020/2021 (01.08.–31.07.)	2019/2020 (01.08.–31.07.)
Share capital in CHF	19,862,114.54	19,862,114.54	19,862,114.54	19,862,114.54
Registered shares issued	993,105,727	993,105,727	993,105,727	993,105,727
Of which treasury shares	3,148,437	817,839	1,320,510	1,981,904
Nominal value per share in CHF	0.02	0.02	0.02	0.02
Diluted earnings/(loss) per share in € cent	9.7	(4.5)	(28.4)	(114.8)
Average number of shares traded per day in CHF	3,130,871	3,231,555	5,511,737	5,167,786
Market capitalisation as at reporting date in CHF	1,536,413,714	1,074,647,783	1,198,076,542	572,374,008

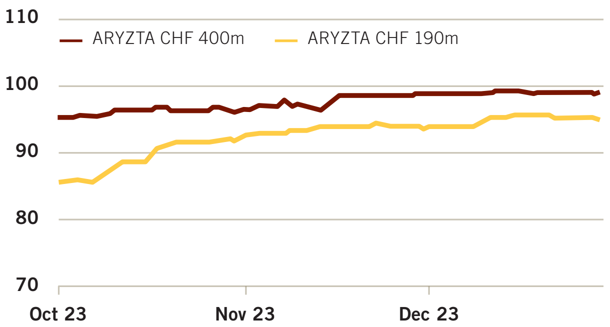
Share Price Performance



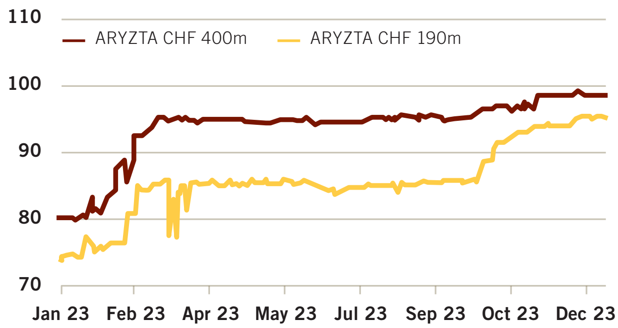
ARYZTA AG (SIX Swiss Exchange)	2023	2022	2021	2020
Performance	+37.22%	–3.42%	+72.36%	–37.06%
Yearly High	1.75	1.20	1.41	1.08
Yearly Low	1.13	0.80	0.65	0.29
Yearly Close	1.55	1.10	1.14	0.68

SHARE AND BOND INFORMATION

ARYZTA Hybrid Performance 3M



ARYZTA Hybrid Performance 12M



Shareholder Structure

The following shareholders held 3% or more of the share capital on 31 December 2023:

	NUMBER OF SHARES 2023	NUMBER OF SHARES % 2023
Heiner Kamps, Ella Kamps, Michael Phillips, Wilhelm Beier, Karl Gerhold and Jürg Kallay[1]	58,959,120	5.94%
Swisscanto Fondsleitung AG	50,398,011	5.07%
Credit Suisse Funds AG	30,703,083	3.09%
UBS Fund Management (Switzerland) AG	30,291,810	3.05%
Accuro Fund Solutions AG[2]	30,159,443	3.04%

1 Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man., Themis Beteiligungs-AG, KFRH Kamps Management GmbH, Occasio Gmbh
2 Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man, Tortuga Equity Fund Europe, Teilfonds der Tortuga Fonds SICA, Swiss Select I, Teilfonds des AMCFM Fund

Financial Calendar

04 Mar 2024	Full-Year results & 2023 Annual Report
22 Apr 2024	Q1 2024 Revenue
24 Apr 2024	Annual General Meeting 2023
12 Aug 2024	Announcement of half-year results 2024
21 Oct 2024	Q3 2024 Revenue

Investor Relations Contact

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Head of Investor Relations
Tel: +353 87 065 5368
paul.meade@aryzta.com

ARYZTA Share Register

Computershare AG
P.O.Box, CH-4601 Olten
Tel: +41 (0)62 311 6111
Email: office@computershare.ch

CORPORATE GOVERNANCE REPORT

Annual Report and Accounts 2023
CORPORATE GOVERNANCE REPORT

Letter from the Lead Independent Director and Chair of the Governance, Nomination & Sustainability Committee

Dear Shareholder,

On behalf of the Board of Directors of ARYZTA AG, we wish to thank you for the overwhelming support and trust that you continue to place in the Board.

The Board is very pleased with the Group's progress over the 17-month period to the new fiscal year end of 31 December 2023. The business environment in the 2023 reporting period was challenging due to persistent inflationary trends across all input costs, including labour, supply chain disruptions and an increasing interest rate environment. ARYZTA successfully managed these challenges. Overall, ARYZTA achieved strong results in the 2023 financial period, bringing the delivery of the existing mid-term targets within reach on all key metrics. The Board is grateful for the leadership of Urs Jordi as Group Interim CEO, who together with his executive management team continued to deliver the Group's ongoing transformation into a leaner, efficient and more focused bakery group.

Governance processes – Heiner Kamps (Lead Independent Director)
In order to best support the dual Chairman/CEO mandate, the Board first decided to appoint a Lead Independent Director ("LID") in November 2020. This appointment was made in line with the Swiss Code of Best Practices for Corporate Governance ("Swiss Code for Corporate Governance") and together with the support of external independent legal advice, the Board prescribed specific powers and responsibilities for the LID as set out in our Organisational Regulations.

The Board appointed me as LID in November 2023. In my role of LID, I am authorised under the Organisational Regulations to convene non-executive Board sessions with the other independent non-executive members of the Board. In accordance with the Organisational Regulations, I am also empowered to hold a non-executive session, without the presence of the Group Interim CEO, at any time to discuss any matters. Further, I am satisfied that all non-executive Board members have significant international business experience in board and executive roles and demonstrate and express independence of judgement, in line with the Swiss Code for Corporate Governance.

Annual Report and Accounts 2023
CORPORATE GOVERNANCE REPORT (continued)

CEO Recruitment Process – Alejandro Legarda Zaragüeta (Chair of the Governance, Nomination & Sustainability Committee)
I was appointed Chair of the recently renamed Governance, Nomination & Sustainability Committee in November 2023. My predecessors had initiated the CEO recruitment process. Once appointed as the Chair of Governance, Nomination & Sustainability Committee and with the support of my Committee member colleague and the advice of an external firm, I have continued to progress this important recruitment search. The Board is focused on seeking to appoint a candidate to replace Urs Jordi as CEO in January 2025, who can deliver the next stage of development of the business. The transition to the new permanent CEO will involve significant oversight and support from the Board and the Chair.

During the 2023 financial period, the Board completed an extensive review of all Group policies including the ARYZTA Supplier Code of Conduct, the ARYZTA Employee Code of Conduct and the Whistle Blowing Policy to ensure they are aligned with all recent relevant developments.

Heiner Kamps
Lead Independent Director

Alejandro Legarda Zaragüeta
Chair of the Governance, Nomination & Sustainability Committee

1 March 2024

CORPORATE GOVERNANCE REPORT
(continued)

Corporate Governance at ARYZTA

As a Board, we are committed to strengthening the corporate governance standards and practice at ARYZTA to deliver against the expectations of all stakeholders. Driving this approach is a Board that is focused on delivering the highest standards of governance.

During FY 2023, the Board continued to work on improving our corporate governance practice in line with the principles of the Swiss Code for Corporate Governance.

We are focused on ensuring meaningful and transparent reporting and on continuing to strengthen our governance processes in order to deliver lower governance risk, grounded in our values and governance framework. We commit to all stakeholders that our long-term performance and high governance standards will go hand in hand.

ARYZTA Board and Executive Management

At the Annual General Meeting (AGM) held on 30 November 2022, Urs Jordi was re-elected as Chair of the Board while Gordon Hardie, Heiner Kamps, Jörg Riboni, Hélène Weber-Dubi and Alejandro Legarda Zaragüeta were all re-elected as directors of the Board. Furthermore, Gordon Hardie, Heiner Kamps and Hélène Weber-Dubi were all re-elected as members of the Remuneration Committee. On 7 November 2023, Jörg Riboni and Gordon Hardie both resigned from the Board.

Full biographical details of each director are set out on pages 44 to 45.

The Swiss Code for Corporate Governance recommends the appointment of a LID, if reasons specific to the company, e.g. because of the circumstances relating to availability of top management, make it appropriate that the Board decides that a single person should perform both the Chair and CEO positions. The Board introduced the role of LID in November 2020 following the appointment of the Chairman of the Board as the Group Interim CEO.

In November 2023, the Board appointed Heiner Kamps as LID. Heiner Kamps is a successful food entrepreneur with over 40 years experience. Given the dual role mandate of Chairman and Group Interim CEO, and in line with the Swiss Code for Corporate Governance, the Chairman does not sit on any of the main Board Committees nor does he attend the non-executive Board member meetings unless specifically invited.

CORPORATE GOVERNANCE REPORT
(continued)

In accordance with good corporate governance, the LID is authorised to convene and chair meetings of the Board on his own, if necessary. Further, the LID is authorised to assess the work of the Group CEO or any matter involving the Group CEO's conduct or capacity, the decision on the compensation package of the Group CEO and decision on the Board's proposal to the General Meeting for the re-election of the Chair. The role of the LID and his duties are set out in detail in the Organisational Regulations of ARYZTA AG (available on the ARYZTA website: https://www.aryzta.com/aryzta-policies/#organisational-regulations).

We believe that the ARYZTA AG Board has the requisite expertise and skills in place at Board level to oversee and support senior management's implementation of our multi-local turnaround plan.

During the period from 31 July 2022 through 31 December 2023, the Executive Management Committee comprised as follows: Urs Jordi (Group Interim CEO); Martin Huber (Group CFO) and Rhona Shakespeare (nee O'Brien) (General Counsel and Company Secretary). In April 2023, Sandip Gudka was appointed as Chief Operations Officer (COO) and a member of the Executive Management Committee. In October 2023, Christophe Toitot, Chief Procurement Officer (CPO), was appointed to the Executive Management Committee.

Gender balance

ARYZTA is focused on creating a fully gender-balanced working environment that is reflective of the world we live in. At Executive Management Committee level, we have 20% female participation and overall, we remain absolutely committed to increasing the percentage of women in managerial positions throughout the business. We firmly believe that our sustainable growth will largely drive our ability to attract, develop and retain diverse talent.

At Board level, we aim to be fully gender balanced. Gender diversity is an important consideration for the Board in its selection process for members going forward for election to the Board at the forthcoming AGM. The Board is currently finalising this recruitment process and the shareholders will have the opportunity to vote on its Board composition proposal in the AGM invitation.

Leadership

The Board

The Board is responsible for stewardship, governance and oversight, and for setting the strategic direction of ARYZTA, in order to deliver sustainable value. The Board is also responsible for defining risk appetite and risk mitigation/management. The Board is committed to the highest standards of corporate governance in its management of ARYZTA and its accountability to shareholders and other stakeholders. Strong leadership and strong corporate governance are integral parts of our corporate culture and the Board recognises its obligation to lead by example.

CORPORATE GOVERNANCE REPORT
(continued)

Board Independence
All non-executive directors are considered by the Board to be independent in character and judgement within the meaning of the Swiss Code for Corporate Governance and none of the non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board's opinion, are likely to affect their independence or judgement. All of the current Board members are independent non-executive directors, with the exception of the Chairman who is Group Interim CEO. The Board considers this dual role as an interim solution. The Board is very pleased with the rapid progress on the Group transformation in a relatively short time frame.

To ensure the effective oversight of financial reporting, risk management, remuneration and the future leadership of the business, the Board delegates certain functions to the Board Committees namely the Audit Committee, the Remuneration Committee and the Governance, Nomination and Sustainability Committee. The Board has also put in place an Adhoc Committee in relation to public disclosures. Further details on the role of these key Committees are provided on pages 48 to 50.

CORPORATE GOVERNANCE REPORT
(continued)

The Chair

The Chair is responsible for the effective leadership, operation and governance of the Board and its Committees. It is the Chair's responsibility to ensure that the Board contribute effectively to the definition and execution of the Group's strategy and annual plans, whilst ensuring that the nature and extent of the significant risks the Group is willing to embrace in the implementation of its strategy are assessed, challenged, justified and where appropriate, accepted.

Lead Independent Director

In line with the Swiss Code for Corporate Governance guidance, the Board first appointed a LID in November, 2020. The Swiss Code for Corporate Governance recommends a LID if there is a dual role of Chair and CEO. The Organisational Regulations were amended in November 2020 to establish the role and responsibilities of the Lead Independent Director. Following the 2021 AGM, Jörg Riboni was appointed as LID. In November 2023, Heiner Kamps was appointed as LID. Please see our Organisational Regulations on our website:
https://www.aryzta.com/aryzta-policies/#organisational-regulations.

Governance Framework

Details of the corporate governance framework adopted by ARYZTA (namely the Articles of Association, the Organisational Regulations and the Terms of Reference for the Committees of the Board) are available on the ARYZTA website:
https://www.aryzta.com/corporate-governance/regulations/#articlesofassociation
https://www.aryzta.com/aryzta-policies/#organisational-regulations
https://www.aryzta.com/corporate-governance/organization/#committeeandmember

Governance and Culture

As a Board, we are committed to ensuring that we adhere to best-practice corporate governance principles and apply them to add value to ARYZTA. Continually enhancing our corporate governance is central to our aim of ensuring the stability of ARYZTA and returning the business to a satisfactory level of performance and growth.

An inclusive culture and the fostering of a performance-based organisation are key focus areas for us as part of our wider governance framework. The Board will continue to work to ensure that ARYZTA's revised strategy, operating model and remuneration framework are aligned with our cultural focus. The success of our strategy is dependent on developing a culture across ARYZTA that supports the pursuit of teamwork, diversity and excellence. We continue to focus on ensuring ARYZTA's core vision and values are developed and clearly understood by all our stakeholders, particularly our colleagues in all parts of the organisation. We recognise that the Board and Senior Executives must lead by example to ensure these values are embedded not just in the boardroom, but are shared and understood throughout the business and form an integral part of interaction with all stakeholders.

CORPORATE GOVERNANCE REPORT
(continued)

A unifying culture embraced by the entire organisation leads to success for the business and pride for our people. At ARYZTA, we are proud of our rich baking heritage and seek to passionately fulfil the needs and ambitions of our customers, our people and the environment in which we operate in an increasingly sustainable fashion. We will continue to foster a culture that: delivers on our commitments; is focused on our customers and operational excellence; relentlessly prioritises food safety and quality; and creates a safe, accepting and inspired workplace.

Governance and Culture – Compliance Oversight

ARYZTA is continually enhancing our corporate governance. With continuous improvement in mind, we have a clear focus on compliance, which plays a crucial role in ensuring ethical behaviour, legal adherence, and overall responsible management throughout the organisation.

The **Legal & Compliance** function is responsible for:

Monitoring and Enforcement: monitoring the organisation's activities to identify and address any breaches of laws, regulations, or internal policies.

Policy Development: developing and updating policies to ensure that they align with current laws and regulations.

Training and Education: ensuring employees are aware of the relevant laws and regulations and to provide training programs to ensure understanding and adherence.

Reporting and Documentation: maintaining records of compliance activities and reporting to relevant stakeholders.

Risk Management: Working with Internal Audit to identify risks and to deploy risk mitigation strategies.

The Compliance function works across the business to promote a culture of responsibility, ethical conduct, and legal adherence within the organisation. It contributes to building trust amongst all stakeholders in support of the long-term sustainability of the business.

CORPORATE GOVERNANCE REPORT
(continued)

IT and Cybersecurity oversight

The Chief Information Officer has appointed a Cybersecurity Officer who is the Company's inhouse expert in cybersecurity. This officer provides regular updates and presentations to the Audit Committee and the Board on Cybersecurity through the period of reporting including discussion on key topics to enhance the Board's awareness and understanding of the ARYZTA IT roadmap and Cybersecurity management and assessment of risks. The Audit Committee and Board members are committed to ensuring that they stay fully up to date and informed on this rapidly evolving, dynamic and important topic. The Chief Information Officer together with the Cybersecurity Officer have rolled out Cybersecurity awareness training for the Executive management and senior management within the Group to enable them to make informed decisions to protect the Company's information systems and data.

ESG/Sustainability oversight

The Sustainability Report in this Annual Report sets out in more detail the Board and Executive Management oversight on Environmental, Social and Governance matters (see pages 95 to 142).

The Board is responsible for setting and approving the Company's environmental, social and governance (ESG)/Sustainability strategy proposed by management including the measures which ensure the Company's sustainability and how its long-term strategy relates to its ability to create shared value. The Board is responsible for approving the Company's report on non-financial matters.

The Board is assisted in these tasks by the Governance, Nomination and Sustainability Committee and the Audit Committee. As stated in the Audit Committee Terms of Reference, the Audit Committee has oversight over the accuracy of the Company's financial and ESG/Sustainability reporting and validates that the data reported complies with applicable ESG/Sustainability reporting requirements and regulations. For this purpose, the Audit Committee receives reports from the Group Chief Financial Officer and the Head of Group Reporting following the collection of measurable sustainability data via our software platform. The Terms of Reference for the Governance, Nomination and Sustainability Committee set out the duties of the Committee specific to ESG/Sustainability oversight including monitoring performance against targets and ensuring compliance with relevant laws and regulations.

The Board and the Governance, Nomination & Sustainability Committee receives regular reports and updates from the Chief Operations Officer (COO) on this important matter including progress made on the strategy and developments within the industry. The implementation of the ESG strategy is also reported to the Executive Management to ensure senior management oversight on ESG and to drive progress in this area. Further information on the ESG governance can be found on pages 95 to 142.

CORPORATE GOVERNANCE REPORT
(continued)

Shareholder Engagement

The Board is committed to ongoing dialogue with shareholders to enable clear communication of ARYZTA's objectives and to foster mutual understanding of what is important to the Board and the shareholders. In addition, the Board is continually apprised of shareholder interaction by the Chairman and Group Interim CEO, the Group CFO and the Investor Relations team, consistent with the obligation to develop an understanding of the views and concerns of major shareholders.

Risk Management

The Board is and will continue to be focused on ensuring that the Group's risk management and internal control systems are effective in identifying, managing and mitigating potential risks, and thereby underpinning robust decision-making on all capital allocation decisions. The Board has continued to debate and develop its understanding of risk, including appetite, tolerance and testing of risks and how to maximise business opportunities. Supported by the Audit Committee, the Board continues to strive for a better understanding of the risks the Group faces and the actions taken to mitigate them.

Compensation Report

At the 2022 AGM, in line with Swiss law, shareholders approved the maximum aggregate amount of remuneration of the Board for the period ending at the next AGM and for the Executive Management for the 2023 financial period end. In March 2023, ARYZTA announced that it was changing its fiscal year from July ending to December ending to align with calendar year reporting. Accordingly, the Compensation report 2023 covers the 17-month period from 31 July 2022 to 31 December 2023. The 2023 Compensation Report can be found on pages 64 to 88 of this report.

CORPORATE GOVERNANCE REPORT
(continued)

The format of the ARYZTA Corporate Governance Report

The ARYZTA Corporate Governance Report follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance and takes into account the Swiss Code of Best Practices for Corporate Governance. As a result of ARYZTA's change of its fiscal year from July ending to December ending to align with calendar year reporting, the Corporate Governance Report 2023 covers the 17-month period from 31 July 2022 to 31 December 2023.

The ARYZTA Group consolidated financial statements are prepared in accordance with IFRS Accounting Standards ('IFRS') and the requirements of Swiss law. The ARYZTA AG company financial statements are prepared in accordance with the requirements of Swiss law and the Company's Articles of Association. Where necessary, the financial statement disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive on Information relating to Corporate Governance.

In this report, the terms 'ARYZTA' and the 'Company' refer to ARYZTA AG, whereas the 'Group' and the 'ARYZTA Group' refer to ARYZTA AG and its subsidiaries.

To avoid duplication in some sections, cross-references are made to the 2023 Financial Statements (comprising the Group consolidated financial statements and company financial statements of ARYZTA AG), as well as to the Articles of Association of ARYZTA AG (available on the ARYZTA website at www.aryzta.com/corporate-governance/regulations).

CORPORATE GOVERNANCE REPORT
(continued)

1 Group structure and shareholders

1.1 Group structure

The ARYZTA General Meeting is the ultimate governing body of the Group and the Board is accountable and reports to the shareholders, by whom it is elected. The Board, while entrusted with the ultimate direction of ARYZTA Group, as well as the supervision of management, has delegated responsibility for the day-to-day management of the Group, to the extent allowed under Swiss law, through the Group Chief Executive Officer ('CEO'), to Executive Management. The Group's management and organisational structure corresponds to its current segmental reporting lines: ARYZTA Europe and ARYZTA Rest of World. Please refer to the section 'Segment Information' in note 2 to the ARYZTA Group Consolidated financial statements on pages 173 to 175, for further details regarding the Group's reporting segments.

Each segment's management team is responsible for the day-to-day activities of their segment and reports to Executive Management, which in turn reports through the CEO to the Board.

1.1.1 Listed companies of ARYZTA AG

Name and domicile:	ARYZTA AG, 8952 Schlieren, Switzerland
Listing:	SIX Swiss Exchange, Zurich, Switzerland
Swiss Security number:	4323836
ISIN:	CH0043238366
Cedel/Euroclear common code:	037252298
SEDOL Code:	B39VJ74
Swiss Stock Exchange symbol:	ARYN

Stock market capitalisation as of 31 December 2023 was CHF 1,536,413,714 based on 989,957,290 registered shares outstanding (i.e. disregarding 3,148,437 treasury shares) and a closing price of CHF 1.552 per share.

Stock market capitalisation as of 30 July 2022 was CHF 1,074,647,783 based on 992,287,888 registered shares outstanding (i.e. disregarding 817,839 treasury shares) and a closing price of CHF 1.083 per share.

CORPORATE GOVERNANCE REPORT
(continued)

1.1.2 Non-listed companies of the ARYZTA Group

Details of the significant subsidiaries and associated companies of ARYZTA (being their company names, domicile, share capital, and the Company's participation therein) as well as the basis for classifying such subsidiaries as significant are set out in note 29 of the 2023 ARYZTA Group consolidated financial statements on page 217.

1.2 Significant shareholders

As at 31 December 2023, the Company has been notified of the following shareholdings or voting rights, which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares 2023	Number of shares % 2023
Heiner Kamps, Ella Kamps, Michael Philips, Wilhelm Beier, Karl Gerhold and Jürg Kallay[1]	58,959,120	5.94%
Swisscanto Fondsleitung AG	50,398,011	5.07%
Credit Suisse Funds AG	30,703,083	3.09%
UBS Fund Management (Switzerland) AG	30,291,810	3.05%
Accuro Fund Solutions AG[2]	30,159,443	3.04%

1 Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man., Themis Beteiligungs-AG, KFRH Kamps Management GmbH, Occasio Gmbh
2 Direct shareholder: NOLEKSUM Investment Fund, Teilfonds der NOLEKSUM Inv. Man, Tortuga Equity Fund Europe, Teilfonds der Tortuga Fonds SICA, Swiss Select I, Teilfonds des AMCFM Fund

Any significant shareholder notifications during the period, and since 31 December 2023, are available from SIX Exchange Regulation's website at: https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#.

1.3 Cross-shareholdings

The ARYZTA Group has no interest in any other company exceeding 5% of voting rights and/or equity capital of that other company, where that other company has an interest in the ARYZTA Group exceeding 5% of the voting rights and/or equity capital in ARYZTA.

CORPORATE GOVERNANCE REPORT
(continued)

2 Capital structure

2.1 Capital

The registered share capital of the Company, as at 31 December 2023, amounts to CHF 19,862,114.54 and is divided into 993,105,727 (inclusive treasury shares) registered shares with a par value of CHF 0.02 per share. The share capital is fully paid-up.

2.2 Authorised capital / capital range and conditional capital

The authorization of the Board pursuant to Article 5 of the Articles of Association (governing authorised share capital), to increase the share capital of the Company by an amount not exceeding CHF 1,986,211.44 through the issue of up to 99,310,572 registered shares (representing 10% of the existing issued share capital of the Company) to be paid up in full with a par value of CHF 0.02 per share lapsed on 17 November 2023. At the AGM 2024, the Board will propose to the shareholders to vote in favour of an introduction of a capital range replacing the lapsed authorised capital.

Pursuant to Article 4 of the Articles of Association (governing conditional capital), the share capital of the Company may be increased by a maximum of 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, through the direct or indirect issuance of shares, options or related subscription rights 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.

Up to 17 November 2023, in case of exclusion, withdrawal or limitation of pre-emptive and/or advance subscription rights, the total number of new shares that could be issued under the authorised capital as per Article 5 and/or the conditional capital as per Article 4 was limited to the equivalent of 10% of the share capital, and to the equivalent of 5% of the share capital if the new shares are issued for the purpose of employee participation, respectively.

For further details, refer to Article 4 and 5 of the Articles of Association, which are available on the ARYZTA website at https://www.aryzta.com/corporate-governance/regulations/.

CORPORATE GOVERNANCE REPORT
(continued)

2.3 **Changes in capital**

Changes in share capital and treasury shares over the last three financial periods are as follows:

	Nominal value CHF	Shares in issue	Shares outstanding	Treasury shares
FY 2020	**0.02**	**993,105,727**	**991,123,823**	**1,981,904**
Exercise of LTIP awards		–	167,902	(167,902)
Release of treasury shares as restricted shares		–	493,492	(493,492)
FY 2021	**0.02**	**993,105,727**	**991,785,217**	**1,320,510**
Exercise of LTIP awards		–	143,483	(143,483)
Release of treasury shares as restricted shares		–	359,188	(359,188)
FY 2022	**0.02**	**993,105,727**	**992,287,888**	**817,839**
Exercise of LTIP awards		–	372,861	(372,861)
Release of treasury shares as restricted shares		–	377,541	(377,541)
Purchase of treasury shares		–	(3,081,000)	3,081,000
FY 2023	**0.02**	**993,105,727**	**989,957,290**	**3,148,437**

As of 31 December 2023, of the 993,105,727 registered shares, 989,957,290 are outstanding and 3,148,437 are classified as treasury shares.

2.4 **Shares and participation certificates**

ARYZTA's capital is composed of registered shares only. As at 31 December 2023, ARYZTA has 993,105,727 fully paid-up, registered shares (including 3,148,437 treasury shares) with a nominal value of CHF 0.02 each. Each share entered in the share register with voting rights entitles the holder to one vote at the General Meeting and all shares have equal dividend rights. ARYZTA has not issued any participation certificates[1].

2.5 **Profit-sharing certificates**

ARYZTA has not issued any profit-sharing certificates[1].

1 Participation and profit-sharing certificates are instruments which have similar features to shares, but may differ with regard to their entitlement to dividend payments, voting rights, preferential rights to company assets or other similar rights.

CORPORATE GOVERNANCE REPORT
(continued)

2.6 Restrictions on transferability and nominee registrations

Article 7 of the Articles of Association deals with the Shareholders' Register and Restrictions on Transferability, and is available on the ARYZTA website at https://www.aryzta.com/corporate-governance/regulations/

2.6.1 Limitations on transferability

Pursuant to Article 7 b) of the Articles of Association, persons acquiring registered shares are, on application, entered in the share register without limitation as shareholders with voting power, provided they comply with the disclosure requirement stipulated by the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (Financial Market Infrastructure Act) of 19 June 2015 ('FMIA') and expressly declare that they have acquired the shares in their own name and for their own account. Pursuant to Article 7 f) of the Articles of Association, the Company may in special cases approve exceptions to the regulations described in section 2.6. The decision to grant exceptions is at the Board's discretion.

2.6.2 Admissibility of nominee registrations

Pursuant to Article 7 c) of the Articles of Association, nominee shareholders are entered in the share register with voting rights without further inquiry up to a maximum of 1.5% of the outstanding share capital available at the time. Above this 1.5% limit, registered shares held by nominees are entered in the share register with voting rights only if the nominee in question (at the application for registration or thereafter upon request by the Company) discloses the names, addresses and shareholdings of the persons for whose account the nominee holds 0.3% or more of the outstanding share capital available at that time, and provided that the disclosure requirement stipulated by the FMIA is complied with. The Board has the right to conclude agreements with nominees concerning their disclosure requirements.

Pursuant to Article 7 d) of the Articles of Association, the limit of registration in Article 7 c) of the Articles of Association described above also applies to the subscription for, or acquisition of, registered shares by exercising option or convertible rights arising from registered or bearer securities issued by the Company, as well as by means of purchasing pre-emptive rights arising from either registered or bearer shares.

Pursuant to Article 7 e) of the Articles of Association, legal entities, or partnerships, or other associations or joint ownership arrangements, which are linked through capital ownership or voting rights, through common management or in like manner, as well as individuals, legal entities or partnerships that act in concert with intent to evade the entry restriction, are considered as one shareholder or nominee.

CORPORATE GOVERNANCE REPORT
(continued)

2.6.3 Procedure and conditions for cancelling transferability privileges

After due consultation with the person concerned, the Company is authorised to delete entries in the share register as a shareholder with voting rights, with retroactive effect, if they were effected on the basis of false information, or if the respective person does not provide the information pursuant to Article 7 c) described in section 2.6.2 above.

2.7 Convertible bonds, warrants and options

As of 31 December 2023, ARYZTA has not issued any convertible bonds or warrants.

As of 31 December 2023, a total of 6,968,030 Performance Share Unit and Restricted Stock Unit awards were outstanding, subject to fulfilment of predefined vesting conditions in connection with the ARYZTA Long Term Incentive Plan.

Please refer to the Compensation Report on pages 64 to 88 of this Annual Report for further information pertaining to any Long Term Incentive Plan awards granted as an element of Executive Management compensation.

3 Board of Directors

3.1 Members of the Board of Directors

Board policy is that a majority of its membership consists of independent non-executive Directors, as determined in accordance with the Swiss Code for Corporate Governance. The Board confirms that it is fully compliant with the Swiss Code.

The Chairman also holds the position of Group Interim CEO. All other non-executive directors are considered by the Board to be fully independent in character and judgement and none of these non-executive directors are party to relationships or circumstances with ARYZTA which, in the Board's opinion, are likely to affect their independence and judgement.

Post the resignations of Jörg Riboni and Gordon Hardie in November 2023, the Board is comprised as follows: Urs Jordi (Chairman), Heiner Kamps (Lead Independent Director), Hélène Weber-Dubi (Chair of Audit Committee and Remuneration Committee) and Alejandro Legarda Zaragüeta (Chair of Governance, Nominations & Sustainability Committee). Full biographical details of each director are set out on pages 44 to 45.

CORPORATE GOVERNANCE REPORT
(continued)

Urs Jordi (1965, Swiss)
Business economist, NKS (Aarau, Baden)

Chairman and Group Interim CEO

Urs Jordi has more than 30 years of experience in various national and international food companies at management and board level. He held various management positions within the Hiestand and ARYZTA Group, most recently as CEO of the listed Hiestand Holding AG (from 2008 within ARYZTA AG), and from 2010 to 2013 as CEO ARYZTA Food Europe & Asia Pacific. Since 2014, Mr. Jordi has been involved in various own investments. Mr. Jordi serves on the board of Schweizer Zucker AG. Mr. Jordi is a trained baker and confectioner. Mr. Jordi became a member and Chairman of the Board in September 2020 and was appointed by the ARYZTA Board as Group Interim CEO on 19 November 2020.

Heiner Kamps (1955, German)
Masterbaker and Business Degree

Non-executive member and Lead Independent Director

Heiner Kamps is a successful food entrepreneur with over 40 years of industrial experience. Mr. Kamps founded the bakery chain Kamps AG, which he led as CEO until 2002. Since 2003, Mr. Kamps has held shares in various companies. From 2005 to 2018, he and other investors, owned a majority stake in the Nordsee GmbH fast food chain. From 2011 to 2015, Mr. Kamps was CEO of the Müller Milch Group and from 2015 to 2018 Chair of its supervisory board. Mr. Kamps founded the charitable foundation Brot gegen Not (Bread against misery), which supports training in the bakery trade in needy regions. Mr. Kamps is a trained baker and confectioner. Mr. Kamps became a member of the Board in September 2020. Mr. Kamps was appointed Lead Independent Director in November 2023.

CORPORATE GOVERNANCE REPORT
(continued)

Hélène Weber-Dubi (1955, Swiss)
Masters in Economics from the University of St. Gallen (lic. oec. HSG)

Non-executive member

Hélène Weber-Dubi has over 20 years experience in the food industry with a focus on Finance and Accounting, as well as Management Buy-Out, Mergers and Acquisitions and IPO. From 1982 to 1995 she held various management positions with Unilever in Switzerland and the UK, mostly in auditing and finance. In 1996, Ms. Weber-Dubi accepted a position as financial controller with Bally. That same year, Ms. Weber-Dubi was promoted to Managing Director of Bally Switzerland, Bally Italy and Bally Spain with a seat on the international Executive Board. In 1999 Ms. Weber-Dubi was put in charge of financial control of Bally International and was primarily tasked with executing the sale of Bally to Texas Pacific Group. From 1999 to 2015, Ms. Weber-Dubi was CFO of the ORIOR-Group, a major Swiss food company and was a member of the Group Management Board. Ms. Weber-Dubi is a member of the Board of Directors of Ospelt Anstalt in Bendern (FL). Ms. Weber-Dubi became a member of the Board in December 2020.

Alejandro Legarda Zaragüeta (1956, Spanish)
Graduate in Mechanical Engineering, Master in Business Administration from IESE University of Navarra, Spain, PhD in Economics and Innovation Management from Polytechnic University, Madrid

Non-executive member

Alejandro Legarda Zaragüeta is a highly experienced senior executive with significant management and non-executive director experience within various sectors, including transport, gas and food related industries. From 1994 to 2004 Mr. Zaragüeta was managing director of Construcciones y Auxiliar de Ferrocarriles S.A. ('CAF'), a listed group which manufactures railway vehicles and signalling equipment and stayed on as a director of the non-executive board until 2019. His responsibilities were the management of the company's global business. From 2006 to 2018, Mr. Zaragüeta was an independent director of Viscofan S.A., a listed group and the world leader in the manufacturing of casings for meat products. Mr. Zaragüeta was independent director for Pescanova, a multinational fishing, farming and processing group from 2014 to 2017. Amongst the boards he has served on, Mr. Zaragüeta was executive Chair of the board of Nortegas Energía y Distribución S.A. from 2017 to 2019 and an independent director of Duro Felguera S.A. from 2018 to 2019. In 2022, Mr. Zaragüeta was appointed member of the Board of Instituto Navarro de Inversiones, a regional promotion Bank in Spain. Mr. Zaragüeta became a member of the Board in November 2019.

CORPORATE GOVERNANCE REPORT
(continued)

Retired Board Members (2018-2023)

Jörg Riboni served during the 2023 financial period and resigned from the Board in November 2023. His biographical details are available in the 2022 Corporate Governance Report.
https://www.aryzta.com/investor-center/reporting/#annualreports

Gordon Hardie served during the 2023 financial period and resigned from the Board in November 2023. His biographical details are available in the 2022 Corporate Governance Report.
https://www.aryzta.com/investor-center/reporting/#annualreports

Luisa Deplazes de Andrade Delgado retired from the Board without seeking re-election at the 2021 AGM. Her biographical details are available in the 2021 Corporate Governance Report.

Armin Bieri resigned from the Board in November 2020 for private reasons. His biographical details are available in the 2020 Corporate Governance Report. Mike Andres, Greg Flack, Jim Leighton, Tim Lodge, Gary McGann, Dan Flinter, Annette Flynn and Rolf Watter retired from the Board without seeking re-election. Their biographical details are available in the 2020 Corporate Governance Report. Kevin Toland was not re-elected to the Board at the 2020 EGM. His biographical details are also available in the 2020 Corporate Governance Report.

The Governance Reports 2020 to 2022 are contained in the corresponding Annual Reports available at https://www.aryzta.com/investor-center/reporting/#annualreports

3.2 Other activities and functions

None of the non-executive members of the Board has fulfilled any operational management functions for companies of the ARYZTA Group in the three years immediately preceding the period. There were no related-party transactions with any members of the Board or Executive Management during the periods ended 31 December 2023 and 30 July 2022. The members of the Board are not active in managing or performing consulting functions with any interest group, nor do they hold public or political office.

3.3 Number of activities permitted outside the Group

Pursuant to Article 25 of the Articles of Association, the members of the Board may hold no more than the following number of additional mandates in the supreme executive bodies of companies and organisations outside of the Company:

- up to four mandates in listed companies;
- up to five mandates in non-listed companies;
- up to four mandates in (i) charitable organisations, (ii) associations or foundations and (iii) other non-profit institutions.

CORPORATE GOVERNANCE REPORT
(continued)

External mandates held by the ARYZTA Board of Directors

Urs Jordi (Chairman)	Schweizer Zucker AG (Director)
Heiner Kamps	Brot gegen Not (Chairman of Board of Trustees)
Hélène Weber-Dubi	Ospelt Anstalt (Director)
Alejandro Legarda Zaragüeta	Instituto Navarro de Inversiones (Director)

For further details, refer to Article 25 of the Articles of Association, which is available on the ARYZTA website at https://www.aryzta.com/corporate-governance/regulations/#articlesofassociation

3.4 Elections and terms of office

The General Meeting has the competence to appoint and remove the members of the Board and the Chair. All directors are subject to individual annual election by the General Meeting for a one-year term until the next AGM.

3.5 Internal organisational structure

3.5.1 Allocation of tasks within the Board of Directors

The Board has adopted Organisational Regulations that define the essential roles and responsibilities of the Board, the Chair, the Committees of the Board and the Executive Management. By virtue of Swiss law, the office of Chair and the members of the Remuneration Committee are subject to annual individual election by the General Meeting for a one-year term until the next AGM. The Chair of the Remuneration Committee and membership of the Audit Committee, the Governance, Nomination & Sustainability Committee and the respective Chairs thereof, are determined annually by the Board, following the Annual General Meeting, in accordance with the Organisational Regulations, which are available on the ARYZTA website at https://www.aryzta.com/aryzta-policies/#organisational-regulations.

3.5.2 Tasks and areas of responsibility for each Committee of the Board of Directors

The three main Committees of the ARYZTA Board are the Audit Committee, the Governance, Nomination & Sustainability Committee and the Remuneration Committee. ARYZTA also has an Adhoc Committee, which oversees all public releases by the Group. The powers and responsibilities of each Committee are set out in their respective Terms of Reference, as approved by the Board and which are available on the ARYZTA website at:
https://www.aryzta.com/corporate-governance/organization/;
https://www.aryzta.com/corporate-governance/organization/#committeeandmember

CORPORATE GOVERNANCE REPORT
(continued)

These Board Committees are currently comprised as follows:

	Governance, Nomination & Sustainability Committee	Audit Committee	Remuneration Committee	Adhoc
Urs Jordi (Chairman)				
Heiner Kamps		X	X	
Hélène Weber-Dubi	X	X[1]	X[1]	X[1]
Alejandro Legarda Zaragüeta	X[1]	X		

X denotes that the Board Member is on the applicable Committee.
1 Denotes the Board Member who chairs the applicable Committee.

From the 2022 AGM until the resignations of Jörg Riboni and Gordon Hardie in November 2023, these Board Committees were comprised as follows:

	Governance, Nomination & Sustainability Committee	Audit Committee	Remuneration Committee	Adhoc
Urs Jordi (Chairman)				
Heiner Kamps			X	
Gordon Hardie	X[1]	X	X	
Jörg Riboni		X[1]		
Hélène Weber-Dubi	X	X	X[1]	X
Alejandro Legarda Zaragüeta	X			

X denotes that the Board Member is on the applicable Committee.
1 Denotes the Board Member who chairs the applicable Committee.

Audit Committee
The Audit Committee is comprised of three non-executive directors, namely Hélène Weber-Dubi (Chair), Heiner Kamps and Alejandro Legarda Zaragüeta. Each of these directors is considered by the Board to be independent in judgment and character. In the financial year ending on 31 December 2023, the Audit Committee met nine times and the average duration of the meetings was approximately three hours.

The Audit Committee's role includes reviewing the Group consolidated financial statements and Company financial statements, the interim and full-year results and the significant financial reporting judgements contained therein. The Audit Committee reports its recommendations to the Board and any decision is made by the entire Board.

The Audit Committee also reviews the Group's internal controls, and the scope and effectiveness of the Group's Internal Audit function. The Head of Internal Audit has access to the Audit Committee at all times and as well as the Group CFO, attend meetings of the Audit Committee by invitation. The Head of Internal Audit meets regularly with the Chair of the Audit Committee for interim updates and he participated in all Audit Committee meetings during the financial period ended on 31 December 2023 and has regular meetings with the Group CFO.

CORPORATE GOVERNANCE REPORT
(continued)

In the financial period ended 31 December 2023, the Audit Committee, operating under its Terms of Reference, discharged its responsibilities by reviewing:
- the draft Group consolidated financial statements, Company financial statements and interim results statement prior to Board approval and reviewing the external auditor's reports thereon;
- the appropriateness of the Group's accounting policies;
- the audit and non-audit fees payable to the external auditor;
- the external auditor's plan for the audit of the Group's accounts, which included key areas of extended scope work, key risks to the accounts, confirmations of the external auditor independence, and approving the terms of engagement for the audit;
- the Group's financial controls and risk systems;
- the Internal Audit function's terms of reference, resources and work programme and reports on its work during the year;
- the arrangements by which, and the effectiveness of how, members of staff may, in confidence, raise matters of concern, including potential fraud; and
- the quality of underlying earnings reported by ARYZTA.

Remuneration Committee

The Remuneration Committee comprises of two non-executive Directors, namely Hélène Weber-Dubi (Chair) and Heiner Kamps. Each of these directors is considered by the Board to be independent in judgement and character. In the financial period ended 31 December 2023, the Remuneration Committee met eight times and the average duration of the meetings was approximately two hours.

The Remuneration Committee is responsible for determining all elements of the remuneration of the members of the Board and the Group CEO, and for approving the remuneration of other members of the Executive Management, upon the recommendation of the Group CEO. The Remuneration Committee also reviews and makes recommendations to the Board on an annual basis regarding the proposed total remuneration of the Board and the Executive Management for future financial periods for approval at the Annual General Meeting of shareholders.

The Group's remuneration policy for executive and non-executive directors and details of directors' remuneration are contained in the Compensation Report on pages 64 to 88 of this Annual Report, in accordance with the Swiss Code of Obligations ('CO') and the SIX Directive on Information relating to Corporate Governance.

CORPORATE GOVERNANCE REPORT
(continued)

Governance, Nomination & Sustainability Committee
The Governance, Nomination & Sustainability Committee (the former Governance and Nomination Committee was renamed on 12 February 2024) comprises two non-executive directors, Alejandro Legarda Zaragüeta (Chair) and Hélène Weber-Dubi. Each of these directors is considered by the Board to be independent in judgement and character. In the financial period ended 31 December 2023, the Governance, Nomination & Sustainability Committee met ten times and the average duration of the meetings was approximately two hours. The Board as a whole also discussed matters relating to the election of new directors to the Board.

The Governance, Nomination & Sustainability Committee is responsible for identifying and nominating, for approval by the Board and ultimately the shareholders, candidates to fill Board vacancies and for the continuous review of senior management succession plans. In addition, the Governance, Nomination & Sustainability Committee is responsible for regularly reviewing the structure, size and composition of the Board and making appropriate recommendations to the Board in order to ensure an adequate size and a well-balanced composition of the Board. The Governance, Nomination & Sustainability Committee is also responsible for making determinations regarding the independence of members of the Board.

The Governance, Nomination & Sustainability Committee is charged with monitoring the Company's compliance with corporate governance best practices and with applicable legal, regulatory and listing requirements and recommending to the Board such changes or actions as it deems necessary. The Chair of the Governance, Nomination & Sustainability Committee is responsible for reviewing the performance and effectiveness of the Chair in consultation with each member of the Board, and of the full Board. In the financial period ended 31 December 2023, the Governance, Nomination & Sustainability Committee worked collaboratively with the Remuneration Committee on matters which were of common interest and relevance.

Adhoc Chair
The Adhoc Chair is Hélène Weber-Dubi and she is the sole member of the Board on the Adhoc Committee. The Board has delegated authority to the Adhoc Chair to review and approve announcements to be made on behalf of the Company to comply with the Company's disclosure and other obligations under the EU Market Abuse Regime and certain Swiss securities laws, including the FMIA and the Listing Rules of the SIX Swiss Exchange. The Committee usually meets by teleconference ahead of every company release and the meetings generally last approximately 60 minutes in duration. Management attends these meetings and legal advice is taken as required.

CORPORATE GOVERNANCE REPORT
(continued)

3.5.3 Work methods of the Board and its Committees

A total of twenty Board meetings and update calls were held during the financial period ended 31 December 2023. These included meetings held in person and by conference and video call. Board and Committee meetings were attended by members of the Executive Management team on the invitation of the Board. External subject matter experts were invited to attend Board and Committee meetings when appropriate. Furthermore, both the external auditor and the Head of ARYZTA Internal Audit participated in the Audit Committee meetings. The average duration of the Board meetings held in person was approximately six hours. At the Board meetings, the Chairs of the Committees reported to the Board on their activities and recommendations to the Board. Details of the remit of the Committees are set out in section 3.5.2. The attendance rates for the Board and Committee meetings held during the financial period ended 31 December 2023 are set out below:

Board of Directors[1]	Eligible to attend	Attended
Urs Jordi (Chairman)	20	20
Heiner Kamps	20	19
Hélène Weber-Dubi[3]	20	18
Alejandro Legarda Zaragüeta	20	20
Jörg Riboni[2]	16	16
Gordon Hardie[2]	16	16

1 There were 20 Board meetings.
2 Jörg Riboni and Gordon Hardie resigned in November 2023.
3 Hélène Weber-Dubi notified the Board in advance, that owing to a long standing prior appointment, she could not attend the Board Meeting on 17 February 2023. While she was unable to attend a Board call on 21 February 2023, she provided her written comments on the agenda items in advance and in writing.

Audit Committee[1]	Eligible to attend	Attended
Hélène Weber-Dubi (Chair)[3]	9	9
Alejandro Legarda Zaragüeta	1	1
Heiner Kamps	1	1
Jörg Riboni[2]	8	8
Gordon Hardie[2]	8	8

1 There were 9 Audit Committee meetings
2 Jörg Riboni resigned in November 2023 and was Chair for 9 meetings. Gordon Hardie resigned in November 2023.
3 Hélène Weber-Dubi was Chair for 1 meeting

Governance, Nomination & Sustainability Committee[1]	Eligible to attend	Attended
Alejandro Legarda Zaragüeta (Chair)	10	10
Hélène Weber-Dubi	10	10
Gordon Hardie[2]	8	8

1 There were 10 Governance, Nomination & Sustainability Committee meetings
2 Gordon Hardie resigned in November 2023 and was Chair for 7 meetings
3 Alejandro Legarda Zaragüeta was Chair for 1 meeting

Remuneration Committee[1]	Eligible to attend	Attended
Hélène Weber-Dubi (Chair)	8	8
Heiner Kamps	8	8
Gordon Hardie[2]	7	7

1 There were 8 Remuneration Committee meetings
2 Gordon Hardie resigned in November 2023

CORPORATE GOVERNANCE REPORT
(continued)

3.6 Definition of areas of responsibility

The Board is the ultimate governing body of ARYZTA AG. It has the power and competencies afforded by Swiss law (art. 716a of the CO) including in particular:

1) to approve the strategic objectives, annual budget and capital allocations;
2) to appoint and remove executive management; and
3) to act as the ultimate supervisory authority.

The following matters fall within the exclusive competency of the Board of Directors:
- To ultimately direct the Company and issue necessary directives;
- To determine the organisation of the Company;
- To organise the accounting, the internal control system, the financial control and the financial planning system, as well as perform a risk assessment;
- To appoint and remove the persons entrusted with the management and the representation of the Company and to grant signatory power;
- To ultimately supervise the persons entrusted with the management, in particular with respect to compliance with the law and with the Articles of Association, regulations and directives;
- To prepare the annual report and the compensation report, as well as to convene the General Meeting and to implement its resolutions;
- To file an application for a debt restructuring moratorium and to notify the court in the event of over-indebtedness;
- To pass resolutions regarding the subsequent payment of capital with respect to non-fully paid-up shares;
- To pass resolutions confirming increases in share capital and the amendments to the Articles of Association entailed thereby;
- To examine compliance with the legal requirements regarding the appointment, election and the professional qualifications of the external auditors; and
- To execute the agreements pursuant to art. 12, 36 and 70 of Swiss merger law.

The Board has delegated responsibility for the day-to-day management of the Group, through the Group CEO, to Executive Management, to the extent allowed by Swiss law.

3.7 Information and control instruments pertaining to Group Executive Management

The Executive Management reports in a structured manner to the Board through the Group CEO and Group CFO. In particular, at each Board meeting, the Group CEO informs the Board of the status of current business operations, significant developments and major business transactions and the Group CFO reports on financial performance across the Group and on key financial figures and parameters. In addition, other executives within the Group deliver presentations directly to the Board as and when appropriate.

CORPORATE GOVERNANCE REPORT
(continued)

As detailed in the Group Risk Statement, on pages 92 to 93, the Group has formal risk assessment processes in place through which risks are identified that could prevent the Group from achieving its strategic objectives and associated mitigating controls are evaluated. The Board is ultimately responsible for risk management with the Audit Committee taking ownership for monitoring the risk assessment process. Group Risk works with business units, regional and Executive Management to identify and assess the risks faced by the Group and determine appropriate risk mitigation strategies and controls for each. The Group Risk Statement details the principal risks and its risk mitigation strategies, as well as the uncertainties faced by the Group.

On an annual basis, the Board approves the formal Risk Assessment, along with the design, implementation, and maintenance of the Internal Control System. The risk and control matrices within the Internal Control System provide a detailed overview of required controls for various defined entity levels, financial, operational, and IT processes, aimed at minimizing and mitigating risk in each area. These matrices undergo annual updates or adjustments in response to material business or process changes. All business units and Group functions are mandated to maintain completed risk control matrices and associated documentation as evidence of effective control operations. The Internal Control System and associated documentation undergo scrutiny by both Internal and External Audit, with results presented to business units, regional and Executive Management, Group Functions, and the Audit Committee.

The ARYZTA Group Internal Audit function reports directly to the Audit Committee and to the Group CFO. Group Internal Audit is tasked with examining and evaluating the adequacy and effectiveness of the organisation's risk management processes, internal control system, and compliance with laws, regulations, policies, and procedures. The Audit Committee is responsible for reviewing and approving the annual audit plan. Audit reports, key findings and respective action plans are presented and reviewed in the Audit Committee meetings. Furthermore, all audit reports are shared with business units, regional and Executive Management, Group Functions and the external auditors. Group Internal Audit conducts quarterly follow-ups on agreed action plans, presenting the results to the Audit Committee. Additionally, Group Internal Audit holds biannual meetings with the Group CEO and other members of the Executive Management team. The external auditors Ernst & Young AG, Zurich (the external auditors of the ARYZTA Group consolidated financial statements and the company financial statements of ARYZTA AG), conduct their audits in compliance with the auditing standards referenced in their respective opinions. Ernst & Young AG were appointed as external auditors by the shareholders of the Company at the 2019 AGM.

CORPORATE GOVERNANCE REPORT
(continued)

4 Executive Management

4.1 Group Executive Management

From 31 July 2022, Executive Management comprised as follows: Urs Jordi (Chairman and Group Interim CEO); Martin Huber (Group CFO); and Rhona Shakespeare (nee O'Brien) (General Counsel and Company Secretary). In April 2023, Sandip Gudka was appointed as Chief Operations Officer (COO) and a member of the Executive Management. In October 2023, Christophe Toitot, Chief Procurement Officer (CPO), was appointed to the Executive Management.

Urs Jordi (1965, Swiss)
Business economist, NKS (Aarau, Baden)

Group Interim Chief Executive Officer

Urs Jordi has more than 30 years of experience in various national and international food companies at management and board level. He held various management positions within the Hiestand and ARYZTA Group, most recently as CEO of the listed Hiestand Holding AG (from 2008 within ARYZTA AG), and from 2010 to 2013 as CEO ARYZTA Food Europe & Asia Pacific. Since 2014, Mr. Jordi has been involved in various own investments. Mr. Jordi serves on the board of Schweizer Zucker AG. Mr. Jordi is a trained baker and confectioner. Mr. Jordi became a member and Chairman of the Board in September 2020 and was appointed by the ARYZTA Board as Group Interim CEO on 19 November 2020.

Martin Huber (1970, Swiss)
Lic. oec HSG in Business Administration, Finance and Accounting from University of St. Gallen

Group Chief Financial Officer

Martin Huber joined ARYZTA with a wealth of finance and controlling expertise and a strong track record in driving value creation in both turnaround and growth business situations. Mr. Huber is a highly experienced multinational executive having lived and worked in Switzerland, Germany, Venezuela, Colombia, Mexico, and Brazil. Over 20 years at Nestlé, Mr. Huber has held senior finance and controlling positions at market and corporate level. From 2011 to beginning of 2016 Mr. Huber was the market CFO for Nestlé Brazil, subsequently he assumed the role of Head of Group Control at Nestlé S.A. for 2 years and since 2018 Mr. Huber was the CFO for the globally managed business of Nespresso. Mr. Huber joined the Executive Management Committee in August 2021.

CORPORATE GOVERNANCE REPORT
(continued)

Rhona Shakespeare (nee O'Brien) (1974, Irish)
Solicitor, Law Society of Ireland; Law (LLB Hons), Trinity College Dublin; Masters (LLM Hons) in Commercial Law from University College Dublin; Diploma in Notarial Law & Practice (Dip. Not.) (F.N.P.I.), Faculty of Notaries Public in Ireland

General Counsel and Company Secretary

Rhona Shakespeare has served as a senior legal and regulatory advisor with over 20 years of legal and governance experience. Ms. Shakespeare joined ARYZTA on 11 September 2018 from DCC Vital Ltd (part of the DCC plc business) where she held the role of Senior Counsel, Legal & Compliance. Prior to joining DCC Vital, Ms. Shakespeare was Senior Director of Legal and Risk Management at Parexel International (IRL) Limited. Ms. Shakespeare was General Counsel and a member of the Executive Senior Management Team from 2013 to 2016 and Director of Regulation, Public Policy, Compliance and Equivalence from 2014 to 2016 at eir (formerly eircom). Ms. Shakespeare trained with Arthur Cox and is a qualified solicitor admitted in Ireland by the Law Society of Ireland and in England and Wales by the Law Society of England and Wales. Ms. Shakespeare joined the Executive Management Committee in September 2018.

Sandip Gudka (1976, British)
Bachelors of Law (LLB) & LPC (Distinction), Cardiff University (UK); Executive MBA, London Business School

Chief Operations Officer

Sandip Gudka has 20 years of experience in the Bakery industry and was appointed as Chief Operations Officer and a member of the Executive Management Committee in April 2023. Mr. Gudka joined ARYZTA in 2015 and has held a variety of leadership roles across the Group, most recently as the Managing Director of the Global Bun Bakeries business unit (since 2018) and preceding that as Chief Customer Officer, ARYZTA Europe (since February 2017) and prior to that as Managing Director, ARYZTA Nordics and Benelux (since February 2015). Before joining ARYZTA, Mr. Gudka spent more than a decade at United Biscuits (now Pladis) working across a number of geographies (Europe, Asia and Africa) in diverse leadership and commercial roles. Mr. Gudka started his career as a lawyer at Allen & Overy LLP (London) in 2001.

CORPORATE GOVERNANCE REPORT
(continued)

Christophe Toitot (1968, French)
Executive MBA from HEC Paris

Chief Procurement Officer

Christophe Toitot was appointed a member of the ARYZTA group Executive Management Committee in October 2023 and has over 25 years of experience in the food industry. Mr. Toitot has held various procurement leadership positions in ARYZTA for the past 17 years and rejoined the group in January 2021 to be appointed Chief Procurement Officer in July 2021. Prior to that, Mr. Toitot held a COO and Board member position for a mid-sized business growing a sustainable organic and fairtrade food Farm to fork model in Europe, West Africa, South America, and Maghreb. Trained in the food industry, Mr. Toitot holds an executive MBA from HEC Paris and started his career in South Africa taking over and reviving a struggling bakery business.

4.1.2 Former Executive Management (2017-2022)

Biographical details of previous Executive Management are available in the 2020 and the 2022 Corporate Governance section of the Annual Report:
https://www.aryzta.com/investor-center/reporting/#annualreports

4.2 Other activities and functions

Except for the above-mentioned assignments, members of Group Executive Management are currently not involved in other management or supervisory bodies. They are not active in managing or consulting functions with interest groups, nor do they hold public or political office. No member of the Group Executive Management holds management contracts for any company outside the ARYZTA Group.

4.3 Number of activities permitted outside the Group

Pursuant to Article 25 of the Articles of Association, the members of the Executive Management, subject to the approval by the Chair of the Board, may currently hold no more than the following number of additional mandates in the supreme executive bodies of companies and organisations outside of the Company:
- one in listed companies;
- up to two mandates in non-listed companies;
- up to four mandates upon instruction of the Company in companies that are not directly or indirectly controlled by the Company (such as in pension funds and joint- ventures); and
- up to four mandates in (i) charitable organisations, (ii) associations or foundations and (iii) other non-profit institutions.

For further details, refer to Article 25 of the Articles of Association, which is available on the ARYZTA website at https://www.aryzta.com/corporate-governance/regulations/#articlesofassociation.

4.4 Management contracts

There are no management contracts with third parties at ARYZTA Group.

CORPORATE GOVERNANCE REPORT
(continued)

5 Compensation, shareholdings and loans

Please refer to the Compensation Report on pages 64 to 88 for disclosures pertaining to compensation, as well as the content and method of determining the compensation and share-ownership programmes. Also, see Articles 20 and 23 of the Articles of Association (available on the ARYZTA website https://www.aryzta.com/corporate-governance/regulations/#articlesofassociation), which govern the responsibilities of the Remuneration Committee and Group Remuneration principles and the approval of remuneration by the General Meeting.

Non-executive Directors' and Executive Management's share interests

As at 31 December 2023, the Directors and Executive Management had no interests, other than those shown below, in the ordinary shares in, or loan stock of, the Company or other Group undertakings.

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares 2023	No. of restricted shares (issued FY 2020– FY 2023) 2023	Total 2023	Total 2022
Directors				
Urs Jordi[1]	424,000	410,985	834,985	549,686
Heiner Kamps[2]	58,959,120	122,149	59,081,269	59,231,039
Hélène Weber-Dubi[3]	65,000	159,020	224,020	105,209
Alejandro Legarda Zaragüeta[4]	132,000	160,430	292,430	254,447
Former Directors				
Gordon Hardie[5]	–	144,785	144,785	97,306
Jörg Riboni[5]	–	198,433	198,433	1,555,947
Luisa Delgado[6]	–	110,981	110,981	110,981
Executive management				
Martin Huber	201,000	–	201,000	201,000
Rhona Shakespeare	–	–	–	–
Sandip Gudka	–	–	–	–
Christophe Toitot	–	–	–	–
Total	**59,781,120**	**1,306,783**	**61,087,903**	**62,105,615**

1 U. Jordi became a member and Chairman of the Board on 16 September 2020 and was appointed by the ARYZTA Board as Group Interim CEO on 19 November 2020.
2 H. Kamps was appointed as Lead Independent Director (LID) in November 2023. The holdings of shares disclosed includes the total holding of a shareholder group that Heiner Kamps is a member of.
3 H. Weber-Dubi was elected to the Board effective 15 December 2020 ('2020 AGM').
4 A. Legarda Zaragüeta was elected to the Board effective 14 November 2019 ('2019 AGM').
5 G. Hardie and J. Riboni were elected to the Board effective 15 December 2020 ('2020 AGM'). They resigned from ARYZTA AG in November 2023.
6 L. Delgado was elected to the Board effective 14 November 2019 ('2019 AGM'). She retired from the Board without seeking re-election at the 2021 AGM.

No loans or advances were made by the ARYZTA Group to members of the Board or to the Executive Management during the financial year, or were outstanding at 31 December 2023 (2022: Nil). Further details regarding the benefits under the ARYZTA LTIP are set out in the Compensation Report on pages 64 to 88 of this Annual Report.

CORPORATE GOVERNANCE REPORT
(continued)

6 Shareholders' participation

6.1 Voting rights

Each ARYZTA share registered as a share conferring a voting right entitles the holder to one vote at a General Meeting. Only holders who are registered as shareholders with voting rights are entitled to exercise voting rights or the rights associated with them. The consent of the Company is required for registration in the share register as a shareholder with voting rights and such consent may be declined in the circumstances specified in Article 7 c), d) and e) of the Articles of Association (available on the ARYZTA website (https://www.aryzta.com/corporate-governance/regulations/#articlesofassociation) as described in more detail in section 2.6.2 above.

Under Article 7 f) of the Articles of Association, the Company may approve exceptions to these restrictions in special cases.

Proxies are entitled to attend General Meetings and exercise all rights of the represented shareholders at such meetings. Provisions regarding the appointment of proxies and the issuing of instructions to the independent proxy are contained in Article 13 of the Articles of Association (available on the ARYZTA website: https://www.aryzta.com/corporate-governance/regulations/#articlesofassociation).

6.2 Statutory quorums

Pursuant to Article 14 of the Articles of Association (https://www.aryzta.com/corporate-governance/regulations/#articlesofassociation/) General Meetings adopt resolutions and elections by an absolute majority of the votes represented unless otherwise provided for in the Articles of Association or applicable law.

Pursuant to Article 15 of the Articles of Association (see: https://www.aryzta.com/about-aryzta/corporate-governance/), resolutions at the General Meeting calling for a quorum of at least two-thirds of the votes represented are required for:

- The cases listed in art. 704 para. 1 CO and in art. 18 and 64 Merger Act;
- The easement or abolition of the restriction of the transferability of registered shares;
- The conversion of bearer shares into registered shares; and
- Any change to the provisions of Article 15 of the Articles of Association.

6.3 Convocation of General Meeting of the shareholders

General Meetings are convened by the Board and, if need be, by the Auditors. In addition, the Board must convene a General Meeting within two months if shareholders who jointly represent at least 10% of the share capital of the Company request in writing that a meeting be called and give details of the items to be discussed and the motions. Notice of the General Meeting is given by publication in the Swiss Official Gazette of Commerce and on the Group's homepage (www.aryzta.com) at least 20 days before the date of the meeting. The notice must state, inter alia, the day, time and place of the Meeting and the agenda.

CORPORATE GOVERNANCE REPORT
(continued)

7 Change of control and defence measures

7.1 Obligation to make an offer
ARYZTA does not have a provision on opting out or opting up in its Articles of Association. Thus, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover offer set out in Article 135 of the FMIA are applicable.

7.2 Change of control clauses
Benefits under the ARYZTA LTIP vest upon a change of control unless the Board resolves otherwise. If the time at which a change of control has occurred cannot be ascertained precisely, the Board shall determine the time at which the change of control shall be deemed to have occurred. Otherwise, the agreements and plans benefiting the members of the Board or of the Executive Management team are unaffected by a change of control. Further details regarding the benefits under the ARYZTA LTIP are set out in the Compensation Report on pages 64 to 88 of this Annual Report.

8 Auditors

8.1 Duration of the mandate and term of office of the lead auditor
Following the conclusion of a formal tender process in 2019 overseen by the Audit Committee, and on recommendation by the Board, Ernst & Young AG, Zurich, was elected by shareholders at the 2019 AGM as the external statutory auditor and Group auditor for the 2020 financial year and has since been re-elected. Olivier Mange was appointed lead auditor during the period 2022, replacing Martin Gröli who had been the lead auditor since the 2020 financial period. The lead auditor is required to rotate every seven years in accordance with Swiss law.

8.2 Audit fees
The total audit and audit-related fees charged by the Group auditors in financial period ended 31 December 2023 amounted to €4.9m (2022: €2.3m).

8.3 Additional fees
The Group's policy is to manage its relationship with the external auditor to ensure their independence is maintained. In order to achieve this, the Board has determined limits on the type and scale of non-audit work that can be provided by the external auditor.

CORPORATE GOVERNANCE REPORT
(continued)

In November 2023 the Audit Committee approved the process for pre-concurrence of non-audit services ("NAS") to be performed from 1 January 2024. The Audit Committee delegated authority to ARYZTA management to contract for NAS. Any service above this amount would be subject to approval from the Audit Committee. Fees for additional services rendered by the external auditors to the ARYZTA Group in financial period 2023 totalled €0.2m (2022: €0.1m).

Auditor's remuneration

	December 2023 17-month €m	July 2022 12-month €m
– Auditor's remuneration for audit and audit-related services	4.9	2.3
– Auditor's remuneration for tax compliance and related services	0.1	0.1
– Auditor's remuneration for tax consulting services	–	–
– Auditor's remuneration for advisory services	0.1	–
	5.1	**2.4**
– Total other fees / Audit and audit-related services	5%	4%
– Tax consulting or advisory services / Audit and audit-related services	0%	0%

8.4 Information pertaining to the external audit

Ernst & Young AG ("EY") has presented to the Audit Committee a detailed report on the results of the 2023 Group consolidated and Company financial statement audits, the findings on significant financial accounting and reporting issues, as well as the findings on the Group's internal control system ('ICS'). In the financial period 2023, both EY AG and the Group Head of Internal Audit participated in regularly scheduled Audit Committee meetings on invitation from the Audit Committee Chair. The Group CFO attended and participated in all Audit Committee meetings during their respective appointments. Other members of the Group Executive Management attended the meetings as invited. During the period, the Audit Committee and the Chair of the Audit Committee met with EY AG without management present and vice versa. On an annual basis, the Board reviews the selection of the external auditors, in order to propose their appointment to the Annual General Meeting of ARYZTA. The Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss law. The lead auditor rotates every seven years in accordance with Swiss law. During meetings of the Audit Committee, audit and non-audit-related fees to be charged by EY AG during the period, are reviewed to mitigate the risk of any potential impairment to EY AG's independence. EY AG monitors its independence throughout the period and confirms its independence to the Audit Committee annually.

CORPORATE GOVERNANCE REPORT
(continued)

9 Investor Communications Policy

Guiding principles

ARYZTA is committed to pursuing an open and consistent communication policy with shareholders, potential investors and other interested parties. ARYZTA gives equal treatment to all its shareholders. Any price-sensitive information is published in a timely fashion and the information is provided in a format that is as complete, simple, transparent and consistent as possible. All announcements, reports and webcasts are available on the ARYZTA website: https://www.aryzta.com/investor-center/reporting/. An automatic alerting service is also provided through the website.

ARYZTA's Investor Relations programme for institutional investors is carried out in line with the quarterly announcement cycle. These investor communications focus either on recently announced financial results, recent corporate activity or the longer-term strategy of the Group. They do not serve the purpose of disclosing new information that might encourage an investment decision. During open periods, ARYZTA holds ad hoc dialogue with individual shareholders and the Chair meets with major investors as requested.

Investor relations contact details

Paul Meade
Head of Communications

ARYZTA AG
Ifangstrasse 9
8952 Schlieren Switzerland
E-mail: info@aryzta.com

Quarterly announcement cycle

Announcement	News Release	Report	Conference Call	Webcast
First-quarter revenue update	x			
Half-Year results	x	x	x	x
Third-quarter revenue update	x			
Full-year results	x	x	x	x
Annual Report	x	x		

Key dates to December 2024

17-month Results to December 2023	4 March 2024
First quarter trading update	22 April 2024
Annual General Meeting 2024	24 April 2024
Half-Year results	12 August 2024
Third quarter trading update	21 October 2024

CORPORATE GOVERNANCE REPORT
(continued)

10 Trading Quiet periods

Dealing in securities of ARYZTA AG by insiders is regulated by the laws of Switzerland, including in particular the provisions of the FMIA and The Listing Rules of the SIX Stock Exchange. In line with best practice, ARYZTA prohibits dealings in Securities of the Company by Company directors, senior executives and their related persons, as well as any other insider within the Company, connected during periods when they may be in possession of non-public, price sensitive information.

For the upcoming fiscal year, trading quiet period dates are:

– The period from 31 March 2024 up to the release of ARYZTA's Q1 2024 Revenue Update or 30 calendar days prior to the release of the Q1 Revenue Update (if greater).

– The period from 30 June 2024 up to the release of ARYZTA's 2024 Half Year Results for that financial year or 30 calendar days prior to the release of the Half Year Results (if greater).

– The period from 30 September 2024 up to the release of ARYZTA's Q3 Revenue Update or 30 calendar days prior to the release of the Q3 Trading Update (if greater).

– The period from 31 December 2024 up to the release of ARYZTA's 2024 Annual Results or 30 calendar days prior to the release of the 2024 Annual Results (if greater).

COMPENSATION REPORT

Annual Report and Accounts 2023
COMPENSATION REPORT

Letter from the Chair of the Remuneration Committee

Dear Shareholders,

On behalf of the Board of Directors (the 'Board') and the Remuneration Committee, I am pleased to introduce ARYZTA's Compensation Report for the financial period 2023 ('FY 2023'). The business environment in the 2023 reporting period was challenging due to persistent inflationary trends across all input costs, including labour, supply chain disruptions and an increasing interest rate environment. ARYZTA successfully managed these challenges. Overall, ARYZTA achieved strong results in the 2023 financial period, bringing the delivery of the existing mid-term targets within reach on all key metrics. To underline the enhanced clarity evident in our prior year report, we are providing significant detail on Directors and Executive pay in this, extended, 17-month Financial Year to ensure you, as shareholders, are provided with continued transparency on all compensation matters.

During FY 2023, the Remuneration Committee keenly absorbed last year's feedback in our compensation practices and we continue the pathway to increased transparency and strategic alignment of our incentive plans. Notably, and in the context of our extended Financial Year, we have made no changes to our in-flight Short Term & Long Term Incentive Plans ('STIP' & 'LTIP)'. We have, however, strived to provide additional clarity over the treatment of these programmes given the 17-month period. With the Board approving a separate budget for the 5-month Stub period for the STIP, we outline the specific impact on compensation via separate tables.

In this year's report we advance our disclosure from last year on the specificity and transparency of individual qualitative targets in the STIP for Executive Management which include measures related to ESG for the COO. In fact, we will drive an increased focus on ESG in individual measures for all Executive Management members going forward. For our LTIP, we included enhanced disclosure regarding the vesting by metric for the LTIP 2020 award as well as a table detailing the vesting curve for our FY 2023 award.

It is important to note that despite the overlong Financial Year, the shareholder approved budget for Executive Management has not been exceeded. In the context of Board of Directors pay, the amount that exceeds the approved maximum amount at the last AGM due to the overlong Financial Year will be put to a shareholder vote at the upcoming AGM and will not be paid before shareholders' approval.

Annual Report and Accounts 2023
COMPENSATION REPORT (continued)

At the upcoming AGM, we will ask you to approve, as last year, prospectively in a binding vote the maximum compensation of the Board of Directors for the period until the next 2024 AGM, and the maximum aggregate compensation for the newly constituted ExCo for FY 2025. Furthermore, you will have the opportunity to register your opinion on this Compensation Report in a consultative vote.

Looking ahead, we will continue refining our compensation framework in order to ensure alignment with the company strategy, market practice and evolving developments such as the aforementioned inclusion of ESG targets.

On behalf of ARYZTA and the Remuneration Committee, I would like to thank you for your support and valuable feedback.

Chair of the Remuneration Committee

Hélène Weber-Dubi

1 March 2024

COMPENSATION REPORT
(continued)

Introduction to Compensation

ARYZTA's Compensation Report for the FY 2023 has been prepared in accordance with the relevant sections of the Swiss Code of Obligations (Swiss CO), particularly Article 734 et seqq., applicable to Swiss listed companies, the Directive on Information related to Corporate Governance of SIX Swiss Exchange, as well as the Swiss Code of Best Practice.

Compensation Governance

The compensation governance at ARYZTA is mainly comprised of three key bodies: The Remuneration Committee which advises the Board in compensation-related matters; the Board which ultimately decides on compensation-related matters; and the shareholders of ARYZTA at the AGM who approve the maximum aggregate amount of remuneration of the Board for the period until the next AGM and the Executive Management for the subsequent financial year. The Organisational Regulations, the Terms of Reference of the Remuneration Committee and the Articles of Association of ARYZTA describe and define the roles and responsibilities of these three bodies. The Articles of Association contain the following relevant provisions on compensation:

- Compensation principles for the compensation of the Board and the Executive Management, including incentive and participation plans (Art. 21 and 22)
- Approval of compensation by the AGM (Art. 23)
- Supplementary amounts available for members newly joining the Executive Management after the relevant approval of compensation by the AGM (Art. 23 lit.e)
- Retirement benefits and pensions (Art. 24)
- Duration and termination of employment contracts (Art. 26)

The Articles of Association can be found on our website:
https://www.aryzta.com/corporate-governance/regulations/

COMPENSATION REPORT
(continued)

The general division of duties, responsibilities, and powers between the three key bodies of compensation governance (Remuneration Committee, Board and AGM) is shown in the table below.

	CEO	Remuneration Committee	Board	AGM
Compensation strategy and guidelines		P	A	
Compensation principles (Articles of Association)		P	A (subject to AGM approval)	A (binding vote, in case of changes)
Key terms of compensation plans for Board and Executive Management		P	A	
Total compensation for the Board		P	A (subject to AGM approval)	A (binding vote)
Total compensation for the Executive Management		P	A (subject to AGM approval)	A (binding vote)
Individual total compensation for the CEO		P	A	
Individual total compensation for other members of the Executive Management	P	R	A	
Employment and termination agreements for the CEO		P	A	
Employment and termination agreements for other members of the Executive Management	P	R	A	
Compensation Report		P	A	A (consultative vote)

A: Approve, P: Propose, R: Review

Role of the Shareholders regarding the AGM

The AGM approves the maximum aggregate amount of compensation of the Board for the period from one AGM until the next AGM and the maximum aggregate amount of compensation for the Executive Management for the subsequent financial period (Art. 23 lit. a of the Articles of Association). Shareholders will be asked at the forthcoming AGM, to be held on 24 April 2024, to approve the maximum aggregate amount of compensation of:

– The Board for the period until the next AGM (i.e. the period from 24 April 2024 until the 2024 AGM in April 2025, specific date tbc); and, as a result of the overlong FY 2023, an additional amount covering the additional 5 months in the last period); and

– The Executive Management for the following financial period (i.e. the financial period commencing 1 January 2025 and ending 31 December 2025).

In addition, as in prior periods, the Board will submit this Compensation Report to a separate consultative vote for the shareholders at the forthcoming AGM in line with Art. 735 para. 3 no. 4 of the Swiss Code of Obligations (‘CO’).

COMPENSATION REPORT
(continued)

At the 2022 AGM, the Board submitted three separate compensation-related resolutions, which were all approved by shareholders.

1. The maximum aggregate amount of compensation for the members of the Board for the period from the 2022 AGM until the 2023 AGM (binding vote): CHF 1,300,000.

2. The maximum aggregate amount of compensation for the Executive Management for the FY 2024 (binding vote): CHF 8,750,000.

3. The compensation report for FY 2022.

The Board is cognizant of the minority vote against the resolution related to Executive Management compensation, and in particular the feedback received related to disclosure of retrospective STIP measures and targets. We continue to be committed to transparency on all compensation matters and provide more detail on the measures for our STIP pay outs than in prior years in the relevant section of this report. For example, we now include enhanced disclosure on our LTIP; namely a column detailing vesting by KPI for the LTIP 2020 award (see page 85), as well as a table detailing the vesting curve for our LTIP 2023 award (see page 83). Additionally, as it relates to our STIP we outline specifically the qualitative individual performance measures for Executive Management. In the context of disclosure of STIP measures, it should be noted that the table outlining STIP achievement (see page 80) is set transparently in the context of our reported numbers for Organic Growth and EBITDA %.

In addition and without further approval by shareholders, ARYZTA is authorised to use, as needed, supplementary amounts of 40% of the approved maximum aggregate amount (in full and not pro rata) of the compensation for the Executive Management for the relevant financial periods for new members joining the Executive Management after the AGM has approved the relevant maximum aggregate amount (Art. 23 lit. e of the Articles of Association).

For the avoidance of doubt, this supplementary amount was not used during the course of FY 2023 and may not be used to support base salary increases for existing members of the Executive Management.

Role of the Remuneration Committee

The Remuneration Committee has the duties of supervision and governance of ARYZTA's compensation framework and philosophy as well as the purpose to assist the Board in fulfilling its responsibilities regarding the compensation of the members of the Board and the Executive Management of ARYZTA.

The Remuneration Committee comprises a minimum of three independent non-executive members of the Board who are elected annually and individually by the AGM pursuant to Swiss law for a one-year period until the next AGM. The Remuneration Committee Chair is appointed by the Board (Art. 20a of the Articles of Association).

COMPENSATION REPORT
(continued)

Post the AGM 2022, the Remuneration Committee consisted of three members: Hélène Weber-Dubi, Heiner Kamps and Gordon Hardie, with Hélène Weber-Dubi appointed by the Board as Remuneration Committee Chair, Mr Gordon Hardie resigned from the Board of Directors and the Remuneration Committee in November 2023. Please refer to the Corporate Governance Report section for further details on Remuneration Committee composition, duties, and election (page 49 of the Annual Report).

For details about gender representation in the Board of Directors, and all activities of the Board members in comparable roles at other companies with a business purpose, please refer to page 87 of this Compensation Report and also to the Corporate Governance Report (pages 54-56 of the Annual Report).

As in prior periods, in FY 2023 the Remuneration Committee acted within the limits of the relevant shareholder approvals, being responsible for (Art. 20 lit b. of the Articles of Association):

– Considering and determining all elements of the compensation of the members of the Board and the CEO.

– Approving the compensation of other members of the Executive Management, upon the recommendation of the CEO.

– Reviewing and recommending to the Board on an annual basis a proposal regarding the total compensation amount of the Board and the Executive Management for approval at the AGM.

– Preparing and recommending to the Board the Compensation Report for approval at the AGM in a non-binding vote.

The Remuneration Committee reviews the level and structure of the compensation for the Executive Management on an annual basis to ensure that executives are remunerated in line with the level of their authority and responsibility within the Group and so as to ensure ARYZTA's capacity to recruit and retain a high calibre of professional managers.

After each Remuneration Committee meeting, the Remuneration Committee Chair reports to the Board at the following Board meeting, ensuring that the Board members are kept informed in a timely and appropriate manner of all material matters within the Remuneration Committee's area of responsibility. In addition, all Remuneration Committee papers (e.g. agenda, minutes, presentations, etc.) are available to all members of the Board. When the Remuneration Committee considers it appropriate to do so, it may directly ask members of the Executive Management or members of the Human Resources department to attend meetings as a guest. The Remuneration Committee regularly holds private sessions (i.e. without the presence of members of the Executive Management, members of the Human Resource department or third parties). Executives and the Chair of the Board do not participate during the sections of the meetings where their own performance and/or compensation are discussed. The Remuneration Committee is authorised to obtain

COMPENSATION REPORT
(continued)

appropriate external advice and to invite those persons to attend the meetings of the Remuneration Committee. In such cases, and where applicable, the Board has availed of the services of HCM International to provide such advice. The Remuneration Committee Chair convenes meetings of the Remuneration Committee as often as the business affairs of ARYZTA require. During FY 2023, the Remuneration Committee held eight meetings with an average duration of two hours each. The agenda items covered by the Remuneration Committee during the eight meetings of FY 2023 are described in the table below.

	Agenda item	Aug 2022	Sep 2022	Jan 2023	Mar 2023	May 2023	June 2023	Sep 2023	Dec 2023
General Framework	Committee Terms of Reference	●							
	Annual Work Plan	●							
Executive Management	Management Compensation Packages			●					●
	Maximum aggregate compensation amount FY 2024								●
	STIP								
	– Review of STIP FY 2023 Stub design						●		
	– Review of STIP FY 2024 design								●
	– Performance achievement FY 2022						●		
	– Target setting for STIP FY 2023 Stub						●		
	– Target setting for STIP FY 2024								●
Compensation	LTIP								
	– Design LTIP grant FY 2023	●	●	●					
	– Target setting LTIP FY 2023		●	●					
	– Review of LTIP Regulations		●	●					
	Benchmarking								●
Board compensation	Maximum aggregate compensation amount from 2022 AGM until the 2024 AGM (no AGM in 2023 due to the overlong Financial Year)								
Reporting & Communication	– Compensation Report FY 2022	●							
	– Review FY 2022				●	●			
	– Compensation Report FY 2023					●	●	●	●

COMPENSATION REPORT
(continued)

Compensation Principles

ARYZTA's compensation framework and principles are designed to attract and retain top talent, to underpin the implementation and support of the Group's strategic plans and to provide a balance between motivating and challenging the members of the Executive Management to deliver ARYZTA's near-term business priorities together with achieving sustainable, long-term success (Art. 21lit. a of the Articles of Association). Furthermore, ARYZTA's compensation framework aims to be aligned with shareholders' interest and driving the creation of shareholder value. The Remuneration Committee gives careful and detailed consideration to the Board and Executive Management compensation. As one reference point, the Remuneration Committee regards market data on compensation to assess its competitiveness in the market environment.

Compensation objectives and principles

Retain & Incentivise

The company aims to retain and incentivise top talent to support delivery of the strategic plan

Motivate & Challenge

A balance between a motivating and challenging environment is established to achieve near-term business objectives and drive long-term success

Align with shareholders

Compensation outcomes shall be aligned with shareholder interests to reward management for creating shareholder value

Provide Equal Opportunity

Equal opportunities are provided in recruitment, selection, promotion, employee development, succession planning, training and compensation

COMPENSATION REPORT
(continued)

Fiscal Year End Change

On 6 March 2023 ARYZTA announced that it is changing its fiscal year from July ending to December ending to align with calendar year reporting. It was noted at the time that as part of this process the company would issue audited IFRS financial statements for the 12-month period 31 July 2022 to 29 July 2023 (non-statutory financial statements) and its 2023 annual report and accounts (including compensation report) for the 17-month period from 31 July 2022 to 31 December 2023. All ARYZTA AG directors would remain in office until the next AGM (i.e. the forthcoming AGM on 24 April 2024).

The subsequent effect of this change to the reporting on compensation and benefits for Directors and Executive Management will be detailed in this report in the subsequent relevant sections. For clarity, the guiding principles of our reporting in this Report are as follows:

- All compensation and benefit amounts paid to Directors and Executive Management for the entirety of the 17-month period from 31 July 2022 until 31 December 2023 are reported in the subsequent tables
- No changes were made to in-flight incentive programmes, neither STIP nor LTIP. This means that for outstanding awards, no targets or performance metrics were amended. The outstanding LTIP awards 2022 and 2023 are expected to vest as per the regular vesting schedule
- As a consequence of making no changes to incentive programmes, the FY 2023 STIP for the period ending 29 July 2023 was measured at the conclusion of the period using the aforementioned audited IFRS financial statements for the 12-month period and payments made to Executive Management in October 2023
- The additional 5-month, so-called Stub period, was subject to a Board approved budget and related STIP, which was measured and paid post the closing of our 17-month financial year on 31 December 2023; no changes were made to in-flight LTIP programmes, however
- Please note that despite the extended financial year and the addition of two new members to our Executive Management, we have remained below the proposed maximum aggregate amount of CHF 10,000,000 approved by shareholders at our AGM 2021

COMPENSATION REPORT
(continued)

Compensation Framework for the Board of Directors

Compensation Approach for the Board of Directors
The total compensation of the Board consists of an annual base fee and an additional fee for individual assignments to Committees of the Board (Art. 21 lit. c of the Articles of Association), all determined on a yearly basis.

In order to assure the independence of the members of the Board in executing their supervisory duties, the total compensation of the Board is fixed and does not include any performance-related, variable compensation component.

For FY 2023, non-executive Board members were paid a fixed annual base fee, reflecting the time commitment and responsibilities of the role, and additional compensation for non-executive directors for service on a Board Committee was paid (see image below).

The compensation structure and fee levels for the members of the Board remained unchanged compared to the previous term.

Annual base fee for board membership for non-executive Directors

Chair
CHF 323,000

Lead independent Director
CHF 158,200

Other Board Members
CHF 88,000

Annual Committee Fees (AGM to AGM)	Committee Chair	Member
Audit Committee	CHF 25,000	CHF 8,000
Governance, Nomination & Sustainability Committee	CHF 16,000	CHF 8,000
Remuneration Committee	CHF 16,000	CHF 8,000
Adhoc Committee	CHF 16,000	N/A

40%
Restricted Share

3 Year Holding/ Vesting Period

60%
Cash

COMPENSATION REPORT
(continued)

The individual sum of the fixed annual base fee and, where applicable, the fixed annual committee fee per member are compensated 60% in cash and 40% in the form of restricted shares, entitling the recipient to receive ARYZTA shares upon expiration of the three-year holding period. This equity component further strengthens the long-term focus of the Board in performing its duties as well as the alignment of the Board's interests with those of ARYZTA's shareholders.

The compensation of the Board is subject to regular social security contributions. On the cash component, ARYZTA pays the employer contribution of social security, on the share component, ARYZTA pays both contributions. The Company made pension contributions for certain Swiss-based non-executive directors in line with its obligations under the Federal Law on Occupational Old Age, Survivors' and Disability Pension Plans (BVG/Berufliche Vorsorge). No additional compensation components such as lump-sum expenses or attendance fees are awarded to the members of the Board.

Compensation Awarded to the Board of Directors (audited)
The following table reflects the total compensation of the Board for the 17-month period of FY 2023 including information of the prior financial period. The total provisions for compensation of the Board for FY 2023 amount to CHF 1,503,000 due to the overlong financial year.

In terms of payments made ARYZTA has not exceeded the shareholder approved amount and it can be noted, in the second table below, that the total compensation of the Board for the comparative 12-month period versus prior year was CHF 1,053,000 and below the cap amount of CHF 1,300,000 previously approved at the AGM on 30 November, 2022.

Further it should be noted that the change in the Group's Financial Year to 31 December 2023 resulted in the delay of the next AGM by an additional 5 months and so extended the term of office between the last AGM and the next AGM to 17 months. Due to this, the Board has decided to defer their monthly Board director remuneration payments from December 2023 to the next AGM (24 April 2024) to ensure that ARYZTA continues to remain below this CHF 1,300,000 cap.

For such extended term of office, the Board will be bringing forward a motion at the forthcoming AGM requesting retrospective approval for an additional CHF 300,000 Board compensation.

COMPENSATION REPORT
(continued)

	Board	Independent Director	Audit committee	Governance, Nomination & Sustain-ability Committee	Remu-neration Committee	Settled in Cash CHF ’000	Settled in Shares[1] CHF ’000	17-month to December FY 2023 Total Compensation CHF ’000	12-month to July FY 2022 Total Compensation CHF ’000
Current Board Members									
Urs Jordi[2]	Chairman					275	183	458	323
Hélène Weber-Dubi	•		Chair	•	Chair	118	77	195	123
Heiner Kamps[3]	•	•	•		•	94	54	148	96
Alejandro Legarda Zaragüeta	•		•	Chair		84	54	138	96
Former Board Members									
Jörg Riboni						127	104	231	162
Gordon Hardie						84	68	152	115
Luisa Delgado						–	–	–	44
Total						**782**	**540**	**1,322**	**959**
Social Security Payments								110	88
Pension contribution								71	69
Total including Social Security								**1,503**	**1,116**

1 Equity is awarded once a year at 40% of the total annual compensation with the number of shares based on the average closing price of the ARYZTA shares on the SIX over the five trading days immediately preceding the award date. The balance of the compensation for the financial year is settled in cash.
2 U. Jordi became a member and Chairman of the ARYZTA Board on 16 September 2020 and was appointed by the ARYZTA Board as Group Interim CEO on 19 November 2020.
3 H. Kamps was appointed Lead Independent Director on 03 November 2023

The following table reflects the total compensation of the Board for the 12-month period to December 2023 including information of the prior financial period, and is presented to enable comparability following the change to a December financial year end.

	Settled in Cash CHF ’000	Settled in Shares CHF ’000	12-month to December 2023 Total Compensation CHF ’000	FY22 Total Compensation CHF ’000
Current Board Members				
Urs Jordi	140	183	323	323
Hélène Weber-Dubi	62	77	139	123
Heiner Kamps	54	54	108	96
Alejandro Legarda Zaragüeta	44	54	98	96
Former Board Members				
Jörg Riboni	51	104	155	162
Gordon Hardie	34	68	102	115
Luisa Delgado	–	–	–	44
Total	**385**	**540**	**925**	**959**
Social Security Payments			78	88
Pension contribution			50	69
Total including Social Security			**1,053**	**1,116**

COMPENSATION REPORT
(continued)

The following table shows the shareholdings of the Board as of 31 December 2023 including information of the prior financial period. This table includes registered shares purchased privately as well as fully vested shares allocated in connection with compensation.

Furthermore, unvested RSUs and restricted shares are included. In total, the members of the Board held 60,775,922 shares or 6.1% of the share capital (FY 2022: 61,904,615 shares or 6.2% of the share capital).

Beneficial interests at 31 December 2023 and 30 July 2022 were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares 2023	No. of restricted shares 2023	Total 2023	Total 2022
Directors				
Urs Jordi	424,000	410,985	834,985	549,686
Heiner Kamps[1]	58,959,120	122,149	59,081,269	59,231,039
Hélène Weber-Dubi	65,000	159,020	224,020	105,209
Alejandro Legarda Zaragüeta	132,000	160,430	292,430	254,447
Former Directors				
Gordon Hardie	–	144,785	144,785	97,306
Jörg Riboni	–	198,433	198,433	1,555,947
Luisa Delgado	–	110,981	110,981	110,981
Total	**59,580,120**	**1,306,783**	**60,886,903**	**61,904,615**

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

COMPENSATION REPORT
(continued)

Compensation Framework for the Executive Management

General compensation approach for the Executive Management

The compensation of the Executive Management consists of fixed and variable components. The fixed compensation consists of an annual base salary, additional fixed compensation in the form of pension and other benefits. The variable compensation includes short-term and long-term incentive plans. These variable elements are dependent on the achievement of performance which includes the financial performance of the Group, performance relative to the market, and individual performance for all members of the Executive Management (Art. 21lit. d and 22 lit. a of the Articles of Association). The overview of the compensation elements of the Executive Management is summarised in the following table:

	Base salary	Pension and other benefits	Short-term incentive plan (STIP)	Long-term incentive plan (LTIP)
Basis	**Fixed**	**Fixed**	**Variable**	**Variable**
Purpose	Attraction, retention, reward for scope and complexity of the function as well as level of responsibility	Participation in pension plans, insurance and health care plans in line with local market practice	Motivation, reward for achieving annual business objectives	Retention, alignment with shareholders, reward for delivering long-term performance
Performance period	–	–	One year	Three years
Performance measures	–	–	Group Financial measures and qualitative individual measures	Three financial measures (% Improvement in EBITA[1] & ROIC; relativeTSR)
Payout range	–	–	0 to 150% of individual target award	0% to 150% of number of granted PSUs
Payment	Cash	Contributions to pension and insurance plans, other in-kind benefits	Cash	Shares

1 Defined as earnings before interest, taxation, and non-ERP amortisation.

For details about all activities of the members of the Executive Management at other companies with a business purpose, please refer to page 87 of this Compensation Report and also to the Corporate Governance Report (page 54–56 of the Annual Report).

Annual base salary

The annual base salary is the main fixed compensation component paid to the members of the Executive Management. Typically, it is paid in cash in twelve equal monthly instalments unless local laws require otherwise. The annual base salary is contractually agreed in local currency. The level of base salary is determined considering the scope and complexity of the function, level of responsibility, and other relevant factors deemed appropriate. Furthermore, the compensation for the role in the location where ARYZTA competes for talent is considered. Fixed base salaries of the Executive Management members are reviewed every year by the Remuneration Committee based on the above mentioned factors and adjustments are made according to market developments.

COMPENSATION REPORT
(continued)

Pension and other benefits
ARYZTA may establish one or more independent pension fund(s) for occupational pension benefits or may join such funds. Contributions to such pension funds on the part of the employer, but not contributions which are paid out by such pension funds, are deemed part of the compensation. Retirement benefits accumulated or paid directly by the employer based on country-specific regulations on occupational pension benefits are treated the same way as contributions to and benefits by pension funds (Art. 24 lit. a of the Articles of Association). Members of the Executive Management participate in the pension plans, which consist primarily of retirement, insurance and health care plans designed to provide an adequate level of protection for employees and their dependents in the event of retirement, sickness, disability or death. The plans vary according to legal conditions, but at least meet the legal requirements of the countries concerned. The members of the Executive Management are also granted certain benefits and benefits in-kind in accordance with competitive market practice, e.g. a car allowance.

Short-term incentive plan (STIP)
The short-term incentive plan ('STIP') is a variable compensation element designed to reward eligible participants for delivering strong short-term performance and contribution to ARYZTA's annual business objectives, whilst limiting the Group's exposure to downside risk in the case of financial underperformance, over a time horizon of one year. The STIP for the Executive Management drives alignment across the Group by a shared philosophy with common core measures; measures which cascade into our business where Senior Management are also, therefore, measured by common KPIs.

STIP – 12-month period ending 29 July 2023
As mentioned previously, the Group extended its Financial Year until 31 December 2023. As a consequence of making no changes to incentive programmes, the FY 2023 STIP for the period ending 29 July 2023 was measured at the conclusion of the period using the aforementioned audited IFRS financial statements for the 12-month period and payments were made to Executive Management in October 2023.

In this context, and in relation to STIP design, the Board continually strives to ensure the incentive measures are fit for purpose and align with market practice, shareholder interests and the unique strategic circumstances related to our continuing progress towards our mid-term targets.

For consistency purposes the Board has retained the core measures of Revenue, Earnings and Cash and has additionally slightly recalibrated these measures and weightings to better align Executive Management with the strategic plan in FY 2023.

Our stated Strategic Plan FY 2023 – 2025 calls out our intention to:

- Deliver Organic Growth (CAGR): 4.5–5.5%
- Improve Profit Margin: EBITDA Margin ≥ 14.5%
- Deleveraging the Balance Sheet and Driving Capital Efficiency

COMPENSATION REPORT
(continued)

Thus:
- Our Revenue measure was focused to Organic Growth % and was increased to 20% weighting; depicting the significant need to grow market share and to pass on commodity inflation
- Our Earnings measure specifically became Group EBITDA margin % and reduced slightly to a 40% weighting. This is a key metric for our mid-term targets and is aligned with shareholder interests
- Our cash generation metric was tightened to Group Working Capital as % 3rd Party Revenue – 5 Quarter Average because as a manufacturing business the day-to-day management of working capital is what influences our cash position

In summary, the FY 2023 STIP consisted of financial performance measures on Group level, as well as qualitative individual performance measures and is shown in the table below.

	CEO	Other Executive Management Members
Measures		
Organic Growth %	20%	20%
Group EBITDA %	40%	40%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave.	20%	20%
Qualitative Individual Targets	20%	20%
Total	**100%**	**100%**

The Board or the Remuneration Committee determines performance metrics and target levels, and their achievement (Art. 22b of the Articles of Association). At the beginning of the financial period, STIP targets are set for each financial performance measure in a calibration process in accordance with the overall business plan and a robust budget of the respective year. Minimum and maximum performance achievement levels are defined considering, amongst other elements, the previous year’s performance level. A rigorous approach is conducted in order to define the individual objectives for the Executive Management for whom the individual objectives are specific, and taking into account their scope of influence and responsibilities as well as focusing on value-addition to the business.

The individual target level for the STIP is expressed as a percentage of the annual base salary. Depending on achieved performance, this element of compensation may amount up to a pre-determined multiplier of target level.

For the STIP FY 2023, the individual, contractual, on-target STIP varies between 67% and 100% of the base salary for members of the Executive Management.

COMPENSATION REPORT
(continued)

For the financial performance measures, overachievement is driven by their respective performance. For the qualitative individual performance measure, the Remuneration Committee rigorously and comprehensively assess performance achievement. This year we elaborate on the specific qualitative performance measures for Executive Management:

- For the CEO – A specific Fixed Costs target in EURm and specific IFRS Net Profit target in EURm; each target has a threshold, target and maximum level
- For the CFO – A specific Fixed Costs target in EURm and measures linked to the efficient management of the Group's Finance organisation and Financial Reporting; each target has a threshold, target and maximum level
- For the Group Company Secretary & Counsel – Five specific measures related to the Group's Governance structures and framework; each target is weighted
- For the Group COO, who was appointed in April – Specific targets associated with the Group's ESG Strategy Finalisation and Roll Out across the Group including operationalising targets, setting Group KPIs and resourcing

	Actual performance FY 2023 v Target	STIP Achievement factor in %	CEO Achievement Factor in %
Group Organic Growth %	121%	150%	150%
Group EBITDA %	99%	89.4%	89.4%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave	143%	150%	150%
Qualitative Individual Targets	Varies by Individual from 75–100%	Varies by Individual from 75–100%	100%
Total Pay Out (accounting for KPI weights)			**116%**

For each performance measure, a minimum threshold performance, below which there is no payout, as well as a maximum performance, at which payout is capped at 150% of target, applies. In case of termination of employment during the performance period, the STIP payout may be reduced or forfeited depending on country-specific forfeiture rules and subject to applicable law.

During the FY 2023, payments under the STIP were made to incumbent members of Executive Management according to the level of achievement of the defined short-term targets (Group Organic Growth, EBITDA % & Working Capital and Qualitative Individual Targets). Performance levels were achieved at different levels and resulted in an overall pay out range of 110–116% for the Executive Management.

COMPENSATION REPORT
(continued)

STIP – 5-month period ending 31 December 2023

As mentioned previously, the Group extended its Financial Year until 31 December 2023. We outlined the STIP performance for the 12-month period ending 29 July 2023 above and now wish to clearly inform shareholders in relation to the additional 5-month, so-called Stub period. The STIP for the Stub period was subject to the same financial performance measures as defined for the 12-month period and aligned with our Strategic Plan as well as qualitative individual measures. Challenging targets were defined on a pro-rated basis to reflect achievement during the 5-month period.

As previously mentioned, this was subject to a Board approved budget and associated Incentive Plan which was measured and paid post the closing of our 17-month financial year on 31 December 2023.

The STIP measures and weighting for Executive Management remained consistent with the 12-month period ending 29 July 2023.

	CEO	Other Executive Management Members
Measures		
Organic Growth %	20%	20%
Group EBITDA %	40%	40%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave.	20%	20%
Qualitative Individual Targets	20%	20%
Total	**100%**	**100%**

The pay out is outlined in the table below:

	Actual performance FY 2023 v Target	STIP Achievement factor in %	CEO Achievement Factor in %
Group Organic Growth %	100%	100%	100%
Group EBITDA %	104%	150%	150%
Group Working Capital as % 3rd Party Revenue – 5 Quarter Ave	124%	150%	150%
Qualitative Individual Targets	Varies by Individual from 84–100%	Varies by Individual from 84–100%	92%
Total Pay Out (accounting for KPI weights)			**128%**

Long-term incentive plan (LTIP)

ARYZTA's long-term incentive plan ('LTIP') has historically been designed to reward eligible participants for delivering long-term performance.

The purpose of the equity-based LTIP is to provide the participants with performance-driven future rewards for the accomplishment of the Group's long-term financial and strategic goals. The LTIP is intended to retain and motivate and to promote behaviour towards enhancing the value of ARYZTA for the benefit of its shareholders.

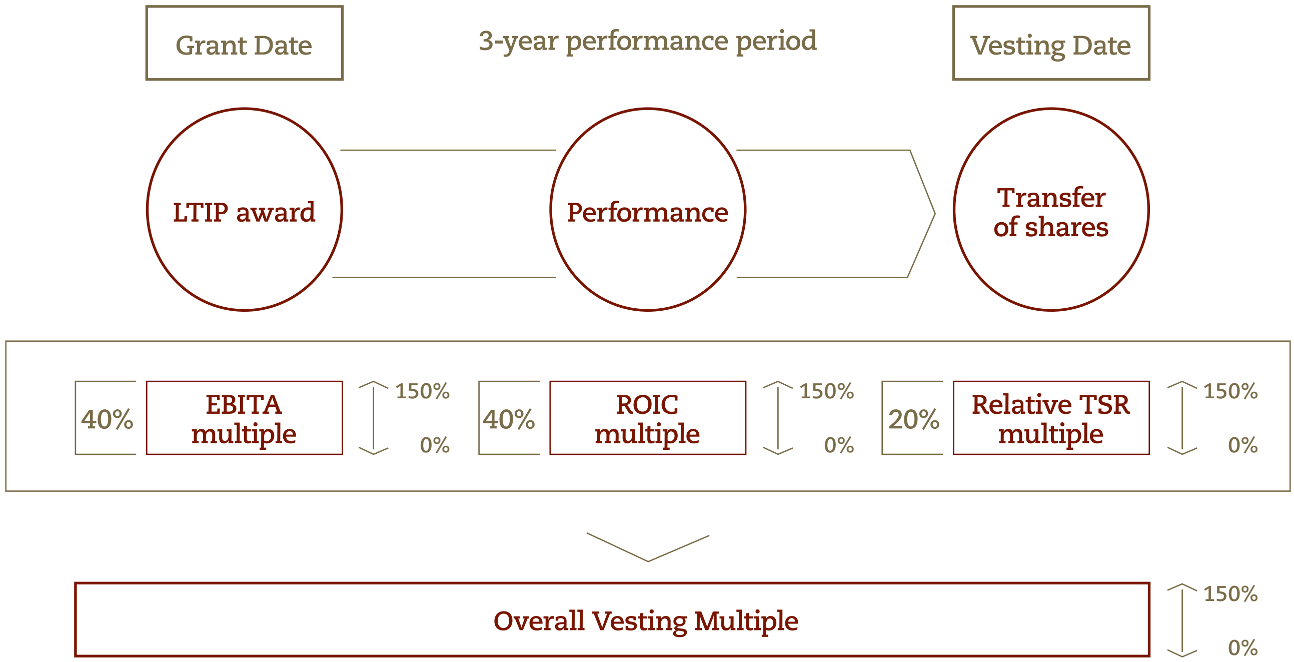
COMPENSATION REPORT
(continued)

ARYZTA's LTIP is granted in the form of Performance Share Units ('PSUs'), which represent an unsecured contingent right to receive ARYZTA shares at the end of the three-year performance period, subject to the achievement of certain pre-defined performance targets and subject to continuous employment.

The number of granted PSUs depends on the individual LTIP grant, which were determined by the Board each year and the fair value of one PSU at the grant date. The individual target grant levels under the LTIP are expressed as a percentage of the annual base salary (Art. 22 lit. c of the Articles of Association).

The current LTIP awards outstanding (LTIP 2022 and LTIP 2023) remain subject to the pre-determined performance targets during the three-year performance period and are expected to vest as per the regular vesting schedule. In relation to the fiscal year end change, no performance metrics or targets were amended.

In the FY 2023 the Remuneration Committee made grants under the LTIP to members of Executive Management, including the CEO, at an individual target grant level amounting to 66% of base salary.



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(continued)

LTIP grant FY 2023

	Minimum threshold (0.0 vesting multiple)	Target (1.0 vesting multiple)	Maximum (1.5 vesting multiple)
Three year average annual EBITA[1] improvement %	62% of target	100% target as set by the Board	119% target
Three year average annual ROIC improvement	78% of target	100% target as set by the Board	111% target
Three year relative TSR	–20 p.p. of index	0 p.p.	+10 p.p. of index

1 Defined as earnings before interest, taxation, and non-ERP amortisation.

Straight line vesting
The vesting of granted PSUs solely depends on the achievement of financial performance measures and is subject to continued service (see image above).

It is worth noting that the target grant level expressed as a % of base salary, and the maximum vesting range (of 1.5x) were both reduced since the grants awarded under the LTIP 2020. The awards fall well within the maximum compensation previously approved by shareholders for FY 2023. More details can be found in the Compensation Booklet prepared for the AGM which will be uploaded to ARYZTA's website at the time of publication of our AGM Invitation.

The EBITA improvement measure provides a focus on profitability. It is weighted at 40% and is calculated as actual versus target % improvement in EBITA. Please note that we see this as distinct from a margin KPI in our STIP. Using EBITA in our LTIP brings a focus to driving value from the cost of our assets. For the STIP, EBITDA margin is used which enables focus on cash-flow generation.

The Return on Invested Capital (ROIC) measure provides a focus on capital efficiency. It is weighted at 40% and is calculated as the three-year average annual improvement %.

The relative TSR measure adds a stock market perspective to ARYZTA's LTIP and is designed to reward management for outperformance as well as to create alignment with shareholder experience. It is weighted at 20% and calculated as the percentage point difference over the three- year performance period between ARYZTA's TSR and the TSR of the iSTOXX® Europe Total Market Food Producers Capped 30-15 index.

The TSR is the total shareholders' return, considering the variations of the share price and dividends distributed over the performance period, assuming the reinvestment of any dividends paid during the performance period into ARYZTA shares.

The iSTOXX® Europe Total Market Food Producers Capped 30-15 Index is a capped version of the STOXX Europe Total Market Food Producers Index. Members of this peer group include, amongst others, Nestle, Danone, Kerry Group, Lindt & Spruengli, Barry Callebaut, Emmi & Orior.

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STOXX is the service provider and administrator of the index, therefore responsible for quality standards and legal compliance of the index as well as maintenance in terms of rebalancing and handling of corporate events of index constituents.

The index is rebalanced on a quarterly basis, whereas the largest component is capped at 30% and the second largest at 15%. The threshold for a payout of the rTSR measure is at –20 percentage points, while the cap for a 1.50 vesting multiple is at +10 percentage points. A vesting below the median of the index is considered common practice in Switzerland and was purposefully determined to establish an adequate opportunity and risk profile for the relative TSR measure within the LTIP. Overall the payout curve provides for stretching targets and, at the same time, sets statistically reasonable performance corridors, and therewith supports balanced performance and payout situations below and above the target. In doing so, potential excessive risk-taking around the kink of payout curves is avoided.

In the case of termination of employment or a change in control regarding ARYZTA before the end of the three-year performance period, modified vesting rules apply (Art. 22 lit. e of the Articles of Association).

In the case of death or disability, the number of unvested PSUs will be adjusted pro-rata and will vest immediately with an overall vesting multiple of 1.00. In the case of retirement or termination of employment by ARYZTA without cause, the number of unvested PSUs will be adjusted pro-rata and will vest at the ordinary vesting date according to the effective overall vesting multiple. Furthermore, in case of engagement in a competitive activity without prior consent of the Board, all unvested PSUs will lapse without any compensation. In all other cases (e.g. termination for cause), then effective on the date notice of termination is provided by either party, all unvested PSUs will lapse without any compensation. In all other cases (e.g. termination for cause), all unvested PSUs outstanding on the date notice of termination will lapse without any compensation.

In the event of change of control, the number of unvested PSUs will also be adjusted pro-rata.

Additionally, a clawback clause, in the event of a serious breach of ARYZTA's Articles of Association, Organisational Regulations, any applicable policies, procedures or guidelines, gives the Board the right to recoup all or part of the vested shares or forfeit all or part of any unvested PSUs.

In FY 2020 the Board awarded grants under a LTIP to Executive Management. The table below defines the vesting criteria associated with this award and transparently shows the vesting achievement for the various criteria. The performance period associated with the first two measures, namely EBITDA and ROIC, was the 3 consecutive Financial Years ending on 31 July 2022. Therefore the LTIP 2020 was not impacted by the fiscal year end change.

Last year we outlined that the targets associated with EBITDA & ROIC were not met and consequently there was no pay out associated with those measures.

COMPENSATION REPORT
(continued)

The performance period associated with the third measure, relative TSR, was defined as grant date until vesting date. At the time of writing last year's report, the vesting date had not been reached and therefore any potential vesting of an award could not be defined.

Subsequently, however, we were able to measure our TSR against the peer group and it was confirmed that we significantly outperformed the TSR of the peer group and subsequently there was maximum vesting for this measure resulting in a 66% pay out for the FY 2020 LTIP for the longest standing member of the Executive Management.

LTIP grant FY 2020	Minimum threshold (0.0 vesting multiple)	Target (1.0 vesting multiple)	Maximum (2.0 vesting multiple)	Vesting
Three-year average Underlying EBITDA[1]	78.5% of target	100% Target as set by the Board	121.5% of target	Below threshold 0% Vesting
Three-year average ROIC	76.3% of target	100% target as set by the Board	136.8% of target	Below threshold 0% Vesting
Three-year relative TSR	–20 p.p. of index	0 p.p.	+20 p.p. of index	+25 p.p. 2.0x vestng

1 As disclosed in financial statements.

Peer group and benchmarking
As previously mentioned, the Remuneration Committee reviews the compensation of the Executive Management and Senior Management annually with the support of the global organisational consulting firm Korn Ferry Hay Group as part of a peer compensation benchmarking analysis. The benchmarking serves as an additional external reference point to ARYZTA in order to remain competitive in its compensation arrangements. The selection criteria for the peer group included comparability to ARYZTA with regards to business model, size (in terms of headcount, revenue, and market capitalization), respective roles and responsibilities, and relevant geographic presence. The composition of the peer group for benchmarking is reviewed on a periodical basis, every two to three years.

Compensation awarded to the Executive Management (audited)
The following table summarises the total compensation for the current and former members of the Executive Management during FY 2022 and FY 2023. The total compensation for the Executive Management amounted to CHF 7.2m which is within the maximum amount approved at the AGM 2021 of CHF 10,000,000 despite the amounts taking in the full 17-month period as well as the addition of two additional members of Executive Management for part of the period.

COMPENSATION REPORT
(continued)

in CHF '000	Total Executive Management 17-month to December FY 2023	Highest paid Executive Management member, Urs Jordi 17-month to December FY 2023	Total Executive Management FY 2022	Highest paid Executive Management member, Urs Jordi FY 2022
Basic salaries	2,687	1,094	1,563	750
Benefits in kind	114	–	61	–
Pension contributions	525	189	316	126
STIP (payout for respective FY)	2,726	1,292	1,627	840
Long-term incentives (LTIP)	1,117	538	1,074	510
Total compensation paid to members of ARYZTA Executive Management	**7,169**	**3,113**	**4,641**	**2,226**

The following table summarises the total compensation of Executive Management for the 12-month period to December 2023 including information of the prior financial period, and is presented to enable comparability following the change to a December financial year end.

in CHF '000	Total Executive Management 12-month period to December 2023	Highest paid Executive Management member, Urs Jordi 12-month period to December 2023	Total Executive Management FY 2022	Highest paid Executive Management member, Urs Jordi FY 2022
Basic salaries	2,026	773	1,563	750
Benefits in kind	89	–	61	–
Pension contributions	392	134	316	126
STIP (payout for respective FY)	1,990	919	1,627	840
Long-term incentives (LTIP)	1,117	538	1,074	510
Total compensation paid to members of ARYZTA Executive Management	**5,614**	**2,364**	**4,641**	**2,226**

It is notable from the above table that our CEO received a modest, 3% base salary increase in FY 2023. This was awarded to denote the significant progression of ARYZTA against its strategic goals and the realization of target delivery. The amount awarded was considered in the context of benchmarking and an inflationary environment. Other members of Executive Management received a similar increase for the same reasons.

The employment contracts of the Executive Management are in compliance with Swiss laws and other applicable regulations (Art. 26 lit. a and 26 b of the Articles of Association).

Shareholding Guidelines

As of FY 2020, Shareholding Guidelines for members of the Executive Management had been introduced to further strengthen the long-term focus and to additionally increase the alignment of the Executive Management's interests with those of ARYZTA's shareholders. The Shareholding Guidelines applied to the Executive Management starting from FY 2020. Each member of the Executive Management had been expected to build up an ownership of shares of ARYZTA worth the equivalent of 150% of their annual base salary or 300% in the case of the CEO.

COMPENSATION REPORT
(continued)

As we refine our Remuneration Strategy and LTIP scheme we are reviewing these Shareholding Guidelines ensuring the concept of Executive Management being aligned with shareholder interests and retaining a long-term focus.

Shareholdings of the Executive Management

The following table shows the shareholdings and interests in equity of the Executive Management as of 31 December 2023 and 30 July 2022. The number of shares held corresponds to the amount of directly or beneficially held ordinary registered shares of ARYZTA. The number of interests in equity held corresponds to the amount of PSUs granted through former LTIP awards and, in the case of the Group Interim CEO, through his dual role as Chairman. PSUs are disclosed at target. The vested number of PSUs will depend on performance achievement levels at vesting. In total, the members of the Executive Management held 625,000 shares or 0.063% of the share capital (FY 2022: 467,500 shares or 0.05% of the share capital).

	No. of shares closing position FY 2023	No. of restricted shares Closing position FY 2023	No. of PSUs Closing position FY 2023	No. of shares closing position FY 2022	No. of restricted shares Closing position FY 2022	No. of PSUs Closing position FY 2022
Urs Jordi	424,000	410,985	880,392	266,500	283,186	477,062
Martin Huber	201,000	–	586,929	201,000	–	318,042
Rhona Shakespeare	–	–	374,925	–	–	502,047
Sandip Gudka	–	–	–	–	–	–
Christophe Toitot	–	–	–	–	–	–
Total executive management	**625,000**	**410,985**	**1,842,246**	**467,500**	**283,186**	**1,297,151**

Functions in other undertakings

In accordance with Article 734e the functions of the members of the Board of Directors and the Executive Management in other undertakings are outlined below.

Director	Undertaking	Function
Urs Jordi	Schweizer Zucker AG	Director
Heiner Kamps	Brot gegen Not	Chairman of Board of Trustees
Hélène Weber-Dubi	Ospelt Anstalt	Director
Alejandro Legarda Zaragüeta	Instituto Navarro de Inversiones	Director

Executive Management

No member of the Group Executive Management holds management contracts or Board of directors position for any company outside the ARYZTA Group.

COMPENSATION REPORT
(continued)

Further Information

Previous and Discontinued Compensation Plans

Option equivalent plan

Vesting of the awards under the Option Equivalent Plan issued during FY 2012 was conditional on compound annual growth in underlying diluted EPS (including the associated cost of any awards expected to vest) in three consecutive accounting periods exceeding the compound growth in the Euro-zone Core Consumer Price Index, plus 5%, on an annualized basis. The awards were also subject to additional conditions, including:

(a) the requirement to remain in service throughout the performance period;
(b) the requirement that ARYZTA's reported ROIC over the expected performance period is not less than 120% of its weighted average cost of capital; and
(c) the requirement that annual dividends to shareholders are at least 15% of underlying EPS during the performance period.

There are no remaining Option Equivalent Plan awards outstanding as of 31 December 2023.

	No. of options carried forward FY 2023	Expired during the year	No. of options Closing position FY 2023	No. of options of which vesting criteria have been fulfilled[1]
Dermot Murphy	94,052	94,052	–	–
Total former executive management	**94,052**	**94,052**	**–**	**–**

Loans Granted to the Board of Directors or the Executive Management

No loans or advances were made by the ARYZTA Group to members of the Board or of the Executive Management during FY 2023 or were outstanding at 31 December 2023 (2022: Nil).

During FY 2023 no payments were made to former members of the Executive Management or of the Board or to related parties, nor were any loans or credits made or outstanding.

Outlook

As we enter FY 2024 the Remuneration Committee will continue to serve shareholders interest by diligently and rigorously reviewing the effectiveness of compensation design for Executive Management and continuing to ensure such designs appropriately incentivise Management in line with shareholder's interests. In this context, it is foreseen that the Committee will undertake a compensation benchmark exercise with a respected external advisory partner to refine the compensation structures for Executive Management, especially set in the context of the forthcoming CEO search process. Additionally, we envisage further embedding ESG goals as part of the STIP structure for all members of Executive Management. Further, as we refine the FY 2024 LTIP Award we will define the intention to align Executive Management with shareholders interests by finalising our expectations on Shareholding Guidelines for recipients.

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT

To the General Meeting of
ARYZTA AG, Schlieren

Zurich, 1 March 2024

Opinion

We have audited the compensation report of ARYZTA AG (the Company) for the period ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a–734f of the Swiss Code of Obligations (CO) in the tables marked "audited" on pages 64 to 88 of the compensation report.

In our opinion, the information pursuant to Art. 734a –734f CO in the compensation report complies with Swiss law and the Company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the compensation report" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the paragraphs and tables marked "audited" in the compensation report, the consolidated financial statements, the standalone financial statements and our auditor's reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report 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.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a compensation report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.

REPORT OF THE STATUTORY AUDITOR ON THE AUDIT OF THE COMPENSATION REPORT (continued)

Auditor's responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a–734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

EY Building a better working world

Ernst & Young Ltd

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

Zurich, 1 March 2024

GROUP RISK STATEMENT

Principal Risks and Uncertainties

GROUP RISK STATEMENT
Principal Risks and Uncertainties

The Board of Directors 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 mitigation. The Group has a formal risk assessment process in place through which risks are identified that could prevent the Group from achieving its strategic objectives and associated mitigating actions are evaluated. The Board of Directors is ultimately responsible for risk management with the Audit Committee taking ownership for monitoring the risk assessment process.

All levels of management across the Group are engaged in the identification and assessment of significant ongoing and emerging risks facing their business. The outputs of these risk assessment processes are subject to various levels of review by Internal Audit and Executive Management, who layer in strategic risks. Risks are consolidated into a Group Risk Map, denoting the potential frequency and severity of identified risks, which is reviewed and challenged by the Board of Directors on at least an annual basis.

The Group has considered geo-political and macro-economic events, including price volatility and supply chain impacts, as well as potential reputational and customer relationship risks due to Environmental, Social and Governance (ESG) compliance expectations and standards in the assessment of our principal risks and uncertainties. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial, food safety/quality and health and safety audit programs.

Price Variability and Supply Chain

Continued price volatility across all input costs, including labour, raw materials, logistics, and notably energy as well as incremental costs related to some of the ESG measures, resulting in a landscape characterized by both fluctuating prices and uncertain availability of crucial inputs. While existing contracts are predominantly covered, new tenders are structured based on prevailing prices. The Group's procurement team along with the CORE1[1] diligently oversees all critical inputs.

The Group has a strong track record and success around managing historic market price volatility and supply chain risks. There is also a robust governance around the customer tendering process. The Group's strategic procurement approach is focused on risk mitigation, overseen by the CORE, which ensures speedy alignment of pricing with any market price volatility.

The Group maintains an active stance in managing supply chain risk by prioritizing dual supply for key materials and services. This involves ongoing collaboration with key suppliers and the maintenance of sufficient safety stock levels, reflecting the company's commitment to proactive risk management and resilience in the face of market uncertainties. Over the last 17 months, the Group has further developed its proficiency to quickly adjust and manage supply continuity of its key ingredients in periods of supply chain disruptions. This strategic development places the group in a favorable position to effectively address forthcoming challenges.

1 CORE is the committee responsible for overseeing commodity hedging processes, engaging in risk decision-making and implementing respective actions within the company in response to heightened risks in raw material, packaging, and energy coverage, as well as potential shortages or defaults.

GROUP RISK STATEMENT
Principal Risks and Uncertainties (continued)

Environmental, Social and Governance (ESG)
Integrated within the Group's strategic objectives is a close alignment with the evolving ESG landscape. Factors such as greenhouse emissions, the effects of climate change, business ethics and human rights present both opportunities and risks. Intermittent risks tied to customer, supplier, regulatory and other stakeholder expectations and uncertainty due to new and developing regulation add complexity.

Key Group initiatives, which collectively contribute to an effective risk management include; an adjusted organisational framework featuring a Compliance and Human Rights Office, robust procurement practices enforcing the Code of Conduct, supplier management supported by SEDEX and climate transition planning. Moreover, in October 2023, the Group has committed to setting Greenhouse Gas Emission reduction targets in line with the Science Based Targets initiative (SBTi). These measures underscore the Group's dedication to responsible business practices and the protection of its reputation.

The key risks facing the Group include the following:[2]
- Commercial risks arising from loss of major customer or contract and/or non-recovery of raw material cost inflation through pricing, adversely impacting profitability.
- Supply chain disruption risks due to ongoing geo-political and macro-economic events impacting availability of key inputs, including labour, raw materials, logistics and energy.
- Risks to ongoing operation disruptions arising from a significant failure in critical operational system or infrastructure, or an IT security system failure, including a cyber-attack, impacting the ability of the Group to service customer demand.
- People risks arising from loss of key management personnel and/or scarcity of bakery skills impacting operational performance.
- Risk of future pandemics, including perpetual cycle of infection outbreaks and resulting government restrictions impacting consumption.
- Operational risks facing the Group include food safety & quality and health & safety.
- Environmental, Social and Governance (ESG) compliance risks, arising from the nature of the Group's activities, which are subject to changing stakeholder expectations and an evolving regulatory framework.
- Labour law violations caused by rising global migration coupled with lack of skills/availability of labour.

2 These risks are not listed in order of importance

SUSTAINABILITY REPORT 2023

SUSTAINABILITY REPORT

INTRODUCTION

"CREATING THE RIGHT RECIPE FOR SUSTAINABILITY"

As Chair of the Governance, Nomination & Sustainability Committee and Board sponsor for ESG, I am pleased to introduce our Sustainability Report which forms part of our Annual Report.

In this report, we set out our Sustainability Strategy for the next five years and publish our formal commitments to Science Based Targets initiative (SBTi), to reducing our Scope 1 and 2 greenhouse gas (GHG) emissions by 34% and operational food waste by 20% from a 2022 baseline as well as our water usage by 10% from a 2023 baseline (all by 2028). This report also highlights how sustainability is becoming part of everyday life at ARYZTA and is increasingly important in our capital investment plans as we build for the future and improve our efficiencies.

We have already made some positive steps against these targets in 2023, including a 3% reduction in Scope 1 and 2 GHG emissions, a 13% reduction in energy intensity and a 16% decrease in our operational food waste (comparing 2023 to 2022).

Over 80% of ARYZTA's GHG footprint is in the form of the raw materials we purchase for our bakery products. We will establish a detailed roadmap for Scope 3 GHG emissions in 2024, but have already achieved some positive impacts, which we will build on (please see pages 116–118 of this report that shows the initial progress ARYZTA has made in 2023 with regards to Regenerative Agriculture).

Baking is an energy-intensive industry as our products are baked in large, high temperature ovens and then flash frozen at very low temperatures. Due to this process, our products do not require additional preservatives. Bakery is a grain-based industry which is beneficial in terms of producing sustainable and low-carbon food. We recognise that sustainable sourcing and energy efficiency are critical to delivering our Sustainability Strategy.

On the social side, successful bakeries rely on skilled and committed colleagues. As such our experienced and valued employees rely on us to make sure we have safe workplaces and produce high-quality products for our customers. This report shows that we are progressing well on the Social part of our ESG plan.

On the Governance side, ARYZTA has a robust governance model and this is also being extended to ESG. Our commitment to long-term sustainability is embedded in our governance structure, which has been designed to provide oversight, accountability and transparency from the highest levels. Our Sustainability report sets out our governance and accountability responsibilities at the executive and board level along with our strategy, and measurable targets at other levels of ARYZTA. These are discussed regularly at board level to ensure delivery and performance remain on track.

Alejandro Legarda Zaragueta
Chair Governance, Nomination & Sustainability Committee

ABOUT THIS REPORT

ARYZTA is committed to actively contributing to a more sustainable planet and society. We can already demonstrate a number of positive improvements, through our efforts to create a more sustainable supply chain, by collaborating with customers on sustainable product and packaging innovation and by continuously improving the environmental efficiency of our own operations. Our focus on the safety, health and well-being of our employees, and our community involvement, are also critical components. This report celebrates the many initiatives already in place but, importantly, now lays out our ambitious five-year goals. In so doing we are enhancing the transparency of our approach to sustainability and to communicating our sustainability performance to our stakeholders.

This report covers our operations from 1 January 2022, through to 31 December 2023. It sets out our newly developed Sustainability Strategy, finalised in 2023, with our 3 Pillars and 13 Goals, as further described on page 100. The baseline year for our Goals is 2022, unless otherwise stated. The Strategy is based on the in-depth materiality assessment conducted in 2022. The report brings to life the real-world implications of these goals through case studies and stories of the valued work our employees are doing. In addition, it outlines how we are collaborating along the value chain, with suppliers and customers alike, to support the broader sustainability journey.

This report addresses the requirements of Art. 964a et seqq. of the Swiss Code of Obligations (see Appendix 1 for details and content cross references). It was prepared with reference to the Global Reporting Initiative (GRI) Standards 2021 and Task Force on Climate-Related Financial Disclosures (TCFD), that are of interest to many of our stakeholders.

Since the company changed its fiscal year in 2023, the data included within this report is representative of the company's activities from January 2022 onwards. The data therefore reflects the company's new financial year, which is now aligned with the calendar year. This allows us to set a consistent baseline for our five-year sustainability targets. In 2022 and 2023 we reinforced our sustainability governance structures and reported our progress through platforms, such as CDP, which covers climate-related disclosure from over 23,000 companies.

On page 4–11 of this Annual Report, we describe our business model, business performance and results.

External assurance on key metrics has been carried out by Ernst & Young Ltd for the reporting year 2023 (see assurance letter page 143–145).

For any queries about this report please contact: Paul Meade, Head of Communication **Paul.Meade@aryzta.com**

SUSTAINABILITY HIGHLIGHTS 2023

New Sustainability Strategy launched

including 3 Pillars and 13 Goals to focus our actions

3% reduction in Scope 1 and 2 GHG emissions

2023 compared to 2022

Science Based Target initiative

formal commitment made

Focus on regenerative agriculture

in 2023, collaboration with KLIM* resulted in over 7,000 tonnes of CO_2 emission reduction

31% increase in Renewable Energy use

in 2023 compared to 2022

Investment process

Sustainability lens is a key driver in Western Australia investment leading to a substantial reduction of food miles, access to renewable energy and job creation

16% reduction of Food Waste

in 2023 compared to 2022, within our operations

Communities and charities

Positive engagement by our businesses

*See Appendix 5

STRATEGY

Our new Sustainability Strategy has been developed by multiple workstreams and projects including a materiality assessment, risk assessment, regulatory reviews and other stakeholder engagement activities over 2022 and 2023. We believe that it fairly addresses our management of the impact on the environment and society, meets the needs of our stakeholders and prepares our organisation for long-term sustainable value creation.

We are confident that our Sustainability Strategy and goals address many of the key issues that were identified during our engagement process and materiality assessment (see next section). Our ambitions are arranged under three over-arching Pillars, supported by 13 Goals, set out below, that will help our teams drive tangible action across the organisation and within our value chain. In Appendix 3: Metrics and Targets, the details of progress made against these goals can be found, where applicable.

GOVERNANCE

ENVIRONMENTAL EFFICIENCY

–34% **Greenhouse Gases** – 34% reduction of scope 1&2 emissions by 2028, from a 2022 baseline*

–10% **Water usage** – 10% reduction in non-product water use by 2028, from a 2023 baseline

–20% **Food Waste** – reduce operational food waste by 20% by 2028 from a 2022 baseline

INSPIRING INNOVATION

40% **Clean/Health labelling** – 40% of New Product Development will fall into the **«ARYZTA – Better For You»** criteria by 2028*

Sustainable sourcing for ARYZTA products:

25% Wheat supplies from **Sustainable/ Regenerative Agriculture** – 25% share on a mass balance basis by 2028*

–30% **Virgin Plastic usage** – from a 2023 baseline, 10% reduction by 2026 and 30% by 2028, through recycling, use of recycled material and non-plastic materials*

100% Sell products with **100% Certified palm oil** – at least with mass balance supply chain certification by 2024 and with segregated supply chain certification by 2026*

100% Sell products with **100% Certified Cocoa Beans** by 2026*

100% Sell products with **100% Cage-free eggs** by 2026*

OUR PEOPLE & COMMUNITIES

100% **Human Capital Development** – Each business unit will have in place training and development plans for 100% of employees, so that on average each employee receives a minimum of 3 days role-specific training annually, by 2028

–50% **Workplace Health & Safety** – Reduce our Total Recordable Incident Rate by 50% by 2028 from a 2023 baseline*

3.5 **Supply chain due diligence** – each of our sites / businesses reporting through SEDEX, to achieve an average score of at least 3.5 (out of 5) by 2028*

500 We will assess **supply chain risks** of our top supplier manufacturing sites, according to our Risk Materiality Assessment Process, utilising **SMETA audits**:*
- with 200 or more of our supplier sites, audited by end of 2025
- and additional 300 supplier sites, audited by end of 2028

*See Appendix 6: Glossary

STRATEGY

By aligning our Business and Sustainability Strategies (see page 11), we can ensure that the focus on sustainability delivers tangible value to ARYZTA and all our stakeholders. For example, our efforts to develop an "ARYZTA – Better For You" product framework, including health, nutrition and environmental considerations meets the growing awareness and demands from consumers. At the same time, our focus on regenerative agriculture brings more sustainable and potentially healthier ingredients into our products. By integrating more products grown regeneratively within our supply chain we also reduce GHG emissions.

Our supply chain due diligence and work in raising awareness of key issues is important in reducing risks related to human rights and the environment, whilst also securing long-term partnerships with suppliers who share our commitment to these topics.

In 2023 we revised our capital expenditure decision-making process to apply a 'Sustainability Lens' to all our investment projects, in addition to existing financial key performance indicators.

By creating a joined-up approach, we can strengthen customer relationships, enhance operational efficiency, lower costs, create less waste and better utilise the resources we need.

All ARYZTA businesses have adopted this Sustainability Strategy, and are progressively embedding its ethos and specific goals into their individual business strategies.

We acknowledge that ARYZTA is at an early stage in its Sustainability journey. This strategy will help us move forwards quickly and minimise risk. As such, ARYZTA is actively building out frameworks (built on a risk management strategy utilising a Plan Do Check Action cycle), under each of the 13 goals. ARYZTA will then share and show progress against these in our 2024 Sustainability Report.

We have aligned our 13 Goals to the United Nations Sustainability Development Goals (SDGs) and these are summarised in Appendix 7.

This strategy will support the execution of our long-term value creation framework.

MATERIALITY

To help us develop the strategies and capabilities to achieve our goals, we have continued to build and nurture strong, reciprocal relationships with our stakeholders. In 2022, this included an extensive consultation, involving internal and external stakeholders, to identify key topics that will be critical to the sustainable performance of our business and which are seen as important by our partners and stakeholders. We spoke to over 40 stakeholders in our organisation, covering multiple functions and geographies, including our top management, commercial and operational teams. Outside ARYZTA, we spoke with major customers, suppliers and several of our major investors.

The outcome of this work has helped us shape a new set of strategic priorities that integrate positive sustainable impact with performance. In particular, our stakeholders appreciated the focus we have on compliance, especially with regard to Food Safety & Quality and Health & Safety standards.

Stakeholders also flagged the importance of good corporate governance to the overall success of our strategy, as well as driving effective environmental management, responsible sourcing and our ability to meet customers' varied dietary needs. These topics have been mapped to our strategic pillars and prioritised, as illustrated on our materiality matrix.

We understand that external and internal dynamics constantly change, therefore our Sustainability Working Group (comprising colleagues representing all of our businesses) and our Sustainability Steering Committee (made up of senior leaders) carried out a review of our material issues in the fourth quarter of 2023 and confirmed that they remain highly relevant to ARYZTA. The conclusion was that there were no significant additions or changes to the material issues previously identified.

Materiality Matrix:

Key priorities were identified as having increasing importance for both our business and our stakeholders. These are categorised into 3 Key Pillars:

1. **ENVIRONMENTAL EFFICIENCY**
   - To minimize our carbon footprint and effects of climate change
   - To reduce waste and water and improve circularity in our systems
2. **INSPIRING INNOVATION**
   - Collaborate with our customers and suppliers for sustainable innovation
   - To serve our consumers more sustainable products with a better nutritional profile
3. **OUR PEOPLE AND COMMUNITIES**
   - To improve the lives of our people and our communities

STAKEHOLDER ENGAGEMENT

We actively engage with our stakeholders to understand their perspectives, gather feedback, and incorporate their input into our decision-making processes. We have established formal mechanisms for stakeholder engagement, such as regular dialogues with investors, customers, employees, suppliers, and local communities. We monitor market developments to ensure we stay abreast of key trends in sustainability.

WHO?	KEY TOPICS ADDRESSED	COMMUNICATION CHANNELS
Employees	Group strategic agenda/priorities Safety and support at work Career development Reward framework	HR email communication Townhall meetings
Board	Sustainability Strategy roll-out Performance against the goals Compliance with relevant ESG legislation Review of Risks and Opportunities Allocation Resource needs	Quarterly reporting to Governance, Nomination & Sustainability Committee / Audit Committee
Customers	Insights on consumer trends Stable supply of high-quality products and ingredients Food safety and quality Sustainable strategy alignment, engagement on projects across the supply chain	ARYZTA Customer Survey Account management and sales team engagement Key Customer meetings Customer reporting through platforms and ad-hoc questionnaires Sustainability reporting
Suppliers and business partners focused on sustainability	Responsible sourcing and use of raw materials Long-term, sustainable partnerships Positive environmental and social impact Ethical business conduct	Supplier Code of Conduct Supplier engagement regarding sustainability SEDEX and other specialised platforms Industry wide collaboration around sustainability
Shareholder/Analysts	Business performance and strategic topics including ESG	Investor meetings, investor conferences, regular results presentation updates and our Annual General Meeting (AGM) Investor and proxy questionnaires
Financial institutions	Business performance, Financing and Refinancing options	Bank and Bondholder Meetings
Industry Organisations	Sustainability initiatives Supply-chain issues Government initiatives and regulations	Regular working group meetings

RISK MANAGEMENT

Sustainability and risks associated therewith, are integrated into our Enterprise Risk Management Process (ERM) and assessed both at local and Group level. The Audit Committee oversees the overall progress on the ERM risk mitigation plans while the Governance, Nomination & Sustainability Committee monitors specifically the ESG risks on behalf of the Board of Directors. The Group Head of Sustainability and ESG reports regularly to the committee on the implementation of the Sustainability Strategy and related risk management.

Risk mitigation plans are also developed by each business, with progress reviewed in the ERM Top Risk Assessment Cycle.

In 2023, we conducted a scenario-planning workshop, attended by operational leaders from across the Group, focused on the risks the company might face as we approach the 2030 horizon. Common themes that emerged were around climate risk's impact on supply chains and technological developments (both disruptive and constructive).

In 2024, we plan to conduct a scenario analysis in line with recommendations from the Task Force on Climate-related Financial Disclosures, in order to assess the transition and physical climate-related risks and opportunities upon the company.

Risks and opportunities are identified through:

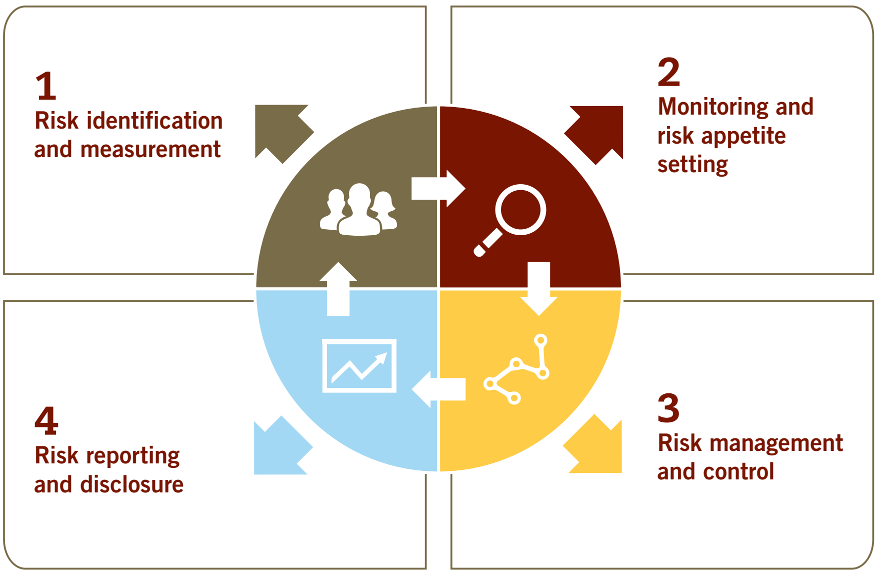
a) Our ISO14001, ISO50001 and ISO45001 management systems at businesses/sites with these in place, are evaluated annually.

b) A standing agenda item at our Sustainability Steering Committee. New opportunities to adopt more sustainable practices are evaluated by the Committee on a quarterly basis.

c) Materiality assessments: Each year our Sustainability Steering Committee will assess the materiality matrix to determine if it remains relevant or if a fuller reassessment is required for part or all of the matrix.

d) Our Group Enterprise Risk Management (ERM) process, with a time horizon of up to 10 years on an annual basis.

Group Enterprise Risk Management Process



RISK MANAGEMENT

Key Risks

Climate change poses potential large-scale physical and transition risks to agriculture and our suppliers within the sector. These risks include the potentially increased frequency of extreme weather events, leading to food supply chain disruption. Having a wide base of suppliers can mitigate this risk to a large degree, but we are also working with all our suppliers to adopt more sustainable practices (e.g. regenerative agriculture), which can help increase resilience to climate change and extreme weather events.

It is widely understood that certain elements of the supply chain have the potential to pose particular environmental and human rights risks. For example, raw materials could come from areas where child labour remains a risk and the protection of the environment may be less well controlled. Such practices could expose ARYZTA to potential productivity issues and reputational risks. We work with our suppliers to identify and mitigate these risks, starting with the most at-risk commodities and geographies (See Supply Chain Due Diligence section for further details on pages 130–131). We have put in place strong governance and assurance processes to mitigate these risks.

In reviewing our water usage, we assessed our bakery sites against water-scarcity risks and projections for changes in water availability over the next five years. Although, no near-term material risks were ascertained, we believe that our goal to reduce water consumption is a sensible and pro-active response to the imperative of conserving our valuable natural resources.

We manage these risks primarily through:

1. Our Enterprise Risk Management process which allows for a regular evaluation of key risks by a wide range of business leaders within ARYZTA.
2. Our supply chain due diligence processes, including requirements for suppliers to adhere to our Supplier Code of Conduct, supported through a third party supply chain assessment platform.
3. Third-party Environmental, Social and Governance (ESG) audits on selected suppliers based on a risk-hierarchy approach.
4. Our Risk Committee which reviews inputs from businesses and functional areas in assessing material risks.
5. Our Group materiality assessment which identified areas of opportunity and risk from stakeholder perspectives.
6. Investment into projects and partnerships that enable the transition to sustainable sourcing of ingredients, and increasing the food supply chain's resilience to, amongst other, adverse impacts due to climate changes.

Our process for identifying and measuring sustainability-related risks allows us to prioritise which risks are most material to the company's business model (which the core report will focus on). By integrating our Sustainability Strategy into our business-strategic processes, we can address these risks more effectively.

GOVERNANCE

Creating a strong foundation for sustainability

We believe that effective governance is essential to ensure the long-term success of our business while also addressing the sustainability challenges we face. To embed our commitment to long-term sustainability, our governance structure has been designed to provide oversight, accountability and transparency to the highest level.

Our sustainability governance model ensures clear accountability for our Sustainability Strategy, targets, data and performance.

Board Oversight: The Board is responsible for setting and approving the Company's environmental, social and governance ESG/Sustainability Strategy proposed by management including the measures which ensure the Company's sustainability and how its long-term strategy relates to its ability to create shared value. The Board is responsible for approving the Company's report on non-financial matters.

Governance, Nomination & Sustainability Committee: To reflect the importance of sustainability to our business, the Governance and Nomination Committee has recently been renamed the Governance, Nomination & Sustainability Committee. The Committee, comprised of independent directors, provides focused oversight and guidance on sustainability matters. These responsibilities are enshrined in the amended Terms of Reference, and sustainability is a standing agenda item in every committee meeting.

The Committee's responsibilities include oversight over the structure and content of the Company's ESG/Sustainability Reporting and validating the Company's overall approach is in line with the Company's ESG/Sustainability Strategy and applicable reporting requirements and regulations. In order for the Governance, Nomination & Sustainability Committee to discharge its duties on ESG and sustainability matters, the Chair of the Governance, Nomination & Sustainability Committee can procure advice from any third party independent advisor.

Sustainability governance model

GOVERNANCE

Audit Committee: As set out in the Terms of Reference for the Audit Committee, it is tasked by the Board to have oversight on the accuracy of the Company's financial and ESG/sustainability reporting and validates that the data reported complies with applicable ESG/sustainability reporting requirements and regulations.

Executive Management Committee: Our executive leadership team is responsible for integrating sustainability within our day-to-day operations. The Group Interim CEO and other senior executives are accountable for driving sustainability performance across the organisation and cascading sustainability goals and targets to relevant departments and teams.

Our Chief Operations Officer (COO) is the senior management leader responsible for reporting on sustainability matters, with specific, clearly defined personal targets on sustainability to achieve as part of their compensation package. The COO works closely with the General Counsel on Governance issues and the Group Chief Human Resources Officer and Group Chief Procurement Officer on social topics, each having specific sustainability related annual targets to achieve.

Sustainability Steering Committee: The Sustainability Steering Committee is made up of senior executives and functional leaders chaired by the Group Head of Sustainability and ESG. This Committee plays an important role in the development, review and endorsement of our corporate sustainability goals and strategy. Periodically, the committee assesses the significant social, ethical, and environmental risks that might impact the long-term business or impair ARYZTA`s objective to be recognized as a leading responsible company.

Sustainability team: During the course of 2023, the COO has refreshed and expanded the specialist team focused on driving forward our sustainability ambitions. A newly appointed Group Head of Sustainability and ESG brings a wealth of experience to the role and helps shape both the strategy development and its implementation. A key message is that every individual has a responsibility to promote sustainability within the business and that it is a shared responsibility for the benefit of all stakeholders.

New Human Rights Office

We established a Human Rights Office in our German business in compliance with the local Lieferkettensorgfaltspflichtengesetz (LkSG legislation). We determined that a committee structure would be the best approach to promoting the supply chain due diligence agenda by involving senior leaders, at a local and central level, with clearly defined objectives. This sets aprecedent for implementing similar structures across the Group as similar laws and regulations may emerge in other local jurisdictions where we operate.

GOVERNANCE

The Board and Executive Management Committee have put these structures in place in order to ensure that sustainability matters receive required attention and diligence. During the course of 2023, the global senior management leadership team (which includes the Managing Directors of each of our local businesses) was fully briefed about our sustainability agenda, implementation and the next steps in our sustainability journey at an in-person workshop led by our sustainability leaders. We will continue the journey of raising awareness and training our people on sustainability throughout 2024 and beyond.

Additionally, the Board attended an ESG training workshop led by external advisers, covering a range of topics including the evolution of the regulatory environment, value creation through sustainability, green financing and growing stakeholder expectations.

At ARYZTA, we believe that strong sustainability governance is absolutely essential to stay aligned with our key stakeholders, to create long-term value for and contribute to a more sustainable future. We are fully committed to upholding the highest standards of governance and transparency in conducting our business as we navigate the complex sustainability challenges of our time.

Anti-bribery and Corruption

Giving or accepting bribes in any form is a serious misconduct because it poses risks to society, particularly by contributing to social and economic inequality and political instability, and risks to ARYZTA through fines and loss of business due to reputational damage. Accordingly, zero corruption is ARYZTA's goal. To prevent ARYZTA from engaging in or contributing to corruption, ARYZTA has established a clear policy that it will not pay bribes or kickbacks and will not accept corrupt behaviour in its value chain at any time or for any reason.

This prohibition is set out in the ARYZTA Global Employee Code of Conduct, which must be accepted by all employees and the ARYZTA Supplier Code of Conduct. As part of the induction program of each employee joining ARYZTA, employees are to be briefed on the content of the ARYZTA Global Employee Code of Conduct. In 2024, ARYZTA will conduct regular employee training that includes anti-corruption standards via e-learning platforms and/or in person training.

In order to enable the confidential reporting of suspected corrupt behaviour by external parties as well as our employees, ARYZTA has extended the coverage of the whistle blowing hotline "Open Talk" to our supply chain and other stakeholders. During the reporting period, no corrupt practices in the form of improper payments, bribes or kickbacks were reported through the whistle blowing system. For 2024, the Compliance function will be instrumental in ensuring that ARYZTA's anti-corruption policies are fully understood and implemented throughout the ARYZTA Group, and in deploying systems to measure awareness across the Group.

ENVIRONMENTAL EFFICIENCY

"OUR NATURAL RESOURCES – AT THE CORE OF OUR OPERATIONS"

Our Sustainability Policy recognises the need for us to continuously evaluate how we can improve our environmental efficiency. This policy sets out our commitment across a range of environmental and social areas including greenhouse gas (GHG) emission and water use reduction, along with food waste minimisation. A number of our sites have ISO14001 and ISO50001 certifications, and annually review impacts and opportunities.

Climate Change

It is estimated that the food sector contributes to about one quarter of human-caused greenhouse gas emissions.

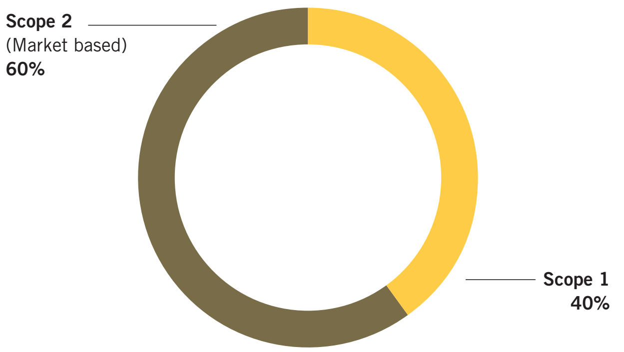
Our own impact in this respect is measured through our operational footprint (Scope 1 and 2 emissions) and our value chain (Scope 3 emissions). A GHG footprint screening revealed that most of our emissions can be attributed to the procurement of raw materials and other products and services. While projects to reduce these emissions are already underway (see 'Transforming the food system one farm at a time', pages 116–117), our methodology for measuring our Scope 3 footprint is under revision, due to recent changes in international standards.

In our operations, efforts to reduce emissions revolve around energy efficiency and a focus on refrigeration. For calendar year 2022, in accordance with the Greenhouse Gas Protocol, we established a baseline emission inventory, implemented a monitoring system and began to develop a climate-transition roadmap.

ARYZTA formally committed to the Science Based Targets Initiative (SBTi), in October 2023. Setting climate change-related targets in line with the SBTi ensures that our own targets are consistent with the level of decarbonization required to keep global temperature rise to no more than 1.5°C, compared to pre-industrial levels. We are currently undergoing the target setting and validation process.

Our operational footprint is dominated by our on-site fuel use and purchased energy impact (see figure 1). To address these, our energy reduction strategy is well-developed. It focuses on an approach called 'Reduce, Produce and Procure'.

GHG Emissions by scope, CY 2023 (228,651 tonnes CO_2e)
%



Scope 1 emissions by source, CY 2023
%

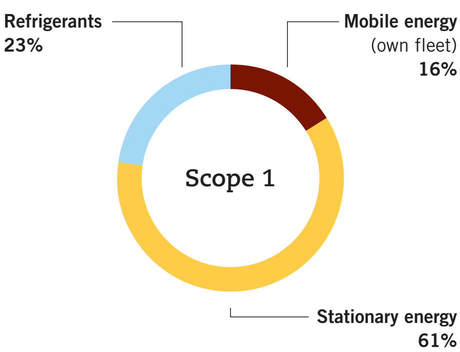


Figure 1: GHG Emissions

ENVIRONMENTAL EFFICIENCY

Reduce focuses on optimising energy efficiency at our sites. Many of our sites have already implemented initiatives to map their energy usage and reduce the consumption of their most energy-intensive processes, such as baking and freezing (see case study 'Mette Munk – Cool Heat', page 112).

Produce, focuses on on-site renewable energy production. Overall our renewable energy use increased by 31% and now contributes to 13% of our total energy consumption.

Procure seeks out the most impactful and cost-effective renewable energy sourcing options available on the markets we operate in.

With on-site refrigeration and refrigerated transportation being a crucial part of serving our customers, many of our sites use, or are in the process of adopting, natural refrigerants such as ammonia. Addressing transportation emissions are a smaller, but nevertheless important part of our GHG emissions reduction approach (see Figure 2)

In 2023, several of our businesses have started pilot projects to test the electrification of our delivery trucks. In addition to this, a number of our businesses are also in the process of transitioning to, or have already migrated to, hybrid or electric passenger vehicles, reducing petrol and diesel fuel consumption.

We are pleased to see that our total Scope 1 and 2 emissions decreased in 2023 by 3%, with Scope 1 decreasing 6% from a 2022 basis. Additionally our energy intensity per revenue decreased by 13% (see Appendix 3: Metrics and Targets).

Figure 2: Electric Truck used by Hiestand Switzerland

ENVIRONMENTAL EFFICIENCY

Cool Heat

When heat is cool (Mette Munk, Denmark)
Our cooling compressors are designed to cool heated thermal oil using a heat exchanger. Typically, this results in large volumes of hot air being released into the atmosphere.

At Mette Munk, we realised there was an opportunity to reduce GHG emissions and save costs: Instead of blowing this excess heat into the atmosphere, we devised a means by which the energy could be used to heat water used in production and cleaning operations, as well as to heat the building (Figure 3). Sometimes, especially in the summer, the facility produces more hot energy than consumed on site, so we divert this into the district heating system.

Along with other energy-reduction projects, such as the upgrading of space heating systems, the site has reduced its purchased energy requirements by nearly 50%.

Figure 3: Capturing cool energy

Powered by Solar

Renewable energy powering baking, (ARYZTA Iberia, Spain)
At our bakery in Madrid, Spain, we have successfully installed a large rooftop photovoltaic system to capture solar energy and convert it into green electricity.

Figure 4: Solar Panels across our Madrid Bakery

Our investment in solar photovoltaic panels is producing almost 10% of our total site energy consumption requirements – more than 680MWh. This is a very visible statement of our commitment to meet our sustainability goals, and comes with significant cost savings.

Figure 5: The Solar Team – ARYZTA Madrid

ENVIRONMENTAL EFFICIENCY

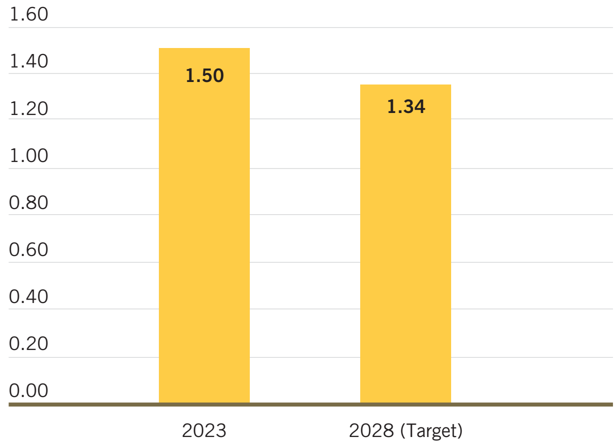
Water Resources

Water is vital to the growing of our raw materials, our recipes, and for sanitation and food safety needs. By 2025, it is estimated that 50% of the world could be living in areas facing water scarcity and by 2030, 700 million people could be displaced by intense water scarcity. Water stress poses a risk on food production and supply chains. To minimise production risk and play our part in reducing global water stress, we are committed to optimising our water use in all our bakeries and in our supply chain.

Our Sustainability Policy calls out our commitment to protect natural resources including water.

Our goal is to reduce non-product related water use by 10% by 2028, from a 2023 baseline. We are developing several water use reduction programmes and training aimed at balancing water use in cleaning our plant and equipment with maintaining robust food safety and hygiene standards. We also manage wastewater quality at our sites, through routine sampling and, at some locations pre-treat wastewater before discharging to local municipalities.

Non-product related water consumed / Tonne of product produced
m^3/tonne



Food waste

The global food production system consumes vast amounts of energy and water, and can deplete the natural fertility of soil through industrial farming techniques. It also releases GHG emissions into the atmosphere, often introduces pesticides into ecosystems and has been shown to contribute to a loss of biodiversity, in particular through deforestation. On top of that, around 17% of global food production is wasted – and with it all the resources invested in its production and cultivation and the associated damage caused to the environment[1]. In total, some 3.3bn tonnes of CO_2 emissions are released into the atmosphere every year because of food waste[1]. It is clear that minimising food waste in our operations must be a cornerstone of our Environmental Efficiency roadmap.

Food waste can be generated in our bakeries during the manufacturing of our products, in our logistics operations and at the point of sale. Our Key Performance Indicators Policy booklet describes how to measure and report these metrics. With our goal to reduce food waste in our operations by 20%[2] (by 2028, from a 2022 baseline), we employ a comprehensive strategy that emphasises the importance of staff training, optimising equipment, implementing intelligent changeover schedules, and driving continuous improvement initiatives. By understanding the root causes of waste, we can identify waste hotspots and major contributors.

1 UNEP Food Waste Index Report 2021 : https://www.unep.org/resources/report/unep-food-waste-index-report-2021
2 ARYZTA measures its progress on reducing food waste by calculating the share of food waste in proportion to the raw material input used in our production. Food waste includes, amongst others, scrap, nonconformity and handling damages. We aim to reduce our food waste by 20% by 2028 from the 2022 level.

ENVIRONMENTAL EFFICIENCY

The commitment to minimising food waste extends to our value chain and is reflected in our Supplier Code of Conduct which sets forth that our suppliers have a responsibility for minimising negative environmental impacts, with a specific focus on waste reduction. For ARYZTA's operations, our commitment to the reduction of waste is set out in our Sustainability Policy.

Our approach follows the established Plan-Do-Check-Act (PDCA) sequence, a well recognised standard in our industry. Enhanced by cutting-edge measurement and analytical technologies, this approach provides a robust framework to identify waste causes and systematically implement measures that can help us meet ambitious reduction targets.

Overall, we have made good progress in 2023, reducing our food waste as a share of our raw material input by 16% from a 2022 baseline.

Figure 6: Food waste reduction 2023[3]

Fighting food waste beyond our operations

Outside our own operations, we are working to reduce food waste in our supply chain. In several of the markets we operate in, we have built successful partnerships with non-profit and for-profit organisations that provide collaborative platforms to reduce food waste.

ARYZTA Ireland has signed the Environmental Protection Agency's Food Waste Charter as a Bakery Champion and, in 2022 and 2023, respectively, donated 4.6 tonnes and 3.8 tonnes of surplus food to the social enterprise FoodCloud.

In Hungary, towards the end of 2023, we developed a partnership between Munch and the Fornetti franchise system, to promote the sale of products approaching their expiry date. Within the first two months, 1,122 packages of food were saved through this programme.

A similar initiative is in place in Poland, where we have participated in the Too Good To Go system since 2021, preventing 12,200 packages from becoming waste.

3 ARYZTA measures its progress on reducing food waste by calculating the share of food waste in proportion to the raw material input used in our production. Food waste includes, amongst others, scrap, nonconformity and handling damages. We aim to reduce our food waste by 20% by 2028 from the 2022 level.


INSPIRING
INNOVATION

"SUSTAINABILITY – FROM FARM TO CONSUMER"

ARYZTA is proud of its long history in developing exciting and delicious new products. With our Sustainability Strategy now gaining traction, we are able to innovate at several stages of our product journey, from the raw material sourcing to the end-consumer. By encouraging sustainable innovation we can advance our Sustainability Strategy at a faster pace.

Transforming the food system one farm at a time

Regenerative agriculture – referring to agricultural practices that have low, no, or net-zero impact on the environment – is one of the most productive ways in which we can help create more sustainable outcomes from our business activities.

IP-SUISSE MEHL · FARINE

We actively support regenerative agricultural practices that promote biodiversity, both above and beneath the soil, such as growing cover crops, multi-species intercropping and reducing the usage of chemical fertilisers. Improved soil health, enhanced water retention and better crop yields are co-benefits that we want to protect and enhance.

Figure 7: Regenerative farmed fields, KLIM*

Our goal is to source 25% of our wheat from regenerative agriculture sources by 2028.

Our Hiestand business in Switzerland has been fully engaged with regenerative agriculture for some years. In Switzerland, under the IP-SUISSE scheme, the benefits of this sustainable form of agriculture are recognised and sought-after by consumers, who look for the Ladybird symbol – over 70% of our Swiss products are sold under the IP-SUISSE label. Switzerland is a mature market for regenerative agriculture. We are using key learnings from the country to develop similar regenerative agriculture supply chains with partners in other markets.

*See Appendix 5

INSPIRING INNOVATION

Our partnership and collaboration, for instance, with Berlin-based AgriTech start-up KLIM, is already resulting in significantly reduced GHG emissions in our flour supply chain. Through close collaboration with grain farmers, KLIM introduced regenerative practices, such as sowing peas and field beans, intercropping and reducing the usage of mineral fertilisers. This has resulted in a significant reduction of at least 7,000 tonnes of GHG emissions in 2023 for ARYZTA (exact quantity pending final certification). KLIM's digital platform and proprietary Measurement, Reporting, and Verification (MRV) technology is specifically designed for facilitating a farmer-friendly transition to regenerative agriculture.

Figure 8: Comparison of root growth, from KLIM

The transition to regenerative agricultural practices is a gradual process that often spans several years, and our financial support helps farmers with the conversion risks. Our commitment to supporting this transition has already allowed us to contribute to the growth of regenerative agriculture in 2023. We are now looking forward to expanding our long-term commitment to regenerative agricultural practices.

In Australia, we have been working with our wheat supplier Allied Pinnacle to fund regenerative agriculture projects – both for our own trials and by supporting the Allied Pinnacle partnership with the Cool Soil Initiative. This is a 'paddock-to-product' partnership that works with farmers through regional farming collectives. It works to test and validate management practices that can then mitigate farms' GHG emissions and support the ongoing sustainability, productivity and profitability of farming enterprises.

With our focus on developing more sustainable partnerships, we have an ongoing western-European project, which is joining up with farmers, millers and customers to create a product made from certified regenerative, locally sourced flour. Once fully developed, we hope this will convince more farmers that regenerative agriculture represents a sound business model.

Our strategy for developing regenerative agriculture for flour on a wider scale is summarised in the chart below. We acknowledge it is not possible to rapidly develop fully segregated regenerative supply chains in all markets. Figure 9 shows the three strands of our strategy: leveraging existing markets, growing the number of farms utilising regenerative practices, and working on local field-to-consumer projects.

"Combining nature, technology and science, KLIM scales Regenerative Agriculture. Our goal: strengthen and regenerate soil health, promote biodiversity and farmer satisfaction, ensure food security and reduce greenhouse gas emissions", KLIM Director.

INSPIRING INNOVATION

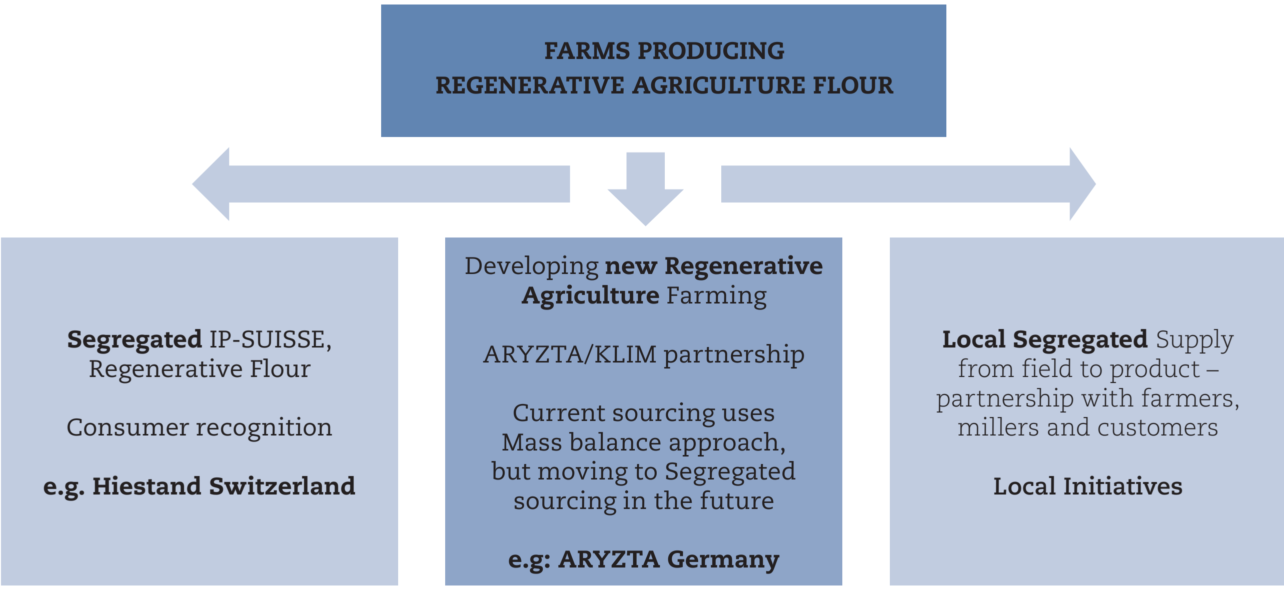


Figure 9: Regenerative Agriculture model

Circularity and packaging

Packaging is a ubiquitous and necessary part of our food system, playing an instrumental role in preserving the quality and safety of food for our customers. However, its environmental impact is of growing concern, be it through deforestation caused by unsustainable paper production or pollution due to plastic packaging. Some 430 million tonnes[4] of plastic are produced every year across the world, but the vast majority is not recycled or reused. With plastic waste collecting in water ways, seas and causing harm to animals and birds caught up in plastic objects, we have decided to focus our efforts on plastic packaging and set a goal of reducing virgin plastic use in our operations 10% by 2026 and 30% by 2028 from a 2023 baseline of just over 5,000 Tonnes.

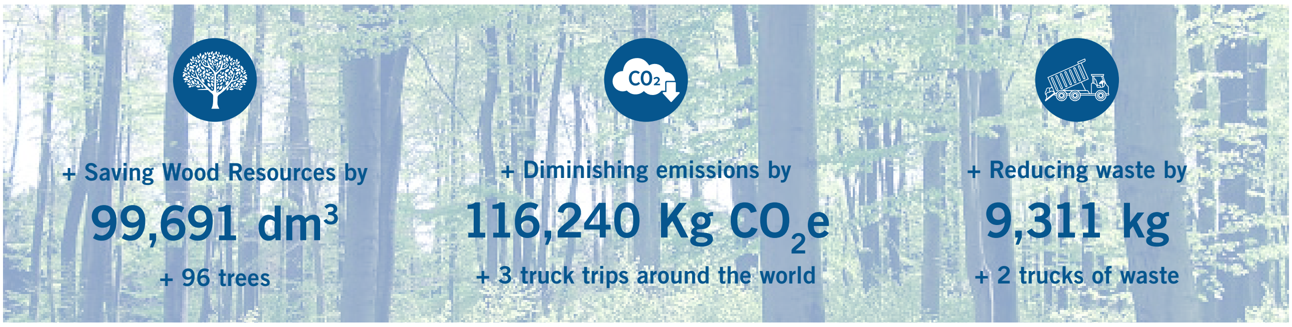
Our Sustainability Policy commits us to reducing waste and plastic use.

Our packaging technology experts have reduced the thickness of plastic packaging and initiated replacing plastic packaging with food-contact cardboard alternatives without compromising hygiene food safety factors. The new packaging protects the products and the environmental impact is much reduced. In 2023 we have established the baseline plastic consumption across our group and are looking forward to showing our progress against our targets in the coming years. Furthermore, at certain sites, we introduced a new labelling solution directly printed on the cardboard box, eliminating the need for added labels.

4 https://www.un.org/sustainabledevelopment/blog/2023/08/explainer-what-is-plastic-pollution/

INSPIRING INNOVATION

Reusable pallets saves trees, ARYZTA Poland



Saving trees, less GHG emissions, less waste!
We started cooperation with CHEP (a 3rd party pallet supplier) at our Polish bakeries to minimise the number of pallets sent to waste and help environmental protection through improved circularity by increasing the utilisation of existing pallets. We are constantly working on expanding this cooperation and last year we added a further 32,000 pallets to the system.

This initiative has saved nearly 100 trees' worth of wood and reduced Scope 3 GHG emissions by over 116,000 kg CO_2e.

Design for the future

With sustainability as a newly introduced focus area in our investment processes, we can ensure that at the design phase of projects, we evaluate sustainability opportunities and risks. Our project for a new bakery in Western Australia is a good example – by assessing a broad range of sustainability criteria, we are able to reduce the environmental footprint of our Australian operations and create positive social impact. For example, during the site selection process, we evaluated access to energy and chose a location that provides renewable electricity generated on-site. This, together with the generation of local employment opportunities, makes for a positive sustainability investment.

Clean / Health Labelling

With the health and food nutritional value of growing concern to many consumers and regulators, we have set a goal that 40% or more of new products should align to the "ARYZTA – Better For You" framework by 2028. Following EU guidelines on communicating nutritional claims, our products will be categorised based on energy, fat, sugar, salt, fibre and protein content. Using an independently verifiable methodology, where appropriate, we will clearly communicate to our stakeholders all ARYZTA products that achieve a favourable score and therefore have a positive dietary benefit. We will use this same methodology to examine how we can also enhance the nutritional profile of existing products, where appropriate.

INSPIRING INNOVATION

Our Global Food Safety Week program is to drive awareness & engagement of food safety across our bakery business by touching the hearts of all employees!

- **Standing Together for Food Safety**
- **Driving Vision Zero and**
- **Do Not Dismiss a Near Miss**

Demonstrating how everyone can make a food safety difference.

Figure 10: Food Safety

Safety First, Quality Always

Our vision is to be trusted by our customers for consistently achieving the highest possible food safety and quality standards for our industry. We work to a motto of 'Safety First, Quality Always', with a goal of zero food safety incidents. Driving our food safety strategy, and engrained throughout our business, is a culture of compliance and continuous improvement.

Our food safety programs have been built around Hazard Analysis and Critical Control Point (HACCP) principles and are regularly reviewed and updated in light of evolving global information, risk assessments and mitigation, as well as external events and learnings. We actively review our approach of food safety and quality risks through thorough and proactive risk assessments and liaising with external research bodies.

We also utilise robust preventative controls including allergen management, hygienic design of plant and equipment and rigorous cleaning systems, focused foreign-body reduction initiatives, root cause analysis, microbiological and chemical monitoring and pest control. This approach is strengthened by our extensive internal audit processes, cross-auditing and unannounced programmes, designed to identify further areas of improvement, and which spread the message that 'Food Safety & Quality is Everyone's Responsibility'. Formal reviews of our business performance in this area are conducted with senior management.

OUR PEOPLE AND COMMUNITIES

"OUR DRIVING FORCE – OUR PEOPLE AND COMMUNITIES"

At ARYZTA, we fully recognise and appreciate that our employees are pivotal to the successful delivery of our Sustainability Strategy as well as our overall business performance. It is of the utmost importance to us that we have a thriving and fully engaged workforce to support our long-term performance and deliver sustainable value creation.

We strive to play an important role in our local communities and are proud to be good corporate citizens. By supporting local charities, volunteering on local environmental and social projects, as well as engaging local workforce to join ARYZTA in good and enriching roles, we create a positive impact, making those communities stronger.

Employee Engagement

We are committed to promoting the well-being of all our employees (both physical and mental) and to ensuring that they work in a safe and harassment-free environment, with the ability to speak up freely and do the right thing at all times. By focusing on these areas, we are confident we can create high levels of positive engagement.

As part of our continued efforts to put employees first, we reviewed our Global Code of Conduct for Employees (available on our website) in 2023. Our recently revised Code clearly and unequivocally sets out the importance of our employees within our business as follows:

- Our people are valued, recognised and cared for
- We create a safe and accepting workplace
- We take time to listen
- We support their growth and development
- We work together to create an engaged, empowered, accountable and powerful team
- We cherish our cultural and regional differences
- Diversity, Equity and Inclusion are essential for our long-term success

Underpinning the above, are ARYZTA's core values of integrity, ownership, care, creativity and customer focus.

Human Capital
Helping our employees develop to their full potential is important for their future success within and outside of ARYZTA. Our Human Capital goal will support this. Led by senior leadership, each Business Unit will implement training and development plans for 100% of employees so that by 2028, on average, each employee will receive a minimum of three days role-specific training annually. Training and development areas include (but are not limited to):

- Sustainability Training
- Health and Mental Wellbeing
- Occupational and personal safety
- Code of Conduct training
- GDPR Training
- Compliance training
- Management and Leadership Skills
- Diversity, Equity and Inclusion Training

Sustainability Training and Capability Building
We recognize the importance of building sustainability knowledge and skills across our organisation. We provide training programs and resources to our employees to enhance their understanding of sustainability issues and equip them with the necessary tools to integrate sustainability into their work. We also encourage professional development opportunities for our employees in the field of sustainability.

Workplace Safety
Our employees are critical to our joint success. Providing a workplace free of preventable hazards and complying with all applicable local laws and regulations governing workplace health and safety, are our highest priority. We expect and encourage employees to report any safety concerns and issues to their line manager and/or appropriate Company Representative. ARYZTA openly encourages employees to offer suggestions regarding improving safety controls and reducing risk in the workplace, and to actively participate in safety committees and programmes on a continuing basis.

We have created a Life Saving Rules Policy, covering the top 10 Risks in our operations – these include Lock Out/Tag Out, electrical risks, confined spaces, working at height and road safety. The effective implementation of these rules is monitored on a monthly basis.

OUR PEOPLE AND COMMUNITIES

To ensure that we continue to have the right level of focus on safety at work, an experienced and senior health and safety officer has recently been recruited. The core of this programme will focus on ensuring leadership accountability, risk management, compliance and a culture of safety first. Our aim is to achieve a 50% reduction in the total reportable incident rate (TRIR) by 2028, against a 2023 baseline. In 2023 the TRIR rate was 12.17.

Ergonomic issues, as in most business settings, account for a large percentage of overall injuries and ill-health. This is an area where we focus on training and reducing risks at source. In addition, adopting technological solutions that target specific risk areas within our businesses, can also help reduce these risks.

Reducing Ergonomic risks

In our Swiss operations, we have worked to reduce ergonomic injuries of workers whose jobs require lifting by utilising exoskeletons. These support the back by spreading the load and ensure that movements that could result in muscle/back strain are controlled. A colleague who uses this system routinely, says: “The exo-system is really light and comfortable to wear, supports the back muscles and spine and makes work much easier and safer.”

Figure 11: Ergonomic exoskeleton

One step closer to climate action, Coup de Pates

In 2023, our French business, Coup de Pates, convened a ‘Climate Fresco’ workshop, to help managers and employees better appreciate the causes and consequences of climate change as well as the challenges of protecting our planet.

Figure 12: Addressing the Sustainability challenges of digital technology

The workshop was an important step towards building a more sustainable and collaborative business in which all employees feel they are part of a wider movement. We are committed to integrating the lessons learned from this experience into our strategies with our employees, partners and customers.

One focus of the workshop was on understanding the environmental challenges of digital technology. The objective was to appreciate the main actions needed to move towards a more sustainable digital world. We are ready to integrate these lessons into our daily lives and raise awareness among our employees, partners and customers, here at Coup de Pates.

Figure 13: Mapping out the puzzle

OUR PEOPLE AND COMMUNITIES

Being prepared – exercise volunteer fire department, ARYZTA Germany

We hope to never experience any high risk events such as fire at our sites. However, being prepared and trained to handle them is critical.

The extensive training conducted at our Eisleben bakery in Germany, in conjunction with the local fire brigade, shows how such cooperation benefits not just the workers who make up the on-site fire team but also experienced fire professionals, who get a chance to enhance their skills and knowledge in safe but realistic scenarios and become familiar with the site and any risks.

A training day in November 2023 involved the Helfta volunteer fire department and a delegation from the THW (Halle local fire group). It focused on respiratory protection training and involved rescuing one or more people (adults and children) from a long, narrow, smoke-filled room with severely restricted visibility and filled with obstacles, such as overturned tables and chairs, cardboard boxes and flashing warning lights.

Figure 14: Fire training

The mayor of Lutherstadt Eisleben participated in the exercise in order to understand more about the training of the rescue and emergency services.

Assessing our operational sites

As one of our goals, we have set a target to move our operational sites to the upper quartile of scores under the SEDEX[5] assessment programme. The assessment provides an in-depth analysis covering environmental, health and safety, wellbeing, social conditions and human rights. It also evaluates our supply chain management. As this is a third party assessment, we gain an independent view of our site performance in these important areas. Our objective is to drive site performance levels as measured by SEDEX to an average of at least 3.5 out of 5.

Employee Well-Being

A safe & harassment-free zone – It is crucial that we provide a safe and harassment-free environment in the workplace for all employees. Our Global Code of Conduct states that no employee shall engage in any form of harassment – sexual, racial or otherwise – nor engage in any interpersonal conduct that disrupts the performance of others or creates an intimidating, hostile or offensive work environment. We do not tolerate any kind of violent, threatening or hostile behaviour, offensive comments, bullying or intimidation.

5 See Appendix 5

OUR PEOPLE AND COMMUNITIES

Whistle blower system – We have a comprehensive and readily accessible whistle blower hotline in place. Open Talk is managed by a recognised external and independent third party, and is available 24 hours a day, seven days a week, in local languages, with employees able to voice concerns on an anonymous basis. We strictly prohibit retaliation against any employee for making a report. In 2023, four cases were reported through the whistle blowing system and following a review, three of them have been closed by the end of the year.

Mental & Physical Health

Helping our employees achieve and maintain good mental health and overall well-being, will be achieved by keeping our employees informed about the benefits associated with looking after their physical and mental health, and offering well-being activities or mental health workshops on-site or nearby.

In November 2023, our senior leadership team participated in a workshop on Mental Health Resilience Building, designed to help leaders recognise negative levels of stress in themselves and their teams. We believe that leaders who understand the symptoms of stress can both practice simple stress-relieving techniques for themselves as well as helping their teams manage stress more effectively.

There have been numerous other positive mental health-focused activities held across our different businesses:

- ARYZTA Ireland implemented a 'Well-being Spring Reboot'. This was delivered with online and in-person workshops led by external experts on topics such as 'Compassion, Fatigue and Burnout', 'Stress Management', 'Anxiety to Action' and 'Move, Train, Nourish';
- ARYZTA UK engaged the services of Mental Health First Aid England to train 11 colleagues from all areas of the business to become fully certified Mental Health First Aiders, who can assist colleagues in need to find the right support and to assist in alleviating and managing symptoms of stress.

Figure 15: ARYZTA Senior Leadership Team

OUR PEOPLE AND COMMUNITIES

A number of our colleagues regularly engage in a variety of solo or team physical health activities which often have a community and/or charity connection.

Figure 16: Fitness winners, ARYZTA Poland

Collective bargaining

Given the nature of our employment environment, the inflationary landscape and the presence of labour unions across a number of our business units we have been carefully managing collective arrangements where it comes to employee terms and conditions. In this regard, and in line with many industrial peers, we have managed some short work stoppages as part of the wider framework of negotiations with employee representatives.

Diversity, equity, and inclusion (cultural diversity, age, gender, religions)

As a global business, with operations across 27 countries, we proudly embrace and celebrate the cultural and gender diversity of our workforce. Fairness and equity within our workforce are critical to our success and we also value the benefits that come with having employees across the age spectrum.

Fitness and Help, ARYZTA Germany

At our bakery in Duisburg, Germany, employees supported a local charity and helped their own well-being by participating in a joint cycle ride.

The 20 ARYZTA participants who registered for the 13km ride, were invited to make a donation to the 'McDonald's Kinderhilfe' organisation, which has been committed to the health and well-being of children and families in Germany since 1987. The foundation operates Ronald McDonald Houses, near paediatric clinics, throughout Germany, as temporary homes for the families of seriously ill and injured children.

Figure 17: Charity Riders

OUR PEOPLE AND COMMUNITIES

Setting fitness challenges with Activy, ARYZTA Poland

Keeping fit is a key element of mental and physical health. Every year, ARYZTA Poland organises a sports challenge using the Activy fitness app, with employees able to collect points for kilometres covered on foot (walking, running, Nordic walking) and on wheels (bicycle, rollerblades, etc.). The aim is to encourage physical activity, promote healthy habits and create strong teamwork experiences. In 2023, 80 employees took part, collectively covering almost 30,000km and burning over 1.2 million calories.

Figure 18: Making light work of long rides and runs

Our Employee Code of Conduct

Our Employee Code of Conduct sets out our comprehensive policy on diversity and non-discrimination in the workplace:

- **Each of our employees throughout the world deserves to be treated with fairness, respect and dignity.**
- **We are an equal opportunity employer and are committed to hiring, training, compensating, and promoting people based on their individual talents and abilities.**
- **We embrace diversity and opportunities are extended to employees and prospective employees without regard to race, colour, gender identity, religion, age, natural origin, family status, sexual orientation, disability, or any other criterion prohibited by applicable local or international laws.**
- **We respect the rights of workers to associate, or not, with any group, as permitted by, and in accordance with, laws and regulations on Freedom of Association.**
- **We adopt an open attitude to the activities of worker representation groups, who must not be discriminated against and have access to carry out their representative functions in the workplace.**

OUR PEOPLE AND COMMUNITIES

Community

Many of our sites hold open days, volunteering days and other community activities. Such endeavours allow us to engage with worthy causes and support charitable efforts by donating our time, expertise and leadership.

In 2023, our employees in Ireland raised money and donated their time to their charity partner, Ronald McDonald House. Many of our other locations also support this good cause.

In Our Communities

We believe that engaging with our communities is of great importance. Our key principles are as follows:

- **We connect with a network of communities throughout our value chain.**
- **We are committed to growing our positive impact on these communities.**
- **Our multi-local business model prioritises local sourcing, local insight and local relationships We endeavour to be an employer of choice within these communities and to give back to our network of partners.**

Engaging with local students, ARYZTA Poland

At our Grodzisk Mazowiecki site in Poland, we cooperate with the Warsaw University of Life Sciences, and students of technology and food safety regularly visit us on field trips. Our employees speak to students about the baking industry and working life at ARYZTA Poland.

This engagement creates a positive link with potential future generations of employees. We are pleased to offer students the opportunity to pursue apprenticeships and internships in our facilities.

Figure 19: Engaging students

Figure 20: Engaging students in the business of baking

OUR PEOPLE AND COMMUNITIES

Volunteering in our extended communities

ARYZTA has recently partnered with the charity "Brot gegen Not" ('Bread Against Misery'), a non-profit foundation established to help some of Africa's neediest communities. The charity and its partners provide vocational training to equip people with the skills to set up their own micro-bakery.

Brot gegen Not
The foundation helps people, mainly adolescents and young adults, who live in poverty, and are often victims of disabilities, war and natural disasters by focusing on practical vocational training in the bakery trade.

By helping people to help themselves, "Brot gegen Not" wants to give these people a positive future. Founded by Heiner Kamps, a non-executive director of ARYZTA, the foundation sets up modern, well-equipped training bakeries, where young people are trained by experienced bakers. They also receive lessons in the basics of business management, giving them the tools to kickstart a successful career in baking.

Figure 21: Brot Gegen Not kickstarts careers in baking

OUR PEOPLE AND COMMUNITIES

Supply chain due diligence

In 2023 we conducted a review of the ARYZTA Group Code of Conduct for Suppliers, by senior internal managers together with external third-party experts. Amendments were made to ensure that supply chain related issues were clearly addressed in order to comply with current and emerging laws and regulations in relation to supply chain due diligence.

In relation specifically to Human Rights including child labour and modern slavery, we have introduced the following due diligence tools:

1. The introduction of a newly revised Supplier Code of Conduct provides the first line of assurance. This contains ARYZTA`s policy with respect to child labour;
2. The implementation of a supply chain management system, including risk management, helps our team identify and assess risk and to eliminate, prevent or minimise identified risks;
3. The expansion of our whistle blowing hotline service, allows any party to raise concerns insofar as they affect our business, on an anonymous basis
4. For those ingredients that have the highest inherent risk of human rights concerns, we have developed sustainable sourcing policies with ambitious targets, including:
   a) 100% Certified Palm Oil, by mass balance supply chain certification, by 2024, and segregated supply chain certification by 2026[6]
   b) 100% Certified Cocoa Beans by 2026[6]

As a food manufacturer specialised in producing bakery products, the vast majority of our ingredient sourcing is conducted within Europe where high social and environmental regulatory standards are in place. However, in terms of sourcing certain ingredients for our products, we recognise that there are potential child labour risks inherent to specific ingredient categories, such as cocoa and palm oil.

Therefore, it is our policy that we will only purchase finished chocolate or palm oil products where the sourcing and treatment of the original commodity palm and cocoa has been assured by our suppliers. Furthermore, we are committed to using third-party certified sources of cocoa and palm oil for which independent third-party audits and robust scrutiny of local commodity production practices has taken place.

ARYZTA`s Supplier Code of Conduct was also updated to ensure compliance with International Labor Organisation (ILO) Conventions Nos 138 and 182, the ILO-IOE Child Labour Guidance Tool for Business of 15 December 2015, and the Organisation for Economic Co-operation and Development (OECD) Due Diligence Guidance for Responsible Business of 30 May 2018[7], based on the UN Guiding Principles on Business and Human Rights.

In 2024, ARYZTA will start with the establishment of a supply chain traceability system which collects and documents a description of each product or service for which there are reasonable grounds to suspect child labour. If a trade name exists, such name will also be collected and documented for each such product or service. ARYZTA has recently updated its supply chain policy contained in the Supplier Code of Conduct to put in place the relevant systems for supply chain traceability in relation to child labour and risk management and reporting procedures.

Our Supplier Code of Conduct is integrated into the framework agreement signed by our suppliers at the signature or renewal of their business contract with ARYZTA and its subsidiaries. We are focusing on the top 1,500 plus ingredient and packaging suppliers to ensure they meet our code of conduct standards, during the course of 2024.

Every year, ARYZTA spends over €1,000m, with more than 8,500 direct suppliers, to secure the materials, products, services, equipment, fluids and energy to manufacture our products and support our entire business operation.

6 See Appendix 6: Glossary
7 See Appendix 5

OUR PEOPLE AND COMMUNITIES

We address potential supply chain risks through risk materiality assessments. Regarding Conflict Minerals and the requirements of Art. 964a et seqq. of the Swiss Code of Obligations, we do not:

- Directly purchase (in the form of ore or metal), tin, tantalum, tungsten or gold (3TG) from mines, smelters or refiners
- Directly purchase Cobalt
- Exceed the limits defined in Annex 1 of the Ordinance

Our assessment is therefore that the risks are not material.

Equally, ARYZTA will complete a materiality and risk assessment across its whole supply chain by the end of 2024.

The ARYZTA supply chain materiality and risk assessment establishes, evaluates and maps:

- ARYZTA's spend with suppliers,
- Suppliers' inherent sector-based environmental and social risk
- Suppliers' geographical location based environmental and social risk.

During the course of 2023, we introduced SEDEX[8], a globally recognised and well-established supply chain management membership organisation. This is one of the world's largest collaborative platforms for businesses to share responsible sourcing data on supply chains from across the world. SEDEX allows us to:

- Gain visibility in ARYZTA's full supply chain
- Manage and assess ARYZTA supply chain risk for social and environmental matters
- Report on ARYZTA supply chain and comply with sustainability legislation

In the first round of implementation, the tool supports our materiality and risk mapping of our suppliers. Furthermore, a supplier engagement project has been initiated to bring suppliers not yet participating onto the platform. We may also use other supplier recognized platforms such as EcoVadis.

Our senior managers and procurement team have been fully trained on the SEDEX system and we will continue to raise awareness within our company about supply chain due diligence throughout 2024. As a consequence of this tool, we will now be able to review and perform due diligence on the self-assessment form completed by each of our suppliers, and, where appropriate, we may request third-party ESG audits to be performed in order to ensure compliance with our standards. In cases of non-compliance, we can request a supplier to take necessary corrective actions and, if the issue persists, we retain the right to terminate the business relationship.

Our Supplier Code of Conduct explicitly prohibits:

- **Child Labour – the company complies with all applicable child labour laws and prohibits using workers under the legal age of employment in each relevant country or where work interferes with schooling requirements under local laws and regulations.**

- **Forced labour – the company prohibits the use of prison labour; forced labour; labour under any form of indentured servitude; physical punishment; confinement; threats of violence; or any other forms of abuse.**

- **Slavery & human trafficking – the company forbids the use of slavery or human trafficking (including debt bondage) and abides strictly by local laws. Employees must comply with such laws in all countries in which the company operates facilities or does business.**

- **The Code also makes clear that we will not tolerate any psychological, verbal, sexual or physical harassment or any other form of abuse, and will comply with all applicable laws on harassment and abuse of employees.**

8 See Appendix 5

APPENDIX

Appendix 1: Summary reference for Swiss Civil Code, Part Five: The Code of Obligations Art. 964a et seqq.

AREAS COVERED	DETAILS	LOCATION
Business model		Markets and Business Model section, pg. 9–11
Environmental matters (including CO_2 goals)	Policies	Environmental Efficiency section, pg. 109–114
	Implemented measures and an assessment of their effectiveness	Environmental Efficiency section, pg. 109–114
	Main risks within operations and supply chain	Risk management section, pg. 104–105
	Key Performance Indicators	Environmental Efficiency section, pg. 109–114, Appendix 3: Metrics and Targets, pg. 134-136
Social issues	Policies	Appendix 2: Policies and Frameworks, pg. 133
	Implemented measures and an assessment of their effectiveness	Our People and Communities section, pg. 121–131
	Main risks within operations and supply chain	Risk management section, pg. 104–105
	Key Performance Indicators	Metrics and Targets to be developed
Employee related issues	Policies	Appendix 2: Policies and Frameworks, pg. 133, Our People and Communities section, pg. 122
	Implement measures and an assessment of their effectiveness	Our People and Communities section, pg. 121–131
	Main risks within operations and supply chain	Our People and Communities section, pg. 121–131
	Key Performance Indicators	Appendix 3: Metrics and Targets, pg. 134–136
Respect for human rights including modern slavery and child labour	Policies	Our People and Communities section, pg. 130–131
	Implement measures and an assessment of their effectiveness	Our People and Communities section, pg. 130–131
	Main risks within operations and supply chain	Risk Management section, pg. 104–105, Our People and Communities section, pg. 130–131
	Key Performance Indicators	Appendix 3: Metrics and Targets, pg. 134–136
Combatting corruption	Policies	Governance section, pg. 106–108
	Implement measures and an assessment of their effectiveness	Governance section, pg. 106–108
	Main risks within operations and supply chain	Governance section, pg. 106–108
	Key Performance Indicators	Governance section, pg. 106–108

APPENDIX

Appendix 2: Policies and Frameworks

We have developed a comprehensive policies and frameworks that support and guide our decision-making and operations at Group and local level.

These include our

1. Sustainability Policy,
2. Code of Conduct for Employees,
3. Code of Conduct for Suppliers,
4. Sustainable Sourcing Policy for Palm Oil
5. Sustainable Sourcing Policy for Cocoa Beans
6. Sustainable Sourcing Policy for Eggs

https://www.aryzta.com/aryzta-policies/#code-of-conduct
https://www.aryzta.com/aryzta-policies/#sustainability-sourcing

These policies outline our commitment to sustainable practices, govern our approach to managing environmental and social risks, and provide guidance on ethical conduct and responsible business practices.

In terms of the diligence adopted with respect to our existing policies, our existing governance policies were the subject of a full review in 2023 to ensure that they remain in line with current ESG related laws and regulations. This project was initiated and overseen by the Board and led by Governance, Nomination & Sustainability Committee. This involved a rigorous review of our existing policies including a gap analysis and was performed at an internal level and with external independent advisors.

At ARYZTA, we believe that strong sustainability governance is absolutely essential to stay aligned with our key stakeholders to create long-term value for our stakeholders and contribute to a more sustainable future. We are fully committed to upholding the highest standards of governance and transparency in conducting our business as we navigate the complex sustainability challenges of our time.

Performance Monitoring and Reporting:
We have established robust systems for monitoring and reporting our sustainability performance. Key performance indicators (KPIs) are tracked regularly to assess progress towards our sustainability goals. We conduct regular internal audits and external assessments to ensure the accuracy and reliability of our sustainability data. Our annual Sustainability Report provides a comprehensive overview of our sustainability performance, goals, and initiatives.

Continuous Improvement:
We are committed to continuously improving our sustainability performance and governance practices. We regularly review and update our Sustainability Strategy and targets to align with evolving best practices and stakeholder expectations. We seek feedback from external experts and benchmark our performance against industry peers to identify areas for improvement. We also encourage innovation and collaboration to drive sustainable solutions and practices.

APPENDIX

Appendix 3: Metrics and Targets

Environmental Efficiency

TOPIC	KPI	UNIT	2022	2023	% Change	TARGET
Climate Change & GHG Emissions	**Total Scope 1 and Scope 2 Market-based GHG Emissions**	**Tonnes CO_2e**	**235,655**	**228,651***	**(3%)**	34% of absolute reduction of Scope 1 and 2 Market-based emissions by 2028 from a 2022 baseline
	Scope 1	Tonnes CO_2e	98,144	91,840*	(6%)	
	Scope 2 Market-based	Tonnes CO_2e	137,511	136,811*	(1%)	
	Scope 2 Location-based	Tonnes CO_2e	101,931	103,853*	2%	
	GHG Emissions Intensity – Scope 1 and 2 emissions per revenue[3]	Tonnes CO_2e/€m	123	104*	(15%)	N/A
	Biogenic Scope 1 GHG emissions[1]	Tonnes CO_2e	977	812*	(17%)	N/A
	Non-Kyoto GHG emissions related to refrigerants[2]	Tonnes CO_2e	129	23*	(82%)	N/A
Energy	**Total Energy Consumption**	**MWh**	**656,881**	**652,605***	**(1%)**	**N/A**
	Renewable Energy Consumption	**MWh**	**62,782**	**82,193***	**31%**	**N/A**
	Of which self-generated	MWh	24	720*	2,900%	N/A
	Non-Renewable Energy Consumption	**MWh**	**594,099**	**570,412***	**(4%)**	**N/A**
	Direct Energy Consumption	**MWh**	**340,653**	**335,644***	**(1%)**	**N/A**
	Fuel consumption from natural gas	MWh	261,766	260,548*	(0%)	N/A
	Other fuel energy sources	MWh	78,887	75,096*	(5%)	N/A
	Indirect Energy Consumption	**MWh**	**316,228**	**316,961***	**0%**	**N/A**
	Electricity consumption	MWh	315,686	314,540*	(0%)	N/A
	Heating consumption	MWh	542	605*	12%	N/A
	Cooling consumption	MWh	0	1,816*	N/A	N/A
	Steam consumption	MWh	0	0*	N/A	N/A
	Energy Intensity - energy consumption per revenue[3]	MWh/€m	343	298*	(13%)	N/A
Water	Water efficiency	m^3/tonne	Measurement starting in 2023	1.50	N/A	10% reduction by 2028 from a 2023 baseline
Food waste	Reduction of food wasted as a percentage of raw material consumption	%	Baseline	(16%) reduction*	(16%)	20% reduction by 2028 from a 2022 baseline

1 Biogenic emissions include GHG Emissions from Biofuels (including fuel blends), and wood pallets and are not included in Scope 1 GHG emissions
2 Emissions from GHGs not covered by the Kyoto Protocol (e.g.: HCFC22)
3 Revenue is determined to be the pro forma revenue for CY22 and CY23 as disclsoed on page 243

*Key Performance Indicators marked with an asterisk have been assured by Ernst & Young LTD

APPENDIX

Appendix 3: Metrics and Targets (continued)

Inspiring Innovation

TOPIC	KPI	UNIT	2023	TARGET
Sustainable Sourcing	Share of sustainable/regenerative flour sourcing	%	Information unavailable, measurement system under development.	25% share on a mass-balance basis by 2028
	Share of palm oil sourced from RSPO-certified sources in products sold	%	76%[6]	100% on a mass-balance[5] basis by 2024 100% on a segregated basis by 2026
	Share of cocoa beans from certified sources in products sold	%	65%[7]	100% certified by 2026
	Share of eggs from cage-free sources in products sold	%	74%[3]	100% cage-free by 2026
	Volume of virgin plastic purchased[4]	Tonnes	5,088	30% reduction from a 2023 basis by 2028
Sustainable Diets and Nutrition	Share of New Product Development meeting the "ARYZTA – Better For You"criteria	%	Information unavailable, measurement system under development.	40% of NPD will fall into the "ARYZTA – Better For You" criteria by 2028

3 The 2023 figure for cage-free eggs relates to products produced by ARYZTA
4 The volume of virgin plastic purchased for 2023 has been extrapolated from a thorough assessment of ARYZTA's virgin plastic purchasing over the 2023 August-December period
5 See Appendix 6
6 The 2023 figure for palm oil relates to products produced by ARYZTA
7 The 2023 figure for cocoa relates to products produced by ARYZTA, excluding APAC

APPENDIX

Appendix 3: Metrics and Targets (continued)

Our People and Communities

TOPIC	KPI	UNIT	2023	TARGET
Health and Safety	Total Recordable Incident Rate	Rate per 1 m hrs worked	12.17	50% reduction by 2028 from 2023 baseline
	Fatalities as a result of work-related injury	No.	0	N/A
Human Capital Development	Share of employees with a training and development plan	%	Information unavailable, measurement system under development	Each business unit will have in place training and development plans for 100% of employees, so that on average each employee receives a minimum of 3 days role-specific training annually, by 2028
Human Capital Development	Average number of days of role-specific training received by employees	No.	Information unavailable, measurement system under development	Each business unit will have in place training and development plans for 100% of employees, so that on average each employee receives a minimum of 3 days role-specific training annually, by 2028
People and Talent	Headcount[8] of Employees – Total	No.	7,771*	N/A
	Headcount of Employees – Female	No.	2,956*	N/A
	Headcount of Employees – Male	No.	4,815*	N/A
	Headcount of Employees – Europe	No.	6,796*	N/A
	Headcount of Employees – APAC	No.	975*	N/A
	Headcount of Employees – <30 years old	No.	1,125*	N/A
	Headcount of Employees – 30–50 years old	No.	4,170*	N/A
	Headcount of Employees – >50 years old	No.	2,476*	N/A

8 Represents the total number of employees in ARYZTA at the period ended 31 December 2023. Individuals who are contracted to the Group through a third party agency are excluded from this metric

*Key Performance Indicators marked with an asterisk have been assured by Ernst & Young LTD

Technical note on GHG Calculations: Scope 1 and 2 emissions were calculated in line with the GHG Protocol Corporate Standards and Scope 2 guidance. The inventory is based on operational control consolidation methods and covers all applicable greenhouse gases emitted (CO_2, CH4, N2O, HFCs). Emission factors were sourced from recognized sources such as Department for Environment, Food & Rural Affairs and the International Energy Agency. Global Warming Potentials according to IPCC's 4th Assessment Report or later were used.

APPENDIX

Appendix 4: GRI Content Index

ARYZTA has reported the information cited in this GRI content index for the period 1 January 2022 through 31 December 2023 with reference to the GRI Standards.

STANDARD	DISCLOSURE	LOCATION
GRI 1	GRI 1: Foundation 2021	Applied throughout the report
GRI 2: General Disclosures 2021	2-1 Organisational details	Group structure and shareholders, pg. 38–39 Financial highlights 2023, pg. 4–5
	2-2 Entities included in the organisation's sustainability reporting	Significant subsidiaries are listed on pg. 217
	2-3 Reporting period, frequency and contact point	About this report, pg. 98
	2-4 Restatements of information	Not Applicable
	2-5 External assurance	Ernst & Young Ltd assurance letter, pg. 143–145
	2-6 Activities, value chain and other business relationships	Markets and Business Model, pg. 10–11
	2-7 Employees	Appendix 3: Metrics and Targets, pg. 134–136
	2-9 Governance structure and composition	Corporate Governance Report pg. 27–62 Governance section pg. 106–108
	2-10 Nomination and selection of the highest governance body	Corporate Governance Report pg. 27–62 Governance pg. 106–108
	2-11 Chair of the highest governance body	Corporate Governance Report pg. 27–62
	2-12 Role of the highest governance body in overseeing the management of impacts	Governance section pg. 106–108
	2-13 Delegation of responsibility for managing impacts	Governance section, pg. 106–108
	2-14 Role of the highest governance body in sustainability reporting	Governance section, pg. 106–108
	2-15 Conflicts of interest	Corporate Governance Report pg. 27–62
	2-16 Communication of critical concerns	Governance section, pg. 106–108
	2-17 Collective knowledge of the highest governance body	Governance section, pg. 106–108
	2-19 Remuneration policies	Compensation report, pg. 64–88
	2-20 Process to determine remuneration	Compensation report, pg. 64–88
	2-22 Statement on sustainable development strategy	Strategy section, pg. 100–101
	2-23 Policy commitments	Appendix 2: Policies and Frameworks, pg. 133
	2-24 Embedding policy commitments	Appendix 2: Policies and Frameworks, pg. 133
	2-25 Processes to remediate negative impacts	Governance section, pg. 106–108 Our People and Communities section, pg. 125, pg.130
	2-26 Mechanisms for seeking advice and raising concerns	Governance section, pg. 106–108 Our People and Communities section, pg. 125, pg.130
	2-29 Approach to stakeholder engagement	Stakeholder Engagement, pg. 103
	2-30 Collective bargaining agreements	Collective Bargaining, pg. 126

APPENDIX

Appendix 4: GRI Content Index (continued)

STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality section pg. 102
	3-2 List of material topics	Materiality section pg. 102
	3-3 Management of material topics	Materiality section pg. 102
GRI 205: Anti-corruption 2016	3-3 Management of material topics	Governance section, pg. 106–108
	205-3 Confirmed incidents of corruption and actions taken	Governance section, pg. 106–108
GRI 301: Materials 2016	3-3 Management of material topics	Inspiring Innovation section – Circularity and packaging, pg. 118
	301-1 Materials used by weight or volume	Partial disclosure, focused on virgin plastic, Appendix 3: Metrics and Targets, pg. 134–136
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Environmental Efficiency section – Water Resources, pg. 113 and Appendix 3: Metrics and Targets, pg. 134–136
GRI 305: Emissions 2016	3-3 Management of material topics	Environmental Efficiency – Climate change section, Pg. 110
	305-1 Direct (Scope 1) GHG emissions	Appendix 3: Metrics and Targets, pg. 134–136, including technical note
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix 3: Metrics and Targets, pg. 134–136, including technical note
	305-4 GHG emissions intensity	Appendix 3: Metrics and Targets, pg. 134–136, including technical note
GRI 306: Waste 2020	3-3 Management of material topics	Environmental Efficiency – Food waste section, Pg. 113, 114 and Appendix 3: Metrics and Targets, pg. 134–136
GRI 403: Occupational Health and Safety 2018	3-3 Management of material topics	Our people and communities section, pg. 122–123
	403-9 Work-related injuries	Appendix 3: Metrics and Targets, pg. 134–136 (Partial disclosure focused on fatalities and work related injuries)
GRI 408: Child Labor 2016	3-3 Management of material topics	Our people and communities – Supply Chain due diligence section, pg. 130–131
GRI 413: Local Communities 2016	3-3 Management of material topics	Our people and communities – Community section, pg. 128–129
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Our people and communities – Supply Chain due diligence section, pg. 130–131
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Inspiring Innovation – Clean Labelling for Health section, pg. 119 Inspiring Innovation – Safety First, Quality Always section, pg. 120

APPENDIX

Appendix 5: Organisations referenced in the report

ORGANISATION	LINK TO WEBSITE	PAGE NUMBER
Activy	https://activy.app/en-us	pg. 127
Allied Pinnacle	https://alliedpinnacle.com/	Pg. 117
Brot Gegen Not	https://brotgegennot.de/en/	Pg. 129
CHEP	https://www.chep.com/uk/en/why-chep	Pg. 119
EcoVadis	https://ecovadis.com/	Pg. 131
FoodCloud	https://food.cloud/	Pg. 114
Food Waste Charter	https://foodwastecharter.ie/	Pg. 114
Global Reporting Initiative (GRI)	https://www.globalreporting.org/	Pg. 98, 137, 138, 143
Greenhouse Gas Protocol (GHG Protocol)	https://ghgprotocol.org/	Pg. 110, 136
International Labor Organisation (ILO)	https://www.ilo.org/global/lang--en/index.htm	pg. 130
International Organisation for Standardization (ISO)	https://www.iso.org/home.html	Pg. 104, 110
IP-SUISSE	https://www.ipsuisse.ch/	Pg. 116, 118
KLIM	https://www.klim.eco/en/	Pg. 99, 116-118
Munch	https://munch.eco/	Pg. 114
Organisation for Economic Co-operation and Development (OECD)	https://www.oecd.org/	Pg. 130
Ronald McDonald House Charity	https://www.rmhc.ie/ https://www.mcdonalds-kinderhilfe.org/	Pg. 126, 128
Roundtable on Sustainable Palm Oil (RSPO)	https://rspo.org/as-an-organisation/	Pg. 100, 130, 135
Science Based Targets Initiative (SBTi)	https://sciencebasedtargets.org/	Pg. 8, 93, 97, 110
SEDEX	https://www.sedex.com/	Pg. 93, 100, 103, 124, 131, 141
Task Force on Climate-Related Financial Disclosures (TCFD)	https://www.fsb-tcfd.org/	Pg. 98
THW in Halle, Germany	https://www.thw-halle.de/	Pg. 124
Too good to go	https://www.toogoodtogo.com/en-ie	Pg. 114
United Nations	https://www.un.org/sustainabledevelopment/blog/2023/08/explainer-what-is-plastic-pollution/	Pg. 101, 142

APPENDIX

Appendix 6 – Glossary

GLOSSARY TERM	DEFINITION	SOURCE
Greenhouse Gas (GHG) emissions	Greenhouse gases are those gaseous constituents of the atmosphere, both natural and anthropogenic, that absorb and emit radiation at specific wavelengths within the spectrum of thermal infrared radiation emitted by the Earth's surface, the atmosphere itself, and by clouds. This property causes the greenhouse effect.	Intergovernmental Panel on Climate Change (IPCC) https://www.icc.ch/site/assets/uploads/2018/03/wg2TARannexB.pdf
Scope 1 emissions	Emissions from operations that are owned or controlled by the reporting company.	GHG Protocol, Corporate Standard https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf
Scope 2 emissions	Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company.	GHG Protocol, Corporate Standard) https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf
Location-based emissions	A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).	GHG Protocol, Scope 2 Guidance https://ghgprotocol.org/sites/default/files/2023-03/Scope%202%20Guidance.pdf
Market-based emissions	A market-based method reflects emissions from electricity that companies have purposefully chosen (or their lack of choice).	GHG Protocol, Scope 2 Guidance https://ghgprotocol.org/sites/default/files/2023-03/Scope%202%20Guidance.pdf
Scope 3 emissions	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.	GHG Protocol, Corporate Standard https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf
Indirect energy consumption	Purchased or acquired electricity, heat, steam and cooling supplied from outside, to the site.	Adapted from GRI Standards Glossary https://www.globalreporting.org/publications/documents/english/gri-standards-glossary-2022/
Direct energy consumption	Total fuel consumption within the organisation.	Adapted from GRI Standards Glossary https://www.globalreporting.org/publications/documents/english/gri-standards-glossary-2022/
Mass balance sourcing	Mass balance is a sourcing method that allows for certified and non-certified ingredients to become mixed during the shipping and manufacturing processes. All major international sustainability initiatives use mass balance in one form or another.	Rainforest Alliance What is Mass Balance Sourcing? I Rainforest Alliance (rainforest-alliance.org)
Segregated sourcing	Segregated sourcing is a sourcing method that requires companies to keep the ingredients purchased from a certified farm physically separated from non-certified ingredients throughout the whole supply chain. There is direct traceability.	Adapted from Rainforest Alliance What is Mass Balance Sourcing? I Rainforest Alliance (rainforest-alliance.org)
Certified Cocoa	Evaluated using accepted industry standards and certification schemes, such as: • Cocoa Horizons • Rainforest Alliance • Fairtrade • CEN/ISO Other schemes may be in use across our supply base and these will also be considered.	ARYZTA Sustainable Sourcing Policy for Cocoa Beans

APPENDIX

Appendix 6 – Glossary (continued)

GLOSSARY TERM	DEFINITION	SOURCE
"ARYZTA – Better For You"	"ARYZTA – Better For You" product framework, including health, nutrition and environmental considerations meets the growing awareness and demands from consumers. At the same time, our focus on regenerative agriculture brings more sustainable and potentially healthier ingredients into our products. Our products will be categorised based on energy, fat, sugar, salt, fibre and protein content, using an independently verifiable methodology.	
Regenerative/Sustainable Agriculture	Regenerative agriculture refers to agricultural practices that contribute to humus enrichment in the soil. This stores carbon, improves soil structure and increases biodiversity in fields. In this way, the soil is regenerated and its fertility and climate resilience are improved. In addition, farmers reduce their emissions at farm level through improved management. Regenerative agriculture utilises more sustainable farming methods that protect the soil, water and emit less GHGs, whilst allowing the farmers to benefit from a fair price for their products.	Adapted from KLIM Regenerative agriculture (klim.eco)
Total Recordable Incident Rate (TRIR)	Total recordable incident rate (TRIR) is a measure of occupational health and safety based on the number of safety incidents reported against the number of workers present and the number of hours worked.	https://www.bls.gov/help/def/iirc.htm
Virgin Plastic	Virgin plastic refers to new and pristine materials that are often used to manufacture plastic products such as films and packages. The majority of these come from Hydrocarbon sources.	https://apps1.unep.org/resolutions/uploads/eia_-_essential_elements_-_production_consumption.pdf
Cage-free egg	Cage-free eggs are evaluated using accepted industry standards and certification schemes, such as: • Free Range • RSPCA Assured • Free-Range Organic • Cage-free Certified Other schemes may be in use across our supply base and these will also be considered.	ARYZTA Sustainable Sourcing Policy for Eggs
SEDEX Members Ethical Trade Audit (SMETA)	SMETA is one of the most widely used ethical audit formats in the world. It combines the best practices in the field of corporate social responsibility. The concept describes a methodology based on the Ethical Trading Initiative (ETI) Base Code. Audits in the SMETA format focus as much on labour conditions and occupational safety as on environmental standards and ethical business practices.	TUV Rheinland https://www.tuv.com/content-media-files/master-content/services/systems/1444-tuv-rheinland-sedex-audit-according-to-smeta/tuv-rheinland-sedex-audit-smeta-faq-en.pdf

APPENDIX

Appendix 7: United Nations Sustainable Development Goals

ARYZTA SUSTAINABILITY STRATEGY PILLARS	ARYZTA SUSTAINABILITY GOALS	SUSTAINABLE DEVELOPMENT GOALS (SDGS)
ENVIRONMENTAL EFFICIENCY	Greenhouse Gases – 34% reduction of scope 1&2 emissions by 2028, from a 2022 baseline	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
ENVIRONMENTAL EFFICIENCY	Water usage – 10% reduction in non-product water use by 2028, from a 2023 baseline	6 CLEAN WATER AND SANITATION
ENVIRONMENTAL EFFICIENCY	Food Waste – reduce operational food waste by 20% by 2028 from a 2022 baseline	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
INSPIRING INNOVATION	Clean/Health labelling – 40% of New Product Development will fall into the “ARYZTA – Better For You” criteria by 2028	2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
INSPIRING INNOVATION	Wheat supplies from Sustainable/ Regenerative Agriculture – 25% share on a mass balance basis by 2028	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND
INSPIRING INNOVATION	Virgin Plastic usage – from a 2023 baseline, 10% reduction by 2026 and 30% by 2028, through recycling, use of recycled material and non-plastic materials	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
INSPIRING INNOVATION	Sell products with 100% RSPO certified palm oil – at least with mass balance supply chain certification by 2024 and with segregated supply chain certification by 2026	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND
INSPIRING INNOVATION	Sell products with 100% Certified Cocoa by 2026	8 DECENT WORK AND ECONOMIC GROWTH; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND
INSPIRING INNOVATION	Sell products with 100% Cage-free eggs by 2026	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND
OUR PEOPLE & COMMUNITIES	Human Capital – training and development plans for 100% of employees, each employee receives a minimum of 3 days role-specific training annually, by 2028	4 QUALITY EDUCATION
OUR PEOPLE & COMMUNITIES	Reduce our Total Recordable Incident Rate by 50% by 2028 from a 2023 baseline	3 GOOD HEALTH AND WELL-BEING; 8 DECENT WORK AND ECONOMIC GROWTH
OUR PEOPLE & COMMUNITIES	Supply chain due diligence – each of our sites / businesses reporting through SEDEX, to achieve an average score of at least 3.5 (out of 5) by 2028	8 DECENT WORK AND ECONOMIC GROWTH
OUR PEOPLE & COMMUNITIES	We will assess supply chain risks of our top supplier manufacturing sites, according to our Risk Materiality Assessment Process, utilising SMETA audits: – with 200 or more of our supplier sites, audited by end of 2025 – and additional 300 supplier sites, audited by end of 2028	8 DECENT WORK AND ECONOMIC GROWTH

INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY METRICS

To the Management of
ARYZTA AG, Schlieren

Zurich, 1 March 2024

We have been engaged to perform a limited assurance engagement (the engagement) on the key performance indicators marked with a "*" (the KPIs) disclosed in ARYZTA AG's (the Company's) Sustainability Report 2023 (the report) for the reporting period from 1 January 2023 to 31 December 2023, namely:

- GRI 305-1: Scope 1 GHG emissions; page 134
- GRI 305-2: Scope 2 GHG emissions; page 134
- GRI 305-1: Biogenic Scope 1 GHG emissions and non-Kyoto GHG emissions; page 134
- GRI 305-4: GHG emissions intensity; page 134
- GRI 302-1: Total energy consumption (breakdown by renewable/non-renewable and direct/indirect); page 134
- GRI 302-3: Energy intensity; page 134
- Custom criteria: Reduction of food wasted as a percentage of raw material consumption; page 134
- Custom criteria: Total number of employees (headcount, breakdown by gender, region and age group); page 136

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the report, and accordingly, we do not express a conclusion on this information.

Applicable criteria

The Company defined as applicable criteria (applicable criteria):

- Global Reporting Initiative Sustainability Reporting Standards (GRI Standards).
- ARYZTA's Custom Criteria

A summary of the GRI standards is presented on the GRI homepage and the Custom Criteria are described within the Company's Sustainability Report 2023. We believe that these criteria are a suitable basis for our limited assurance engagement.

INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY METRICS
(continued)

Responsibility of the Management

The Management is responsible for the selection of the applicable criteria and for the preparation and presentation, in all material respects, of the disclosed KPIs in accordance with the applicable criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of the KPIs that are free from material misstatement, whether due to fraud or error.

Independence and quality control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our responsibility

Our responsibility is to express a conclusion on the above mentioned KPIs based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (Revised). This standard requires that we plan and perform this engagement to obtain limited assurance about whether the KPIs in the report are free from material misstatement, whether due to fraud or error.

Summary of work performed

Based on risk and materiality considerations we have undertaken procedures to obtain sufficient evidence. The procedures selected depend on the practitioner's judgment. This includes the assessment of the risks of material misstatements in the above mentioned KPIs. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in scope than, for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Although we considered the effectiveness of management's internal control when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal control. Our procedures did not include testing control or performing procedures relating to checking aggregation or calculation of data within IT systems.

INDEPENDENT ASSURANCE REPORT ON SELECTED SUSTAINABILITY METRICS
(continued)

The Greenhouse Gas (GHG) quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

Our limited assurance procedures included, amongst others, the following work:

- Assessment of the suitability of the underlying criteria and their consistent application
- Interviews with relevant personnel to understand the business and reporting process, including the sustainability strategy, principles and management
- Interviews with the Company's key personnel to understand the sustainability reporting system during the reporting period, including the process for collecting, collating and reporting the KPIs
- Checking that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the applicable criteria
- Analytical review procedures to support the reasonableness of the data
- Identifying and testing assumptions supporting calculations
- Testing, on a sample basis, underlying source information to check the accuracy of the data

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Conclusion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the KPIs for the reporting period from 1 January 2023 to 31 December 2023 have not been prepared, in all material respects, in accordance with the applicable criteria.

EY Building a better working world

Ernst & Young Ltd

Olivier Mange
Executive in charge

Grace Gilewicz
Manager

GROUP CONSOLIDATED FINANCIAL STATEMENTS

PAGE	Group Consolidated Financial Statements, presented in euro and prepared in accordance with IFRS Accounting Standards and the requirements of Swiss law

STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the period ended 31 December 2023

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 IFRS Accounting 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
Chairman, Board of Directors

Hélène Weber-Dubi
Chair, Audit Committee,
Member of the Board of Directors

1 March 2024

GROUP CONSOLIDATED INCOME STATEMENT
for the period ended 31 December 2023

in €m	Notes	December 2023 17-month	July 2022 12-month
Continuing Operations			
Revenue	2	3,046.0	1,756.1
Cost of sales		(2,069.4)	(1,205.8)
Distribution expenses		(383.1)	(231.8)
Gross profit		**593.5**	**318.5**
Selling expenses		(128.9)	(85.1)
Administration expenses		(244.8)	(143.3)
Net loss on disposal of businesses	3	–	(42.0)
Operating profit	2	**219.8**	**48.1**
Financing income	4	17.7	1.3
Financing costs	4	(53.6)	(18.4)
RCF termination costs	4	–	(8.3)
Profit before income tax		**183.9**	**22.7**
Income tax expense	9	(23.4)	(20.8)
Profit for the period from continuing operations		**160.5**	**1.9**
Discontinued operations			
Loss for the period from discontinued operations		–	(1.0)
Profit for the period attributable to equity shareholders		**160.5**	**0.9**

Basic earnings/(loss) per share	Notes	euro cent	euro cent
From continuing operations	11	9.7 cent	(4.4) cent
From discontinued operations	11	–	(0.1) cent
		9.7 cent	**(4.5) cent**

Diluted earnings/(loss) per share	Notes	euro cent	euro cent
From continuing operations	11	9.7 cent	(4.4) cent
From discontinued operations	11	–	(0.1) cent
		9.7 cent	**(4.5) cent**

The notes on pages 154 to 217 are an integral part of these Group consolidated financial statements.

Fiscal year 2023 ended on 31 December 2023 and fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 156 for further detail.

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the period ended 31 December 2023

in €m	Notes	December 2023 17-month	July 2022 12-month
Profit for the period		**160.5**	**0.9**
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation effects			
– Foreign exchange translation effects on net investments		(3.5)	94.3
– Taxation effect of foreign exchange translation movements	9	0.1	6.3
Cash flow hedges			
– Effective portion of changes in fair value of cash flow hedges		(7.1)	(5.7)
– Fair value of cash flow hedges transferred to income statement		2.7	2.7
– Deferred tax effect of cash flow hedges	9	1.0	0.7
Total of items that may be reclassified subsequently to profit or loss		**(6.8)**	**98.3**
Items that will not be reclassified to profit or loss:			
Defined benefit plans			
– Actuarial gain/(loss) on defined benefit pension plans	21	0.4	(2.5)
– Deferred tax effect of actuarial (gain)/loss	9	(0.1)	0.3
Total of items that will not be reclassified to profit or loss		**0.3**	**(2.2)**
Total other comprehensive (loss)/income		**(6.5)**	**96.1**
Total comprehensive income for the period		**154.0**	**97.0**

The notes on pages 154 to 217 are an integral part of these Group consolidated financial statements.
Fiscal year 2023 ended on 31 December 2023 and fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 156 for further detail.

GROUP CONSOLIDATED BALANCE SHEET
as at 31 December 2023

in €m	Notes	31 December 2023	30 July 2022
Assets			
Property, plant and equipment	12	834.0	853.6
Goodwill and intangible assets	14	652.3	667.5
Other receivables	16	2.7	2.7
Deferred income tax assets	20	45.2	37.2
Total non-current assets		**1,534.2**	**1,561.0**
Inventory	15	125.4	120.4
Trade and other receivables	16	157.2	152.5
Derivative financial instruments	19	0.5	1.5
Cash and cash equivalents		103.9	245.8
		387.0	**520.2**
Assets held-for-sale		1.3	1.4
Total current assets		**388.3**	**521.6**
Total assets		**1,922.5**	**2,082.6**
Equity			
Called up share capital	22	17.0	17.0
Share premium		1,531.2	1,531.2
Retained deficit and other reserves		(849.6)	(615.8)
Total equity		**698.6**	**932.4**
Liabilities			
Interest-bearing loans and borrowings	18	566.2	507.6
Employee benefits	21	4.4	6.5
Deferred income from government grants		1.1	1.6
Other payables	17	17.0	15.3
Deferred income tax liabilities	20	91.4	98.6
Derivative financial instruments	19	2.3	–
Total non-current liabilities		**682.4**	**629.6**
Interest-bearing loans and borrowings	18	28.5	28.2
Trade and other payables	17	418.0	399.9
Income tax payable		88.3	87.7
Derivative financial instruments	19	6.7	4.8
Total current liabilities		**541.5**	**520.6**
Total liabilities		**1,223.9**	**1,150.2**
Total equity and liabilities		**1,922.5**	**2,082.6**

The notes on pages 154 to 217 are an integral part of these Group consolidated financial statements.
Fiscal year 2023 ended on 31 December 2023 and fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 156 for further detail.

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the period ended 31 December 2023

in €m	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Share-based payment reserve	Foreign currency translation reserve	Retained deficit	Total shareholders equity
At 1 August 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 8)	–	–	–	–	–	3.8	–	–	3.8
Transfer of share-based payment reserve to retained deficit	–	–	–	–	–	(2.0)	–	2.0	–
Redemption of hybrid instruments (note 22)	–	–	–	(49.1)	–	–	–	1.1	(48.0)
Hybrid dividend (note 22)	–	–	–	–	–	–	–	(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**
At 31 July 2022	**17.0**	**1,531.2**	**–**	**671.4**	**(2.1)**	**5.5**	**25.8**	**(1,316.4)**	**932.4**
Profit for the period	–	–	–	–	–	–	–	160.5	160.5
Other comprehensive income/(loss)	–	–	–	–	(3.4)	–	(3.4)	0.3	(6.5)
Total comprehensive income/(loss)	**–**	**–**	**–**	**–**	**(3.4)**	**–**	**(3.4)**	**160.8**	**154.0**
Purchase of treasury shares (note 22)	–	–	(5.1)	–	–	–	–	–	(5.1)
Share-based payments (note 8)	–	–	–	–	–	1.9	–	–	1.9
Transfer of share-based payment reserve to retained deficit	–	–	–	–	–	(1.6)	–	1.6	–
Redemption of hybrid instruments (note 22)	–	–	–	(293.3)	–	–	–	(26.9)	(320.2)
Hybrid dividend (note 22)	–	–	–	–	–	–	–	(64.4)	(64.4)
Total transactions with owners recognised directly in equity	**–**	**–**	**(5.1)**	**(293.3)**	**–**	**0.3**	**–**	**(89.7)**	**(387.8)**
At 31 December 2023	**17.0**	**1,531.2**	**(5.1)**	**378.1**	**(5.5)**	**5.8**	**22.4**	**(1,245.3)**	**698.6**

The notes on pages 154 to 217 are an integral part of these Group consolidated financial statements.
Fiscal year 2023 ended on 31 December 2023 and fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 156 for further detail.

GROUP CONSOLIDATED CASH FLOW STATEMENT
for the period ended 31 December 2023

in €m	Notes	December 2023 17-month	July 2022 12-month
Cash flows from operating activities			
Profit for the period – continuing operations		160.5	1.9
Loss for the period – discontinued operations		–	(1.0)
Profit for the period		**160.5**	**0.9**
Income tax expense	9	23.4	20.8
Financing income	4	(17.7)	(1.3)
Financing costs	4	53.6	18.4
RCF termination costs	4	–	8.3
Net loss on disposal of businesses and impairment of disposal groups held for sale		–	43.0
Net loss on fixed asset disposal and impairments		–	2.4
Other restructuring-related payments (in excess of) / less than current year costs		(3.6)	(9.4)
Depreciation of property, plant and equipment	12	142.4	96.5
Amortisation of intangible assets	14	38.6	27.3
Recognition of deferred income from government grants		(0.5)	(1.6)
Share-based payments	8	1.9	3.8
Other		(3.5)	0.3
Cash flows from operating activities before changes in working capital		**395.1**	**209.4**
Increase in inventory		(5.9)	(32.2)
Increase in trade and other receivables		(16.5)	(8.3)
Increase in trade and other payables		30.8	60.8
Cash generated from operating activities		**403.5**	**229.7**
Interest paid		(49.8)	(14.8)
Interest received		16.5	1.3
Income tax paid – operating activities		(32.2)	(16.1)
Net cash flows from operating activities		**338.0**	**200.1**

The notes on pages 154 to 217 are an integral part of these Group consolidated financial statements.
Fiscal year 2023 ended on 31 December 2023 and fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 156 for further detail.

GROUP CONSOLIDATED CASH FLOW STATEMENT (continued)
for the period ended 31 December 2023

in €m	Notes	December 2023 17-month	July 2022 12-month
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		4.5	4.8
Proceeds from sale of investment property		–	0.9
Purchase of property, plant and equipment		(76.9)	(83.3)
Purchase of intangible assets		(14.9)	(6.1)
Disposal of business, net of cash disposed		(0.8)	106.8
Income tax paid on disposal of business		–	(14.2)
Net cash flows from investing activities		**(88.1)**	**8.9**
Cash flows from financing activities			
Gross drawdown of loan principal	18	134.9	386.1
Gross repayment of loan principal	18	(86.0)	(237.1)
Capital element of finance lease liabilities	18	(45.4)	(29.4)
Purchase of treasury shares	22	(5.1)	–
Dividends paid on hybrid instruments – actual	22	(65.7)	(43.0)
Dividends paid on hybrid instruments – deferred and compound	22	–	(172.0)
Hybrid instrument principal repayment	22	(320.2)	(48.0)
Net cash flows from financing activities		**(387.5)**	**(143.4)**
Net (decrease)/increase in cash and cash equivalents	**18**	**(137.6)**	**65.6**
Translation adjustment	18	(4.3)	9.3
Cash and cash equivalents at start of period	18	245.8	170.9
Cash and cash equivalents at end of period	**18**	**103.9**	**245.8**

The notes on pages 154 to 217 are an integral part of these Group consolidated financial statements.
Fiscal year 2023 ended on 31 December 2023 and fiscal year 2022 ended on 30 July 2022. Please refer to Note 1 page 156 for further detail.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS
for the period ended 31 December 2023

1 Accounting Policies

Organisation

ARYZTA AG (the 'Company') is domiciled and incorporated in Schlieren, Switzerland. The consolidated financial statements for the period ended 31 December 2023 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 1 March 2024, subject to approval by the shareholders at the Annual General Meeting on 24 April 2024.

Statement of compliance

The Group consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). References to IFRS hereafter refer to IFRS Accounting Standards. These policies have been consistently applied to all periods 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 31 July 2022. 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:

- International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12
- Amendments to IAS 37 – Onerous Contracts
- Amendments to IFRS 3 – Business Combinations
- Amendments to IAS 16 – Property, Plant and Equipment
- Annual Improvements to IFRS Standards (2018–2020)

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 30 July 2022 period-end financial statements and had no material impact on the consolidated results or financial position of the Group. Further information on the introduction of International Tax Reform – Pillar Two Model Rules is included in note 9.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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)
IFRS 17 – Insurance Contracts	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
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024	2024
Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024	2024
Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024	2024
Lack of exchangeability – Amendments to IAS 21	1 January 2025	2025

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, with the exception that assets held-for-sale and derivative financial instruments 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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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 28.

Financial period
During March 2023, ARYZTA announced a change in its fiscal year from July ending to December ending to align with calendar year reporting. After December 2023, the Group will manage its operations and report its financial performance on a periodic basis, dividing the financial period into 12 calendar months. Under this method the Group's fiscal period end will be defined as 31 December each year. Accordingly, the fiscal periods for 2023 and 2022 are the 17 months commencing 31 July 2022 and ending 31 December 2023, and the 52 week period commencing 1 August 2021 and ending 30 July 2022 respectively. As a result, the comparative figures are not directly comparable. The subsequent fiscal period for 2024 will be 12 months ended 31 December 2024.

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 and RCF termination costs. In accordance with IAS 1.85, net loss on disposal of businesses and RCF termination costs have been presented separately on the basis of materiality and to distinguish them from other elements of financial performance.

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 5.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

Going concern

In assessing whether the use of the going concern basis is appropriate, the Directors have reviewed projected financial performance, liquidity, available committed banking facilities and compliance with the Group's financial covenants (as defined under the terms of the Group's Syndicated Bank facilities) for a period of not less than 12 months from the date of approval of the Group consolidated financial statements.

The Group has delivered significantly improved profitability and cash generation from operating activities during the period ended 31 December 2023, compared with that of the prior financial period. This improved performance has enabled the Group to further improve its financial position, including redemption of Hybrid instruments with a principal value of €325.8m during the period.

As part of the assessment, the Directors have considered the financial projections of the Group together with other relevant market conditions generally (including cost inflation and rising interest rates) and those specifically affecting the food industry. Based on these considerations, the Directors have a reasonable expectation that the Group has adequate financial and other resources to continue in operational existence and will be able to meet its liabilities due over the going concern assessment period. For this reason the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements.

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 periods ended 31 December 2023 or 30 July 2022.

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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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 the 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 31 December 2023

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.

The Group's Chief Operating Decision Maker ('CODM') is Urs Jordi, Chairman of the Board and Group Interim CEO.

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 period ended 31 July 2021, the ARYZTA North America operating segment was 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 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 prior 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 Group Consolidated Income Statement due to their nature or amount to highlight the effect of such items within the Group Consolidated Income Statement and results for the period and to better inform the user of their significance.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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).

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

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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 Consolidated 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.

Income taxes

Income tax expense on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Group Consolidated 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 substantively 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 substantively 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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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 Group Consolidated Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued) for the period ended 31 December 2023

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

Currency	Average December 2023	Average July 2022	% Change	Closing December 2023	Closing July 2022	% Change
CHF	0.9732	1.0423	6.6%	0.9332	0.9730	4.1%
AUD	1.5958	1.5445	(3.3%)	1.6185	1.4570	(11.1%)
GBP	0.8685	0.8466	(2.6%)	0.8688	0.8380	(3.7%)
PLN	4.5977	4.6333	0.8%	4.3382	4.7641	8.9%

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 Group Consolidated 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:

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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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.

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

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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, including contingent liabilities, 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 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 12 months from the acquisition date.

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

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

Cloud software licence agreements

Licence agreements to use cloud software are treated as service contracts and expensed in the Group Consolidated Income Statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases, the licence agreement is capitalised as software within intangible assets. Costs to configure or customise a cloud software licence are expensed alongside the related service contract in the Group Consolidated Income Statement, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

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 Group Consolidated 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 Group Consolidated Income Statement as an expense as incurred.

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

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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 Group Consolidated 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 31 December 2023

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.

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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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 Group Consolidated 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 depends 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:

– 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 Group Consolidated Income Statement. Impairment losses are presented in the Group 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 Group Consolidated Income Statement.

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.

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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.

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 Group Consolidated Income Statement, except where the instrument is a designated hedging instrument.

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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;
– Interest rate swap contracts are measured using quoted daily reference 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 Group Consolidated Income Statement. When the hedged transaction occurs, the related gains or losses in the cash flow hedge reserve are transferred to the Group Consolidated 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.

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 Group Consolidated Income Statement. Gains and losses accumulated in equity are included in the Group Consolidated Income Statement when the foreign operation is disposed of or sold.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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 Group Consolidated Income Statement in instalments on a basis consistent with the depreciation policy of the relevant assets. Other grants are credited to the Group Consolidated Income Statement to offset the associated expenditure.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
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2 Segment information

2.1 Analysis by business segment

I) Segment revenue and result (in €m)	ARYZTA Europe December 2023 17-month	ARYZTA Europe July 2022 12-month	ARYZTA Rest of World December 2023 17-month	ARYZTA Rest of World July 2022 12-month	Continuing Operations December 2023 17-month	Continuing Operations July 2022 12-month
Segment revenue[1]	**2,697.8**	**1,531.1**	**348.2**	**225.0**	**3,046.0**	**1,756.1**
EBITDA[2]	330.4	174.9	70.4	(3.0)	400.8	171.9
Depreciation	(126.4)	(85.2)	(16.0)	(11.3)	(142.4)	(96.5)
Amortisation	(31.8)	(22.5)	(6.8)	(4.8)	(38.6)	(27.3)
Operating profit/(loss)[3]	**172.2**	**67.2**	**47.6**	**(19.1)**	**219.8**	**48.1**
Financing income[4]					17.7	1.3
Financing costs[4]					(53.6)	(18.4)
RCF termination costs[4]					–	(8.3)
Profit before income tax as reported in Group Consolidated Income Statement					**183.9**	**22.7**

1 There were no significant intercompany revenues between business segments.
2 'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation.
3 Certain central executive and support costs have been allocated against the operating results of each business segment.
4 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.

II) Segment revenue by location (in €m)	December 2023 17-month Revenue	December 2023 17-month % of Group Revenue	July 2022 12-month Revenue	July 2022 12-month % of Group Revenue
Switzerland (ARYZTA's country of domicile)	381.4	12.5%	220.7	12.6%
Germany	887.6	29.2%	507.4	28.9%
France	459.8	15.1%	253.7	14.4%
Other[1]	969.0	31.8%	549.3	31.3%
ARYZTA Europe segmental revenue	2,697.8	88.6%	1,531.1	87.2%
ARYZTA Rest of World segmental revenue[2]	348.2	11.4%	225.0	12.8%
ARYZTA Group continuing operations revenue[3]	**3,046.0**	**100.0%**	**1,756.1**	**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.

Two external customers represented more than 10% of the ARYZTA Group continuing operations revenue in the current financial period. One external customer represented 16% of the ARYZTA Group continuing operations revenue in the current financial period (2022: 16%), which was earned across all of the Group's operating segments in the current and prior financial period. A second customer represented 12% of the ARYZTA Group continuing operations revenue in the current financial period (2022: 10%), which was earned in the ARYZTA Europe operating segment in the current and prior financial period. No other customer represented more than 10%. There is no significant credit risk associated with receivables from these customers.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

	ARYZTA Europe		ARYZTA Rest of World		Continuing Operations	
III) Segment revenue by product (in €m)	**December 2023 17-month**	**July 2022 12-month**	**December 2023 17-month**	**July 2022 12-month**	**December 2023 17-month**	**July 2022 12-month**
Bread Rolls & Artisan Loaves	1,192.3	678.0	236.6	153.3	1,428.9	831.3
Sweet Baked & Morning Goods	916.8	521.2	97.5	64.7	1,014.3	585.9
Savoury & Other	588.7	331.9	14.1	7.0	602.8	338.9
Revenue	**2,697.8**	**1,531.1**	**348.2**	**225.0**	**3,046.0**	**1,756.1**

	ARYZTA Europe		ARYZTA Rest of World		Continuing Operations	
IV) Segment revenue by channel (in €m)	**December 2023 17-month**	**July 2022 12-month**	**December 2023 17-month**	**July 2022 12-month**	**December 2023 17-month**	**July 2022 12-month**
QSR	323.5	170.3	256.7	162.2	580.2	332.5
Retail	1,571.0	907.0	26.8	27.5	1,597.8	934.5
Other Foodservice	803.3	453.8	64.7	35.3	868.0	489.1
Revenue	**2,697.8**	**1,531.1**	**348.2**	**225.0**	**3,046.0**	**1,756.1**

	ARYZTA Europe		ARYZTA Rest of World		ARYZTA Group	
V) Segment assets and liabilities (in €m)	**31 December 2023**	**30 July 2022**	**31 December 2023**	**30 July 2022**	**31 December 2023**	**30 July 2022**
Segment assets	**1,632.4**	**1,637.1**	**140.5**	**161.0**	**1,772.9**	**1,798.1**
Reconciliation to total assets as reported in Group Consolidated Balance Sheet						
Deferred income tax assets					45.2	37.2
Derivative financial instruments					0.5	1.5
Cash and cash equivalents					103.9	245.8
Total assets as reported in Group Consolidated Balance Sheet					**1,922.5**	**2,082.6**
Segment liabilities	**513.1**	**496.9**	**53.3**	**52.5**	**566.4**	**549.4**
Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet						
Interest-bearing bank loans and borrowings (excluding leases)					468.8	409.7
Derivative financial instruments					9.0	4.8
Current and deferred income tax liabilities					179.7	186.3
Total liabilities as reported in Group Consolidated Balance Sheet					**1,223.9**	**1,150.2**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

VI) Other segment information (in €m)	ARYZTA Europe December 2023 17-month	ARYZTA Europe July 2022 12-month	ARYZTA Rest of World December 2023 17-month	ARYZTA Rest of World July 2022 12-month	Total Continuing Operations December 2023 17-month	Total Continuing Operations July 2022 12-month
Capital expenditure						
– Property, plant and equipment	106.9	64.8	17.6	29.6	124.5	94.4
– Intangibles	14.2	6.3	0.3	0.2	14.5	6.5
Total capital expenditure	**121.1**	**71.1**	**17.9**	**29.8**	**139.0**	**100.9**

2.2 Segmental non-current assets

I) Segment non-current assets by segment (in €m)	ARYZTA Europe 31 December 2023	ARYZTA Europe 30 July 2022	ARYZTA Rest of World 31 December 2023	ARYZTA Rest of World 30 July 2022	ARYZTA Group 31 December 2023	ARYZTA Group 30 July 2022
IFRS 8 non-current assets[1]	**1,372.8**	**1,388.7**	**116.2**	**135.1**	**1,489.0**	**1,523.8**

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	31 December 2023 Non-current assets €m	31 December 2023 % of Group non-current assets	30 July 2022 Non-current assets €m	30 July 2022 % of Group non-current assets
Switzerland (ARYZTA's country of domicile)	363.8	24.4%	347.6	22.8%
Germany	338.1	22.7%	369.5	24.2%
Ireland	188.2	12.6%	189.9	12.5%
Other[1]	482.7	32.5%	481.7	31.6%
ARYZTA Europe segmental non-current assets	1,372.8	92.2%	1,388.7	91.1%
ARYZTA Rest of World segmental non-current assets[2]	116.2	7.8%	135.1	8.9%
ARYZTA Group non-current assets	**1,489.0**	**100.0%**	**1,523.8**	**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 period on an individual country basis.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

3 Disposal of businesses

There were no disposal of businesses during the period ended 31 December 2023. The Group incurred the following amounts related to disposal of businesses in continuing operations during the prior period ended 30 July 2022:

	ARYZTA Europe		ARYZTA Rest of World		Total Continuing Operations	
in €m	December 2023 17-month	July 2022 12-month	December 2023 17-month	July 2022 12-month	December 2023 17-month	July 2022 12-month
Net gain/(loss) on disposal of businesses	**–**	**0.2**	**–**	**(42.2)**	**–**	**(42.0)**

During the prior 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 Group Consolidated Income Statement.

4 Financing income and costs

in €m	December 2023 17-month	July 2022 12-month
Financing income – continuing operations		
Total financing income recognised in Group Consolidated Income Statement	**17.7**	**1.3**
Financing costs – continuing operations		
Interest cost on bank loans and overdrafts	(48.0)	(14.0)
Interest cost on lease liabilities	(5.5)	(4.4)
Defined benefit plan: net interest cost on plan liabilities (note 21)	(0.1)	–
Total financing costs recognised in Group Consolidated Income Statement	**(53.6)**	**(18.4)**
RCF termination costs (note 18)	**–**	**(8.3)**
Recognised directly in other comprehensive income – continuing operations		
Effective portion of changes in fair value of interest rate swaps[1]	(3.5)	–
Total financing loss recognised directly in other comprehensive income	**(3.5)**	**–**

1 No unrealised gains or losses on any ineffective portion of derivatives have been recognised in the Group Consolidated Income Statement.

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5 Other information

Group Consolidated Income statement by nature of cost through to operating profit – continuing operations (in €m)	December 2023 17-month	July 2022 12-month
Revenue	3,046.0	1,756.1
Raw materials and consumables used	(1,465.2)	(818.3)
Employment costs (note 7)	(568.3)	(383.4)
Storage and distribution costs	(205.8)	(119.6)
Amortisation of intangible assets (note 2)	(38.6)	(27.3)
Depreciation of property, plant and equipment (note 2)	(142.4)	(96.5)
Light, heat and power	(139.9)	(66.6)
Operating lease rentals	(3.5)	(3.1)
Repairs and maintenance	(60.0)	(38.9)
Advertising and marketing	(7.4)	(2.6)
Research and development	(8.2)	(5.4)
Net gain/(loss) on disposal of businesses (note 3)	–	(42.0)
Asset disposals and impairments	–	(2.4)
Other restructuring-related costs	–	(0.5)
Government aid	–	0.6
Other direct and indirect costs	(186.9)	(102.0)
Operating profit from continuing operations	**219.8**	**48.1**

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

6 Directors' compensation

Please refer the compensation of key management disclosure as included in note 25.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
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7 Employment

Average number of persons employed by the Group by function	December 2023 17-month	July 2022 12-month
Production	5,089	5,209
Sales and distribution	2,210	2,217
Management and administration	746	742
Average number of persons employed	**8,045**	**8,168**

Average number of persons employed by the Group by region	December 2023 17-month	July 2022 12-month
ARYZTA Europe	6,832	7,069
ARYZTA Rest of World	1,213	1,099
Total Group	**8,045**	**8,168**

Employment costs of the Group – continuing operations (in €m)	December 2023 17-month	July 2022 12-month
Wages and salaries	481.1	323.4
Social welfare costs	67.1	46.2
Severance and other staff-related costs	2.7	2.0
Defined contribution plans (note 21)	8.1	5.3
Defined benefit plans – current service cost (note 21)	4.7	3.4
Defined benefit plans – past service cost (note 21)	(1.1)	(0.7)
Share-based payments (note 8)	5.7	3.8
Employment costs – continuing operations	**568.3**	**383.4**

8 Share-based payments

The Group has equity-based incentive awards outstanding under various ARYZTA Long-Term Incentive Plans (‘LTIPs’). In addition, 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’.

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During the period ended 31 December 2023, 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 relative Total Shareholder Return ('rTSR') targets during the associated performance periods ending in 2023, 2024 and 2025, 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 prior period ended 30 July 2022. Vesting of these awards is conditional on achievement of EBITA, ROIC and rTSR targets during the associated performance periods ending in 2022, 2023 and 2024, as well as continued employment throughout the respective performance periods.

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 €5.7m for the 17-month period ended 31 December 2023 (2022: €3.8m). The analysis of movements within the LTIP plans is as follows:

8.1 Performance Share Units and Restricted Stock Units

Performance Share Unit and Restricted Stock Unit awards outstanding	Weighted conversion price 2023 in CHF	Number of equity entitlements 2023	Weighted conversion price 2022 in CHF	Number of equity entitlements 2022
Outstanding at beginning of the period	0.00	13,034,762	0.00	9,333,563
Granted during the period	0.00	3,153,205	0.00	4,407,088
Exercised during the period	0.00	(6,087,774)	0.00	(143,483)
Forfeited during the period	0.00	(443,232)	0.00	(562,406)
Cancelled during the period	0.00	(2,688,931)	–	–
Outstanding at the end of the period	**0.00**	**6,968,030**	**0.00**	**13,034,762**
Vested at end of the period	**–**	**–**	**–**	**–**

Performance Share Unit and Restricted Stock Unit awards outstanding by conversion price	Actual remaining life (years)	Conversion price in CHF	Number of equity entitlements
Issued during financial period 2022	8.1	0.00	3,814,825
Issued during financial period 2023	9.1	0.00	3,153,205
As of 31 December 2023	**8.6**	**0.00**	**6,968,030**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued) for the period ended 31 December 2023

During the financial periods ended 31 December 2023 and 30 July 2022, awards relating to certain PSUs were forfeited as certain employees exited the business before the vesting period ended.

The weighted average fair value assigned to PSUs issued during the period ended 31 December 2023 was CHF 1.35 (2022: 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 17-month period ended 31 December 2023, the performance conditions associated with 6,087,774 PSUs were fulfilled. Therefore, these awards were approved as vested by the Remuneration Committee. Subsequent to vesting, employees were given the option of exercising via transfer of shares or settlement of equivalent amount via cash. Accordingly, 372,861 shares were issued out of treasury shares and cash in the amount of €3.8m was transferred to employees during the period. The weighted average share price at the time of these exercises was CHF 1.00. The movement in the share based payment reserve of €1.9m is the net of the €5.7m cost reported in the income statement and the €3.8m transferred to employees during the period.

During the prior period ended 30 July 2022, the performance conditions associated with 143,483 RSUs were fulfilled. 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.

8.2 Options and option equivalents

Option Equivalent Plan awards	Weighted conversion price 2023 in CHF	Number of equity entitlements 2023	Weighted conversion price 2022 in CHF	Number of equity entitlements 2022
Outstanding at beginning of the period	9.93	225,725	8.57	4,646,183
Expired during the period	9.93	(225,725)	8.50	(4,420,458)
Outstanding at the end of the period	–	–	**9.93**	**225,725**
Vested at end of the period	–	–	**9.93**	**225,725**

During the periods ended 31 December 2023 and 30 July 2022, vested options expired as the option life of ten years had ended.

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9 Income taxes

Income tax (charge) / credit (in €m)	December 2023 17-month	July 2022 12-month
Current tax charge	(36.5)	(30.5)
Deferred tax credit (note 20)	13.1	9.7
Income tax charge – continuing operations	**(23.4)**	**(20.8)**

Reconciliation of average effective tax charge to applicable tax charge (in €m)	December 2023 17-month	July 2022 12-month
Profit before income tax	**183.9**	**22.7**
Income tax on profit for the period at 20.83% (2022: 20.83%)[1]	(38.3)	(4.7)
Income/(expenses) not taxable/(deductible) for tax purposes	(14.2)	(8.7)
Income subject to other rates of tax	(3.2)	(1.1)
Prior year losses utilised/recognised / (impact of losses not recognised)	30.8	(11.4)
Change in estimates and other prior year adjustments:		
– Current tax	1.4	0.9
– Deferred tax	0.1	4.2
Income tax charge – continuing operations	**(23.4)**	**(20.8)**

Income tax recognised in other comprehensive income (in €m)	December 2023 17-month	July 2022 12-month
Relating to foreign exchange translation effects	0.1	6.3
Relating to cash flow hedges	1.0	0.7
Relating to employee benefit plans actuarial (gain)/loss (note 20)	(0.1)	0.3
Tax recognised directly in other comprehensive income	**1.0**	**7.3**

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

Impact of BEPS 2.0 Global Minimum Tax

Pillar Two legislation has been enacted in Switzerland, the jurisdiction in which ARYZTA AG is incorporated, and will come into effect from 1 January 2024.

As the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

An assessment of the Group's potential exposure to Pillar Two income taxes has been performed. This assessment is based on the most recent information available regarding the financial performance for the constituent entities in the Group. Based on the assessment, the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. However, there are a limited number of jurisdictions where the transitional safe harbour relief does not apply. The Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

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10 Proposed dividend

No dividend on ordinary shares was proposed or paid during the period ended 31 December 2023 (2022: nil).

11 Earnings per share

Basic earnings/(loss) per share	December 2023 17-month €m	July 2022 12-month €m
Profit attributable to equity shareholders – continuing operations	160.5	1.9
Loss attributable to equity shareholders – discontinued operations	–	(1.0)
Profit attributable to equity shareholders – total	**160.5**	**0.9**
Hybrid instrument dividend (note 22)	(64.4)	(45.2)
Profit/(loss) used to determine basic EPS – continuing operations	96.1	(43.3)
Loss used to determine basic EPS – discontinued operations	–	(1.0)
Profit/(loss) used to determine basic EPS – total	**96.1**	**(44.3)**
Weighted average number of ordinary shares	**in Millions**	**in Millions**
Ordinary shares outstanding at start of period[1]	992.3	991.8
Effect of exercise of equity instruments	0.3	0.1
Purchase of treasury shares	(0.4)	–
Release of treasury shares as restricted shares	0.2	0.2
Weighted average ordinary shares used to determine basic EPS	**992.4**	**992.1**
Basic earnings/(loss) per share – continuing operations	9.7 cent	(4.4) cent
Basic loss per share – discontinued operations	–	(0.1) cent
Basic earnings/(loss) per share	**9.7 cent**	**(4.5) cent**
Diluted earnings/(loss) per share	**€m**	**€m**
Profit/(loss) used to determine basic EPS – continuing operations	96.1	(43.3)
Loss used to determine basic EPS – discontinued operations	–	(1.0)
Profit/(loss) used to determine basic EPS – total	**96.1**	**(44.3)**
Weighted average number of ordinary shares (diluted)	**in Millions**	**in Millions**
Weighted average ordinary shares used to determine basic EPS	992.4	992.1
Effect of equity-based incentives with a dilutive impact[2]	2.9	–
Weighted average ordinary shares used to determine diluted EPS	**995.3**	**992.1**
Diluted earnings/(loss) per share – continuing operations	9.7 cent	(4.4) cent
Diluted loss per share – discontinued operations	–	(0.1) cent
Diluted earnings/(loss) per share	**9.7 cent**	**(4.5) cent**

1 Issued share capital excludes treasury shares as detailed in note 22.

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 prior period ended 30 July 2022, no dilutive effect was taken during the prior period.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

12 Property, plant and equipment

in €m	Land and buildings	Plant and Machinery	Motor Vehicles	Assets under construction	Right-of-use leased assets	Total
Net book value at 30 July 2022	**304.6**	**390.8**	**0.2**	**36.0**	**122.0**	**853.6**
Additions	1.4	23.8	–	54.4	44.9	124.5
Transfer from assets under construction	12.8	46.4	–	(59.2)	–	–
Asset disposals	(0.2)	(2.5)	(0.1)	(0.3)	–	(3.1)
Depreciation charge for period	(15.5)	(81.2)	(0.1)	–	(45.6)	(142.4)
Translation adjustments	(0.1)	1.0	–	0.2	0.3	1.4
Net book value at 31 December 2023	**303.0**	**378.3**	–	**31.1**	**121.6**	**834.0**
At 31 December 2023						
Cost	393.7	836.9	–	31.1	223.2	1,484.9
Accumulated depreciation	(90.7)	(458.6)	–	–	(101.6)	(650.9)
Net book value at 31 December 2023	**303.0**	**378.3**	–	**31.1**	**121.6**	**834.0**

in €m	Land and buildings	Plant and Machinery	Motor Vehicles	Assets under construction	Right-of-use leased assets	Total
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	(1.0)	(0.4)	–	–	–	(1.4)
Asset impairments	–	(2.6)	–	–	–	(2.6)
Asset disposals	(0.2)	(1.1)	(0.2)	–	–	(1.5)
Transfer from investment properties	2.8	–	–	–	–	2.8
Depreciation charge for period	(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**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued) for the period ended 31 December 2023

13 Leases

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

in €m	Land and Buildings	Plant and Machinery	Motor Vehicles	Total
At 30 July 2022, net carrying amount	**94.1**	**12.2**	**15.7**	**122.0**
Net additions	17.9	9.9	17.1	44.9
Depreciation charge for the period	(24.7)	(5.8)	(15.1)	(45.6)
Translation adjustment	0.4	–	(0.1)	0.3
At 31 December 2023, net carrying amount	**87.7**	**16.3**	**17.6**	**121.6**

in €m	Land and Buildings	Plant and Machinery	Motor Vehicles	Total
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**

Lease Liabilities

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

in €m	31 December 2023	30 July 2022
Balance at beginning of period	**126.1**	**154.6**
Net additions	44.9	15.0
Arising on disposal of business, net carrying amount	–	(17.2)
Payments	(50.9)	(33.8)
Discount unwinding	5.5	4.4
Translation adjustment and other	0.3	3.1
Balance at end of period	**125.9**	**126.1**
Non-current (note 18)	97.4	97.9
Current (note 18)	28.5	28.2
Balance at end of period	**125.9**	**126.1**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
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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 31 December 2023. The projections are based on the foreign exchange rates applicable at the end of the relevant financial period:

in €m	31 December 2023	30 July 2022
Within one year	31.6	28.9
Between one and two years	23.8	21.3
Between two and three years	19.6	16.5
Between three and four years	16.2	14.3
Between four and five years	11.9	11.5
Over five years	46.3	58.4
Total	**149.4**	**150.9**

Short term and low value 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. The following lease costs have been charged to the Group Consolidated Income Statement as incurred:

in €m	December 2023 17-month	July 2022 12-month
Short term leases	2.0	1.9
Leases of low value assets	1.5	1.2
Total	**3.5**	**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 €62.2m. 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.

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14 Goodwill and intangible assets

in €m	Goodwill	Customer Relationships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
Net book value at 30 July 2022	**547.4**	**55.1**	**0.7**	**10.2**	**52.6**	**1.5**	**667.5**
Additions	–	–	–	1.7	12.8	–	14.5
Amortisation charge for the period	–	(18.3)	(0.3)	(3.2)	(16.2)	(0.6)	(38.6)
Translation adjustments	9.3	(1.0)	–	0.6	–	–	8.9
Net book value at 31 December 2023	**556.7**	**35.8**	**0.4**	**9.3**	**49.2**	**0.9**	**652.3**
At 31 December 2023							
Cost	556.7	177.7	114.4	36.9	143.4	5.0	1,034.1
Accumulated amortisation	–	(141.9)	(114.0)	(27.6)	(94.2)	(4.1)	(381.8)
Net book value at 31 December 2023	**556.7**	**35.8**	**0.4**	**9.3**	**49.2**	**0.9**	**652.3**

in €m	Goodwill	Customer Relationships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
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 period	–	(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 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 in July, or more frequently if changes in circumstances indicate a potential impairment.

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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 2023 goodwill impairment testing was performed. The carrying amount of goodwill allocated to the relevant CGUs, as well as the key assumptions used in the 2023 impairment testing, are summarised as follows:

	Pre-tax discount rate 2023	Pre-tax discount rate 2022	Projection period 2023	Projection period 2022	Terminal growth rate 2023	Terminal growth rate 2022	Carrying Value 2023 €m	Carrying Value 2022 €m
North West Europe[1]	8.5%	8.0%	5 years	5 years	2.0%	2.0%	63.2	63.2
Germany and Other Europe	9.9%	9.0%	5 years	5 years	2.1%	2.2%	87.8	86.2
Switzerland	7.3%	6.8%	5 years	5 years	1.0%	1.0%	284.3	272.7
France	9.4%	9.1%	5 years	5 years	1.6%	1.6%	85.4	85.4
ARYZTA Europe							520.7	507.5
ARYZTA Rest of World	9.1%	8.6%	5 years	5 years	2.2%	2.1%	36.0	39.9
							556.7	**547.4**

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 EBITDA. A decrease of 1% in the revenue compound annual growth rate across the projection period, or a reduction in EBITDA realised of 5% per annum across the projection period in each of the CGUs would not result in an impairment.

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15 Inventory

in €m	31 December 2023	30 July 2022
Raw materials	19.9	21.8
Finished goods	101.0	93.2
Packaging and other	4.5	5.4
Balance at end of period	**125.4**	**120.4**

During the 17-month period ended 31 December 2023, a total expense of €9.2m (12-month to July 2022: €5.7m) was recognised in the Group Consolidated Income Statement arising from write-down of inventory from continuing operations.

16 Trade and other receivables

in €m	31 December 2023	30 July 2022
Non-current		
Other receivables	2.7	2.7
Balance at end of period	**2.7**	**2.7**
Current		
Trade receivables, net	103.2	103.9
VAT recoverable	19.5	15.7
Prepayments	18.3	13.8
Other receivables	16.2	19.1
Balance at end of period	**157.2**	**152.5**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
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17 Trade and other payables

in €m	31 December 2023	30 July 2022
Non-current		
Other payables	17.0	15.3
Balance at end of period	**17.0**	**15.3**
Current		
Trade payables	216.7	205.1
Accruals and other payables[1]	180.2	176.9
Employee-related tax and social welfare	12.7	11.5
VAT payable	8.4	6.4
Balance at end of period	**418.0**	**399.9**

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 €55.2m (2022: €44.3m) 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 31 December 2023, these payables met the criteria of trade payables.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

18 Interest-bearing loans and borrowings

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

in €m	31 December 2023	30 July 2022
Included in non-current liabilities		
Loans	468.8	409.7
Leases (note 13)	97.4	97.9
Non-current interest-bearing loans and borrowings	**566.2**	**507.6**
Included in current liabilities		
Loans	–	–
Leases (note 13)	28.5	28.2
Current interest-bearing loans and borrowings	**28.5**	**28.2**
Total loans	**468.8**	**409.7**
Total leases	**125.9**	**126.1**
Total interest-bearing loans and borrowings	**594.7**	**535.8**

An analysis of the movements in net debt during the period ended 31 December 2023 and 30 July 2022, is shown below:

Analysis of net debt (in €m)	30 July 2022	Cash flows	Non-cash movements	Translation adjustment	31 December 2023
Cash and cash equivalents	245.8	(137.6)	–	(4.3)	103.9
Loans	(409.7)	(48.9)	(2.3)	(7.9)	(468.8)
Leases (note 13)	(126.1)	45.4	(44.9)	(0.3)	(125.9)
Net debt	**(290.0)**	**(141.1)**	**(47.2)**	**(12.5)**	**(490.8)**

Analysis of net debt (in €m)	31 July 2021	Cash flows	Non-cash movements	Translation adjustment	30 July 2022
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 13)	(154.6)	29.4	2.2	(3.1)	(126.1)
Net debt	**(220.1)**	**(54.0)**	**(8.8)**	**(7.1)**	**(290.0)**

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 during the prior period ended 30 July 2022.

In October 2023, the Group drew down on a new CHF 71.8m and €60.0m term loan facility, on the same interest and maturity terms as the existing RCF, allowing for additional flexibility around its capital management. In December 2023, the Group repaid its remaining Schuldschein borrowings.

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The terms of outstanding loans are as follows:

2023	Currency	Financial year of maturity	Nominal Value €m	Carrying amount €m
Syndicated Bank RCF	Various	2026	337.2	332.5
Term Loan	Various	2026	136.9	136.3
Total outstanding loans at 31 December 2023			**474.1**	**468.8**

1 All debt instruments above are unsecured.

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**

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

	31 December 2023	30 July 2022
Total bank loans	**4.1%**	**1.8%**

Repayment schedule – loans (nominal values in €m)	31 December 2023	30 July 2022
Less than one year	–	–
Between one and five years	474.1	416.3
After five years	–	–
	474.1	**416.3**

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19 Financial instruments and financial risk

Financial assets, financial liabilities together with the carrying amounts shown in the balance sheet, are as follows:

As of 31 December 2023 (in €m)	Fair value hierarchy	Fair value through OCI 2023	Amortised cost 2023	Total carrying amount 2023
Trade and other receivables (excluding prepayments)		–	122.1	122.1
Cash and cash equivalents		–	103.9	103.9
Derivative financial assets	Level 2	0.5	–	0.5
Total financial assets		**0.5**	**226.0**	**226.5**
Trade and other payables (excluding non-financial liabilities)		–	(413.9)	(413.9)
Bank borrowings	Level 2	–	(468.8)	(468.8)
Lease liabilities		–	(125.9)	(125.9)
Derivative financial liabilities	Level 2	(9.0)	–	(9.0)
Total financial liabilities		**(9.0)**	**(1,008.6)**	**(1,017.6)**

As of 30 July 2022 (in €m)	Fair value hierarchy	Fair value through OCI 2022	Amortised cost 2022	Total carrying amount 2022
Trade and other receivables (excluding prepayments)		–	125.7	125.7
Cash and cash equivalents		–	245.8	245.8
Derivative financial assets	Level 2	1.5	–	1.5
Total financial assets		**1.5**	**371.5**	**373.0**
Trade and other payables (excluding non-financial liabilities)		–	(397.3)	(397.3)
Bank borrowings	Level 2	–	(409.7)	(409.7)
Lease liabilities		–	(126.1)	(126.1)
Derivative financial liabilities	Level 2	(4.8)	–	(4.8)
Total financial liabilities		**(4.8)**	**(933.1)**	**(937.9)**

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

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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, interest rate and commodity swap contracts)
Forward currency contracts are marked to market using quoted forward exchange rates, interest rate swap contracts are measured using quoted daily reference rates to match the maturities of the contracts; 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.

The fair values by classification level of financial assets and financial liabilities within the fair value hierarchy, together with the carrying amounts shown in the balance sheet, are as follows:

As of 31 December 2023 (in €m)	Fair value hierarchy	Fair value through OCI 2023	Amortised cost 2023	Total carrying amount 2023	Fair value 2023
Derivative financial assets	Level 2	0.5	–	0.5	0.5
Bank borrowings	Level 2	–	(468.8)	(468.8)	(474.1)
Derivative financial liabilities	Level 2	(9.0)	–	(9.0)	(9.0)

As of 30 July 2022 (in €m)	Fair value hierarchy	Fair value through OCI 2022	Amortised cost 2022	Total carrying amount 2022	Fair value 2022
Derivative financial assets	Level 2	1.5	–	1.5	1.5
Bank borrowings	Level 2	–	(409.7)	(409.7)	(416.3)
Derivative financial liabilities	Level 2	(4.8)	–	(4.8)	(4.8)

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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 27. 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.

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 a high 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.

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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 receivable 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 €131.6m (2022: €108.0m). The Group has continued to also recognise an asset within Trade and other receivables, of €10.8m (2022: €8.5m), 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 17-month period ended December 2023 were €7.3m (12-month to July 2022: €1.5m).

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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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:

in €m	31 December 2023	30 July 2022
Cash and cash equivalents	103.9	245.8
Trade and other receivables	122.1	125.7
Derivative financial assets	0.5	1.5
	226.5	**373.0**

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

in €m	31 December 2023	30 July 2022
ARYZTA Europe	83.9	84.5
ARYZTA Rest of World	19.3	19.4
	103.2	**103.9**

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

in €m	Gross 31 December 2023	Loss allowances 31 December 2023	Gross 30 July 2022	Loss allowances 30 July 2022
Not past due	78.5	0.6	82.0	1.4
Past due 0–30 days	23.9	0.2	21.1	0.3
Past due 31–120 days	2.5	0.9	2.9	0.6
Past due more than 121 days	1.3	1.3	1.5	1.3
	106.2	**3.0**	**107.5**	**3.6**

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

in €m	31 December 2023	30 July 2022
Balance at beginning of period	3.6	5.4
Utilised during the year	(1.1)	(1.0)
Increase/(decrease) in loss allowance during the financial year	0.6	(0.8)
Translation adjustment	(0.1)	–
Balance at end of period	**3.0**	**3.6**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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 12-month period. At 31 December 2023, 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:

31 December 2023 (in €m)	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
Non-derivative financial liabilities							
Fixed rate bank loans	–	–	–	–	–	–	–
Variable rate bank loans	(468.8)	(531.5)	(10.5)	(10.5)	(20.9)	(489.6)	–
Lease liabilities	(125.9)	(149.4)	(16.8)	(14.8)	(23.8)	(47.7)	(46.3)
Trade and other payables	(413.9)	(413.9)	(378.7)	(18.2)	(7.8)	(4.4)	(4.8)
Derivative financial instruments							
Interest rate swaps used for hedging	(3.5)	(3.5)	(0.6)	(0.6)	(1.3)	(1.0)	–
Financial instruments used for hedging							
– Inflows	175.5	175.5	150.3	21.2	4.0	–	–
– Outflows	(181.0)	(181.0)	(154.9)	(22.1)	(4.0)	–	–
	(1,017.6)	**(1,103.8)**	**(411.2)**	**(45.0)**	**(53.8)**	**(542.7)**	**(51.1)**

30 July 2022 (in €m)	Carrying amount	Contractual cash flows	6 mths or less	6–12 mths	1–2 years	2–5 years	More than 5 years
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)**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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:

in €m	Assets 31 December 2023	Liabilities 31 December 2023	Assets 30 July 2022	Liabilities 30 July 2022
Cash flow hedges				
Currency forward contracts	0.2	(2.8)	0.1	(2.0)
Interest rate swaps	–	(3.5)	–	–
Commodity contracts	0.3	(2.7)	1.4	(2.8)
At end of period	**0.5**	**(9.0)**	**1.5**	**(4.8)**

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 149.

There is no significant difference between the timing of the cash flows and the Group Consolidated Income Statement effect of cash flow hedges. The fair value included in the hedging reserve will primarily be released to the Group Consolidated Income Statement within 6 months (2022: 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

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)
for the period ended 31 December 2023

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 Group Consolidated 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 31 December 2023:

2023 in Millions	GBP	USD	CHF	EUR	Other	Total
Trade receivables	5.5	0.4	–	9.7	0.8	16.4
Other receivables	0.4	–	–	5.1	0.3	5.8
Cash and cash equivalents	0.5	2.9	–	8.2	1.9	13.5
Trade payables	(1.4)	(0.2)	(0.4)	(16.0)	(2.4)	(20.4)
Other payables	(0.9)	(0.1)	–	(5.6)	(0.6)	(7.2)
Derivative financial instruments	(0.1)	–	–	(4.0)	(4.2)	(8.3)
At 31 December 2023	**4.0**	**3.0**	**(0.4)**	**(2.6)**	**(4.2)**	**(0.2)**

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)**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

Currency sensitivity analysis

A 10% strengthening or weakening of the euro against the foreign currencies below at 31 December 2023 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.

2023 (in €m)	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
GBP	(0.4)	–	0.4	–
USD	(0.3)	0.7	0.3	(0.8)
CHF	–	–	–	–
At 31 December 2023	**(0.7)**	**0.7**	**0.7**	**(0.8)**

2022 (in €m)	10% strengthening income statement	10% strengthening equity	10% weakening income statement	10% weakening equity
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)**

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. The Group's interest rate swaps involve paying fixed interest rates in exchange for receiving floating interest rates, corresponding to the underlying floating debt instrument being hedged. All interest rate derivative financial instruments are in a cash flow hedge relationship where the effective portion of the changes in fair value are recognized in Other comprehensive income. At 31 December 2023, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

in €m	31 December 2023	30 July 2022
Fixed rate instruments		
Bank borrowings	–	(9.8)
Lease liabilities	(125.9)	(126.1)
	(125.9)	**(135.9)**
Variable rate instruments		
Cash and cash equivalents	103.9	245.8
Bank borrowings	(468.8)	(399.9)
Total interest-bearing financial instruments	**(490.8)**	**(290.0)**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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.

31 December 2023 (in €m)	Principal amount	Impact of 50 bp increase on income statement	Impact of 50 bp increase on equity
Variable rate bank borrowings	(468.8)	(2.3)	–
Interest rate swaps	203.6	–	1.0
Cash flow sensitivity, net	**(265.2)**	**(2.3)**	**1.0**

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

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 31 December 2023

20 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:

in €m	31 December 2023	30 July 2022
Deferred income tax assets (deductible temporary differences)		
Property, plant and equipment and ERP	6.3	5.8
Employee compensation	2.6	2.9
Pension related	5.8	5.5
Financing related	1.9	1.1
Tax loss carry-forwards and tax credits	24.5	16.6
Other	4.1	5.3
	45.2	**37.2**

in €m	31 December 2023	30 July 2022
Deferred income tax liabilities (taxable temporary differences)		
Property, plant and equipment and ERP	(68.6)	(69.9)
Intangible assets	(8.6)	(13.6)
Employee compensation	–	–
Pension related	(6.1)	(5.7)
Financing related	(2.8)	(3.2)
Other	(5.3)	(6.2)
	(91.4)	**(98.6)**

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 as it is not probable that these losses will be utilised prior to their expiration, expire as follows:

in €m	31 December 2023	30 July 2022
Within one year	–	0.1
Between one and five years	288.4	227.1
After five years	247.0	337.7
Total unrecognised tax losses	**535.4**	**564.9**

Deferred income tax liabilities of €2.6m (2022: €3.7m) 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 31 December 2023

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

2023 (in €m)	Intangible assets	Property, plant & equipment and ERP	Employee compen-sation	Pension related	Financing related	Tax losses and credits	Other	Total
At 30 July 2022	**(13.6)**	**(64.1)**	**2.9**	**(0.2)**	**(2.1)**	**16.6**	**(0.9)**	**(61.4)**
Recognised in Group Consolidated Income Statement	4.6	1.5	–	(0.1)	0.3	7.0	(0.2)	13.1
Recognised in Group Consolidated Statement of Compre-hensive Income	–	–	–	(0.1)	1.0	0.1	–	1.0
Translation adjustments and other	0.4	0.3	(0.3)	0.1	(0.1)	0.8	(0.1)	1.1
At 31 December 2023	**(8.6)**	**(62.3)**	**2.6**	**(0.3)**	**(0.9)**	**24.5**	**(1.2)**	**(46.2)**

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

21 Employee benefits

The Group operates a number of defined benefit and defined contribution pension plans in various jurisdictions. The Group operates two 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 historical salaries, depending on the rules of the individual plan.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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

in €m	31 December 2023	30 July 2022
Total deficit in defined benefit plans	1.9	3.2
Other[1]	2.5	3.3
Total	**4.4**	**6.5**

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 31 December 2023 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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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

	2023	2022
Rate of increase in salaries	1.3%	2.4%
Discount rate on plan liabilities	1.5%	1.8%

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

	2023	2022
Male	23.5	23.7
Female	25.1	25.4

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

	2023	2022
Male	21.8	21.7
Female	23.6	23.4

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

Average duration	2023	2022	2021
Average duration of Defined benefit obligation (years)	15.2	14.8	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 31 December 2023 is on the basis that only one principal financial actuarial assumption is changed, with all other assumptions remaining unchanged.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

The impact of a change in the assumption of life expectancy has been measured as at 31 December 2023 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 3.6% /increase by 4.0%
Salary growth rate	Increase/decrease 0.5%	Increase by 1.0% / decrease by 0.9%
Life expectancy	Increase/decrease 1 year	Increase by 1.1% /decrease by 1.0%

Net pension liability (in €m)	31 December 2023	30 July 2022
Total fair value of assets	88.3	83.5
Present value of plan liabilities	(88.9)	(86.7)
Asset ceiling	(1.3)	–
Deficit in the plans	**(1.9)**	**(3.2)**
Related net deferred tax liability (note 20)	(0.3)	(0.2)
Net pension liability	**(2.2)**	**(3.4)**

Fair value of plan assets (in €m)	Quoted	Non-quoted	31 December 2023	30 July 2022
Cash and cash equivalents	0.5	–	0.5	2.4
Equity instruments	29.0	–	29.0	27.9
Debt instruments	34.1	0.1	34.2	31.9
Property	24.6	–	24.6	21.3
Total fair value of assets	**88.2**	**0.1**	**88.3**	**83.5**

Movement in the fair value of plan assets (in €m)	31 December 2023	30 July 2022
Fair value of plan assets at the beginning of the period	83.5	78.5
Interest income	2.1	0.1
Employer contributions	4.5	2.7
Employee contributions	3.6	2.3
Benefit payments made	(8.3)	(0.1)
Actuarial return on plan assets (excluding interest income)	0.4	(7.7)
Translation adjustments	2.5	7.7
Fair value of plan assets at the end of the period	**88.3**	**83.5**

Movement in asset ceiling (in €m)	31 December 2023	30 July 2022
Asset ceiling at beginning of period	–	–
Change in asset ceiling recognised in OCI	(1.2)	–
Translation adjustments	(0.1)	–
Asset ceiling at end of period	**(1.3)**	**–**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

Movement in the present value of plan obligations (in €m)	31 December 2023	30 July 2022
Present value of plan obligations at the beginning of the period	(86.7)	(79.3)
Current service cost (note 7)	(4.7)	(3.4)
Past service cost (note 7)	1.1	0.7
Interest expense on plan obligations	(2.2)	(0.1)
Employee contributions	(3.6)	(2.3)
Benefit payments made	8.3	0.1
Actuarial changes in demographic and financial assumptions	(2.1)	10.9
Actuarial experience adjustments	3.3	(5.7)
Translation adjustments	(2.3)	(7.6)
Present value of plan obligations at the end of the period	**(88.9)**	**(86.7)**

Movement in net liability recognised in the Group Consolidated Balance Sheet (in €m)	31 December 2023	30 July 2022
Net liability in plans at the beginning of the period	(3.2)	(0.8)
Current service cost (note 7)	(4.7)	(3.4)
Past service cost (note 7)	1.1	0.7
Employer contributions	4.5	2.7
Net interest expense	(0.1)	–
Actuarial gain/(loss) on Group defined benefit pension plans	1.6	(2.5)
Remeasurement in asset ceiling	(1.2)	–
Translation adjustments	0.1	0.1
Net liability in plans at the end of the period	**(1.9)**	**(3.2)**

The estimated contributions expected to be paid during the 12-month period to December 2024 in respect of the Group's defined benefit plans are €3.2m.

Analysis of defined benefit expense recognised in the Group Consolidated Income Statement (in €m)	December 2023 17-month	July 2022 12-month
Current service cost (note 7)	4.7	3.4
Past service cost (note 7)	(1.1)	(0.7)
Non-financing expense	**3.6**	**2.7**
Expected return on Plan assets	(2.1)	(0.1)
Interest cost on Plan liabilities	2.2	0.1
Included in financing costs, net	**0.1**	**–**
Net charge to Group Consolidated Income Statement	**3.7**	**2.7**

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
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Additionally, a charge of €8.1m (2022: €5.3m) 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 (in €m)	December 2023 17-month	July 2022 12-month
Return on plan assets (excluding interest income)	0.4	(7.7)
Experience gains/(losses) on plan liabilities	3.3	(5.7)
Remeasurement (changes in asset ceiling)	(1.2)	–
Changes in demographic and financial assumptions	(2.1)	10.9
Actuarial gain/(loss)	**0.4**	**(2.5)**
Deferred tax effect of actuarial (gain)/loss (note 9)	(0.1)	0.3
Actuarial gain/(loss) recognised in Group Consolidated Statement of Comprehensive Income	**0.3**	**(2.2)**

History of experience gains and losses:	December 2023 17-month	July 2022 12-month
Difference between expected and actual return on plan assets:		
– Amount (in €m)	0.4	(7.7)
– % of Plan assets	0.5%	(9.2%)
Experience gains/(losses) on plan obligations:		
– Amount (in €m)	3.3	(5.7)
– % of Plan obligations	3.7%	(6.6%)
Total actuarial gains/(losses) recognised in Group Consolidated Statement of Comprehensive Income:		
– Amount (in €m)	0.4	(2.5)
– % of Plan obligations	0.4%	(2.8%)

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

22 Shareholders equity

Registered shares of CHF 0.02 each – authorised, issued and fully paid	31 December 2023 in Millions	31 December 2023 in € m	30 July 2022 in Millions	30 July 2022 in € m
At beginning and end of period	**993.1**	**17.0**	**993.1**	**17.0**

The authorization of the Board pursuant to Article 5 of the Articles of Association (governing authorised share capital), to increase the share capital of the Company by an amount not exceeding CHF 1,986,211.44 through the issue of up to 99,310,572 registered shares (representing 10% of the existing issued share capital of the Company) to be paid up in full with a par value of CHF 0.02 per share lapsed on 17 November 2023. At the AGM 2024, the Board will propose to the shareholders to vote in favour of an introduction of a capital range replacing the lapsed authorised capital.

Pursuant to Article 4 of the Articles of Association (governing conditional capital), the share capital of the Company may be increased by a maximum of 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, through the direct or indirect issuance of shares, options or related subscription rights 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.

Up to 17 November 2023, in case of exclusion, withdrawal or limitation of pre-emptive and/or advance subscription rights, the total number of new shares that could be issued under the authorised capital as per Article 5 and/or the conditional capital as per Article 4 was limited to the equivalent of 10% of the share capital, and to the equivalent of 5% of the share capital if the new shares are issued for the purpose of employee participation, respectively.

Treasury shares of CHF 0.02 each - authorised, called up and fully paid	31 December 2023 in ’000s	31 December 2023 in € ’000	30 July 2022 in ’000s	30 July 2022 in € ’000
At beginning of period	818	13	1,321	21
Release of treasury shares upon vesting and exercise of equity entitlements	(373)	(6)	(144)	(2)
Release of treasury shares as restricted shares	(378)	(6)	(359)	(6)
Purchase of treasury shares	3,081	5,087	–	–
At end of period	**3,148**	**5,088**	**818**	**13**

During the period ended 31 December 2023, the performance conditions associated with 372,861 PSU awards were fulfilled. 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 (2022: 143,483 RSU awards). The weighted average share price at the time of these exercises was CHF 1.00 (2022: CHF 1.07).

In addition, during the period ended 31 December 2023, 377,541 shares were issued out of treasury shares, in respect of restricted shares for non-executive directors (2022: 359,188). 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 31 December 2023

During the period ended 31 December 2023, ARYZTA AG purchased 3,081,000 shares into treasury, for consideration of €5.1m.

Other equity reserve

in €m	31 December 2023	30 July 2022
At beginning of period	671.4	720.5
Redemption of perpetual callable subordinated instrument	(293.3)	(49.1)
At beginning and end of period	**378.1**	**671.4**

principal outstanding in millions	Currency	31 December 2023	30 July 2022
Hybrid instrument 2013	CHF	325.4	400.0
Hybrid instrument 2014	CHF	144.3	190.0
Hybrid instrument 2014	EUR	–	200.0

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, which had no maturity date. As the first call option on this instrument was not exercised by ARYZTA in March 2019, the coupon during the current and prior period was 6.77%, plus the 5 year euro swap rate.

The CHF 190m and €250.0m 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 Instrument, 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 in the prior financial year ended 30 July 2022.

In March 2023, the Group redeemed the remaining €200.0m of the outstanding principal on its Euro Hybrid Instrument, at face value. In October 2023, the Group repurchased and cancelled CHF 120.3m of the outstanding principal on its CHF Hybrid instruments. The consideration for these transactions was €320.2m. This resulted in a reduction in the other equity reserve of €293.3m and a loss in the retained deficit of €26.9m in the financial year ended 31 December 2023.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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.

Unpaid hybrid dividends of €6.7m (2022: €7.7m) have been accrued on the Group Consolidated Balance Sheet.

Movements related to the Hybrid instrument dividends were as follows:

in €m	31 December 2023	30 July 2022
Balance at beginning of period	**(7.7)**	(175.7)
Hybrid instrument dividend charge	**(64.4)**	(45.2)
Hybrid instrument dividends paid - actual	**65.7**	43.0
Hybrid instrument dividends paid - deferred and compound	–	172.0
Translation adjustments	**(0.3)**	(1.8)
Balance at end of period	**(6.7)**	**(7.7)**

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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

Capital and net debt management

The capital managed by the Group as at 31 December 2023 consists of total equity of €698.6m (2022: €932.4m) and net debt of €490.8m at 31 December 2023 (2022: €290.0m). The Group has set the following goals for the management of its capital and net debt:

- To maintain prudent Net Debt: EBITDA and interest cover (EBITDA: Net interest, including Hybrid dividend) 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.

In September 2021, the Group replaced its existing €800m Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement. In October 2023, the Group drew down a new CHF 71.8m and €60.0m term loan facility, on the same interest and maturity terms as the existing RCF, allowing for additional flexibility around its capital management.

Under the 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:
  >2.00x – until 31 July 2022
  >3.00x – until 31 July 2023
  >3.50x – until facility termination date in September 2026.

The Group's key financial ratios at 31 December 2023 were as follows:

	December 2023	July 2022
Leverage covenant (Net Debt: EBITDA)[1]	1.41x	1.01x
Interest cover covenant (EBITDA: Net interest, including Hybrid dividend)[1]	3.91x	3.17x

1 Calculated as per Syndicated Bank Facilities Agreement terms.

These ratios were complied with throughout the period ended 31 December 2023, and are reported to the Board of Directors at regular intervals through internal financial reporting.

No interim dividend has been paid during the period ended 31 December 2023 (2022: nil).

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

23 Commitments

23.1 Capital commitments

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

in €m	31 December 2023	30 July 2022
Property, plant and equipment	29.9	10.2
Intangible assets	–	0.2
Total	**29.9**	**10.4**

23.2 Other commitments

The Company and its subsidiaries are 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.

24 Contingent liabilities

Letters of credit and guarantees
Letters of credit and guarantees amounting to €10.2 million are outstanding at 31 December 2023 (2022: €17.5 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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

25 Related party transactions

During the period ended 31 December 2023, there were no trading balances owing to or owing from the Group from related parties (2022: Nil) and there were no transactions for provision of services rendered or received during the period ended 31 December 2023 (2022: 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:

in €m	December 2023 17-month	July 2022 12-month
Short-term employee benefits	7.2	4.1
Other long-term benefits	0.6	0.4
Long-term incentives (LTIP)	1.4	0.3
Total key management compensation	**9.2**	**4.8**

Amounts shown in the table above represent the ongoing wages, salaries and other compensation of Executive Management totalling €7.7m (2022: €3.8m) and the Board of Directors totalling €1.5m (2022: €1.0m). 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.

ARYZTA has recently partnered with the charity “Brot gegen Not” ('Bread Against Misery'), a non-profit foundation established by Heiner Kamps, a non-executive director of ARYZTA, to help some of Africa's neediest communities.

26 Post balance sheet events – after 31 December 2023

As of 1 March 2024, 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.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

27 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.

28 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 14	Goodwill and intangible assets
Note 13	Leases
Note 21	Employee benefits
Notes 9 & 20	Income taxes and deferred income tax

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 157.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

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 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 14.

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 3.4% at 31 December 2023.

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 13.

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 21.

Judgement and estimation are 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 interpretations. 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 9, and deferred taxes are set out in note 20.

NOTES TO THE GROUP CONSOLIDATED FINANCIAL STATEMENTS (continued)
for the period ended 31 December 2023

29 Significant subsidiaries

A list of all of the Group's significant subsidiary undertakings, as at 31 December 2023 and 30 July 2022, 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 assets equal to, or in excess of, 2% of total Group assets.

Name	Nature of business	Currency	Share capital millions	Group % share 2023	Group % share 2022	Registered office
(a) Significant subsidiaries – ARYZTA 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
France Distribution SAS	Food distribution	EUR	0.108	100	100	2
Jallon SAS	Food distribution	EUR	0.312	100	100	3
Hiestand Schweiz AG	Food distribution	CHF	3.500	100	100	4
ARYZTA Bakeries Deutschland GmbH	Food manufacturing and distribution	EUR	3.072	100	100	5
Hiestand Deutschland GmbH	Food manufacturing and distribution	EUR	0.512	100	100	6
ARYZTA Food Solutions GmbH	Food distribution	EUR	0.025	100	100	7
FSB Backwaren GmbH	Food manufacturing and distribution	EUR	0.614	100	100	8
ARYZTA Bakeries UK Ltd	Food manufacturing and distribution	GBP	0.610	100	100	9
Pré Pain B.V.	Food manufacturing and distribution	EUR	0.018	100	100	10
ARYZTA Polska Sp.z o.o.	Food manufacturing and distribution	PLN	69.174	100	100	11
Fornetti Kft	Food manufacturing and distribution	HUF	500.000	100	100	12
(b) Significant subsidiaries – ARYZTA Rest of World						
ARYZTA Australia Pty Limited	Food manufacturing and distribution	AUD	17.000	100	100	13

Registered offices of subsidiaries consolidated as of 31 December 2023:

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. ZAC de la Fouillouse, 658 Rue Nicéphore Niépce, Saint Priest, 69800, France.
4. Ifangstrasse 9, 8952 Schlieren-Zurich, Switzerland.
5. Industriestrasse 4, 06295 Lutherstadt Eisleben, Germany.
6. Albert-Einstein-Str. 1, 97447, Gerolzhofen, Germany.
7. Konrad Goldmann Strasse 5 b, 79100 Freiburg im Breisgau, Germany.
8. Hochstrasse 177, 47228 Duisburg, Germany.
9. Unit 12, Humphrys Road, Woodside Estate, Dunstable, LU5 4TP, United Kingdom.
10. Kleibultweg 94, Oldenzaal, 7575 BX, the Netherlands.
11. ul. Zachodnia 10, 05-825 Grodzisk Mazowiecki, Poland.
12. 6000 Kecskemét, Városföld 8683/104.hrsz. dulo 92, Hungary.
13. '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 2023

To the General Meeting of
ARYZTA AG, Schlieren

Zurich, 1 March 2024

Opinion

We have audited the consolidated financial statements of ARYZTA AG and its subsidiaries (the Group), which comprise the Group Consolidated Balance Sheet as at 31 December 2023, the Group Consolidated Income Statement, the Group Consolidated Statement of Comprehensive Income, the Group Consolidated Statement of Changes in Equity and the Group Consolidated Statement of Cash Flows for the period from 31 July 2022 to 31 December 2023, and notes to the Group Consolidated Financial Statements, including a summary of significant accounting policies.

In our opinion, the Group Consolidated Financial Statements (pages 148 to 217) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the period then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). 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, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 consolidated financial statements.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF ARYZTA AG ON THE CONSOLIDATED FINANCIAL STATEMENTS 2023 (continued)

VALUATION OF GOODWILL

Area of focus
As at 31 December 2023, the carrying value of goodwill was EUR 556.7 million (2022: EUR 547.4 million) which represents 29% of total assets (2022: 26%) and 80% of total equity (2022: 59%). 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 note 14.

Our audit response
We obtained an understanding of the Group's goodwill impairment review process and the process for setting significant assumptions (including walkthroughs of the design and implementation of relevant controls), 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 compared the actual results for the 5-months ended 31 December 2023 to management's forecasts at the date of the annual impairment test to determine if any indicators of impairment existed.
- 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 2023 (continued)

REVENUE RECOGNITION

Area of focus
Revenues from continuing operations for the period ended 31 December 2023 were EUR 3,046 million (2022: EUR 1,756.1 million).

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 158.

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

- Obtained an understanding of the revenue recognition policy and how it was applied, including a walkthrough of the design and implementation of relevant controls.
- 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.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the compensation 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.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF ARYZTA AG ON THE CONSOLIDATED FINANCIAL STATEMENTS 2023 (continued)

Board of Directors' responsibilities for the consolidated financial statements
The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards 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 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, ISA and SA-CH 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 EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements
In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

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

EY Building a better working world Ernst & Young Ltd

Olivier Mange
Licensed audit expert
Auditor in charge

Jennifer Mathias
Certified public accountant

COMPANY FINANCIAL STATEMENTS

COMPANY INCOME STATEMENT
for the period ended 31 December 2023

in CHF m	Notes	December 2023 17-month	July 2022 12-month
Revenues from licences and management fees from Group companies		26.9	9.5
Dividend income from Group companies		1.3	–
Gain on extinguishment of loan	5	–	94.3
Personnel expenses		(11.5)	(7.2)
Other operating expenses to Group companies		(9.6)	(12.9)
Other operating expenses		(17.5)	(21.5)
Depreciation and amortisation		(0.1)	–
Impairment of investment in Group Companies	5	(256.0)	(93.6)
Operating Loss		**(266.5)**	**(31.4)**
Financial income from Group companies		97.9	36.2
Financial expenses		(96.4)	(39.8)
Loss before income tax		**(265.0)**	**(35.0)**
Income tax		**(1.0)**	**(1.5)**
Loss for the period		**(266.0)**	**(36.5)**

COMPANY BALANCE SHEET
as at 31 December 2023

in CHF m	Notes	31 December 2023	30 July 2022
Assets			
Cash and cash equivalents		17.0	56.5
Other current receivables			
– from third parties		7.2	5.5
– from Group companies		1.3	0.6
Total current assets		**25.5**	**62.6**
Financial assets			
– loans to Group companies		2,234.2	1,698.9
Investments			
– investments in Group companies	5	1,064.5	1,102.3
Property, plant and equipment		0.1	0.1
Intangible assets		1.3	–
Total long-term assets		**3,300.1**	**2,801.3**
Total assets		**3,325.6**	**2,863.9**
Liabilities			
Trade payable			
– to third parties		2.7	1.1
Other short-term liabilities			
– to third parties		111.9	92.2
– to Group companies		27.5	36.1
Accrued expenses		16.6	11.3
Total short-term liabilities		**158.7**	**140.7**
Long-term interest-bearing liabilities			
– to third parties	4	912.1	977.7
Liabilities to Group companies		1,450.0	669.7
Total long-term liabilities		**2,362.1**	**1,647.4**
Total liabilities		**2,520.8**	**1,788.1**
Equity			
Share capital	6	19.9	19.9
Legal reserves from capital contribution		4.0	4.0
Legal reserves from foreign capital contribution		49.7	19.9
Legal reserve for own shares from foreign capital contribution	7	2.7	32.5
Free reserves from capital contribution		823.2	823.2
Free reserves from foreign capital contribution		1,094.0	1,094.0
Treasury shares	7	(5.0)	–
Retained earnings		(1,183.7)	(917.7)
Total equity		**804.8**	**1,075.8**
Total equity and liabilities		**3,325.6**	**2,863.9**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 Basis of presentation

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

The Company's accounting period is from 31 July 2022 to 31 December 2023. During March 2023, ARYZTA announced that it is changing its fiscal year from July ending to December ending to align with calendar year reporting. After December 2023, the Group will manage its operations and report its financial performance on a periodic basis, dividing the financial period into 12 calendar months. Under this method the Group's fiscal period end will be defined as 31 December each year. Accordingly, the fiscal periods for 2023 and 2022 will be 17 months ended 31 December 2023 and 52 week period ended 30 July 2022 respectively. The subsequent fiscal period for 2024 will be 12 months ended 31 December 2024.

2 Accounting policies

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

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

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

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

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

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

3 Full-time equivalents

The number of full-time equivalents in ARYZTA AG is not greater than 50. Please refer to page 178 of the Group Consolidated Financial Statements to view the Group's full-time equivalents.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(continued)

4 Loans, guarantees and pledges in favour of third parties

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

Bonds outstanding	Interest Rate	31 December 2023 in CHF m	30 July 2022 in CHF m	Maturity
Hybrid Instrument 2013	7.8%	325.4	400.0	No specified maturity date
Hybrid Instrument 2014	5.9%	144.3	190.0	No specified maturity date
Bank loans outstanding				**Financial period of maturity**
Syndicated Bank RCF	4.2%	314.6	387.7	2026
Term loan	3.9%	127.8	–	2026

The average interest rate on the bank loans outstanding is 4.1%.

In October 2023, the Group repurchased and cancelled CHF 120.3m of the outstanding principal on its Hybrid instruments, for consideration of CHF 114.4m, which resulted in a gain in the Company Income Statement of CHF 5.9m during the period ended 31 December 2023.

In September 2021, the Group replaced its existing €800m Syndicated Revolving Credit Facility ('RCF') Agreement with a new five year €500m Syndicated RCF Agreement. In October 2023, the Group drew down on a new CHF 71.8m and €60.0m term loan facility, on the same interest and maturity terms as the existing RCF, allowing for additional flexibility around its capital management.

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:
  >2.00x – until 31 July 2022
  >3.00x – until 31 July 2023
  >3.50x – until facility termination date in September 2026.

Details of the Group's financing covenants are included in note 22 to the Group Financial Statements on page 212.

The short-term portion of the Company's interest-bearing loans and borrowings relates primarily to amounts drawn by the Company against positive cash balances of other entities within the Group's overall cash pooling arrangement. These cash pooling overdrafts are repayable on demand and form an integral part of the Group's cash and debt management structure.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(continued)

5 Details of investments

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

A list of significant indirect investments in Group companies is disclosed in note 29 of the Group Financial Statements on page 217.

		Share capital millions		Percentage	
Company (Domicile)		December 2023	July 2022	December 2023	July 2022
ARYZTA Holdings Asia Pacific BV (Amsterdam, NL)	EUR	0.020	0.020	100	100
ARYZTA Holdings Germany AG (Schlieren, CH)	CHF	0.100	0.100	100	100
ARYZTA Holdings Ireland Limited (St Helier, JE)	EUR	–	–	100	100
ARYZTA Finance II AG (Cham, CH)	EUR	–	0.087	–	100
Hiestand Beteiligungsholding GmbH & Co. KG (Schweinfurt, DE)[1]	EUR	0.026	0.026	100	100
ARYZTA Food Europe AG (Schlieren, CH)	CHF	–	6.450	–	100
Hiestand Schweiz AG (Schlieren, CH)	CHF	3.500	–	100	–
Summerbake GmbH (Duisburg, DE)	EUR	0.025	0.025	100	100
ARYZTA Investments SAS (Ferrières-en-Brie, FR)	EUR	40.100	40.100	100	100

1 The amount disclosed represents limited liability capital.

During the year ended 31 December 2023, the Group refinanced and redeemed the remaining €200.0m of the hybrid instruments that had been held by a subsidiary indirectly owned by ARYZTA Holdings Ireland Limited. In addition, the value in use of the operating subsidiaries of ARYZTA Holdings Ireland Limited was reduced by higher discount rates and stronger Swiss franc exchange rates in the current financial year compared to the previous financial year. As a result, the Company recorded an impairment of CHF 256.0m in respect of its investment in ARYZTA Holdings Ireland Limited during the financial year ended 31 December 2023.

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(continued)

6 Share capital

	Period ended 31 December 2023 Number of shares m	Period ended 31 December 2023 in CHF m	Period ended 30 July 2022 Number of shares m	Period ended 30 July 2022 in CHF m
Shares of CHF 0.02 each – authorised, issued and fully paid				
As at beginning and end of period	993.1	19.9	993.1	19.9
Shares of CHF 0.02 each				
Conditional capital	49.7	1.0	49.7	1.0
Authorised capital	99.3	2.0	99.3	2.0

The authorization of the Board pursuant to Article 5 of the Articles of Association (governing authorised share capital), to increase the share capital of the Company by an amount not exceeding CHF 1,986,211.44 through the issue of up to 99,310,572 registered shares (representing 10% of the existing issued share capital of the Company) to be paid up in full with a par value of CHF 0.02 per share lapsed on 17 November 2023. At the AGM 2024, the Board will propose to the shareholders to vote in favour of an introduction of a capital range replacing the lapsed authorised capital.

Pursuant to Article 4 of the Articles of Association (governing conditional capital), the share capital of the Company may be increased by a maximum of 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, through the direct or indirect issuance of shares, options or related subscription rights 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.

Up to 17 November 2023, in case of exclusion, withdrawal or limitation of pre-emptive and/or advance subscription rights, the total number of new shares that could be issued under the authorised capital as per Article 5 and/or the conditional capital as per Article 4 was limited to the equivalent of 10% of the share capital, and to the equivalent of 5% of the share capital if the new shares are issued for the purpose of employee participation, respectively.

The registered share capital of the Company as at 31 December 2023, amounts to CHF 19,862,114.54, and is divided into 993,105,727 registered shares with a par value of CHF 0.02 per share, of which 989,957,290 are outstanding and 3,148,437 were classified as treasury shares.

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

At the 2021 Annual General Meeting held on 17 November 2021 the shareholders approved a re-appropriation of CHF 823.2m from Legal reserves from capital contribution to Free reserves from capital contribution and of CHF 26.2m from Legal reserves from foreign capital contribution to Free reserves from foreign capital contribution.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(continued)

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

	Period ended 31 December 2023 '000	Period ended 31 December 2023 in CHF m	Period ended 30 July 2022 '000	Period ended 30 July 2022 in CHF m
As at beginning of period	818	32.5	1,321	52.4
Release of treasury shares upon vesting and exercise of equity entitlements	(373)	(14.8)	(144)	(5.7)
Release of treasury shares as restricted shares	(378)	(15.0)	–	–
Purchase of treasury shares	3,081	5.0	(359)	(14.2)
As at end of period	**3,148**	**7.7**	**818**	**32.5**

During the period ended 31 December 2023, the performance conditions associated with 372,861 PSU awards were fulfilled. 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 (2022: 143,483 RSU awards). The weighted average share price at the time of these exercises was CHF 1.00 (2022: CHF 1.07).

In addition, during the period ended 31 December 2023, 377,541 shares were issued out of treasury shares, in respect of restricted shares for non-executive directors (2022: 359,188). 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.

During the period ended 31 December 2023, ARYZTA AG purchased 3,081,000 shares into treasury, for consideration of CHF 5.0m.

8 Participations

As at 31 December 2023, the Company has been notified of the following shareholdings or voting rights, which amount to 3% or more of the Company's issued ordinary share capital:

	Number of shares 2023	Number of shares % 2023
Heiner Kamps, Ella Kamps, Michael Philips, Wilhelm Beier, Karl Gerhold and Jürg Kallay[1]	58,959,120	5.94%
Swisscanto Fondsleitung AG	50,398,011	5.07%
Credit Suisse Funds AG	30,703,083	3.09%
UBS Fund Management (Switzerland) AG	30,291,810	3.05%
Accuro Fund Solutions AG[2]	30,159,443	3.04%

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

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(continued)

Any significant shareholder notifications during the period, and since 31 December 2023, are available from the ARYZTA website at: www.aryzta.com/investor-centre/shareholder-notifications and also on the SIX Exchange Regulation's website at:
www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

9 Pension fund liability

The pension fund liability was CHF 56,174 at 31 December 2023 (2022: CHF 80,897).

10 Non-executive Directors and Executive Management share interests

Please refer to the ARYZTA AG Compensation Report on pages 64 to 88 for details on the compensation process and compensation for the period of Non-executive Directors and Group Executive Management.

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

Beneficial interests at 31 December 2023 and 30 July 2022 were as follows:

Shares in ARYZTA at CHF 0.02 each	No. of ordinary shares 2023	No. of restricted shares 2023	Total 2023	Total 2022
Directors				
Urs Jordi	424,000	410,985	834,985	549,686
Heiner Kamps[1]	58,959,120	122,149	59,081,269	59,231,039
Hélène Weber-Dubi	65,000	159,020	224,020	105,209
Alejandro Zaragueta	132,000	160,430	292,430	254,447
Former Directors				
Gordon Hardie	–	144,785	144,785	97,306
Jörg Riboni	–	198,433	198,433	1,555,947
Luisa Delgado	–	110,981	110,981	110,981
Total	**59,580,120**	**1,306,783**	**60,886,903**	**61,904,615**

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

No loans or advances were made to members of the Board of Directors or to Executive Management during the financial period, or were outstanding at 31 December 2023 (2022: Nil).

NOTES TO THE COMPANY FINANCIAL STATEMENTS
(continued)

Executive Management's interests in equity instruments

	No. of shares closing position FY 2023	No. of restricted shares Closing position FY 2023	No. of PSUs Closing position FY 2023[1]	No. of shares closing position FY 2022	No. of restricted shares Closing position FY 2022	No. of PSUs Closing position FY 2022[1,2]
Urs Jordi	424,000	410,985	880,392	266,500	283,186	477,062
Martin Huber	201,000	–	586,929	201,000	–	318,042
Rhona Shakespeare	–	–	374,925	–	–	502,047
Sandip Gudka	–	–	–	–	–	–
Christophe Toitot	–	–	–	–	–	–
Total executive management	**625,000**	**410,985**	**1,842,246**	**467,500**	**283,186**	**1,297,151**

1 PSU's are presented at target award. The number of PSU's vested may change depending on the achievement of operating performance measures at vesting.
2 The FY 2020 awards were unvested as at 30 July 2022.

Previous and discontinued compensation plans

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

	No. of options carried forward FY 2023	Expired during the year[1]	No. of options closing position FY 2023	No. of options of which vesting criteria have been fulfilled[2]
Dermot Murphy	94,052	(94,052)	–	–
Total former executive management	**94,052**	**(94,052)**	**–**	**–**

ARYZTA has recently partnered with the charity "Brot gegen Not" ('Bread Against Misery'), a non-profit foundation established by Heiner Kamps, a non-executive director of ARYZTA, to help some of Africa's neediest communities.

11 Post balance sheet events – after 31 December 2023

As of 1 March 2024, the date of approval of the financial statements by the Board of Directors, there have been no material significant events that would require adjustment or disclosure within the financial statements.

COMPANY RE-APPROPRIATION OF RESERVES AND APPROPRIATION OF AVAILABLE EARNINGS

Re-appropriation of reserves – April 2024 Annual General Meeting

The Board of Directors will propose to the April 2024 Annual General Meeting of Shareholders the following re-appropriation of reserves:

in CHF'000	2023
Legal reserves from capital contribution	3,973
Legal reserves from foreign capital contribution	49,722
Free reserves from capital contribution	823,187
Free reserves from foreign capital contribution	1,093,975
Re-appropriation from free reserves to legal reserves from capital contribution	(823,187)
Re-appropriation from free reserves to legal reserves from foreign capital contribution	(1,093,975)
Legal reserves from capital contribution	827,160
Legal reserves from foreign capital contribution	1,143,697
Free reserves from capital contribution	–
Free reserves from foreign capital contribution	–

Appropriation of available earnings

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

in CHF'000	2023	2022
Balance of retained earnings carried forward	(917,615)	(881,154)
Net loss for the period	(266,040)	(36,461)
Closing balance of retained earnings	(1,183,655)	(917,615)
Dividend payment from retained earnings	–	–
Balance of retained earnings to be carried forward	**(1,183,655)**	**(917,615)**

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF ARYZTA AG ON THE FINANCIAL STATEMENTS 2023

Opinion
We have audited the financial statements of ARYZTA AG (the Company), which comprise the balance sheet as at 31 December 2023, the income statement for the period from 31 July 2022 to 31 December 2023 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 223 to 232) comply with Swiss law and the Company's articles of incorporation.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: https://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF ARYZTA AG ON THE FINANCIAL STATEMENTS 2023 (continued)

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the 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 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 financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the financial statements.

VALUATION OF INVESTMENTS IN GROUP COMPANIES

Area of focus

As at 31 December 2023 ARYZTA AG holds direct and indirect investments in subsidiaries with a carrying amount of CHF 1'064.5 million (32% of total assets and 132% of total equity). When indicators of impairment are identified, Aryzta AG estimates the recoverable amount of its investments. An impairment charge of CHF 256.0 million was recognised during the period in respect to investments in Group companies.

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

We refer to Note 2 on page 225, Accounting policies and Note 5 on page 227, Details of investments.

Our audit response

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

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

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

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

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF ARYZTA AG ON THE FINANCIAL STATEMENTS 2023 (continued)

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Report on other legal and regulatory requirements

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

Furthermore, we confirm that the proposed appropriation of available earnings and re-appropriation of reserves complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

EY Building a better working world

Ernst & Young Ltd

Olivier Mange
Licensed audit expert
Auditor in charge

Jennifer Mathias
Certified public accountant

Zurich, 1 March 2024

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES
for the period ended 31 December 2023

This section contains certain alternative financial performance measures, which are not defined by IFRS Accounting Standards ('IFRS'), that are used by management to assess the financial and operational performance of the Group. Management believes that these non-IFRS financial performance measures provide useful information regarding the Group's financial and operating performance. The main alternative performance measures used by the Group are explained and/or reconciled with related IFRS measures (as per the Consolidated Financial Statements) below.

'Organic growth' – represents the revenue growth during the period, after removing the impact of acquisitions and divestitures and foreign exchange translation. This provides a "like-for-like" comparison with the previous period in constant scope and constant currency.

A breakdown of organic growth compared to total revenue movement by segment comparing the 17-month financial period ended calendar month December 2023 to the 17-month prior period ended December 2022 is shown below:

17-month period (in €m)	ARYZTA Europe	ARYZTA Rest of World	Total Group
Revenue	**2,697.8**	**348.2**	**3,046.0**
Organic growth	17.7%	14.2%	17.3%
Disposals movement	–	(3.9%)	(0.5%)
Currency movement	0.6%	(4.3%)	(0.1%)
Total revenue movement	**18.3%**	**6.0%**	**16.7%**

'EBITDA' – presented as earnings before interest, taxation, depreciation and amortisation. In the 2022 Annual Report and Accounts this was referred to as 'IFRS EBITDA'. A reconciliation of EBITDA by segment to operating profit (excluding depreciation and amortisation) is presented in note 2 to the financial statements, on page 173.

A breakdown of EBITDA by segment, and related EBITDA margin is shown as follows:

EBITDA (in €m)	17-month December 2023	12-month July 2022	% Change
ARYZTA Europe	330.4	174.9	88.9%
ARYZTA Rest of World	70.4	(3.0)	
Total Continuing operations	**400.8**	**171.9**	**133.2%**

EBITDA margin	17-month December 2023	12-month July 2022	% Change
ARYZTA Europe	12.2%	11.4%	80 bps
ARYZTA Rest of World	20.2%	(1.3%)	2,150 bps
Total Continuing operations	**13.2%**	**9.8%**	**340 bps**

ALTERNATIVE PERFORMANCE MEASURES (continued)
for the period ended 31 December 2023

As the ‘EBITDA’ measure above more closely aligns to the Group Consolidated Income Statement, the Group no longer presents the ‘Underlying EBITDA’ alternative performance measure, which was presented as earnings before interest, taxation, depreciation and amortisation; before impairment, disposal, and restructuring-related costs. Consistent with this closer alignment of reporting to the Group Consolidated Income Statement, the Group also no longer presents the ‘Underlying EBITA’ and ‘Underlying net profit/(loss)’ alternative performance measures in the current period.

A reconciliation of continuing operations ‘Underlying EBITDA’ to ‘EBITDA’ for the prior period ended 30 July 2022 is presented below:

	ARYZTA Europe July 2022 €m	ARYZTA Rest of World July 2022 €m	Continuing Operations July 2022 €m
Underlying EBITDA as previously reported	179.5	39.3	218.8
Impairment, disposal and restructuring-related costs	(4.6)	(42.3)	(46.9)
EBITDA	**174.9**	**(3.0)**	**171.9**
Underlying EBITDA margin as previously reported	11.7%	17.5%	12.5%
Impairment, disposal and restructuring-related margin	(0.3%)	(18.8%)	(2.7%)
EBITDA margin	**11.4%**	**(1.3%)**	**9.8%**

1 Underlying EBITDA from continuing operations includes central costs previously allocated to ARYZTA North America discontinued operations.

‘Free cash flow’ – represents the company’s ability to generate free funds from its operating activities after its investments in fixed assets and repayments of lease liabilities. It is calculated as net cash flows from operating activities per the IFRS cash flow statement, adjusted for cash flows related to the purchase of property, plant and equipment and intangible assets, proceeds from sale of property plant and equipment, lease principal payments and dividends paid on hybrid instruments.

In the 2022 Annual Report and Accounts this was referred to as ‘Cash flow generated from activities’.

ALTERNATIVE PERFORMANCE MEASURES (continued)
for the period ended 31 December 2023

A breakdown of free cash flow during the current and prior period is shown below:

in €m	17-month December 2023	12-month July 2022
EBITDA	**400.8**	**171.9**
Impairment, disposal and restructuring-related costs	–	46.9
Working capital movement	(16.2)	(2.7)
Working capital movement from debtor securitisation	24.6	23.0
Capital expenditure	(91.8)	(89.4)
Net payments on lease contracts	(50.9)	(33.8)
Proceeds from sale of fixed assets and investment property	4.5	5.7
Restructuring-related cash flows	(3.6)	(11.9)
Dividends paid on hybrid instruments – actual	(65.7)	(43.0)
Interest and income tax on operating activities paid, net	(60.0)	(25.2)
Other	(2.1)	2.5
Free cash flow	**139.6**	**44.0**

Reconciliation of IFRS cash flow from operating activities to Free cash flow:

in €m	17-month December 2023	12-month July 2022
IFRS – Net cash flow from operating activities[1]	**338.0**	**200.1**
Purchase of property, plant and equipment	(76.9)	(83.3)
Purchase of intangible assets	(14.9)	(6.1)
Proceeds from sale of property, plant and equipment	4.5	4.8
Proceeds from sale of investment property	–	0.9
Lease principal payments	(45.4)	(29.4)
Hybrid instruments dividends paid	(65.7)	(43.0)
Free cash flow	**139.6**	**44.0**

1 Net cash flows from operating activities are presented in the Group Consolidated Cash Flow Statement on page 152

'Net debt' – is defined as the Group's interest bearing loans and bonds and lease liabilities, after deduction of cash and cash equivalents. As of 31 December 2023, the Group's net debt was broken down as follows:

in €m	December 2023	July 2022
Gross term debt	**(474.1)**	**(416.3)**
Upfront borrowing costs	5.3	6.6
Term debt, net of upfront borrowing costs	**(468.8)**	**(409.7)**
Cash and cash equivalents	103.9	245.8
Net debt excluding leases	**(364.9)**	**(163.9)**
Leases	(125.9)	(126.1)
Net debt	**(490.8)**	**(290.0)**

ALTERNATIVE PERFORMANCE MEASURES (continued)
for the period ended 31 December 2023

A reconciliation of year-on-year net debt evolution is shown as follows:

	17-month December 2023 €m	12-month July 2022 €m
Opening net debt	**(290.0)**	**(220.1)**
Free cash flow	139.6	44.0
Net movements on lease liabilities	0.5	14.4
Disposal of businesses, net of tax and leases	(0.8)	109.8
Hybrid instrument principal repayment	(320.2)	(48.0)
Dividends paid on hybrid instruments – deferred and compound	–	(172.0)
RCF termination costs	–	(8.3)
Foreign exchange movement	(12.5)	(7.1)
Other[1]	(7.4)	(2.7)
Closing net debt	**(490.8)**	**(290.0)**

1 Other comprises purchase of treasury shares and amortisation of upfront financing costs.

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

Movements related to the Hybrid instrument principals at current foreign exchange rates and related dividends during the period were as follows:

	Principal €m	Dividends €m	Total €m
Balance at 31 July 2022	**(806.4)**	**(7.7)**	**(814.1)**
Hybrid instrument dividend charge	–	(64.4)	(64.4)
Hybrid instrument dividends paid	–	65.7	65.7
Hybrid instrument redemption	325.8	–	325.8
Translation adjustments	(22.7)	(0.3)	(23.0)
Balance at 31 December 2023	**(503.3)**	**(6.7)**	**(510.0)**

ALTERNATIVE PERFORMANCE MEASURES (continued)
for the period ended 31 December 2023

'Net working capital' – The Group monitors net working capital to evaluate how efficient it is at managing its operating cash conversion cycle. Net working capital is the sum of Trade working capital, comprising inventory, trade receivables and trade payables; and other components, including accruals and other payables, prepayments and other receivables, and employee and VAT tax balances. As of 31 December 2023, the Group's working capital was broken down as follows:

in €m	December 2023	July 2022
Inventory	125.4	120.4
Trade receivables	103.2	103.9
Trade payables	(216.7)	(205.1)
Trade working capital	**11.9**	**19.2**
Other elements of working capital[1]	(147.3)	(146.2)
Net working capital	**(135.4)**	**(127.0)**

1 Comprises accruals and other payables, prepayments and other receivables, and employee and VAT tax balances

'Invested capital' – Excludes financial assets at fair value, bank debt, cash and cash equivalents and tax balances. Invested capital is a measure of the operational net assets used to generate the results of the business, excluding financing, tax and cash-management activities. Invested capital comprises the sum of segment assets and segment liabilities, as set out in note 2 to the financial statements, on page 174. In the 2022 Annual Report and Accounts this was referred to as 'Segmental Net Assets'. A summary breakdown of the balance sheet, including the operational net assets that comprise invested capital is shown below:

in €m	December 2023	July 2022
Property, plant and equipment	834.0	853.6
Goodwill and intangible assets	652.3	667.5
Net working capital	(135.4)	(127.0)
Other segmental assets	4.0	4.1
Other segmental liabilities	(22.5)	(23.4)
Lease liabilities	(125.9)	(126.1)
Invested capital	**1,206.5**	**1,248.7**
Interest bearing bank loans, net of cash	(364.9)	(163.9)
Deferred tax, net	(46.2)	(61.4)
Income tax payable	(88.3)	(87.7)
Derivative financial instruments	(8.5)	(3.3)
Net assets	**698.6**	**932.4**

'NOPAT' – Net operating profit after tax. This is operating profit after a normalised tax rate of 25%, before gains/losses on disposal of businesses excluding taxation directly attributable to disposal of businesses.

ALTERNATIVE PERFORMANCE MEASURES (continued)
for the period ended 31 December 2023

'ROIC' – Return On Invested Capital is a measure of performance which integrates both measures of profitability and measures of capital efficiency. This is calculated as trailing twelve month NOPAT divided by average Invested capital, as at the beginning and the end of the financial performance period.

A summary of the ROIC by segment as of December 2023 and July 2022 is as follows:

in €m	ARYZTA Europe	ARYZTA Rest of World	ARYZTA Group
31 December 2023			
Average invested capital	1,130.6	94.7	1,225.3
NOPAT	122.2	27.9	150.1
ROIC	10.8%	29.5%	12.3%
30 July 2022			
Average invested capital	1,157.9	99.9	1,257.8
NOPAT	66.3	17.8	84.1
ROIC	5.7%	17.8%	6.7%

The ROIC profitability measure as reported at 30 July 2022 was based on profit after underlying tax. As the Group no longer reports an Underlying net profit alternative performance measure, the NOPAT definition has been amended to profit after a normalised tax rate of 25%, excluding taxation directly attributable to disposal of businesses. The impact of this taxation change to the ROIC as previously reported at 30 July 2022 is as follows:

in €m	ARYZTA Europe July 2022	ARYZTA Rest of World July 2022	Continuing Operations July 2022
NOPAT as previously reported	**64.4**	**20.7**	**85.1**
Impact of change in taxation	1.9	(2.9)	(1.0)
NOPAT as revised	**66.3**	**17.8**	**84.1**
ROIC as previously reported	**5.6%**	**20.7%**	**6.8%**
Impact of change in taxation	0.1%	(2.9)%	(0.1)%
ROIC as revised	**5.7%**	**17.8%**	**6.7%**

PRO FORMA 12-MONTH RESULTS
for the period ended 31 December 2023

The results set out in this section are based on the 12-month period to December 2023, compared to the 12-month period to December 2022, and are presented to enable comparability following the change to a December financial year end.

12-month pro forma (unaudited – in €m)	December 2023	December 2022
Revenue	2,192.7	1,915.9
Cost of sales	(1,471.8)	(1,325.9)
Distribution expenses	(271.3)	(251.4)
Gross profit	**449.6**	**338.6**
Selling expenses	(91.4)	(85.6)
Administration expenses	(182.3)	(148.2)
Operating profit	**175.9**	**104.8**
Financing costs, net	(29.3)	(16.6)
Profit before income tax	**146.6**	**88.2**
Income tax expense	(20.9)	(7.3)
Profit for the period	**125.7**	**80.9**
Hybrid dividend	(44.1)	(47.1)
Profit used to determine EPS	**81.6**	**33.8**

The Organic Growth, EBITDA and Free Cash Flow metrics below are presented in line with the Alternative Performance Measure definitions set out on pages 237–239, comparing the pro forma 12-month period to December 2023, with the 12-month period to December 2022.

12-month pro forma (unaudited in €m)	ARYZTA Europe	ARYZTA Rest of World	Total
Revenue	**1,948.0**	**244.7**	**2,192.7**
Organic growth	15.2%	11.2%	14.7%
Currency movement	0.7%	(7.2%)	(0.3%)
Total revenue movement	**15.9%**	**4.0%**	**14.4%**

EBITDA 12-month pro forma (unaudited in €m)	December 2023	December 2022	% Change
ARYZTA Europe	254.1	185.1	37.3%
ARYZTA Rest of World	50.4	45.0	12.0%
Total Group	**304.5**	**230.1**	**32.3%**

EBITDA margin 12-month pro forma (unaudited)	December 2023	December 2022	% Change
ARYZTA Europe	13.0%	11.0%	200 bps
ARYZTA Rest of World	20.6%	19.1%	150 bps
Total Group	**13.9%**	**12.0%**	**190 bps**

PRO FORMA 12-MONTH RESULTS (continued)
for the period ended 31 December 2023

12-month pro forma (unaudited in €m)	December 2023	December 2022
EBITDA	**304.5**	**230.1**
Working capital movement	27.4	(28.7)
Working capital movement from debtor securitisation	8.8	40.4
Capital expenditure	(69.0)	(87.6)
Net payments on lease contracts	(35.9)	(35.1)
Proceeds from sale of fixed assets and investment property	4.1	5.9
Restructuring-related cash flows	(2.9)	0.2
Dividends paid on hybrid instruments – actual	(54.6)	(47.5)
Interest and income tax on operating activities paid, net	(49.8)	(21.7)
Other	(0.2)	1.3
Free cash flow	**132.4**	**57.3**

Forward looking statement

This document contains forward looking statements which reflect the Board of Directors' current views and estimates. The forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures, the effects of a pandemic or epidemic or a natural disaster, or war and regulatory developments. You are cautioned not to place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this document. The Company expressly disclaims any obligation or undertaking to publicly update or revise any forward-looking statements other than as required by applicable law.

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