



## Financial Statements of Barry Callebaut AG

### Income Statement

for the fiscal year in CHF	2016/17	2015/16
<b>Income</b>		
Dividend income	5,700,000	36,500,000
License income	64,037,149	59,700,964
Management fees	37,257,829	32,976,091
Other financial income	1,235,988	4,877,881
Realized profit on treasury shares	–	617,258
Other operating income	20,326,960	12,505,860
<b>Total income</b>	<b>128,557,926</b>	<b>147,178,054</b>
<b>Expenses</b>		
Financial expenses	(14,401,390)	(9,195,699)
Personnel expenses	(59,359,475)	(49,236,777)
Other operating expenses	(46,422,140)	(36,330,631)
Depreciation of property, plant and equipment	(562,176)	(540,633)
Amortization of intangible assets	(806,977)	(1,032,254)
<b>Total expenses</b>	<b>(121,552,158)</b>	<b>(96,335,994)</b>
<b>Profit before taxes</b>	<b>7,005,768</b>	<b>50,842,060</b>
Direct taxes	(868,671)	(533,556)
<b>Net profit for the year</b>	<b>6,137,097</b>	<b>50,308,504</b>

### Available earnings

in CHF	2016/17	2015/16
<b>Available earnings as of September 1,</b>	<b>1,531,438,006</b>	<b>1,481,067,021</b>
Dividends on treasury shares	43,508	62,481
Net profit	6,137,097	50,308,504
<b>Available earnings as of August 31,</b>	<b>1,537,618,611</b>	<b>1,531,438,006</b>



## Financial Statements of Barry Callebaut AG

### Balance Sheet

Assets	2017	2016
as of August 31, in CHF		
<b>Current assets</b>		
Cash and cash equivalents	289,824	141,587
Other short-term receivables from Group companies	55,067,928	50,094,609
Short-term interest-bearing loans to Group companies	181,806	72,433
Prepaid expenses and accrued income	2,603,440	2,522,020
<b>Total current assets</b>	<b>58,142,998</b>	<b>52,830,649</b>
<b>Non-current assets</b>		
Investments in Group companies	2,256,255,039	2,250,912,768
Property, plant and equipment	1,232,752	892,344
Intangible assets		
Trademarks	582,596	749,204
Patents/Product development costs	1,319,541	1,245,701
Other	282,939	424,389
<b>Total non-current assets</b>	<b>2,259,672,867</b>	<b>2,254,224,406</b>
<b>Total assets</b>	<b>2,317,815,865</b>	<b>2,307,055,055</b>

### Liabilities and shareholders' equity

Liabilities and shareholders' equity	2017	2016
as of August 31, in thousands of CHF		
<b>Short-term liabilities</b>		
Bank overdrafts	1,980,908	1,238,320
Trade accounts payable		
to third parties	995,851	3,422,537
to Group companies	2,164,832	10,830,602
to shareholders	152,857	418,969
Short-term interest-bearing loans from Group companies	664,378,159	584,293,554
Short-term provisions	31,767,964	25,195,815
Accrued expenses and deferred income	28,208,391	12,436,822
<b>Total short-term liabilities</b>	<b>729,648,962</b>	<b>637,836,619</b>
<b>Total liabilities</b>	<b>729,648,962</b>	<b>637,836,619</b>
<b>Shareholders' equity</b>		
Share capital <sup>1</sup>	40,013,775	102,092,759
Legal capital reserves		
Reserves from capital contributions	39,104	23,037,419
Legal retained earnings		
General legal retained earnings	25,600,070	25,600,070
Voluntary retained earnings		
Available earnings		
Profit brought forward	1,531,481,514	1,481,129,502
Profit for the year	6,137,097	50,308,504
Treasury shares	(15,104,657)	(12,949,818)
<b>Total shareholders' equity</b>	<b>1,588,166,903</b>	<b>1,669,218,436</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,317,815,865</b>	<b>2,307,055,055</b>

1 The share capital as of August 31, 2017, consists of 5,488,858 fully paid-in shares at a nominal value of CHF 7.29 (prior year: 5,488,858 shares with a nominal value of CHF 18.60).



## Financial Statements of Barry Callebaut AG

### Notes to the Financial Statements

#### 1 Principles

##### 1.1 General aspects

These financial statements have been prepared in accordance with the provisions of the new Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Due to rounding, the figures presented in the tables may not add up precisely.

##### 1.2 Investments

Investments are stated at historical costs less any allowance for impairment.

##### 1.3 Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the date of acquisition. In case of resale, the gain or loss is recognized through the income statement as financial income or financial expenses.

##### 1.4 Share-based payments

Should treasury shares be used for share-based payment programs for Board members and employees, the difference between the original acquisition costs and any consideration paid by the employees at grant date is recognized as personnel expenses.

##### 1.5 Short-term interest-bearing liabilities

Short-term interest-bearing liabilities are recognized on the balance sheet at nominal value.

##### 1.6 Long-term interest-bearing liabilities

Long-term interest-bearing liabilities are recognized on the balance sheet at nominal value.

##### 1.7 Revenue recognition for Management fees and Licence income

Management fees and license income are recorded as revenue as at the date of invoicing.

##### 1.8 Foregoing a cash flow statement and additional disclosures in the notes

As Barry Callebaut AG has prepared its Consolidated Financial Statements in accordance with International Financial Reporting Standard (IFRS), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.



## Financial Statements of Barry Callebaut AG

### 2 Information on balance sheet and income statement items

#### 2.1 Prepaid expenses and accrued income

Short-term prepaid expenses and accrued income contain receivables for withholding tax, VAT and pension fund.

#### 2.2 Investments

as of August, 31						2017	2016
Name and domicile	Municipality of registration	Share capital		Purpose	Percentage of ownership <sup>1</sup>		
ADIS Holding Inc., Panama	Panama City	CHF	41,624,342	In Liquidation	100%	100%	
Barry Callebaut Belgium N.V., Belgium	Lebbeke-Wieze	EUR	61,537,705	Production, sales	99.99%	99.99%	
Barry Callebaut Cocoa AG, Switzerland	Zurich	CHF	100,000	Sales	100%	100%	
Barry Callebaut Decorations B.V., The Netherlands	Zundert	EUR	18,242	Production, sales	100%	100%	
Barry Callebaut Management Services AG, Switzerland	Zurich	CHF	100,000	Management services	100%	100%	
Barry Callebaut Manufacturing Halle B.V.B.A, Belgium	Halle	EUR	15,488,952	Production, sales	100%	0%	
Barry Callebaut Nederland B.V., The Netherlands	Zundert	EUR	21,435,000	Holding	100%	100%	
Barry Callebaut Nigeria Ltd., Nigeria	Lagos	NGN	10,000,000	Sales	1%	1%	
Barry Callebaut Schweiz AG, Switzerland	Dübendorf	CHF	4,600,000	Production, sales	100%	100%	
Barry Callebaut Services N.V., Belgium	Lebbeke-Wieze	EUR	929,286,000	Centralized treasury, management services	99.99%	99.99%	
Barry Callebaut Sourcing AG, Switzerland	Zurich	CHF	2,000,000	Sourcing	100%	100%	
C.J. van Houten & Zoon Holding GmbH, Germany	Norderstedt	EUR	72,092,155	Holding	100%	100%	
Schloss Marbach GmbH, Germany	Öhningen	EUR	1,600,000	Conference and training center	100%	100%	

1 Capital rights (percentage of ownership) correspond with voting rights.

Through the above listed subsidiaries, Barry Callebaut AG directly or indirectly controls all entities of the Barry Callebaut Group. All subsidiaries are listed in note 29 Group entities to the Consolidated Financial Statements of Barry Callebaut AG.

#### 2.3 Short-term interest-bearing loans from Group companies

as of August 31, in CHF	Maturity	Interest	2017	2016
Short-term loan from Group companies	20.09.17	0.390%	661,800,000	–
Short-term loan from Group companies	20.09.16	1.220%	–	332,900,000
Short-term loan from Group companies	20.09.16	1.220%	–	101,000,000
Short-term loan from Group companies	13.07.17	1.025%	–	150,000,000
			–	–
Bank overdraft from Group companies	n/a	0.390%	2,578,159	393,554
<b>Total</b>			<b>664,378,159</b>	<b>584,293,554</b>

## Financial Statements of Barry Callebaut AG

### 2.4 Accrued expenses and deferred income

Accrued expenses and deferred income mainly consist of income tax payables and accruals related to short-term incentives to employees.

### 2.5 Share capital and authorized capital

Share capital in the amount of CHF 40,013,774.82 consists of 5,488,858 registered shares at a par value of CHF 7.29 each.

### 2.6 Reserves from capital contributions

The reserves from capital contributions include the premium from capital increases minus the dividends distributed to date.

From a fiscal point of view, any distributions made from reserves from capital contributions are treated the same as a repayment of share capital. The Swiss Federal Tax Administration (SFTA) has confirmed that it will recognize disclosed reserves from capital contributions as a capital contribution as per art. 5 para. 1bis Withholding Tax Act.

### 2.7 Treasury shares

	Number of transactions	Lowest rate in CHF	Highest rate in CHF	Average rate of transaction in CHF	Quantity
<b>Inventory as of September 1, 2015</b>	–	–	–	–	<b>11,084</b>
Purchase	34	1,034	1,273	1,140	13,400
Allocations to management	2	–	–	1,045	(11,066)
Allocations to board members	1	–	–	1,070	(2,190)
<b>Inventory as of August 31, 2016</b>	–	–	–	–	<b>11,228</b>
Purchase	28	1,180	1,411	1,304	13,090
Allocations to management	3	–	–	1,156	(10,625)
Allocations to board members	1	–	–	1,304	(2,190)
<b>Inventory as of August 31, 2017</b>	–	–	–	–	<b>11,503</b>

As at balance sheet date, acquisition costs for directly held treasury shares amounted to CHF 15,104,657 (previous year: CHF 12,949,818).

### 2.8 Dividend income

In the reporting year, dividend income amounted to CHF 5,700,000 (previous year: CHF 36,500,000). This year's amount is fully related to the dividend distributed by Barry Callebaut Schweiz AG, Switzerland, for the 2015/2016 business year.

### 2.9 Other financial income

Other financial income amounts to CHF 1,235,988 (previous year: CHF 4,877,881) and consists mostly of exchange gains.

### 2.10 License income

License income contains Royalties from group companies. They are related to the usage of brands and trademarks.

### 2.11 Management fees

Barry Callebaut AG provides a variety of business support services for the benefit of its Group companies. These services include a wide variety of business support services such as management support services, information management services (i.e. information technology related services), accounting and finance, human resources, consulting, tax and legal service etc.

## Financial Statements of Barry Callebaut AG

### 2.12 Financial expenses

for the fiscal year in CHF	2016/17	2015/16
Bank interest and fees	249,166	279,024
Interest to Group companies	4,557,066	6,858,256
Exchange losses	9,595,158	2,058,419
<b>Total</b>	<b>14,401,390</b>	<b>9,195,699</b>

### 2.13 Other operating expenses

for the fiscal year in CHF	2016/17	2015/16
Fees lawyers and consulting	12,672,141	12,002,318
Other expenses third parties	9,605,862	9,928,098
Assistance fees related parties	1,460,284	1,531,069
Assistance fees Group companies	22,683,853	12,869,146
<b>Total</b>	<b>46,422,140</b>	<b>36,330,631</b>

## 3 Other information

### 3.1 Full-time equivalents

The average number of employees of Barry Callebaut AG during the financial year, expressed as full-time equivalents, exceeded 50, but did not exceed 250, as in the prior year.

### 3.2 Liens, guarantees and pledges in favor of third parties

- The Company is a co-debtor for bank loans of max. EUR 750 million (CHF 853.6 million; 2015/16: CHF 656.9 million) obtained by Barry Callebaut Services N.V., Belgium, on June 22, 2017, whereof the maximal liability is limited to the freely distributable retained earnings (CHF 1,537.6 million less 35% withholding tax).
- The Company is also a co-debtor to the Senior Notes of EUR 250 million (CHF 285.7 million; 2015/16: CHF 273.7 million) issued by Barry Callebaut Services N.V., Belgium, on June 15, 2011, to the Senior Notes of USD 400 million (CHF 383.3 million; 2015/16: CHF 392.8 million) issued by Barry Callebaut Services N.V., Belgium, on June 20, 2013, as well as to the Senior Notes of EUR 450 million (CHF 514.2 million, 2015/16: CHF 492.7 million) issued by Barry Callebaut Services N.V., Belgium, on May 24, 2016. The maximal liability is limited to the freely distributable retained earnings (CHF 1,537.6 million less 35% withholding tax).
- The Company issued several guarantees for various credit facilities granted to direct and indirect subsidiaries for an amount of up to CHF 1,322.6 million (2015/16: CHF 1,275.3 million).

### 3.3 Contingent liabilities

Until December 31, 2015, the Swiss Barry Callebaut entities formed a VAT subgroup. As long as respective period has not been revised by VAT authorities, liabilities among subgroup participants are still possible.



## Financial Statements of Barry Callebaut AG

### 3.4 Significant shareholders

as of August 31,	2017	2016
Jacobs Holding AG, Zurich, Switzerland	50.11%	50.11%
Renata Jacobs	8.48%	8.48%
Massachusetts Mutual Life Insurance Company <sup>1</sup>	3.65%	3.64%

1 Including all subsidiaries controlled by the parent company.

### 3.5 Shareholdings of the Board of Directors and the Executive Committee

#### Shareholdings of the Board of Directors

Number of shares as of August 31,		2017	2016
Name	Function		
Andreas Jacobs <sup>1, 2</sup>	Chairman (until Dec 2016)	n/a	4,260
Patrick De Maeseneire	Chairman (as from Dec 2016)	250	–
Fernando Aguirre		280	100
Jakob Baer	Vice Chairman (as from Dec 2016)	1,080	900
James (Jim) Donald		1,440	1,260
Nicolas Jacobs		92,886	101,039
Wai Ling Liu		160	180
Timothy Minges		656	476
Andreas Schmid		8,218	8,038
Juergen Steinemann	Vice Chairman (until Dec 2016)	13,979	13,795
<b>Total shares held by Board of Directors</b>		<b>118,949</b>	<b>130,048</b>

1 Excluding the 50.11% participation held by Jacobs Holding AG (see note 3.4).

2 No disclosures for August 31, 2017, as Andreas Jacobs left the Board of Directors at the last Annual General Assembly.

#### Shareholdings of the Executive Committee

Number of shares as of August 31,		2017	2016
Name	Function		
Antoine de Saint-Affrique	Chief Executive Officer	476	–
Victor Balli	Chief Financial Officer	1,453	1,000
Peter Boone	Chief Innovation & Quality Officer	–	7
Massimo Garavaglia	President EMEA	900	250
Dave Johnson	CEO and President Americas	2,000	2,023
Carole Le Meur	Chief Human Resources Officer	38	–
Dirk Poelman	Chief Operations Officer	1,636	1,534
Steven Retzlaff	President Global Cocoa	1,128	686
<b>Total shares held by Executive Committee</b>		<b>7,631</b>	<b>5,500</b>

### 3.6 Shares granted to the Board of Directors and employees

	2016/17	2016/17	2015/16	2015/16
	Quantity	Value (CHF)	Quantity	Value (CHF)
Granted to Members of the Board	2,010	2,337,630	2,190	2,343,300
Granted to employees <sup>1</sup> of Barry Callebaut AG and subsidiaries	7,948	9,494,884	10,460	10,742,002

1 Employees include all participants in the share plan of the Group including employees on the payroll of subsidiaries of which Barry Callebaut AG is the ultimate parent.

### 3.7 Significant events after the balance sheet date

There are no subsequent events that would require any modification of the value of the assets and liabilities or additional disclosures.



## Financial Statements of Barry Callebaut AG

### 3.8 Proposed appropriation of available earnings and reserves/par value reduction

The Board of Directors proposes to the Annual General Meeting a payout of CHF 20.00 per share consisting of a dividend of CHF 12.73 per share and CHF 7.27 per share in the form of a capital reduction through par value repayment:

#### *3.8.1 Dividend payout of CHF 12.73 per share*

Dividend payout of CHF 12.73 per share out of the voluntary retained earnings in the amount of CHF 69,873,162.

#### *3.8.2 Capital reduction and repayment of CHF 7.27 per share*

Reduction of the share capital from CHF 40,013,775 to CHF 109,777 in the form of a reduction of the par value from CHF 7.29 per share by CHF 7.27 to CHF 0.02 per share.

#### *3.8.3 Carry-forward of the balance of voluntary retained earnings*

of CHF 1,467,745,449.





# Statutory Auditor's Report

To the General Meeting of Barry Callebaut AG, Zurich

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Barry Callebaut AG, which comprise the balance sheet as at 31 August 2017, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 113 to 120) for the year ended 31 August 2017 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 Auditing Standards. 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 entity 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.

### Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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. We have determined that there are no key audit matters to communicate in our report.

### Responsibility of the Board of Directors 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities 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 Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



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

- Identify and assess the risks of material misstatement of the financial statements, 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

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, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

François Rouiller  
Licensed Audit Expert  
Auditor in Charge

Patricia Bielmann  
Licensed Audit Expert

Zurich, 6 November 2017