Letter to Shareholders

Resilient and confident

We delivered solid results in unprecedented times, thanks to our long-term strategy and continued focus on Care, Continuity and Cash. Our customer focus and innovation pipeline give us confidence in our ability to expand the business and capture new opportunities.

Dear Shareholders,

We look back on an unprecedented fiscal year. As the COVID-19 pandemic unfolded we took decisive action and focused on Care, Continuity and Cash. The precautionary measures we put in place early on allowed us to protect the health of our employees and the communities we operate in. In a rapidly changing business environment we managed to preserve business continuity and maintain a high service level for our customers worldwide. We also secured a solid financial basis, further strengthening our balance sheet.

In fiscal year 2019/20, as a result of the pandemic, we saw our sales volume decline by –2.0% to 2,095,982 tonnes. As anticipated, sales volume showed a progressive recovery in the fourth quarter. Sales volume in the chocolate business declined by –2.1% in the fiscal year under review. The underlying confectionery market was down –0.3% according to Nielsen data.[1] The data does not fully capture the out-of-home and impulse consumption, which was heavily impacted by the lockdowns due to COVID-19. Sales revenue declined by –0.4% in local currencies to CHF 6,893.1 million. Operating profit (EBIT) recurring[2] amounted to CHF 491.0 million, a decrease of –13.8%[3] in local currencies. Net profit for the year recurring[2] amounted to CHF 319.3 million, down –13.3%[3] in local currencies compared to prior year. Free cash flow remained strong at CHF 317 million, compared to CHF 324 million in prior year[3], supported by strict management of working capital.

As a company, we are committed to the long-term creation of value for our shareholders and stakeholders. Based on these solid results, the Board of Directors will propose a dividend of CHF 22.00 per share, corresponding to a stable payout ratio of 39%, at the Annual General Meeting of Shareholders, December 9, 2020.

In fiscal year 2019/20, we again achieved a number of strategic milestones.

We pursued our geographic and footprint **Expansion.** In July 2020, we completed the acquisition of GKC Foods (Australia), a producer of chocolate, coatings and fillings. We now produce on five continents! We also entered into a long-term outsourcing agreement to supply a leading Australian snacking company with 100% sustainable chocolate. Both transactions will enable the Group to accelerate growth in the two still largely captive markets of Australia and New Zealand. In June 2020, we added a fourth production line to the Senoko plant in Singapore, a significant contribution to our largest chocolate factory in the Region Asia Pacific, to meet increasing demand.

In Region EMEA, we signed in May 2020 an agreement with a large chocolate confectionery manufacturer in Eastern Europe, for the long-term supply of compound and chocolate. Earlier this year, we inaugurated the revamped CHOCOLATE ACADEMY™ Center in Banbury, UK, as a part of the Group's growth strategy in one of Europe's biggest chocolate confectionery markets in volume terms.

In the past fiscal year, we also strengthened our presence in Latin America. We laid the first stone for the construction of a cocoa sourcing facility in Duran, Ecuador, underlining our strategic efforts to grow in Ecuador, the world's third largest and fast growing cocoa producing country.

1 Source: Nielsen volume growth excluding e-commerce, September 2019 – August 2020 – 25 countries.
2 Operating profit (EBIT) recurring and Net profit recurring exclude the cost of CHF –7.8 million for the closure of the Makassar, Indonesia, cocoa factory.
3 Prior-year comparatives have been calculated on a pro-forma basis to reflect the estimated impact of IFRS 16 had it been adopted at the time (for the current year impact see Annual Report 2019/20, pages 46–49).

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Chairman of the Board Patrick De Maeseneire and CEO Antoine de Saint-Affrique. Picture taken before COVID-19 pandemic.

"In these unprecedented times, we bolstered our reputation with customers and suppliers, building strong foundations for future value creation."

Patrick De Maeseneire, Chairman of the Board

"We continue to expand, innovate and drive sustainability, while strengthening our financial basis. The people at Barry Callebaut are making a real difference."

Antoine de Saint-Affrique, CEO

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This year was rich in ground breaking **Innovations.** In February 2020, Mona Lisa, our global decorations brand, launched 'Mona Lisa 3D Studio', the world's first personalized 3D printed chocolate at scale. Furthermore, we introduced the 100% dairy-free 'M_lk Chocolate'. This chocolate is part of the growing portfolio of 'Plant Craft' solutions ranging from chocolate, nuts and fillings to decorations. Last but not least, Callebaut launched its remastered Finest Belgian Chocolate range. Besides improved workability, artisans can now tell their own bean-to-bar story by tracing the 100% sustainably sourced cocoa beans back to the cocoa farming communities.

Traceability and transparency remain paramount in achieving **Sustainability** in the cocoa supply chain. We disclosed our direct cocoa suppliers in Côte d'Ivoire, Ghana and Cameroon. By publicly sharing this information, we are showcasing our data collection capabilities. Whilst a lot remains to be done, we are making significant progress towards a sustainable cocoa supply chain: all global Gourmet brands now exclusively source 100% sustainable cocoa.

We are proud that our efforts are being recognized. In July 2020, Forever Chocolate was assessed by Sustainalytics as the #2 sustainability strategy, out of 182 companies in the packaged food industry. For the second straight year, Sustainalytics gave us a top ranking, showing that we are consistently leading among peers.

Cost leadership remained a solid pillar of our strategy during the past fiscal year. We were able to strengthen our balance sheet with the issuance of a CHF 450 million equivalent Schuldscheindarlehen, improving our debt and liquidity structure.We also pursued the digitalization and simplification of our internal processes and tools. These investments not only helped to control costs, they also proved to be instrumental in maintaining business continuity and a high level of customer service during the COVID-19 pandemic.

Confidently pursuing further expansion and new opportunities

The COVID-19 pandemic is a major unforeseen event which impacted fiscal year 2019/20. This is why in July 2020 we updated our mid-term guidance, excluding fiscal year 2019/20 and introducing increased metrics of, on average for the 3-year period 2020/21 to 2022/23, 5–7% volume growth and EBIT above volume growth in local currencies.[1]

We remain vigilant on how to best adjust to the dynamic situation, but we can build on the learnings from the last few months, which provided us with fresh insights into innovative ways of doing business and closer customer relationships. Although markets are still volatile, we will further pursue expansion and drive for new opportunities, thanks to our continued focus on customers and our strong innovation pipeline. This, together with our solid financial basis, supports the confidence in our mid-term guidance.

We would like to thank our employees, who made these solid results possible through their resilience, creativity and dedication. They let our values of customer focus, passion, entrepreneurship, team spirit and integrity shine!

We also would like to thank all our customers for their continued trust and partnership. Finally, we thank you, our shareholders, for your continued support, trust and confidence. Stay healthy, stay safe.

Patrick De Maeseneire
Chairman of the Board

Antoine de Saint-Affrique
Chief Executive Officer

1 Barring any major unforeseeable events and based on the assumption of a gradual recovery from COVID-19 without major lockdown resurgence.