

2024

ARYZTA
SERVING INSPIRATION

Half-Year Report January–June



FINANCIAL HIGHLIGHTS

Total Revenue

1,055

in € million

EBITDA Group

14.2%

of total revenues

Revenue Europe

938

in € million

EBITDA Europe

13.6%

of segment revenues

Revenue Rest of World

117

in € million

EBITDA Rest of World

18.7%

of segment revenues

Profit for the period

58

in € million

Diluted EPS

4.1

in € cent

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FINANCIAL HIGHLIGHTS HALF-YEAR 2024

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

€1,055m

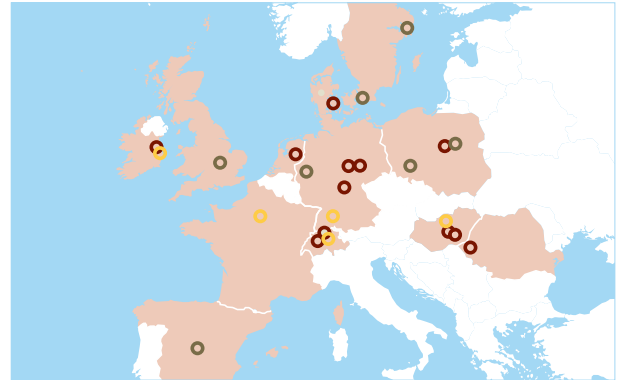
Bakeries

26

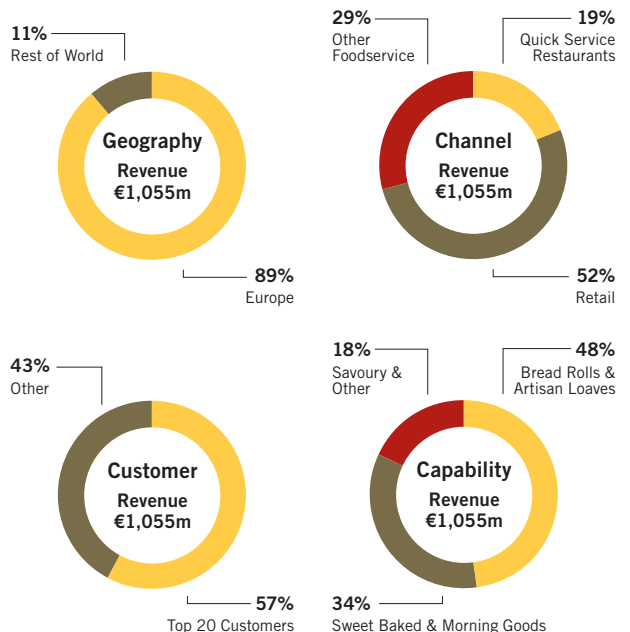
Countries

27

ARYZTA Group



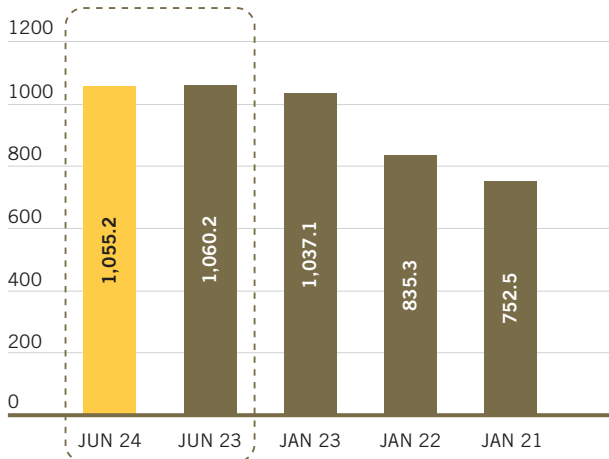
- Bakery production facilities
- Food solutions businesses
- QSR production facilities
- ARYZTA bakery & food solutions footprint



FINANCIAL HIGHLIGHTS HALF-YEAR 2024

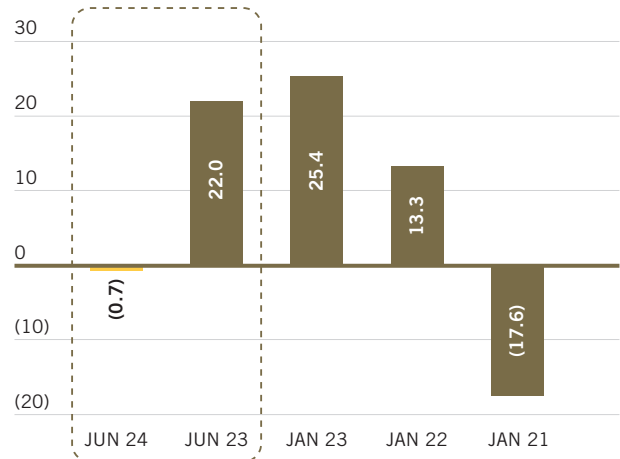
Revenue

in €m



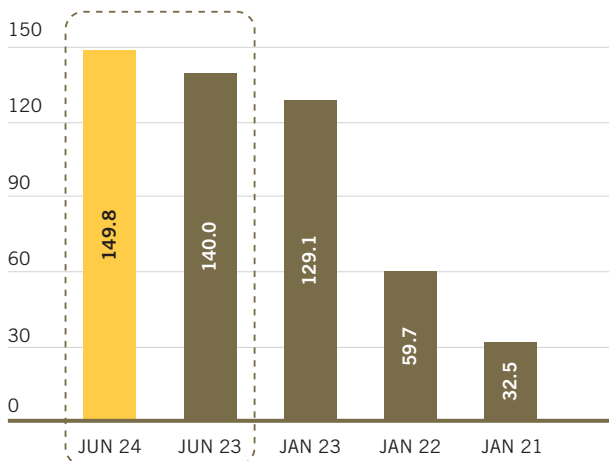
Organic growth

in %



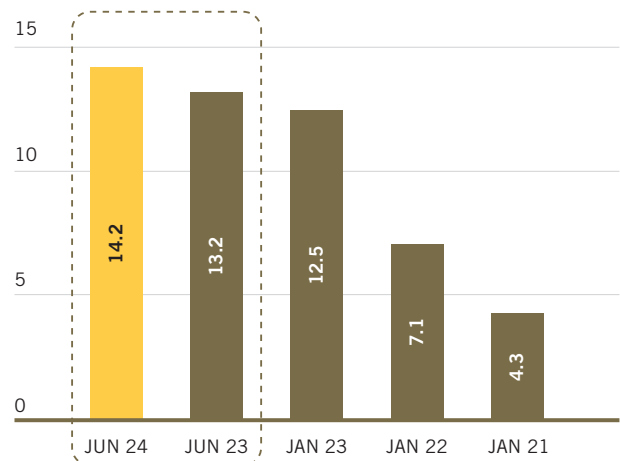
EBITDA

in €m



EBITDA margin

in %



Presented as six-month periods to June for 2024 and 2023 and six-month periods to January 2021–2023 (corresponding to the half-year as per the previous financial calendar)
January 2022 and 2021 represents results of the continuing operations Europe and Rest of World

LETTER TO SHAREHOLDERS

Dear Shareholder,

Over the past six months ARYZTA's business performance has improved further and I am pleased to report that we have now achieved five of our six targets set out in our 2025 mid-term plan. We are on track to deliver the remaining target of at least 14.5% EBITDA margin. Our improved profitability and consistent solid cash generation means that our total net debt (including hybrids) to EBITDA is now at 2.9x. We have also agreed a new revolving credit facility, which allows us to repurchase hybrid bonds and unlock significant annual interest savings.

Profitability further improved

In the six-month period ended June 2024, ARYZTA improved its EBITDA by 7% to €149.8m and also increased its EBITDA margin by 100bps to 14.2%. This means that we are well on track to deliver the last outstanding 2025 mid-term target of at least 14.5% EBITDA margin.

We achieved this on flat volume growth, and a negative price and mix impact. Our active portfolio management reduced our volume growth by c. 2.5% but boosted profitability as we exited some lower margin businesses. This growth in our profit and margin performance was possible in large part due to our increased focus on product innovation. This has enabled ARYZTA to maintain a strong pipeline of new bakery products to our customers, as evidenced by the innovation share of revenue almost doubling to 19.4% compared to the prior year. We are investing in a new state-of-the-art innovation center in Germany which will become operational in autumn this year, with additional investment in new laminated and artisanal capacity in Switzerland, Malaysia and Germany. These investments will continue to support our innovation driven growth strategy.

Growth in our QSR channel was also adversely impacted early in the year by geopolitical events and lower consumer spending. While performance improved over the period, it has yet to fully recover volumes through continuing promotional activities.

The six-month performance was achieved in a challenging cost environment, volatile input prices and a consumer continuing to experience cost of living pressures due to the significant increases in prices driven by inflationary trends over the past two years.

ARYZTA achieved revenue of €1,055.2m in the six-month period ended June 2024. This reflects a flat volume and an overall slightly negative growth against a very strong comparable growth period when 22% organic growth was achieved. ARYZTA Europe delivered revenues of €937.9m, led by France, Switzerland, Denmark, Poland and Fornetti, while ARYZTA Rest of World generated revenues of €117.3m.

New bank facility agreed

The strong growth in profitability paired with continued solid cash generation reduced our ratio of total net debt (including hybrids) to EBITDA to less than 3x. This significant milestone has facilitated a successful re-negotiation of our revolving credit facility, extending it to €930m on substantially unchanged terms. We have also extended its maturity to 2029. This improves our capital structure facilitating the redemption in full of the larger outstanding CHF hybrid bond and will deliver significant interest cost savings.

New CEO appointment

On 15 July, we announced the appointment of our new CEO designate Michael Schai who will take up the role on 1 January 2025. This is delivering on our commitment to separate the dual role of Group Interim CEO and Chairman of ARYZTA. The CEO designate appointment is well timed as our business is now sufficiently de-risked and the turnaround well advanced. I will continue in the role as Chairman and Board member. I want to assure you that the entire Board of ARYZTA will provide strong support to the incoming CEO as well as good oversight to ensure stability and continuity in our performance. We believe that Michael Schai has the necessary bakery experience, proven leadership skills and extensive international commercial knowledge in the European, Australian and Asian markets to deliver further growth and profitability for ARYZTA.

LETTER TO SHAREHOLDERS



Urs Jordi
Chairman, Board of Directors

LETTER TO SHAREHOLDERS

Outlook

Despite the flat volume growth achieved during the first six months, we reiterate our guidance for low to mid-single digit organic growth for our 2024 financial year. We expect an acceleration of growth in the second half of 2024 supported by our innovation pipeline and investments, a seasonally stronger H2 and further recovery in QSR.

We remain focused on innovation-led organic growth and expect further margin progression to be supported by efficiencies, costs optimisation and favorable margin enhancing active portfolio management. ARYZTA will also stay firmly focused on delivering further sequential improvement in free cash flow generation and return on invested capital to support our strategy to continue deleveraging our balance sheet. With five of the six current mid-term targets achieved and on track to reach the remaining EBITDA margin target, we will update the market with a new three year plan and targets in H1 next year.

We look forward to reporting continuing progress as the year evolves and delivering on our commitment to create a stronger ARYZTA for the long term, generating value for both our shareholders and society.



v. 0291

Urs Jordi
Chairman, Board of Directors

12 August 2024

OPERATING REPORT



HALF-YEAR PERFORMANCE

Solid performance despite flat volume growth, with improved profitability, strong cash generation and debt reduction. Five out of the six 2025 mid-term targets achieved, well on track to deliver EBITDA margin

Profitability accelerates on flat volume

ARYZTA achieved resilient results in the period with strong margin expansion despite a significant negative volume impact from active portfolio management.

Revenue in € million

1,055.2

EBITDA margin expanded by 100bps reflecting the benefit of margin enhancing innovations, active portfolio management and disciplined cost management. The innovation pipeline remained strong, accounting for 19.4% of revenue,

almost double compared to the prior period. Premium products accounted for c. 40% of revenue. In addition, ARYZTA continued to grow its customer base.

The overall H1 organic growth was negative (0.7%). This was achieved against very strong performance in the comparable period (+22% in H1 2023). The active portfolio management negatively impacted volume by c. 2.5%. In addition, a more challenging consumer environment and continuing costs inflation also affected growth, while QSR recovery is still ongoing.

EBITDA in € million

149.8

Half-year performance 2024

in €m	June 2024	June 2023	% Change
Revenue	1,055.2	1,060.2	(0.5%)
Organic growth ¹	(0.7%)	22.0%	
EBITDA ¹	149.8	140.0	7.0%
EBITDA margin	14.2%	13.2%	100 bps
Profit for the period	58.1	58.0	
Free cash flow ¹	53.0	72.1	(26.5%)
	June 2024	December 2023	% Change
ROIC ¹	13.1%	12.3%	80 bps
Net Debt ¹	432.2	490.8	
Hybrid instrument funding ¹	494.6	510.0	
Total net debt and hybrid funding	926.8	1,000.8	

¹ See Alternative Performance Measures on pages 28–30 for reconciliations.

HALF-YEAR PERFORMANCE

The pricing effect was negative at (0.4)% reflecting some tactical price reductions despite a continuation of a volatile cost inflationary environment.

Mix remained negative at (0.3)% but continued to improve sequentially, in line with expectations.

EBITDA margin

14.2%

EBITDA margin increased to 14.2%

EBITDA increased by 7% to €149.8m, corresponding to an EBITDA margin of 14.2%, up 100bps from the comparable period. This was supported by margin enhancing innovation, contribution from active portfolio management, operational efficiency as well as strict cost discipline. ARYZTA's profit margin is well on track to reach its mid-term target of at least 14.5%.

Continued positive progress was achieved in the Group's cost efficiencies initiatives, resulting in more than €28m worth of cost optimisations since the launch of the mid-term plan, of which c. €10m were generated in the first six months of 2024. As such, the cost optimisations reached the target range ahead of schedule and are supportive of the margin expansion.

Costs optimisation

in € million

>28.0

The Group further progressed with onboarding businesses onto the new shared service centre in Poland as well as continuing to accelerate the standardisation of the ERP landscape. These efficiency initiatives will allow ARYZTA to capitalize on future growth and further improved business performance.

HALF-YEAR PERFORMANCE

Solid cash performance

ARYZTA cash generation was solid in the period, delivering €53.0m free cash flow. This was achieved after higher investment in growth and IT-related capital expenditure, and lower but positive contribution from working capital. These effects were partially compensated by higher profitability and lower financing costs.

Free cash flow

in € million

53.0

Value creation as measured through ROIC further accelerated to 13.1% (+80bps compared to December 2023), which is significantly above ARYZTA's WACC of 8%. This improvement was supported by higher profitability and disciplined management of the invested capital base.

EPS increased by 17% to 4.1 € cent, driven by strong operational performance and disciplined management of financing costs.

Total Net debt leverage falls below 3x EBITDA

The continued improvement in business performance and solid cash generation resulted in a further reduction in total net debt leverage to 2.9x EBITDA, delivering ahead of schedule the mid-term leverage ratio target of less than 3 times. The key contributors were improved profitability and €74.0m lower total net debt (including hybrids) since December 2023, supported by the healthy free cash flow generation.

Total net debt leverage ratio¹

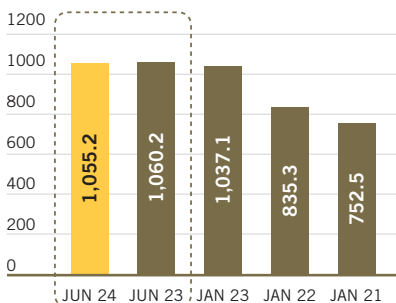
2.9x

¹ Total leverage ratio represents combined net debt and hybrid funding, divided by trailing twelve month EBITDA

ARYZTA Group

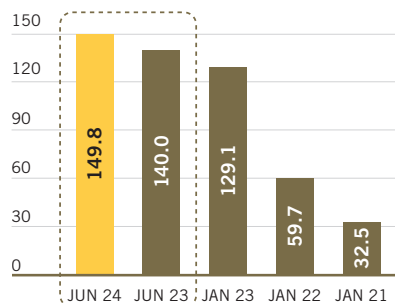
Revenue

in €m



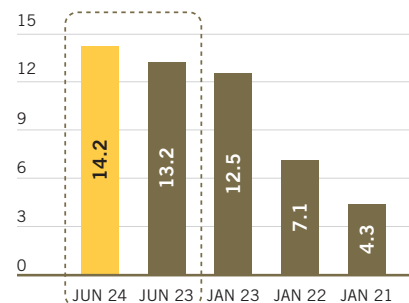
EBITDA

in €m



EBITDA margin

in %



Presented as six-month periods to June for 2024 and 2023 and six-month periods to January 2021–2023 (corresponding to the half-year as per the previous financial calendar)

ARYZTA Group organic growth	Q3 2023 ¹	Q4 2023 ¹	Q1 2024	Q2 2024	H1 FY24
Volume %	0.8%	5.0%	0.2%	(0.2%)	–
Price %	10.0%	3.8%	0.3%	(1.1%)	(0.4%)
Mix %	(1.7%)	(0.7%)	(0.4%)	(0.2%)	(0.3%)
Organic growth %	9.1%	8.1%	0.1%	(1.5%)	(0.7%)

¹ Quarters correspond to financial periods aligned with calendar year (based on pro-forma information)

HALF-YEAR PERFORMANCE

Europe

Volume growth in Europe was slightly positive at 0.1%. This was achieved in a competitive market where consumer spending remains pressurised after a long period of inflationary price increases. In addition, active portfolio management favoured value over volume.

Nonetheless, ARYZTA successfully achieved positive organic growth in key European markets, such as France, Switzerland, Denmark, Poland and Fornetti.

Despite this solid performance, the overall organic growth in Europe was negative (1.1)% in the first half of 2024. This is in large part due to pricing and mix. The Foodservice channel performed strongly in most markets. The QSR channel has yet to fully recover volumes through continuing promotional activities.

Innovation supported revenue development strongly in the period, accounting for 18.9% of Europe revenue. ARYZTA continues to invest significantly in building its innovational capabilities. A new state-of-the-art innovation centre in Germany is expected to be fully commissioned in 2024.

This facility will support the Group's new product development programmes. It has the capacity to develop and test new products quickly, for customers across the entire portfolio range and channels.

EBITDA

in € million

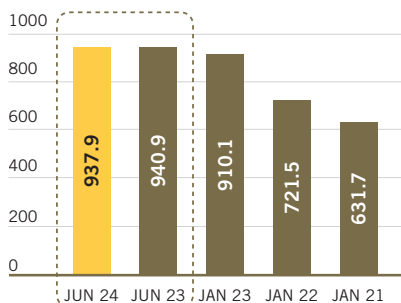
127.9

EBITDA increased to €127.9m, representing a margin of 13.6%, up by 140bps compared to the previous year. Margin progression was broad-based across the European businesses. It was supported by strong operational performances due to efficiencies and benefits from active portfolio management, which favoured margin over volume.

ARYZTA Europe

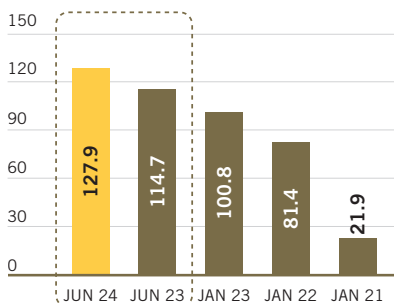
Revenue

in €m



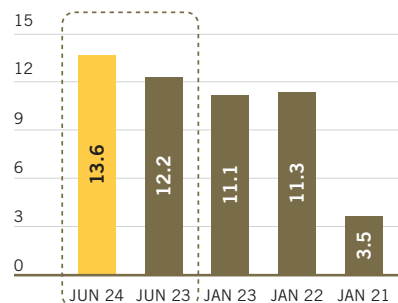
EBITDA

in €m



EBITDA margin

in %



Presented as six-month periods to June for 2024 and 2023 and six-month periods to January 2021–2023 (corresponding to the half-year as per the previous financial calendar)

ARYZTA Europe organic growth	Q3 2023 ¹	Q4 2023 ¹	Q1 2024	Q2 2024	H1 FY24
Volume %	0.3%	5.6%	0.8%	(0.7%)	0.1%
Price %	10.4%	3.6%	–	(1.6%)	(0.9%)
Mix %	(1.7%)	(0.6%)	(0.5%)	(0.2%)	(0.3%)
Organic growth %	9.0%	8.6%	0.3%	(2.5%)	(1.1%)

¹ Quarters correspond to financial periods aligned with calendar year (based on pro-forma information)

HALF-YEAR PERFORMANCE

Rest of World

Rest of World achieved an overall organic growth of 2.8% largely due to pricing effect, while volume and mix remained flat. This was achieved against very strong growth of 15.8% in the comparable period. Rest of World benefited from a sequentially improving performance in the QSR channel after the temporary weakness caused by geopolitical impacts, but has yet to fully recover. In Q2, the QSR channel achieved mid-single digit growth, while volume turned positive. Foodservice continued to perform to expectations despite a strong comparable base, supported by positive innovation and customer portfolio growth.

In Malaysia, a new laminated dough line is expected to become operational in 2024, which will further support revenue development.

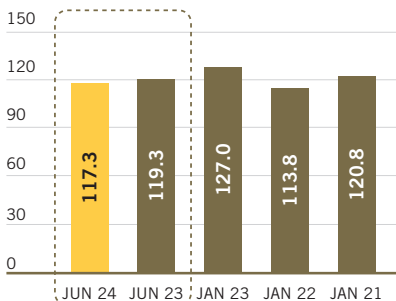
Rest of World achieved an EBITDA of €21.9m, corresponding to a margin of 18.7%, 250bps lower than in the comparable period. This mainly reflects the temporary weakness in the QSR channel mentioned above. The recovery in the QSR channel continues, assisted by promotional activity and innovation.

EBITDA margin

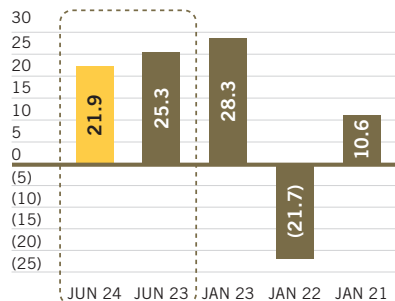
18.7%

ARYZTA Rest of World

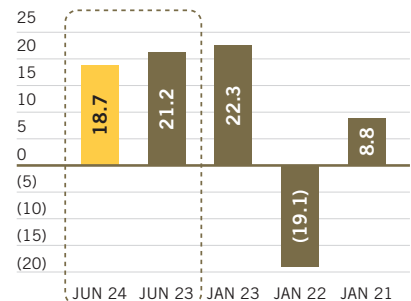
Revenue
in €m



EBITDA
in €m



EBITDA margin
in %



Presented as six-month periods to June for 2024 and 2023 and six-month periods to January 2021–2023 (corresponding to the half-year as per the previous financial calendar)

ARYZTA Rest of World organic growth	Q3 2023 ¹	Q4 2023 ¹	Q1 2024	Q2 2024	H1 FY24
Volume %	3.8%	0.4%	(4.2%)	4.2%	(0.1%)
Price %	7.5%	5.8%	2.7%	2.8%	2.8%
Mix %	(1.2%)	(1.3%)	0.2%	–	0.1%
Organic growth %	10.1%	4.9%	(1.3%)	7.0%	2.8%

¹ Quarters correspond to financial periods aligned with calendar year (based on pro-forma information)

GROUP CONSOLIDATED INCOME STATEMENT

for the period ended 30 June 2024

in €m	Notes	June 2024 Unaudited	June 2023 Unaudited
Revenue	3	1,055.2	1,060.2
Cost of sales		(691.8)	(726.3)
Distribution expenses		(138.8)	(132.7)
Gross profit		224.6	201.2
Selling expenses		(50.0)	(45.7)
Administration expenses		(89.0)	(79.4)
Operating profit	3	85.6	76.1
Financing income		11.7	5.3
Financing costs		(27.8)	(18.3)
Profit before income tax	3	69.5	63.1
Income tax expense		(11.4)	(5.1)
Profit for the period attributable to equity shareholders		58.1	58.0

Earnings per share	Notes	euro cent	euro cent
Basic earnings per share	5	4.1	3.5
Diluted earnings per share	5	4.1	3.5

The notes on pages 20 to 27 are an integral part of these condensed Consolidated Interim Financial Statements.

The Interim Financial Statements are for the six-month period ended June 2024 and the comparatives are for the six-month period ended June 2023. Please refer to Note 1 page 20 for further detail.

GROUP CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2024

in €m	June 2024 Unaudited	June 2023 Unaudited
Profit for the period	58.1	58.0
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Currency retranslations	1.6	3.5
Movement in cash flow hedges, net of taxes	5.0	0.3
Total of items that may be reclassified subsequently to profit or loss	6.6	3.8
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans, net of taxes	0.4	(0.2)
Total of items that will not be reclassified to profit or loss	0.4	(0.2)
Total other comprehensive income	7.0	3.6
Total comprehensive income for the period	65.1	61.6

The notes on pages 20 to 27 are an integral part of these condensed Consolidated Interim Financial Statements.

The Interim Financial Statements are for the six-month period ended June 2024 and the comparatives are for the six-month period ended June 2023. Please refer to Note 1 page 20 for further detail.

GROUP CONSOLIDATED BALANCE SHEET

as at 30 June 2024

in €m	Notes	30 June 2024 Unaudited	31 December 2023 Audited
Assets			
Property, plant and equipment	6	827.8	834.0
Goodwill and intangible assets	7	636.9	652.3
Other receivables		2.8	2.7
Deferred income tax assets		42.0	45.2
Total non-current assets		1,509.5	1,534.2
Inventory		121.5	125.4
Trade and other receivables		169.7	157.2
Derivative financial instruments		2.1	0.5
Cash and cash equivalents	8	89.1	103.9
		382.4	387.0
Assets held-for-sale		1.3	1.3
Total current assets		383.7	388.3
Total assets		1,893.2	1,922.5
Equity			
Called up share capital		17.0	17.0
Share premium		1,531.2	1,531.2
Retained deficit and other reserves		(801.2)	(849.6)
Total equity		747.0	698.6
Liabilities			
Interest-bearing loans and borrowings	8	494.3	566.2
Employee benefits		3.9	4.4
Deferred income from government grants		1.0	1.1
Other payables		17.0	17.0
Deferred income tax liabilities		88.9	91.4
Derivative financial instruments		0.9	2.3
Total non-current liabilities		606.0	682.4
Interest-bearing loans and borrowings	8	27.0	28.5
Trade and other payables		425.1	418.0
Income tax payable		86.1	88.3
Derivative financial instruments		2.0	6.7
Total current liabilities		540.2	541.5
Total liabilities		1,146.2	1,223.9
Total equity and liabilities		1,893.2	1,922.5

The notes on pages 20 to 27 are an integral part of these condensed Consolidated Interim Financial Statements.

GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 June 2024

Unaudited in €m	Share capital	Share premium	Treasury shares	Other equity reserve	Cash flow hedge reserve	Share- based payment reserve	Foreign currency trans- lation reserve	Retained deficit	Total share- holders equity
At period ended December 2022	17.0	1,531.2	–	671.4	(2.1)	4.0	16.9	(1,303.4)	935.0
Profit for the period	–	–	–	–	–	–	–	58.0	58.0
Other comprehensive income/(loss)	–	–	–	–	0.3	–	3.5	(0.2)	3.6
Total comprehensive income	–	–	–	–	0.3	–	3.5	57.8	61.6
Purchase of treasury shares	–	–	(0.5)	–	–	–	–	–	(0.5)
Share-based payments	–	–	–	–	–	0.1	–	–	0.1
Transfer of share-based payment reserve to retained deficit	–	–	–	–	–	(0.4)	–	0.4	–
Redemption of hybrid instruments	–	–	–	(196.3)	–	–	–	(3.7)	(200.0)
Hybrid dividend	–	–	–	–	–	–	–	(22.8)	(22.8)
Total transactions with owners recognised directly in equity	–	–	(0.5)	(196.3)	–	(0.3)	–	(26.1)	(223.2)
At period ended June 2023	17.0	1,531.2	(0.5)	475.1	(1.8)	3.7	20.4	(1,271.7)	773.4
At period ended December 2023	17.0	1,531.2	(5.1)	378.1	(5.5)	5.8	22.4	(1,245.3)	698.6
Profit for the period	–	–	–	–	–	–	–	58.1	58.1
Other comprehensive income	–	–	–	–	5.0	–	1.6	0.4	7.0
Total comprehensive income	–	–	–	–	5.0	–	1.6	58.5	65.1
Purchase of treasury shares	–	–	(3.6)	–	–	–	–	–	(3.6)
Release of treasury shares upon vesting of equity awards	–	–	0.1	–	–	–	–	(0.1)	–
Share-based payments	–	–	–	–	–	4.3	–	–	4.3
Transfer of share-based payment reserve to retained deficit	–	–	–	–	–	(0.2)	–	0.2	–
Hybrid dividend	–	–	–	–	–	–	–	(17.4)	(17.4)
Total transactions with owners recognised directly in equity	–	–	(3.5)	–	–	4.1	–	(17.3)	(16.7)
At period ended June 2024	17.0	1,531.2	(8.6)	378.1	(0.5)	9.9	24.0	(1,204.1)	747.0

The notes on pages 20 to 27 are an integral part of these condensed Consolidated Interim Financial Statements.

The Interim Financial Statements are for the six-month period ended June 2024 and the comparatives are for the six-month period ended June 2023. Please refer to Note 1 page 20 for further detail.

GROUP CONSOLIDATED CASH FLOW STATEMENT

for the period ended 30 June 2024

in €m	Notes	June 2024 Unaudited	June 2023 Unaudited
Cash flows from operating activities			
Profit for the period		58.1	58.0
Income tax expense		11.4	5.1
Financing income		(11.7)	(5.3)
Financing costs		27.8	18.3
Other restructuring-related payments (in excess of) / less than current year costs		(0.3)	(1.3)
Depreciation of property, plant and equipment	6	50.8	50.5
Amortisation of intangible assets	7	13.4	13.4
Share-based payments		4.3	0.1
Other		(1.6)	(1.8)
Cash flows from operating activities before changes in working capital		152.2	137.0
Decrease in inventory		1.8	10.5
(Increase)/decrease in trade and other receivables		(10.7)	5.2
Increase in trade and other payables		14.7	16.0
Cash generated from operating activities		158.0	168.7
Interest paid		(26.6)	(16.0)
Interest received		10.8	5.0
Income tax paid		(14.2)	(11.0)
Net cash flows from operating activities		128.0	146.7
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0.3	2.9
Purchase of property, plant and equipment		(34.0)	(22.8)
Purchase of intangible assets		(7.6)	(6.0)
Disposal of business, net of cash disposed		–	(0.4)
Net cash flows from investing activities		(41.3)	(26.3)
Cash flows from financing activities			
Gross drawdown of loan principal		–	85.0
Gross repayment of loan principal	8	(65.0)	–
Capital element of finance lease liabilities	8	(16.0)	(15.9)
Purchase of treasury shares		(3.6)	(0.5)
Dividends paid on hybrid instruments		(17.7)	(32.8)
Hybrid instrument principal repayment		–	(200.0)
Net cash flows from financing activities		(102.3)	(164.2)
Net decrease in cash and cash equivalents	8	(15.6)	(43.8)
Translation adjustment	8	0.8	1.6
Cash and cash equivalents at start of period	8	103.9	146.6
Cash and cash equivalents at end of period	8	89.1	104.4

The notes on pages 20 to 27 are an integral part of these condensed Consolidated Interim Financial Statements.

The Interim Financial Statements are for the six-month period ended June 2024 and the comparatives are for the six-month period ended June 2023. Please refer to Note 1 page 20 for further detail.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the period ended 30 June 2024

1 Basis of preparation

The unaudited condensed Consolidated Interim Financial Statements (hereafter the 'Interim Financial Statements') have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ('IAS 34').

These Interim Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's most recent Annual Financial Statements in respect of the period ended 31 December 2023, which have been prepared in accordance with IFRS Accounting Standards ('IFRS').

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 has managed 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 full-year fiscal periods for 2024 and 2023 are the 12 months ended 31 December 2024, and the 17 months ending 31 December 2023 respectively.

These half-year Interim Financial Statements for the six-month period ending 30 June 2024 and the comparative figures for the six-month period ending 24 June 2023 are unaudited.

Income tax expense is recognised based upon the best estimate of the average annual income tax rate expected for the full year.

The principal euro foreign exchange currency rates used by the Group for the preparation of these Interim Financial Statements are as follows:

Currency	Average June 2024	Average June 2023	% Change	Closing June 2024	Closing December 2023	% Change
CHF	0.9612	0.9859	2.5%	0.9617	0.9332	(3.1%)
AUD	1.6420	1.5964	(2.9%)	1.6117	1.6185	0.4%
GBP	0.8548	0.8772	2.6%	0.8463	0.8688	2.6%
PLN	4.3172	4.6334	6.8%	4.3137	4.3382	0.6%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 30 June 2024

2 Accounting policies

Except as described below, the Interim Financial Statements have been prepared on the basis of the accounting policies, significant judgements, key assumptions and estimates, as set out on pages 154 to 172 of the ARYZTA AG 2023 Annual Report and Accounts.

The IFRS applied by the Group in preparation of these financial statements are those that were effective for accounting periods beginning on or before 1 January 2024.

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:

- IFRS 17 – Insurance Contracts
- Definition of Accounting Estimates – Amendments to IAS 8
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants – Amendments to IAS 1
- Lease Liability in a Sale and Leaseback – Amendments to IFRS 16
- Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

While the above standards and interpretations modified certain presentation and disclosure requirements, these new requirements are not significantly different than information presented as part of the 31 December 2023 period-end financial statements and had no material impact on the consolidated results or financial position of the Group.

IFRS being adopted in subsequent periods

The Group has not applied early adoption of any standards not yet effective.

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 came into effect from 1 January 2024.

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 which indicates that the Pillar Two effective tax rates in most of the jurisdictions in which the Group operates are above 15%. It is expected that the safe harbour relief will apply in the few jurisdictions where the effective tax rate is under 15%. Therefore, the Group does not expect a material exposure to Pillar Two income taxes in those jurisdictions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 30 June 2024

Segmental reporting

The Group has two operating and reporting segments, ARYZTA Europe and ARYZTA Rest of World. As noted on page 159 of the ARYZTA AG 2023 Annual Report and Accounts, the Group's Chief Operating Decision Maker is Urs Jordi, Chairman of the Board and Group Interim CEO.

3 Segment Information

I) Segment revenue and result (in €m)	ARYZTA Europe		ARYZTA Rest of World		ARYZTA Group	
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
Segment revenue¹	937.9	940.9	117.3	119.3	1,055.2	1,060.2
EBITDA ²	127.9	114.7	21.9	25.3	149.8	140.0
Depreciation	(45.7)	(44.8)	(5.1)	(5.7)	(50.8)	(50.5)
Amortisation	(11.1)	(11.1)	(2.3)	(2.3)	(13.4)	(13.4)
Operating profit³	71.1	58.8	14.5	17.3	85.6	76.1
Financing income ⁴					11.7	5.3
Financing costs ⁴					(27.8)	(18.3)
Profit before income tax as reported in Group Consolidated Income Statement					69.5	63.1

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) 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)	June 2024		June 2023	
	Revenue	% of Group Revenue	Revenue	% of Group Revenue
Switzerland (ARYZTA's country of domicile)	134.8	12.8%	131.0	12.4%
Germany	301.0	28.5%	317.1	29.9%
France	162.8	15.4%	157.3	14.8%
Other ¹	339.3	32.2%	335.5	31.6%
ARYZTA Europe segmental revenue	937.9	88.9%	940.9	88.7%
ARYZTA Rest of World segmental revenue ²	117.3	11.1%	119.3	11.3%
ARYZTA Group revenue³	1,055.2	100.0%	1,060.2	100.0%

1 Other includes countries in the Europe segment which individually did not represent greater than 10% of ARYZTA Group 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 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 revenue in the current financial period (June 2023: two customers). One external customer represented 16% of the ARYZTA Group revenue in the current financial period (June 2023: 16%), which was earned across all of the Group's operating segments in the current and prior financial period. A second customer represented 10% of the ARYZTA Group revenue in the current financial period (June 2023: 12%), 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 30 June 2024

	ARYZTA Europe		ARYZTA Rest of World		ARYZTA Group ¹	
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
III) Segment revenue by product (in €m)						
Bread Rolls & Artisan Loaves	423.7	418.6	79.4	82.0	503.1	500.6
Sweet Baked & Morning Goods	330.2	319.0	33.7	33.1	363.9	352.1
Savoury & Other	184.0	203.3	4.2	4.2	188.2	207.5
Revenue	937.9	940.9	117.3	119.3	1,055.2	1,060.2

1 The Group has determined that products previously classified as Savoury & Other within the ARYZTA Europe segment are to be classified as Bread Rolls & Artisan Loaves or Sweet Baked Morning Goods from FY24 onwards. Were the new classification applied to the previous period, the revenue by product breakdown for the prior period to June 2023 would be as follows: Bread Rolls & Artisan Loaves would be €507.3m (+€6.7m), Sweet Baked & Morning Goods €367.4m (+€15.3m), Savoury & Other €185.5m (-€22.0m).

	ARYZTA Europe		ARYZTA Rest of World		ARYZTA Group	
	June 2024	June 2023	June 2024	June 2023	June 2024	June 2023
IV) Segment revenue by channel (in €m)						
QSR	109.3	112.2	86.7	88.0	196.0	200.2
Retail	542.6	552.7	8.0	8.4	550.6	561.1
Other Foodservice	286.0	276.0	22.6	22.9	308.6	298.9
Revenue	937.9	940.9	117.3	119.3	1,055.2	1,060.2

	ARYZTA Europe		ARYZTA Rest of World		ARYZTA Group	
	June 2024	December 2023	June 2024	December 2023	June 2024	December 2023
V) Segment assets and liabilities (in €m)						
Segment assets	1,616.3	1,632.4	143.7	140.5	1,760.0	1,772.9
Reconciliation to total assets as reported in Group Consolidated Balance Sheet						
Deferred income tax assets					42.0	45.2
Derivative financial instruments					2.1	0.5
Cash and cash equivalents					89.1	103.9
Total assets as reported in Group Consolidated Balance Sheet					1,893.2	1,922.5
Segment liabilities	519.8	513.1	51.3	53.3	571.1	566.4
Reconciliation to total liabilities as reported in Group Consolidated Balance Sheet						
Interest-bearing bank loans and borrowings (excluding leases)					397.2	468.8
Derivative financial instruments					2.9	9.0
Current and deferred income tax liabilities					175.0	179.7
Total liabilities as reported in Group Consolidated Balance Sheet					1,146.2	1,223.9

4 Dividends

No dividend on ordinary shares was proposed for the financial year ended 31 December 2023, and none has been paid during the period ended 30 June 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 30 June 2024

5 Earnings per share

	June 2024 €m	June 2023 €m
Basic earnings per share		
Profit attributable to equity shareholders	58.1	58.0
Hybrid instrument dividend	(17.4)	(22.8)
Profit used to determine basic EPS	40.7	35.2
Weighted average number of ordinary shares	in Millions	in Millions
Ordinary shares outstanding at start of period ¹	990.0	992.7
Repurchased Treasury Shares	(0.9)	–
Release of treasury shares as restricted shares	–	0.1
Weighted average ordinary shares used to determine basic EPS	989.1	992.8
Basic earnings per share	4.1 cent	3.5 cent
Diluted earnings per share	€m	€m
Profit used to determine basic EPS	40.7	35.2
Weighted average number of ordinary shares (diluted)	in Millions	in Millions
Weighted average ordinary shares used to determine basic EPS	989.1	992.8
Effect of equity-based incentives with a dilutive impact	7.5	2.1
Weighted average ordinary shares used to determine diluted EPS	996.6	994.9
Diluted earnings per share	4.1 cent	3.5 cent

1 Issued share capital excludes treasury shares.

6 Property, plant and equipment

in €m	Land and buildings	Plant and Machinery	Assets under construction	Right-of-use leased assets	Total
Net book value at 31 December 2023	303.0	378.3	31.1	121.6	834.0
Additions	0.3	8.4	22.4	15.2	46.3
Transfer from assets under construction	2.5	16.9	(19.4)	–	–
Asset disposals	–	(0.2)	–	–	(0.2)
Depreciation charge for period	(5.7)	(28.9)	–	(16.2)	(50.8)
Translation adjustments	0.1	(0.7)	(0.1)	(0.8)	(1.5)
Net book value at 30 June 2024	300.2	373.8	34.0	119.8	827.8
At 30 June 2024					
Cost	392.8	858.2	34.0	226.8	1,511.8
Accumulated depreciation	(92.6)	(484.4)	–	(107.0)	(684.0)
Net book value at 30 June 2024	300.2	373.8	34.0	119.8	827.8

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 30 June 2024

7 Goodwill and intangible assets

in €m	Goodwill	Customer Relationships	Brands	Computer-related	ERP-related intangibles	Patents and other	Total
Net book value at 31 December 2023	556.7	35.8	0.4	9.3	49.2	0.9	652.3
Additions	–	–	–	–	7.6	–	7.6
Amortisation charge for the period	–	(6.3)	(0.1)	(0.7)	(6.1)	(0.2)	(13.4)
Translation adjustments	(9.1)	(0.2)	–	–	(0.3)	–	(9.6)
Net book value at 30 June 2024	547.6	29.3	0.3	8.6	50.4	0.7	636.9
At 30 June 2024							
Cost	547.6	177.5	111.0	24.6	150.7	5.0	1,016.4
Accumulated amortisation	–	(148.2)	(110.7)	(16.0)	(100.3)	(4.3)	(379.5)
Net book value at 30 June 2024	547.6	29.3	0.3	8.6	50.4	0.7	636.9

8 Analysis of net debt

in €m	31 December 2023	Cash flows	Non-cash movements	Translation adjustment	30 June 2024
Cash and cash equivalents	103.9	(15.6)	–	0.8	89.1
Loans	(468.8)	65.0	(0.9)	7.5	(397.2)
Leases	(125.9)	16.0	(15.2)	1.0	(124.1)
Net debt	(490.8)	65.4	(16.1)	9.3	(432.2)

9 Financial instruments and fair value

Financial assets, financial liabilities together with the carrying amounts shown in the balance sheet, are as follows:

As of 30 June 2024 (in €m)	Fair value hierarchy	Fair value through OCI	Amortised cost	Total carrying amount
Trade and other receivables (excluding prepayments)		–	126.7	126.7
Cash and cash equivalents		–	89.1	89.1
Derivative financial assets	Level 2	2.1	–	2.1
Total financial assets		2.1	215.8	217.9
Trade and other payables (excluding non-financial liabilities)		–	(414.0)	(414.0)
Bank borrowings	Level 2	–	(397.2)	(397.2)
Lease liabilities		–	(124.1)	(124.1)
Derivative financial liabilities	Level 2	(2.9)	–	(2.9)
Total financial liabilities		(2.9)	(935.3)	(938.2)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 30 June 2024

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 30 June 2024 (in €m)	Fair value hierarchy	Fair value through OCI	Amortised cost	Total carrying amount	Fair value
Derivative financial assets	Level 2	2.1	–	2.1	2.1
Bank borrowings	Level 2	–	(397.2)	(397.2)	(401.4)
Derivative financial liabilities	Level 2	(2.9)	–	(2.9)	(2.9)

10 Post balance sheet events – after 30 June 2024

As announced on 12 August 2024, ARYZTA has agreed a new €930m revolving credit facility substantially on the same terms as the existing facility while extending maturity to 2029 and generating additional headroom. This will replace the current €500m revolving credit facility and the €135m term loan, which were both due to mature in September 2026. This new facility improves ARYZTA's capital structure facilitating the redemption in full of its larger outstanding CHF-denominated hybrid bond at its next call date.

As of 12 August 2024, there have been no other material significant events that would require any modification of the value of the assets and liabilities or additional disclosures within the group consolidated financial statements.

11 Contingent liabilities

Letters of credit and guarantees

Letters of credit and guarantees amounting to €8.8 million are outstanding at 30 June 2024 (31 December 2023: €10.2 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.

12 Related party transactions

During the period ended 30 June 2024, there were no trading balances owing to or owing from the Group from related parties (31 December 2023: Nil) and there were no transactions for provision of services rendered or received during the period ended 30 June 2024 (period ended 24 June 2023: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

for the period ended 30 June 2024

13 Estimates, risks and uncertainties

The preparation of interim financial statements 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 expense.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were consistent with those risks outlined on pages 215 and 216 of the ARYZTA AG 2023 Annual Report and Accounts.

During the period ended 30 June 2024:

- 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;
- Judgements related to the assessment of goodwill and intangible assets have remained materially consistent with 31 December 2023;
- Judgements associated with determining the terms of leases where there are extension or termination options, and estimates around determination of incremental borrowing rates on lease liabilities have remained materially consistent with 31 December 2023;
- Estimates associated with employee benefit schemes have remained materially consistent with 31 December 2023; and
- Estimates associated with the provision for income tax and deferred income tax, and judgements around uncertain tax positions have remained materially consistent with 31 December 2023.

The Board and senior management have invested significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Board considers the risks and uncertainties disclosed on pages 92-93 of the ARYZTA AG 2023 Annual Report and Accounts to continue to reflect the principal risks and uncertainties of the Group over the remaining six months of the financial year.

ALTERNATIVE PERFORMANCE MEASURES

for the period ended 30 June 2024

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. Definitions of the Group's main alternative performance measures can be found in the Annual Report 2023 on pages 237-242. The main alternative performance measures used by the Group are reconciled with related IFRS measures (as per the Interim Financial Statements) below.

'Organic growth' – A breakdown of organic growth compared to total revenue movement by segment comparing the 6-month financial period ended June 2024 to the prior period ended June 2023 is shown below:

in €m	ARYZTA Europe	ARYZTA Rest of World	ARYZTA Group
Revenue	937.9	117.3	1,055.2
Organic growth	(1.1%)	2.8%	(0.7%)
Currency movement	0.8%	(4.5%)	0.2%
Total revenue movement	(0.3%)	(1.7%)	(0.5%)

'EBITDA' – A breakdown of EBITDA by segment, and related EBITDA margin is shown as follows:

EBITDA (in €m)	June 2024	June 2023	% Change
ARYZTA Europe	127.9	114.7	11.5%
ARYZTA Rest of World	21.9	25.3	(13.4%)
ARYZTA Group	149.8	140.0	7.0%

EBITDA margin	June 2024	June 2023	% Change
ARYZTA Europe	13.6%	12.2%	140 bps
ARYZTA Rest of World	18.7%	21.2%	(250) bps
ARYZTA Group	14.2%	13.2%	100 bps

'Free cash flow' – a breakdown of free cash flow during the current and prior period is shown below:

in €m	June 2024	June 2023
EBITDA	149.8	140.0
Working capital movement	2.9	18.4
Working capital movement from debtor securitisation	2.9	13.3
Capital expenditure	(41.6)	(28.8)
Net payments on lease contracts	(18.2)	(17.9)
Proceeds from sale of property, plant and equipment	0.3	2.9
Restructuring-related cash flows	(0.3)	(1.3)
Dividends paid on hybrid instruments	(17.7)	(32.8)
Interest and income tax on operating activities paid, net	(27.8)	(20.0)
Other	2.7	(1.7)
Free cash flow	53.0	72.1

ALTERNATIVE PERFORMANCE MEASURES (continued)

for the period ended 30 June 2024

Reconciliation of IFRS cash flow from operating activities to Free cash flow:

in €m	June 2024	June 2023
IFRS - Net cash flow from operating activities¹	128.0	146.7
Purchase of property, plant and equipment	(34.0)	(22.8)
Purchase of intangible assets	(7.6)	(6.0)
Proceeds from sale of property, plant and equipment	0.3	2.9
Lease principal payments	(16.0)	(15.9)
Hybrid instruments dividends paid	(17.7)	(32.8)
Free cash flow	53.0	72.1

1 Net cash flows from operating activities are presented in the Group Consolidated Cash Flow Statement on page 19

'Net debt' – as of 30 June 2024, the Group's net debt was broken down as follows:

in €m	June 2024	December 2023
Gross term debt	(401.4)	(474.1)
Upfront borrowing costs	4.2	5.3
Term debt, net of upfront borrowing costs	(397.2)	(468.8)
Cash and cash equivalents	89.1	103.9
Net debt excluding leases	(308.1)	(364.9)
Leases	(124.1)	(125.9)
Net debt	(432.2)	(490.8)

A reconciliation of net debt evolution during the period is shown as follows:

in €m	June 2024
Opening net debt	(490.8)
Free cash flow	53.0
Net movements on lease liabilities	0.8
Foreign exchange movement	9.3
Other ¹	(4.5)
Closing net debt	(432.2)

1 Other comprises purchase of treasury shares and amortisation of upfront financing costs.

'Hybrid instrument' – movements related to the Hybrid instrument principals at current foreign exchange rates and related dividends during the period were as follows:

in €m	Principal	Dividends	Total
Balance at 31 December 2023	(503.3)	(6.7)	(510.0)
Hybrid instrument dividend charge	–	(17.4)	(17.4)
Hybrid instrument dividends paid	–	17.7	17.7
Translation adjustments	14.9	0.2	15.1
Balance at 30 June 2024	(488.4)	(6.2)	(494.6)

ALTERNATIVE PERFORMANCE MEASURES (continued)

for the period ended 30 June 2024

‘Net working capital’ – a breakdown of the Group’s net working capital is shown as follows:

in €m	June 2024	December 2023
Inventory	121.5	125.4
Trade receivables	109.6	103.2
Trade payables	(216.4)	(216.7)
Trade working capital	14.7	11.9
Other elements of working capital ¹	(148.6)	(147.3)
Net working capital	(133.9)	(135.4)

1 Comprises accruals and other payables, prepayments and other receivables, and employee and VAT tax balances

‘Invested capital’ – A summary breakdown of the balance sheet, including the operational net assets that comprise invested capital, is shown below:

in €m	June 2024	December 2023
Property, plant and equipment	827.8	834.0
Goodwill and intangible assets	636.9	652.3
Net working capital	(133.9)	(135.4)
Other segmental assets	4.1	4.0
Other segmental liabilities	(21.9)	(22.5)
Lease liabilities	(124.1)	(125.9)
Invested capital	1,188.9	1,206.5
Interest bearing bank loans, net of cash	(308.1)	(364.9)
Deferred tax, net	(46.9)	(46.2)
Income tax payable	(86.1)	(88.3)
Derivative financial instruments	(0.8)	(8.5)
Net assets	747.0	698.6

‘ROIC’ – A summary of the ROIC by segment as of June 2024 and December 2023 is as follows:

in €m	ARYZTA Europe	ARYZTA Rest of World	ARYZTA Group
30 June 2024			
Average invested capital	1,106.8	90.4	1,197.2
NOPAT	130.9	25.8	156.7
ROIC	11.8%	28.5%	13.1%
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%

FINANCIAL CALENDAR AND CONTACTS

Financial Calendar

21 Oct 2024	Q3 2024 Revenue
3 March 2025	Full-Year results & 2024 Annual Report
30 Apr 2025	Annual General Meeting 2024

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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.