

Letter to Shareholders

Strong results, on track to achieve mid-term guidance

Dear Shareholders,

We look back on a fiscal year where we delivered strong results, consisting of profitable volume growth, supported by all Regions and segments, particularly in Gourmet & Specialties.

In fiscal year 2021/22, we achieved healthy volume growth of +5.3% to 2,306,681 tonnes, driven by a solid chocolate performance (+5.9%), clearly outpacing the flat underlying global chocolate confectionery market (+0.3%)⁶. Sales revenue amounted to CHF 8,091.9 million, up +14.6% in local currencies. Our Operating profit (EBIT) recurring⁷ increased by +13.5% in local currencies, exceeding volume growth, and amounted to CHF 624.7 million. EBIT reported was at CHF 553.5 million, +0.1% in local currencies, and included a positive impact of CHF 13.5 million from the recovery of indirect tax credits for prior fiscal periods in Brazil, as well as the net one-off impact of CHF -76.9 million related to the salmonella incident at the Wieze factory in Belgium, and a negative impact of CHF -7.8 million for the closure of the chocolate factory in Moreton, UK. Net profit recurring⁷ amounted to CHF 428.5 million, an increase of +14.1% in local currencies compared to prior year. The reported Net profit amounted to CHF 360.9 million, down -4.7% in local currencies. Good cash flow generation continued with an adjusted Free cash flow⁸ of CHF 358.5 million, compared to CHF 314.9 million in the prior fiscal year.

Based on these strong recurring results, the Board of Directors will propose a stable dividend of CHF 28.00 per share at the Annual General Meeting of Shareholders, on December 14, 2022. This corresponds to a temporarily increased payout ratio of 43% of the reported Net profit.

In 2021/22, we again achieved a number of exciting milestones across all four pillars of our growth strategy. We further boosted our **Expansion** in North America by celebrating the groundbreaking of a new factory in Brantford, Canada. Upon completion, the site will focus on sugar-free, high protein, and other specialty chocolate products. In April 2022, we extended our strategic supply agreement with Grupo Bimbo, the world's largest baked goods company, for North and Central America. We also entered a long-term distribution agreement with Levapan to drive expansion in Latin America. In EMEA, we put our distribution network on a new level by opening 'The Chocolate Box' in Lokeren, Belgium, the world's largest and most sustainable chocolate warehouse. In Morocco, we opened a CHOCOLATE ACADEMY™ Center in Casablanca, raising the global number of Academies to 26, and signed a partnership with distributor and manufacturer Attelli, which establishes our first chocolate production footprint in Morocco and consequently on the African continent. In Asia Pacific, we celebrated our 15-year presence in China by opening our new centrally-located Greater China headquarters as well as a flagship CHOCOLATE ACADEMY™ Center in Shanghai.

This year saw groundbreaking **Innovation** coming to life. We introduced a breakthrough innovation, redesigning how chocolate is made, thanks to advances to the process of farming, fermenting and roasting cocoa beans. The recipe for the new chocolate is as short as it can be: Dark chocolate is made from only cocoa and sugar. Earlier this fiscal year, we launched Callebaut NXT, a 100% plant-based and dairy-free chocolate, yet with the creaminess of traditional chocolates. We also unveiled Elix, a cacao fruit elixir with related health claim which makes it the first nutraceutical fruit drink.

⁶ Source: Nielsen volume growth excluding e-commerce – 25 countries, September 2021 to August 2022, data subject to adjustment to match Barry Callebaut's reporting period. Nielsen data only partially reflects the out-of-home and impulse consumption.

⁷ Please refer to page 175 for the detailed recurring results reconciliation.

⁸ Free cash flow adjusted for the cash flow impact of cocoa bean inventories regarded by the Group as readily marketable inventories (RMI).



Chairman of the Board Patrick De Maeseneire and CEO Peter Boone.

Patrick De Maeseneire

Chairman of the Board

"In this fiscal year, we continued to generate sustainable returns and long-term value for our investors, our people and society."

Peter Boone

CEO

"We are on track to achieve our mid-term guidance. For this, I want to thank all our colleagues. Their passion and commitment is what drives the success of our growth strategy every day."

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Cost leadership is a core element of our competitiveness. The digitalization and harmonization of internal processes and customer interactions continued during the past year. We opened the new Asia Pacific Business Excellence Center in Kuala Lumpur, Malaysia, which will provide shared functions and corporate services to support our growth in the Region. In September 2022, Standard & Poor's Global Ratings (S&P) upgraded the Group's long-term corporate rating to 'BBB' flat, up from 'BBB-' with outlook 'stable'. The improved rating confirms our strong financial profile.

Through our industry-leading approach to **Sustainability** we continue to create tangible impact on the ground. With the support of our customers, we increased the proportion of products sold containing sustainable cocoa or chocolate to one out of two products! Our efforts in sustainability again received external recognition. Sustainalytics ranked us #1 in the broader food and beverage industry for our management of ESG supply chain risk.

But we cannot become complacent. In fiscal year 2022/23, halfway through our Forever Chocolate timeline, we will add fresh ambition to our Forever Chocolate Plan and present a set of sharpened targets, using our ongoing Forever Chocolate targets as a springboard.

On Diversity & Inclusion, we set ourselves focused targets to achieve more progress in gender balance at senior level and more diversification in the origin of our talent at senior level. In 2021/22 we progressed against our baselines in all areas, e.g., we now have 28% women at Director level in Sales, up from 13% last year.

Everything we do is rooted in our five core values: customer focus, passion, entrepreneurship, team spirit and integrity. The way in which our teams solved the salmonella incident in Wieze, combined the strength of each of our values. Many teams, globally, regionally and locally, gathered to contribute to solving the issue. Within days we detected the root cause, a lecithin batch from a supplier, and prevented affected chocolate from entering the retail chain. During the meticulous cleaning process, our colleagues showcased team spirit and entrepreneurship. We also thank our customers for their loyalty and cooperation during this extraordinary time.

On track to achieve our mid-term guidance

We have every reason to look to the future with confidence. Our Wieze factory is operating at normal capacity again, though we will still experience an impact from the Wieze incident in the first quarter 2022/23 as we catch up on delayed volume. Supported by the consistency of our growth strategy and the strength of our innovation pipeline, we are on track to achieve our mid-term guidance, which is on average for the 3-year period 2020/21 to 2022/23: 5-7% volume growth and EBIT above volume growth in local currencies.⁹

We want to thank all our employees for their passion and commitment. Furthermore, we want to thank our customers for their partnership in the past fiscal year. Last but not least, we want to thank our shareholders for their continued trust.



Patrick De Maeseneire

Chairman of the Board



Peter Boone

Chief Executive Officer

⁹ Barring any major unforeseeable events.