



TONY'S

CHOCOLONELY®

annual report
2021/2022



time really
flies, eh?



ONCE UPON A TONY'S

Here's a timeline of milestones and memorable moments. The major highlights of the true story of Tony's Chocolonely. From the early days up to the present..

2001

US politicians set up the Harkin-Engel Protocol and all Big Choco co-sign it. Its aim? Bringing an end to child labor in the cocoa industry. Its outcome? Well.. read on.

2008

A few years later, when Tony's starts making a profit, Tony's starts the Chocolonely Foundation to invest the profits and support partners and causes that share Tony's vision.

2003

On a show called 'Keuringdienst van Waarde' (kinda like 'Value Inspectors,' but with a food pun), journalist Teun (aka Tony) van de Keuken investigates the extent of human rights abuses in the chocolate industry. They zoom in on Ghana and Côte d'Ivoire, the two countries where most of the world's cocoa comes from.

2011

Time to check whether the Harkin-Engel Protocol's goal has been met! Unfortunately, it's once again a hard no. And child labor can still be found in supply chains across the chocolate industry.

2004



The illegal labor situation in the two West African countries is serious. Teun and his team want to send a message. So they speak with child victims of modern slavery and put together a legal case. They argue that Teun is complicit in the chocolate industry's crimes by knowingly consuming a product made by illegal labor. Well, the judge doesn't buy it..

2012

Tony's signs on the dotted line, partnering with co-ops ABOCFA in Ghana and Kapatchiva (part of the co-op union Ecocookim) in Côte d'Ivoire. Bean-to-bar traceability for cocoa is introduced. And Tony's starts dividing its bars unequally. To remind every Choco Fan why we're in this game together.



2005

The first edition of 5,000 fairtrade bars in bright red wrappers is produced. They fly from the shelves. Another 8,000 are sold. Tony's Chocolonely is born.

2016

This year Tony's cocoa butter becomes traceable, too.



2020

The global Tony's team is rapidly growing and there are established offices in Amsterdam, London, Hamburg, Salzburg and New York.

2021

Tony's crossed the €100 million revenue mark for the first time ever! More chocolate sales means more beans are needed which means more impact.

2018

Tony's is growing – and opens its superstore in Amsterdam's Beurs van Berlage. The Tony's Unlimited line is implemented to show the Choco Fans how chocolate bars are made.

2022

Tony's receives its highest ever B Corp score with 125 points. Because business should be used as a force for good.

2013

Tony's starts paying premiums to cocoa farmers on top of the Fairtrade premiums. This helps to further ensure farmers and their families are actually able to live off the money they earn.



2019

Tony's first mission ally, Albert Heijn, joins Tony's Open Chain (find out more on p. 61). Because together we can make a difference and move towards mission completion.

2022

Ben & Jerry's joins Tony's Choclonely's mission to make chocolate 100% slave free. Tony's and Ben & Jerry's start a Chocolate Love A-Fair with new ice creams and Tony's bars. The union by sourcing traceable cocoa via Tony's Open Chain. And today? Tony's keeps on spreading its message far and wide. And more and more Choco Fans and Serious Friends (and members of Big Choco, too!) have joined the fight. But we're not done yet. Read on to find out why.

2013

Tony's publishes its first Annual FAIR Report to be held accountable by communicating about all efforts transparently.

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LOOKING BACK.. our year at a glance

We set goals and targets to keep track of how we're doing. These 'Key Performance Indicators' (KPIs) help us measure progress and identify areas for improvement. Here's an overview of our KPIs this year:

WHAT WE'VE
ACHIEVED IN
**2021
2022**

NUMBER
OF FARMERS
IMPACTED



14,763

7
PARTNER
GO-OPS
with whom we
have long-term
commitments

CLMRS

child labor monitoring and remediation system

SELECT
COMMUNITY
FACILITATOR

VISIT
HOUSE
HOLDS

RECOGNIZE
CHILD
LABOR

CHILD LABOR
PREVALENCE RATE

4.4% at the long-term partner co-ops
52.8% at the newer partner co-ops



remediated case = the child is out of child labor

CONDUCT
FOLLOW-UP
VISITS

FIND
COMMUNITY
SOLUTION

START CON
VERSATIONS

FIND
INDIVIDUAL-
FOCUSED
SOLUTION

141,107
SERIOUS
FRIENDS



at 3 of our long-term partner co-ops in Côte d'Ivoire

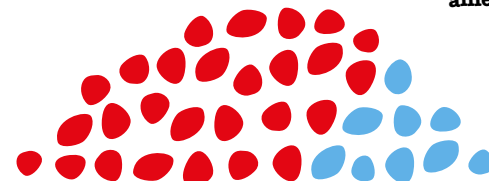
37.6%
OF COCOA FARMERS
EARN AT LEAST A
LIVING INCOME



**TOTAL
AMOUNT OF
PREMIUM PAID
6.5 M**

**TOTAL
AMOUNT OF
BEANS USED**

4,117 mt
sourced by
Tony's Open
Chain mission
allies



14,002 MT



**3 NEW
MISSION
ALLIES**

leading to 8 Tony's Open Chain mission allies in total (including Tony's)

**100%
COMPENSATED
CO2**

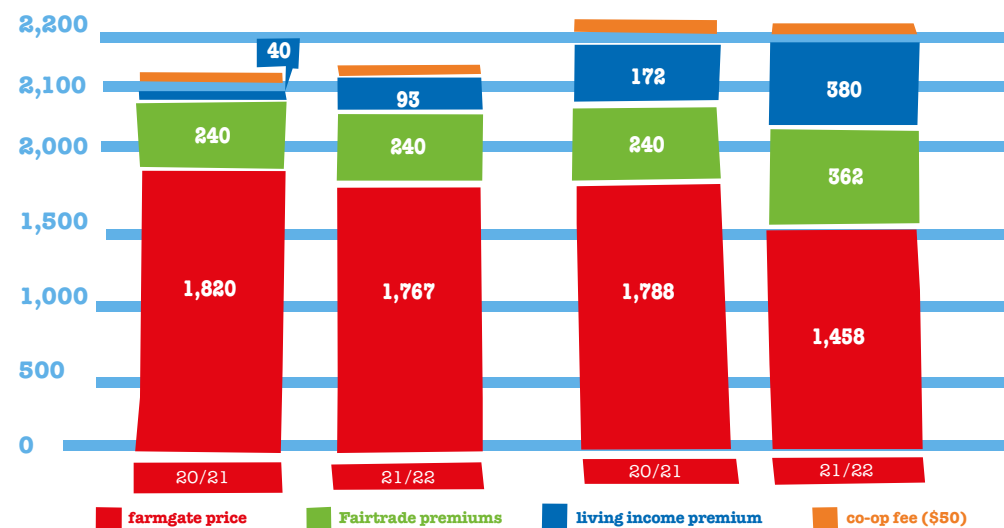


company record:
our gross margin was at
50.2%

**CÔTE
D'IVOIRE**

price
per
metric ton
in dollars

GHANA



(To make sure everything is in good order, we ask the audit firm PwC to review all our performance indicators, as well as the text of this Annual FAIR Report, providing limited assurance.)

A WORD FROM THE CHIEF CHOCOLATE OFFICER

Here it is: Tony's Chocolonely's 10th annual FAIR report. We're proud to mark a decade of reporting. Because our results don't lie – and loads has happened in the past year alone.

Since the founding of Tony's Chocolonely in July 2005, we've set out to be an impact company that makes chocolate.. not the other way around.

We're a company (not a social enterprise – this is important to remember) and we exist to prove it's possible to turn a profit and do good at the same time. We believe businesses that just focus on profit are anti-social enterprises.

10 years ago, we entered into our first official partnerships with 2 partner cocoa cooperatives – 1 in Ghana and 1 in Côte d'Ivoire. Together we've shown that our joint approach really works. We're particularly proud of: 1. increasing overall awareness of illegal labor in the cocoa chain across markets; 2. the growth and development of Tony's Chocolonely setting a good example from bean to bar; 3. increasing numbers of other companies taking responsibility and coming on board Tony's Open Chain.

In 2004, the *Keuringdienst van Waarde* crew visited another impact company – Ben & Jerry's – to talk about slave-free chocolate in their pints of ice cream. In 2022, Ben & Jerry's joined Tony's Open Chain, committing to a period of at least 5 years. This represents a big step for Tony's and the aims of Tony's Open Chain.

Our quarterly meeting in May was a blast and it's smooth sailing over at our factory in Borsbeek (De Laet International NV), which has proved a solid foundation for Tony's within a short period of time. This year we achieved our highest B-Corp score ever: 125! And we raised the bar with a special mention for being the 'best in the world' when it comes to 'governance & changemaking.' We've made waves by stating that we're actively in favor of a 'sugar tax.' And we've also made the big decision to have our chocolate produced in the US next year, at World's Finest in Chicago.

In the first annual FAIR report 10 years ago, the first revenue number we reported was €4.5 million. We've made some gigantic progress since then. In 21/22, our turnover went from €109.6 million to €133.1 million. Our Benelux & Beyond (B&B) market growing rapidly by about 7%, and is just like our North American business performing just slightly under our goals. The German, Austrian & Nordics (DAN) market is also growing fast by 74%, but was budgeted too ambitiously. The United Kingdom didn't quite meet our expectations but is nonetheless growing steadily by 19%.

Our processor, Barry Callebaut, experienced salmonella contamination in its factory in Wieze this year. We're glad to report that Tony's products that were marketed have been unaffected. But we were unable to make any chocolate for 2 months.

Henk Jan, Chief Chocolate Officer

**“TAKE CARE OF ONE ANOTHER,
LEAD BY EXAMPLE AND KEEP
PUTTING IMPACT FIRST.”**



That means we've not been able to make any Sinterklaas bars, and we've had to postpone the launch of our Ben & Jerry's bars until January 2023. We were also unable to deliver orders to a number of our customers for some time. We're working through the financial consequences of this issue.

10 years ago, there were 15 Tonys in total. Last year, Team Tony's counted over 250 people among its ranks! Since the COVID-19 pandemic started, 'Engagement' and 'Commitment' numbers have declined within the team.

I have a lot of love for Tony's as an organization, but my role has become increasingly difficult these last few years. I'm an entrepreneur at heart, and guiding this fast-growing impact company through the storms it has weathered these last few years has been challenging.

Which is why, with sadness in my heart but total conviction, I am now passing the Tony's baton on to Douglas Lamont. Douglas has worked at innocent drinks for the last 15 years, having served as CEO for the past 10. We've known each other for a long time – since my own days at innocent drinks, when I worked as the BeNeLux country manager. I am confident he is the right person to lead Tony's on to further success and impact.

Things at Tony's continue to come together and grow, all while the organization remains true to its impact-oriented roots. It's been a privilege to serve as chief chocolate officer at Tony's Chocolonely. And it's with gratitude and pride that I hand over the reins. Take care of one another, lead by example and keep putting impact first.

All best wishes,
Henk Jan

THE UNEQUALLY DIVIDED COCOA SECTOR

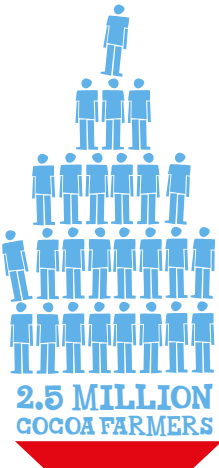
hello there!

We're Tony's Choclonely – an impact company that makes chocolate. We fight for more equality in the chocolate industry and we exist to eliminate illegal labor in cocoa. Not just our own, but across all chocolate worldwide. Because the system is broken and the only way to fix it is by working together.

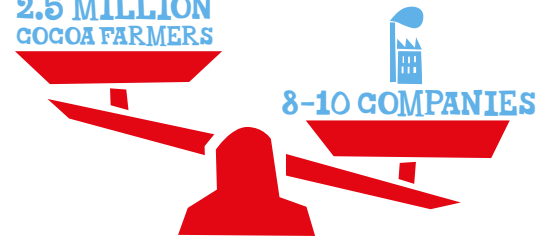
This report serves as a record of our progress. This is the 10th time we've published an annual FAIR report, taking stock of our impact and crunching the numbers. Our aim is to shed some light on the goings-on at Tony's, to be transparent by sharing our learnings from past mistakes and to highlight the positive impact we've made to inspire others to act.

At Tony's, we envision a more equal supply chain. We work towards a future where cocoa farmers earn at least a living income and where children go to school, learn and play. We seek a world in which producing, selling or buying chocolate bars doesn't result in illegal labor and other human rights violations.

There's inequality in lots of industries and sectors. It's a terrible reality of the world we live in. And often it's the result of a push to maximize profits, no matter the consequences.

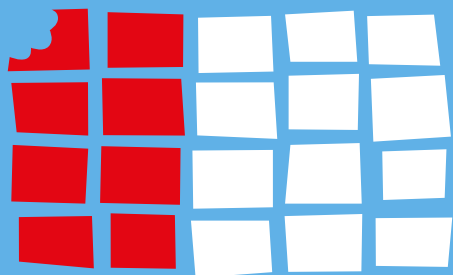


In the chocolate industry, a few big companies make massive profits. Meanwhile, smallholder cocoa farmers are underpaid for their cocoa. Most of these farmers do not earn a living income which means they often live in poverty. This leads to deforestation and child labor. Illegal labor, including child labor, is the key issue Tony's Choclonely exists to change.



over

60%



of the world's cocoa comes from



Côte
d'Ivoire

Ghana

produced by about

2,500,000

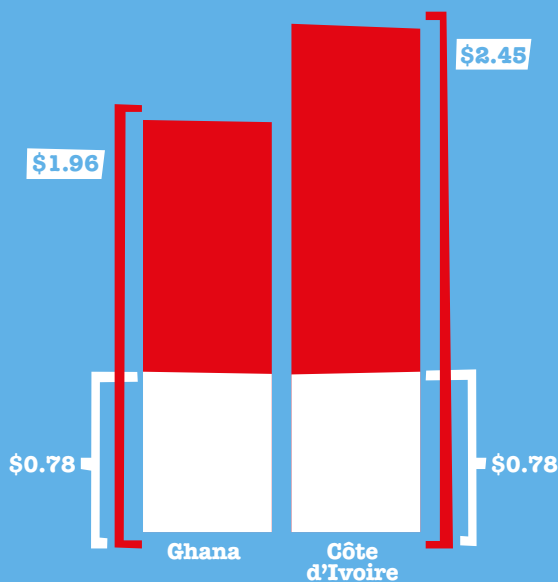
SMALLHOLDER FARMERS

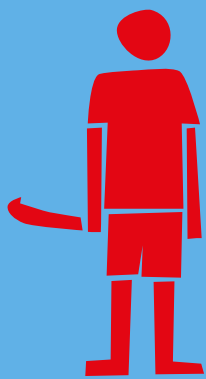
Living income is set at \$1.96 per person per day in Ghana and \$2.45 in Côte d'Ivoire (Living Income Community of Practice, 2022).

(find out more
on p. 41)

Excessively low cocoa prices lead to a farmer income of only approximately \$0.78 per day (Cocoa Barometer, 2018).

That's far too little and simply unfair. It means cocoa farmers remain in poverty.





1.56
MILLION
CHILDREN

work under
illegal conditions
because their
parents are
unable to earn a
living income
(NORC report,
2020).

95% **OF**
THOSE
CHILDREN
ARE DOING HAZARDOUS WORK



30,000
PEOPLE ARE VICTIMS
OF MODERN SLAVERY

in the cocoa industry in Ghana and Côte d'Ivoire
(Global Slavery Index).

MODERN SLAVERY & CHILD LABOR



the truth about child labor

Tony's aims to eliminate all illegal labor, including child labor, in the cocoa supply chain. Cocoa-farming parents (like all parents!) want the best for their children, but sometimes they don't have a choice. Poverty prevents parents from being able to send their children to school. Instead, children have to help out on the farm.

For context: currently, 160 million children around the world perform child labor. And 70% of them – or 112 million – work in the agricultural sector (2020 ILO Global Estimates Report). Roughly 1 in every 2 children in cocoa-growing households in Ghana and Côte d'Ivoire is involved in child labor (NORC Report, 2020).

WHAT IS CHILD LABOR?

children fall
in different
age groups



**5-13
YEARS**

children below
the minimum age
specified for light
work.



**14-15
YEARS**

children within
the age range
specified for
light work.



**16-17
YEARS**

children at
or above the
minimum
working age.

there's
child work..

light work

refers to light and
safe tasks for limited
hours that do not
interfere with
schooling.

regular work

means tasks for limited
hours that do not
interfere with schooling.

..and then
there's child
labor

hazardous child labor

refers to employment in designated dangerous
industries and occupations, night work in any
industry and occupation, unpaid household
services for long hours, unsafe equipment,
as well as dangerous working conditions.

other worst forms of child labor

refers to children trafficked for work, forced
and bonded child labor, commercial sexual
exploitation of children, use of children for
illicit activities and armed conflict

what's legal ●

what's illegal ✗

	5-13 years	14-15 years	16-17 years
light work	✗	●	●
regular work	✗	✗	●
hazardous child labor	✗	✗	✗
other worst forms of child labor	✗	✗	✗

Source: International Labour Organization (ILO) standards as applied at national level in Ghana and Côte d'Ivoire.

MODERN SLAVERY

Modern slavery is an umbrella term that includes many different forms of exploitation, such as forced labor and human trafficking. These human rights issues are as shocking as they are real. According to the Global Slavery Index, right now there are at least 30,000 victims of modern slavery in cocoa in Ghana and Côte d'Ivoire.

Slavery has played an economic role in every period of human history. During the transatlantic slave trade from the 1500s through the 1800s, people were stripped of their humanity. They were trafficked and 'sold' – like other commodities such as sugar, cotton, salt and cocoa. In the modern era, slavery has always related to unchecked market growth fueling human exploitation.

Even though slavery is now illegal everywhere, lots of the social and economic factors that supported it are still in place today. Systemic inequality and institutional racism contribute to a world in which people are forced to work without any hope of decent pay or standard of living. These forms of inequality influence the way we live, work, think and relate to others.



a living income for cocoa farmers cannot be optional

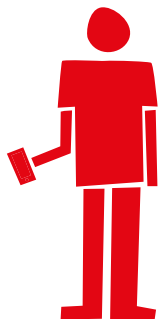


low cocoa prices = farmers are forced to remain in poverty.

Poverty makes people take drastic measures to survive. Like turning to illegal forms of labor, such as child labor. Interventions to combat poverty are needed immediately and the first quick fix is a higher cocoa price (find out more about Tony's higher cocoa price on p. 41).



a higher cocoa price = farmers can move out of poverty.



Cocoa farmers should have the right to maintain “a decent standard of living for all members of their households” (LICoP, 2020). But in reality, the industry has been slow to catch up. Big Choco talks more and more about a living income for cocoa farmers. But the sustainability programs with their income diversification and productivity improvement projects (which aim to address the lack of a living income) just aren't cutting it.

To date, Big Choco has still not committed to paying the kind of higher price that would enable cocoa farmers to earn (at least) a living income.

deforestation

When cocoa prices are so incredibly low, farmers try to make more money by selling more cocoa. That's possible by planting cocoa trees in protected forest areas, which means natural forests are replaced by cocoa trees. This is called deforestation and it's widespread in West Africa.

Longer dry seasons and increasing temperatures mean farmers are already feeling the consequences of climate change. Earning a living income allows farmers to earn more from their own land by investing more in their farms – without needing to cut into forests (Cocoa Barometer 2020 and Schroth et al. 2016 SciTotEnv, Bunn et al. 2018 CL Report).



for the industry, and beyond..

Tony's has been fighting the good (chocolate) fight for over 15 years. But the truth is, there's still a lot of ground to cover.

Through the years, chocolate companies have gradually begun to change their ways. All major players have some sort of sustainability program in place. But these programs only cover a portion of their supply chains and often have ambitious goals for the future instead of right now. It's fair to say industry efforts are not enough and that little progress has been made (Cocoa Barometer 2020).

To make the chocolate industry more sustainable, collective action must be taken. That's why partnerships between companies, public sector organizations, civil society organizations and initiatives for sustainable cocoa (ISCOs) are needed.

Tony's is part of the Dutch Initiative on Sustainable Cocoa (which has the coolest acronym: DISCO), as well as its Belgian equivalent, Beyond Chocolate. Along with other signatories, we report on our progress and work towards a sustainable cocoa sector. These industry initiatives suggest that issue awareness and sustainable business are both on the rise, which creates a favorable foundation for legislative measures to be implemented.

the laws, they are a-changin'

In order to shake up the chocolate industry, we believe governments must lay down the law when it comes to corporate behavior. Because right now, social and environmental injustices happen when businesses source materials and manufacture products with the sole goal of making profit. Companies need to be held accountable. We want a world where fair sourcing practices are literally the rule – and not the exception.

In the chocolate industry, that means taking 100% responsibility for cocoa's biggest issues: child labor, deforestation and a lack of a living income (Cocoa Barometer 2020).

➔ Since 2015, the UK Modern Slavery Act has required companies with sales of £36 million or more to be transparent. This means publishing annual statements that outline steps taken to guarantee the absence of modern slavery from supply chains. Currently, amendments for additional disclosure rules, further compliance requirements and penalties for non-compliance are being discussed.

➔ In November 2021, the Environment Act became the UK's legal framework for environmental protection. In June 2022, a public consultation by the Department for Environment, Food & Rural Affairs on new targets under the Act was held. This provides a platform to make progress towards long-term environmental goals.

There are promising developments happening in the EU, too.



**Tony's take-over
in Brussels**

➔ In April 2022, a Corporate Sustainability Reporting Directive was adopted which requires companies to transparently report on human rights issues according to mandatory EU sustainability reporting standards. This means companies need to publish regular reports on the social and environmental impacts of their activities.

➔ In September 2022, the EU Parliament voted to significantly improve the European Commission's deforestation proposal. Cocoa is now included in the list of commodities and there's an emphasis on supply chain mapping. The chocolate industry is aligned with the aims that the EU Parliament will now negotiate with the European Council.

➔ In March 2021, the EU Parliament voted in favor of holding companies accountable for human rights and environmental abuses in their supply chains. In February 2022, the European Commission published their recommendation for new EU legislation on human rights and environmental due diligence.

The European Commission's proposal is a milestone as it enshrines a decent standard of living as a human right. It also requires companies to be transparent in reporting on social and environmental issues in their supply chains.

But, based on requirements around turnover and number of employees, the proposal currently exempts 99% of all companies in the EU that are active in high-risk sectors like cocoa (EU Commission's proposal for mandatory human rights and environmental due diligence, February 2022). Even Tony's would be exempt. And that has to change.

With inflation currently sky high, Tony's believes that all companies should take responsibility. We want ambitious laws that will force all companies to prioritize human rights and environmental standards. Because accountability is key – for everyone.

To find out more about our strategy for holding ourselves accountable, turn the page.

chapter 2:

TONY'S FIGHT

THE - WHY

HOW - &

WHAT

gettin' stuff done – the right way

To change the cocoa industry from within, we participate in the market as a for-profit organization, selling chocolate made with Ghanaian and Ivorian cocoa to prove it can be done differently. Tony's has come a long way since its beginnings. And there's still lots more to do.

This chapter is all about how we're managing the different elements of our impact work: our business model, strategic approach, the key performance indicators (KPIs) we use to track our progress and the effects of our activities on the progress of our business and its stakeholders.

with a vision, and on a mission

We want a more equal cocoa supply chain. Making that happen is a little like making a chocolate cake. Our mission is the recipe. For ingredients, take a big scoop of higher cocoa prices, add in some supply chain traceability, stir in a good portion of co-op ownership, and top things off with some long-term relationships and cocoa quality and productivity. We combine all these factors into one cohesive whole. Our success as a business is the finished cake itself.

In practice, making these things happen requires lots of serious strategy and hands-on intervention. We must remain open to feedback and criticism – from others as well as from ourselves. And we've got to be constantly ready to adapt.

from before the bean until after the bar

Tony's work begins before a single cocoa bean has been sourced, and it continues well after the bar has been sold. We're actively involved in every step of the journey, whether it's forging a strong foundation of partner cooperatives or using marketing as a form of mission-driven storytelling.

the 5 Key Players

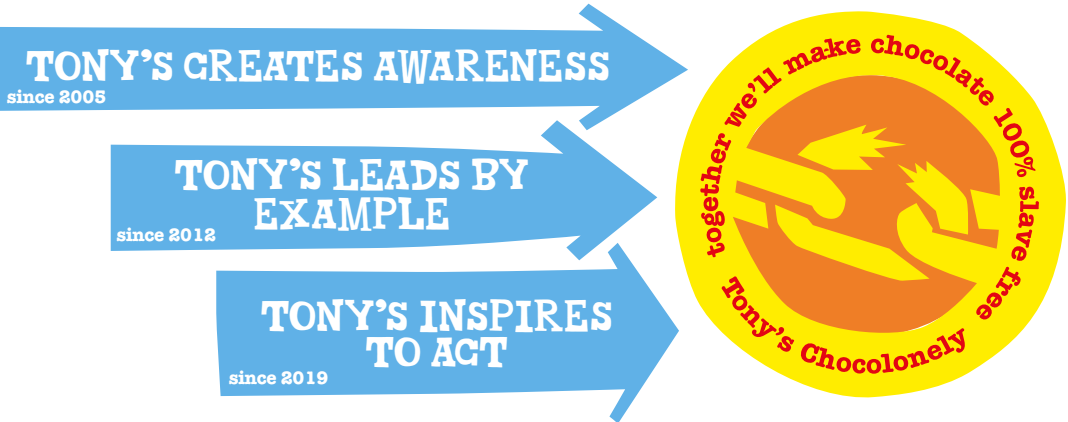
At Tony's, we identify Key Players who play a role in changing norms in cocoa.



putting change on the map

Our plan to shift to a way of thinking about business as a force for good (nice way of putting it, B Corp) is laid out in our roadmap. Innovative business solutions are needed to cut through an economic system of institutionalized inequality.

We apply this theory according to 3 pillars. And the way we apply each has taken shape over time.



→ creating awareness

To change something, you've got to be aware of the issue. Because awareness leads to action and improvements over time. Once you know, you can't un-know.

This applies to everyone in the supply chain. It applies to cocoa farmers knowing about the rights of children and good agricultural practices. It applies to retailers who can decide which products to put on the shelf. And it applies to Choco Fans who are equipped to question a company's practices and opt for a more sustainable chocolate option.

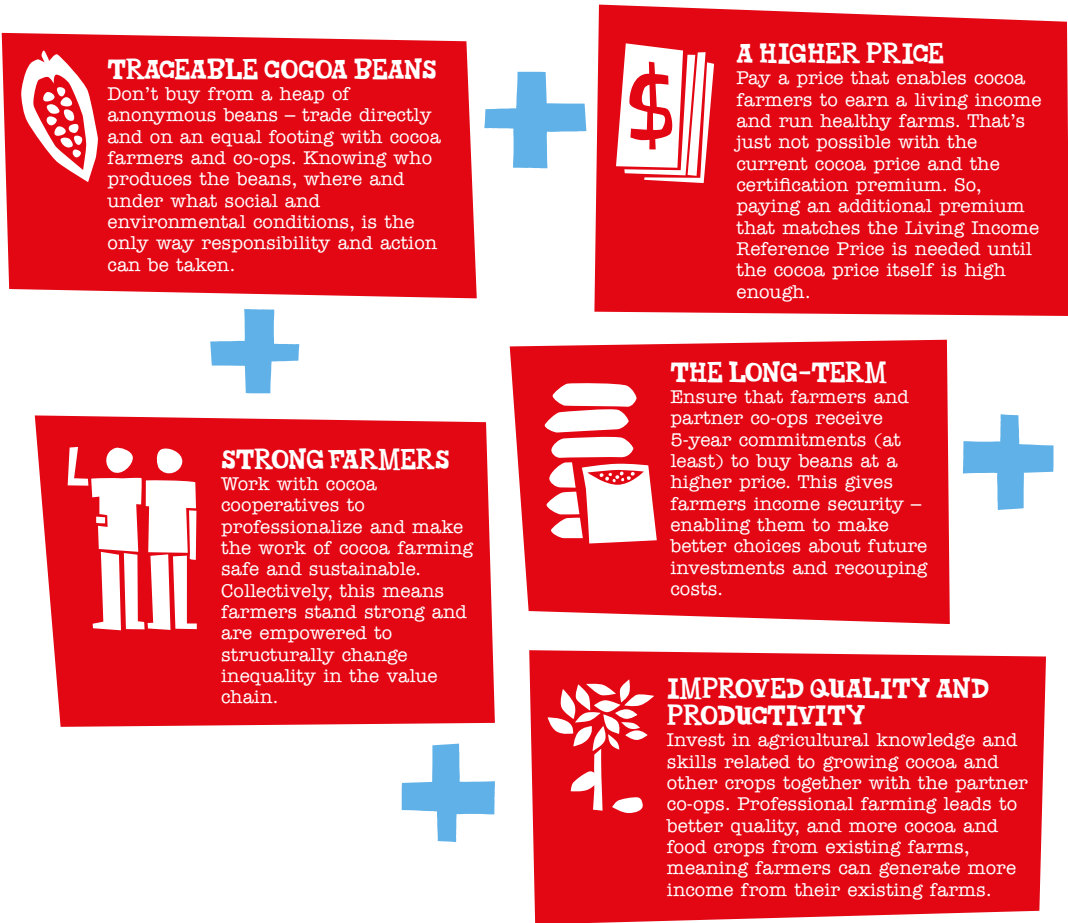
→ leading by example

In a nutshell, this pillar means being commercially successful while doing good, by implementing sustainable business practices. At Tony's we are proving that it can (and should!) be done differently by putting people and the planet before profits.

This means money is always a means, not the end-goal. We prioritize taking full responsibility for everything that happens in our supply chain. At Tony's, we do this through direct intervention.

Tony's 5 Sourcing Principles

We lead by example through Tony's 5 Sourcing Principles by putting human rights at the core of how we do business. Tony's 5 Sourcing Principles stand to practically address the complex issue of poverty in cocoa through concrete solutions and long-term opportunities. We increase the number of farming households in our partner co-op communities experiencing a decent standard of living. As we've refined our way of working over the years, our approach continues to enrich the way we and our partners do business.



To put it simply, our model works. Thanks to full supply chain traceability and a higher cocoa price that enables a living income for farmers. Combined with strong and long-term business partnerships with cooperatives and increasing cocoa yields.

For more details, go to p. 39.

 inspiring to act

To amplify our positive impact, we invite everyone to join our way of working. Because regardless of Tony's rising chocolate sales or increasing bean volume demand, Tony's positive impact is still limited to 0.3% of the West African cocoa bean market.

We aim to increase this positive impact through Tony's Open Chain. A collaborative initiative that makes it possible and efficient for other companies to adopt Tony's 5 Sourcing Principles for their cocoa supply chains. Tony's Open Chain is our invitation to do things differently and create impact together. It has the power to create a snowball effect that will change the norm, with help from our Mission Allies – which is what we call companies that join us in our fight.

We want others to take our approach as a benchmark. Think: governments using us as an example, making strong policies and legislation that adequately protect human rights. And also other companies feeling inspired to take action themselves..

the long and winding roadmap..

We've put together a detailed roadmap that helps visualize our theory of change in action. We use KPIs to track progress over time. We've mapped them against their corresponding pillars. Our aim? Total transparency and strategic placement to track our progress. Because without this, companies can too easily hide behind obscure future goals and little concrete action.

The independent audit firm PwC reviews the sustainability information in this report (providing limited assurance) and they audit the financial statements (providing reasonable assurance) to ensure accuracy and accountability. See p. 112 for the PwC assurance report.

This year we've integrated our reporting even further with a more succinct storyline. And in our roadmap we've included the most relevant financial KPIs together with all the non-financial ones.

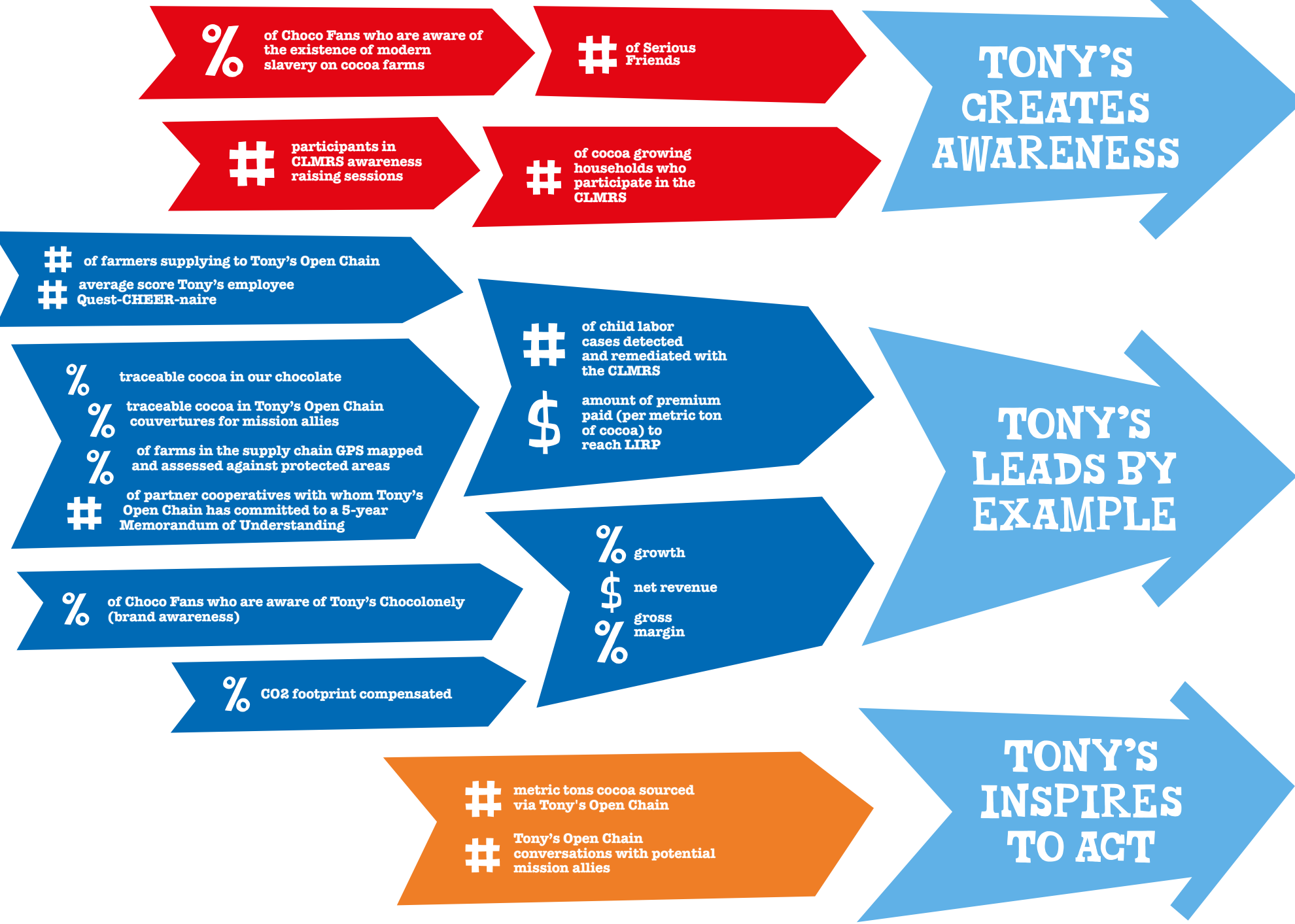
our value creation model

There are lots of moving parts in the impact game. That's why it's helpful to visualize them within a model. It's a way for Tony's to represent risks, possibilities and responsibilities, value creation and our strategy in action across our entire supply chain.

A bunch of Tonys work regularly on updates to this model. We want to make sure the model reflects Tony's positive and negative impacts, as well as Tony's opportunities and uncertainties. Which is important in the chocolate industry – where few people and organizations in positions of power are fully transparent, while farmers take on lots of the risk and see little reward.

Go check out our value creation visual on p. 26!

THE ROADMAP



inputs

the organization's activities

growing Tony's Open Chain

pushing for human rights & environmental due diligence legislation

investing in markets & impact

Tony's 5 Sourcing Principles & cocoa community development

'crazy about chocolate' aka Tony's products

'serious about people' aka impact on humans

protecting the environment & offsetting

implementation

business model

make 100% slave free the norm in chocolate by driving awareness and leading by example - so that we inspire others to act



deliver world-class impact in West Africa & scale up Tony's Open Chain

foster an inclusive environment where people can reach their potential

lead by example as a scalable, financially viable impact company

inspire brand ambassadorship through striking comms & chocolate products that delight

outputs

results of activities

more cocoa sourced according to Tony's 5 Sourcing Principles = less poverty, less illegal labor and more enabled cocoa communities

processes & facilities produce more sustainable & traceable chocolate

more chocolate products made according to Tony's 5 Sourcing Principles available on store shelves

shifting public thinking & increasing awareness, leading to a higher demand for sustainable products

legal frameworks that hold companies accountable for their entire supply chains

purchasing practices that prioritize human rights and the planet

purchasing according to Tony's 5 Sourcing Principles combined with increased awareness of the issues in cocoa

more diverse talent & a growing global team, with maximized potential

outcomes

impact of results

cocoa farmers have a decent standard of living & partner cooperatives are empowered business partners

more processors & manufacturers provide sustainable chocolate products

retailers are responsible sellers and offer sustainable chocolate options

Choco Fans are informed consumers

governments rigorously implement human rights & environmental due diligence frameworks

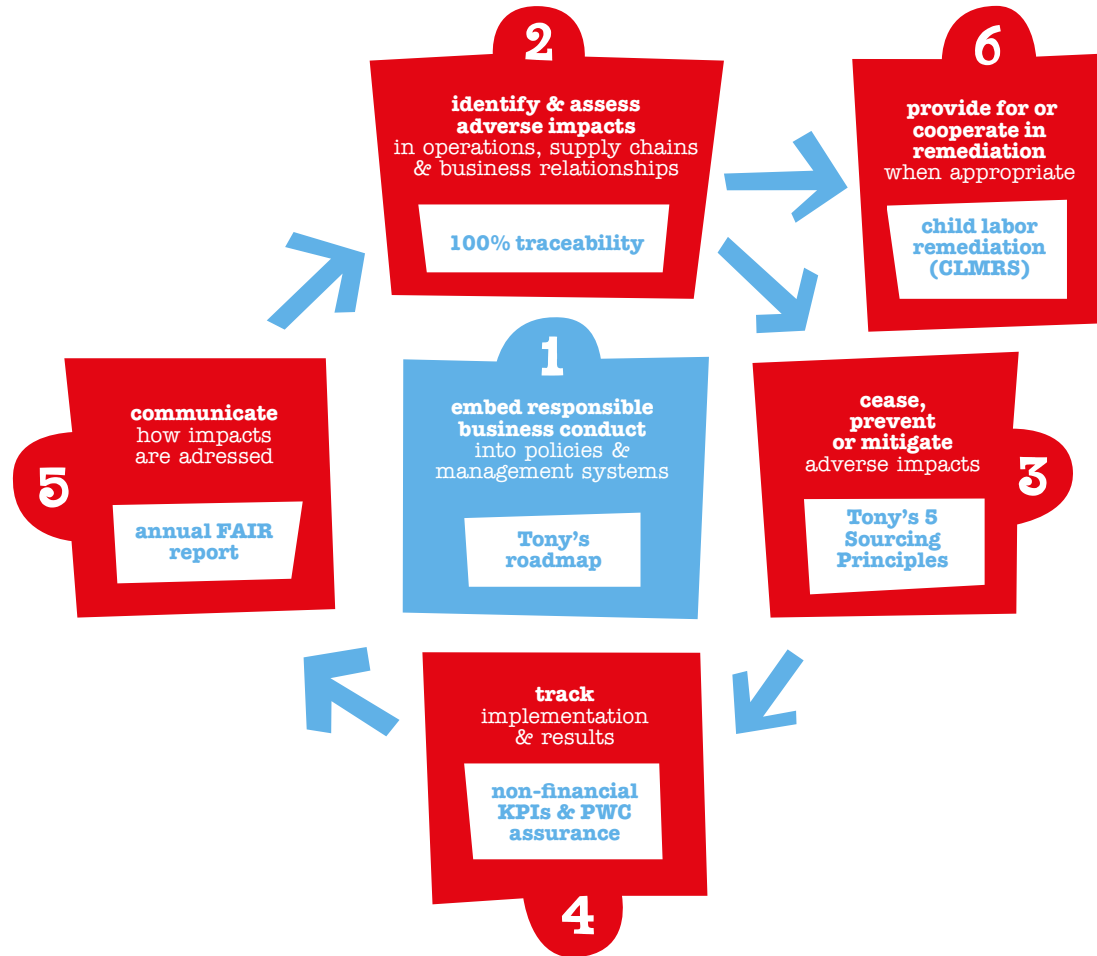
chocolate companies are responsible industry actors

Mission Allies collectively lead by example & inspire others

Team Tony's is strong & diverse

VALUE CREATION MODEL

6 STAGES OF DUE DILIGENCE



Source: OECD (2018), OECD Due Diligence Guidance for Responsible Business Conduct

external frame-changers

Our objective is to change the norm in cocoa. This goal entails a lot of different aspects and facets that are often intertwined and go far beyond cocoa. That's why external frameworks that support and guide us in realizing our mission are embedded in how we do business.

The Organization for Economic Co-operation and Development (OECD) has laid out a 6-step overview for companies to follow. The long and short of it: companies need to correct existing issues and take concrete steps to prevent them from ever happening again.

This is based on the framework of the United Nations Guiding Principles on Business and Human Rights (UNGPs), which is an internationally accepted framework for enhancing standards and practice regarding business and human rights.

Another source we use to focus our vision is the United Nations' Sustainable Development Goals (SDGs). We align our goals and track our progress according to the SDGs. They serve as a multifaceted blueprint for peace and prosperity, people and the planet. They aim to take into account the complex problems faced daily by, among others, farmers, their families and people forced into illegal labor.

In particular, the sub-target 8.7 of SDG 8: decent work and economic growth aligns closely with our vision of the future, where doing business and buying chocolate bars doesn't result in human rights violations and illegal labor.

SDGs we proactively work on



SDG 1: No poverty – ending poverty is the only way we'll eliminate illegal labor in cocoa



SDG 2: Zero hunger – cocoa farmers shouldn't struggle to feed every member of their households



SDG 8: Decent work and economic growth – it's up to us to identify, address and prevent all forms of illegal labor



SDG 10: Reduced inequalities – farmers should be legally guaranteed a living income and a decent standard of living



SDG 12: Responsible consumption and production – companies must be accountable for their entire supply chains, and consumers should be equipped to make informed decisions



SDG 13: Climate action – there's no social justice without climate justice



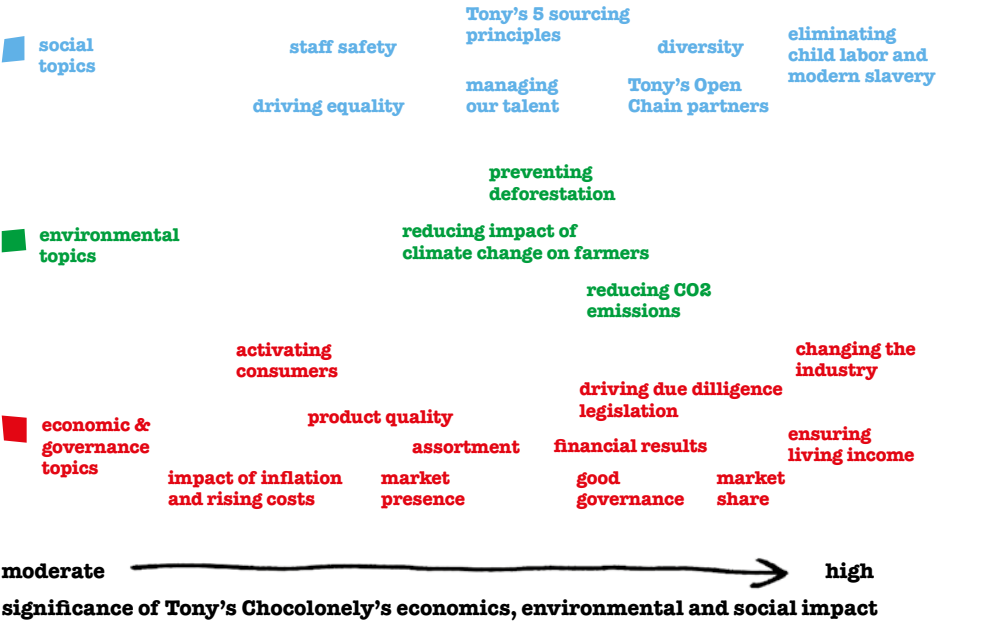
SDG 17: Partnerships for the goals – changing the norm in cocoa is only possible if we all work together

red bar/blue bar: Tony's Materiality Analysis

One of the ways we remain accountable is by ensuring our reporting complies with the Global Reporting Initiative (GRI) Sustainability Reporting standards. In 2021, the GRI General Disclosure Standards were updated to better integrate human rights issues, update the way materiality is determined in the first place and account for increased regulatory requirements.

We chose to lead by example by ensuring our reporting complies with these new standards by October 2022 – well ahead of the GRI's January 2023 deadline.

Our materiality analysis is based on an internal impact assessment survey, which helps us formulate a list of material topics to cover across our strategy and reporting (for more detail, check the Appendices on p. 116).



We also give stakeholders the chance to share their thoughts about of Tony's economic, environmental and social impact.

This input also forms the basis of the reporting in this annual FAIR report. For us, reporting is an opportunity to talk about past and present challenges and to be transparent about our commitments to people and the planet. Now let's talk about our progress and results..



BIG MOMENTS

We've put together an overview of Tony's biggest moments in 21/22. And in typical Tony's style, we're covering the highlights and lowlights. For an overview of our impact in numbers, check out p. 38.

a higher cocoa price = farmers can move out of poverty

Poverty is the root cause of child labor in cocoa. Paying a higher price for cocoa is crucial. Unfortunately, it's not yet widely recognized as a necessary measure for achieving a living income for cocoa farmers.

Based on an analysis of 3 of our long-term partner cooperatives in Côte d'Ivoire, it's clear that Tony's 5 Sourcing Principles – including paying a living income reference price – work (more details on p. 41).

➔ **35-40% of the cocoa farmers Tony's works with earn at least a living income.**

And simulations suggest that a significant change would occur if all cocoa was sold through Tony's Open Chain. It could lead to over half of households reaching or even exceeding a living income.

This shows that our model works, and that achieving a living income for cocoa farmers can only come from paying a higher price for cocoa.



a Chocolate Love A-Fair

Our roadmap lays out our strategy and the 3rd pillar reflects our collaborative efforts: inspiring others to act. To change the norm in cocoa, we need to bring other companies on board.

That's why we're over the moon to introduce our latest Tony's Open Chain Mission Allies: The Flower Farm, PLUS and Ben & Jerry's!

Ben & Jerry's became a Mission Ally in August 2022 by committing to and sourcing cocoa via Tony's Open Chain. Ben & Jerry's is the 1st ice cream company in the world to join Tony's Open Chain.

We are both impact companies united by a shared passion for social justice. Many years after our 1st conversation, we're proud to still be making impact. And now we're doing it together, and amplifying each other's messages to help transform business as usual.

To celebrate this commitment, we're releasing our own original takes on each other's products: 2 new limited-edition bars and 2 new limited-edition pints!

Read more about all of our Mission Allies and Tony's Open Chain on p. 60.





top marks from B Corp!

Tony's was an early B Corp adopter. We joined way back in 2013, and were the first European chocolate-selling company – and the second company in the Netherlands – to do so.

This past year we got our highest ever B Corp score. A tally of 125 points over all key B Corp assessment areas (the median score for businesses is 50.9)! We also scored in the top 5% of businesses of our size for 'governance.' This is a hugely important external proof point for Tony's – here's why:

We pursue B Corp certification because we're fully aligned with the organization's values. B Corps aim not only to limit negative impacts, but to improve the industries they're active in. Together we put people and purpose over profits.

The B Corp assessment is a very rigorous and transparent process. The assessment shows us where we need to step up our game. Because we're not perfect – and there's always room for improvement.

To make all businesses a force for good, all companies – big and small – need to be part of the movement. Certification should, however, never be the end-goal. B Corp needs to continuously work on developing their scoring standards and holding companies accountable, who in turn should make progress over time.



B corp-certified European chocolate-selling company since 2013



B corp-certified company in the Netherlands*

***Pymwymic got B Corp-certified as the first Dutch company in April 2013. We were a close second in December 2013!**



we heard it through the cocoa vine

This year, several credible, external organizations backed up our hard work. The Chocolate Scorecard – released every Easter season – named us an 'Industry Leader.' Their independent panel stated that consumers can buy our products 'with confidence you're not harming the people who make them, or the planet.'



We also received the Thompson Reuters Stop Slavery Award in April 2022, which honors companies that go above and beyond in their efforts to eliminate illegal labor. This award sets out to recognize this as a global problem across many industries – not just cocoa.

This kind of recognition is important because it confirms that we're doing important work within the world of chocolate, with the potential for impact beyond it. And that we're focused on real, tangible solutions.

	traceability & transparency	living income	child labor	deforestation & climate	agroforestry	agrichemical management	total
Beyond Good	✗	✗	✗	✗	✗	✗	✓
Alter Eco	✗	✗	✗	✗	✗	✗	✓
Tony's Chocolonely	✗	✗	✗	✓	✗	✗	✓
Whittaker's	✗	✗	✗	✓	✗	✗	✓
Ferrero	✗	~	✗	✗	✗	✓	✓
Nestlé	✓	✓	✗	✗	✗	~	✓

new Choco Chief

Henk Jan rounded out his time as chief chocolate officer this year, and we're stoked that Douglas Lamont took over the reins as of 1 October, 2022. After all, he's got 15 years of experience balancing purpose and profit as innocent drinks' Chief Squeezer under his belt. Thanks for everything, Henk Jan! And welcome to the team, Douglas.

On p. 81 you can find out more about Team Tony's.



Barry Callebaut's temporary shutdown

We work with Barry Callebaut – 1 of the largest chocolate producers in the world – to manufacture the couverture (liquid chocolate) for our products. They detected a salmonella-positive production lot of liquid chocolate manufactured in the chocolate factory in Wieze/Belgium on 25 June 2022.

Our couverture is produced at that location, but thankfully none of our products placed on the market were affected by this. We did look into alternatives for liquid chocolate elsewhere to bridge the supply gap, but because of our commitment to sourcing 100% traceable cocoa beans, this was ultimately not possible.

Barry Callebaut shut down operations in its Wieze factory. Our factory, De Laet International NV, and co-manufacturer Kim's, were immediately closed too, as a precaution. As a result, we faced over 7 weeks without any chocolate production.

In early August, after extensive cleaning in all these facilities, Barry Callebaut started to deliver liquid chocolate to us again. Meaning we were able to restart our production of chocolate bars at De Laet International NV and Kim's.

These tough circumstances meant we weren't able to produce and deliver our Sinterklaas bars (aka letter bars in The Netherlands), and a delayed launch of our Ben & Jerry's collaboration bars across Europe. We continue to assess the consequences of this incident.

Barry Callebaut is a major part of our traceability game-plan. Find out more on p. 48.

WE'RE SERIOUS ABOUT FARMERS

making cocoa work

To make systemic change happen, it's not just about looking at what farmers need to do to improve their livelihoods. It's about what businesses need to do to create more equal supply chains. And we know the Tony's approach works. We've collected the data necessary to prove our impact on the biggest problems in cocoa.

We proactively look for child labor at all partner cooperatives in order to fix it. The average rate of child labor in the chocolate industry is 46.5% (NORC Report, 2020). This rate is 4.4% at the Tony's Open Chain partner cooperatives we've worked with the longest.



at 3 of our long-term
partner co-ops in Côte d'Ivoire

37.6%
**OF COCOA FARMERS
EARN AT LEAST
A LIVING INCOME**



We pay a higher price for all the cocoa we source. This enables cocoa farmers to earn a living income.

We know all the farmers we source from, and have insight into how their farms work thanks to GPS mapping. This helps us guarantee full traceability, and that there's no deforestation happening in our supply chain.



**NO ILLEGAL
DEFORESTATION**
in our entire supply chain

poverty’s never one-dimensional

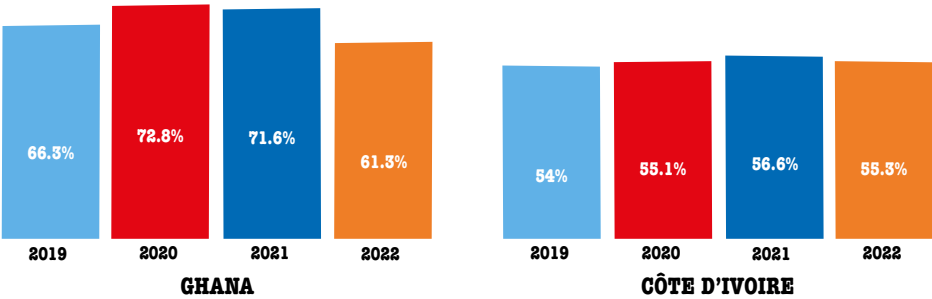
We concentrate on the root cause of illegal labor in cocoa: poverty. Poverty is influenced by different economic, social and political factors.

One of the tools we use is the Multidimensional Poverty Index (MPI) by the United Nations Development Programme (UNDP) and Oxford Poverty and Human Development Initiative (OPHI). It assesses 3 dimensions: health, education and standard of living.

For the 4th year in a row, we’ve carried out an MPI study in the communities where we source our cocoa. This helps us understand and track the living standard and welfare of cocoa famers at our partner cooperatives over time. This gives an accurate picture of the situation at the partner cooperatives. It also helps us better understand how their members’ communities work, which means action can be taken efficiently where needed.

We measure poverty to gain a holistic view of the infrastructure and basic services in the cocoa communities we source from. An enabling environment is key because even farmers who earn a living income might be living in communities without schools, for example.

% of households out of poverty in the cocoa communities we source cocoa from



This year, we’re seeing an overall increase in the number of farmer households living in poverty. While this is worrying, it’s not surprising – given inflation and rising prices. Especially now that the indicator for food insecurity has gone up, too. We’ve now adjusted the way we calculate the higher price we pay for cocoa to take the increased cost of living into account (compare p. 43).

Since we started measuring the MPI, we’ve seen some interesting data trends as a result of certain unexpected circumstances – like the pandemic.

Some improvements over time include increased access to electricity in both Ghana and Côte d'Ivoire, and increased access to safe drinking water in Côte d'Ivoire. Good healthcare coverage has become available in both countries since 21/22.

The results of the MPI inform community development plans at partner cooperatives, which are funded by the Chocolonely Foundation (more about the Foundation on p. 58). Over time we’ve contributed to many new school construction projects, so it’s great to see an upward trend in school attendance. And after

having funded the construction of toilet blocks, it’s encouraging to see that the sanitation indicator has significantly improved over the past 4 years.

The MPI generally sheds light on the standard of living in every cocoa community of the partner cooperatives we work with. We consider it a responsibility to help contribute to cocoa farming households’ ability to earn a living income. We do this by paying a higher price – which is one of Tony’s 5 Sourcing Principles.

paying a higher price

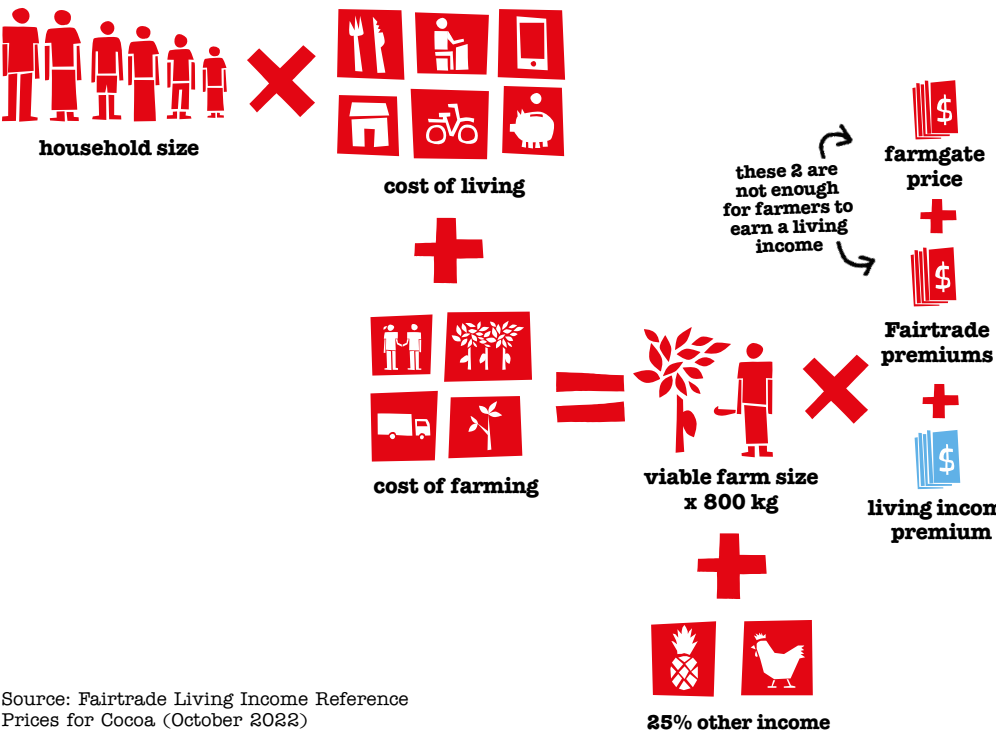
In order to move out of poverty, it’s important cocoa farmers earn a living income. A living income is the net annual income a household needs to afford a decent standard of living for all its members (Living Income Community of Practice).

Since day 1, Tony’s has been Fairtrade certified. But certification is not enough to get farmers out of poverty. That’s why Tony’s Open Chain goes beyond certification.

Cocoa farmers not being able to earn a living income leads to poverty, which is the root cause of child labor and illegal labor in cocoa. We pay the Living Income Reference Price (LIRP) for cocoa as a means of directly addressing these systemic issues.

Unfortunately, we’re one of only a few in the industry who actively take this approach.

Living Income Model



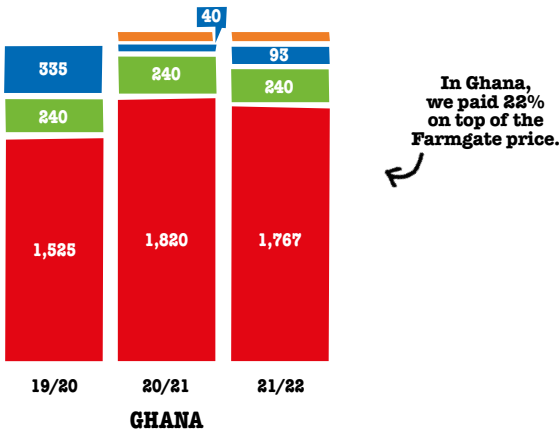
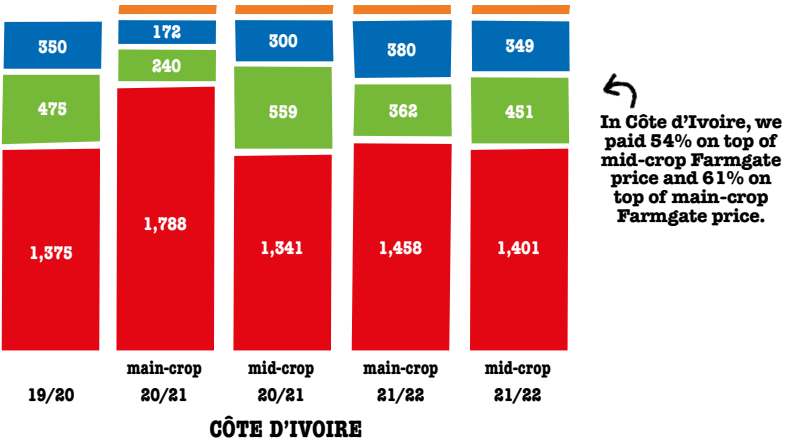
Source: Fairtrade Living Income Reference Prices for Cocoa (October 2022)

Farmgate price = the price farmers receive for their cocoa. It's set by the governments for the main and the mid-crop seasons each year, and it's way too low.

Fairtrade premiums = the premium paid for Fairtrade certified cocoa. This is not enough for cocoa farmers to earn a living income.

Living income premium = the additional premium needed to close the gap with the Living Income Reference Price for cocoa. The LIRP per ton of cocoa was set at \$2,200 in Côte d'Ivoire and \$2,100 in Ghana in the 21/22 cocoa season.

KPI 15
Amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price



■ farmgate price
 ■ Fairtrade premiums
 ■ living income premium
 ■ co-op fee (\$50)

(Go to p. 56 to find out more about the co-op fee.)

the premise of premiums

Tony's pays a premium on cocoa once it's harvested and sold to us. It takes roughly 18 months for cocoa beans to journey from the farm to a Tony's bar. Because of changing pricing structures per cocoa season and varying market conditions, calculating premiums can be complex. And they always require prefinancing from our end.

This past year, of the 9,885 metric tons of beans Tony's sourced, we paid €6,490,561 on top of the Farmgate price in premiums (including the co-op fee) on cocoa purchased. And 77% of that premium ended up with the farmers. Our aim is for that number to increase next year, so that more farmers can earn more and come closer to earning a living income.

➔ **More chocolate sales = more cocoa beans = more impact!**

a deep dive into living income

Based on a living income analysis of a representative sample of 500 households across 3 of our long-term partner cooperatives in Côte d'Ivoire, it's clear that Tony's 5 Sourcing Principles, together with good purchasing practices (including paying a living income reference price), help close living income gaps. Over 1/3 of households (37.6%) are at or over the Living Income benchmark. The average living income gap at Tony's Open Chain's long term partner cooperatives is 9.1%, compared to the industry average of 69% for Côte d'Ivoire.

Simulations based on this living income analysis also show a noticeable and substantial change if all cocoa is sold through Tony's Open Chain. Under the best of circumstances (meaning if all cocoa is sold at the LIRP, all premiums go directly to the farmers, and productivity is at 800 kg/ha), the average living income gap closes completely and over half (52.2%) of the households will be at or over living income. This shows that progress on achieving a living income for cocoa farmers is achieved by paying a higher price for cocoa.

makeover for the Living Income Model

Around the world, people are feeling the strain of increased living costs in different ways. For cocoa farmers, the war in Ukraine has significantly increased the cost of fertilizers. This year's MPI assessment also revealed a rise in food insecurity in both countries where we source cocoa.

This has direct implications for cocoa farming. To ensure the LIRP for the 22/23 cocoa season adequately reflects this, the cost of farming and cost of living indicators have been adjusted (Fairtrade Living Income Reference Prices for Cocoa, October 2022).

Tony's and all Tony's Open Chain Mission Allies are now paying the new LIRP for the 22/23 season.

Living Income table

Our Living Income Model calculates the Living Income Reference Price for cocoa in Ghana and Côte d'Ivoire. In Ghana, a farmer should receive \$2.10 per kg cocoa, and in Côte d'Ivoire it's \$2.20.

	Côte d'Ivoire	Ghana	
 family size	8	6	
 cost of living	\$ 2.49	\$ 2.16	(per person per day)
 cost of farming	\$ 563	\$ 462	(fixed per hectare)
 viable farm size	4.4 ha	2.74 ha	
 productivity target	800 kg	800 kg	(per hectare)
 income from other activities	\$ 0.62	\$ 0.54	(per person per day)
 Living Income Reference Price	\$ 2.20	\$ 2.10	(per kg of cocoa)



the push for productivity

In our pursuit of a living income for farmers, it's also important we work together with our partner cooperatives to improve yields within existing farm sizes. To improve productivity, 202 farming coaches were paired with farmers at each partner cooperative.

The average productivity for each partner cooperative is increasing with each passing year. Our partner cooperatives are surpassing the industry average of about 500 kg per hectare, while current average productivity at our long-term partner cooperatives in Côte d'Ivoire is at almost 600 kg/ha. This is a crucial objective as we set a target yield of 800 kg/ha as part of our Living Income Model (see p. 41).

To increase productivity, Individual Farm Development Plans (IFDPs) are tailored to each farm. IFDPs often involve introducing new farming practices, such as input support, pruning advice, replanting advice or composting.

Another important initiative is the formation of labor brigades. These groups of young adults focus on carrying out specialized labor on cocoa farms, such as high branch pruning (which improves the farms' condition and productivity). This extra labor support is invaluable to families, who no longer rely on extra labor from children and teenagers. The groups are centrally organized and trained by the partner cooperatives, meaning farmers can benefit from activity taking place in economies of scale.

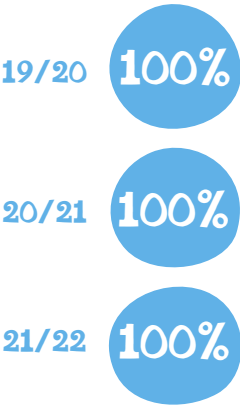


Tony's full bean-to-bar traceability

Activities aimed at enhancing productivity are crucial, but the main, tried-and-true option remains the same: paying a higher price for cocoa. Big Choco continues to claim this can't be done.

This sounds a lot like what they were saying back in 2012 when they claimed full bean-to-bar traceability would be impossible, too.

KPI 8.1
% of cocoa in our chocolate that can be traced to Tony's Open Chain partner cooperatives



Full traceability in our supply chain means we know which beans come from which farmers, where and under what circumstances cocoa was grown. We know how much each farmer produces and delivers to the partner cooperatives. And we know how much we buy from each partner cooperative, as well as how many farmers have received additional premiums.

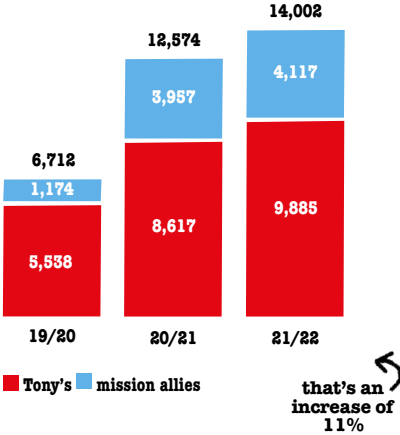
Our fully transparent bean-to-bar traceability – meaning traced origin, flow and bean quantities – provides insights that allow us to make our supply chain fairer. Our bean-tracking software system, built using ChainPoint technology, is called Beantracker

At any given moment we know the exact volume of beans currently in shipment, and we've got data for every shipping container indicating which farmers provided how many beans. We also know how many beans are being processed right now. Last year Tony's Open Chain collectively bought a total of 14,002 metric tons of traceable beans, of which 9,885 metric tons will end up in Tony's products.

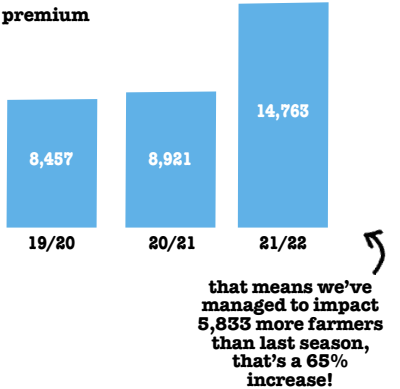
Beantracker is a useful tool in terms of data rights, data management and data ownership for our partner cooperatives. They own the data and can use it themselves to make data-led decisions. This means it's a tool that has the potential to be an industry game changer.

Traceability is at the core of the way we do business. It's the foundation needed to take responsibility for the conditions under which our cocoa is produced.

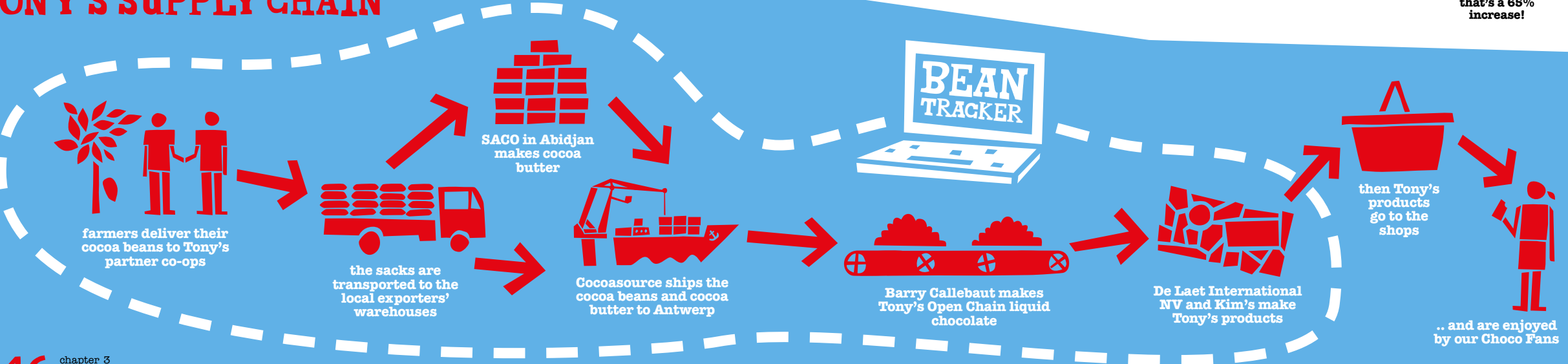
KPI 13
of metric tons of beans purchased through Tony's Open Chain



KPI 4
of farmers supplying to Tony's Open Chain who receive additional premium



TONY'S SUPPLY CHAIN

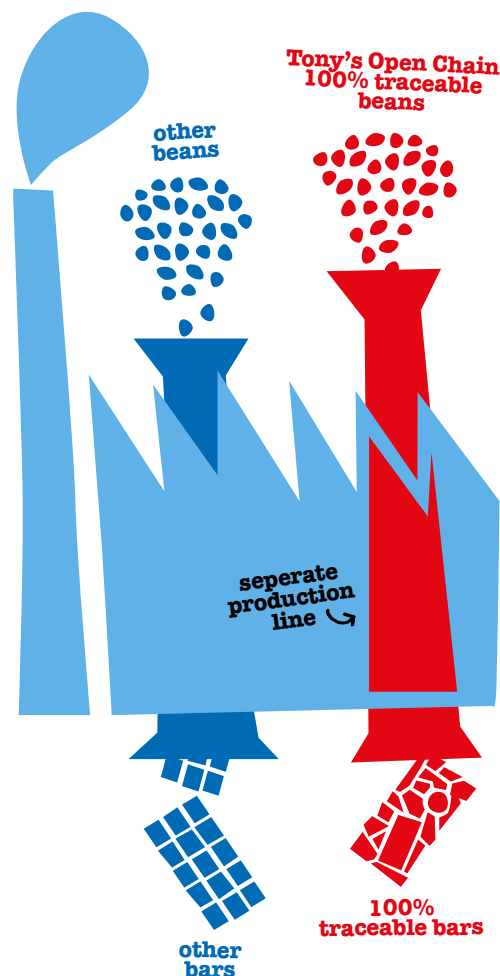


‘WE ARE HAPPILY COMMITTED TO OUR WIN-WIN PARTNERSHIP WITH TONY’S OPEN CHAIN. WE SHARE A VISION AND A MISSION, AND BOTH SIDES CONTRIBUTE TO A RELATIONSHIP BUILT ON TRUST AND TRANSPARENCY. THIS IS A HORIZONTAL PARTNERSHIP, NOT A VERTICAL ONE. BECAUSE AS A PARTNER COOPERATIVE, WE HAVE DATA OWNERSHIP AND AUTHORITY.’

our cocoa butter? 100% traceable too

Tony’s is committed to changing the industry from within, which is why we also work with big-name partners like Barry Callebaut, our processor. We need to be able to demonstrate to chocolate companies globally that fair sourcing is a scalable, serious option.

Every single bean we process with Barry Callebaut is segregated from their other clients’ beans throughout processing. Our cocoa butter’s been fully traceable since November 2016. And our cocoa mass since 2012.

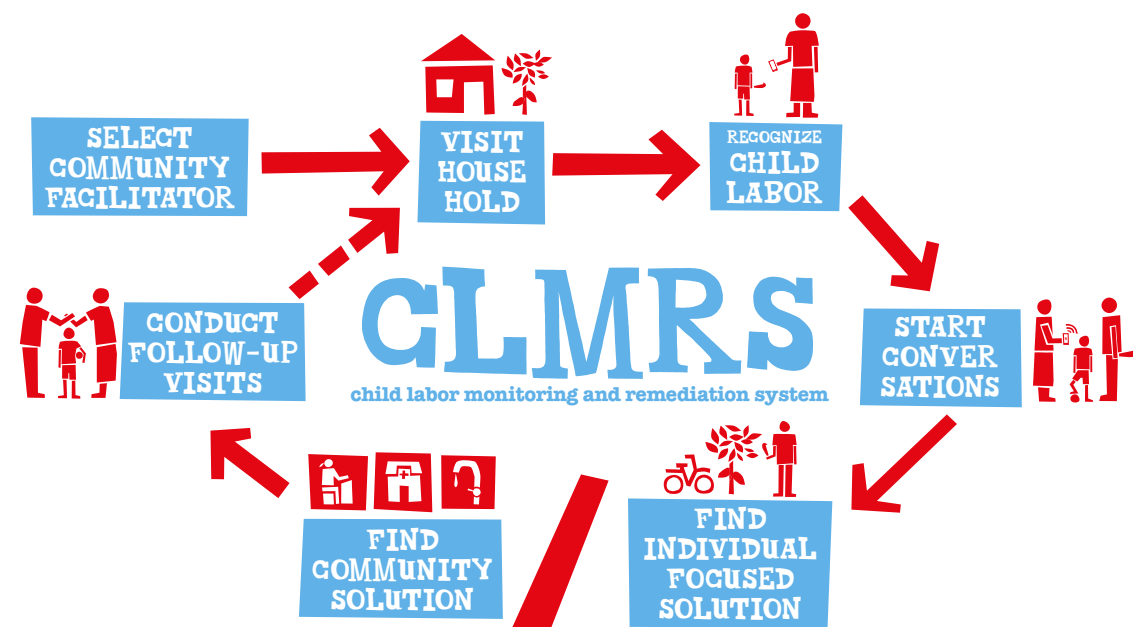


child labor: monitor, remediate, repeat

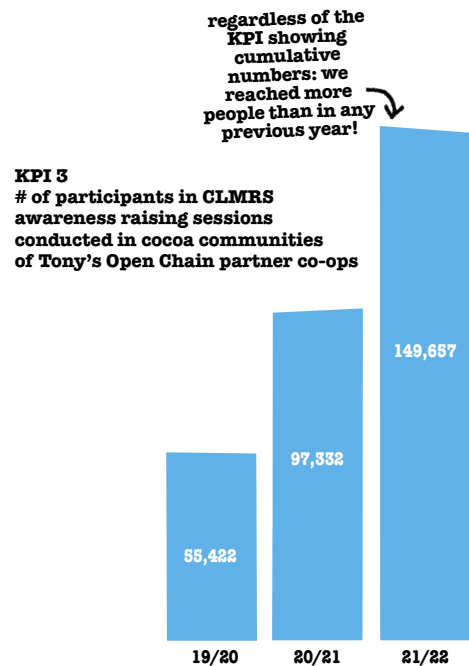
Social traceability is key to our license to operate. Identifying cases of child labor is a central part of our work. And so is remediating each case we find. That's why we work with the Child Labor Monitoring and Remediation System (CLMRS).

According to the 2020 NORC Report, of the 1.56 million cases of child labor in cocoa, 790,000 are in Côte d'Ivoire. And 770,000 are in Ghana. All child labor is prohibited by national and international law.

CLMRS works to identify and remediate cases of child labor, as well as to prevent future cases by raising awareness. With support from the International Cocoa Initiative (ICI) and Tony's, the partner cooperatives implement the CLMRS at all member households. All of our 9 partner cooperatives have implemented the CLMRS.



We're not the only ones with a CLMRS in place. But we're unique in the way we take full responsibility by having 100% of our supply chain – every household of every member partner cooperative – covered by CLMRS. Our partner cooperatives are in the driver's seat and take responsibility for the system and its effectiveness, with support from us and ICI. Data ownership lies with the partner cooperatives and they recruit their own teams of community facilitators. Together, we work hard to build trust with farmers and communities.



Creating awareness is the 1st pillar of our roadmap. Change will only happen once awareness about what child labor is, and how to protect children's rights, becomes widespread. A focus on prevention through ongoing education and events aimed at raising awareness is key. Community facilitators and Tony's Ambassadors work to shift mindsets by advocating for children's rights. This involves emphasizing every child's right to play and go to school.

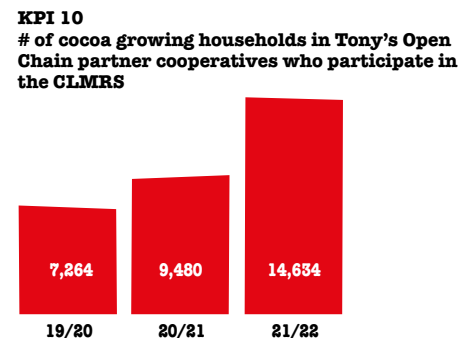
finding cases is crucial

This year we found a total number of 2,675 cases. Finding cases means we can fix them.

More cases than last year? Yes. To make more impact we worked with more partner cooperatives. This meant more farmers earning more money for their cocoa! But it also meant starting at the very beginning of the process of identifying, remediating and preventing child labor with these new partners. This put the child labor rate with them at the industry average..

Most of these cases were detected at our newer partner cooperatives – Asetanapa, Asunafo, Cayat and Escopag – where the total number of cases detected aligned with the NORC statistic of 1 in 2 children working illegally in cocoa communities. This was to be expected.

Child labor prevalence rates are much lower at the partner cooperatives we've worked with the longest: Abocfa, Ecam, Ecojad, Kapatchiva and Socoopacdi.

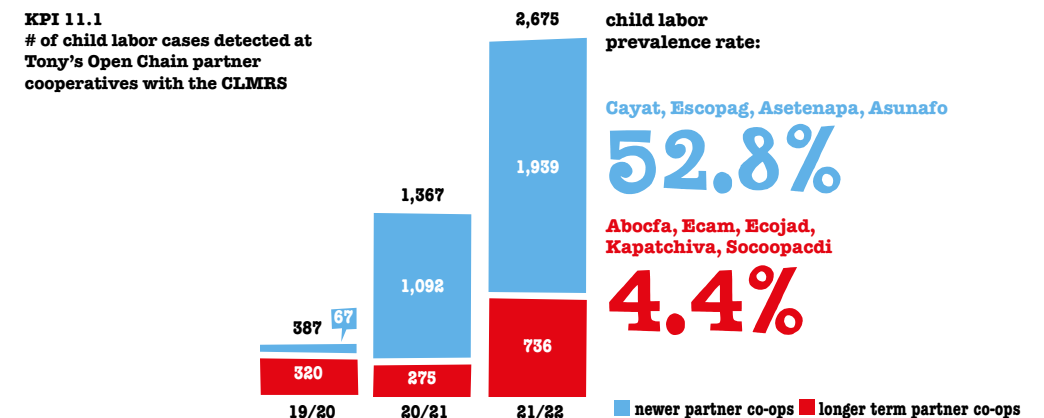


household awareness-raising session at our partner cooperative Ecojad in Côte d'Ivoire

Compared to 20/21, the number of cases found at our long-term partner cooperatives has increased though, owing to the fact that **new members have recently joined**. Which is why it's imperative to rigorously implement CLMRS, including continuous awareness raising. Cooperatives and communities are dynamic places, which is why we believe every household should be visited at least once a year.

We are proud of the rapidly improving trends at our long-term partner cooperatives, but we know there is more to do to achieve our purpose of eradicating illegal labor. We have the data and we have taken the time, energy and resources to drive this number down to zero.

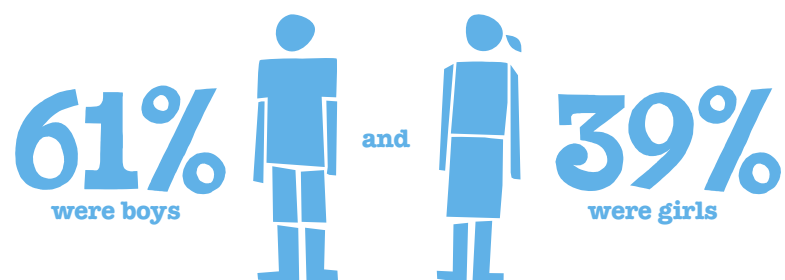
But what about the rest of the 1.56 million child labor cases? Well, it's also up to the biggest players to be fully transparent and to take responsibility for their entire cocoa supply chains.



In 2020/21, we reported 1,701 cases of child labor in our supply chain. But due to ICI piloting a new app for data collection in 2 partner co-ops in 20/21, there was a bit of a mix-up of the data, which meant we overreported cases of child labor. The actual number of cases was 1,367. We cannot claim to find all cases of child labor. There is also the unavoidable risk that the CLMRS will not find all cases of child labor. This is because community facilitators are not always able to visit all households every year, and sometimes cases of child labor are not identified during those visits.

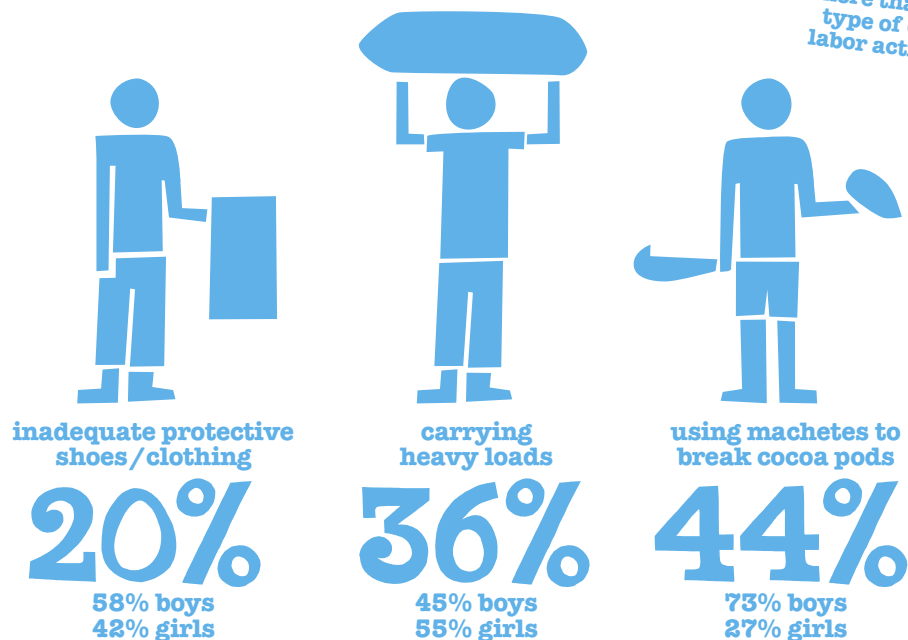
BREAKDOWN OF CHILD LABOR NUMBERS

of all child labor cases we've found



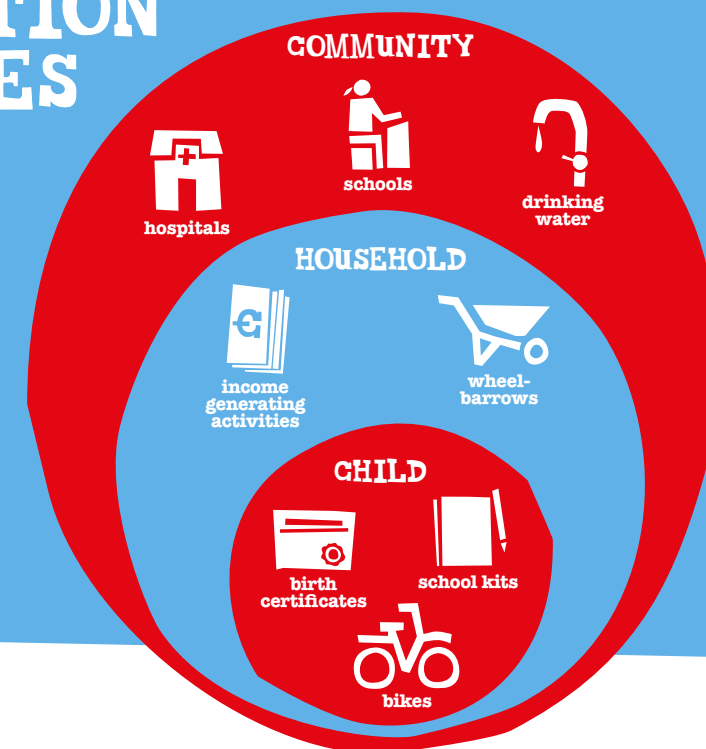
types of child labor activities

(note: a child can be involved in more than one type of child labor activity)



REMEDIATION ACTIVITIES

To structurally address child labor in cocoa, the root cause – poverty – needs to be addressed by paying a higher price for cocoa (see, p. 41).



finding cases means fixing them

Every child found to be carrying out child labor immediately receives support aimed at getting them out of child labor for good.

Addressing child labor requires a combination of individual, household and community solutions.

For individual children, support is provided to get them back into school. Measures include securing birth certificates to enroll in school and providing school kits that contain notebooks, uniforms, footwear, math sets and bags, as well as bikes if they have to travel long distances to school.

For older children, remediation involves placing them into vocational training programs. They can choose to pursue trade-based professions, like becoming mechanics, electricians, beauticians or seamstresses. They receive training, a stipend, equipment for their new trade and placement in a functional literacy & numeracy class.

The Chocolonly Foundation funds vocational trainings in cocoa communities, and these are implemented by Gered Gereedschap. This initiative educates young people in metalwork, which enables teenagers and high-school dropouts to learn a trade – which also helps contribute to income diversification.

At a household level, families are provided with wheelbarrows and pelle bongos, a safe tool used to open cocoa pods. These tools allow older children to support farming activities without lifting heavy loads or using sharp implements like machetes.

Families with multiple children engaging in child labor can be provided with access to other income-generating activities. This involves providing start-up kits needed to engage in animal rearing, bread or soap making. Alternatively, these families receive tools, seeds and equipment to grow vegetables or fruits on their land. These new income streams allow them to pay for labor support on the cocoa farm instead of asking their children.

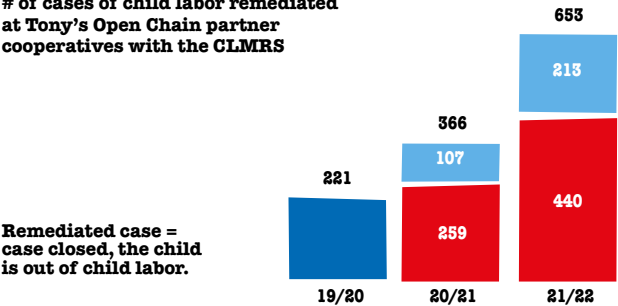
At community level, infrastructure improvements ensure that children are growing up in an enabling environment: where there are schools they can attend, water is accessible (and does not require long walks that take them out of school), and healthcare is available. The construction of infrastructure is funded by the Chocolonely Foundation.

We significantly accelerated child labor remediation in 21/22. Community facilitators from within each community have been assigned to work with farmers and their families. And we are seeing faster implementation at new partner cooperatives. We launched the CLMRS at 2 new cooperatives (Escopag and CAYAT), and they hit the ground running: they have already closed over 10% of the child labor cases they found, which is much faster than expected.

3/4 of the child labor cases detected at our long-term partner cooperatives on 1 October 2021 were closed by 30 September 2022. The remaining 25% of children have also already received remediation support. In total, 1,678 children received remediation support in 21/22, and these cases are therefore in the process of being fully remediated. This shows that the remediation process itself becomes more effective with continued implementation: it now takes around 9-12 months, compared to 24 months it took when we started with the CLMRS.

More sector-wide collaborative efforts are needed to pool resources and structurally tackle child labor. Which is why the Chocolonely Foundation also contributes to a wider industry initiative called the Child Learning and Education Facility (CLEF). The program aims to reach 5 million children and 10 million parents in cocoa growing communities.

KPI 11.2
of cases of child labor remediated at Tony's Open Chain partner cooperatives with the CLMRS



how we monitor forced labor

Following ILO Convention 130, forced labor is defined as “work that is performed involuntarily or under the threat of penalty.”

We haven’t ever found a case of forced labor in our supply chain. In order to closely monitor the status of forced labor at our partner cooperatives, we’ve entered into a partnership with the Ministry of Employment and Labour Relations, ICI and Verite (an expert organization in this field) in Ghana, and in Côte d’Ivoire we’ve partnered with ICI.

We have always been rigorous in our approach to detecting forced labor – and that will never change. This year, we’ll interview over 800 cocoa community members, and we’ll be working with our partner cooperatives to roll out formal grievance mechanisms, update policies on forced labor and implement new prevention tools to ensure everyone is well equipped to protect the most vulnerable workers in our supply chain.

supporting strong farmers

The cooperatives we work with are our business partners. A cooperative is a business owned by its members. Together we share the same goal: for cocoa producers to earn at least a living income. The success of the partner cooperatives is vital to our own success as a company. They are key in implementing Tony’s 5 Sourcing Principles and programs like the CLMRS.

This is also reflected in our spending: this year our impact projects amounted to €8,233,158, of which 80% ended up directly with our partner cooperatives. The other 20% was spent on impact measuring and other indirect costs – like B Corp and other consultancy fees.

Impact Investments (in €)	19/20	20/21	21/22
LIRP premiums	2,471,850	4,863,881	3,979,594
Fairtrade premiums	949,092	2,668,871	1,805,297
Living income premium	1,522,758	2,195,010	2,174,297
impact project costs	912,034	1,199,290	1,886,678
Fairtrade licence fee	394,200	483,444	581,044
Chocolonely Foundation	879,748	1,091,226	1,308,408
CO2 compensation	357,822	423,985	477,433
total	5,015,654	8,061,825	8,233,158

Less premium than last year? No. Tony’s premium is determined by the farm gate price. Tony’s pays a premium on cocoa once it’s harvested and sold to us. But we don’t use that specific cocoa to produce chocolate until roughly 1 season later. For this reason, the premium amounts for 21/22 reflect the premiums paid out for the cocoa bought in 20/21.

Tony's has dedicated teams in Côte d'Ivoire and Ghana who work closely with our partner cooperatives, and we have direct and personal relationships with all the management teams, the boards and many farmers too!

We work with a wide variety of cooperatives, large and small, new and established. The mix is important – each cooperative brings its own strengths and opportunities.



Assata Doumbia, president of ECAM, a partner cooperative in Côte d'Ivoire



Korotoum Doumbia, Tony's country manager for Côte d'Ivoire

This past year, we worked with a total of 9 partner cooperatives, of which 7 have running long-term agreements with us. The remaining 2 – Cayat and Escopag – were in their trial year. They proved to us they were seriously motivated to create a more equal cocoa supply chain, and together we're committing to the long term (one of Tony's 5 Sourcing Principle) by signing a Memorandum of Understanding in the upcoming year.

KPI 5
of partner cooperatives with whom Tony's Open Chain has committed to a 5-year Memorandum of Understanding

6	7	7
Asunafo	Asunafo	Asunafo
Asetenapa	Asetenapa	Asetenapa
Abocfa	Abocfa	Abocfa
Ecama	Ecama	Ecama
Ecojad	Ecojad	Ecojad
Kapatchiva	Kapatchiva	Kapatchiva
19/20	20/21	21/22

To implement Tony's 5 Sourcing Principles, we pay a co-op fee of \$50 per metric ton to our partner cooperatives. That way, partner cooperatives can manage their own operations, and they're able to pay a bigger share of premiums directly to their members, which has a positive impact on their incomes.

A cooperative is owned by its members, therefore any investment made to enhance the business is an investment in the success of the whole farming community. This is why we partnered with the non-profit organization TechnoServe. They're working with the partner cooperatives to improve their financial and organizational management by providing business-enhancing information and guidance on professionalization.

We are also working with JLB Expertises, a social accounting company, to support our partner cooperatives in implementing the best and most transparent practices when it comes to the distribution of premiums.

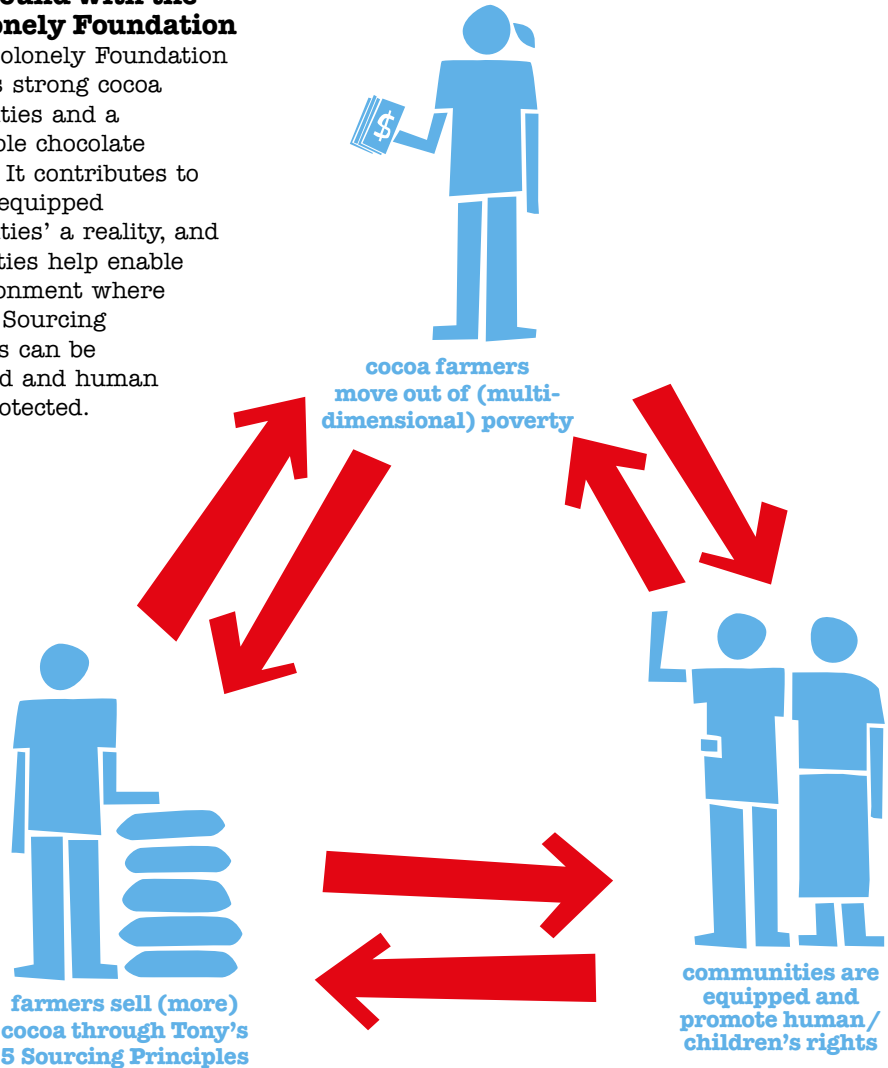
in it for the long haul

We commit to 5-year partnerships with our partner cooperatives to further enable them to set up viable and robust businesses. The guarantee of being paid a higher price for cocoa enables a broader planning horizon, beyond just a single cocoa season. Income security and long-term financial planning enable farmers and their families to structurally move out of poverty.

We aim to transform the status quo by applying our rights-based model. This collaborative approach involves time and gradual structural change.

solid ground with the Chocolonely Foundation

The Chocolonely Foundation envisions strong cocoa communities and a responsible chocolate industry. It contributes to making 'equipped communities' a reality, and its activities help enable an environment where Tony's 5 Sourcing Principles can be integrated and human rights protected.



The Foundation started in 2008 when Tony's bright red bars first started turning a profit. It's primarily funded by a dedicated 1% of Tony's annual turnover – and that's revenue, not just profit. This year, this amounted to €1,308,408.



The head of the board, Anna Laven, also does consultancy work with other companies as a cocoa expert. The secretary of the Foundation, Liedewij Hentenaar, brings long term knowledge to the table, as she's been on the board since 2015. Syro Ronda, treasurer, joined in 2021 and brings significant expertise about the health sector. We said goodbye to Wouter van Leeuwen and Geert Waelkens this year, and we're currently on the lookout for 2 additional board members.

The Foundation started funding 100WEEKS shortly after it was founded in 2017. The organization focuses on income diversification and professionalization of existing business activities for women.

100WEEKS provides women with financial literacy group training and unconditional cash transfers of €8 per week for 100 weeks. Continuous financial support enables these women to provide for their families and put their entrepreneurial skills into practice, which helps them move out of poverty. To date, 450 women in Ghana and 400 women in Côte d'Ivoire have received unconditional cash transfers and many have set up businesses for themselves, helping to diversify their households' incomes.



COLLABORATING ON COCOA



Tony's is working to eliminate illegal labor across the cocoa sector – and as the saying goes, it takes a village. Often lots of them. We want to push the chocolate industry to act responsibly and make justice and equality the norm for all. And that simply can't be achieved alone – which is why we initiated Tony's Open Chain 3 years ago.

KPI 8.2
% of cocoa in Tony's Open Chain couvertures/liquid chocolate for our mission allies traceable up to Tony's Open Chain partner cooperatives

20/21 **100%**

21/22 **100%**

Tony's Open Chain is an industry-led, collaborative initiative to transform cocoa supply chains. It lays the groundwork for industry change by enabling companies to adopt Tony's 5 Sourcing Principles.

14,763 farmers have now been positively impacted by Tony's Open Chain. This is 5,842 more than last year, which is great. It's the push that's needed to change the norm.

We now have 7 Mission Allies, which means Tony's Open Chain consists of 8 Mission Allies, including Tony's. Every Mission Ally is like a partner and a friend to us. They help spread the word and raise awareness, which is hugely important. Because, ultimately, consumer awareness can prompt widespread change within the industry.

Albert Heijn - Delicata

Our first-ever Mission Ally just extended their long-term commitment to Tony's Open Chain. Albert Heijn sources cocoa through Tony's Open Chain, meaning it's dual-certified by both Fairtrade and Rainforest Alliance. This means they pay the Fairtrade premium, the Rainforest Alliance premium and an additional premium to match the LIRP.

ALDI - Choco Changer

The first discount retailer to join Tony's Open Chain is our most international Mission Ally, and can be found on shelves in many countries across Europe. They recently visited our team as well as our partner cooperatives in Côte d'Ivoire, and they're an active and vocal member of GISCO, the German Initiative for Sustainable Cocoa.

Jokolade

This chocolate company's founder and namesake, Joko Winterscheidt, wanted to get things right from the very start: Jokolade has been a Tony's Open Chain Mission Ally since day 1. They are strong mission supporters and a fair approach to business has always been their only way forward.

Vly Foods

These pea protein-based milk product superstars now also make a chocolate milk that tastes delicious, and is made from Tony's Open Chain cocoa powder. This also means there are now 3 Mission Allies on the shelf at Albert Heijn, as Vly Foods recently became available in the Netherlands!

Ben & Jerry's

3 cheers for this outspoken Mission Ally. We have tons of history, and a shared vision of how industries can be changed from the inside. Ben & Jerry's is also active in Côte d'Ivoire, and brought 2 new partner cooperatives on board with them when we entered our partnership.

The Flower Farm

This Mission Ally focuses on stopping and preventing deforestation. That's why they were excited to learn that all cocoa farms across Tony's Open Chain are GPS mapped (more on p. 64). They also recently launched a hazelnut chocolate spread using Tony's Open Chain cocoa powder.

PLUS

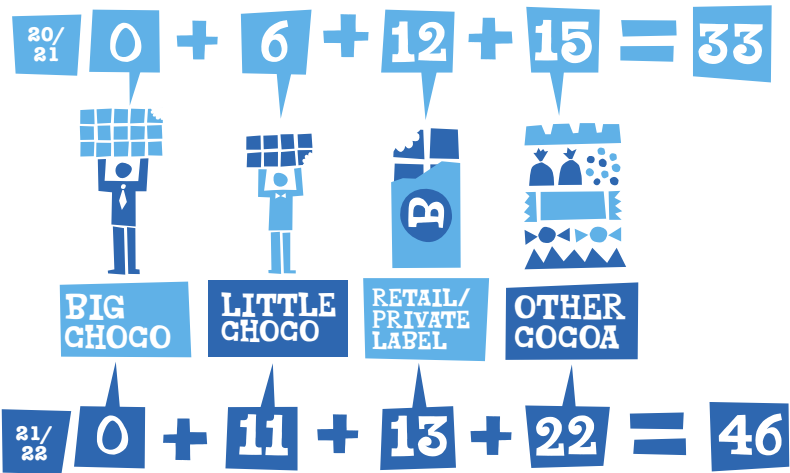
This partner's striving to be the most sustainable food retailer in the Netherlands. They're committed to 100% cocoa traceability, so it's no surprise that they decided to join Tony's Open Chain for their latest chocolate range.

The total number of Mission Allies helps prove the replicability of our approach. The impact amplification through Tony's Open Chain can be seen in the increase of the total number of beans sourced between Tony's and our Mission Allies, growing from 210 metric tons in 12/13 to 14,002 metric tons in 21/22. That's 0.5% of the West African cocoa bean market.

We've gone from 2 partner cooperatives to 9 in the same span of time. This is concrete expansion of positive impact over time!

By considering separate bean totals between Tony's and Tony's Open Chain, it's possible to show Tony's financial impact alongside Tony's Open Chain's overall growth. And through it all, Tony's 5 Sourcing Principles have proved to be the best way to source cocoa in line with current (and future) due diligence legislation.

KPI 16
of Tony's Open Chain conversations with potential mission allies



sustainable from bar to bean.. and everywhere in between

Here’s the bottom line: there is no social justice without climate justice.

breaking down our emissions

Calculating our total emissions involves looking into our scope 1, 2 and 3 emissions. Most of our emissions come from scopes 2 and 3. A closer look at the different sources of our total emissions shows that 98% of them come from the chocolate in our products. Roughly 5.5 kg of CO2 are emitted per kilogram of chocolate, with milk powder accounting for 44% of emissions alone (while sugar accounts for around 6% and cocoa – mass and butter combined – accounts for 49%).

As we grow as a company, so do our emissions. We’re continuously on the lookout for ways to reduce our carbon footprint, which we continue to offset. We also keep exploring innovations in dark chocolate and alternative milk powder options. Stay tuned..

	19/20	20/21	21/22
Emissions in tCO2	39,631	51,656*	53,779

*corrected compared to emissions reported last year

connecting the dots through traceability

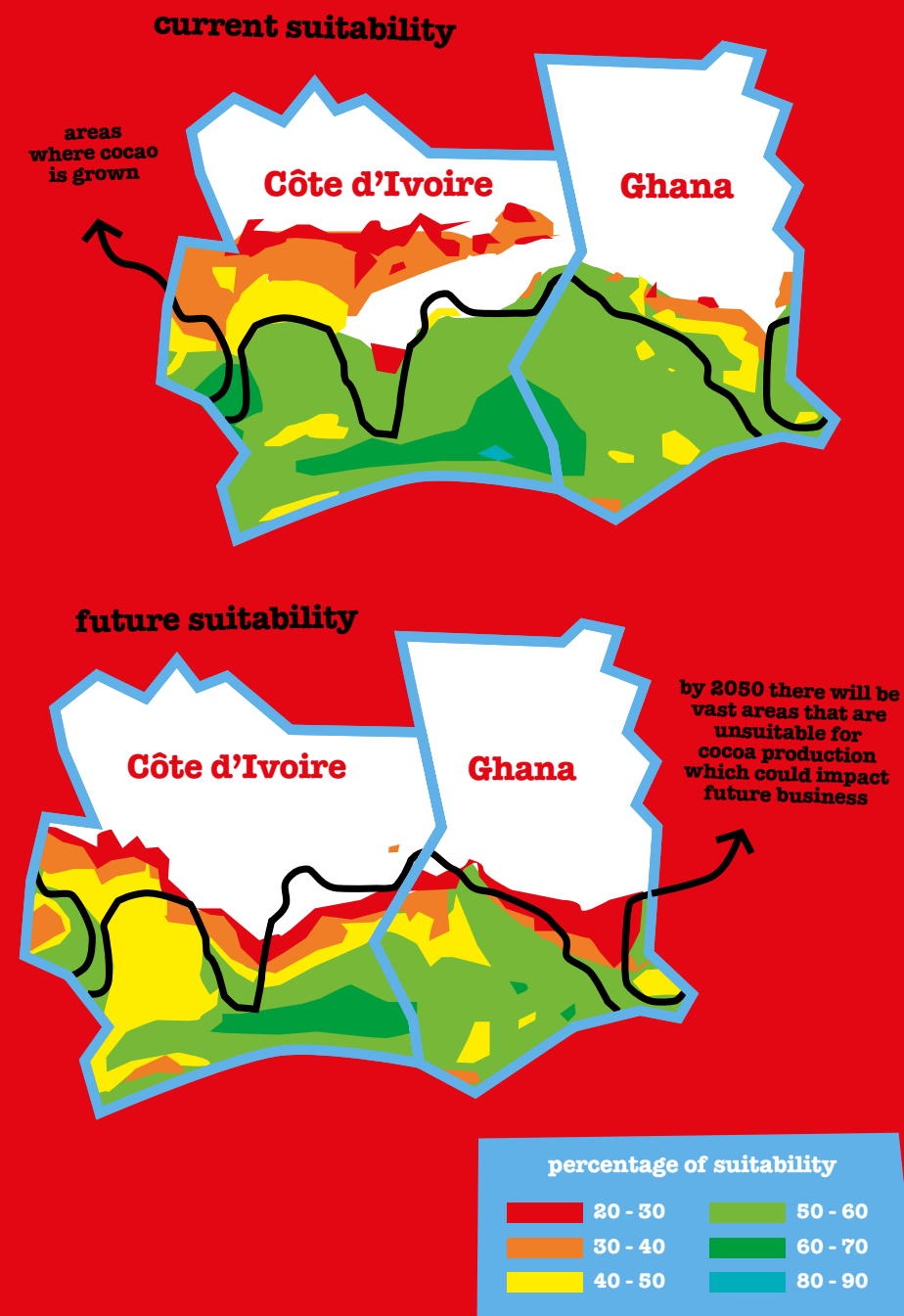
Traceability involves both operational and social factors, which can sometimes be bound up in a single issue. Deforestation, for example, is still an urgent problem in cocoa: Ghana and Côte d’Ivoire are estimated to have lost 80-95% of their forests in the last 60 years. 1/3 of that is the result of cocoa production (Cocoa Barometer 2020).

To be able to guarantee no deforestation occurs because of the cocoa we put in our bars, it’s necessary to know where the cocoa farms are located and compare the data with governmental forest maps.

We work together with Satelligence to carry out deforestation risk assessments and monitor illegal deforestation. They compare farms in our supply chain against protected areas and boundaries used by the Cocoa & Forests Initiative. Satelligence has also conducted a ‘land use change analysis’ for the period from 2001 to 2021. The results of the analysis show that no deforestation or forest loss has occurred since 2001.

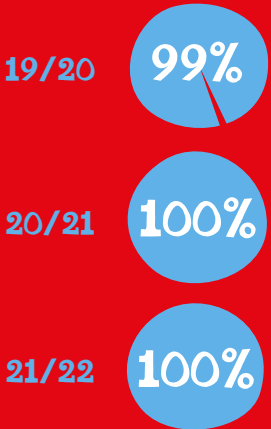
GPS mapping helps secure this environmental traceability, which is the 3rd vital way we stay accountable for what’s happening in our supply chain, in addition to our operational traceability (Beantracker, p. 46) and social traceability (CLMRS, p. 49).

CLIMATE IMPACTS COCOA



Source: Schroth et al. 2016 SciTotEnv, Bunn et al. 2018 CL Report

KPI 14
% of farms in the supply chain
GPS mapped and assessed
against protected areas



Currently, no farmers from our partner cooperatives produce from land in protected areas. In case this happens in the future, the protocol would be to report the incident to the relevant local and national authorities. We would consult with the farmer and the partner cooperative on remedial agroforestry measures, help the farmer find an alternative plot of land in an area that's not protected, and provide tailored education to the farmer in order to help prevent further deforestation efforts. We link data sources like GPS mapping data and current productivity levels in Beantracker. This gives an at-a-glance snapshot of where our cocoa comes from and whether deliveries are feasible based on farm sizes. This past year, 91,550 new shade trees, which

came from women-run tree nurseries, were planted on farms. Shade trees are an important factor in lowering temperatures on cocoa farms and improving biodiversity. These efforts increase farmers' yields, make farming more profitable and contribute to much-needed reforestation in cocoa-growing areas.



greener pastures.. and oceans, and air

We are working with South Pole to recalibrate our greenhouse gas emissions, in order to account for reduction targets in line with the Science Based Targets initiative (SBTi) submission requirements. The SBTi enables private sector organizations to incorporate science-based emissions reductions targets into their business strategies. Because business growth is usually tied to emissions growth, and a reduction in overall emissions is a major focus for us. That's why we screen all suppliers we work with prior to entering into a working relationship.

waste

We regularly check and record our waste output during production. We melt and reuse any leftover chocolate. While chocolate can be used again, the inclusions (like the caramel and the sea salt) cannot. We bring the latter to a specialized biogas company that makes green energy out of them.

When it comes to our chocolate, we keep a close eye on our stock and forecast overview. If we detect leftover chocolate stock, we bring it to local food banks or partner with Too Good To Go.

We address our IT waste by working with Closing The Loop to make sure electronics like phones and laptops are 'waste-neutral,' via circular procurement and waste compensation. This means we compensate for new devices by collecting and recycling an equal amount of electronic waste.

packaging

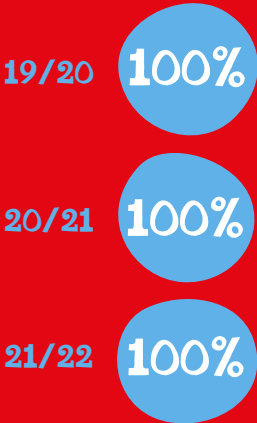
All our bar and Tiny Tony's wrappers are 100% plastic free. We use uncoated, recycled FSC-certified paper. Our Tiny Tony's wrappers are made from a combination of aluminum and paper. There are other, more sustainable and recyclable solutions out there, but for now we've decided to focus on eliminating all plastic from our chocolate wrappers.

GoodShipping

In March 2017, we joined GoodShipping's global initiative to promote sustainable shipping for companies by making biofuel the industry standard. In 21/22, for the 4th year in a row, Tony's shipping ran on biofuel. We still need to consider how to reduce the emissions of our road freight. We are also actively exploring manufacturing options in the US, as this could significantly reduce the total amount of shipping and transport required to deliver bars to all our active markets.



KPI 12
% CO2 footprint compensated



every last emission covered

Because it's not yet possible to eliminate all emissions, we offset 100% of them. Our partnership with JustDiggIt is the most significant part of our strategy to offset bean-to-bar emissions. Together we restore degraded land in Kenya and Tanzania to positively impact the environment, people and the climate. JustDiggIt has reintroduced vegetation that captures 53,779 metric tons of CO2, which matches Tony's total emissions for 21/22.

When considering our extensive GPS mapping of cocoa farms and all the different initiatives that fall under Tony's Sourcing Principle 'Quality and Productivity,' Tony's actually invests more than what it would take to simply offset 100% of our emissions.



chapter 4:

WE'RE CRAZY ABOUT RAISING THE BAR

chocolate & change

We achieve positive impact through a business strategy that's responsible and sustainable. We see it as our job to show that financial success and positive impact for people and the planet must go hand-in-hand.

In 21/22, we continued to lay the foundation for growth in our key markets, and growth will always fuel our impact. We've stayed focused on building a global brand dedicated to creating issue awareness.

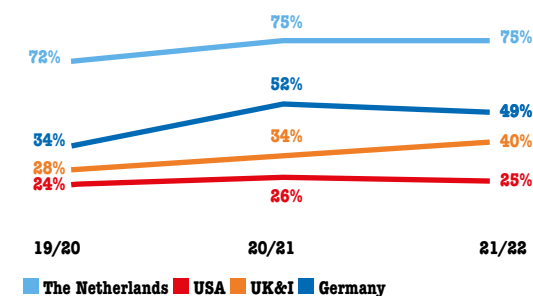
creating awareness

We create impact by spreading the word about the issues in cocoa. Which is why we invested €6.9 million into marketing efforts this past year. We promoted issue and brand awareness through campaigns and communication about cocoa and chocolate, like our campaign in support of the Dutch sugar tax and our countdown calendar.



KPI 1

% of Choco Fans who are aware of the existence of modern slavery on cocoa farms



TKPI1, GRI3-3

Promotional activities, displays and brand activations contributed to creating awareness around Tony's as a brand. New product development is an important part of our marketing because we're crazy about chocolate. We communicate this through our products. In 21/22, we introduced 3 gift bars: a white raspberry biscuit sprinkles bar with a balloon to celebrate, a milk almond sticky cookie bar with a tulip flower to say thank you and a milk raspberry rose bar with a heart (for sharing some love).

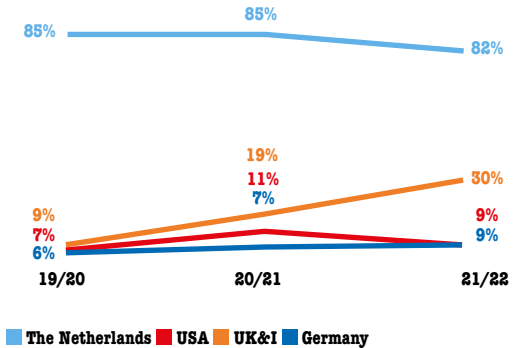


Growing Tony's profile is a crucial driver in selling more chocolate, as it means more beans purchased at a higher price. This enables more farmers to earn a living income.

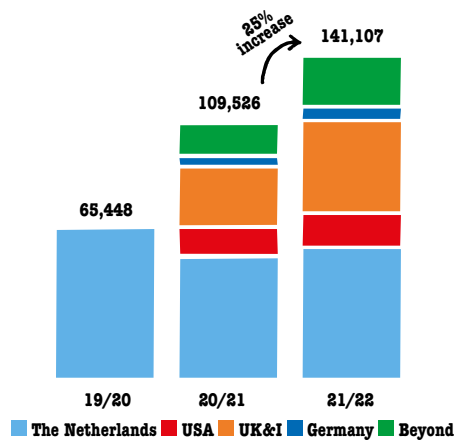
We updated KPI 9 from tracking brand favoritism to tracking brand awareness, as the latter is a more relevant measure of marketing progress. We still keep a close eye on brand favoritism in the Dutch market, as this is our most mature market – and brand favoritism can shed light on market share increase over time.



KPI 9
% of Choco Fans who are aware of Tony's Chocolonely (brand awareness)



KPI 2
of Serious Friends



Another marker for progress is our total number of Serious Friends. The more people who are aware of the existence of illegal labor in the cocoa industry, the better informed the average consumer becomes when it comes to selecting chocolate to buy. This can directly influence the way other companies run their businesses, too.

leading by (financial) example

Our success in 'leading by example' is reflected in a set of financial KPIs, including revenue, gross margin and net profit.

When we talk about chocolate and profits, we want to do so in the context of the impact we create. Profitability and sustainability are closely interlinked, as company value is not expressed solely as financial capital. That means recognizing environmental and social value, and leaving the environment and community better off than when we started.

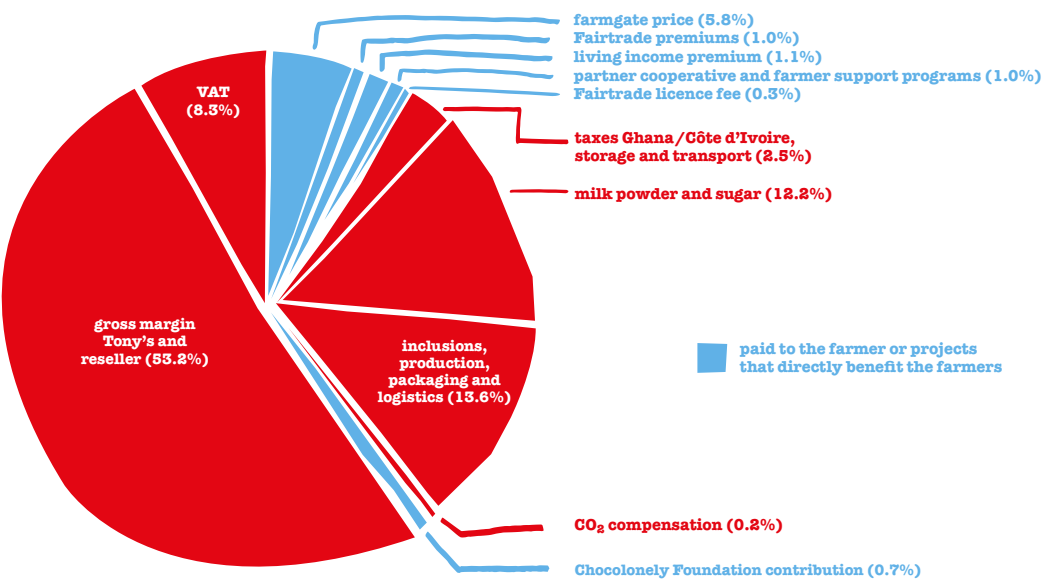
In the long run, numbers tracking profitability and those measuring sustainability go together because we can't achieve impact without the financial means to do so.

1 year ago, we estimated our revenues would grow by 30-35% this year. And we projected a gross margin of at least 50%, and a net result of 1%. We achieved €133.1 million in net revenue, which represents growth of 21%. Our gross margin came to 50.2%.

1% of our net revenue goes to the Chocolonely Foundation. Which, when combined with the increased number of beans sourced in the process, translates into direct impact. Because the more chocolate we sell, the more beans we need to buy. The more beans sourced, the bigger the positive impact for cocoa farmers. We think of it as cocoa and coins plotted on a single timeline, linking our net revenue over time directly to the 9,885 metric tons of beans sourced.

anatomy of a bar

The price of fair cocoa only makes up a tiny fraction of a bar’s total price, so a bar wouldn’t have to be much more expensive to have fair cocoa in it. (Values are based on averages.)



It'll always be our top priority that farmers are able to earn a living income from the cocoa they sell us. And our current business model absorbs these costs, rather than passing them on to make profit in a way that cheats farmers out of a decent standard of living. Which is why Tony's spent €2,174,297 in premiums to bridge the living income gap in 21/22.

markets at a glance

At Tony's, we categorize our markets into 3 groups: Gold, Silver and Bronze.

- ➔ Gold markets are where Big Choco is fully established. Places where we have an office, and our distribution is firmly set up.
- ➔ In Silver markets, Tony's has listings with major distributors.
- ➔ In Bronze markets, we work via our export partner with distributors and retailers in many different countries and regions. This way our bars are available in more and more places around the globe.

In our Gold Markets, we are usually at a different stage than in other markets when it comes to brand maturity and our position in the chocolate market. As we continue to grow, we keep on learning important lessons about building strong foundations in new markets, too.

what's in a market?

Our overall sales grew by 21% in the last year. We're reinvesting rather than generating profit to stimulate growth over the coming years, and tracking market success over time.

The chocolate category in most of our Gold markets shrank substantially compared to last year's peak chocolate consumption at home during Covid-related lockdowns, especially in the Netherlands and the UK. It's impressive that we still saw growth in our sales over the past year, despite the changing circumstances.

Right now, most of our markets are still in a growth phase. This means upfront investments are necessary to boost future revenue. We focused on increasing supermarket listings, stocking and distribution points in all Gold markets, and the teams have grown in all Gold markets as well. For the past 3 years, net revenues have grown less rapidly than we'd have hoped, but our markets and teams have continued to secure top-line growth in the present.

We show that chocolate can be made differently – from the way we do business with cocoa farmers to the flavor and packaging of every Tony's product. Not only are our wrappers plastic-free and made of recycled FSC-certified paper, but personalized wrappers are now available in all our Gold markets, boosting our e-commerce sales.

Our growing scaleups in the US and the UK&I will serve as key growth drivers in the years to come. Their success, combined with early success in the DAN market, has meant we've been able to keep investing in growing our brand worldwide. We're aiming for more growth next year, which also means bigger impact!

TONY'S WORLD MAP

Tony's is sold at a growing number of airports in (at least) 140 countries

We stopped supplying to our distributor in Russia in February 2022.

gold markets: Austria, Belgium, Germany, the Netherlands, Luxembourg, United Kingdom, United States, Sweden, Denmark, Norway

silver markets: Finland, France, Ireland, Portugal, Spain

bronze markets: Australia*, Suriname*, Italy*, Maldives*, Qatar*, Bahrain*, South Korea*, Croatia, Cyprus, Greece, Hong Kong, Iceland, Israel, Japan, Kosovo, Malta, Mexico, New Zealand, Philippines, Russia, Saudi Arabia, Singapore, Slovenia, Taiwan, Turkey, United Arab Emirates (Chile and Lebanon are in the works!)

*new countries and regions this book year

issue awareness

75%

brand awareness

82%

market share

8.2%

issue awareness

25%

brand awareness

9%

market share

2.7%

issue awareness

40%

brand awareness

30%

market share

2.5%

issue awareness

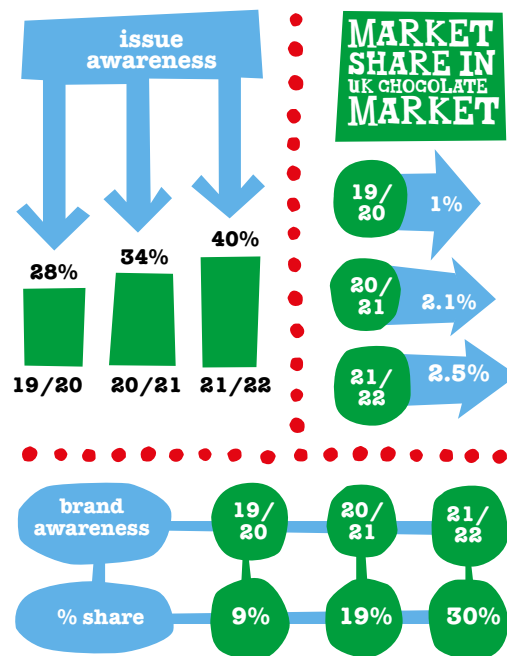
49%

brand awareness

9%

market share

0.9%



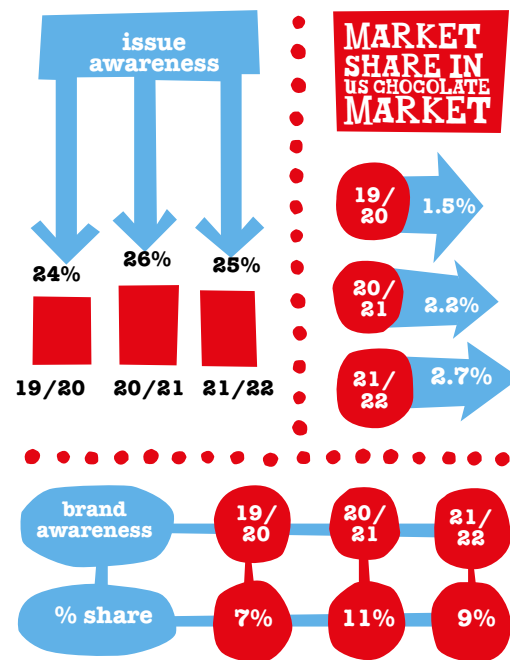
UK & I

This year, the US was our fastest growing market in absolute terms – they managed to deliver €8.1 million in net revenue growth, and landed at €22.2 million this year in terms of performance.

It can be challenging to track awareness of a scaling brand when surveying a broad national audience.

Particularly when much of Tony's US marketing efforts have been focused on creating strong footholds in key cities like New York.

We saw national aided brand awareness decline from 11% in 20/21, to 9% in 21/22. We were encouraged to see that unaided awareness stayed strong at 1%.

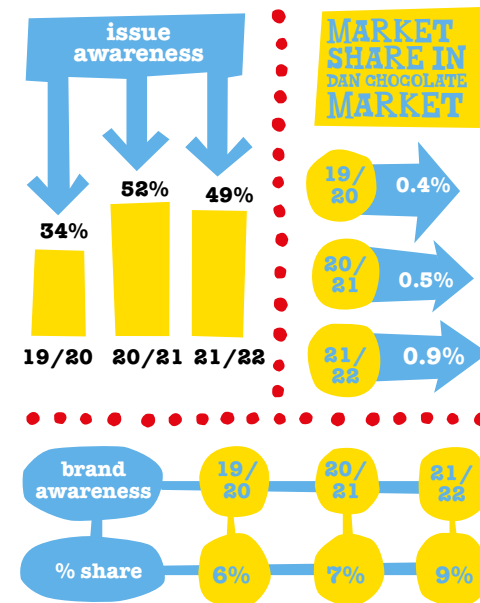


US

In terms of net revenue, the UK and Ireland managed to deliver double digits once again, and increased their revenues by 19%, from €20.3 million to €24.2 million.

Issue awareness rose from 34% to 40%, with a focus on sampling through partners including Hello Fresh, Home Box, Lola's Cupcakes.

We managed to secure 17 press articles about the Countdown Calendar in December 2021, with titles including The Guardian, Sky News, The Times, BBC and Daily Mail. Aided brand awareness went from 19% to 30%.



DAN

The Dutch market is still our biggest sales contributor, despite their share of total Tony's revenues decreasing from 61% to 53%. The Benelux and Beyond market grew from €66.7 million to €71.2 million this year.

Issue awareness remains at 75% in NL, with an increase up to 82% among Choco Fans during campaigns, and 53% in Belgium.

The Dutch market is in a mature market phase, which is why brand favoritism is a relevant measure. This year, this figure dropped from 23% to 20%.

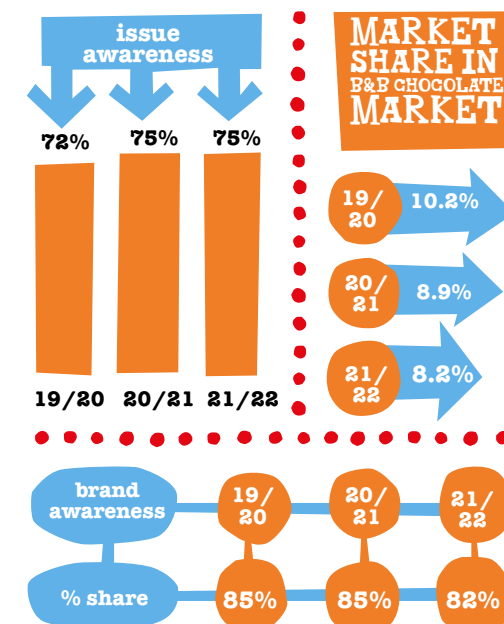
Aided brand awareness in NL was 82%, and in Belgium it was 30% (with a major difference between Flanders and Wallonia, the French-speaking part of Belgium where this number is much lower).

This year, DAN almost doubled their sales – going from €7.6 million to €13.3 million.

Issue awareness decreased slightly from 52% to 49% this year. Last year saw a major increase in issue awareness thanks to the Sweet Solution campaign, as well as 2 German mission allies making some noise. This year issue awareness remains high, if slightly lower than last year's figure.

Aided brand awareness is still low at 9%, which is an increase from 7% last year, and 6% before that.

Our market share has increased from 0.5% to 0.9%, driven by massive distribution wins.



BENELUX & BEYOND

inflation

Current rates of inflation also impact Tony's business (inflation is a topic that came up in this year's materiality assessment, check out p. 122). We're focused on managing costs and planning ahead. Because the unfortunate truth is, there could be a recession around the corner. And we want our business and our stakeholders to be prepared.

owning our own supply chain

Last year, we purchased the De Laet International NV chocolate factory, which was a major investment aimed at infrastructural growth. Tony's fully took over operations, meaning increased ownership of our supply chain. This year, due to a small portion of sales going to third parties, De Laet International NV generated €2.2 million in net revenues. And the factory contributed to a healthy margin as we moved production of our Tiny's line there, too. This is a big win for production and growth, and it's increased overall supply chain efficiencies.

wrapping things up

To conclude: the future looks bright for Tony's, and for cocoa. As long as we keep ourselves on track in terms of scaling bean uptake through Tony's Open Chain, we'll continue to amplify our impact.

And we're busy! From the 5 years we dedicate to every new partnership with a partner cooperative to remediation periods of 9-12 months, to the prefinancing we earmark for premiums and our market expansion investments. The single biggest factor we've got to consider across all programs, indicators and outcomes is time.

We're in this for the long haul for each and every stakeholder. And we plan to keep it that way. Tony's has been around for 17 years. And with Tony's Open Chain now rapidly expanding, so too is the potential for broader impact in cocoa. These days, our performance seems to be truly catching up with our ambitions.

Frits, Chief of Markets

**“WE'RE AN IMPACT COMPANY,
AND THE MORE CHOCOLATE WE
SELL, THE MORE FARMERS ARE
ENABLED TO EARN A LIVING
INCOME. BUT THERE'S MORE.
SHOWING THAT WE CAN BE
COMMERCIALY SUCCESSFUL –
INCREASING ISSUE AND BRAND
AWARENESS, AND GROWING
MARKET SHARE – WITHOUT
COMPROMISING ON OUR ETHICAL
PRINCIPLES SHOULD CONVINCE
OTHER COMPANIES TO RECONSIDER
AND ADOPT
OUR APPROACH.”**



chapter 5:

ONE

TEAM

ONE

MISSION

Team Tony's

Decision-making at Tony's is guided by our mission. And our organization's culture is a main ingredient in our not-so-secret recipe..

OUTSPOKEN

We don't shy away from being critical of ourselves, the chocolate industry or the world. We are open, direct and always question the status quo. We're always learning and working to keep everyone on their A game.

WILLFUL

We are true pioneers. We believe in claiming the freedom to do things differently. That's what makes us original and disruptive. We explore new routes when we believe that doing so will make the world a better and fairer place. That way we can continue to reinvent ourselves and inspire others.

MAKES YOU SMILE

We like to look on the bright side and consider the good in people. Can-do over critical any day. Nothing unites people like a belly-laugh, and together we've got the willpower and energy to move chocolate mountains.

ENTREPRENEURIAL

We are a commercial organization, a company that wants to make the world a better place. Money is not our goal. It's simply a means to realize our vision. We've got guts. We dare to reach for the stars, push the limits and break barriers to get things done. We never choose the easiest way to do things, and we persevere where others would give up.

We lead with 4 core values: an entrepreneurial spirit. An outspoken attitude. A willful push for change. And that cheeky something extra that always makes you smile. These are the 4 points of our internal compass.

Each year, more Tonys come on board. And with each new team member, we renew our commitment to our core values. This is no small task – and it requires integrity in all things we do.

74%

with a permanent contract

26%

with a temporary contract

this includes only Homebase and markets

82

at Homebase

HB

+

47

at Team BENELUX



17

at Team US



+

at Team UK&I



30

at Team DAN



32

at De Laet International NV



+

at Teams in Ghana and Côte d'Ivoire



21

at Tony's stores



at the Chocolate Bar

there are

= 253

Tony's worldwide

14

employed through other contracts (freelancers + interns)

82

GRI2-7, GRI2-8

We invest in our team because achieving our mission requires that every Tony be equipped to do and feel their best. In practice, this commitment is expressed in lots of different ways. For example, we don't just have maternity and paternity leave – we have pet-ernity leave, too! So Tonys can take the time to look after their furry family members.

Last year, we spent over 3% of personnel expenses on learning and development. The most popular courses focused on energy and stress management, leadership skills and impactful communication skills.

And our efforts seem to resonate with Tonys: a large-scale survey conducted by Effectory (an employee research agency) named Tony's Chocolonely a "world-class workplace in 2022" in the 'fast moving consumer goods' (FMCG) retail sector.

We have salary houses for each of Tony's Gold markets, where Tonys and their salaries are listed in their local currencies. This level of transparency enables everyone to understand their own salary in comparison to other Tonys. In order to map out each Tony's role, we use the Hay Methodology – which helps ensure salary matches responsibilities and impact profile. And that these things remain clear for every Tony, too. Within each role, there are levels attainable according to experience. And it's possible to grow within each, based on performance.

diversity & inclusion

In the last 5 years, we've evolved from a relatively small and primarily Dutch company to a bigger and more international one. And while we're on a solid path towards increased diversity and inclusion globally, we still have room for improvement.

We are a founding member of the B Corp Benelux taskforce on Justice Equity Diversity and Inclusion (JEDI). This taskforce is a collective of B Lab Benelux and 7 Dutch B Corps (Ace&Tate, Mudjeans, The Sustainable Recruiter, Fronteer, Vie People, Kittos and Tony's Chocolonely). The JEDI jedis make space for conversations, resource sharing, campaigns and events centered around JEDI.

We've also taken steps to make our Serious About People Guide more accessible. The new digital environment includes all necessary information ranging from procedures to policies. We have integrated our formal requests system, Topdesk, into the platform where all Tonys can submit questions, seek advice and raise concerns.

We aim to combat biases by making inclusive language – like clarified pronoun usage – the norm. To make sure the Serious About People Guide uses the right language, we used Develop & Diverse, an inclusive language tool, to scan all texts for possible shortcomings. And all Tonys have the option to add their pronouns to their email signatures.

In addition to identity-specific language, entry interviews are conducted by a diverse panel of interviewers representing a range of internal teams, gender identities, nationalities and seniority levels. Which means there is a seat at the table for any potential team player. Keeping sight of this is doubly important now, as Team Tony's and our bars continue their journey around the world.

GRI2-19, GRI2-20, GRI2-26, GRI3-3

chapter 5
one team
one mission

83



56%
identify as
women



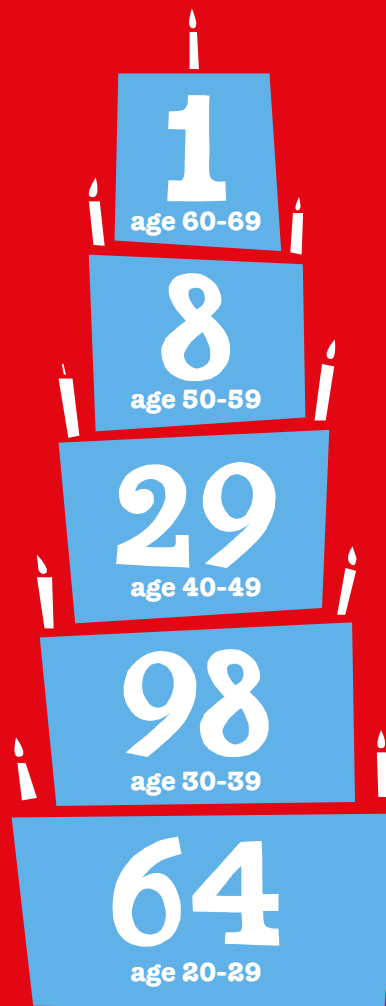
44%
identify as
men



0%
identify as
trans or
non-binary

women in
leadership
positions

47%



**There are currently 30 nationalities represented
within Tony's!**

Tony's High 5

Tony's has a workers' council to ensure that every team member's interests are represented and protected.

Tony's High 5 is currently made up of Joke, Twerrel, Bas and Belinda. The 5th member, our legendary king of happiness Paul K, left Tony's High 5's imaginary pool house to put out fires elsewhere – and it was decided we'd not replace him for the rest of the fiscal year.

This year, Tony's High 5 was busy discussing topics ranging from inflation-based salary corrections with the chiefs, asking for signing the UN Women Empowerment Principles and adding pronouns to Tony's email signatures.

The team also reviewed the Tony's High 5 constitution, to help ensure it's fully compliant with Dutch law. The agreement's scope was also expanded to cover all our markets. From now on, Tonys in the UK, US and DAN can choose someone to represent their team, which means Tony's High 5 will consist of 8 members (don't tell the math nerds).



chief changes

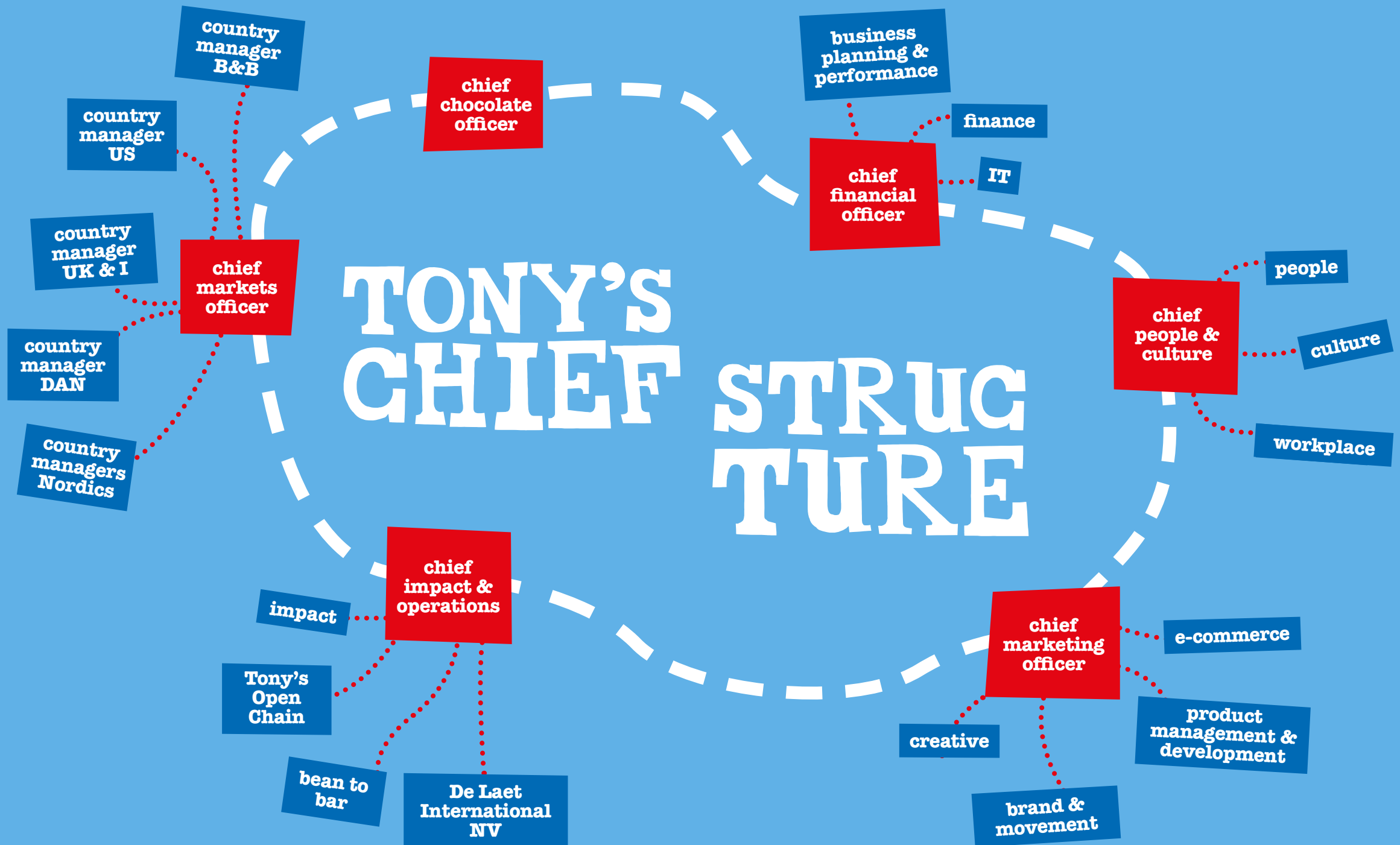
Naturally, Tonys' tenures sometimes burn bright – and it's not unheard of that talented people leave us to pursue exciting new projects. Which brings us to..

..our C-Suite. It's now built around a 6-seat leadership structure.

Our Chief of Markets, Frits, is back from the US. This former country manager has been at Tony's for 8 years already, and he now works closely with all our different country managers.

Jo is our new Chief of Marketing. She's come to us from innocent drinks. Jo is a creative communicator through and through.

We don't have a permanent Chief of People & Culture yet. A strong team and culture is a must at Tony's. For now, Frits is filling in as interim P&C Chief.



Our Chief of Impact and Ops, Pascal, is here to stay. He’s got no end of awesome insights and experience from his time with Mars. Jan, our Chief of Finance, is not only doing a stellar job keeping our books and all the numbers crunched, he’s also a great presenter and helps us make sense of all those chocolately coins.

This past year, our Chief Chocolate Officer, Henk Jan, celebrated his last season with Tony’s. And handed over executive responsibilities to Douglas. We’ll still see Henk Jan around from time to time, though, as he serves on Tony’s supervisory board.

lookin’ good, Supervisory Board

At Tony’s we’ve also got a non-executive supervisory board that meets regularly to help steer Tony’s ship as we navigate our mission. The board’s made up of:

- ➔ Robert Schuman, co-founder of and partner at Health Investment Partners.
- ➔ Adam Balon, co-founder of innocent drinks as well as JamJar Investments.
- ➔ Andreas Pfluger, former North America CEO of Lindt & Sprüngli and founder of JUMI Enterprises.
- ➔ Willemijn Verloop, partner and co-founder of Rubio Impact Ventures
- ➔ Ben Black, director at Verlinvest.
- ➔ Erik Bras, chairman and CEO of Signature Foods – who is not only a board member, but also serves as chair.

To find out more about Tony’s Supervisory Board, check out p. 127.



serious about people

We are serious about people. That means we want to make sure Tonys are happy in their current roles at Tony’s. That’s why it’s promising to see a decline in our attrition rate – or the rate at which people leave the company. It was at 17% in 20/21, compared to 19% in the previous year. That means the knowledge and expertise of Team Tony’s keeps on growing.

Indeed, the team is growing rapidly, and changes are frequent. Which is why we’re proud to report a solid foundation of long-term Tonys: around 28% of us have been around for 3 years or longer.

Twice a year, we send a survey – our Quest-CHEER-naire – out to every Tony. We ask them what’s working and what’s not. It’s a hugely important insight into challenges, setbacks, bottlenecks, opportunities, bright ideas and hiccups along the way.

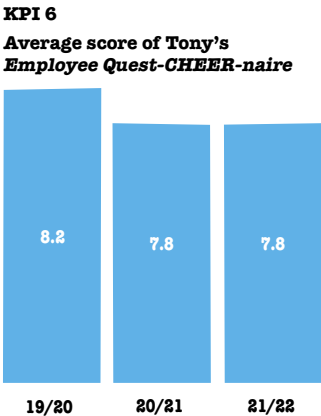
Ever since 2017, we’ve asked Tonys to score the company in a few standard categories. These include general engagement and efficiency, psychological safety at work and trust in the company’s mission and vision. In 2021, we also started to ask Tonys about how autonomous they feel within the company and how aligned they are with our mission. As of this year, the themes and questions laid out in the Quest-CHEER-naire survey have changed slightly, to ensure we stay up to date with recent research (conducted by our partners at Effactory).

For the second year in a row, we landed an overall score of 7.8. As Tony’s continues to grow and become increasingly international, we’re happy that we continue to see strong scores on psychological safety and trust. Together with a high score on inclusion (a newly introduced theme), we’ve got a good foundation to build on. This year we saw the lowest scores in change management and enablement, which will be a key focus to tackle in 22/23. Specifically by addressing the need for more support during times of change, better communication and stronger organizational work processes.

We’ve hired a new Chief of People & Culture for 22/23 who will provide expert guidance, and the new chiefs will be given some time to build confidence in leadership together.

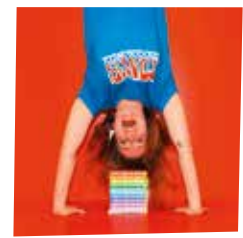
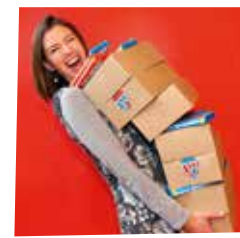
Overall, we’re doing well: Tonys take pride in their colleagues, and there’s strong collective support of Tony’s vision and goals.

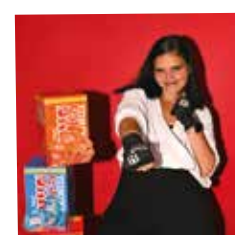
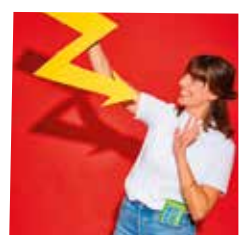
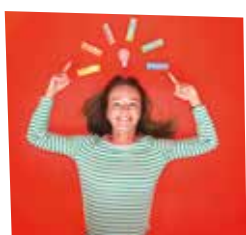
We’re also thrilled that everyone working at the Tony’s factory is now officially part of Team Tony’s, and has the opportunity to respond to the Quest-CHEER-naire. We like to celebrate our team spirit by having ‘mug shots’ taken of every Tony!



THIS IS
TEAM
TONY'S









Unfortunately not all Tonys have a Tony's mugshot yet. We'll fix this as soon as possible.

chapter 6:

NUMBERS

& THE

NITTY-GRITTY

the name of the numbers game

We lead by example. We show others that commercial success and keeping committed to people and the planet don't have to cancel each other out..

In the past year, we've seen continued growth of Tony's profile across the key chocolate markets. Most of our markets are still in their growth phase and require investments to keep boosting revenues and impact. At this stage, we prefer investing in growth for the sake of positive impact over profits alone.

So, we've continued to lay the foundation in key markets, so that we can build an international brand that boosts issue awareness and promotes growth. Why does this matter? Well, because to us growth translates into ongoing impact. The more we sell, the more impact we create.

this year's numbers at a glance

One year ago, we estimated that our net revenue would grow by 30-35% this year. We projected a gross margin of at least 50%, and a net result of 1%. So, how'd we do?

Once again, our net revenue showed the steepest growth in absolute terms, reaching €133.1 million. And our gross margin grew from 46.2% to 50.2%, which is also a company record. Meanwhile, our net result landed at 0.1%.

Key Financials (in €)

	2021/2022	2020/2021	2019/2020
Net Revenue	133.070.857	109.558.949	88.396.835
Cost of Sales	66.319.578	58.920.226	50.886.441
Cost of goods sold	64.145.281	56.725.216	49.363.683
Tony's Additional Premium	2.174.297	2.195.010	1.522.758
Gross Margin	66.751.278	50.638.723	37.510.394
Gross Margin Percentage	50,2%	46,2%	42,4%
Personnel expenses	22.878.650	17.470.862	12.325.199
Other operating expenses	40.305.985	34.262.902	23.247.099
Selling expenses	23.648.560	18.852.912	14.164.708
Marketing & PR expenses	6.938.880	6.484.985	3.174.207
Promotional contributions	13.421.434	10.208.966	8.942.538
Fairtrade License Fee	581.044	483.444	394.200
Chocolonely Foundation Contribution	1.308.408	1.091.226	879.748
Travel and representation expenses	547.445	147.346	336.539
Other selling expenses	851.349	436.945	437.476
Logistics expenses	8.416.050	6.357.360	4.561.490
General expenses	8.241.375	9.052.630	4.520.901
EBITDA	3.566.643	(1.095.041)	1.938.096
Depreciation	2.843.031	4.794.463	1.292.292
EBIT	723.612	(5.889.504)	645.804
Interest costs	447.671	370.606	269.806
Income Taxes	203.079	(1.586.661)	114.698
Net Profit	72.862	(4.673.449)	261.300
Net Profit Percentage	0,1%	-4,3%	0,3%

Key Financials (in €)

	30-09-2022	30-09-2021	30-09-2020
Fixed assets	19.922.269	17.276.600	8.020.077
Intangible fixed assets	9.758.302	9.743.112	1.793.774
Tangible fixed assets	7.082.115	5.174.673	6.226.303
Financial assets	3.081.852	2.358.815	-
Inventories	18.092.536	16.152.501	11.483.648
Trade and other receivables	25.286.930	21.728.023	19.897.424
Trade receivables	16.093.409	17.389.408	13.231.358
Other receivables	6.182.287	3.094.440	4.669.108
Prepaid Tony's additional premium	2.264.784	1.294.263	1.996.958
Derivative instrument	746.450	(50.088)	
Cash and cash equivalents	11.737.145	26.537.812	23.123.305
Total Assets	75.038.880	81.694.936	62.524.454
Shareholder's equity	25.484.057	27.625.057	32.305.565
Issued and paid up share capital	47.088	48.248	49.987
Share premium reserves	25.790.762	28.866.997	28.952.525
Legal reserves	(103.479)	(58.870)	(88.630)
Other reserves	(323.176)	3.442.125	3.130.384
Undistributed profit for the year	72.862	(4.673.443)	261.300
Current liabilities	41.920.055	44.887.667	29.819.051
Credit institutions	15.013.883	18.964.224	14.007.414
Repayment obligations	1.085.325	1.090.119	117.600
Accounts payable	15.925.251	12.117.096	11.097.330
Taxes and social security contributions	843.860	2.169.662	1.233.324
Other liabilities and accrued expenses	9.051.736	10.546.566	3.363.383
Long-term liabilities	7.634.768	9.182.214	399.838
Total Liabilities	75.038.880	81.694.936	62.524.454

net revenue

This year, Tony’s net revenue grew by €23.5 million (or 21%) – going from €109.6 million to an all-time high of €133.1 million. As expected, the key drivers of this increase were our international (non-Dutch) markets.

Over the summer, our manufacturing partner Barry Callebaut had to shut down operations for several weeks (more details on p. 37). This affected our production flow. As a result, we had to cancel our Sinterklaas bars (aka letter bars in the Netherlands), we delayed the launch of our Ben & Jerry’s collaboration bars and ran out of stock for our regular assortments. Despite this setback, we were still able to deliver strong topline growth.

Curious to find out how our individual markets performed and contributed to this year’s net revenue record? Check out p. 76.

gross margin

Our gross margin (which means net revenue minus both the cost of goods sold, and the living income premium to match the LIRP) continued to grow, increasing from 46.2% to 50.2%. This was mainly due to the continued optimization and expansion of our production facility in Belgium.

Additionally, the growth in e-commerce sales and scale efficiencies helped drive our margin improvement. We did, however, also see inflation on cost prices, which did negatively impact gross margin. Ongoing inflation throughout this past year will continue to affect Tony’s in our next fiscal year.

keeping the ball rolling

In order to facilitate growth and impact, we continued investing in our team and brand. We grew our team to 253 Tonys this year, and our personnel expenses increased from €17.5 million to €22.9 million. Our sales and marketing expenses grew in line with our net revenue, going from €18.9 million to €23.6 million. We continued our city-by-city marketing activities and launched mission-driven campaigns to drive brand and issue awareness.

Following the success of our Sweet Solution bars, we took a cue from the Choco Fans and permanently listed these items at a large number of retailers. We introduced new products and developed new sales opportunities (check out Chapter 4 for the full scoop on new chocolate products in our Gold Markets).

A core sales expense is always our contribution to the Chocolonely Foundation of 1% of our net revenue, as well as the fee for our Fairtrade license. Together these costs came to a combined €1.9 million this year.

This year logistical expenses increased from €6.4 million (or 5.8% of net revenue) to €8.4 million (or 6.3% of net revenue). This relative increase of 0.5% was mainly driven by a market mix. Which basically means that, given that our chocolate is produced in Belgium, there are costs involved in getting it to the US, the UK and Germany. Inflation also played a part in this relative increase.

Our general expenses, including costs like housing, computer and IT, car expenses, insurance and consultancy fees, totaled €8.2 million. Our depreciations came in at €2.8 million. Both general expenses and depreciations were lower than last year – when we took on some one-off expenses related to changes in plans around the Tony’s Chocolonely Chocolate Circus.

The revenue and expenses mentioned above comprise our EBITDA (which stands for Earnings Before Interest, Taxes, Depreciations and Amortization), which came to €3.6 million. After deducting depreciations, interest and taxes, our net profit came to 0.1%.

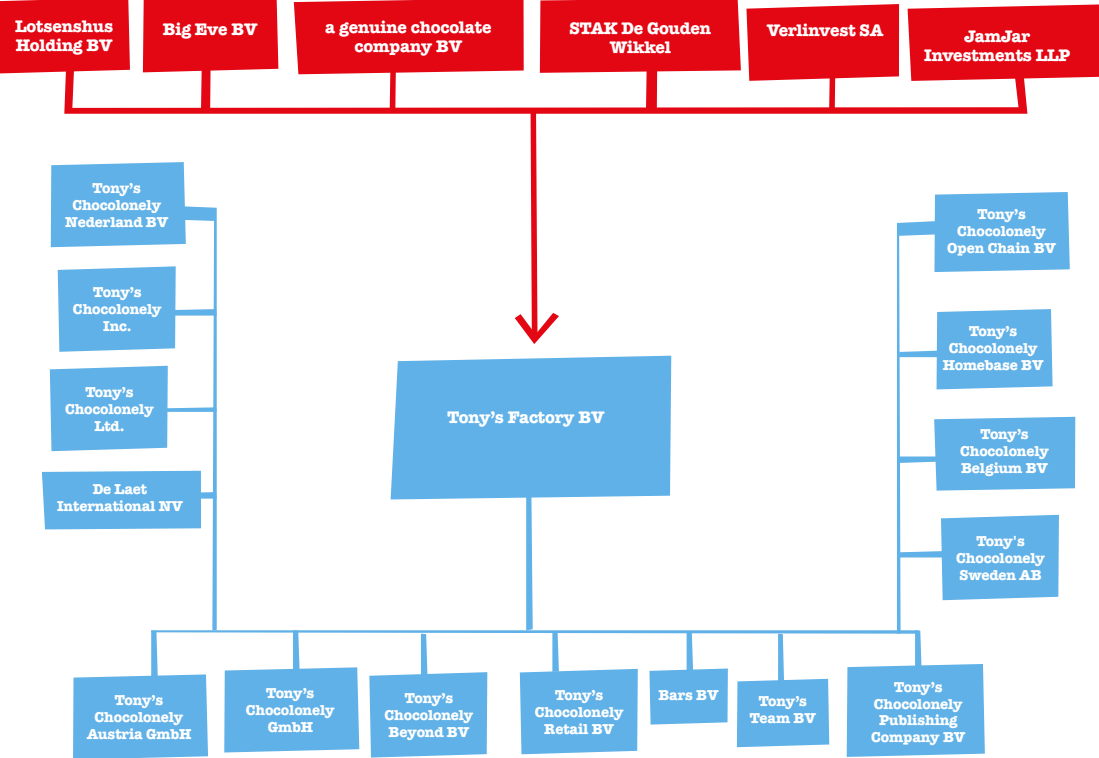
a balancing act

This year our fixed assets continued to grow, increasing from €17.3 million to €19.9 million. We invested in our own factory in Belgium, allowing us to increase capacity in line with the growth of our business. Our inventories totaled €18.1 million, and trade & other receivables amounted to €25.3 million in assets. These totals increased since last year, thanks to our increasing net revenue.

Our net cash position (which should be considered together with our credit institutions’ liabilities) decreased, reflecting investments in our markets and our new factory in Belgium. Our balance sheet’s liabilities are in line with last year’s.

For a full breakdown of our financial statements, scan below.





Tony's ownership structure

This report covers operations and financial results for Tony's Factory B.V. and its 15 subsidiaries during the 21/22 fiscal year. Together, these bodies are collectively referred to as Tony's Chocolonely. Tony's Factory B.V. has 6 shareholders.

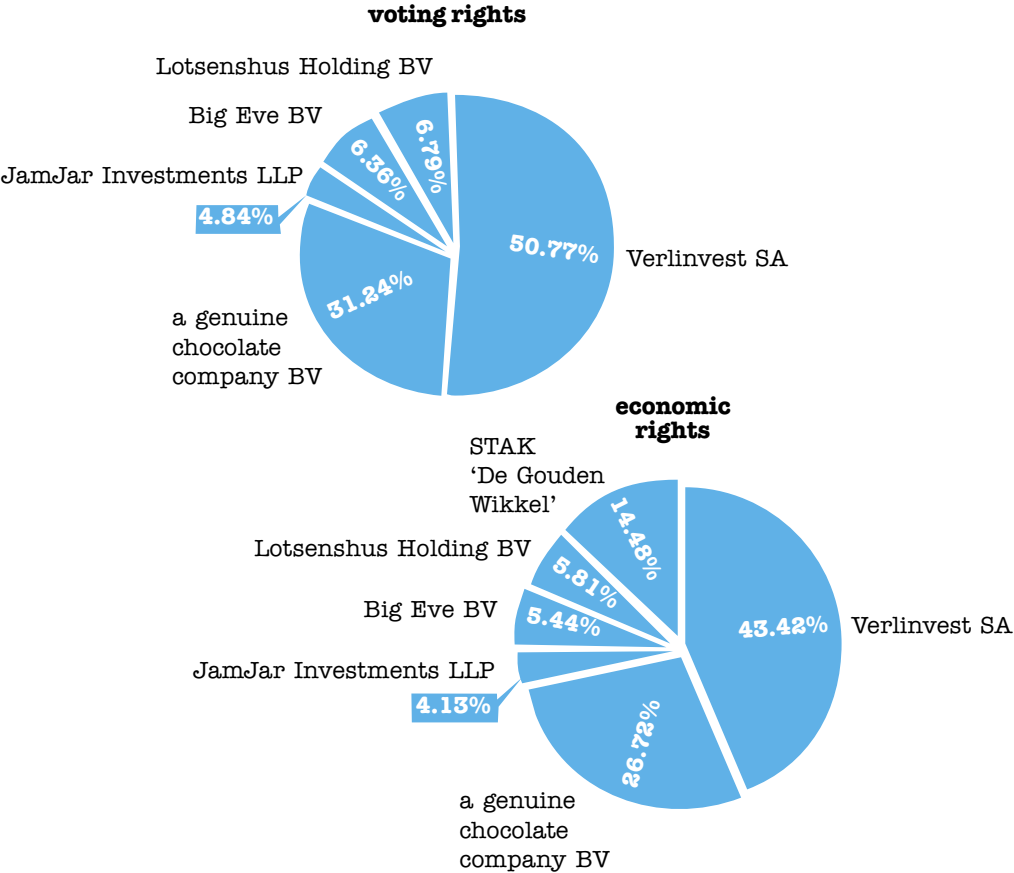
Golden Wrappers

Tonys with a permanent contract are able to buy Tony's shares without voting rights. We call this option our 'Golden Wrapper.' On 30 September 2022, 14.48% of the beneficial ownership of Tony's Chocolonely rested in the hands of 102 Tonys with Golden Wrappers.

Additionally, some Tonys are eligible to participate in an Equity Share Option Plan, which could have a maximum additional dilutive impact of 4.6% on shareholders (last year this amount was 3.5%).

We discuss our dividend policy during our general meeting, which takes place after the close of the fiscal year. At the 20/21 general meeting, we decided that, given that we'd missed our profitability target, no dividend would be paid for that fiscal year.

voting rights & economic rights



QR code for chapter 8: crunching the numbers

Every year we strive to tell a more integrated story in our annual FAIR report to show that we're an impact company first, and to prove that strong financial results and sustainability can go hand in hand. This AFR, published by Tony's Factory B.V., is an integrated annual report in compliance with Title 9 of Book 2 of the Netherlands Civil Code (NCC), which consists of a management report (Chapter 1-7), financial statements (Chapter 8, including the other information and PwC's auditors' report) and appendices (Important Appendices 1-4), which include an assurance report covering sustainability information.

This year, Tony's has published this report online and also distributed printed versions.

The printed version of this report does not include our full financial statements (Chapter 8), the audit opinion and related appendices. For the complete report, refer to the version on our website, which has the official, legal version of the annual FAIR report that's filed with the Chamber of Commerce. The entire report as published on our website also includes PwC's audit opinion covering the financial statements (Chapter 8).



chapter 7:

TO THE FUTURE & BEYOND

back to the future

With the close of another year comes the opportunity to think through how things have gone, and how we'd like them to go in the future. The truth is, we're living in uncertain times. Inflation, global conflict and changes within our organization all require us to be extra intentional about how we do business. Because companies are important actors in society, with the power to shape the future for both people and the planet.

growing ops: partners, allies & more

In 22/23, our aim is to source a volume of 14,800 metric tons of cocoa beans. This includes beans sourced via Tony's Open Chain – with our Tony's target set at 12,675 metric tons and 2,125 metric tons expected from Mission Allies.

Our next goal is to get to 10 Mission Allies in the coming year. Aside from adding to the bean volume of Tony's Open Chain, Mission Allies help raise awareness and amplify our message on the industry's front lines. They become co-owners of the issues in cocoa, while working together with us to implement solutions.

Meanwhile, we're also growing the total number of partner cooperatives we work with. We'll be working together with 11 partner co-ops next year.

boomin' & bloomin' markets

We aim to prove to other companies that doing good is also a viable business model. And so far, it's working.

We foresee a proportional net revenue growth in the mid to high 20s. We expect that inflation will continue and cause our gross margin to drop below 50%. We'll keep investing in growth and impact over profitability. While we predict a break-even net margin, we acknowledge that market conditions are highly uncertain, which has the potential to affect our financial position.

This will require optimization to maximize financial performance. In 22/23, we'll do this by absorbing inflation according to each market's individual capacity. In the following year, we'll focus on normalizing and increasing our gross margin through economies of scale and new initiatives.

As always, we're committed to dedicating 1% of our revenue to the Chocolonely Foundation, regardless of whether we hit our turnover targets. But, of course, the higher our turnover the bigger the 1% revenue chunk. And as we sell more, we'll need more cocoa – which means more beans from Ghana and Côte d'Ivoire purchased at a price that enables a living income.

check your emissions at the door

One of the tougher pills to swallow is that, as our operations grow, our emissions will increase too. Which is why we’re proactive about implementing a climate-positive strategy.

We’re working together with the organization South Pole to develop a comprehensive emissions reduction plan to set science-based targets for ourselves to reduce emissions wherever possible. We will continue to offset all our emissions.

new headquarters, same Tony’s

A growing team means we need more space. All market teams have moved into new offices over the past 2 years, aside from the Benelux & Beyond and Homebase teams. And the lease for our office in the Westergas area in Amsterdam is set to expire. So in the upcoming book year, we’ll move to a new office! We’ve found ourselves a new home with beautiful river views, a proper kitchen for our caterer Titia, a dedicated events space, a faith and mother room and lots of storage space.

code HREDD! it’s legislation time..

For the last couple of years, we’ve been making lots of noise about Human Rights and Environmental Due Diligence (HREDD) legislation. We’re still waiting on several major decisions and parliamentary outcomes in multiple markets, and across many countries. Until then, we’ll remain vocal about wanting ambitious legislation with real potential to raise the bar. Because human rights are never optional.

We’ve made many friends within the B Corp and the sustainability communities. Together we’re committed to seeing governments implement human rights and environmental due diligence laws. And we believe that companies should serve as implementers of this kind of change, while governments must serve as strong regulators.

At Tony’s, we’re ready for the upcoming legislation. And thanks to Tony’s Open Chain, other companies can join an initiative that implements all 6 of the necessary steps of the due diligence protocol (which we outlined in detail on p. 16).

To change the cocoa sector, Human Rights & Environmental Due Diligence legislation must be enacted. And we demand that legislation take the following into account:



A word from Douglas

Hello everyone! First off, I'd like to thank Henk Jan for his incredible stewardship of Tony's. The strength of his vision and personal determination to build an impact company that makes chocolate – rather than a chocolate company that makes impact, is at the heart of the success that he and the team have had over the last 10 years.

It is a privilege for me to take up the baton from him, and I am grateful for the trust that he and the Supervisory Board have placed in me. I have always been a passionate advocate of applying the principles of business as a force for good. Throughout my time at innocent drinks, I tried to ensure that, as we grew rapidly around the world, we did the hard yards to make sure we built an all-around good business.

I've joined Tony's because I can see another opportunity here to demonstrate that good business can be big business. We're going to maximize our impact ambitions by not only scaling the company and its direct impact, but by encouraging wider change by demonstrating to the rest of the industry that this can be achieved – while still delivering on our mission, for people, the planet and profits.

We hope that, over time, more companies will realize that doing the bare minimum by paying a price that enables a living income for all farmers is not just the right thing to do, but the smart thing, too. That is, if the aim is to cultivate growth and a profitable business over the long term. Sadly too many companies within Big Choco's ranks are currently still not prepared to pay fairly. All in the name of an old-school agenda aimed at maximizing short-term profits.

I see a major opportunity to build a business of substance and scale. Our commitment to impact in West Africa is non-negotiable. Even in times of significant inflation, we stand by our commitment to pay the living income reference price to farmers for their cocoa, and to prompt structural change and eliminate illegal labor from the cocoa supply chain through Tony's 5 Sourcing Principles.

Our flagship partnership with Ben & Jerry's through Tony's Open Chain is another example of how we can accelerate impact. By introducing other brands to our bean sourcing model, we're working actively to increase the profile of our Tony's Open Chain model. I'm convinced that, over the next 10 years, 'success' in the world of business will come to be defined by how well companies collaborate with each other to solve the enormous social and environmental challenges we currently face. Tony's Open Chain is a brilliant example of this approach in action.

For Tony's own fast-growing teams around the world, we want to foster a working environment and culture in which people can thrive. Maintaining an agile and entrepreneurial mindset will be key, too. I feel encouraged by the immense talent we have within our organization, and by our ability to attract more super smart individuals who are driven by both values and purpose.

Growth is, of course, essential. We're still a small company, and we have a long way to go. But we're seeing encouraging signs as we expand into new markets. We expect to see more of this in the coming years. Of course, it's an ongoing challenge ensuring our capabilities and infrastructure remain up to par, which is why we'll continue to require the talent and focus of every Tony.

While there's lots that's going well at Tony's, we're certainly not immune to the huge challenges faced by every organization during these turbulent times. We're feeling inflation acutely and ensuring the ongoing scalability of our business model as we continue to grow is one of our top challenges.

Finally, I'd like to extend my thanks to every Tony for the warm and heartfelt welcome you've given me. I've felt at home here from day 1. I'm excited to work alongside everyone, all our partners and all the Choco Fans around the world. All to keep increasing the scale of our impact.



Assurance report of the independent auditor

To: the board of directors and the supervisory board of Tony's Factory B.V.

Assurance report on the sustainability information in the annual FAIR report 2021/2022

Our conclusion

Based on our procedures performed nothing has come to our attention that causes us to believe that the sustainability information included in the annual FAIR report 2021/2022 of Tony's Factory B.V. (hereafter: Tony's) does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to sustainability; and
- the thereto related events and achievements for the year ended 30 September 2022, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria as included in the section 'reporting criteria'.

What we have reviewed

We have reviewed the sustainability information included in the annual FAIR report for the year ended 30 September 2022, as included in the following sections in the annual FAIR report (hereafter: "the sustainability information"):

- A word from the Chief Chocolate Officer
- Chapter 1 – The unequally divided cocoa sector;
- Chapter 2 – Tony's fight the why how & what;
- Big moments;
- Chapter 3 – We're serious about farmers;
- Chapter 4 – We're crazy about raising the bar;
- Chapter 5 – One team one mission.

This review is aimed at obtaining a limited level of assurance.

The basis for our conclusion

We conducted our review in accordance with Dutch law, including Dutch Standard 3810N 'Assuranceopdrachten inzake maatschappelijke verslagen' ('Assurance engagements on corporate social responsibility reports') which is a specific Dutch Standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

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

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Independence and quality control

We are independent of Tony's in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other for the engagement relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Dutch Code of Ethics).

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS – Regulations for quality systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Reporting criteria

The sustainability information needs to be read and understood together with the reporting criteria. The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the applied supplemental reporting criteria developed by the company, as disclosed in sections 'Important appendix 1 Explanation of Tony's KPIs' and 'Important Appendix 2 About this report' of the annual FAIR report. The absence of an established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Emphasis of matter

We draw attention to the disclosure in the sustainability information on the number of cases of child labour included in the chapter 'We're serious about farmers', paragraph 'child labor: monitor, remediate, repeat', which explains that there are inherent circumstances that cause the amount of reported cases of child labour in reality to be possibly higher than the number registered in the Child Labour Monitoring and Remediation System ('CLMRS'). Our conclusion is not modified in respect of this matter.

Limitations to the scope of our review

The sustainability information includes prospective information such as expectations on ambitions, strategy, plans and estimates and risk assessments. Inherent to prospective information, the actual future results are uncertain, and are likely to differ from these expectations. These differences may be material. We do not provide any assurance on the assumptions and achievability of prospective information.

In the sustainability information references are made to external sources or websites. The information on these external sources or websites is not part of the sustainability information reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities for the sustainability information and the review thereon

Responsibilities of the board of directors and the supervisory board for the sustainability information

The board of directors of Tony's is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in section 'reporting criteria', including selecting the reporting criteria, the identification of stakeholders, determining the material matters and determining that the applicable reporting criteria are acceptable in the circumstances taking into account applicable law and regulations related to reporting. The choices made by the board of directors regarding the scope of the sustainability information and the reporting policy are summarized in sections 'Important appendix 1 Explanation of Tony's KPIs' and 'Important Appendix 2 About this report' of the annual FAIR report.

Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company's reporting process on the sustainability information.

Our responsibilities for the review of the sustainability information

Our responsibility is to plan and perform a review engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence to provide a basis for our conclusion.

Our objectives are to obtain a limited level of assurance to determine the plausibility of information. The procedures vary in nature and timing from, are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a review is therefore substantially less than the assurance obtained in an audit in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Procedures performed

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements. Our procedures included, amongst other things of the following:

- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues and the characteristics of the company.
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the board of directors.
- Obtaining an understanding of the reporting processes for the sustainability information, including obtaining a general understanding of internal control relevant to our review.
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatement, whether due to fraud or error. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
 - Interviewing management and/or relevant staff responsible for the sustainability strategy, policy and results;
 - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
 - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;

- Reviewing, on a limited test basis, relevant internal and external documentation;
- Performing an analytical review of the data and trends.
- Reconciling the relevant financial information with the financial statements.
- Evaluating the consistency of the sustainability information with the information in the annual FAIR report, which is not included in the scope of our review.
- Evaluating the presentation, structure and content of the sustainability information.
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 18 November 2022
PricewaterhouseCoopers Accountants N.V.

Original signed by B.A.A. Verhoeven RA

all the extra info
you could ever want

IMPOR TANT

APPEN DICES

important appendix 1 explanation of Tony's KPIs

Our most important non-financial Key Performance Indicators provide insight into our performance on most material topics – which is why we ask PwC to review them. It shows how we are doing in the areas that together with the financial KPIs track and prove our impact. This helps us understand if we are on the right track to accomplish our mission.

Pillar 1: Tony's creates awareness

KPI 1. % of Choco Fans who are aware of the existence of modern slavery on cocoa farms.

Scope:

- Choco Fans are defined as: People living in the Netherlands, Germany, UK & Ireland and the US who purchased at least one chocolate bar no more than 3 months before the survey conducted by a third party.
- % of Choco Fans who are aware of the existence of modern slavery on cocoa farms defined as: those Choco Fans who said they had 'often' or 'sometimes' heard about the existence of modern slavery in the cocoa sector.
- Issue awareness among consumers is needed so that consumers can make more informed buying decisions and 100% slavery free becomes the norm in chocolate.

KPI 2. # of Serious Friends.

This KPI measures the number of people who feel particularly committed to Tony's mission and want to be actively involved in achieving it.

Scope: The number of people registered as Serious Friends worldwide (via our website). Consumer support is essential for industry change.

KPI 3. # of participants in CLMRS awareness raising sessions conducted in cocoa communities of Tony's Open Chain partner cooperatives.

This KPI measures the extent to which the members of our partner cooperatives have been informed about child labor.

Scope: The number of participants (men, women and children; cocoa producers or community members) who attended public awareness raising session(s) on child labor and child rights violations presented by CLMRS community facilitators since the beginning of the project. This is a cumulative KPI.

We believe awareness-raising plays a crucial role in reducing child labor.

Pillar 2: Tony's leads by example

KPI 5. # of partner cooperatives with whom Tony's Open Chain has committed to a 5-year Memorandum of Understanding.

The KPI tracks the number of cocoa cooperatives in Ghana and Côte d'Ivoire that supply beans to Tony's Open Chain with which we had a 5-year Memorandum of Understanding at the end of the book year.

We form long-term relationships with Tony's Open Chain partner cooperatives which means they can plan for a longer-term horizon and make investments further into the future.

Note that for this year, we extended Abocfa's 5-year MoU by another year. The Tony's Open Chain and Abocfa partnership will be reviewed at the end of the extension period (September 2023).

KPI 6. Average score of Tony's Employee Quest-CHEER-naire.

This KPI monitors systematic feedback from our employees. The total average of the scores for each aspect of Tony's Employee Quest-CHEER-naire:

- During the second wave of the Quest-cheer-naire, our employee engagement partner - Effectory, updated its theme library in order to ensure the themes remain relevant to evolving work environments. Effectory used the data from the Global Employee Engagement Index (GEEI) 2020/2021 and their own Effectory Index, to test, re-evaluate and validate the content of the new themes.
- The new theme library includes the following topics: alignment; autonomy; change management; employership; enablement; engagement; inclusion; psychological safety; team productivity; teamwork; trust.
- These new themes mean that the score on each thematic pillar may not be comparable. We do however report on and compare the overall score.
- The biannual survey is completed anonymously by all Tony's employees that have a temporary or permanent contract, or are working as interns, and have been with the company at least 2 months at the time of the survey.

We believe that if Team Tony's is committed, happy and working together, Tony's will be able change the chocolate industry.

KPI 7. % market share

This KPI relates to the moving annual total period from October 1 to September 30 and its assessment differs per Gold market.

Scope:

- The Netherlands is our most mature market. The KPI includes percentage market share (in Euros) in the whole chocolate category in regular supermarket channels in The Netherlands, excluding discount stores like Aldi and Lidl. The main reason for this exclusion is because at the moment we are not permanently listed in any discount stores. Organic and niche supermarkets are not included because the data is not available. This is based on Nielsen data.
- Germany: The KPI includes percentage market share (in Euros) in the chocolate bars segment in the German Grocery Chocolate Market excluding discount stores. This is based on Nielsen data (Grocery Multiples in Germany)
- UK: The KPI includes percentage market share (in GBP) in the chocolate bars segment in the UK Grocery Chocolate Market excluding discount stores. This is based on Nielsen data (Grocery Multiples in the UK)
- US: Chocolate bars segment in the total of US Supermarkets (including natural and conventional grocery stores, excluding discount and drug stores). This is based on IRI(Spins) and Nielsen

The bigger our market share, the more pressure it puts on the industry to follow our example.

KPI 9. % of Choco Fans who are aware of Tony's Chocolonely (brand awareness)

Scope:

- Choco Fans are defined as: People living in the Netherlands, Germany, the UK and the US who purchased at least one chocolate bar no more than 3 months before the survey conducted by a 3rd party.
- % of Choco Fans are aware of Tony's Chocolonely are defined as: those Choco Fans who had aided brand awareness about Tony's in the brand tracker survey.
- This KPI falls under the pillar: Tony's leads by example. We want to prove that it is possible to make sustainable chocolate that is commercially successful.. As we expand to more markets, we also want brand awareness to increase as increased brand awareness will result in increased issue awareness and potentially higher market share.
- This is a new KPI measured this year and has replaced the KPI on brand favoritism, this is because brand awareness is also the internal steering KPI used in our OGSM and all marketing efforts are focused on increasing issue, mission and brand awareness.
- Increasing brand awareness is also likely to lead to increased sales which in turn leads to more social impact. Increased brand awareness and market share makes it easier for us to put more pressure on all parties involved to change the chocolate supply chain.

KPI 10. # of cocoa growing households who participate in the CLMRS.

This KPI tracks the number of farmer households that are members of one of Tony's Open Chain's partner cooperatives who are registered in CLMRS and who have been interviewed at least once by a CLMRS community facilitator since the respective partner cooperative started implementing the CLMRS.

During these visits, the CLMRS community facilitators note the composition of the household and create a profile of each member of the household and assess the risk of child labor.

This mapping is crucial as the household is the basic setting to understand circumstances that possibly lead to child labor. Only when understanding the underlying situation can child labor be tackled sustainably in the long term.

KPI 11. # of child labor cases detected and remediated at Tony's Open Chain partner cooperatives with CLMRS.

Scope: This KPI tracks the number of children between the ages of 5 and 17 who were found to be in child labor on a cocoa farm in the previous 12 months.

We also include the cases of child labor remediated in the scope of this KPI. Remediation of a case is defined as a case that is closed because a child is no longer in child labor due to receiving remediation support and/or due to no longer being a child. Remediation is a key part of the CLMRS, and the goal is to ultimately close all cases of child labor found.

Our model for chocolate that is slavery free is based on Tony's 5 Sourcing Principles. This together with the implementation of a child labor and monitoring and remediation system will hopefully eliminate the existence of modern slavery and child labor in the sector. This is a crucial KPI to measure the efficiency of these impact activities.

KPI 12. % carbon footprint compensated.

Scope:

- We use a model developed by True Price to calculate average (Scopes 1, 2 and 3) carbon emissions from the cocoa farmer to our distribution centers in the Netherlands and the US. Scope 1 – direct emissions from sources owned or controlled by a company. Scope 2 – indirect from energy that's purchased. Scope 3 – all other emissions associated with a company's activities.
- The model also calculates the total carbon emissions of all chocolate. JustDiggIt is responsible for calculating the number of hectares of dry land that need to be re-greened to offset Tony's carbon footprint.

KPI 4. # of farmers supplying to Tony's Open Chain who receive additional premium.

We believe in supply chains without anonymity. Each person in our supply chain contributes to our success, so we want to know who they are. An increase in the number of farmers who receive an additional premium means an increase in the number of farmers who are enabled to earn a living income and therefore a decrease in overall poverty.

Scope:

- Farmers who are members of Tony's Open Chain partner cooperatives in Ghana and Côte d'Ivoire who sold at least 1 kg of cocoa beans to Tony's and/or Tony's Open Chain mission allies during the book year. All farmers who sold cocoa to Tony's Open Chain receive an additional premium on top of the farmgate price.
- The additional premium includes the Fairtrade premium, Fairtrade minimum price differential (if applicable), the living income premium and the co-op management fee.

**KPI 8. % of cocoa in our chocolate that can be traced to Tony’s Open Chain partner cooperatives.
% of cocoa in Tony’s Open Chain couvertures/liquid chocolate for our mission allies traceable up to
Tony’s Open Chain partner cooperatives**

This KPI shows the physical traceability of beans, from the partner cooperatives to the companies that co-manufacture Tony’s bars. It tracks the percentage of traceable cocoa beans in all couverture produced during the book year.

The KPI also shows the physical traceability of beans from the partner cooperatives to the Tony’s Open Chain couvertures produced for mission allies during the book year.

Traceability is the enabler for sustainability: companies need to take full responsibility for their entire supply chains, which is only possible if they know where their beans come from and under which labor and environmental conditions the beans were produced.

KPI 14. % of farms in the supply chain GPS mapped and assessed against protected areas.

This KPI includes the percentage of farms that have been GPS mapped. The GPS mapping data is assessed against protected area maps (as outlined by the Cocoa Forest Initiative) to ensure that there is no current or potential risk of deforestation in our supply chain.

Currently, the scope of the KPI includes GPS centroids. However, we also check that all plantations of all members of the partner cooperatives, including those farmers who delivered to Tony’s Open Chain have GPS polygon data. In 21/22, GPS polygon data is available for 98.5% of all plantations in the Tony’s Open Chain supply chain.

KPI 15: Amount of premium paid (per metric ton of cocoa) to reach the Living Income Reference Price (LIRP).

This is a financial KPI that has been added under the non-financial KPIs as it relates to our Sourcing Principle: paying a higher price. The higher price that enables a living income is defined based on our Living Income Model. As part of this KPI we evaluate the amount of premium paid per metric ton of cocoa to reach the Living Income Reference Price.

The additional premium includes the Fairtrade premium, Fairtrade minimum price differential (if applicable), the living income premium. It does not include the co-op management fee which is paid on top of the Living Income Reference Price.

This ensures we walk the talk of paying a higher price for cocoa.

Pillar 3: Tony’s inspires to act

KPI 13: # metric tons of beans purchased through Tony’s Open Chain.

This KPI measures the number of metric tons of cocoa beans purchased by Tony’s Open Chain mission allies via Tony’s 5 Sourcing Principles during the book year. To achieve our mission of making 100% slavery free the norm in chocolate, we need more companies to join us in our way of sourcing cocoa. We want all cocoa to be sourced via Tony’s 5 Sourcing Principles. Volume is our biggest lever for change. Thus, this is a crucial KPI to measure how much cocoa is sourced via Tony’s 5 Sourcing Principles, not just by Tony’s but also by Tony’s Open Chain mission allies.

KPI 16: # of Tony’s Open Chain conversations with potential mission allies.

We track this KPI because the process interval between a future mission ally expressing interest in Tony’s Open Chain, to becoming a full-fledged mission ally, has several steps and tracking this pipeline allows us to keep tabs on both scalability and potential volumes sourced through Tony’s Open Chain. Tracking this pipeline also helps us identify the barriers that prevent potential mission allies from converting. We also follow the number of interactions with potential mission allies so we can continually vet and revise onboarding processes, and better understand our continued journey towards mission completion. Every conversation we have with a potential mission ally has the potential to inspire another company to act.

The categories of potential mission allies are:

- Big Choco: The companies with the highest market share in the chocolate market as well as the biggest cocoa grinders that buy and process cocoa.
- Little Choco: Other chocolate/confextioanry companies that are not Big Choco
- Retail/private label: Companies who are retailers and have their own private label chocolate (and are in conversation with Tony’s Open Chain for their private labels)
- Other cocoa: Companies that don’t sell chocolate but other products that use cocoa- like ice cream, coffee, cosmetics, etc.

Upon request and following relevant regulations, we are happy to get in touch with the owners of the data – our partner cooperatives – to share the data underlying the KPIs. Please get in touch with us for more information.

important appendix 2
about this report

We publish our annual FAIR report to update our stakeholders about the progress of our mission and goals. This report covers both our impact and financial results for the period from October 1, 2021 t September 30, 2022. We structure our fiscal year this way to align our annual reporting cycle with the cocoa season in West Africa. This report was published in January 2023. We continue to report in accordance with the GRI Standards. This year we are using the new GRI Universal Standards 2021 for the first time.

In line with the new GRI Standard on materiality, we expanded the list of topics to include in our stakeholder survey. New selected topics during a brainstorm session on both actual and potential, as well as positive and negative, impacts. A diverse group of Tonys from across the organization’s teams participated actively, each representing different parts of the business and stakeholder perspectives.

Every year, we ask our stakeholders what they consider to be the main issues and topics we need to address in our strategy and in our annual FAIR report. Everyone who is part of our value chain is an important stakeholder to us. The table below highlights how we reached out to different people and which key topics they mentioned.

stakeholder	how we engaged	key topics
Team Tony’s	Focus group discussion/ workshop with Tony’s representing different teams, Employee Quest-CHEER-naire, online stakeholder survey	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation
Cocoa farmers	Online stakeholder survey, quarterly meetings with the partner cooperatives, community needs assessment	Elimination of child labor, ensuring a living income for cocoa farmers, preventing deforestation
Choco Fans (consumers)	Online stakeholder survey, social media, Choco Fans survey	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation
Customers (retailers)	Online stakeholder survey, customer calls	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation
Suppliers	Online stakeholder survey, regular conversations	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers
Mission allies	Online stakeholder survey, regular conversations	Elimination of child labor and forced labor, ensuring a living income for cocoa farmers, preventing deforestation, reducing the impact of climate change on cocoa farmers, driving equality in society

The online stakeholder survey was open from 24 June until 18 July, 2022. As always, we adjusted the list of social, environmental and economic issues and topics to reflect changes to the conditions under which cocoa is produced. We asked our stakeholders to think about both current and potential new topics, and about the positive and negative impact we (could) have. In line with the new GRI Standards, we put more emphasis on Tony’s impact (as opposed to the impact on Tony’s, which was the emphasis in earlier surveys). Over 7,300 external stakeholders participated in the online survey, as well as over 100 members of Team Tony’s. A large number of Choco Fans from the UK, the Netherlands, Germany and the US participated. We were pleased to also receive input from over 100 retail customers, nearly every partner cooperative, many of Tony’s Open Chain mission allies and NGOs from around the world.

Based on the results of the online stakeholder survey as well as the input from other sources, we plotted the key topics on a matrix. The draft matrix was discussed and finalized in an interactive workshop with 4 of Tony’s chiefs and the head of impact. The workshop focused on both actual and potential, as well as positive and negative, impacts. The adjusted matrix was then reviewed by all the chiefs and the members of the Supervisory Board. These steps ensure that the material topics are both aligned with and integrated into our short and long-term strategies, as laid out in our OGSM which helped determine the significance of impact.

See page 30 for an analysis of material topics based on GRI standards.

- ➔ The key material topics covered remain the same: elimination of child labor and modern slavery, ensuring a living income, preventing deforestation and changing the industry.
- ➔ Completely new topics include: staff safety, the impact of inflation and rising costs. Of these new topics, staff safety was rated the highest, which makes sense due to the integration of the De Laet International NV factory into Tony’s operations.

There are several other new, impact-oriented topics on the list that have already been areas of focus for us over the years. These are: driving due diligence legislation, activating consumers, product quality, assortment, Tony’s Open Chain partners and good governance. Tony’s 5 Sourcing Principles remain at the heart of all we do, and at the heart of the matrix!

The table on the following page lists the most important material topics together with the KPIs we use to measure our progress. Many of these KPIs stem from the GRI Standards, which are used by Big Choco and many other companies around the world. Additionally, we follow our own Tony’s KPIs (TKPIs). There’s more info about Tony’s KPIs, including information about their limits and scope, on p. 117.

Material topics	KPIs
SOCIAL TOPICS	
Eliminating all forms of child labor and modern slavery in the cocoa sector in Ghana and Côte d'Ivoire	GRI408-1 Operations and suppliers at significant risk for incidents of child labor GRI409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor TKPI3 # of participants in CLMRS sessions TKPI10 # households participating in CLMRS TKPI11 # of detected child labor cases GRI414-1 Social screening of new suppliers GRI414-2 Negative social impacts
Team Tony's Managing our talent Diversity	TKPI6 Score Quest-CHEER-naire GRI2-7 Employees GRI405 Diversity and equal opportunity GRI403 Occupational Health and Safety
Staff safety (physical and psychological)	
Driving equality (racial, gender, sexual orientation) in society	We contribute to societal change with our activities, in collaboration with others. As our impact cannot be attributed, we do not have KPIs for this topic.
ENVIRONMENTAL TOPICS	
Preventing deforestation and degradation in cocoa growing landscapes	GRI308-1 Environmental screening of new suppliers GRI308-2 Negative environmental impacts TKPI14 % of farms GPS mapped
Reducing the impact of climate change on cocoa farmers	We contribute to the reduction of the impact of climate change with our activities. We track the number of farmers who receive coaching on Good Agricultural Practices and number of shade trees planted, but we do not have KPIs for this topic.
Reducing our CO ₂ -emissions along our value chain	GRI308-2 Negative environmental impacts in the supply chain and actions taken TKPI12 % of carbon footprint compensated
GOVERNANCE TOPICS	
Tony's 5 Sourcing Principles Traceable cocoa beans A higher price The long-term Improved quality and productivity Strong farmers	TKPI8 % of traceable beans GRI201-1 Direct economic value generated and distributed TKPI4 # of farmers supplying to Tony's Open Chain who receive additional premium TKPI15 amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price TKPI5 # of partner co-ops with whom Tony's Open Chain has a 5-year MoU Productivity estimates ScopeInsight score MPI headcount
Changing the industry norm to make 100% slave-free the norm	TKPI13 # of metric tons of beans purchased through Tony's Open Chain TKPI 16 # of Tony's Open Chain conversations with potential mission allies
Driving due diligence legislation	We contribute to societal change with our activities, in collaboration with others. As our impact cannot be attributed, we do not have KPIs for this topic.
Good governance	GRI General disclosures on governance (2-9 through 2-18)
ECONOMIC TOPICS	

Ensuring that cocoa farmers reach a living income to provide a decent living for their families	GRI201-1 Direct economic value generated and distributed TKPI4 # of farmers supplying to Tony's Open Chain who receive additional premium TKPI5 # of Tony's Open Chain partner co-ops with a 5-year MoU TKPI8 % of traceable beans TKPI15 amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price
Activating consumers	TPKI1 % of Choco Fans who are aware of the existence of modern slavery on cocoa farms TKPI2 # of Serious Friends TKPI9 % Choco Fans who say Tony's is their favorite chocolate brand
Market share/market presence	TKPI7 % market share
Tony's Open chain partners	TKPI13 # of tons of beans purchased through Tony's Open Chain TKPI 16 # of Tony's Open Chain conversations with potential mission allies
Our financial results	Turnover, profitability, growth
Product quality	No externally reported KPI
Assortment	New products added

additional information about governance

Tony’s Chocolonely’s Supervisory Board supervises the Executive Board (the chiefs’) policy around the company as a whole as well as its subsidiaries.

In its advisory and supervisory role, the Supervisory Board considers the Company to be a mission-driven enterprise in its nature.

In fulfilling this role, the Supervisory Board also considers Tony’s Chocolonely’s pursuit of scalable commercial success a fundamental part of its social impact strategy, so that the company might inspire others in the chocolate industry to adopt Tony’s Open Chain business model.

The Supervisory Board’s tasks include the realization of the Company’s social objective and mission; overseeing the strategy and the risks associated with the business operations; attending to the structure and operation of the internal risk management and control systems; overseeing the financial reporting process and policy commitments; ensuring compliance with laws and regulations; maintaining the integrity of the business’ operations; determining the number of Directors as well as the company’s remuneration policies and its remuneration of the Directors. The Board is also involved in sustainability and financial reporting, and it reviews the input obtained during the materiality analysis and the sustainability reporting process, including the organization’s materiality topics. The Board also signs off on the final annual FAIR report.

Tony’s Chiefs meet with the Supervisory Board on a quarterly basis to evaluate progress and discuss next steps. Each chief has a specific area of expertise they’re responsible for, ranging from marketing to impact & operations. To guarantee impact-driven decision-making that safeguards Tony’s values, norms and mission, an impact memo, drafted by the Executive Board and approved by the Supervisory Board is now required. This memo was finalized when Henk Jan stepped down from his role as CEO and joined the Supervisory Board.

All critical concerns are communicated to the Supervisory Board either via email or through ad hoc meetings convened with one or more members to discuss the issue at hand. In 21/22, the closure of the Barry Callebaut factory at Wieze due to salmonella was communicated to the Board. The Board took part in all discussions, and signed off on all decisions made, pertaining to the issue.

Both the Supervisory Board and Executive Board can nominate members of the Supervisory Board to the General Meeting. The Supervisory Board prepares a profile of the size and composition of the Supervisory Board, taking into account the nature of Tony’s enterprise and the desired level of expertise, experience and independence of its members. The Supervisory Board evaluates this profile from time to time.

The members of the board are appointed to 4 year terms, and may be reappointed for a subsequent term. They may coordinate reappointments among themselves and then communicate this at the General Meeting at least 1 year in advance. Before a member is reappointed, the General Meeting consults with the other members of the Supervisory Board and the members of the Executive Board separately on whether reappointment is desired.

A board member is required to resign prematurely in the event of inadequate performance, permanent incompatibility of interests or views, or when otherwise required – at the discretion of the General Meeting.

The Supervisory Board appoints a chair from among its members.

The remuneration of the board members is determined by the General Meeting. Upon taking office in 2016, remuneration was set at €15,000 per year for each Member of the Supervisory Board, in which no distinction is made between the chair and ordinary members.

The Supervisory Board evaluates their own performance and that of the Executive Board at least once a year, during meetings not attended by the Executive Board. This evaluation pertains to the performance of both the board as a whole and the individual members of the Supervisory and the Executive Boards.

Supervisory Board members keep abreast of sector developments. In November 2022, board member Willemijn traveled to West Africa with Pascal (COO), Paul (Impactus Prime) and Joke (Inspire to Actress) to check the developments on the ground and the impact of Tony’s Open Chain on partner cooperatives.

If one or more Members of the Supervisory Board have a direct or indirect personal interest concerning a specific issue that conflicts with the interests of the Company or its enterprises, the relevant member will not be involved in consultation and decision-making around the relevant issue, and will inform the Executive Board of the existence and nature of the conflicting interest

Members of the Supervisory Board must immediately inform the chair of the Supervisory Board of any potentially conflicting interest.

During this reporting year, there have been no significant instances of non-compliance of laws and no significant fines were incurred.

additional information about Team Tony’s

There are a total of 253 Tonys including Tony’s at Homebase, different markets, West Africa, the De Laet International NV factory, Tony’s stores and bar, as well as interns, consultants, freelancers etc. (see page 82 for an overview).

	Benelux & Beyond				DAN			Homebase			UK			US			Grand Total
tenure	f	m	o	t	f	m	t	f	m	t	f	m	t	f	m	t	
temporary	6	6	1	13	5	7	12	8	6	14	6	3	9	1	1	2	50
permanent	20	13	1	34	7	11	18	39	29	68	7	3	10	13	2	15	145
grand total	26	19	2	47	12	18	30	47	35	82	13	6	19	14	3	17	195

f = female m = male o = other t = total

*this includes Homebase and markets only based on headcount. This does not include Team Tony’s from De Laet International NV, Team West Africa, superstars (i.e. bar and store staff) and Tony’s with other contracts.
Full-time employee gender and region.
Part-time employee gender and region.

Company count	Division incl missing			Benelux & Beyond Total													
	Benelux & Beyond	Gender			DAN		DAN Total	Homebase		Homebase Total	UK		UK Total	US		US Total	Grand Total
Employee type	f	m	o		f	m		f	m		f	m		f	m		
Full Time	17	14	1	32	10	17	27	33	26	59	13	6	19	14	3	17	164
Part Time	9	5	1	15	2	1	3	14	9	23							41
Grand Total	26	19	2	47	12	18	30	47	35	82	13	6	19	14	3	17	195

f = female m = male o = other t = total

*this includes Homebase and markets only based on headcount. This does not include Team Tony’s from De Laet International NV, Team West Africa, superstars (i.e. bar and store staff) and Tonys with other contracts.

taking care of Tonys in every way possible

Our People & Culture team leads our efforts around the health and safety of the entire Tony’s team.

As part of our health program for all staff, we offer a discount on health insurance and we monitor the air quality in our offices. We also offer special bonuses to spend on gym subscriptions and sports gear, as well as a fixed budget to spend on spiritual, mental, emotional and physical wellbeing. Our health and safety policies are easily accessible via the People & Culture hub.

Each Tonys mental health is as important as their physical health. To support psychological safety, we have an external counselor whom Tony’s can reach out to, in case they do not wish to address issues directly with their manager, colleagues or the People and Culture Team.

Tony’s also offers an International Employee Assistance Program via Cigna. This is an online 24/7 mental health support service for Tonys themselves as well as their family members. The program offers a range of confidential services, including short-term counselling, mindfulness coaching and online information resources.

To ensure we’re constantly improving on our health and safety standards, we’ve identified the following areas of individual responsibility:

- Overall safety progress
- Safety management and improvements
- Machine safety improvements
- Logistical safety improvements
- Full morning-meeting members: detect, report, and resolve safety risks

Our health and safety policies are easily accessible via our People & Culture hub and relevant SharePoint folders. While there is no formal joint management-worker health and safety committee, input from relevant Tonys is considered in the health and safety policies. Our workplaces are inspected annually, and these inspection reports are also available to the team. Tonys are trained on relevant quality, health and safety topics when they join the company. In case any accidents occur at work, there are first aid kits at every site, as Tonys present who are trained in first aid. Tonys working at the factory receive separate training.

There is also a safety and security policy in place to ensure all Tony’s feel safe while traveling abroad. This includes a protocol on security training, vaccinations, crisis management and emergency contacts.

When it comes to company culture, it’s crucial everyone is able to feel happy and settled. In 2021, we conducted a company-wide survey, as well as in-depth interviews with Tonys from each market team to learn more about our company culture. There were lots of changes in our People & Culture team over the past year. We’re still looking for the right people to manage the ongoing project of raising the bar internally when it comes People & Culture. Of course, health and safety are also top priorities when it comes to our chocolate factory, De Laet International NV in Belgium. We have additional policies in place to ensure work there is as safe as possible, thanks to a risk assessment. As machinery is used in

the factory, everyone operating machinery is trained on what all potential risks the work might entail. We also conduct daily meetings to address safety issues immediately, as well as line meetings with line teams, where workplace safety is evaluated. We also take care of our choco fans in all possible ways and ensure the quality and food safety standards. All our manufacturing units are IFC and BRC certified.

our remuneration policy

We use the Hay Methodology for our remuneration policy – which helps ensure salaries match responsibilities and impact profile. Salaries of all employees are made available in the Salary House, which is published internally.

Based on this, the highest paid Tonys (C-Suite) in our largest office are at hay level 21 (median annual gross salary at this level is €155,581). The starting hay level at Homebase is level 8. The lowest level at which Tonys are currently employed is level 10 (median annual gross salary at this level is €36,345)

Sign on bonuses/recruitment incentives for Tony’s in management positions are sometimes included as part of their contracts. The Supervisory Board receives no sign-on bonuses or recruitment incentives. The highest-paid individual at Tony’s did not receive an increase in salary while the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) increased in 21/22.

important appendix 3
GRI Content Index



For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

Statement of use	Tony's Chocolonely has reported in accordance with the GRI Standards for the period October 1, 2021 - September 30, 2022		
GRI 1 used	GRI 1: Foundation 2021		
GENERAL DISCLOSURES			
GRI Standard	Diclosure		Location
GRI 2: General Disclosures 2021	2-1 Organizational details		105, 137
	2-2 Entities included in the organization's sustainability reporting		104
	2-3 Reporting period, frequency and contact point		122, 137
	2-4 Restatements of information		51
	2-5 External assurance		23, 112-115
	2-6 Activities, value chain and other business relationships	6, 19, 27, 37, 43, 46, 48, 55, 60, 62, 67, 74	
	2-7 Employees		82, 128
	2-8 Workers who are not employees		82
	2-9 Governance structure and composition		85, 86, 88
	2-10 Nomination and selection of the highest governance body		126
	2-11 Chair of the highest governance body		88
	2-12 Role of the highest governance body in overseeing the management of impacts		88
	2-13 Delegation of responsibility for managing impacts		126
	2-14 Role of the highest governance body in sustainability reporting		126
	2-15 Conflicts of interest		127
	2-16 Communication of critical concerns		126
	2-17 Collective knowledge of the highest governance body		127
	2-18 Evaluation of the performance of the highest governance body		127
	2-19 Remuneration policies		83, 130
	2-20 Process to determine remuneration		83, 130
	2-21 Annual total compensation ratio		130
	2-22 Statement on sustainable development strategy		6, 22
	2-23 Policy commitments	6, 16, 17, 21, 28, 29, 30, 66, 67	
	2-24 Embedding policy commitments		21, 81
	2-25 Processes to remediate negative impacts		54, 67
	2-26 Mechanisms for seeking advice and raising concerns		83

	2-27 Compliance with laws and regulations	127
	2-28 Membership associations	International Cocoa Initiative, FairTrade, Food Service Netwerk, B Corp, Social Enterprise NL, EMFI, De Jonge Turken, Huurdercommmissie Westergasfabriek
	2-29 Approach to stakeholder engagement	122
	2-30 Collective bargaining agreements	85 0% of employees are covered by collective bargaining agreements
MATERIAL TOPICS		
GRI Standard	Diclosure	Location
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30, 122-123
	3-2 List of material topics	124-125
Social Topics		
Eliminating all forms of child labor and modern slavery in the cocoa sector in Ghana an Ivory Coast		
GRI 3: Material Topics 2021	3-3 Management of material topics	12, 22, 49, 50, 55
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	12, 21
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	12, 14, 21
TKPI3	Number of participants of CLMRS awareness raising sessions conducted in cocoa communities of Tony's Open Chain partner cooperatives	50
TKPI10	Number of cocoa-growing households that participate in the CLMRS	50
TKPI11	Number of illegal child labor cases detected and remediated at Tony's Open Chain partner cooperatives with the CLMRS	51, 54
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	56
	414-2 Negative social impacts in the supply chain and actions taken	27, 40, 49, 53
Team Tony's		
GRI 3: Material Topics 2021	3-3 Management of material topics	81, 83, 85, 89
TKPI6	Average score of Tony's Employee Quest-CHEER-naire	89
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	84
GRI403 Occupational health and safety 2018	403-1 Occupational health and safety management system	129
	403-2 Hazard identification, risk assessment, and incident investigation	129
	403-3 Occupational health services	129
	403-4 Worker participation, consultation, and communication on occupational health and safety	129
	403-5 Worker training on occupational health and safety	129

	403-6 Promotion of worker health	129
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	54
	403-8 Workers covered by an occupational health and safety management system	129
Driving equality in society		
GRI 3: Material Topics 2021	3-3 Management of material topics	9, 21
Environmental Topics		
Preventing deforestation and degradation in cocoa growing landscapes		
GRI 3: Material Topics 2021 KPI14	3-3 Management of material topics	15, 55, 64, 66
	Percentage of farms in the supply chain GPS mapped and assessed against protected areas	66
	308-1 New suppliers that were screened using environmental criteria	56, 66 All cocoa farms within the partner co-ops we source from are assessed for deforestation
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	27, 64 0% of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. 0% of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment.
	e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	None
Reducing the impact of climate change on cocoa farmers		
GRI 3: Material Topics 2021	3-3 Management of material topics	15, 64, 66
Reducing our CO2 emissions along the value chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	64-65, 66
	305-5 Reduction of GHG emissions	64 The GHG emissions calculation includes CO2 Calculations are based on the True Price model. More detail in the omissions table.
GRI 305: Emissions 2016		
TKPI12	Percentage of CO2 footprint compensated	67
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	66
	308-2 Negative environmental impacts in the supply chain and actions taken	27, 64 0% of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. 0% of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment.
	Percentage of CO2 footprint compensated	77, 78

GOVERNANCE TOPICS		
GRI Standard	Diclosure	Location
Our 5 sourcing principles		
GRI 3: Material Topics 2021	3-3 Management of material topics	22
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	72
TKPI4	Number of farmers supplying to Tony's Open Chain who receive additional premium	47
TKPI5	Number of cooperatives with which we have committed to a a 5-year Memorandum of Understanding	56
TKPI8	Percentage of beans in our chocolate that can be traced to our partner cooperatives	" 46 60 "
TKPI15	Amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price (LIRP)	42
Changing the industry norm to make 100% slave-free the norm & open chain partners		
GRI 3: Material Topics 2021	3-3 Management of material topics	29, 49, 60
TKPI13	Number of tons of beans purchased through Tony's Open Chain	47
TKPI16	Number of Open Chain conversations with potential mission allies	62
Driving due diligence legislation		
GRI 3: Material Topics 2021	3-3 Management of material topics	16, 108
GRI 3: Material Topics 2021	3-3 Management of material topics	88
ECONOMIC TOPICS		
GRI Standard	Diclosure	Location
Ensuring that cocoa farmers reach a living income to provide a decent living for their families		
GRI 3: Material Topics 2021	3-3 Management of material topics	15, 22, 40, 41, 42, 45, 72
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	71, 72
TKPI4	Number of farmers supplying to Tony's Open Chain who receive additional premium	47
TKPI5	Number of cooperatives with which we have committed to a a 5-year Memorandum of Understanding	56
TKPI8	Percentage of beans in our chocolate that can be traced to our partner cooperatives	" 46 60 "
TKPI15	Amount of premium paid (per metric ton of cocoa) to reach Living Income Reference Price (LIRP)	42
Activating consumers		
GRI 3: Material Topics 2021	3-3 Management of material topics	69
TKPI1	Percentage of Choco Fans who are aware of the existence of slavery on cocoa farms	69, 76-77
TKPI2	Number of Serious Friends	71
TKPI9	Percentage of Choco Fans who say Tony's is their favorite chocolate brand	71

Market share			
GRI 3: Material Topics 2021	3-3 Management of material topics		" 69 "
TKPI7	Percentage market share		74, 76-77
Open chain partners			
GRI 3: Material Topics 2021	3-3 Management of material topics		60
TKPI13	Number of tons of beans purchased through Tony's Open Chain		47
TKPI16	Number of Open Chain conversations with potential mission allies		62
Our financial results			
GRI 3: Material Topics 2021	3-3 Management of material topics		99
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed		100-101
	201-2 Financial implications and other risks and opportunities due to climate change		64
Product quality			
GRI 3: Material Topics 2021	3-3 Management of material topics		130
Assortment			
GRI 3: Material Topics 2021	3-3 Management of material topics		70
OMISSIONS			
		REQUIREMENT(S) OMITTED	REASON
		EXPLANATION	
GRI 305: Emissions 2016	305-5 Reduction of GHG emissions	c. Base year d. Scopes	Information unavailable /incomplete
We are in the process of setting Science Based Targets and will then establish the base year and provide calculations by scope.			

CHOCO CHEERS!

This year – and every day – our thanks go to..

..everyone who grows cocoa for our chocolate.
..everyone who makes our chocolate.
..everyone who wraps our chocolate.
..everyone who sells our chocolate.
..everyone who eats our chocolate.
..everyone who embraces our mission and takes action.

Eliminating illegal labor from chocolate is only possible if we work together. That's a fact. And we'll repeat it until words become actions across the industry.

And you can help us get there! We'd love to hear your thoughts on any and all of our ideas, approaches and results.

Reach out on Instagram, LinkedIn, Facebook and Twitter. Email us at chocofancare@tonyschocolonely.com, or call or snail-mail us. Out and about in Amsterdam? Pop into one of our stores! You can find us at Oudebrugsteeg 15, Beurs van Berlage and at Pazzanistraat 1 – which is where our homebase office is located.

And if you do happen to pop by the office, remember to say the secret phrase for an extra-special treat..

**couldn't
have done
it better
myself!**



LOOKING AHEAD.. to the year to come

To create global, systemic and lasting change, all key players must do their part to reduce inequalities around the globe. At Tony's, we focus our efforts on our mission and creating more equality in the cocoa industry.

WHAT WE PLAN
TO ACHIEVE IN
**2022
2023**

SOURCE FROM



**16,500
FARMERS**

commit to

11
**PARTNER
GO-OPS**
in total for
long-term
relationships

CLMRS

child labor monitoring and remediation system



SELECT
COMMUNITY
FACILITATOR

VISIT
HOUSE
HOLDS

RECOGNIZE
CHILD
LABOR

**CHILD LABOR
PREVALENCE RATE**

under 3% at our
long-term partner
cooperatives

CONDUCT
FOLLOW-UP
VISITS

START
CONVER
SATIONS

FIND
COMMUNITY
SOLUTION

FIND
INDIVIDUAL
FOCUSED
SOLUTION

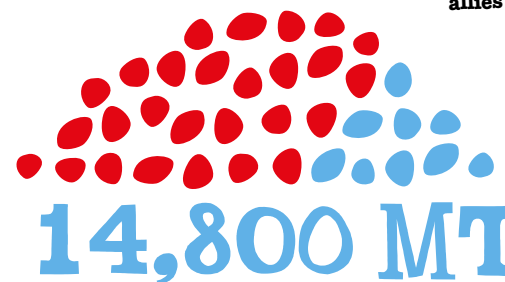
**CONTINUE
TO PAY A
HIGHER PRICE**

that enables farmers to
earn a living income

EFFECTIVE REMEDIATION IN 6-9 MONTHS

TOTAL AMOUNT OF BEANS USED

2,125 mt
sourced by
Tony's Open
Chain mission
allies



10 MISSION
ALLIES
IN TOTAL

**100%
COMPENSATED
CO2**

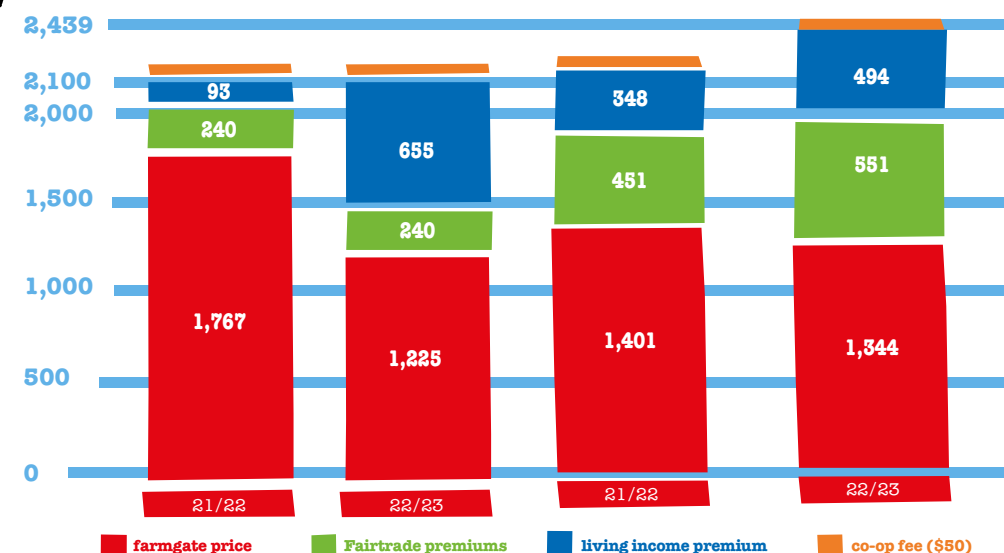


we expect our strongest
growth in absolute terms
to be driven by
**THE US, THE UK
& DAN**

GHANA

CÔTE D'IVOIRE

price
per
metric ton
in dollars



(To make sure everything is in good order, we ask the audit firm PwC to review all our performance indicators, as well as the text of this Annual FAIR Report, providing limited assurance.)



hop in this
time machine to
see Big Choco take
responsibility for
their entire supply
chains!

done!



Tony's Factory B.V.

Amsterdam

Financial report
1 October 2021 until 30 September 2022

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2022

(Before distribution of result)

ASSETS

		30-09-2022	30-09-2021
		€	€
Fixed assets			
<i>Intangible assets</i>	1		
Development costs		25.267	73.368
Goodwill		6.920.578	7.294.663
Website and software		2.732.933	2.141.151
Intangible assets in progress		79.524	233.930
		9.758.302	9.743.112
<i>Property, plant and equipment</i>	2		
Renovations		1.289.779	1.465.870
Production equipment		4.268.684	2.754.585
Transportation		180.119	256.188
Other fixed assets		935.971	689.936
Assets under construction		407.562	8.094
		7.082.115	5.174.673
<i>Financial assets</i>			
Deferred tax assets	3	3.081.852	2.358.815
Total fixed assets		19.922.269	17.276.600
Current assets			
<i>Inventories</i>			
Raw materials and consumables	4	1.995.373	1.128.150
Finished goods	5	16.097.163	15.024.351
		18.092.536	16.152.501
<i>Receivables</i>			
Trade receivables	6	16.093.409	17.389.408
Corporate income tax		983.168	-
Deferred tax assets		-	173.018
Loans receivable		27.121	237.997
Current account board of directors		-	27.908
Other receivables, prepayments and accrued income	7	7.436.782	3.949.780
		24.540.480	21.778.111
<i>Derivative instrument</i>		746.450	(50.088)
<i>Cash and cash equivalents</i>	8	11.737.145	26.537.812
Total current assets		55.116.611	64.418.336
Total assets		75.038.880	81.694.936

EQUITY AND LIABILITIES

		<u>30-09-2022</u>		<u>30-09-2021</u>	
		€	€	€	€
Group equity	9		25.484.057		27.625.055
Long-term liabilities	10				
Loans	11	7.634.768		7.682.214	
Other long-term liabilities	12	-		1.500.000	
			7.634.768		9.182.214
Current liabilities and accruals	13				
Amounts owed to banks	14	15.013.883		18.964.224	
Repayment obligations		1.085.325		1.090.119	
Accounts payable		15.925.251		12.117.096	
Value added tax		281.015		1.134.666	
Social security contributions		562.846		484.835	
Corporate income tax		-		550.161	
Other liabilities and accrued expenses	15	9.051.735		10.546.566	
			41.920.055		44.887.667

Total equity and liabilities

75.038.880

81.694.936

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1-10-2021 UNTIL 30-9-2022

		<u>1-10-2021 / 30-9-2022</u>	<u>1-10-2020 / 30-9-2021</u>
		<u>€</u>	<u>€</u>
Net Sales	16	133.070.857	109.558.949
Other income		<u>396.460</u>	<u>-</u>
Operating income		133.467.317	109.558.949
Cost of sales	17	66.319.578	58.920.226
Personnel expenses	18	22.878.650	17.470.862
Amortization and depreciation	19	2.843.031	2.207.225
Impairment of current assets	20	-	2.587.238
Other operating expenses	21	<u>40.702.446</u>	<u>34.262.902</u>
Total operating expenses		<u>132.743.705</u>	<u>115.448.453</u>
Total of operating result		723.612	(5.889.504)
Other interest and similar income	22	206.224	2.531
Interest and similar expenses	23	<u>(653.895)</u>	<u>(373.137)</u>
Financial income and expense		<u>(447.671)</u>	<u>(370.606)</u>
Total of result of activities before tax		275.941	(6.260.110)
Income tax expense	24	<u>(203.079)</u>	<u>1.586.661</u>
Total of result after tax		<u><u>72.862</u></u>	<u><u>(4.673.449)</u></u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD 1-10-2021 UNTIL 30-9-2022**

			<u>1-10-2021 / 30-9-2022</u>	<u>1-10-2020 / 30-9-2021</u>
			<u>€</u>	<u>€</u>
Total of cash flows generated from (used in) operating activities				
Operating result			723.612	(5.889.504)
<i>Adjustments for</i>				
Depreciation and amortisation	19	2.846.060	2.207.178	
Impairments		-	2.587.238	
			<u>2.846.060</u>	<u>4.794.416</u>
<i>Changes in working capital</i>				
Decrease (increase) in inventories		(1.527.400)	(3.223.032)	
Movements accounts receivable		(1.094.157)	583.944	
Decrease (increase) in securities		(796.538)	-	
Increase (decrease) in other payables	13	(1.461.179)	6.054.834	
Other cash flows		-	7.386	
			<u>(4.879.274)</u>	<u>3.423.132</u>
Total of cash flows generated from (used in) operations				
			(1.309.602)	2.328.044
Interest received	22	-	2.531	
Interest and similar expenses paid	23	(653.895)	(346.429)	
Income tax paid	24	(2.210.289)	(143.053)	
			<u>(2.864.184)</u>	<u>(486.951)</u>
Total of cash flows generated from (used in) operating activities				
			(4.173.786)	1.841.093
Total of cash flows generated from (used in) investment activities				
Purchase of intangible assets	1	(1.276.132)	(1.054.394)	
Purchase of property, plant and equipment	2	(3.540.194)	(1.188.956)	
Purchase of investments in assets under construction		-	(192.913)	
Acquisitions, net of cash acquired		(1.500.000)	(8.206.950)	
Proceeds from sales of tangible fixed assets	2	3.029	4.878	
Release of provision for De Vrede		3.872.315	-	
			<u>(2.440.982)</u>	<u>(10.638.335)</u>
Total of cash flows generated from (used in) financing activities				
Receipts from issuance of share capital		-	98	
Share buy back		(1.160)	(1.837)	

Share premium issue shares	1.236.040	336.922
Share premium buy back shares	(4.312.275)	(422.448)
Proceeds from borrowings	¹⁰ -	8.000.000
Repayments from borrowings	¹¹ (999.577)	(447.440)
Total of cash flows generated from (used in) financing activities	<u>(4.076.972)</u>	<u>7.465.295</u>
Net cash flow	(10.691.740)	(1.331.947)
Exchange rate and translation differences on cash	<u>(158.586)</u>	<u>(210.356)</u>
Total of (decrease) increase in cash and cash equivalents	<u>(10.850.326)</u>	<u>(1.542.303)</u>
 Movement in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	7.573.588	9.115.891
(Decrease) increase cash and cash equivalents	<u>(10.850.326)</u>	<u>(1.542.303)</u>
Cash and cash equivalents at the end of the period	<u>(3.276.738)</u>	<u>7.573.588</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Tony's Factory B.V. is Polonceaukade 20, 1014 DA in Amsterdam,, The Netherlands. Tony's Factory B.V. is registered at the Chamber of Commerce under number 34241705.

General notes

The most important activities of the entity

The activities of Tony's Factory B.V. and its group companies ('the Group') are mainly comprised of producing and trading in Fairtrade and slave free chocolate products.

Disclosure of going concern

The equity of Tony's Factory B.V. amounts to € 25,5 million as at 30 September 2022 (€ 27,6 million as at 30 September 2021). The company experienced an overall negative cash flow during the financial year. The financing and investing cash flows are a result of the investment in production equipment in Belgium and repayment of long-term debts with credit institutions. Based on the budget and forecast, which shows a continued growth in revenues, management has prepared an analysis of the projected cash flows for 12 months as from balance sheet date.

Based on the current growth in revenues in conjunction with short-term budgets, cash flow projections and the extension of the credit facility agreement, management believe that there is no doubt regarding the entity's ability to continue as a going concern and the going concern assumption has been applied for the preparation of the financial statements.

Disclosure of group structure

The company is a private limited liability company under Dutch law, the shares are distributed as per 30 September 2022 as follows:

1) Voting shares:

- 50,77% is held by Verlinvest S.A.
- 31,24% is held by A Genuine Chocolate Company B.V.
- 4,84% is held by JamJar Investments LLP
- 6,79% is held by Lotsenshus Holding B.V.
- 6,36% is held by Big Eve B.V.

2) Shares in profits:

- 43,42% is held by Verlinvest S.A.
- 26,72% is held by A Genuine Chocolate Company B.V.
- 4,13% is held by JamJar Investments LLP
- 5,81% is held by Lotsenshus Holding B.V.
- 5,44% is held by Big Eve B.V.
- 14,48% is held by Stichting Administratiekantoor de 'Gouden Wikkell'

The difference in voting rights and shares in profits is caused by the dilutive effect of employee share options issued or vested to Stichting Administratiekantoor de 'Gouden Wikkell' as of balance sheet date.

In December 2021, there was a change in voting rights whereby A Genuine Chocolate Company B.V., Big Eve B.V. and Lotsenshus Holding B.V. sold shares to Verlinvest S.A. and JamJar Investments LLP respectively. This resulted in Verlinvest S.A. obtaining a controlling interest in the Company.

Disclosure of estimates

In applying the principles and policies for drawing up the financial statements, the directors of Tony's Factory B.V. make different estimates and judgments that may be material to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under Book 2, article 362, paragraph 1, the nature of these estimates and judgments, including related assumptions, is disclosed in the notes to the relevant financial statement item.

Disclosure of consolidation

The consolidation includes the financial information regarding Tony's Factory B.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Tony's Factory B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which Tony's Factory B.V. exercises control or whose central management it conducts are consolidated in full. Minority interests in group equity and group results are disclosed separately. Participating interests over which no control can be exercised (associates) are not included in the consolidation.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realized through transactions with third parties. Unrealized losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.

Tony's Factory B.V. is the holding company in which all intangible assets as well as costs incurred for the whole group are posted. Tony's Factory B.V. holds fifteen fully owned subsidiaries:

- Tony's Chocolonely Nederland B.V. (100%), holds our Dutch business activities;
- Tony's Chocolonely Inc. (100%), holds our US business activities;
- Tony's Chocolonely Ltd.(100%), holds our UK business activities;
- Tony's Chocolonely Retail B.V. (100%), holds our Brand Store(s);
- Tony's Chocolonely GmbH (100%), holds our German business activities;
- Tony's Chocolonely Beyond B.V. (100%), holds our Bronze and Silver business activities;
- Tony's Chocolonely Austria GmbH (100%), holds our Austrian business activities;
- Tony's Chocolonely Sweden AB (100%), holds our Swedish business activities;
- Tony's Chocolonely Homebase B.V. (100%), holds our head office supporting activities;
- Tony's Team B.V. (100%), holds all our Dutch employee contracts;
- Tony's Chocolonely Publishing Company B.V. (100%), holds the movie rights of our film 'The Chocolate Case' and our photo book 'Bitter Chocolate Stories';
- Tony's Chocolonely Open Chain B.V. (100%), holds our mission allies activities;
- Tony's Chocolonely Bars B.V. (100%), holds the buying activities of finished goods for all markets;
- De Laet International N.V. (100%), holds manufacturing and intercompany sales activities of Tony's Chocolonely Bars B.V.;
- Althaea N.V. (100%), merged with De Laet International N.V. effective 1 October 2021;
- Tony's Chocolonely Belgium B.V. (100%), holds our Belgian business activities;
- De Vrede is Vast Goed B.V. (100%), formerly held OPEX and CAPEX for project 'Tony's Chocolonely Chocolate Circus'. Divested in December 2021.

In December 2021, Tony's Factory B.V. sold its shares in De Vrede is Vast Goed B.V. to A Genuine Brick Company B.V., an entity owned by a related party. The entity was effective as of 14 December 2021.

Disclosure of mergers and acquisitions

A merger or acquisition involves the merging of separate companies into one economic entity, resulting in the acquisition of an integrated set of activities, assets and/or liabilities capable of generating revenue.

As per 30 April 2022, management of the company decided to merge the activities of Althaea N.V. with De Laet International N.V., effective from 01 October 2021. Tony's Factory B.V. and De Laet International N.V. applied the pooling of interest methods in performing the legal merger. The decision to merge Althaea N.V. with De Laet International N.V. is to more closely align the structure with the group activities and objectives. No activities or operations acquired in the merger were discontinued. The total costs of the merger are € 6,561. The financial statements are prepared on the basis that the merger has been effective for the full financial year and reflected accordingly.

The goodwill will be straight-line depreciated over 20 years.

From the acquisition date, the results and identifiable assets and liabilities of the acquired company are included in the consolidated financial statements. The acquisition date is the moment when predominant control can be exercised over the company in question.

The acquisition price consists of the amount of money or the equivalent thereof that has been agreed for the acquisition of the acquired company, plus any directly attributable costs. If the acquisition price is higher than the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalized as goodwill under intangible fixed assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (negative goodwill) is recognized as a deferred liability item.

The companies involved in the consolidation remain included in the consolidation until they are sold; deconsolidation takes place when decisive control is transferred.

General accounting principles

The accounting standards used to prepare the financial statements

The consolidated financial statements are drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

Assets and liabilities are generally valued at historical cost, production cost or at fair value at the time of acquisition. If no specific valuation principle has been stated, valuation is at historical cost.

Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year.

Disclosure of changes in accounting policies

Compared to previous year, there have been no changes in the accounting policies applied with the exception of inventory valuation. The Company has elected to use the fixed cost valuation method in order to make better informed management decisions regarding the production process. The new accounting policy is effective as of 1 October 2021 and was influenced by the purchase of De Laet International N.V. and ultimate control obtained over the inventory production.

The change in inventory valuation does not have a material impact on the value of inventory in the comparative figures nor is it reasonably expected to have a material effect on the income statement in subsequent years.

Conversion of amounts denominated in foreign currency

Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of Tony's Factory B.V.

Basis of Conversion and Processing of Exchange Rate Differences Relating to Foreign Currency Transactions for the Balance Sheet

Transactions in foreign currencies are stated in the financial statements at the exchange rate of the functional currency on the transaction date.

Monetary assets and liabilities in foreign currencies are converted to the closing rate of the functional currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the consolidated income statement, unless hedge accounting is applied.

Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate on the transaction date.

Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date on which the fair value was determined.

Assets and liabilities of consolidated subsidiaries with a functional currency different from the presentation currency are translated at the applicable rate of exchange prevailing at the balance sheet date; income and expenses are translated at average exchange rates during the financial year. Any resulting exchange differences are taken directly to the legal reserves for translation differences within equity.

Finance leases

The company has lease contracts whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognized on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the consolidated income statement for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Operating leases

The company has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of or incurred by the company. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the consolidated income statement for the duration of the contract.

Share based payments

The company operates an employee share participation plan, under which selected and eligible employees of the Group participate indirectly in the share capital of the Company through the acquisition of certificates over shares in the Company (certificates) issued by Stichting Administratiekantoor 'De Gouden Wikkell'.

For every five certificates an employee acquires, the employee is entitled to a bonus certificate after five years subject to still holding the certificates and being employed by a Group company. Since the entitlements to bonus certificates are classified as equity-settled share-based payment transactions, the grant date fair value of the bonus certificates should be expensed over the five-year vesting period with a corresponding credit to equity. However, due to the limited yearly impact, the fair value of the bonus certificates are expensed at the time the bonus certificates are issued. As per 30 September 2022 the total number of certificates held by employees and related parties amounts to 646.246 (2020/2021: 673.470), of which a total number of 19.147 (2020/2021: 23.948), certificates is eligible for participation in aforementioned bonus certificate program.

Financial instruments

MARKET RISK

Currency risk

The currency risk concerns positions and future transactions in US dollars, GB pounds and SE krona. Management has determined, based on a risk assessment, that given the current limited amounts the currency risk does not have to be hedged yet. The current volatility in the FX market and expected increase in our US and UK businesses for next year will ask for more active hedging policies. Forward exchange contracts are most likely to be used for this purpose.

Price risk

Fluctuations in cocoa terminal market prices is the main price risks that needs to be managed. Management actively monitors relevant market and price developments, collaborates with specialized trading desk, Cocosource, and hedges risks by writing long term couverture contracts with cocoa processing partner, Barry Callebaut, based on gross profit margin analysis. This policy results in a stable and predictable gross profit margin.

Interest rate and cash flow risk

In the previous book year 2 loans were contracted by the Company. Tony's Factory B.V. simultaneously bought 2 floating to fixed interest rate swaps for € 8,0 mln moving down to € 4,0 mln in which it receives a floating interest rate and pays a fixed rate; thereby effectively converting a floating interest rate on the term loan to a fixed interest rate. The duration of this hedge instrument is identical to the underlying term loan. This interest rate swap qualifies as a cash flow hedge since it protects against the variability in cash flows that are attributable to the floating interest rate risk on the term loan and that could affect profit or loss.

A credit facility with Rabobank was agreed during the year to partially finance Tony's working capital needs. This financing is considered in conjunction with the prior period capital injection by the new investors. Management has updated its new 3 year plans, based on which there are no additional needs to finance Tony's working capital needs for the coming year. Depending on any new future capital investment, management will reassess its potential need for additional financing.

CREDIT RISK

Sales are made to customers that meet the Company's credit rating. Goods and services are sold subject to payment deadlines ranging between 14 and 60 days. A different payment period may apply to major customers, in which case additional securities are demanded, including guarantees. Issued loans to related parties, as well as to shareholders do not have a history of non-performance.

LIQUIDITY RISK

The Company has implemented a cash pool system, allowing a more efficient management of the daily working capital needs for the participating operating entities. The settlement mechanism of the cash pool is provided by the Rabobank. The cash pool system exposes the Company to a single net amount with that financial counterparty rather than the gross amount of several current accounts and bank overdraft balances. From an operational perspective, the balances in the cash pool are netted. However, in accordance with the guidance of Dutch GAAP regarding offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis in our balance sheet (see Note 8 and 14).

Current value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and/or option pricing models, making allowance for entity-specific inputs.

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an open market. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. If the object is not quoted in an open market, it will be stated at cost or current value, if lower. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument to which hedge accounting is applied.

Derivatives embedded in a host contract ('embedded derivatives') are always separated from the host contract if:

- no close relationship exists between the economic characteristics and risks of the derivative and the host contract;
- a separate instrument under the same conditions would satisfy the definition of a derivative.

Tony's Factory B.V. applies hedge accounting. The company documents the relationship between hedging instruments and hedged items at the inception of the transaction. The company also tests its assessment, both at hedge inception and on an ongoing basis, or whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. This can be done by comparing the critical characteristics of the hedge instrument with those of the hedged position, and/or by comparing the change in the fair value of the hedge instrument with the hedged position. If there is an indication of ineffectiveness, the company measures this potentially ineffective part by conducting a quantitative ineffectiveness analysis.

Derivatives quoted in an open market not designated as hedging instruments are stated at fair value. Changes in the fair value of these derivative instruments are recognised directly in the consolidated income statement.

Derivatives not quoted in an open market not designated as hedging instruments are stated at cost or current value, if lower, after initial recognition at fair value. If the fair value as at balance sheet date is lower than the cost of the derivative financial instrument, the difference is recognised in the consolidated income statement.

In applying derivative financial instruments valued at cost for which cost price hedge accounting is applied the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item. This means that when the hedged item is carried at cost, the derivative instrument is also carried at cost.

If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date. If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in profit or loss.

The company shall discontinue prospectively the cash flow hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting.

Tony's Factory B.V. applies cash flow hedge accounting to interest rate swaps that ensure that certain liabilities with variable interest rates are converted into loans with fixed interest rates. The ineffective portion of the change in value of the interest rate swaps is recognised in profit or loss under the financial income and expense.

Tony's Factory B.V. also uses cash flow hedge accounting for its forward exchange contracts intended for future purchases in GB pounds and sales in US dollars. Where appropriate, the gain or loss relating to the ineffective portion of the change in value of forward exchange contracts is recognised in the consolidated income statement within financial income and expense.

Foreign exchange differences on a loan denominated in a foreign currency that was contracted to fund or hedge a net investment in a foreign operation are recognised in the reserve for currency translation differences within equity.

Accounting principles

Intangible assets

Intangible fixed assets are stated at historical cost less amortisation. Impairments are taken into consideration; this is relevant in the event that the carrying amount of the asset is higher than its realizable value.

Impairment of intangible assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the consolidated income statement while the carrying amount of the asset concerned is concurrently reduced.

Development costs

Research costs are recognized in the profit and loss account. Expenditure on development projects is capitalized as part of the production cost if it is likely from both a commercial and technical perspective that the project will be successful and the cost can be determined reliably. A legal reserve has been formed within equity with regard to the recognized development costs for the capitalized amount. The amortisation of capitalized development costs commences at the time when the commercial production starts and takes place over the expected future useful life of the asset.

Costs of goodwill acquired from third party

Goodwill resulting from acquisitions is capitalised and amortised on a straight-line basis over the estimated economic life.

Negative goodwill is released in the consolidated income statement to the extent that charges and losses occur, if it is taken into account in the allocation of the acquisition and these charges and losses can be measured reliably. If expected charges and losses have not been taken into account, the negative goodwill is released based on the weighted average of the remaining life of the acquired amortisable assets. Insofar as the negative goodwill exceeds the fair value of the non-monetary assets identified, the surplus is recognised directly in the consolidated income statement.

Property, plant and equipment

Tangible fixed assets are valued at acquisition costs or production costs plus additional costs less straight-line depreciation based on the expected life, unless stated otherwise. Impairments expected on the balance sheet date are taken into account.

Impairment of property, plant and equipment

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.

An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the consolidated income statement while the carrying amount of the asset concerned is concurrently reduced.

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Tony's Factory B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

Newly acquired participations are initially recognised on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognised in the consolidated income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

In the event of an impairment loss, valuation takes place at the recoverable amount; an impairment is recognised and charged to the consolidated income statement.

Receivables recognised under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortised cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

For the tax loss carry-forwards of which it is assumed that they will be realised within a reasonable period of time a tax asset is formed.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred income taxes are recognised at nominal value.

Inventories

Inventories (stocks) are valued at the lower of cost price or net realisable value based on the fixed cost valuation method.

The cost price consists of the historical cost or production cost and costs incurred in order to bring the stocks to their current location and current condition. The production cost includes direct labour and fixed and variable production overheads, taking into account the costs of the operations office, the maintenance department and internal logistics.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value the obsolescence of the inventories is taken into account.

Receivables

Receivables are initially valued at the fair value of the consideration to be received. Receivables are subsequently valued at the amortized cost price. If there is no premium or discount and there are no transaction costs, the amortized cost price equals the nominal value of the accounts receivable. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognized using the effective interest method. Provisions for bad debts are deducted from the carrying amount of the receivable.

Cash and cash equivalents

Cash at banks and in hand represent cash in hand, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognized as part of debts to lending institutions under current liabilities. Cash at banks and in hand is valued at nominal value.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. Provisions for pension are valued on the basis of actuarial principles. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

Provisions for pension obligations

Tony's Factory B.V. has a number of pension schemes for employees; these are financed by payments to the pension administrator. The premium payable is recorded as an expense in the consolidated income statement

A provision is recognised for the pension liabilities accrued as per the balance sheet date, which consists of the pension rights accumulated, including unconditionally agreed (future) indexations of the rights built up.

The provision is stated based on actuarial valuation methods generally accepted in the Netherlands. The actuarial assumptions to be applied are based on AG-mortality (life) table, being the best estimate of the variables which determine the amount of the expenditure which is expected to be necessary to settle the liability. The expenditure is discounted at the current market interest rate, which is the market interest rate applicable to high quality corporate bonds.

Non-current liabilities

On initial recognition long-term liabilities are recognized at fair value. Transaction costs which can be directly attributed to the acquisition of the long-term liabilities are included in the initial recognition. After initial recognition long-term liabilities are recognized at the amortized cost price, being the amount received taking into account premiums or discounts and minus transaction costs. If there is no premium

/ discount or if there are no transaction costs, the amortized cost price is the same as the nominal value of the debt.

The difference between stated book value and the mature redemption value is accounted for as interest cost in the consolidated income statement on the basis of the effective interest rate during the estimated term of the long-term liabilities.

Current liabilities

On initial recognition current liabilities are recognized at fair value. After initial recognition current liabilities are recognized at the amortized cost price, being the amount payable taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

Accounting principles for determining the result

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

Revenue recognition

Net turnover comprises the income from the supply of goods and services after deduction of discounts and such like and of taxes levied on the turnover.

Cost of sales

Cost of sales represents the direct and indirect expenses attributable to revenue, purchase expenses related to the goods sold, employee cost, depreciation charges for buildings and equipment, and other operating expenses that are attributable to cost of sales.

Applied policy of pension costs

Tony's Factory B.V. applies the liability approach to account for all pension schemes. The premium payable during the reporting year is recorded as an expense. The contributions are recorded as personnel costs from the date that they become payable. Prepaid contributions are reported as receivable if this results in a repayment or a reduction in future payments. Contributions that are not yet paid are included as a liability in the balance sheet. There are no obligations in addition to the contributions paid.

Foreign pension plans are designed and operate in a similar way to the local Dutch pension system. Recognition and measurement of liabilities arising from these pension schemes are carried out in accordance with the measurement of the Dutch pension schemes.

For foreign pension schemes which are not comparable with the way in which the Dutch pension system has been set up and operates, a best estimate is made of the obligation as at the balance sheet date.

Amortisation of intangible assets and depreciation of property, plant and equipment

Intangible fixed assets and tangible fixed assets are depreciated or amortized from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property and other tangible fixed assets. Land is not depreciated.

Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

Gains and losses from the occasional sale of property, plant or equipment are included in depreciation.

Amortisation of intangible assets

Intangible fixed assets are amortised from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to capitalised goodwill.

Future amortisation is adjusted if there is a change in estimated future useful life.

Depreciation of property, plant and equipment

Tangible fixed assets are depreciated from the date of initial use over the expected future economic life of the asset, while taking into account any applicable restrictions with respect to buildings, investment property, other tangible fixed assets. Land is not depreciated.

Future depreciation is adjusted if there is a change in estimated future useful life.

Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, the recognized transaction expenses for loans received are taken into consideration.

Exchange differences that arise from the settlement or translation of monetary items are recorded in the profit and loss account in the period in which they occur, unless hedge-accounting is applied.

Dividends to be received from participations and securities not carried at net asset value are recognized as soon as Tony's Factory B.V. has acquired the right to them.

Changes in the value of financial instruments recognized at fair value are recorded in the consolidated income statement.

Income tax expense

Tax on the result is calculated based on the result before tax in the consolidated income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs. Due account is also taken of changes which occur in the deferred tax assets and deferred tax liabilities in respect of changes in the applicable tax rate.

In the financial statements of group companies a tax charge is calculated on the basis of the accounting result. The corporate income tax that is due by these group companies is charged into the current accounts with Tony's Factory B.V.

Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement comprise cash at banks and in hand except for deposits with a maturity longer than three months. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities. The purchase consideration paid for the acquired group corporation has been recognised as cash used in investing activities where it was settled in cash. Any cash at banks and in hand in the acquired group corporation have been deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement. The value of the related asset and lease liability are disclosed in the notes to the balance sheet items. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2022

ASSETS

Fixed assets

1 Intangible assets

Movements in intangible fixed assets can be broken down as follows:

	Development costs	Goodwill	Website and software	Intangible assets in progress	Total
	€	€	€	€	€
Balance as at 1 October 2021					
Acquisition costs	445.015	7.481.706	3.469.623	233.930	11.630.274
Accumulated corrections	-	-	8.464	-	8.464
Accumulated amortization	(368.864)	(187.043)	(1.337.006)	-	(1.892.913)
Accumulated exchange differences	(2.783)	-	70	-	(2.713)
Book value as at 1 October 2021	<u>73.368</u>	<u>7.294.663</u>	<u>2.141.151</u>	<u>233.930</u>	<u>9.743.112</u>
Movements					
Additions and transfers	9.751	-	1.420.787	(154.406)	1.276.132
Exchange differences	(7.135)	-	(3.859)	-	(10.994)
Amortization	(50.717)	(374.085)	(825.146)	-	(1.249.948)
Balance movements	<u>(48.101)</u>	<u>(374.085)</u>	<u>591.782</u>	<u>(154.406)</u>	<u>15.190</u>
Balance as at 30 September 2022					
Acquisition costs	454.763	7.481.706	4.913.535	79.524	12.929.528
Accumulated amortization	(419.583)	(561.128)	(2.176.813)	-	(3.157.524)
Accumulated exchange differences	(9.913)	-	(3.789)	-	(13.702)
Book value as at 30 September 2022	<u>25.267</u>	<u>6.920.578</u>	<u>2.732.933</u>	<u>79.524</u>	<u>9.758.302</u>

There is an obligation to repair the rented office building in Amsterdam at the end of the lease term. The costs associated with this obligation has been estimated at € 73.000.

Intangible assets: Economic life

	Development costs	Goodwill	Website and software	Intangible assets
Amortisation rate	20,00	5,00	20,00	-

2 Property, plant and equipment

Movements in tangible fixed assets are broken down as follows:

	Renovations	Production equipment	Transportation	Other fixed assets	Assets under construction
	€	€	€	€	€
Balance as at 1 October 2021					
Acquisition costs	2.853.268	2.713.732	454.861	1.316.088	8.094
Accumulated revaluations	55.527	1.473.339	24.028	2.714	-
Accumulated depreciation	(1.442.838)	(1.432.486)	(224.374)	(629.368)	-
Accumulated exchange differences	(87)	-	1.673	502	-
Book value as at 1 October 2021	<u>1.465.870</u>	<u>2.754.585</u>	<u>256.188</u>	<u>689.936</u>	<u>8.094</u>
Movements					
Additions	356.967	2.198.683	54.735	530.341	399.468
Depreciation and amortisation	(525.902)	(685.046)	(105.335)	(279.829)	-
Exchange differences	(7.156)	462	(25.469)	(4.477)	-
Balance movements	<u>(176.091)</u>	<u>1.514.099</u>	<u>(76.069)</u>	<u>246.035</u>	<u>399.468</u>
Balance as at 30 September 2022					
Acquisition costs	3.415.246	8.208.146	558.431	1.887.226	407.562
Accumulated depreciation	(2.118.224)	(3.939.924)	(354.516)	(947.280)	-
Accumulated exchange differences	(7.243)	462	(23.796)	(3.975)	-
Book value as at 30 September 2022	<u>1.289.779</u>	<u>4.268.684</u>	<u>180.119</u>	<u>935.971</u>	<u>407.562</u>

	Total
	€
Balance as at 1 October 2021	
Acquisition costs	7.346.043
Accumulated revaluations	1.555.608
Accumulated depreciation	(3.729.066)
Accumulated exchange differences	2.088
Book value as at 1 October 2021	<u>5.174.673</u>
Movements	
Additions	3.540.194
Depreciation and amortisation	(1.596.112)
Exchange differences	(36.640)
Balance movements	<u>1.907.442</u>
Balance as at 30 September 2022	
Acquisition costs	14.476.611
Accumulated depreciation	(7.359.944)
Accumulated exchange differences	(34.552)
Book value as at 30 September 2022	<u>7.082.115</u>

The production equipment includes a machine which enables consumers to design and produce their own Tony's Chocolate bar, as well as the production and packaging lines from De Laet International N.V.. A financial lease was constructed for the financing of these machines. Other tangible fixed assets regards chocolate molds, bar dispensers and office furniture.

Property, plant and equipment: Economic life

	Renovations	Production equipment	Transporta- tion	Other fixed assets
Depreciation rate	20,00	20,00	20,00	20,00

Financial assets

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
3 Deferred tax assets		
Deferred tax assets	<u>3.081.852</u>	<u>2.358.815</u>

The deferred tax asset balance consists of assessed losses carried forward to the value of € 2,3 mln. The remainder of the balance consists of foreign exchange differences on inventories and unrealised results. The increase in the deferred tax assets is predominantly caused by the movements in foreign currency translation differences on unrealized profits.

Current assets

Inventories

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€

4 Raw materials and consumables

Stock at Main Location	35.805	-
Stock at De Laet Int.	<u>1.959.568</u>	<u>1.128.150</u>
	<u>1.995.373</u>	<u>1.128.150</u>

<u>30-09-2022</u>	<u>30-09-2021</u>
€	€

5 Finished goods

Finished products and goods for resale	<u>16.097.163</u>	<u>15.024.351</u>
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Receivables

6 Trade receivables

Trade receivables	16.151.752	17.499.751
Provision for doubtful debtors	<u>(58.343)</u>	<u>(110.343)</u>
	<u>16.093.409</u>	<u>17.389.408</u>

7 Other receivables, prepayments and accrued income

Other receivables, prepayments and accrued income	<u>7.436.782</u>	<u>3.949.780</u>
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The other amounts receivable balance include, amongst others, claims towards insurance companies. Prepaid expenses include € 2,1 mln (€ 1,3 mln 2020-2021) investments in premium cocoa inventory.

The full receivables balance is considered current and fall due within one year.

<u>30-09-2022</u>	<u>30-09-2021</u>
€	€

8 Cash and cash equivalents

Petty cash	150	2.640
Cash in transit	23.059	7.385
Cash equivalents	<u>11.713.936</u>	<u>26.527.787</u>
	<u>11.737.145</u>	<u>26.537.812</u>

The Cash and cash equivalents are freely available.

Cash equivalents are cash balance which are part of the cash pooling arrangement (see Note 14). From an operational perspective, the balances in the cash pool are netted. However, in accordance with the guidance of Dutch GAAP regarding offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis in our balance sheet (see Note 14).

EQUITY AND LIABILITIES

9 Group equity

The shareholders' equity is explained in the notes to the company-only balance sheet.

Long-term liabilities

10 Long-term liabilities

	Balance as at 30 September 2022	Repayment due one year	Remaining pay-back time > 1 year	Average interest percentage
	€	€	€	%
Loans	8.742.562	1.107.794	7.634.768	3,57

The fair value of long-term liabilities and loans approximate the carrying amount as at year end.

	30-09-2022 €	30-09-2021 €
11 Loans		
Loans contracted	6.499.997	7.166.665
Lease liabilities	1.134.771	515.549
	<u>7.634.768</u>	<u>7.682.214</u>

Loans contracted

The loans contracted balance consists of 2 loans entered into in the prior financial year. The terms of the continuing loans are:

- Loan 1: a 6 year long term loan of € 4,0 mln with an interest of 3,4% plus 3 months Euribor, maturing April 2027. Loan is repaid linearly.

- Loan 2: a 6 year long term loan of € 4,0 mln with an interest of 3,75% plus 3 months Euribor, maturing April 2027. Loan is repaid in a bullet payment at the end of the term.

Simultaneously, Tony's Factory B.V. bought 2 floating to fixed interest rate swaps for € 8,0 mln moving down to € 4,0 mln in which it receives a floating interest rate and pays a fixed rate and thereby effectively converting a floating interest rate on the term loan to a fixed interest rate. The duration of this hedge instrument is identical to the underlying term loan. This interest rate swap qualifies as a cash flow hedge since it protects against the variability in cash flows that are attributable to the floating interest rate risk on the term loan and that could affect profit or loss.

Tony's Factory B.V. is in compliance with all applicable banking covenants. One of the consequences of the improved EBITDA in the current financial year is that The Company now meets their banking covenant of € 3,0 million EBITDA. The guarantor cover test is not applicable for the current financial year. The Company is expected to continue to achieve these minimum requirements as continued international growth is projected.

	<u>2021 / 2022</u> €	<u>2020 / 2021</u> €
Loans		
Balance as at 1 October		
Principal amount	8.000.000	3.200.000
Cumulative repayments	<u>(166.667)</u>	<u>(3.200.000)</u>
Balance as at 1 October	<u>7.833.333</u>	<u>-</u>
Movements		
Increase	-	8.000.000
Repayment	<u>(666.668)</u>	<u>(166.667)</u>
Balance movements	<u>(666.668)</u>	<u>7.833.333</u>
Balance as at 30 September		
Principal amount	8.000.000	8.000.000
Cumulative repayments	(833.335)	(166.667)
Current portion	<u>(666.668)</u>	<u>(666.668)</u>
Balance as at 30 September	<u>6.499.997</u>	<u>7.166.665</u>

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
Lease liabilities		
Lease liabilities	<u>1.134.771</u>	<u>515.549</u>

A financial lease was constructed for the financing of a machine which enables consumers to design and produce their own Tony's Chocolatebar. The company is not the legal owner of the leased machine. The carrying amount of the leased machine as at year 30 September 2022 is approximately € 468.598. At the end of the initial lease term, Tony's Factory B.V. has the option to extend the lease by an additional 12 months or purchase the machine at an option price of € 84.826.

The production and packaging line of De Laet International N.V. is also financed through three individual financial leases. One of these leases matured during the current year and an additional lease contract was entered into by De Laet. The purpose of the new machine is for production of chocolate Tiny's. Tony's Factory B.V. has the option to purchase the leased asset for a nominal amount at the end of the contractual term.

	<u>2021 / 2022</u>	<u>2020 / 2021</u>
	€	€
Lease liabilities		
Balance as at 1 October		
Principal amount	1.483.430	781.095
Cumulative repayments	<u>(548.546)</u>	<u>(263.657)</u>
Balance as at 1 October	<u>934.884</u>	<u>517.438</u>
Movements		
Acquisition	1.070.659	702.335
Repayment	<u>(429.646)</u>	<u>(284.889)</u>
Balance movements	<u>641.013</u>	<u>417.446</u>
Balance as at 30 September		
Principal amount	2.554.089	1.483.430
Cumulative repayments	<u>(978.192)</u>	<u>(548.546)</u>
Current portion	<u>(441.126)</u>	<u>(419.335)</u>
Balance as at 30 September	<u>1.134.771</u>	<u>515.549</u>
Average interest percentage	0,94%	2,25%
Remaining terms	59 months	34 months

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
12 Other long-term liabilities		
Deferred consideration acquisitions	-	<u>1.500.000</u>

The deferred payments for the acquisition of 100% of the shares in Althaea N.V. and De Laet International N.V. exist of a short term liability of € 1.500.000 (2020/2021: € 1.500.000) and a long term liability of € 0 (2020/2021: € 1.500.000). The short term liability will be paid 1 year post closing, under the condition of a smooth transition of leadership. The first instalment of the deferred consideration was settled in June 2022 (see Note 15).

Deferred consideration acquisitions

	<u>Other long-term liability</u>
	€
Balance as at 1 October 2021	<u>1.500.000</u>
Movements	
Transferred to current liabilities	<u>(1.500.000)</u>
Balance movements	<u>(1.500.000)</u>
Balance as at 30 September 2022	<u>-</u>

Current liabilities and accruals

13 Current liabilities and accruals

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short term character.

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
14 Amounts owed to banks		
Bank overdraft	<u>15.013.883</u>	<u>18.964.224</u>

In 2019/2020, the Company implemented a cash pool system, allowing a more efficient management of the daily working capital needs for the participating operating entities. The settlement mechanism of the cash pool is provided by the Rabobank. The cash pool system exposes the Company to a single net amount with that financial counterparty rather than the gross amount of several current accounts and bank overdraft balances. From an operational perspective, the balances in the cash pool are netted.

However, in accordance with the guidance of Dutch GAAP regarding offsetting of debit and credit balances for financial reporting purposes, these balances have to be presented on a gross basis in our balance sheet (see Note 8).

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
15 Other liabilities and accrued expenses		
Other payables	75.490	181.032
Accrued expenses	8.469.044	10.116.967
Payable to Chocolonely Foundation	476.600	226.302
Giftcards	30.601	2.478
Subscription	-	19.787
	<u>9.051.735</u>	<u>10.546.566</u>

Other liabilities and accrued expenses are considered current and fall due within 12 months of balance sheet date. Accrued expenses include € 1.500.000 related to deferred acquisition costs.

Contingent assets and liabilities

Disclosure of off-balance sheet commitments

Tony's Factory B.V. currently has several bank guarantees to the total value of € 157.013.

Disclosure of contingent liabilities on behalf of group companies

Tony's Factory B.V. has issued a declaration of joint and several liability as referred to in Section 403, Book 2, of the Dutch Civil Code in respect of its consolidated subsidiaries. The declaration concerns Tony's Chocolonely Nederland B.V., Tony's Chocolonely Retail B.V., Tony's Chocolonely Beyond B.V., Tony's Chocolonely Homebase B.V., Tony's Team B.V., Tony's Chocolonely Publishing Company B.V., Tony's Chocolonely Bars B.V. and Tony's Chocolonely Open Chain B.V.

The company issues letters of support to provide sufficient funds to directly owned subsidiary undertakings as and when required.

Disclosure of contingent assets

The entity recognises off-balance sheet contingent assets to the value of € 244.475, related to an investment incentive in terms of the new office rental agreement in Amsterdam.

Disclosure of operating leases

The operating leases consist of occupied office property in golden markets and vehicles.

The obligations related to operating leases at the end of the reporting period can be specified as follows:

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
Minimal lease payments of operational leases with a maturity within one year	1.562.472	1.911.725
Minimal lease payments of operating leases with a maturity exceeding one year and within five years	<u>3.574.802</u>	<u>2.562.952</u>
Total of minimal lease payments of operating leases	<u><u>5.137.274</u></u>	<u><u>4.474.677</u></u>

NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR THE PERIOD 1-10-2021 UNTIL 30-9-2022

	1-10-2021 / 30-9-2022 €	1-10-2020 / 30-9-2021 €
16 Net Sales		
Turnover	<u>133.070.857</u>	<u>109.558.949</u>
Geographic segmentation turnover		
Turnover Netherlands	60.272.404	61.723.759
Turnover USA	22.232.507	14.159.419
Turnover UK	24.158.816	20.260.733
Turnover Germany	9.853.213	5.346.915
Turnover Austria	2.151.704	1.314.386
Turnover Belgium	3.668.837	1.326.166
Turnover Sweden	1.281.355	1.007.050
Turnover other EU	9.452.021	4.420.521
	<u>133.070.857</u>	<u>109.558.949</u>
17 Cost of sales		
Cost of sales	<u>66.319.578</u>	<u>58.920.226</u>
Cost of goods sold	64.145.281	56.725.216
Additional Tony's Premium	2.174.297	2.195.010
Total	<u>66.319.578</u>	<u>58.920.226</u>
18 Personnel expenses		
Wages and salaries	15.282.865	12.402.544
Social security charges and pensions cost	3.100.564	2.181.189
Other staff expenses	4.495.221	2.887.129
	<u>22.878.650</u>	<u>17.470.862</u>
19 Amortization and depreciation		
Amortization of intangible fixed assets	1.249.948	837.215
Depreciation of property, plant and equipment	1.593.083	1.370.010
	<u>2.843.031</u>	<u>2.207.225</u>
20 Impairment of current assets		
Impairment TCCC	<u>-</u>	<u>2.587.238</u>

1-10-2021 / 30-9-2022	1-10-2020 / 30-9-2021
€	€

21 Other operating expenses

Housing expenses	1.987.324	1.209.786
Selling expenses	23.648.562	18.852.912
Car expenses	650.709	396.051
Office expenses	1.535.714	1.310.399
General expenses	4.464.087	6.136.394
Logistic expenses	8.416.050	6.357.360
	<u>40.702.446</u>	<u>34.262.902</u>

Selling expenses

Marketing expenses	6.938.880	6.484.985
Representation expenses	547.445	147.346
Sales promotions	13.421.434	10.208.966
Other selling expenses	851.351	436.945
Fairtrade premium	581.044	483.444
Foundation premium	1.308.408	1.091.226
	<u>23.648.562</u>	<u>18.852.912</u>

Specification independent auditor fees

Audit of the financial statements	233.924	160.856
Other audit services	72.724	72.506
Tax services	67.279	90.419
Other non-audit services	129.751	149.246
Total	<u>503.678</u>	<u>473.027</u>

The fees listed above relate to the services rendered to the Company and its consolidated group entities by our independent auditor PricewaterhouseCoopers Accountants N.V. as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ('Wet toezicht accountantsorganisaties Wta'), including its affiliated tax and advisory groups.

These fees relate to the audit of the 2021/2022 financial statements, regardless of whether the work was performed during the financial year.

22 Other interest and similar income

Interest current account shareholders	-	919
Interest other receivables	-	1.338
Received bank interest	-	274
Exchange differences	206.224	-
	<u>206.224</u>	<u>2.531</u>

1-10-2021 / 30-9-2022	1-10-2020 / 30-9-2021
€	€

23 Interest and similar expenses

Interest current account shareholder	29	-
Interest other liabilities	47.185	-
Interest on bank loans	606.681	346.579
Exchange differences	-	26.558
	<u>653.895</u>	<u>373.137</u>

24 Income tax expense

Income tax expense from previous financial years	-	(572)
Income tax expense from current financial year	(203.079)	1.587.233
Total of income tax expense	<u>(203.079)</u>	<u>1.586.661</u>

Effective tax rate	73,60	25,34
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Income tax expense from current financial year

Income tax expense from current financial year fiscal unity NL	6.995	2.209.655
Income tax expense from current financial year US	(20.307)	(94.769)
Income tax expense from current financial year UK	(53.714)	(490.429)
Income tax expense from current financial year DE	53.275	141.001
Income tax expense from current financial year AT	41.359	143.680
Income tax expense from current financial year BE	175.319	(321.905)
Income tax expense from current financial year SE	152	-
Total	<u>203.079</u>	<u>1.587.233</u>

The effective tax rate differs from the previous year due to non deductible amounts and amortisation of goodwill.

The numerical reconciliation between the applicable and effective tax rate is as follows:

Effective tax rate

Profit according to the financial statements	275.941
CIT based on applicable rate of 25%	(68.985)
Tax non-deductible costs	(257.022)
Amortisation of goodwill	93.521
Profits from foreign operations	29.407
Corporate income tax payable	(203.079)

Effective tax rate 73,60%

Specification of related party transactions of importance and not taken under market conditions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of Tony's Factory B.V. are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Transactions with related parties which are outside the normal course of business include:

Chocolonely Foundation

Tony's Factory B.V. donates 1% of net revenue to the Chocolonely Foundation (Foundation premium). The Chocolonely Foundation finances projects that create pre-conditions that helps to eliminate slavery in the cocoa industry and increases consumer awareness on this topic. The Chocolonely Foundation has an independent board. The funding policy is that funds from Tony's Factory B.V. will only be transferred to the Chocolonely Foundation on specific payment request. Payment requests are based on project status reports approved by the Foundation board. In this manner cash stays within Tony's Factory B.V. up until approved payment request is received. Tony's Factory B.V. makes accruals for amounts owed to the Chocolonely Foundation. No interest is applicable.

A Genuine Brick Company B.V

A Genuine Brick Company B.V is owned by a shareholder with significant influence in Tony's Factory B.V.. In December 2021, Tony's Factory B.V. sold its share in De Vrede is Vast Goed B.V. to A Genuine Brick Company B.V.. The entity was sold at the fair value of nominal shares and is effective as of 14 December 2021.

A Genuine Chocolate Company B.V.

A Genuine Chocolate Company B.V. was the majority shareholder in Tony's Factory B.V. before a transfer of shares in December 2021. The result of the transaction was a transfer of the controlling interest to Verlinvest S.A. as well as a share buy back of 41.709 shares for an amount of € 1.075.501.

OTHER NOTES

Average number of employees

	<u>1-10-2021 /</u> <u>30-9-2022</u>	<u>1-10-2020 /</u> <u>30-9-2021</u>
Average number of employees over the period working in the Netherlands	130,00	118,00
Average number of employees over the period working outside the Netherlands	<u>89,00</u>	<u>37,00</u>
Average number of employees over the period	<u>219,00</u>	<u>155,00</u>

Remuneration of managing and supervisory directors

Remuneration of managing directors and former managing directors	502.011	540.109
Remuneration of supervisory directors and former supervisory directors	<u>120.000</u>	<u>120.000</u>
Remuneration of managing and supervisory directors	<u>622.011</u>	<u>660.109</u>

Disclosure of remuneration of managing and supervisory directors

The directors' remuneration includes management fees, salaries, holiday allowance, social premiums, pensions and bonus payments to the extent that they were charged to the Company and all subsidiaries of the Company.

The supervisory boards' remuneration includes supervisory fees to the extent that these items were charged to the Company and all subsidiaries of the Company.

Subsequent events

Subsequent events

The Company has evaluated events subsequent to 30 September 2022 to assess the need for potential recognition or disclosure in this report. Such events were evaluated through the date these financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or disclosure in the financial statements with the exception of the signing of an extension of credit facility (€ 15 mln) with The Company's bank.

COMPANY-ONLY FINANCIAL STATEMENTS

COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2022

(Before distribution of result)

ASSETS

		<u>30-09-2022</u>		<u>30-09-2021</u>	
		€	€	€	€
Fixed assets					
<i>Intangible assets</i>	25				
Development costs		212		4.858	
Goodwill		<u>6.920.578</u>		<u>7.294.663</u>	
		6.920.790		7.299.521	
<i>Financial assets</i>	26	<u>27.372.770</u>		<u>35.072.996</u>	
Total fixed assets		<u>34.293.560</u>		<u>42.372.517</u>	
Current assets					
<i>Receivables</i>	27				
Receivables from group companies	28	12.520.043		16.254.929	
Value added tax		22.050		19.095	
Deferred tax assets		-		173.018	
Other receivables, prepayments and accrued income	29	<u>63.872</u>		<u>414.497</u>	
		12.605.965		16.861.539	
<i>Derivative instrument</i>		746.450		(50.088)	
<i>Cash and cash equivalents</i>		<u>8.615</u>		<u>2.000.434</u>	
Total current assets		<u>13.361.030</u>		<u>18.811.885</u>	
Total assets		<u>47.654.590</u>		<u>61.184.402</u>	

EQUITY AND LIABILITIES

		<u>30-09-2022</u>		<u>30-09-2021</u>	
		€	€	€	€
Equity	<i>30</i>				
Issued share capital	<i>31</i>	47.088		48.248	
Share premium		25.790.762		28.866.997	
Statutory reserves		(103.479)		(58.870)	
Other reserves		(323.176)		3.442.125	
Undistributed profit for the year		<u>72.862</u>		<u>(4.673.449)</u>	
			25.484.057		27.625.051
Provisions					
Other provisions	<i>32</i>		13.289.959		20.531.032
Long-term liabilities					
Loans contracted		6.499.997		7.166.665	
Other long-term liabilities	<i>33</i>	<u>-</u>		<u>1.500.000</u>	
			6.499.997		8.666.665
Current liabilities and accruals	<i>34</i>				
Payables to banks		666.668		666.668	
Accounts payable		6.000		376	
Liabilities to group companies	<i>35</i>	100		100	
Payables relating to taxes and social security contributions	<i>36</i>	173.855		168.517	
Other liabilities and accrued expenses	<i>37</i>	<u>1.533.954</u>		<u>3.525.993</u>	
			2.380.577		4.361.654
Total equity and liabilities			<u><u>47.654.590</u></u>		<u><u>61.184.402</u></u>

**COMPANY-ONLY PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1-10-2021 UNTIL 30-9-2022**

	<u>1-10-2021 / 30-9-2022</u>		<u>1-10-2020 / 30-9-2021</u>	
	€	€	€	€
Result of participations	1.013.627		(3.426.742)	
Company result after taxes	<u>(940.765)</u>		<u>(1.246.707)</u>	
Net result after taxation		<u>72.862</u>		<u>(4.673.449)</u>

NOTES TO THE COMPANY-ONLY FINANCIAL STATEMENTS

General notes

Disclosure of mergers and acquisitions

As per 14 April 2021 Tony's Factory B.V. acquired 100% of the shares in Althaea N.V. and De Laet International N.V. situated in Borsbeek, Belgium. The equity purchase consideration amounts to € 16.250.000, consisting of € 13.250.000 at closing date and € 3.000.000 in deferred payments. The first deferred payment took place in June 2022 with the remaining € 1.500.000 consideration expected to be settled in June 2023.

The goodwill will be straight-line depreciated over 20 years.

As per 31 April 2022, management of the company decided to merge the activities of Althaea N.V. with De Laet International N.V., effective from 01 October 2021. The decision to merge Althaea N.V. with De Laet International N.V. is to more closely align the structure with the group activities and objectives. The financial statements are prepared on the basis that the merger has been effective for the full financial year and reflected accordingly.

General accounting principles

The accounting standards used to prepare the financial statements

The company-only financial statement is drawn up in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Board ('Raad voor de Jaarverslaggeving').

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with the accounting principles as disclosed below on this page.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement.

Section 402, Book 2 of the Dutch Civil Code

The consolidated financial statements include the profit and loss account of Tony's Factory B.V. Therefore, the company profit and loss account of Tony's Factory B.V. has been abbreviated in accordance with Article 402 of Book 2 of the Dutch Civil Code.

Accounting principles

Financial assets

Participations, over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

Financial assets (continued)

If the valuation of a participation based on the net asset value is negative, it will be stated at nil. If and insofar as Tony's Factory B.V. can be held fully or partially liable for the debts of the participation, or has the firm intention of enabling the participation to settle its debts, a provision is recognized for this.

Newly acquired participations are initially recognized on the basis of the fair value of their identifiable assets and liabilities at the acquisition date. For subsequent valuations, the principles that apply for these financial statements are used, with the values upon their initial recognition as the basis.

The amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the net result achieved by the participation is recognized in the company-only income statement.

Participations over which no significant influence can be exercised are valued at historical cost. The result represents the dividend declared in the reporting year, whereby dividend not distributed in cash is valued at fair value.

NOTES TO THE COMPANY-ONLY BALANCE SHEET AS AT 30 SEPTEMBER 2022

ASSETS

Fixed assets

25 Intangible assets

Movements in intangible fixed assets can be broken down as follows:

	Development costs	Goodwill	Total
	€	€	€
Book value as at 1 October 2021	4.858	7.294.663	7.299.521
Amortization	(4.646)	-	(4.646)
Amortization revaluations	-	(374.085)	(374.085)
Book value as at 30 September 2022	<u>212</u>	<u>6.920.578</u>	<u>6.920.790</u>

Intangible assets: Economic life

	Development costs	Intellectual property rights	Goodwill	Website and software
	20,00	20,00	5,00	20,00
Amortisation rate				
			<u>30-09-2022</u>	<u>30-09-2021</u>
			€	€

26 Financial assets

Participation in group companies	25.024.119	32.870.082
Deferred tax assets	<u>2.348.651</u>	<u>2.202.914</u>
	<u>27.372.770</u>	<u>35.072.996</u>

Financial assets

	Participation in group companies	Deferred tax assets	Total
	€	€	€
Balance as at 1 October 2021	32.870.082	2.202.914	35.072.996
Divestments	(3.929.326)	-	(3.929.326)
Addition	-	145.737	145.737
Result	1.031.627	-	1.031.627
Decrease in provision	(3.311.747)	-	(3.311.747)
Currency translation differences	(1.618.517)	-	(1.618.517)
Balance as at 30 September 2022	<u>25.024.119</u>	<u>2.348.651</u>	<u>27.372.770</u>

Disclosure of financial assets

Register of participations

Tony's Factory B.V. has direct interests in the following subsidiaries:

	Share in is- sued capital in %	Result latest adopted ac- counts €
Participation Tony's Chocolonely Nederland B.V., Amsterdam, the Netherlands	100,00	7.012.354
Participation Tony's Team B.V., Amsterdam, the Netherlands	100,00	-
Participation Tony's Chocolonely Publishing Company B.V., Amsterdam, the Netherlands	100,00	-
Participation Tony's Chocolonely Retail B.V., Amsterdam, the Netherlands	100,00	(145.913)
Participation De Vrede is Vast Goed B.V., Amsterdam, the Netherlands	-	57.011
Participation Tony's Chocolonely Bars B.V., Amsterdam, the Netherlands	100,00	4.474.675
Participation Tony's Chocolonely Beyond B.V., Amsterdam	100,00	583.113
Participation Tony's Chocolonely Homepage B.V., Amsterdam	100,00	(13.144.146)
Participation Tony's Chocolonely Open Chain B.V., Amsterdam	100,00	-
Participation Tony's Chocolonely Inc. , Portland (OR), USA	100,00	(225.401)
Participation Tony's Chocolonely Ltd., London, UK	100,00	(837.938)
Participation Tony's Chocolonely GmbH, Hamburg	100,00	668.542
Participation Tony's Chocolonely Austria GmbH, Salzburg	100,00	484.195
Participation Tony's Chocolonely Sweden AB, Stockholm	100,00	2.371
Participation De Laet International N.V., Borsbeek	100,00	2.051.892
Participation in group company Tony's Chocolonely Belgium B.V., Gent	100,00	32.872

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
Participation in group companies		
Participation Tony's Chocolonely Nederland B.V.	6.991.861	19.658.233
Participation Tony's Team B.V.	100	100
Participation Tony's Chocolonely Publishing Company B.V.	100	100
Participation Tony's Chocolonely Bars B.V.	3.682.159	-
Participation Tony's Chocolonely Beyond B.V.	583.113	5.441
Participation Tony's Chocolonely Inc.	987.593	1.145.821
Participation Tony's Chocolonely Ltd.	1.161.331	2.092.356
Participation Tony's Chocolonely GmbH	340.210	-
Participation Tony's Chocolonely Austria GmbH	87.858	-
Participation Tony's Chocolonely Sweden AB	11.999	-
Participation Althaea N.V.	-	1.666.876
Participation De Laet International N.V.	11.119.923	8.301.155
Participation in group company Tony's Chocolonely Belgium B.V.	57.872	-
	<u>25.024.119</u>	<u>32.870.082</u>
Deferred tax assets		
Deferred tax assets	<u>2.348.651</u>	<u>2.202.914</u>

Current assets

27 Receivables

Accounts receivable all have a remaining term to maturity of less than one year, unless stated otherwise. The fair value of the accounts receivable is close to the carrying amount, given the current nature of the accounts receivable and the fact that, where necessary, provisions for bad debt have been recognized.

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
28 Receivables from group companies		
Receivable from Tony's Chocolonely Nederland B.V.	-	16.254.929
Receivable from Tony's Chocolonely Homepage B.V.	<u>12.520.043</u>	<u>-</u>
	<u>12.520.043</u>	<u>16.254.929</u>

An interest rate of 4% (2020/2021: 4%) per annum applies to the average intercompany balances. In respect of repayment and securities provided, no agreements have been made in addition to the intercompany loan agreements.

29 Other receivables, prepayments and accrued income

Receivables from staff	-	209.132
Other amounts receivable	<u>63.872</u>	<u>205.365</u>
	<u>63.872</u>	<u>414.497</u>

EQUITY AND LIABILITIES

30 Equity

	Issued share capital	Share premium	Statutory reserves	Other reserve	Deferred tax liability
	€	€	€	€	€
Balance as at 1 October 2021	48.248	28.866.997	(58.870)	3.192.839	299.374
Result for the year	-	-	-	-	-
Appropriation of result	-	-	-	(4.673.449)	-
Addition in financial year	-	1.234.991	-	-	-
Issue of shares	1.049	-	-	-	-
Revaluation of hedging instrument	-	-	-	-	-
Share buyback in financial year	-	(4.311.226)	-	-	-
Release R&D reserve	-	-	(47.738)	47.738	-
Share buyback	(2.209)	-	-	-	-
Currency translation differences	-	-	3.129	63.872	-
Balance as at 30 September 2022	<u>47.088</u>	<u>25.790.762</u>	<u>(103.479)</u>	<u>(1.369.000)</u>	<u>299.374</u>

	Cash flow hedge reserve	Undistributed loss for the year	Total
	€	€	€
Balance as at 1 October 2021	(50.088)	(4.673.449)	27.625.051
Result for the year	-	72.862	72.862
Appropriation of result	-	4.673.449	-
Addition in financial year	-	-	1.234.991
Issue of shares	-	-	1.049
Revaluation of hedging instrument	796.538	-	796.538
Share buyback in financial year	-	-	(4.311.226)
Release R&D reserve	-	-	-
Share buyback	-	-	(2.209)
Currency translation differences	-	-	67.001
Balance as at 30 September 2022	<u>746.450</u>	<u>72.862</u>	<u>25.484.057</u>

Share premium movements are caused by:

- Issue of certificates of shares for the employee participation plan: STAK 'De Gouden Wikkkel' causes an increase of € 1.234.991.
- Buy back of certificates of shares of former participant of the employee participation plan: STAK 'De Gouden Wikkkel' causes a decrease of € 4.311.226.

Statement of the proposed appropriation of the result

The management of the company proposes to appropriate the result as follows:

The appropriation of profit for the period 1 October 2021 until 30 September 2022 in the amount of € 72.862 will be fully added to the other reserves.

This proposal needs to be determined by the General Meeting and has therefore not yet been processed in the annual accounts 1 October 2021 until 30 September 2022 for the company.

31 Issued share capital

The authorized share capital of Tony's Factory B.V. amounts to EUR 90.000, divided into 90.000 ordinary shares of EUR 1. Issued share capital consists of 47.088 ordinary shares.

Provisions

	<u>30-09-2022</u>	<u>30-09-2021</u>
	€	€
32 Other provisions		
Provision participations	<u>13.289.959</u>	<u>20.531.032</u>
Provision participations		
Provision participation Tony's Chocolonely Retail B.V.	145.813	2.706.540
Provision participation De Vrede is Vast Goed B.V.	-	3.929.326
Provision participation Tony's Chocolonely Bars B.V.	-	1.227.440
Provision participation Tony's Chocolonely Homepage B.V.	13.144.146	11.923.644
Provision participation Tony's Chocolonely GmbH	-	328.332
Provision participation Tony's Chocolonely Austria GmbH	-	396.337
Provision participation Tony's Chocolonely Sweden AB	-	19.413
	<u>13.289.959</u>	<u>20.531.032</u>

33 Other long-term liabilities

Deferred consideration acquisitions	<u>-</u>	<u>1.500.000</u>
-------------------------------------	----------	------------------

The deferred payments for the acquisition of 100% of the shares in Althaea N.V. and De Laet International N.V. exist of a short term liability of € 1.500.000 (2020/2021: € 1.500.000) and a long term liability of € 0 (2020/2021: € 1.500.000). The short term liability will be paid 1 year post closing, under the condition of a smooth transition of leadership. The first instalment of the deferred consideration was settled in June 2022. The second instalment of the deferred consideration is current and expected to be settled in June 2023.

Current liabilities and accruals

34 Current liabilities and accruals

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

35 Liabilities to group companies

Liability to Tony's Chocolonely Publishing Company B.V.

<u>30-09-2022</u>	<u>30-09-2021</u>
€	€
100	100

An interest rate of 4% (2020/2021: 4%) per annum applies to the average intercompany balances. In respect of repayment and securities provided, no agreements have been made in addition to the intercompany loan agreements.

36 Payables relating to taxes and social security contributions

Social security contributions

173.855	168.517
<u>30-09-2022</u>	<u>30-09-2021</u>
€	€

37 Other liabilities and accrued expenses

Other liabilities
Accrued expenses

-	1.953.488
1.533.954	1.572.505
<u>1.533.954</u>	<u>3.525.993</u>

NOTES TO THE COMPANY-ONLY INCOME STATEMENT FOR THE PERIOD 1-10-2021 UNTIL 30-9-2022

	1-10-2021 / 30-9-2022 €	1-10-2020 / 30-9-2021 €
Other operating expenses		
Other staff expenses	36.249	414.598
General expenses	-	434.912
	<u>36.249</u>	<u>849.510</u>
Financial income and expense		
Other interest and similar income	910	10.779
Interest and similar expenses	(278.970)	(188.595)
Currency translation differences	-	35
	<u>(278.060)</u>	<u>(177.781)</u>
Income tax expense		
Income tax expense from previous financial years	-	(572)
Income tax expense from current financial year	172.275	285.692
Total of income tax expense	<u>172.275</u>	<u>285.120</u>
Effective tax rate	15,57	18,65

The effective tax rate differs from the previous year due to non deductible amounts.

The numerical reconciliation between the applicable and effective tax rate is as follows:

Effective tax rate	
Profit according to the financial statements	(1.113.039)
CIT based on applicable rate of 25%	278.260
Tax non-deductible costs	(199.506)
Tax amortization of goodwill	93.521
Corporate income tax payable	172.275

Effective corporate tax rate 15,57%

Disclosure of fiscal unity for income tax

Tony's Factory B.V. forms an income tax group with Tony's Chocolonely Nederland B.V., Tony's Chocolonely Retail B.V., Tony's Chocolonely Beyond B.V., Tony's Chocolonely Homebase B.V., Tony's Team B.V., Tony's Chocolonely Publishing Company B.V. and Tony's Chocolonely Bars B.V. under the Tax Collection Act, the members of the tax group are jointly and severally liable for any taxes payable by the Group.

	1-10-2021 / 30-9-2022 €	1-10-2020 / 30-9-2021 €
Share in result of participations		
Result from Tony's Chocolonely Nederland B.V.	7.012.354	10.458.526
Result from Tony's Chocolonely Retail B.V.	(145.913)	(713.324)
Result from De Vrede is Vast Goed B.V.	57.011	(3.816.108)
Result from Tony's Chocolonely Bars B.V.	4.474.675	218.927
Result from Tony's Chocolonely Beyond B.V.	583.113	5.441
Result from Tony's Chocolonely Homepage B.V.	(13.144.146)	(11.923.644)
Result from Tony's Chocolonely Inc.	(225.401)	268.098
Result from Tony's Chocolonely Ltd.	(837.938)	1.961.718
Result from Tony's Chocolonely GmbH	668.542	(329.004)
Result from Tony's Chocolonely Austria GmbH	484.195	(431.337)
Result from Tony's Chocolonely Sweden AB	2.371	(21.875)
Result from Althaea N.V.	-	403.959
Result from De Laet International N.V.	2.051.892	491.881
Result from Tony's Chocolonely Belgium B.V.	32.872	-
	<u>1.013.627</u>	<u>(3.426.742)</u>

Specification of related party transactions of importance and not taken under market conditions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the company are considered to be a related party. In addition, statutory directors, other key management of Tony's Factory B.V. or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the required insight.

Transactions with related parties which are outside the normal course of business include:

Chocolonely Foundation

Tony's Factory B.V. donates 1% of net revenue to the Chocolonely Foundation (Foundation premium). The Chocolonely Foundation finances project that create pre-conditions that helps to eliminate slavery in the cocoa industry and increases consumer awareness on this topic. The Chocolonely Foundation has an independent board. The funding policy is that funds from Tony's Factory B.V. will only be transferred to the Chocolonely Foundation on specific payment request. Payment requests are based on project status reports approved by the Foundation board. In this manner cash stays within Tony's Factory B.V. up until approved payment request is received. Tony's Factory B.V. makes provisions for amounts owed to the Chocolonely Foundation. No interest is applicable.

A Genuine Brick Company B.V

A Genuine Brick Company B.V is owned by a shareholder with significant influence in Tony's Factory B.V.. In December 2021, Tony's Factory B.V. sold its share in De Vrede is Vast Goed B.V. to A Genuine Brick Company B.V.. The entity was sold at the fair value of nominal shares and is effective as of 14 December 2021.

A Genuine Chocolate Company B.V.

A Genuine Chocolate Company B.V. was the majority shareholder in Tony's Factory B.V. before a transfer of shares in December 2021. The result of the transaction was a transfer of the controlling interest to Verlinvest S.A. as well as a share buy back of 41.709 shares for an amount of € 1.075.501.

OTHER NOTES

Average number of employees

	<u>1-10-2021 / 30-9-2022</u>	<u>1-10-2020 / 30-9-2021</u>
Average number of employees over the period working in the Netherlands	-	-
Average number of employees over the period working outside the Netherlands	-	-
Average number of employees over the period	<u>-</u>	<u>-</u>

Amsterdam, 18 November 2022,
Tony's Factory B.V.

D.R. Lamont

J.H.A. Huij

P. Baltussen

Board of directors

E.P. Bras

J.W. Verloop

B.D.L. Black

A.R. Balon

R.W. Schuman

H.J. Beltman

A. Pfluger

Non-executive supervisory board

OTHER INFORMATION

Provisions of the Articles of Association relating to profit appropriation

According to article 18 of the company's Articles of Association, the profit is at the disposal of the General Meeting of Shareholders, which can allocate the profit wholly or partly to the general or specific reserve funds.

The company can only make payments to the shareholders and other parties entitled to the distributable profit for the amount the shareholders equity is greater than the paid up and called up part of the capital plus the legally required reserves.

INDEPENDENT AUDITOR'S REPORT

***Report on the audit of the financial statements 1 October 2021
until 30 September 2022***

***Description of responsibilities regarding the financial state-
ments***

Amsterdam,

Accountant



Independent auditor's report

To: the general meeting and the non-executive supervisory board of Tony's Factory B.V.

Report on the financial statements 2021/2022

Our opinion

In our opinion, the financial statements of Tony's Factory B.V. ('the Company') give a true and fair view of the financial position of the Company and the Group (the company together with its subsidiaries) as at 30 September 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2021/2022 of Tony's Factory B.V., Amsterdam. The financial statements comprise the consolidated financial statements of the Group and the company financial statements.

The financial statements comprise:

- the consolidated and company balance sheet as at 30 September 2022;
- the consolidated and company income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. We have further described our responsibilities under those standards in the section 'Our responsibilities for the audit of the financial statements' of our report.

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

2XRA4S3CHK6U-674919333-88

PricewaterhouseCoopers Accountants N.V., Thomas R. Malthusstraat 5, 1066 JR Amsterdam, P.O. Box 90357, 1006 BJ Amsterdam, the Netherlands

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Independence

We are independent of Tony's Factory B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Report on the other information included in the Annual FAIR Report

The financial report contains other information. This includes all information in the financial report in addition to the financial statements and our auditor's report thereon.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the directors' report and the other information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the directors' report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Responsibilities for the financial statements and the audit

Responsibilities of the board of directors

The board of directors is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements 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. The board of directors should disclose in the financial statements any event and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.



Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. 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 but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They 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 the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Amsterdam, 18 November 2022
PricewaterhouseCoopers Accountants N.V.

B.A.A. Verhoeven RA



Appendix to our auditor's report on the financial statements 2021/2022 of Tony's Factory B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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 intentional override of internal control.
- Obtaining 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors.
- Concluding on the appropriateness of the board of directors' use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company'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 and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the consolidated financial statements, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the Group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the Group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the Group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

We communicate with the board of directors 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.

WORD LIST

Here's a guide to our impactacular terminology:

BeanTracker is a software that guarantees our bean-to-bar traceability. Including origin, flow and quantities of all the beans in our bars.

Big Choco are the companies with the biggest market share in the chocolate industry. They can also be the biggest buyers and processors of cocoa.

Forced labor is “work that is performed involuntarily or under the threat of penalty.” (ILO Conventions 130).

The Farmgate price is paid to farmers in Ghana and Côte d'Ivoire for cocoa. Governments determine the amount for each season.

Human Rights and Environmental Due Diligence (HREDD) is a process companies should use to identify, prevent, mitigate and account for the impacts of their own or partners' activities (European Coalition for Corporate Justice).

Living income is the net annual income a household needs to afford a decent standard of living for all its members (Living Income Community of Practice).

Serious Friends actively contribute to our mission. They might share our story or attend events to educate themselves.

Partner co-ops/cooperatives are self-governing groups of people voluntarily united to meet common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise (International Cooperative Alliance).

Tony's additional premium is paid on top of the Fairtrade premium, according to the Living Income Reference Price benchmark.

Tony's brand tracker measures how much a representative group of Choco Fans knows about our brand and the sustainability issues in cocoa.

Child labor is work that deprives children of a childhood, their potential and their dignity. It's harmful to children's physical and mental development and interferes with their access to education (Ghanaian and Ivorian legislation in line with ILO Conventions 138 and 182).

When children over the age of 14 assist their parents on the farm with light work outside of school hours, that's legal and it's called **child work**. (ILO Conventions 138 Article 7).

Certification sets the standard for practices and performance. Including social, environmental and economic aspects of sustainability. A standard should be complemented by a certification program to guarantee compliance (ISEAL).

Child Labor Monitoring and Remediation System (CLMRS) is embedded in a company's supply chain that identifies, addresses and prevents child labor (International Cocoa Initiative).

The Fairtrade premium is an extra \$240 per tonne – paid on top of the Farmgate price – that farmers or workers invest in projects of their choosing (FLOCERT).

Couverture is liquid chocolate. It's made of cocoa with added sugar and cocoa butter (and milk powder for milk chocolate).

Choco Fans are people who buy and love chocolate.

The Living Income Reference Price (LIRP) is what's needed for an average farming household to make a living income from selling their crop (Fairtrade).

Mass balance is the Fairtrade practice of requiring certified companies to prove that their output sold as Fairtrade matches their input sourced as Fairtrade (FLOCERT).

Modern slavery is an umbrella term that is not defined in international law. It includes the most severe forms of exploitation, such as: forced and child marriage, debt bondage, forced labor, forced sexual exploitation of adults and commercial sexual exploitation of children, human trafficking and organ trafficking.

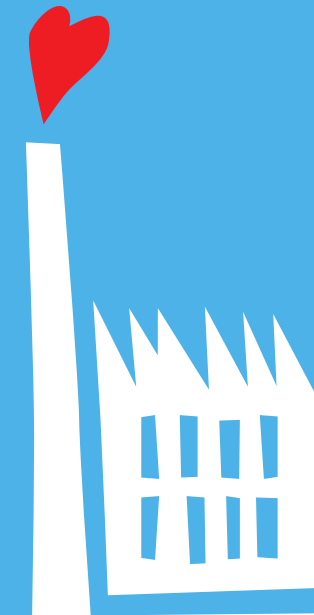
Tony's roadmap is our strategy for achieving our mission. The roadmap consists of 3 pillars for changing the cocoa industry.

Tony's Open Chain is a collaborative initiative that enables companies to exceed sustainability targets and transform their cocoa supply chain.

Tony's 5 Sourcing Principles are an integrated approach that aims to end structural poverty at the very beginning of the supply chain.

The pages of this annual FAIR report are 100% post-consumer recycled paper. That means they are environmentally friendly and have an FSC® recycled certification, the EU Ecolabel and an option for CO2-neutral production. Nautilus Classic has also been awarded the Blue Angel label.
Printed on Nautilus, For the Love of Nature

Also this report's cover is made of uncoated, FSC-certified recycled paper. No china clay or chalk was used, and all materials are 100% recyclable. And if the paper feels extra familiar to you.. that's because our chocolate bars are wrapped in the same stuff.



Just like our chocolate, Tony's printed materials are made fair. DRDV Media Services, our sustainable printing partner, makes sure of it. They use non-alcoholic and plant-based inks, and all operations are climate neutral & environmentally friendly.

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