LINDT & SPRÜNGLI

Annual Report
2021

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

Credo

We are an international group and are recognized as a leader in the market for premium quality chocolate.

We strive for excellence to maximize worldwide market opportunities. We thoroughly understand our consumers, their habits, needs, behavior, and attitudes. This understanding serves as the base to create products and services of superior quality and value. We will never make concessions that compromise our quality of product, packaging, and execution.

Our working environment attracts and retains the best people.

We encourage, recognize, and reward individual innovation, personal initiative, and leadership of people throughout the organization. Respect of personal individuality, trust, and fair play characterize our working relationships. Teamwork across all disciplines, business segments, and geographies is a corporate requirement to create a seamless company of people who support all others for mutual success. We will develop professionals and facilitate communication and understanding across all disciplines.

Our partnership with our consumers, customers, and suppliers is mutually rewarding and prosperous.

An in-depth understanding of our consumers' needs and our customers' and suppliers' objectives and strategies enables us to build a mutually rewarding and long-lasting partnership.

We want to be recognized as a company which cares for the environment and the communities we live and work in.

Environmental concerns play an ever-increasing role in our decision making process. We respect and feel responsible for the needs of the communities in which we live.

The successful pursuit of our commitments guarantees our shareholders an attractive long-term investment and the independence of our company.

We wish to remain in control of our destiny. Independence through superior performance will allow us to maintain this control.

Key Financial Data

Income Statement

		2021	2020	Change in %
Sales	CHF million	4,585.5	4,016.8	14.2
EBITDA	CHF million	921.5	696.1	32.4
in % of sales	%	20.1	17.4	
EBIT	CHF million	644.9	420.3	53.4
in % of sales	%	14.1	10.5	
Net income	CHF million	490.5	320.1	53.2
in % of sales	%	10.7	8.0	

Balance Sheet

		2021	2020	Change in %
Total assets	CHF million	8,956.1	8,051.0	11.2
Current assets	CHF million	3,024.8	2,953.9	2.4
in % of total assets	%	33.8	36.7	
Non-current assets	CHF million	5,931.3	5,097.1	16.4
in % of total assets	%	66.2	63.3	
Non-current liabilities	CHF million	2,246.8	2,164.4	3.8
in % of total assets	%	25.1	26.9	
Shareholders' equity	CHF million	5,223.6	4,606.3	13.4
in % of total assets	%	58.3	57.2	

Cash Flow

		2021	2020	Change in %
Operating cash flow	CHF million	826.8	787.6	5.0
in % of sales	%	18.0	19.6	
CAPEX in PPE / intangible assets / right-of-use assets [1]	CHF million	240.8	249.1	–3.3
in % of operating cash flow	%	29.1	31.6	

1 The position "CAPEX in right-of-use assets" consists of payments made before lease inception, which are disclosed within the cash flow from investment activities.

Employees

		2021	2020	Change in %
Average number of employees		14,135	13,557	4.3
Sales per employee	TCHF	324.4	296.3	9.5

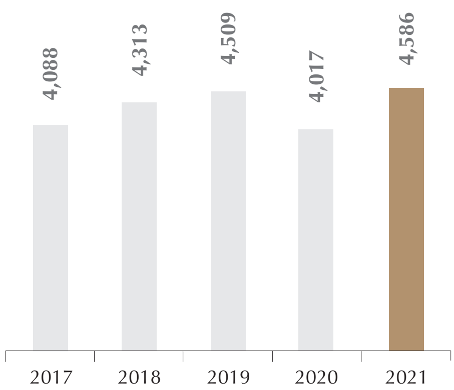
Data per share

		2021	2020	Change in %
Non-diluted earnings per share/10 PC [1]	CHF	2,049	1,333	53.7
Operating cash flow per share/10 PC [1]	CHF	3,453	3,264	5.8
Dividend per share/10 PC	CHF	1,200[2]	1,100	9.1
Payout ratio	%	59.3	82.5	
Shareholders' equity per share/10 PC	CHF	21,818	19,088	14.3
Price registered share at December 31	CHF	122,200	88,400	38.2
Price participation certificate at December 31	CHF	12,630	8,630	46.3
Market capitalization at December 31	CHF million	30,035.2	20,993.8	43.1

1 Based on weighted average number of registered shares/10 participation certificates.
2 Proposal of the Board of Directors.

Sales

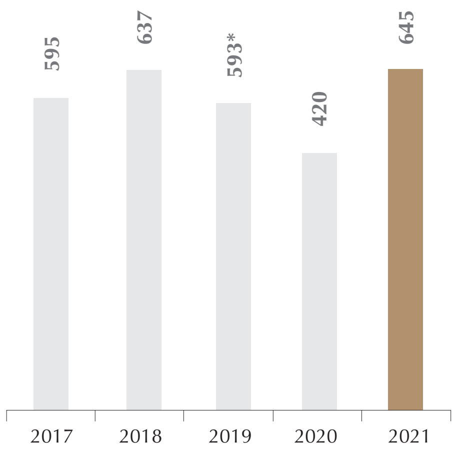
(CHF million)



organic growth: 3.7% 5.1% 6.1% –6.1% 13.3%

Operating profit (EBIT)

(CHF million)



in % of sales: 14.6% 14.8% 13.2% 10.5% 14.1%

* Includes one-off effects of CHF 81.6 million. Without these effects the EBIT amounts to CHF 674.6 million and the EBIT margin to 15.0%.

Content

Our Reports are available online:

Annual Report:
https://www.reports.lindt-spruengli.com/annual-report-2021

Sustainability Report available as of June 2022
https://www.lindt-spruengli.com/sustainability/reports

Letter to Shareholders 2021

Dear Shareholders

The Lindt & Sprüngli Group remains on track for continuous success and looks back on a very positive financial year 2021. Increases in market share in all key markets, combined with high levels of profitability, contributed to growth. Group sales of Chocoladefabriken Lindt & Sprüngli AG increased to CHF 4.59 billion, equating to remarkable growth in Swiss Francs of 14.2% and organic growth of 13.3%. We have once again benefited from the strength of our business model and our solid financial base. The significant improvement in sales was driven by a wide range of trends, which varied between market regions, but some of which proved to be consistent across the globe: digital sales channels – whether operated directly by us or by our business partners – continue to grow in importance. We are very proud that our leading product line Lindor, in particular, once again recorded very pleasing sales growth. This year's success is to a very large extent due to our around 14,000 employees worldwide. Once again, they have demonstrated their innovative strength, adaptability and tremendous dedication by continually coming up with new solutions to the constantly changing challenges. Thanks to this we have succeeded in achieving disproportionate gains in an expanding overall market. Lindt & Sprüngli sales have increased in all our markets, and we have therefore been able to continue expanding our market shares in all major countries.

Based on the trends described above, as well as on increased investments in advertising and adaptation to changing consumer needs and distribution channels, Chocoladefabriken Lindt & Sprüngli AG achieved sales growth in Swiss francs of 14.2% to CHF 4.59 billion (previous year: CHF 4.02 billion), which equates to organic growth of 13.3%. The operating profit (EBIT) was CHF 644.9 million, representing an EBIT margin of 14.1% (previous year: CHF 420.3 million and 10.5%). These results are remarkable because the sales gap which occurred in the pandemic year 2020 was not only closed, but Lindt & Sprüngli outperformed the good results from 2019, the year before the pandemic, organically by 6.4% . This underlines the performance of the company and its employees, who in a challenging business environment did not content themselves with merely making up for lost sales but generated additional growth. This resulted in a net income for the financial year 2021 of CHF 490.5 million (previous year: CHF 320.1 million), with a return on sales of 10.7%. The free cash flow amounted to CHF 586.0 million, enabling us to achieve a cash flow margin of 12.8%. In 2021, the Swiss franc depreciated against many major currencies. This resulted in a positive currency translation effect of 0.4%. As at December 31, 2021, total assets amounted to CHF 8.956 billion (previous year: CHF 8.051 billion) and the equity ratio was 58.3%, showing that Lindt & Sprüngli continues to be very solidly financed.

Based on the encouraging trend in sales and earnings, we feel justified in making an attractive payout, allowing our shareholders again to participate in the company's success. The Board of Directors is therefore proposing to the 124th Annual General Meeting scheduled for April 28, 2022, a higher payout than last year, of CHF 1,200 per registered share and CHF 120 per participation certificate. Due to the high liquidity, the strong balance sheet and the continuously high cash flow, the Board of Directors furthermore has decided to launch a buyback program for Lindt & Sprüngli registered shares and participation certificates in the amount of CHF 750 million. The buyback has been running since June 1, 2021, and by December 31, 2021, securities with an equivalent value of CHF 444.8 million had been bought back, which equates

Ernst Tanner, Executive Chairman of the Board of Directors, and **Dr Dieter Weisskopf,** CEO Lindt & Sprüngli Group, at the Lindt & Sprüngli headquarters in Kilchberg, Switzerland.

to 1.75% of the outstanding registered shares and participation certificates. The buyback program operates via a separate trading line on the SIX Swiss Exchange AG and will continue until December 31, 2022 at the latest.

The positive Group results are driven by the results in all segments, as all three business regions have achieved good double-digit growth.

In the "Europe" segment, organic growth was at 13.8%. Sales of CHF 2.33 billion (previous year: CHF 2.01 billion) were achieved, with Germany, France and the UK remaining the strongest markets in terms of sales. Particularly striking was the exceptional organic growth of 18.2% in the UK. There, the strongest growth was seen in sales of Lindor gift lines and items which are given as gifts or enjoyed together on festive occasions. In addition, we have noticed that existing trends have continued to accelerate. Furthermore, we are seeing stronger sales in online business and of products which are typically consumed at home or given as gifts, most notably Lindor truffles. In Switzerland, Lindt products were listed for the first time at the country's two largest retailers. This, together with other improvements, compensated for the continued decline in tourism retail sales.

Organic growth in the "North America" segment was 10.7%, with sales increasing to CHF 1.69 billion (previous year: CHF 1.54 billion). In the USA, Lindt & Sprüngli grew faster than the overall market, thereby once again increasing its market share in the world's most important chocolate market. As a result, we maintained our positions as the number 1 supplier of premium chocolate products and the number 3 supplier in the overall market. The Lindt and Ghirardelli brands were the main drivers of this growth in both the retail trade and especially online channels. The latter include our own e-shops, internet marketplaces, and the digital sales activities of our trade partners.

In the "Rest of the World" segment, organic sales growth was strongest at 19.7%, reaching sales of CHF 568 million (previous year: CHF 469 million). Markets such as China, Japan, Brazil, Australia, and South Africa continue to show great sales potential and recorded particularly good growth. In addition, our subsidiary in Brazil took over our joint venture partner's minority stake at the beginning of the year, which will allow it to operate even more effectively in the future. Additionally, smaller markets around the world operating via distributors recovered also very well. Despite the massive impact of lockdowns, modest growth was achieved in Australia and New Zealand, the region with the strongest sales in this segment.

Our direct sales to consumer business with our own shops – "Global Retail" – achieved a significant double-digit increase compared to a difficult previous year. Due to ongoing lockdowns and a continued lack of footfall at key tourist locations, 2019 sales levels have almost been reached. Our "Direct-to-Customer" initiative, which started with the development of our own shops, now serves consumers via a wide range of channels. First and foremost are our Lindt Shops, but new concepts such as our own e-commerce shops and our retail partners' online marketplaces, as well as corporate gifting, teleshopping, and delivery apps, have also increased in importance over the last few years. This omni-channel strategy is designed to provide a seamless consumer experience at all touchpoints.

The pandemic triggered sharp fluctuations in the markets for raw materials and intermediate products. This volatility hit many industries hard and led to disruptions and even production interruptions. Despite this volatility, Lindt & Sprüngli succeeded in securing the supply of raw and packaging materials to most of its production sites in 2021, thanks to forward planning coupled with the ability to adapt quickly. Due to the increasing global demand for materials, Lindt & Sprüngli also faced rising costs in the financial year 2021. In particular, the prices of sugar, milk products, almonds, and various vegetable fats rose significantly. The cost of hazelnuts, cocoa beans, and cocoa butter, by contrast, changed only slightly. There have been steep increases in the cost of packaging materials, in particular aluminum, plastic, and corrugated cardboard, which will continue in 2022.

In the last financial year, we not only achieved good financial results, but also made further progress in terms of sustainability. For the 2020/21 cocoa season, we achieved our goal of 100% traceability of our cocoa beans. This third-party-verified traceable supply chain represents another important milestone for our Lindt & Sprüngli Farming Program (www.farming-program.com). The traceability of this key raw material is one of the most important elements of our “Bean to Bar” approach. In this way, Lindt & Sprüngli takes responsibility for the entire value chain, from the bean to the chocolate bar.

Besides the raw materials, we also attach great importance to the sustainability of our packaging. Today, it is no longer enough for packaging simply preserving the quality of our product all the way to our consumers and to be aesthetically pleasing. We also require it to be recyclable and not to pollute the environment. The aim is therefore that by 2025 our packaging, including the plastics, will be 100% recyclable or reusable. In addition, all cellulose and paper packaging will be procured from a certified sustainable source.

In 2020, we achieved our five-year target for the third major aspect of our sustainability efforts, the reduction of greenhouse gases: the emission of greenhouse gases in our production processes per ton of chocolate produced has been reduced by more than 20% compared to the base year 2015. However, this is just an important first step. In 2021, Lindt & Sprüngli has committed itself to setting measurable targets in order to achieve net zero emissions in the long term. We are currently concentrating on determining our carbon footprint along the entire value chain. In 2022, we will use the resulting data to draw up our strategy, and in 2023, we will publish our science-based targets for reducing greenhouse gas emissions. In future, the targets set will be reviewed and published annually.

Lindt & Sprüngli was only able to achieve such success in yet another challenging year, because our employees worked together to do everything in their power to consistently fulfill our quality promise. Despite all the challenges, we did not make any compromises in terms of quality but continued to accomplish and live up to our company’s purpose “We echant the world with chocolate”. Read more about this topic on page 59 of this report.

"Lindt & Sprüngli again achieved very good results in 2021. We owe this success mainly to our global teams, who implement, live and exemplify our corporate purpose 'We enchant the world with chocolate' every day. They have acted in an entrepreneurial manner with tireless dedication and have taken on great responsibility. With a lot of passion, new solutions were found together again and again. In doing so, our most valuable asset – the quality of our products – could be maintained at all times and without compromise." Dr Dieter Weisskopf, CEO Lindt & Sprüngli Group

As in the previous year, we would like to express our sincere thanks to our employees: they have all demonstrated a high degree of flexibility and creativity in helping the company cope with the pandemic crisis. In the process, employees accepted adjustments in personal areas of their lives, worked from home with only virtual contact, or had to continue working in our plants under protective measures that made their jobs more difficult. Thanks to this amazing dedication, they not only kept production and distribution running, but made the economic success of 2021 possible. It is only because of our employees that we can once again enchant the world with chocolate. We would therefore like to say a big thank you to all of them.

"The focused assignment of our talents and our expertise in developing, manufacturing and marketing our products have made us the world's number 1 in the premium chocolate market." Ernst Tanner, President of the Lindt Chocolate Competence Foundation and Executive Chairman of the Board of Directors of the Lindt & Sprüngli Group

Over the past year, Lindt & Sprüngli has emphatically demonstrated the ability of our business model to overcome the challenges posed by public health interventions and supply chain bottlenecks. In future, of course, we hope that we will all gradually be able to resume our normal daily lives. That is what we are basing our plans on, but at the same time we are holding on to the skills which brought us success in 2021.

For 2022, an organic sales growth at the upper end of the bandwidth of 6–8% and an operating profit margin of 15% are expected. In the mid- to long-term, we expect organic sales growth of 6–8% (previously 5–7%) with a continuous improvement of the operating profit margin of 20–40 basis points per year. In the future, as in the past financial year, we plan to continue to grow at a rate above the market average and to increase our market share, assuming good global growth in the premium chocolate segment.

Valued shareholders, we thank you for your continued support in another very challenging year and for the trust you have placed in us. We wish you, our consumers, business partners, suppliers, and employees the best of health in the coming year.

Ernst Tanner
Executive Chairman of the Board of Directors

Dr Dieter Weisskopf
CEO Lindt & Sprüngli Group

Europe
North America
Rest of the World

Markets

Lindt & Sprüngli Group

CHF 4.59 billion

Sales 2021

North America

CHF 1.69 billion

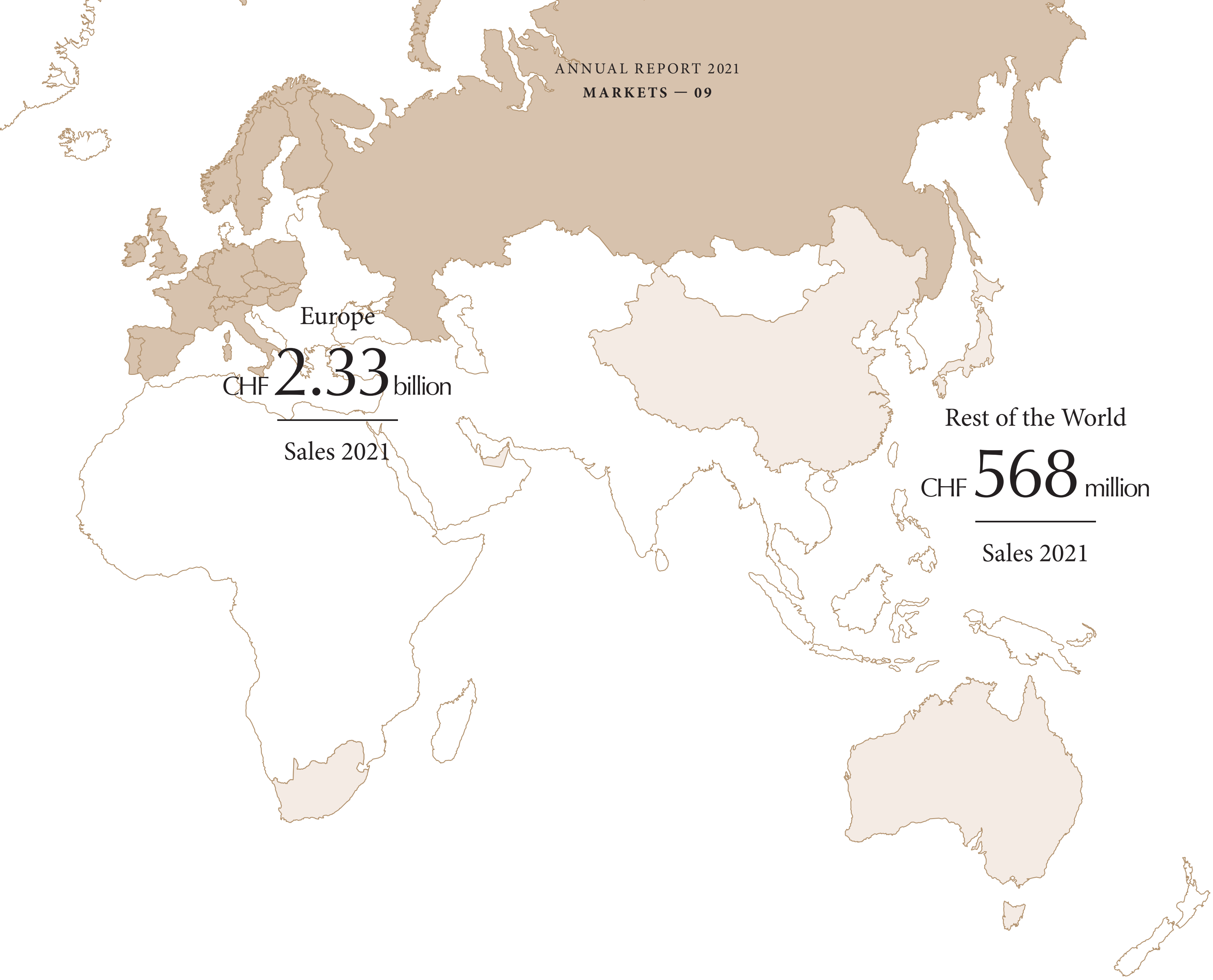
Sales 2021

In 2021, with double-digit growth taking total sales to around CHF 4.59 billion, the Lindt & Sprüngli Group achieved very good financial results, surpassing even the financial year 2019. These results show how effectively the company has adapted to the evolving needs of consumers and their transformation which has been accelerated further by the pandemic.

The 2021 financial year – despite continuing uncertainties relating to the pandemic, as in the previous year – turned out to be a very good one for Lindt & Sprüngli in all markets. Lindt & Sprüngli achieved Group sales of CHF 4.59 billion, equating to organic growth of 13.3%, to which all regions and areas of business contributed.

In 2021, the markets recovered from the previous year's levels. This was partly due to the fact that in times when precautionary measures meant that people had to follow lockdown restrictions, chocolate was appreciated around the globe as comfort food to enjoy at home. The growth in sales resulted partially from catch-up effects which accompanied the reopening of bricks-and-mortar retail. In addition, more opportunities for social contact and festive occasions such as Easter and Christmas were celebrated as usual which led to an increase for gifting items. Above all the Lindor product line benefited from this effect.

The online channels recorded continued growth last year. Particularly in countries where bricks-and-mortar retail was still hemmed in by restrictions, purchases in the virtual realm often more than compensated for the decline in the physical retail trade. Thanks to our omni-channel approach, Lindt & Sprüngli was well prepared for this. With our own e-shops, our presence on digital marketplaces, joint ventures with the online channels of large supermarkets, apps and collaboration with quick-commerce suppliers, we provide a multitude of touchpoints which offer consumers a largely seamless shopping experience. The advantage that Lindt & Sprüngli choco-



lates are always just one click away simplifies the purchasing process, and this is reflected in the sales figures for our markets.

In this market environment, we have once again been able to strengthen our market position in many countries and to gain market share. Numerous new developments, first and foremost in the Lindor and Excellence product lines, contributed to this positive trend.

Lindt & Sprüngli is one of the few global chocolate manufacturers to produce chocolate products from bean to bar, and to do so it needs high-quality raw materials and packaging materials. Despite the high price volatility on the market and challenges in the supply chain, Lindt & Sprüngli managed to ensure the supply of raw materials to almost all production sites in 2021. We also faced rising costs, with the prices for sugar, milk products, almonds and various vegetable fats increasing significantly. The cost of hazelnuts, cocoa beans and cocoa butter, by contrast, changed only slightly. In the area of packaging materials, there have been steep cost increases, in particular for aluminum, plastic and corrugated cardboard, and these will continue in 2022.

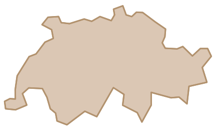
Despite the positive business trend in 2021, we do not believe that the economic impact of the pandemic has yet been completely overcome. However, the results show that Lindt & Sprüngli adjusted so well to the more complex conditions. Thus, it was able not only to offset the sales lost due to the pandemic, but to overcompensate for them. In the future we will continue to react quickly and flexibly to further developments.

CHF 2.33 billion

Sales 2021

Europe

In “Europe”, our largest segment, Lindt & Sprüngli achieved sales of CHF 2.33 billion and organic growth of 13.8%. Germany, France and the UK remain the strongest markets, with the UK seeing growth and significant gains in market share which went against the general market trend.



Switzerland

Lindt & Sprüngli (Schweiz) AG

354 million CHF
Sales including exports (duty-free & distributors)
+18.5% growth

Lindt Switzerland, under which the sales of duty-free shops and distributors are also posted, increased its sales by 18.5% to CHF 354 million in 2021. One new retail customer merits particular mention: as of 2021, Lindt products have been on the shelves in all Migros stores. As a result, Lindt is the new number 1 chocolate brand in Switzerland. Lindt products are now on sale in the country's two largest retailers, among them above all Lindor, the number 1 in the praliné segment. New flavor variants such as hazelnut and double chocolate, together with intensified social media activities, have contributed to the increase in Lindor's market share. Excellence bars are still the market leader in the dark chocolate bar segment. Additionally, the launch of Lindt Squares has been a great success. This premium segment chocolate snack is designed to attract a younger target group. Switzerland introduced a marketing innovation with resounding success on the online channel: consumers had the opportunity to personalize the traditional Gold Bunny or an entire chocolate gift basket by adding a name. These and other activities supported Easter sales to reach a new all-time high. Our Lindt Shops recorded improved results despite at some locations we are still feeling the absence of tourists. The Lindt & Sprüngli Group responded to the encouraging increase in sales in Switzerland and in the European markets by expanding production capacity at the Olten site by 50%. Between 2021 and 2024, we will be investing CHF 74 million in the Lindt Cocoa Center, a clear commitment to Switzerland as a business location.

Details of our travel retail business sales and of sales via distributors can be found on page 24.

Germany

Chocoladefabriken
Lindt & Sprüngli GmbH

692 million EUR
Sales
+11.0% growth

The German market achieved organic sales growth of 11.0% to EUR 692 million. Market share grew across the board in all product groups, with the result that Lindt is now number 1 in the praliné market for the first time. The products most in demand among German consumers were the Mini Pralinés, the popular Gold Bunny and the Lindor brand, which was also named top brand of the year 2021 by a jury of experts. The new "Hello Vegan" range, a product line made from purely plant-based ingredients, received further awards. In the German market, the brand Excellence again achieved increased growth, with "Excellence Cacao Pur" at the forefront. This new product, made from 100% cocoa fruit, outperformed almost all other Excellence bar variants on our own sales platforms. Together with our Lindt Master Chocolatier, we offered consumers a 60-minute webinar in which the Master – like a sommelier for wines – explained the flavor nuances and proposed perfect pairings with other foods. Besides other effects, this also contributed toward the positive growth exhibited by online retail. Looking at seasonal results, Easter and Christmas business went well thanks to a number of new products. For example, at Easter the Gold Bunny was also available in white chocolate with strawberry pieces.

France

Lindt & Sprüngli SAS

398 million EUR
Sales
+6.0% growth

In the French market, Lindt & Sprüngli achieved sales of EUR 398 million, representing growth of 6.0%. This was mainly due to the general recovery of the market after the lockdowns, strong growth in sales of chocolate bars and the Christmas business. A variety of marketing activities and new product formats also played an important part. New packaging designs and advertising measures positioned the key brand Lindor – which had previously been seen primarily as a Christmas product – increasingly as an Easter gift. Despite challenging conditions, we succeeded to open two new bricks-and-mortar Lindt Shops in France. As a result, we now operate 25 own shops, where new exclusive products are offered. The new shop-in-shop initiative with our partner BHV Marais, a major Parisian department store, has taken the brand experience to a new level. For seven weeks, Lindt Master Chocolatiers showcased their art of chocolate on-site, directly linking the brand experience with the occasion to purchase. It was a great success: according to estimates, we had 1.8 million visitors, and the event was further leveraged on our social media channels.

Italy

Lindt & Sprüngli S.p.A. &
Lindt & Sprüngli Retail S.r.l.
& Caffarel S.p.A.

260 million EUR
Sales
+30.9% growth

In Italy, Lindt & Sprüngli achieved sales of EUR 260 million, which equates to significant organic growth of 30.9%. Lindt consolidated its position as market leader in the premium segment in Italy, recording growth in the key products Lindor and Excellence. Easter business, which in the previous year had been severely affected by the pandemic, saw a significant recovery. In the praliné segment, Lindor Double Chocolate was particularly well received, but sales of bar products also rose. Thanks to Lindor, Lindt & Sprüngli is now the market leader in the praliné segment for the first time and overall number 2 in the chocolate market in Italy.

The Lindt brand achieved a worldwide unique success in terms of TV coverage. In collaboration with the fast-growing television broadcaster TV8, we succeeded in getting the Lindt brand involved in two of the most important TV trends of recent years: cooking and casting shows. In the TV show "Maître Chocolatier – Talenti in sfida", ten participants battled to join our Italian team as a "Lindt Master Chocolatier". Over five episodes, the participants faced a variety of challenges on the theme of chocolate. The TV event was accompanied by a variety of promotional activities, such as a "Talent Show Celebration Box", containing all the products that appeared in the program.

Our position in the Italian market region will change in the coming months. During the past financial year, we took over the retail shops of a former sales partner and integrated them into our own retail structure. This will give the brand increased visibility at prime locations. As announced in September, the Caffarel brand will be organizationally integrated within the Italian market organization. Its strong local roots will enable us to achieve synergies, releasing resources for other innovations.


Lindt
EXCELLENCE
CACAO PUR
ALLES AUS DER CACAO-FRUCHT
OHNE weitere Zutaten
18% aus dem Cacao-Fruchtfleisch
Lindt
82% aus der Cacao-Bohne
82 % CACAO
Edelbitter Cacao Pur – mit feinen Nuancen
und exotischer Säure der Cacao-Frucht


Lindt
NUXOR
GIANDUJA
FEINHERB
FEINHERBE GIANDUJA-CHOCOLADE
MIT GANZEN, GERÖSTETEN HASELNÜSS
Lindt
NUXOR
GIANDUJA
MILCH
CREMIGE GIANDUJA MILCH-CHOCOLADE
MIT GANZEN, GERÖSTETEN HASELNÜSSEN
41% HASELNÜSSE
Lindt
NUXOR
MILK
Lindt
NUXOR

UK & Ireland

Lindt & Sprüngli (UK) Ltd.

254 million GBP **Sales**
+18.2% growth

In the past financial year, the markets in the UK and Ireland achieved sales of GBP 254 million, reflecting organic growth of 18.2%. In a modestly growing chocolate market, Lindt & Sprüngli outperformed the market in all categories and continues to be the fastest growing manufacturer, with significant market share gain in the UK and Ireland. This is due in particular to a reverse Brexit effect. Keeping our logistics processes running was a major challenge for our company last year. Thanks to sound preparation, however, we were able to ensure the uninterrupted supply of our products even after Brexit. At the same time, we managed the digital channels in the UK successfully and are therefore the market leader in online sales of chocolate. Thanks to strong growth of the Lindor brand and of various new products, Lindt became the second-largest supplier in the Easter and Christmas seasons.

Spain & Portugal

Lindt & Sprüngli (España) S.A.

+8.3%
growth

The Spanish and Portuguese markets generated organic sales growth of 8.3% in 2021, to which our successful business in Portugal made a major contribution. The Lindor product group, with its Dulce de Leche, Double Chocolate and Salted Caramel flavors, was a strong driver. Nuxor – for fans of hazelnut – succeeded in winning a lot of new fans, so Lindt was able to consolidate its number 2 position in the praliné segment. Alongside other new products, we launched Lindt's new ice cream range. In addition, Lindt & Sprüngli has invested in its own sales infrastructure and opened two new shops, and therefore currently operates 21 own stores. Online sales have also grown across all channels, whether through our own e-shops, online marketplaces or online orders via bricks-and-mortar retail partners.

Lindt
GOLDHASE

Rest of Europe

Austria

In the Austrian market, Lindt & Sprüngli achieved organic sales growth of 13.4%. Lindor products were also the major sales drivers here, making us the unrivalled market leader for pralinés and seasonal products and putting us in second place for chocolate bars. Lindt is one of the major growth drivers in the Austrian chocolate market and is continuing to gain market share. The "Hello Vegan" product range has been acclaimed as being particularly innovative and meets the Austrian strong demand for vegan chocolate. Within just a few weeks of its launch, "Hello Vegan" had already left its strongest rival in this category trailing behind it. Another trend is the sustained growth of the dark chocolate segment where we are also the clear market leader with Excellence. With Excellence Cacao Pur we will further be able to strengthen this position.

Nordic

The Nordic market region (Denmark, Sweden, Norway, and Finland), which had already achieved a double-digit increase in the previous year, again recorded organic sales growth of 12.2%. In these pandemic times, this is a remarkable performance and is also reflected in increased market share. While Excellence has long been Sweden's favorite brand in the premium bar category, Lindor is now – thanks to the launch of the new Double Chocolate flavor – closing in.

Benelux

The Benelux market region was formed during the past financial year from the Netherlands, which was previously a separate region, and Belgium and Luxembourg, which are operated via distributors. In this region, Lindt & Sprüngli achieved organic sales growth of 28.8% and has thus slightly increased its market share. In this market region the Excellence brand is more significant than Lindor.

Central Eastern Europe

The Central Eastern Europe market region (Czech Republic, Slovakia and Hungary) achieved organic growth of 25.4%. While starting from a relatively low base, sales from our own Lindt Shops grew particularly strongly, thanks to two newly opened shops and stronger online sales. Of the various products, Lindor was the clear sales driver.

Poland

Organic sales growth in Poland amounted to 20.4%. The overall market for chocolates is growing, with a focus on pralinés. Thanks to the newly launched Salted Caramel flavor, Lindt & Sprüngli benefited with Lindor. In terms of distribution channels, the market organization is seeing a shift towards small residential convenience stores and discounters and is adapting to this change in consumer needs.

Russia

Lindt & Sprüngli Russia achieved organic sales growth of 18.3%. Here, too, Lindor was the most important product in the retail segment. Excellent growth was achieved, thanks to robust growth in sales of Lindor, combined with the expansion of direct-to-customer activities with two new shops being opened in Moscow and St. Petersburg, as well as the launch of the Lindt e-shop.

CHF 1.69 billion

Sales 2021

North America

In the “North America” segment, Lindt & Sprüngli increased its sales by 10.7% to CHF 1.69 billion, most notably via online channels. The US market, in particular, has succeeded in quickly gearing its distribution structures to digital platforms. As we were well prepared for this development, consumers could either seamlessly access our own e-shops or use the online stores of the major retailers, which were also rapidly expanding. In North America, this omni-channel strategy was a key factor in 2021’s good performance.

No. 1

IN THE PREMIUM SEGMENT IN THE USA

USA

Lindt & Sprüngli (USA) Inc.

581 million USD **Sales**
+16.3% growth

Lindt sales in the USA market grew organically by 16.3% to USD 581 million. All distribution channels contributed to this growth. Lindt's growth was doubling the general growth in the chocolate market, which has also resulted in an increase in market share and consolidated our position as market leader in the premium segment. The increase is primarily due to the demand of home consumption products. People are eating more often at home, with chocolate taking on the role of dessert. Lindor is the preferred product here, and not without reason the leading brand among premium chocolates. Added to this has been the lifting of contact restrictions, which has led to stronger sales of gift items again and was reflected in particularly good sales around Mother's Day, Valentine's Day and Christmas. Newly developed TV commercials, product innovations and strategic cooperation with retail customers contributed to these strong results. In the USA, as in other markets, digital channels, whether our own platforms or those of our partners, are an above-average growth driver. This change in consumer behavior demands more agile structures at all levels, affecting marketing, logistics, technology and organizational processes in equal measure. Lindt & Sprüngli is adapting its structures, accordingly, maintain control over costs and enable the rapid scaling of the business so as to continue this success story.

Ghirardelli Chocolate Company

638 million USD **Sales**
+15.6% growth

In the 2021 financial year, Ghirardelli generated sales of USD 638 million, which equates to overall growth of 15.6%. Compared with the previous year, the performance indicators in the product categories have largely been reversed. Although the lockdown-driven "baking boom" abated, Ghirardelli still recorded slight growth in this category. Once again food service products were in greater demand, as the gastronomy industry was allowed to host more guests. Sales in the company's own shops bounced back most strongly, as travel activity increased again due to rapid and widespread vaccination which attracted tourists to our shops. However, the strongest contribution in terms of sales, with a steadily increasing market share, continues to come from Confections, first and foremost Ghirardelli Caramel Squares and seasonal products for Christmas.

Russell Stover Chocolates

342 million USD **Sales**

–5.0% decline in sales

The Russell Stover company achieved sales of USD 342 million, which equates to an organic decline of 5.0%. The subsidiary has a market-leading sugar-free product line, which recorded significant sales growth during the year, particularly with gift items during the Christmas period. However, Russell Stover's three production companies experienced a reduction in product availability due to challenges in recruiting staff, as well as bottlenecks in the supply chains for raw materials and packaging materials. This led to lower sales and meant that the company was not able to achieve its full potential in the market. The problem areas have been identified, and with support from the Lindt & Sprüngli Group, a new management is currently implementing the solutions required. We are anticipating that the measures taken will lead to positive results during 2022.

Canada

Lindt & Sprüngli (Canada) Inc.

328 million CAD **Sales**

+11.3% growth

The Canadian market, with sales of CAD 328 million and organic growth of 11.3%, performed almost as well as its neighbor, the USA. There were also signs of a catch-up effect following the reopening of bricks-and-mortar retail. Wholesale sales exceeded our expectations. The Lindt brand thus remains the number 2 in the Canadian chocolate market, with Lindor as the undisputed leading product brand. The Excellence brand is also the leader in both the chocolate bar and all dark chocolate categories.

Mexico

Lindt & Sprüngli de México, S.A. de C.V.

+8.0% growth

The Mexican market achieved organic growth of 8.0%, with the main drivers being Lindor, helped by the first TV Christmas campaign, and Ghirardelli products. Another key factor was the general increase in customer footfall in the retail sector, which boosted particularly sales in large department stores.


Russell Stover
AN AMERICAN CLASSIC EST. 1923
ASSORTED
MILK & DARK CHOCOLATES
40 PIECE COLLECTION
Russell Stover
ASSORTED CARAMELS
IN MILK & DARK CHOCOLATE
Russell Stover
DARK CHOCOLATE
Russell Stover
MINT CHOCOLATE MELTS
COVERED IN MILK CHOCOLATE
Merry
Joy
Russell Stover
PEPPERMINT MELTS
Russell Stover
ASSORTED
MILK & DARK CHOCOLATES

CHF 568 million

Sales 2021

Rest of the World

The markets in the "Rest of the World" segment also recovered during the financial year and achieved sales of CHF 568 million, equating to growth of 19.7%. Japan, China and Brazil have seen particularly strong growth. In the duty-free segment, the situation has improved slightly as travel activity is slowly picking up again, and we see potential for a return to normal levels in the medium term.

Australia

Our subsidiary in Australia, which is also responsible for the New Zealand market, achieved organic growth of 4.1% in the last financial year. As in many other markets, the Lindor product group was also the key growth driver, while Excellence suffered slight losses. Two recently launched products, Les Grandes and Caramel Squares, contributed to the growth. Australia was under stringent contact restrictions for a long time, and the retail sector remained largely closed. This caused a significant decline in sales in our Lindt Shops. However, the food retail business and the newly launched e-shop overcompensated for this effect. Lindor, in a variety of different packaging units, was particularly in high demand, and the gastronomy sector also posted successes.

South Africa

In the South African market, Lindt & Sprüngli generated an organic increase in sales of 15.1%, although the chocolate market as a whole was flat. We are the uncontested market leader in each of our three key product categories of pralinés, dark chocolate and hollow figures, and have now further extended our lead. Two items which we developed specifically for the South African market were very well received. To mark Heritage Day, a national holiday, we offered a special Lindor edition and a Hello City Edition of Hello products in special packaging designs representing tourist attractions in major cities.

China

The Chinese market saw organic growth of 37.1%. This made Lindt & Sprüngli number 3 in the premium segment, having outperformed the market as a whole. An increased level of promotional activities regarding the Chinese New Year festivities supported further awareness of the brand in China. In addition, there were special promotions for regionally relevant events such as Singles' Day and international festivals like Christmas – for example, an Advent calendar was included in our range for the first time. As before, the majority of sales come from the Lindor product line, but we are seeing increased demand for dark chocolate, which we are meeting with our Excellence range. In China, weddings are the main events for which Lindor products are purchased. Due to the pandemic these important occasions were either held on a much smaller scale or were postponed. Consequently, sales in this area declined. While online sales grew, bricks-and-mortar retail declined, but nevertheless we managed to gain market share in both bricks-and-mortar and online retail.

Brazil

Lindt & Sprüngli in Brazil recorded organic growth of 55.7%. The reopening of own shops after the pandemic had a particularly strong impact here. We currently operate 58 of our own shops in Brazil, and these account for the majority of sales. In the financial year 2021, we terminated the collaboration with our exclusive retail distribution partner. Taking over the distribution structures offers huge potential for growth, allowing us to further expand sales via this channel.

Direct operation of all distribution channels generates important synergies and increases efficiency.

Japan

In the Japanese market, Lindt & Sprüngli recorded organic growth of 22.8%. Despite a challenging environment, nine new shops were opened, bringing the number of outlets up to 70. Lindt e-shops are using the new mobile app to link the loyalty scheme of Lindt's bricks-and-mortar shops to the e-shops. This allows consumers to enjoy a seamless shopping experience across all sales channels. Backed up by various marketing activities and a strong customer loyalty program, this led to higher customer footfall in both bricks-and-mortar and online retail.

Duty-Free & Distributors

DUTY-FREE

The duty-free business, which Lindt & Sprüngli operates out of Switzerland, continues to be heavily dependent on the course of the pandemic. Nonetheless, the market organization achieved remarkable growth of 68.1% by the end of the year. While we are still a long way short of the sales of 2019, the year before the crisis, we significantly increased our share of this smaller market. Travel remained a challenge, and although there were occasional relaxations of travel restrictions, some countries remained completely closed for months. The sector as a whole has to be prepared for this volatile environment to continue, especially in Asia. During the year, as vaccination programs progressed, we saw an increase in tourist travel, primarily in Europe, the Middle East and America, which gives grounds for optimism.

DISTRIBUTORS

Smaller markets, where Lindt & Sprüngli does not operate directly, are managed by the organization Distributors. In 2021, we achieved organic growth of 17.1% via this distribution channel. The Asia region was the main driver of growth, to which the Lindor product line was the strongest contributor.

Lindt brand ambassador Roger Federer creating fine chocolate masterpieces at the Lindt Chocolate Boutique at Zurich Airport – his perfect stopover location.


Lindt

Global Retail

In the Global Retail segment, the trends of the previous year continued: retail sales in our bricks-and-mortar shops had to continue to respond to the challenges posed by the pandemic but managed well in this volatile environment. At the same time, we saw a continuing clear upward trend in online retail. Across all channels, Global Retail generated sales of around CHF 585 million.

Europe
Paris, France

The Lindt Chocolate Boutique in Paris delights chocolate fans every season with the exclusive premium range of the traditional Swiss company.

Europe
La Roca, Spain

The new design of the Lindt Chocolate Shop invites to an unique shopping experience combining classic Lindt traditions with a modern design.

In the Global Retail segment, Lindt & Sprüngli manages all its own bricks-and-mortar shops worldwide, as well as digital direct sales activities (Lindt e-shops). This is organized under one roof, to ensure the aligned appearance of the Lindt brand and to exploit synergy effects across all channels. The sales generated in this segment are allocated to the national companies, and Global Retail thus also acts internally as a supporting service provider for the market organizations.

We now operate around 500 shops and are constantly opening new ones. Last year we did so mainly in Brazil and Japan, where we opened the new flagship store Omotesando in Tokyo. In addition, a new shop design was introduced in 30 of our stores, combining classic Lindt traditions with clear references to the Master Chocolatier. The shops do not only offer a Pick & Mix range of over 25 Lindor flavors, but also a gift range with personalization options, as well as exclusive products like the Crema Gelata ice cream. Despite various lockdown restrictions, strong growth with the bricks-and-mortar Lindt Shops were achieved, partly thanks to extremely strong Christmas business in all markets.

In the online chocolate sector, Lindt is one of the pioneers, which has paid off during the crisis. We aim to provide our loyal customers with a seamless shopping experience when switching between bricks-and-mortar retail and digital channels of all kinds. The main channels are our own e-shops, which are now operated in 18 countries. We also have online offers for corporate customers, who can order business gifts from Lindt. You can even order Lindt products via a smartphone app, and all these channels have an aligned look & feel appearance. Besides this rigorous brand management, the centralized organization of online retail enables highly professional handling of all background tasks and standard technological platforms, global content management, data analysis, performance marketing or cross-border management of international marketplaces.

The past financial year has confirmed that the pandemic has significantly accelerated existing retail trends. Consumers will not stop shopping online once lockdowns are no longer restricting bricks-and-mortar shopping. They have got used to it and will continue to order online in the future. Our previous investments in this omni-channel strategy have paid off, and we are working on the assumption that these distribution channels will continue to grow. Digital channels are becoming more important and more diversified, while at the same time increasing numbers of competitors are jumping on the bandwagon and the environment is becoming tougher. With over ten years of experience in the direct-to-customer business, Lindt is supremely well prepared not only to survive in this competition, but also to take on a leader role in the chocolate industry. As long as we offer our consumers an excellent shopping experience both online and offline, we will ensure long-term customer loyalty and enhance the value of the Lindt brand across all channels.

Europe
Kilchberg, Switzerland

The largest Lindt Shop in the world is located at the Lindt Home of Chocolate. The exclusive product range and the largest Pick & Mix counter with 25 Lindor flavors are a unique brand experience, perfected by the courteous service of the Chocolate Advisors.

The largest Lindt Shop in the world

Chocolate fans can watch the Lindt Master Chocolatiers making fine chocolate creations.

The shop's highlights are especially popular at Easter. In the shop in Kilchberg, visitors have numerous opportunities to personalize gifts. Of course, a handwritten chocolate greeting created before their eyes at the Master Chocolatier counter is a clear favorite.

Corporate Governance

Group structure and Shareholders

Group structure

The Lindt & Sprüngli Group is globally active developing, producing, and selling chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with headquarters in Kilchberg ZH, is listed on the SIX Swiss Exchange. The market capitalization, based on 2021 year-end prices, amounts to approx. CHF 30.0 billion.

→ Security and securities listing numbers see page 96

The company's group structure is lean. While the Board of Directors handles management, strategy, and supervisory duties at the highest level, the Executive Chairman, the CEO and the Group Management members are responsible for operational management tasks.

→ Board of Directors see page 33
→ Group Management see page 39

The consolidation scope of Chocoladefabriken Lindt & Sprüngli AG includes national and international non-listed subsidiaries as set-out in the notes to the consolidated financial statements, along with details about these companies, such as name, domicile, share capital, participation, etc.

→ Details of subsidiaries see page 96

Chocoladefabriken Lindt & Sprüngli AG holds no interests in listed companies.

Major shareholders

Pursuant to a disclosure notification as of August 30, 2017, BlackRock Inc., New York, as parent company has a shareholding of 6,063 registered shares (with respect to 1,092 of the 6,063 registered shares, it has only the right to exercise the voting rights at its own discretion) or 4.46% of the company's share capital. According to the share register of Chocoladefabriken Lindt & Sprüngli AG as of December 31, 2021, the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", the "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", the "Lindt Cocoa Foundation", and the "Lindt Chocolate Competence Foundation", all in Kilchberg ZH, held, as a group, a total of 27,934 registered shares or 20.61% of the share capital and thus 20.61% of the company's voting rights (according to the last disclosure as of November 25, 2013: 29,143 registered shares respectively 21.32% of the share capital and the voting rights).

During the year under review, no disclosure notices were published on the official notices page of the SIX Swiss Exchange platform. Details and disclosures of previous years can be found on the official notices page of SIX Swiss Exchanges website.

https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html?companyId=LINDT#/panyId=LINDT

Chocoladefabriken Lindt & Sprüngli AG has no cross holdings.

Capital structure

As of December 31, 2021, Chocoladefabriken Lindt & Sprüngli AG had the following capital structure:

Ordinary capital

The ordinary capital is composed of two types of securities:

	2021
Registered shares*	CHF 13,555,200
Bearer participation certificates**	CHF 10,665,640
Total ordinary capital	**CHF 24,220,840**

* 135,552 registered shares, par value of CHF 100 each
** 1,066,564 bearer participation certificates, par value of CHF 10 each

The registered shares have a voting right at the General Meeting; bearer participation certificates have no voting rights. Both types of securities have the same rights to dividends and proceeds of liquidation in proportion to their par value. All securities are fully paid in. No bonus certificates ("Genussscheine") were issued.

Authorized and conditional capital

The company has a conditional participation capital in a maximum amount of CHF 3,409,070, comprising a maximum of 340,907 bearer participation certificates with a par value of CHF 10 each. Out of this maximum total amount, 186,457 participation certificates can be used for employee participation programs; up to 154,450 participation certificates can be used for capital market transactions. The subscription rights of shareholders and participation certificate holders are excluded. Further information about the conditional participation capital can be found in Article 4bis of the Articles of Association of the company, available on the website of Chocoladefabriken Lindt & Sprüngli AG, whereby the aftermentioned and below information regarding the share on participation capital as of December 31, 2021, is not yet reflected in these Articles of Association.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

The ordinary capital can be increased by way of the conditional participation capital by no more than 14.1% up to a maximum of CHF 27,629,910. There is no authorized capital besides the conditional capital.

Changes in capital

During the past three reporting years, the following changes have occurred in the ordinary and conditional capital:

Ordinary capital

Year	Share capital in CHF	Registered shares (RS)*	Participation capital in CHF	No. of bearer participation certificates (PC)**
2019	13,598,800	135,988	10,726,410	1,072,641
2020	13,555,200	135,552	10,441,460	1,044,146
2021	**13,555,200**	**135,552**	**10,665,640**	**1,066,564**

Conditional capital

No. of bearer participation certificates (PC)**

Year	Total	Capital market PC	Employee PC
2019	381,445	154,450	226,995
2020	363,325	154,450	208,875
2021	**340,907**	**154,450**	**186,457**

Number of securities, status as at December 31
* Registered shares (RS), par value CHF 100
** Bearer participation certificates (PC), par value CHF 10

Restrictions regarding assignability and nominee entries

Both registered shares and participation certificates can be acquired without restrictions. According to Article 3, subsection 6 of the Articles of Association, however, the Board of Directors may refuse full shareholder status to a buyer of registered shares if the number of shares held by that buyer exceeds 4% of the total of registered shares as entered in the commercial register. Moreover, according to Article 685d, subsection 2 OR (Swiss Code of Obligations), the Board of Directors may refuse entry into the share register if, upon demand by the Board, the buyer does not formally state that the shares are purchased on its own behalf and for its own account.

According to Article 3, subsection 7 of the Articles of Association, corporate bodies and partnerships related to one another through capital ownership, through voting rights or common management, or otherwise linked, as well as natural persons and legal entities or partnerships acting in concert in regard to a registration restriction, are considered to be one single shareholder. Based on Article 3, subsection 9 of the Articles of Association, the Board of Directors may grant exceptions to these provisions in special cases and adopt suitable provisions for the application of these rules. The implementing provisions for these rules are defined in the regulation of the Board of Directors on "Registration of registered shares and maintaining the share register of Chocoladefabriken Lindt & Sprüngli AG".

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/SHAREHOLDER_REGISTRY_REGULATIONS_2015_EN.PDF

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

According to these regulations, particularly (1) the intention of a shareholder to acquire a long-term interest in the company or (2) the acquisition of shares as part of a long-term strategic business relationship or a merger, together with the acquisition or allocation of shares on the occasion of the acquisition by the company of a particular asset, are treated as special cases within the meaning of Article 3, subsection 9 of the Articles of Association.

In the year under review, no exceptions were granted. Based on long-term participation and with regard to the purpose of the Foundations, the Board of Directors already granted such an exception prior to the year under review for the 20.61% of the voting rights held as a group by the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", "Lindt Cocoa Foundation", and "Lindt Chocolate Competence Foundation", all in Kilchberg, ZH.

A nominee shareholder will be registered in the share register as a shareholder with voting rights only up to a maximum of 2% of the registered share capital as entered in the commercial register, if such nominee agrees in writing to disclose the name, address, domicile or seat, nationality, and shareholdings of those persons on whose account it holds the shares. Over the limit of 2%, the Board of Directors will enter the shares of a nominee as shares with voting rights in the shareholder register if such nominee discloses – in writing – the name, address, domicile or seat, nationality, and shareholdings of those persons for whose accounts it holds 0.5% or more of the then outstanding share capital. However, an entry per trustor is limited to 4%, respectively to 10%, per nominee collectively. Article 3, subsection 7 of the Articles of Association is also applicable to nominees.

The implementation rules are defined in the Regulations of the Board of Directors "Registration as nominee shareholder of Chocoladefabriken Lindt & Sprüngli AG".

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/REGISTRATION_AS_NOMINEE_EN.PDF

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

A revocation of these registrations restrictions in Article 3, subsection 6 of the Articles of Association requires pursuant to Article 15, subsection 3 of the Articles of Association a resolution by the shareholders at the General Meeting with a voting majority of at least three quarters of the shares represented.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Outstanding options and convertible bonds

Options on bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee option plan. Details concerning the number of options issued and still outstanding with the corresponding material terms and conditions are shown in the table below:

Year of allocation	**Number of options issued**	Strike price (CHF)	Running term	No. of rights exercised	No. of exercisable rights
2015	21,350	4,811	until 2022	20,976	374
2016	22,874	5,401	until 2023	16,098	6,776
2017	20,025	5,360	until 2024	9,554	10,835
2018	22,525	5,794	until 2025	4,265	17,760
2019	23,301	5,936	until 2026	170	23,131
2020	25,440	7,904	until 2027	100	25,340
2021	28,000	7,918	until 2028	60	27,940
Total	**180,338**			**68,182**	**112,156**

The options were granted at a ratio of one option to one participation certificate (1:1). The options can be exercised during a maximum term of seven years after the grant and are subject to a blocking period of three, four or five years, respectively. The option exercise price corresponds to the average amount of the closing price of the participation certificates of Chocoladefabriken Lindt & Sprüngli AG on the five trading days on the SIX Swiss Exchange prior to the grant.

In 2021, a total of 22,418 of the above employee options were exercised (previous year: 18,120). Therefore, the "ordinary" participation capital was increased in 2021 by CHF 224,180 resulting in a corresponding reduction in the "conditional" participation capital for the employee participation programs. The 112,156 options outstanding as of December 31, 2021, not yet exercised, are equivalent to 4.6% of the total capital. There were no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG.

Information regarding participation certificates

Chocoladefabriken Lindt & Sprüngli AG has decided in the year 2020 to stop issuing physical dividend vouchers (coupons) on bearer participation certificates. Holders who keep their participation certificates as certificates in physical form e.g. at home or at their bank (e.g. in a safe deposit box or in individual custody, so-called "Heimverwahrer") were and are asked to deliver their participation certificates (including remaining coupons and talons, if any) to their bank of choice in order to book their participation certificates into their existing securities account, or one to be opened. For participation certificates which are currently not held as book-entry security, any future dividends on participation certificates will not automatically be serviced through the banking system, but only according to the applicable requirements of Swiss securities law. Holders of participation certificates which are held in physical form should be aware that dividends which are not claimed within five years will definitely be allocated to the company.

Holders who already keep their participation certificates in a securities account with their deposit bank are not affected by the change and need not act.

For further information, please refer to the Investor Relations website or contact the Investor Relations Department of the Group on phone number +41 44 716 25 37 or via e-mail investors@lindt.com.

Board of Directors

Role and function

The Board of Directors makes decisions jointly and is assisted by Board committees in certain areas. The Board's primary function is to exercise the ultimate management of the Group; it makes strategic decisions and defines the general means for achieving the goals it has set. The Board of Directors sets the General Meeting agenda and approves the annual and half-year reports, as well as the Compensation Report. Decisions regarding the appointment of members to Group Management and the managing directors of subsidiaries, as well as resolutions on shareholders' motions for the General Meeting, are made by the whole Board.

Members

The Board of Directors of Chocoladefabriken Lindt & Sprüngli AG consists of at least five and not more than nine members according to Article 17 of the Articles of Association. If the number of members falls below five, the minimum number of members must only be restored at the next ordinary General Meeting.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

As of December 31, 2021, the Board had six members. Ernst Tanner is Executive Chairman of the Board; all other members are non-executive members.

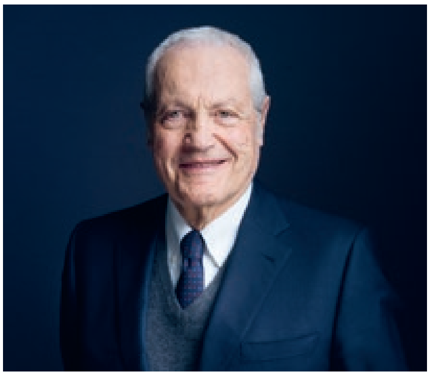
Name, function	First election	until
Ernst Tanner, Executive Chairman of the Board of Directors	1993	2022
Dr Rudolf K. Sprüngli, non-executive member	1988	2022
Antonio Bulgheroni, non-executive member	1996	2022
Dkfm Elisabeth Gürtler, non-executive member	2009	2022
Dr Thomas Rinderknecht, non-executive member	2016	2022
Silvio Denz, non-executive member	2018	2022

Antonio Bulgheroni was Managing Director of the Italian subsidiary Lindt & Sprüngli S.p.A. until his retirement in April 2007. None of the non-executive members of the Board of Directors have in the past three financial years been actively engaged in the management of the Group or a Group company. Further, none of the non-executive members of the Board of Directors has any material business relations with the Company or any Group company.

Members of the Board of Directors are individually elected by shareholders at the General Meeting for a one-year term of office (until the conclusion of the next ordinary General Meeting). No limitation is placed on their re-election. If a member withdraws, or if an elected member subsequently declines the appointment, the seat concerned remains vacant until the next General Meeting. In the reporting year, all six Board members have been re-elected for terms of one year until the conclusion of the next ordinary General Meeting.

Board of Directors Chocoladefabriken Lindt & Sprüngli AG

Ernst Tanner



Antonio Bulgheroni

Dkfm Elisabeth Gürtler

Dr Rudolf K. Sprüngli

Silvio Denz

Dr Thomas Rinderknecht

Ernst Tanner (CH) Mr. Tanner was elected CEO and Vice Chairman by the Board of Directors in 1993. In 1994, he became Chairman of the Board. He is a member of the Corporate Sustainability Committee. He completed a commercial education and then attended business school in London and at Harvard. Before joining Lindt & Sprüngli, Mr. Tanner held top management positions for more than 25 years with the Johnson & Johnson Group in Europe and in the USA, last as Company Group Chairman Europe. Mr. Tanner has been a member of the Board of Directors of the Swiss Swatch Group since 1995, Vice Chairman of the Board of Directors since 2011, as well as member of the Compensation Committee since 2002 and Chairman of this committee since May 2014. He also has a seat on the Advisory Boards of both the German Krombacher Brauerei GmbH & Co. KG and the Austrian SIGNA Group. As of September 30, 2016, Mr. Tanner resigned as CEO of the Lindt & Sprüngli Group and is since then Executive Chairman of the Board of Directors.

Dr Rudolf K. Sprüngli (CH) Mr. Sprüngli has been a member of the Board of Directors since 1988. He is the Chairman of the Compensation & Nomination Committee and the Corporate Sustainability Committee. He completed his studies with a doctorate in economics. Due to his former executive activities for the Group and for an international premium food-trading company, Mr. Sprüngli is an expert authority in the chocolate business. Today, he manages his own consulting firm. Mr. Sprüngli is also a member of the Council of the British-Swiss Chamber of Commerce, a member of the Board of Directors of Peter Halter Liegenschaften AG, an Advisory Board member at the lnstitut für Wirtschaftsberatung as well as Chairman of Freies Gymnasium Zurich.

Antonio Bulgheroni (IT) Mr. Bulgheroni has been a member of the Board of Directors since 1996 and was Lead Director from February 2009 until end of September 2016. He currently serves on the Audit Committee and Compensation & Nomination Committee. His extensive company management experience in every area of the chocolate business makes Mr. Bulgheroni a highly respected international expert in the chocolate industry. From 1993 until his retirement in April 2007, he was CEO of the Italian subsidiary Lindt & Sprüngli S.p.A. Since then, he has been Chairman of the Board of Lindt & Sprüngli S.p.A. and Caffarel S.p.A., the two Italian subsidiaries of the Group. Mr. Bulgheroni, who holds the Order of Merit for Labor of the Italian Republic, is a member of the Board of Directors of the L.I.U.C. University, as well as the Chairman of the Board of Directors of Bulgheroni S.p.A.

Dkfm Elisabeth Gürtler (AT) Ms. Gürtler has been a member of the Board of Directors since 2009 and is currently a member of the Audit Committee. She completed her business science studies with a master's degree, then built up an outstanding reputation, particularly as director of the world-famous Sacher Hotels in Vienna and Salzburg, in an area where premium quality plays a key role. From 1998 till 2012, Ms. Gürtler was a member of the Supervisory Board of Erste Group Bank AG, and she was a member of the general council of the Austrian National Bank from 2004 to 2014. Currently Ms. Gürtler is a member of the Board of Directors of ATP Planungs- und Beteiligungs AG in Innsbruck and since July 2019 President of the Supervisory Board of the Tiroler Museums.

Dr Thomas Rinderknecht (CH) Mr. Rinderknecht has been a member of the Board of Directors since April 2016 and is currently Chairman of the Audit Committee. He has a PhD in law and was admitted to the Bar in the Canton of Zurich in 1982. From 1984 onwards, he worked as a freelance commercial attorney and has been Senior Partner with the law firm Badertscher Rechtsanwälte AG, Zurich and Zug, as of 2009. Since 1984, Mr. Rinderknecht has had numerous directorships on the boards of various unlisted companies in the healthcare/pharmaceutical/biotech branches and in the media, as well as in the industrial sector. Mr. Rinderknecht is a member of the Board of Directors of the listed company ADC Therapeutics SA. With his background as a commercial attorney, Mr. Rinderknecht's legal expertise is of particular benefit to the Board of Directors.

Silvio Denz (CH) Mr. Denz has been member of the Board of Directors since May 2018 and is currently member of the Compensation & Nomination Committees as well as of the Corporate Sustainability Committee. He is an entrepreneur active in the fields of luxury goods, wine, restaurants, hotels, art, and real estate. After a commercial training and professional positions in the financial, commercial, and marketing sector in Switzerland and in the USA, in 1980 he took over the management of Alrodo AG in Zurich and developed it into the largest perfumery chain in Switzerland. In 2000, he founded Lalique Group SA (formerly Art & Fragrance SA), a company active in the creation, marketing, and worldwide distribution of luxury goods, to which crystal manufacturer Lalique belongs since 2008. Mr. Denz oversees that Group, which is listed in Switzerland, as Chairman of the Board of Directors and is its principle shareholder. He is also a member of different non-listed Swiss investment companies.

Number of activities permitted outside the Group

The number of mandates in senior managing bodies and boards of directors of legal entities outside the Group – which are to be entered in the Swiss commercial register or in a comparable foreign register – is according to Article 19, section 3 item 1 of the Articles of Association restricted for the members of the Board of Directors to: four mandates in listed companies, ten mandates in non-listed companies, and fifteen mandates in other legal entities, such as foundations and associations.

Where mandates are assumed in different legal entities of one corporate group, or at the behest of one corporate group, these are accounted in the aggregate as a single mandate but may not exceed forty mandates in total. The foregoing limits may be exceeded temporarily by one mandate per category at the most.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Internal organization

The General Meeting elects together with the members of the Board of Directors the Chairman of the Board of Directors and the members of the Compensation Committee. In all other respects, the Board of Directors constitutes itself.

If the Chairman resigns from the Board before the end of the term of office, the Board of Directors appoints a Chairman from among its members until election at the next General Meeting. Should one or more members of the Compensation Committee retire early, the Board of Directors can appoint substitutes from among its members until the conclusion of the next General Meeting.

The Chairman presides over the General Meeting, represents the company externally and procures together with the CEO and the members of Group Management timely information to the Board of Directors on all matters important for decision-making and the monitoring of significant Group concerns. He is responsible for preparing all matters to be dealt with by the Board of Directors, placing them on the agenda, and for convening and chairing Board of Directors' meetings. In addition, the Executive Chairman of the Board of Directors assumes the following tasks:

- Representation and positioning of the Lindt & Sprüngli Group towards the public, the authorities, and the company shareholders (communications) unless the Executive Chairman of the Board of Directors delegates this task after internal consultation between himself and the CEO of the Lindt & Sprüngli Group to the CEO;
- Responsibility for the long-term strategic direction of the Lindt & Sprüngli Group and specific strategic projects, including transactions;
- Supporting important alliances and strategic partnerships;
- Positioning the Lindt & Sprüngli Group in the area of communications and marketing;
- Overall responsibility for corporate culture;
- Additional tasks are derived from the allocation of competences and the resolutions passed by the Board of Directors.

The CEO, together with the Group Management, is entrusted with the task of managing the business. The CEO presides over Group Management and coordinates in close collaboration with the Executive Chairman of the Board of Directors on the most important decisions. Further details about the tasks of the CEO and Group Management can be found on page 38 of this Annual Report.

The Board of Directors meets regularly – as often as business requires – but at least four times a year. Meetings are convened by the Chairman, or by another member of the Board of Directors appointed to substitute him. Each member of the Board of Directors is authorized to request a meeting to be convened without delay; the purpose must be stated.

The Chairman or, in his absence, another member of the Board of Directors appointed to substitute him, presides over the meetings. Along with members of the Board of Directors, the meetings may also be attended by members of Group Management and other non-members. In the year under review, four regular meetings were held, whereby all members attended these meetings. Three regular telephone conferences were held, whereby one member did not attend one of these telephone conferences. No circular resolutions were conducted. The regular meetings lasted around three hours. The telephone conferences lasted around one hour. Members of Group Management regularly attended these meetings, in compliance with exclusion principles. No external consultants took part in meetings of the Board of Directors.

Committees of the Board of Directors

The Chairman of the Board of Directors and the Board of Directors are assisted in their work by three committees: the Audit Committee, the Compensation & Nomination Committee and the Corporate Sustainability Committee. The Board of Directors may decide at any time – by a majority decision – to set up further committees. Until that time, all other tasks of the Board of Directors will be performed by the whole Board of Directors. The committees meet upon the invitation by their chairman as often as business requires, usually immediately before or after an ordinary meeting of the Board of Directors. Otherwise, the rules applicable to the Board of Directors apply mutatis mutandis to the meetings of the committees.

Audit Committee

The Audit Committee consists of at least three non-executive and independent members of the Board of Directors. Of these, at least two must possess substantial experience in finance and accounting. The members of the Audit Committee are appointed by the Board of Directors. The CFO has a consultative vote in the committee. As of December 31, 2021, members of the committee were: Dr Thomas Rinderknecht (Chairman), Antonio Bulgheroni, and Dkfm Elisabeth Gürtler. The members of the committee possess sufficient experience and professional knowledge in the areas of finance and risk management to enable them to perform their tasks effectively.

The Audit Committee supports the Board of Directors in its function of strategic supervision, particularly with respect to the main areas of audit, completeness of the financial statements/audit findings, compliance with statutory requirements and the services of external auditors. In addition, the committee assesses financial reporting expediency and effectiveness of the internal control systems and ensures ongoing communication with the external auditors. It also constantly scrutinizes the Group's risk management principles and appropriateness of risks taken, especially in the areas of investments, currencies, raw-material procurement, and liquidity.

The Audit Committee makes recommendations to the Board of Directors for important decisions in the areas discussed above, such as approval of risk management principles, adoption of the annual financial statements or proposals for the appointment of the statutory auditors. The committee itself has, except for the enactment and amendments of the Group Approval Policy, no decision-making powers. It may, however, decide independently to entrust the auditors with special assignments and approve the fee budget for audit tasks submitted by the external auditors.

The committee meets as often as business requires, but at least four times a year. In the year under review, four regularly scheduled meetings were held, whereby all members attended these meetings. The meetings generally lasted around one hour, with members of Group Management regularly attending. Auditors attended one meeting of the Audit Committee. Auditors' direct access to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Audit Committee.

→ Information on auditors see page 43

Compensation & Nomination Committee

The Compensation & Nomination Committee generally consists of three and of a maximum of five members of the Board of Directors, the majority of whom shall be non-executive and independent, each of whom is elected by the General Meeting for a term of office of one year until the end of the next ordinary General Meeting. As of December 31, 2021, Committee members were: Dr Rudolf K. Sprüngli (Chairman), Antonio Bulgheroni, and Silvio Denz.

→ Information on responsibilities of the Compensation & Nomination Committee see Compensation Report page 47

Corporate Sustainability Committee

The Corporate Sustainability Committee generally consists of three members of the Board of Directors. These may be both executive and non-executive members of the Board. The members of the Corporate Sustainability Committee are appointed by the Board of Directors. As of December 31, 2021, Committee members were: Dr Rudolf K. Sprüngli (Chairman), Silvio Denz, and Ernst Tanner.

The Corporate Sustainability Committee supports the Board of Directors in setting the strategic direction for company activities, while aiming for comprehensive sustainable management. It has decision-making power in connection with the definition of the sustainability strategy, monitors its implementation and approves global sustainability targets. It is also responsible for the development and adaption of all globally valid corporate policies in this area and monitors compliance. It is also responsible for approving the annual Sustainability Report of Lindt & Sprüngli Group. The Corporate Sustainability Committee meets as often as business requires, but at least once a year. One regularly convened meeting took place in the year under review and lasted about one hour. The CEO, the CFO and the whole Board of Directors attended this meeting. No external consultants were present at this meeting.

The Sustainability Executive Team, under the lead of the CFO, is an important complement to the Corporate Sustainability Committee. It is a quarterly convened cross-functional committee, in which Corporate Sustainability, HR, Marketing, Legal, Research & Development/Quality Assurance, Operations, Procurement and Corporate Communications are represented. The Sustainability Executive Team plans, coordinates and supervises the execution of the sustainability strategy in the respective departments of the Group.

Allocation of competences

The essential principles for the allocation of competences and responsibilities among the Board of Directors and Group Management are set forth in the organizational regulations. Below is a summary of the basic rules:

Board of Directors

- Performs the non-transferable inalienable statutory tasks. The Board of Directors is therefore in particular responsible for strategic management of the company, giving necessary instructions and supervising Group Management;
- Determines strategic, organizational, accounting, and financial planning guidelines;
- Changes to the legal structure of the Group (especially incorporation of new subsidiary companies, acquisitions, joint ventures, as well as liquidation of companies);
- Appointment and dismissal of the CEO, secretary, and members of Group Management and Chief Executive Officers of subsidiary companies;
- Approves the budgets for the Group and the individual subsidiaries.

The Board of Directors has assigned the management of day-to-day business in accordance with the organizational regulations to the CEO and Group Management.

CEO

The CEO is the Chairman of Group Management and further responsible for procurement and forwarding of information to Group Management, the Executive Chairman of the Board of Directors, and the members of the Board of Directors. The CEO must also ensure that the decisions and instructions of the Board of Directors are executed by Group Management. Last, but not least, he is responsible for managing the operational business of the Group within the framework of its strategic objectives and for planning the overall business, and for reporting within the Group.

Group Management

Group Management is responsible for the implementation of the Group strategy. In addition, the individual members of Group Management must lead their allocated functional and responsibility areas within the framework of the Group policy in compliance with instructions given by the CEO and the Executive Chairman of the Board of Directors. On the basis of a matrix structure, the individual Group Management members are given line responsibility for entire country organizations and geographical areas, together with functional responsibility for specific specialist areas.

→ For details on members of Group Management see page 40

Information and control instruments

The Board of Directors is kept regularly informed about all important matters relating to the Group's business activity. The CEO and members of Group Management attend Board of Directors' meetings and report on the ongoing course of business, important projects, and events. Extraordinary occurrences are immediately brought to the attention of the members of the Board of Directors. To obtain a direct picture of local market situations, the Board of Directors regularly visits country subsidiaries and meets with local business management.

The Board of Directors is kept informed in writing on a regular basis through an extensive and complete Management Information System (MIS) covering profit and loss, balance sheets, cash flow, investments, and personnel of the Group and the individual subsidiaries. The information is provided on both a historical basis and as a year-end forecast.

Furthermore, members of the Board of Directors receive, on an annual basis, a detailed overall budget, together with a five-year medium-term plan with forecasts for future development of individual subsidiaries and the consolidated group of companies, covering profit and loss, balance sheet, cash flow, investments, and personnel. Furthermore, an annually updated Group-wide analysis of strategic, operational, and financial risks – including assessments, as well as actions taken to limit risks, and responsibilities – is also submitted to the Board of Directors. In order to assess the Group risk parameters, the Audit Committee also receives a quarterly report on securities and cash investments, currencies, raw-material procurement, and liquidity (risk control reporting). Members of Group Management regularly attend Audit Committee meetings.

The Group does not have an internal audit department; nevertheless, the internal financial control system, management information and risk management reporting of the Group is given very high attention.

Instead of an internal audit department, the so-called "Lindt internal control system" (LICS) serves as information and control instrument within Chocoladefabriken Lindt & Sprüngli AG. As part of the Lindt internal control system the Group determines so-called financial reference controls for the subsidiaries, which are tailored by the subsidiaries to local circumstances and risks.

The existence and effectiveness of these controls are self-assessed annually by the subsidiaries. The results of these annual assessments are supervised centrally by the group. Based on the observed results, a report regarding the financial internal control processes in the various corporate functions of subsidiary companies (amongst others IT, Procurement, Production, Sales, Salary Payments, Treasury, HR, and Financial Reporting) is submitted annually to the Audit Committee. Supervised by the group, subsidiaries then develop measures in order to react to control weaknesses and deficiencies.

Moreover, the external auditors PricewaterhouseCoopers AG act as an additional control instrument by, inter alia, testing the existence of the internal control system, i.e. the "LICS". In the course of the yearly audit, the Audit Committee may also charge the auditors with special assignments, which go above and beyond legal and statutory requirements.

Conflicts of interest

The members of the Board of Directors, the CEO and the members of Group Management are obliged to inform the Chairman of the Board of Directors or the CEO, respectively, immediately if any business is being dealt with that affects or could affect their own interests or the interests of individual persons or legal persons which are related to them. The Chairman of the Board of Directors or the CEO, respectively, or in its case the Board of Directors as a whole, decides on appropriate measures, including deliberations in absence of the affected person. As a rule, however, the concerned members of the Board of Directors and members Group Management are entitled to present their view to the relevant body before they step out. The relevant rules are reflected in the organizational regulations of Chocoladefabriken Lindt & Sprüngli AG.

As Executive Chairman, Mr. Ernst Tanner supports, advises and provides guidance to the Board of Directors and especially to the CEO of the Group. With his long-term engagement of over 28 years and therefore his in-depth knowledge of the FMCG market, Mr. Tanner is representing the Group on key strategic deliveries. He therefore works in an executive capacity, directly employed by the Group.

Group Management

As of December 31, 2021, Chocoladefabriken Lindt & Sprüngli AG's Group Management had seven members:

Name, responsibility	At Lindt & Sprüngli since
Dr Dieter Weisskopf Chief Executive Officer	1995
Martin Hug Chief Financial Officer	2004
Rolf Fallegger Country Responsibility, International Marketing	1997
Dr Adalbert Lechner Country Responsibility, Global Retail	1993
Alain Germiquet Country Responsibility, International Sales	2007
Dr Jennifer Picenoni Group General Counsel & Corporate Secretary	2007
Guido Steiner Group Operations	1990

Dr Dieter Weisskopf (CH) lic. rer. pol. – Mr. Weisskopf started his career at Swiss Union Bank. After gaining additional experience in the banking sector in South America, he then changed to the food industry, joining the Jacobs Suchard Group. At Jacobs Suchard and at Klaus Jacobs Holding, he held executive management positions in the area of finance, lastly as CFO in Canada and Switzerland. Mr. Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration, IT, Purchasing and Sustainability. Since 2004, he has also been responsible for production. As of October 1, 2016, he took over as CEO of the Lindt & Sprüngli Group and is responsible for Group Communications and Group HR.

Martin Hug (CH) Economist, MA – Mr. Hug started his career in various roles with a leading global coffee trading company in Latin America (Costa Rica, Ecuador, and Honduras), lastly as Finance Director in Costa Rica, before he joined Lindt & Sprüngli (International) AG in 2004 as Senior Controller. Only a short time later, he was promoted to CFO at Lindt & Sprüngli UK. From 2011 to the end of 2016, he held the position of CFO at Ghirardelli Chocolate Company in California (USA). As of January 1, 2017, he has been Group CFO and a member of Group Management, where he is responsible for Finance, IT, Procurement and Sustainability.

Rolf Fallegger (CH) lic. oec. HSG – Mr. Fallegger began his career in 1991 in marketing with Procter & Gamble in Geneva, the UK, and Belgium. He joined Lindt & Sprüngli (Schweiz) AG as Marketing Manager in 1997. He was then appointed CEO of the Lindt & Sprüngli subsidiary companies in the UK and France. In 2009, he returned to Swiss headquarters and was a member of the Extended Group Management from 2011 to 2014. In 2014, he was promoted to member of the Group Management, where he is responsible for the development of specific markets as well as International Marketing, Digital and Consumer & Market Intelligence.

Dr Adalbert Lechner (AT) PhD in Law – After receiving his doctorate in law, Mr. Lechner held several management positions in marketing and sales with L'Oréal and Johnson & Johnson. He joined the Lindt & Sprüngli Group as CEO of the Austrian subsidiary company in 1993. He has been CEO of the German subsidiary Chocoladefabriken Lindt & Sprüngli GmbH since 1997. He was a member of Extended Group Management from 2011 until 2016. As of January 1, 2017, he is a member of Group Management, where he is responsible for the development of specific markets and Global Retail.

Alain Germiquet (CH) lic. oec. – Mr. Germiquet started his career in the Sales division of two notable mineral oil companies before joining Hiestand in 1999, where he was promoted from Marketing Director to Managing Director in a short time. In 2005, he became Commercial Director at Nestlé and in 2007, he joined Lindt & Sprüngli first as CEO of Lindt & Sprüngli UK and then as CEO of Lindt & Sprüngli France from 2009 to 2016. On January 1, 2017, he joined Group Management, where he is responsible for the development of specific markets and International Sales.

Dr Jennifer Picenoni (CH) lic. iur. – Ms. Picenoni started her career as an attorney in a law firm in 2002 after having completed her doctorate. She joined Lindt & Sprüngli (International) AG in 2007 as Senior Legal Counsel. In 2008, she was promoted to Head Corporate Legal and in 2014 to Group General Counsel. In 2017, Ms. Picenoni took over the additional responsibility as Corporate Secretary of the Group. Since January 2020, she has been a member of the Group Management, responsible for Group Legal, Intellectual Property and Compliance.

Guido Steiner (CH) Dipl. Lm-Ing. ETH – Mr. Steiner began his career as assistant at the Chair for Business Administration at ETH in Zurich. In 1990, he joined Lindt & Sprüngli as Assistant Manager Group Production Planning. Two years later he was promoted to Group Production Planning Manager. From 1998 until 2003, he was Vice President Operations at Lindt & Sprüngli USA. In 2003, he returned to headquarters as Vice President Operations. As of January 1, 2017, he is member of Group Management and continues to be in charge of Group Operations.

In addition to the above-mentioned assignments, members of Group Management are currently not active in other major national and international management or supervisory bodies. They hold neither managing nor consulting functions with major Swiss or foreign interest groups, nor do they hold public functions or political office. There are no management agreements regarding management functions between the Lindt & Sprüngli Group and legal entities or natural persons outside the Group.

Group Management


Dr Dieter Weisskopf


Martin Hug


Rolf Fallegger


Dr Adalbert Lechner


Alain Germiquet


Dr Jennifer Picenoni


Guido Steiner

Number of permitted activities outside the Group

The number of mandates in senior management bodies and boards of directors of legal entities outside the Group – which are to be entered in the Swiss commercial register or in a comparable foreign register – is according to Article 19, subsection 3 item 2 of the Articles of Association restricted for members of Group Management – always subject to approval by the Board of Directors – to not more than two mandates in listed companies, five mandates in non-listed companies, and fifteen mandates in other legal entities such as foundations and associations.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Compensation, equity participations and loans

→ Details Compensation Report see page 46

Shareholders' rights of participation

Restrictions of voting rights and proxy

The recognition of an acquirer of registered shares as a shareholder with voting rights, as well as the registration of nominees as shareholders with voting rights are subject to certain restrictions. According to Article 3, subsection 6 of the Articles of Association in particular, the Board of Directors may refuse full shareholder status to an acquirer of shares to the extent the number for registered shares held by that acquirer exceeds 4% of the total number of registered shares as entered in the commercial register. Details regarding the registration restrictions for registered shares, limitations of nominee registrations, the Group clause included in the Articles of Association and the rules for granting exceptions, may be found on page 31 of this Annual Report and in the respective regulation of the Board of Directors "Registered Share and Shareholder Registry Regulations Lindt & Sprüngli AG".

https://www.lindt-spruengli.com/fileadmin/user_upload/corporate/user_upload/Investors/BOR/SHAREHOLDER_REGISTRY_REGULATIONS_2015_EN.PDF

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

According to Article 12, subsection 3 of the Articles of Association, no shareholder may combine, in the aggregate, directly or indirectly, through shares held or shares represented, more than 6% of the votes of the existing share capital when exercising voting rights at the General Meeting. Natural persons or legal entities, which are related to each other through capital or voting rights or in any other way or are under common custody, are considered as one shareholder. In special cases, the Board of Directors may grant exceptions from the voting rights restrictions. In the reporting year, the Board of Directors granted no such exception.

The voting rights restriction does not apply to the exercise of voting rights by the independent proxy and by shareholders who are registered with more than 6% of the voting rights in the share register. Because the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft", "Lindt Cocoa Foundation", and "Lindt Chocolate Competence Foundation", all Kilchberg ZH, have been entered as a group in the share register with a shareholding interest of more than 6%, the voting rights restriction does not apply to them.

A revocation of the statutory restrictions of voting rights requires pursuant to Article 15 subsection 3 of the Articles of Association a resolution of the General Meeting of shareholders with a three-quarter majority of the shares represented. Pursuant to Article 12, subsection 2 of the Articles of Association, a shareholder may be represented at the General Meeting by another shareholder or by the independent proxy on the basis of a written power of attorney. A general instruction is permitted with respect to motions announced or unannounced in the invitation.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Statuary quorum

The General Meeting passes its resolutions by an absolute majority of the votes cast, not including abstentions, unless the Articles of Association or the law provide otherwise. According to Article 15, subsection 3 of the Articles of Association, amendments of the Articles of Association concerning a change in the company's registered office, the conversion of registered shares into bearer shares, the transfer of registered shares, representation of shares at the General Meeting, the amendment of Article 15, subsection 3 of the Articles of Association, as well as the dissolution or a merger of the company require a three-quarter majority of the shares represented.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Announcement of the Annual General Meeting, agenda and share register

Shareholders are invited to the General Meeting by the Board of Directors at least 20 days prior to the date of the General Meeting via publication in the Swiss Official Gazette of Commerce.

A shareholder who is registered in the share register with at least 2% of the share capital of the company may request that an item be placed on the agenda. Such a request must be made in writing to the Board of Directors at the latest 60 days before the General Meeting and shall specify the agenda items and the proposals made. The request and proposal must be brought before the General Meeting, together with a comment by the Board of Directors.

Motions made within the scope of the agenda items do not need prior announcement. In the invitation to the General Meeting, the Board of Directors announces in accordance with Article 13 of the Articles of Association the cut-off date for registration in the share register, which is relevant for the entitlement to attend and to exercise voting rights.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Change in control and defensive measures

In the event of a change in control, employee options granted can be exercised without observing the three to five years blocking period. The rules regarding change in control are also applicable in case employees are leaving the company. Other than that, there are no special agreements concerning a change in control in favor of either the members of the Board of Directors, Group Management, or any other company management members. The Articles of Association contain no provision regarding "opting out" or "opting up" pursuant to Article 125 or 135 FinfraG, respectively.

Auditors

Mandate

The General Meeting appointed PricewaterhouseCoopers AG, Zurich, for the first time as its statutory auditors in April 2002. According to Article 27 of the Articles of Association of the company, the auditors must be newly appointed or confirmed, respectively, each year by the General Meeting. The 2021 reporting year is the second year for the responsible lead auditor (in charge since 2020). Pursuant to the provisions of the Swiss Code of Obligations, the responsible lead auditor may not hold office for more than seven years.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Audit fee

The total audit fees billed by the audit company in the reporting year 2021 amounted to CHF 1.8 million.

Additional fees

The total sum of additional fees – mainly related to tax and EDP advice – billed by the audit company in the reporting year 2021 amounted to CHF 0.3 million.

Supervisory and controlling bodies

Supervision and control regarding the assessment of the auditors is exercised by the whole Board of Directors. The Audit Committee supports the entire Board of Directors in this task. The committee also ensures the ongoing communication with the auditors and regularly discusses with their representatives the results of audit activities in the accounting areas as well as the suitability of the internal control systems. Before the interim audit, the auditors prepare an audit plan, which is then submitted to Audit Committee members. Based on an analysis of current business and audit risks, the main points to be audited are proposed in this plan. The audit plan is approved by the Audit Committee and then also by the Board of Directors. The appropriateness of the audit fee as well as possible additional fees for "non-audit" services, are also reviewed on this occasion. The report on the final audit of the annual financial statements is submitted to all members of the Board of Directors. It is first discussed in the Audit Committee with the auditors and then finally approved by the whole Board of Directors at the meeting or in the circular resolution, respectively, regarding the adoption of the

Annual Report. In 2021, the auditors attended one meeting of the Audit Committee. Auditors' direct access to the Audit Committee is guaranteed at all times. Information about the organization and scope of duties of the Audit Committee can be found on page 37 of this Annual Report.

Closed periods

During certain periods, trading restrictions for Insiders apply. The Board of Directors has set out the relevant regulations in the "Insider Directive" dated October 19, 2019.

Addressees and scope of the Insider Directive

The Insider Directive and the corresponding trading restrictions apply to all directors, officers and employees of any legal entity belonging to the Lindt & Sprüngli Group (the Insiders), including third parties if they are in possession of insider information and have knowledge of the Insider Directive and its content. The relevant Insiders may not trade in Securities of the Lindt & Sprüngli Group during certain periods as set out in the Insider Directive. According to section 4 of the Insider Directive, such Securities in within the meaning of the Insider Directive are all current or future securities issued by any legal entity belonging to the Lindt & Sprüngli Group, such as shares, participation certificates, (convertible) bonds, options, warrants or notes, as well as derivative financial instruments relating to securities issued by any legal entity belonging to the Lindt & Sprüngli Group, regardless of whether the derivative financial instruments were issued by the Lindt & Sprüngli Group or a third part (the Securities).

General closed periods

Pursuant to section 6.1 of the Insider Directive, Insiders may not acquire or dispose of, directly or indirectly, for their own account or for the account of third parties, Securities of the Lindt & Sprüngli Group during the following periods:

– 10 calendar days before December 31 and June 30, respectively, until 24 hours (one trading day) after publication of the (preliminary) results of the Lindt & Sprüngli Group; or
– 20 calendar days before the planned publication of (i) the annual or semi-annual report and (ii) the key items of the agenda of a general meeting of the company (such publication usually occurs together with the annual report) until 24 hours (one trading day) after publication of the results and key agenda items, respectively.

General closed periods apply irrespective of whether or not they were specially communicated and irrespective of whether or not an Insider has any insider information.

Special closed periods

In addition to the general closed periods, a special closed period may apply either automatically due to a project or transaction (in accordance with section 5.4 of the Insider Directive) or upon determination by the CEO or the CFO in specific circumstances and may apply to (i) a specified group of directors, officers or employees and/or (ii) specific securities of other listed companies and for the period as communicated, usually ending within 24 hours (one trading day) after the publication of the relevant insider information or such project having been finally terminated. Special closed periods apply irrespective of whether or not an Insider has insider information.

Permitted trading

An Insider may trade in Securities of the Lindt & Sprüngli Group outside the closed periods, but only if he or she has no insider information relating to the Securities of the Lindt & Sprüngli Group.

In order to avoid inadvertent violations of the Insider Directive, Insiders who manage their securities through an asset manager must instruct the asset manager to refrain from trading in Securities of the Lindt & Sprüngli Group unless specifically instructed otherwise by the relevant Insider.

Shareholder information

Chocoladefabriken Lindt & Sprüngli AG issues business-related shareholder communications as follows:

Mid-January	Net sales of the previous year
Early March	Income statement and full-year results
End of April	Annual General Meeting
End of July	Half-year Report

→ For details refer to "Information" on page 156

The statutory publication organ is the Swiss Official Gazette of Commerce. Information about the company is also published and processed by selected media and leading international banks. All data about the business is also available on the company website. Company press releases can also be found on that website. For news and ad hoc communications, a push system is also available on the company website.
http://www.lindt-spruengli.com/media-center

Interested parties can obtain a free copy of the Annual Report, as well as the Compensation Report of Chocoladefabriken Lindt & Sprüngli AG from the Group headquarters at Seestrasse 204, 8802 Kilchberg.

For further information, contact the Investor Relations Department of the Group via the phone number +41 44 716 25 37 or via e-mail investors@lindt.com.

Compensation Report

Dear Shareholders

On behalf of the Board of Directors and as Chairman of the Compensation & Nomination Committee, I am pleased to present you with the Compensation Report for the financial year 2021.

Since the 2015 General Meeting, the General Meeting approves in separate votes the proposals of the Board of Directors for the maximum aggregate compensation for the members of the Board of Directors until the next Annual General Meeting, and for the maximum aggregate compensation for Group Management for the respective forthcoming financial year. The Compensation Report for the previous financial year is also submitted to the shareholders for approval by way of a non-binding advisory vote. At the 2021 General Meeting you expressed your support for the Board of Directors and the Compensation & Nomination Committee's activities as well as all compensation-related resolutions proposed. In this regard, I would like to thank you on behalf of the entire Board of Directors for your continued trust.

Despite recurring pandemic-related restrictions, Lindt & Sprüngli achieved strong results in 2021. The annual corporate financial targets for the financial year as set by the Compensation & Nomination Committee were overachieved and each member of Group Management also achieved its annual individual qualitative targets by showing great leadership, embracing change and continuous innovation.

The Board of Directors is convinced that this 2021 Compensation Report gives you, our valued shareholders, a comprehensive and integral overview regarding the compensation of the senior management at Lindt & Sprüngli Group. On your behalf, I would also like to thank each member of our global team for their commitment and achievements.

Dr R. K. Sprüngli
Chairman of the Compensation & Nomination Committee

Compensation Report 2021

The Compensation Report describes the underlying basics, governing principles and elements of the compensation of the senior management of the Lindt & Sprüngli Group and also contains information on the actual compensation paid to the members of the Board of Directors and Group Management. The information provided refers in each case to the financial year ending on December 31, 2021 (where required with comparative figures for the previous financial year). The Compensation Report also incorporates the disclosure obligations set out in article 14 et seqq. VegüV and article 663c para 2 OR, the requirements of Section 5 of the Annex to the Directive on Information relating to Corporate Governance (Corporate Governance Directive) of SIX Swiss Exchange and the recommendations of the "Swiss Code of Best Practice for Corporate Governance" issued by economiesuisse in its last published version of February 29, 2016.

This Compensation Report is structured as follows:

- I. Compensation governance
- II. Compensation of the Board of Directors
- III. Compensation of Group Management
  - i. Compensation goals and principles
  - ii. Compensation system
  - iii. Compensation elements
  - iv. Compensation
  - v. Supplementary amount
- IV. Employment contracts
- V. Participations
- VI. Additional fees, compensation, and loans to governing bodies
- VII. Compensation to former members of corporate bodies

I. Compensation governance

Article 24bis paragraph 2 of the Articles of Association of Chocoladefabriken Lindt & Sprüngli AG assigns the following tasks and competencies to the Compensation Committee, i.e. the Compensation & Nomination Committee (CNC):

"The Compensation & Nomination Committee shall concern itself with compensation policies, particularly at the most senior levels of the company. It shall have the tasks, decision-making powers, and authority to present motions accorded to it by the organizational regulations and the Compensation & Nomination Committee regulations. In particular, it shall assist the Board of Directors in determining and evaluating the remuneration system and the principles of remuneration, and in preparing the proposals to be presented to the General Meeting for approval of remuneration pursuant to Art. 15bis of the Articles of Association. The Compensation & Nomination Committee may submit to the Board of Directors proposals and recommendations in all matters of remuneration."

The Articles of Association of the company are available on the website of Chocoladefabriken Lindt & Sprüngli AG.
https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

Pursuant to the corresponding regulations, the responsibilities of the CNC include inter alia the approval of employment contracts for members of the Group Management and the submission to the Board of Directors of the employment contract for the CEO for approval. The CNC also submits proposals to the Board of Directors for motions to the General Meeting relating to compensation and with respect to potential occupational benefits and pensions outside the scope of occupational benefits or similar schemes abroad, in each case to be granted by the company or by its subsidiary companies to members of the Board of Directors and Group Management within the limits defined by the Articles of Association. The CNC is also responsible for drawing up a proposal for the Compensation Report for the attention of the Board of Directors.

Within the framework of the compensation principles, the Articles of Association, and the resolutions of the General Meeting regarding compensation, the CNC determines upon proposal by the CEO the amount and composition of the compensation for individual members of Group Management and submits the CNC's proposals for the individual compensation of the CEO and the members of the Board of Directors to the full Board of Directors. Individual members of the Board of Directors and Group Management are excluded from the deliberations and from voting in the CNC and the Board of Directors, respectively, when it comes to their own compensation. Once a year, the CNC informs the Board of Directors about the procedure for the determination of compensation and the outcome of the compensation process. The CNC meets at least twice each year. Two regular meetings were held in the reporting year. The CEO attended these meetings unless it concerned his compensation. The CNC has general authority to consult external advisors for the performance of its tasks. In 2021, the consulting services of a well-known advisor were used in connection with the benchmarking of the compensation paid to the Executive Chairman and the Group Management.

Pursuant to Article 15bis paragraph 1 of the Articles of Association, the General Meeting annually approves the proposals submitted by the Board of Directors concerning the maximum amounts of remuneration paid to the Board of Directors for the period until the next ordinary General Meeting, and of remuneration paid to Group Management for the coming financial year. The Board of Directors may submit to the General Meeting for approval proposals concerning the maximum total amounts or individual components of remuneration for other time intervals, and/or concerning supplementary amounts for special remuneration components, as well as other, conditional proposals (Article 15bis paragraph 2 of the Articles of Association).

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

The following table provides an overview of the approval system for the compensation for the Board of Directors, the CEO, and the Group Management.

Approval system for the compensation of the Board of Directors, the CEO and the Group Management

	CEO	CNC	Board of Directors	General Meeting
Maximum aggregate compensation Board of Directors		Proposal to BoD	Proposal to GM	Decision (prospective)
Individual compensation Board of Directors		Proposal to BoD	Decision	
Maximum aggregate compensation Group Management	Proposal to CNC	Proposal to BoD	Proposal to GM	Decision (prospective)
Individual compensation CEO		Proposal to BoD	Decision	
Individual compensation for rest of Group Management members	Proposal to CNC	Decision		
Advisory vote on Compensation Report		Proposal to BoD	Proposal to GM	Decision (retrospective)

II. Compensation of the Board of Directors

The principles governing the compensation of members of the Board of Directors are set out in Article 21 paragraph 2 of the Articles of Association.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

No member of the Board of Directors is currently entitled to any variable compensation or any allocation of option rights or other equity interests (shares or participation certificates). The non-executive members of the Board of Directors receive compensation in the form of a fixed flat-rate fee of CHF 145,000 which is paid out in cash after the respective Annual General Meeting for the preceding term. The Executive Chairman of the Board of Directors receives a fixed compensation in the form of a salary of CHF 2 million per year, which is paid out in cash on a monthly basis.

The amount of total compensation is regularly reviewed by way of external benchmarking and involves a comparison of the level and structure of Board of Directors compensation with, most recently, 21 industrial companies from the SMI and SMIM that are similar to Lindt & Sprüngli in terms of market capitalization and sales. The last benchmarking for the Board of Directors compensation was undertaken in December 2021.

The following compensation was effectively paid to the members of the Board of Directors in the financial years 2020 and 2021.

Compensation of the Board of Directors (audited)

	Function on 31.12.2021		**2021**		**2020**
CHF thousand		Fixed cash compensation[1]	Other compensation[2]	Fixed cash compensation	Other compensation
E. Tanner	Executive Chairman of the Board of Directors, member of the CSC[3]	2,000	23	2,000	23
A. Bulgheroni	Board member, member of the Audit Committee and CNC	145	40	145	40
Dkfm. E. Gürtler	Board member, member of the Audit Committee	145	12	145	12
Dr R. K. Sprüngli	Board member, Chairman of the CNC and the CSC	145	12	145	12
Dr T. Rinderknecht	Board member, Chairman of the Audit Committee	145	12	145	12
S. Denz	Board member, member of the CNC and CSC	145	14	145	12
Total		**2,725**	**113**	**2,725**	**111**

1 Total compensation in the form of a fee respectively salary for E. Tanner as member of the Board of Directors and Executive Chairman of the Board of Directors of CHF 2 million (accrual-basis). The non-executive members of the Board of Directors received an unchanged fixed flat-rate fee of CHF 145,000.
2 AHV share of the employee on salary respectively fees paid by the employer (including that of the employer, that establishes or increases social insurance or pension contributions). The compensation shown for the year 2021 paid to E. Tanner includes a lump-sum expense allowance of CHF 18,000 (previous year: CHF 18,000). A. Bulgheroni also received a gross fee of CHF 28,000 (previous year: CHF 27,800) for his function as Chairman of the Board of Directors of Lindt & Sprüngli S.p.A and Caffarel S.p.A.
3 CSC: Corporate Sustainability Committee.

The amount of CHF 3.2 million approved by the General Meeting of April 24, 2020, as the maximum aggregate amount of compensation for the Board of Directors for the period until the General Meeting 2021 was not exceeded. The same amount of CHF 3.2 million was approved by the General Meeting of May 4, 2021, as the maximum aggregate amount of compensation for the Board of Directors for the period until the General Meeting 2022. The amount effectively paid out for the financial year 2022 will be disclosed in the Annual Report 2022.

No loans and credits were granted to current or past executive or non-executive members of the Board of Directors.

III. Compensation of the Group Management

i. Compensation goals and principles

Compensation plays a central role in recruitment and retention of employees. Thus compensation also influences the company's future success. Lindt & Sprüngli is committed to performance-based compensation in line with the market standards aligning the long-term interests of shareholders, employees, and customers. Therefore, the compensation system at Lindt & Sprüngli pursues the following five goals:

1. Long-term motivation of employees,
2. long-term retention of key personnel in the company,
3. appropriateness of the cost of compensation in relation to the results,
4. ensuring that the activities of the management are aligned with the long-term interests of the owners, and
5. attract talent and be an attractive employer.

Lindt & Sprüngli attaches great importance to employee retention, which manifests itself particularly in the exceptionally low turnover rate over many years. This is of great importance for a premium product manufacturer with a long-term strategy. Compensation principles at Lindt & Sprüngli are meant to have a medium and long-term effect and to be sustainable. Continuity is a high priority.

The principles governing the compensation (including performance-based compensation) of the members of the Group Management and the allocation of equity securities, conversion, and option rights to members of the Group Management are set out in Article 26bis paragraphs 3–7 of the Articles of Association. Regulations governing the amount of pension benefits outside the occupational pension scheme for members of the Group Management are set out in Article 26bis paragraph 8 of the Articles of Association.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

ii. Compensation system

The compensation of the members of Group Management consists of a combination of a fixed compensation (1) (base salary and other compensation/ancillary benefits), a short-term performance-based compensation (2) (cash bonus) and a long-term performance-based compensation (3) in the form of options for participation certificates, in each case consistent with their respective positions.

Overview of compensation components for members of Group Management

	Fixed compensation (1)		Variable compensation	
	Base salary	Other compensation/ ancillary benefits	Short-term performance-based compensation (2) (cash bonus)	Long-term performance-based compensation (3) (option plan[1])
Plan duration				Up to 7 years
Drivers	Functional level, competencies, and experience	SMI and SMIM market practice	Pay for performance	Alignment with shareholders' experience
Settlement	Cash (immediate)	Pension, insurances, cash	Cash	Participation certificates
Performance period			1 year	3 years, 4 years, or 5 years
Payout range			0–200% of individual target cash bonus	0–200% of individual grant level of base salary
Share price impact	No	No	No	Yes
Forfeiture rules	No	No	Yes	Yes
Clawback	Yes	No	Yes	Yes

1 Options on participation certificates

Lindt & Sprüngli seeks to ensure that actual compensation of the members of Group Management is linked to the business performance by delivering a substantial portion of compensation in the form of variable performance-based compensation.

Relation between fixed and variable compensation of Group Management

	Fixed compensation	Variable compensation			
		Short-term performance-based compensation (cash bonus)			Long-term performance-based compensation (option plan)
	Base salary	Target cash bonus in % of base salary	Payout range as % of target cash bonus	Max. cash bonus in % of base salary	Individual grant level in % of base salary
CEO	100%	100%	0–200%	200%	0–200%
Group Management	100%	30–90%	0–200%	60–180%	0–200%

The aggregate amount of target compensation is based on the requirements and responsibilities of the recipient and is regularly reviewed within the Group by means of horizontal and vertical internal comparisons. In addition, when new appointments are made, the CNC considers comparative data for the consumer goods sector, with respect to the specific vacancy for the appointment.

The periodic external benchmarking involves a comparison of the level and structure of Group Management compensation with, most recently, 21 industrial companies from the SMI and SMIM that are similar to Lindt & Sprüngli in terms of market capitalization and sales. The last benchmarking for the Group Management compensation was undertaken in December 2021.

iii. Compensation elements

Fixed compensation (Base salary) and other compensation /ancillary benefits

The fixed compensation (1) (base salary) essentially reflects the particular functional level, competencies, and experience of each of the members of Group Management. It is paid out on a monthly basis in twelve or thirteen, respectively, equal cash installments.

In addition, members of Group Management receive other compensation and ancillary benefits, including entitlement to a company vehicle and participation in pension plans.

Short-term performance-based compensation (cash bonus)

The realization of the short-term performance-based compensation (2) is tied to the achievement of clearly defined targets on the one hand corporate financial targets, and on the other hand individual, qualitative targets for the respective financial year. The amount of the individual short-term performance-based compensation is determined by multiplying the individual target cash bonus with a target achievement degree. The payment in cash occurs in spring of the following year once the achievement of targets has been determined.

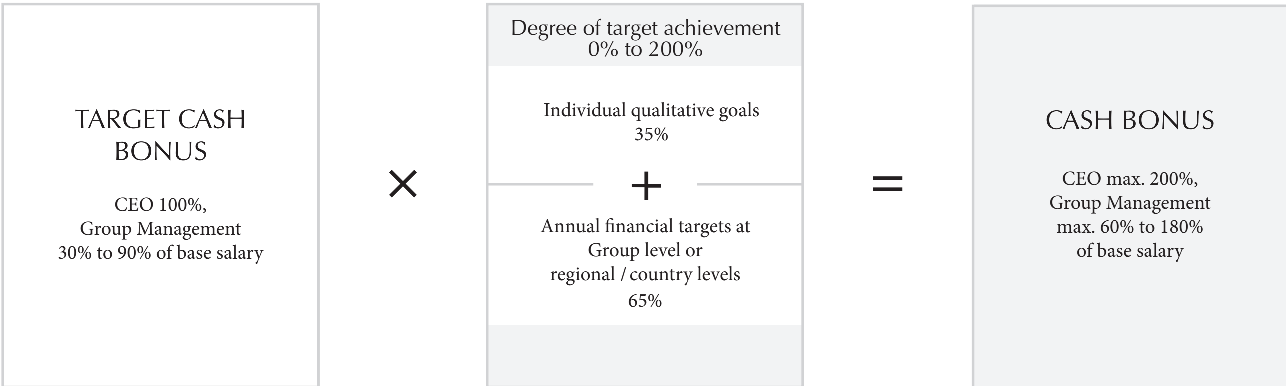
The individual target cash bonus is defined as a percentage of base salary. For the CEO it is set at 100% of base salary. For the other members of Group Management it is set between 30% and 90% of base salary. In 2021, the total amount of the aggregate cash bonuses awarded to the members of Group Management amounted to CHF 3.981 million (previous year: CHF 1.287 million).

A target achievement degree is determined based on a scorecard and ranges from 0% to 200% (maximum degree of target achievement). In other words, the maximum cash bonus paid out is limited to twice the target cash bonus and cannot exceed 200% of base salary for the CEO and 60% to 180% for members of Group Management, respectively.

For the CEO and the members of Group Management, the target achievement degree largely depends on the achievement of corporate financial targets for the financial year (65%) and to a smaller extend on the achievement of annual personal qualitative targets (35%), which are set by the CNC at its discretion. The financial targets are determined annually and correlate with the long-term strategy, which strives for achieving sustainable organic sales growth accompanied by continuous improvement in profitability.

For those members of Group Management who have responsibility on regional or country level, respectively, financial targets on regional or country level, respectively, are also taken into account, along with Group targets. Non-financial targets depend on the individual function and refer to the implementation of the strategy and to defined leadership and conduct criteria, including promotion of Environment Social Governance (ESG) and Diversity & Inclusion (D&I) efforts. In order to support the achievement of our sustainability goals, from 2022 onwards, three to four individual qualitative targets will be defined for each member of Group Management which are linked to our strategic goals, e.g. living and breathing our Lindt values (Excellence, Innovation, Entrepreneurship, Responsibility, Collaboration), focussing on internal talent development, promoting women in leadership positions or supporting our transformation agenda. For each member of Group Management, at least one goal will be linked to our sustainability goals.

Calculation of the short-term performance-based compensation (cash bonus) for the CEO and Group Management



Internal financial and individual qualitative targets under the short-term performance-based compensation plan are considered commercially sensitive information. For this reason, the disclosure of the latter is not warranted explicitly, but rather a general comment pertaining to the performance achievements is attained.

In the financial year 2021, Lindt & Sprüngli achieved strong results in an economically challenging year impacted by the Corona pandemic. The corporate financial targets set for the year under the short-term performance-based compensation program were overachieved. All members of Group Management also achieved their annual individual qualitative targets by showing great leadership, embracing change and continuous innovation. For all members of Group Management, the effectively paid individual cash bonuses for 2021 correspond on average to 71% of the base salary (36% in 2020), and for the CEO 121% (0% in 2020 as for the year 2020, the CEO has waived any cash bonus).

Forfeiture of unsettled short-term compensation and clawback provisions for settled short-term compensation apply in a range of events, enabling the company to seek repayment where appropriate.

Long-term performance-based compensation (option plan)

The long-term performance-based compensation (3) consists of an option plan awarded to Group Management and selected key employees with expert knowledge at the annual discretion of the Board of Directors, with respect to the CEO, or, respectively, the CNC, with respect to the other members of Group Management. It strengthens the shareholder orientation and aligns the interests of Group Management with those of the company's shareholders in the long term by awarding the long-term increase of the value of the company.

Grant levels are determined by the CNC or, respectively, the Board of Directors (upon proposal by the CNC), based on multiple factors, including the employee's position and influence on the long-term success of the company, yet not depending on the company's previous year's performance. The individual grant levels are based on a number of options on participation certificates valued by using the binomial model for the determination of option prices. The resulting CHF amount is however capped and may not exceed 200% of the base salary for each member in any year. In 2021, the total of the option grants awarded to the members of Group Management (other than the CEO), amounted to CHF 3.110 million (previous year: CHF 3.568 million). The option grant awarded to the CEO amounted to CHF 1.583 million (previous year: CHF 1.223 million).

Each option carries the right to subscribe to one participation certificate (subscription ratio 1:1). The option exercise price corresponds to the average amount of the closing price of the participation certificates of Chocoladefabriken Lindt & Sprüngli AG on the five trading days on the SIX Swiss Exchange prior to grant.

Option rights have an exercise period of up to seven years from grant and have vesting periods for the exercise of three (35%), four (35%), or five (30%) years.

Forfeiture of unsettled or unexercised long-term compensation and clawback provisions for settled awards apply in a range of events, enabling the company to seek repayment where appropriate.

iv. Compensation

Compensation of the members of Group Management for the years 2021 and 2020 is shown in the following table. The valuation of the option-based compensation for 2021 and 2020 is based on the respective market values at the time of grant.

Compensation for the Group Management (audited)

				2021 market value
CHF thousand	Fixed gross compensation [1]	Variable cash compensation [2]	Options [3]	Total compensation
Dr Dieter Weisskopf, CEO	1,263	1,450	1,583	4,296
Other members of Group Management [4]	3,916	2,531	3,110	9,557
Total	**5,179**	**3,981**	**4,693**	**13,853**

				2020 market value
CHF thousand	Fixed gross compensation [1]	Variable cash compensation [2]	Options [3]	Total compensation
Dr Dieter Weisskopf, CEO	1,265	0	1,223	2,488
Other members of Group Management [5]	3,845	1,287	3,568	8,700
Total	**5,110**	**1,287**	**4,791**	**11,188**

1 Total of paid-out gross compensation, including pension fund and social insurance contributions paid by the employer, that establishes or increases employee benefits.
2 Expected pay-out (accrual basis) in April of following year according to the proposal of the CNC to the BoD (excluding social charges paid by employer). D. Weisskopf waved his cash bonus for the year 2020.
3 Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 28). The valuation reflects the market value at the time granted. The total number of granted options in 2021 to D. Weisskopf was 2,800 options (1,800 options in 2020) and in total to all other members of the Group Management 5,500 options (5,250 options in 2020).
4 There have been six other Group Management members as of December 31, 2021.
5 There have been six other Group Management members as of December 31, 2020.

An amount of CHF 18 million was approved by the General Meeting of April 24, 2020, as the maximum aggregate amount of compensation for 2021 for the Group Management, whereby approx. CHF 14 million were utilized in 2021. The total compensation of the Group Management for 2021 was higher than for the previous year due to full achievement of the relevant targets, which resulted in higher payouts under the short-term performance-based compensation, while the number of Group Management members remained unchanged.

No use was made of the supplementary amount pursuant to Article 15bis paragraph 5 of the Articles of Association. No loans and credits were granted to current or past executive and non-executive members of Group Management.

v. Supplementary amount

Pursuant to Article 15bis paragraph 5 of the Articles of Association, the company and its Group affiliates are authorized with respect to any member of Group Management who enters the Group Management during a period for which approval of the remuneration for Group Management has already been given, of a supplementary amount for that period, where the total amount already approved is not sufficient for such remuneration; such supplementary amount shall in no case exceed 40% of the maximum total amount already approved for the remuneration of Group Management.

https://www.lindt-spruengli.com/amfile/file/download/id/2852/file/Articles%20of%20Association-20210225-E.pdf

IV. Employment contracts

The employment contracts of the members of Group Management contain notice periods of a maximum of twelve months and do not provide for severance payments. The maximum duration for a prohibition on competition for members of Group Management is twelve months, provided that the agreed consideration may not exceed the amount of the basic salary paid for the preceding twelve months. In case of option- or share-based compensation, neither vesting periods nor exercise periods are shortened upon withdrawal.

The procedure with respect to unsettled or unexercised compensation in the event of a change of control is governed by the respective compensation plans, whereby the rights of members of Group Management are identical to those of all other employees.

For details refer to "Change in control and defensive measures" on page 49.

V. Participations

The following table provides information on the registered shares and participation certificates, respectively, of Chocoladefabriken Lindt & Sprüngli AG and options on participation certificates held by members of the Board of Directors and the Group Management as of December 31, 2021.

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2021	2020	**2021**	2020	**2021**	2020
E. Tanner	Executive Chairman	3,067	3,067	8,327	10,191	2,500	2,500
A. Bulgheroni	Member of the Board	1,000	1,000	295	295	–	–
Dkfm E. Gürtler	Member of the Board	1	1	50	50	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,092	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz	Member of the Board	11	11	–	–	–	–
Dr D. Weisskopf	Group Management	5	7	3,000	2,850	8,350	7,225
Dr J. Picenoni	Group Management	1	1	–	–	2,350	1,600
R. Fallegger	Group Management	25	25	850	–	3,950	4,326
A. Germiquet	Group Management	7	7	500	400	4,222	3,646
Dr A. Lechner	Group Management	7	7	56	56	4,700	5,000
M. Hug	Group Management	6	1	–	–	3,850	3,200
G. Steiner	Group Management	2	2	–	–	3,730	3,410
Total		**5,224**	**5,221**	**13,078**	**13,842**	**33,652**	**30,907**

VI. Additional fees, compensation, and loans to governing bodies

Apart from the benefits listed in this report, no other compensation was granted in the reporting year 2021 – neither directly nor indirectly – to the executive and non-executive members of the Board of Directors, the members of Group Management, to former members of Group Management or the Board of Directors or to related persons of the aforementioned persons. In addition, as per December 31, 2021, no loans, advances or credits were granted by the company or by any of its subsidiaries to this group of persons.

VII. Compensation to former members of corporate bodies

No other compensation, apart from the benefits listed in this report, was paid in 2021 to former members of corporate bodies of the company.

Report of the statutory auditor

to the General Meeting of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

We have audited the compensation report of Chocoladefabriken Lindt & Sprüngli AG for the year ended 31 December 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled 'audited' on pages 49 and 54 of the compensation report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

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

Opinion

In our opinion, the compensation report of Chocoladefabriken Lindt & Sprüngli AG for the year ended 31 December 2021 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Gerhard Siegrist	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zürich, 7 March 2022


We enchant the world with
Chocolate
The world celebrates with Lindt & Sprüngli

We enchant the world with Chocolate

Our company's purpose

The question of a corporate purpose is currently a trending topic in business. At Lindt & Sprüngli, we have had a clear and consistent mission since day one, and this has had a lasting influence on us.

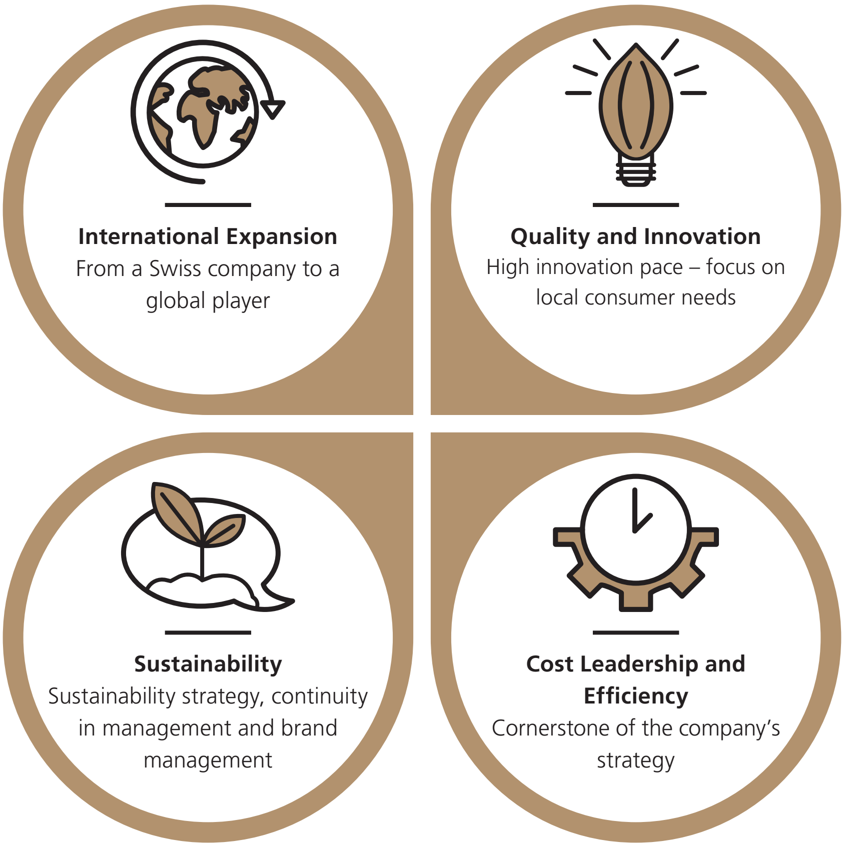
When a company is asked for its purpose, there are several responses: For some stakeholders, the main focus is the company's role as an employer or taxpayer. For others, it is more important that environmental and social aspects are a priority and that a company puts sustainability above all. And then there are those who consider the most important thing is to offer high-quality products that meet consumers' expectations and form the basis for long-term economic success. The list is endless. The enormous challenge is to build a common foundation for all those requirements. At Lindt & Sprüngli we didn't have to think long about a common purpose which guides us through our daily life: "We enchant the world with chocolate." This is surely the best mission imaginable.

This mission goes back a long way at Lindt & Sprüngli. For more than 175 years, we have been manufacturing high-quality chocolate, which never ceases to delight our consumers. First in our home area around Lake Zurich, then throughout Switzerland, and now around the globe. Around 14,000 employees are working in 31 subsidiaries and in 11 production sites to manufacture more than 2,500 chocolate products. We sell our products in more than 500 of our own shops and via distribution partners in 120 countries. Internationally Lindt is the leading brand but Ghirardelli, Caffarel, Russell Stover or Hofbauer and Küfferle, also offer magical taste experiences.

The fact that we have been so successful in so many countries for over 175 years is due first and foremost to the high quality of our chocolate. This starts with high-quality raw materials, continues with processing in accordance with stringent Swiss production processes and high manufacturing standards, and ends with exceptional packaging designs. Only this way our premium products can enchant consumers. But there is far more to it than just quality. Our long-standing business success is due purely to our long-term approach and strategy.

Quality begins with our raw materials, which are far more than just a good base product. Our commitment to sustainability is exemplified by the Lindt & Sprüngli Farming Program. Through over twelve years of endeavors, we have ensured that 100% of our cocoa beans can be traced back to their origins and are externally verified. However, the objectives of the Farming Program go above and beyond quality assurance and a transparent supply chain. The cocoa is cultivated in an environmentally and socially responsible way, with farmers, their families and their communities being given long-term support. Find out more on www.farming-program.com.

Chocolate is a delight that brings the whole world together. This applies to the raw materials and production as much as it does to the consumers. Chocolate is a product whose impact is worldwide; very few people are not enchanted by the delicate smooth-melting taste. But every country has its own preferences, and we make sure to meet the range of consumer needs around the globe. Not just because we have the necessary state-of-the-art technology, but rather because our marketing



team and product developers take market research findings as their basis for developing innovative chocolate creations. While the famous Lindor truffle, the elegant Excellence and the classic Gold Bunny are internationally renowned bestsellers, we are by no means relying solely on these products. Thanks to constant innovation, Lindt & Sprüngli can offer the perfect chocolate treat for every occasion. Thus, we can create a magical atmosphere for festivities all over the world, from Christmas and Easter to Thanksgiving Day.

At Lindt & Sprüngli, innovation is clearly visible in many business processes, in marketing and distribution as well as in production processes, and ideally goes hand in hand with our commitment to sustainability. One product of which we are particularly proud is our latest innovation, Excellence Cocoa Pure: This chocolate is made from 100% cocoa fruit, with the sugar being replaced by the sweetness of the fruit's own pulp. This allows us to make sustainable use of previously unutilized resources and offers our consumers pure cocoa pleasure.

The large number of chocolate creations requires many magicians: our employees. Of course, the term "magicians" is appropriate only in the context of our purpose. In fact, the major contribution made by our employees is not magic, but the passion for their work. We can only fulfill our mission by adhering to the clear commitment that only premium products leave our premises. The employees of Lindt & Sprüngli do not compromise when it comes to offering the consumer the perfect chocolate experience. This applies to everything, from the fine chocolate to the packaging and marketing. After all, what would the Lindor truffle be without the sensorial rustling noise when you pull on both ends? Exactly!

Creating the perfect all-round experience that consumers quite rightly expect from a Lindt & Sprüngli product requires the coordinated effort of international teams from all areas of the company. We encourage and reward such team spirit, as well as personal initiative and entrepreneurial thinking by giving our employees a degree of leeway. We show appreciation for the success we achieve together with them and our business partners. Because we know that a chocolate experience that delights consumers is the product of a worldwide collaboration between a large number of people. This long journey begins with our producers and continues through all our divisions, entering the home stretch in retail, but is not over until our consumers open the elegant packaging and are enchanted by the fine taste of chocolate.

Our values

Community is built based on values that connect people. For us as a company, it is crucial that we share the same moral values with our employees and our partners. For Lindt & Sprüngli, there are five key values at the heart of what we do.

Creative teamwork leads to exceptional results

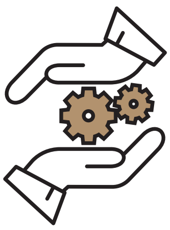
In the service of our consumers, we all strive together to achieve excellence, because in the end there is only one thing that counts: We want to delight with our premium chocolate. Our employees are given lots of scope to come up with innovative processes and creative ideas in order to produce amazing new chocolate creations. We have faith in their entrepreneurial approach and can rely on them to take responsibility for their actions in cooperation with their colleagues as well as with our suppliers and customers.

Excellence

We have a passion for what we do, strive for excellence and never compromise on quality.

Innovation

We are forward-thinking, constantly looking for new and better ways to deliver success.



Entrepreneurship

We are empowered and assume ownership of our actions and results.

Responsibility

We act with integrity and treat everyone with respect. We care for the environment and a sustainable tomorrow.

Cooperation

We support each other across disciplines, business segments, and geographies.


We are all
Lindt & Sprüngli


Lindt
Lindt


Lindt
NUXOR
GIANDUJA
FEINHERB
Lindt
NUXOR
GIANDUJA
MILCH


Lindt
CRÈME NOIR


Lindt
LINDOR
DULCE DE LECHE


Russell Stover
ASSORTED
Russell Stover


Lindt
LINDOR


GHIRARDELLI
MILK CHOCOLATE
CARAMEL
GHIRARDELLI
CHOCOLATE
SQUARES
MILK CHOCOLATE
CARAMEL

We enchant the world with Chocolate

Lindt & Sprüngli inspires people around the world with innovative premium products for every occasion.

RU & GLOBAL
New Year

ES
Three Holy Kings' Day

January

IT
Carnival

CN & ASIA
Chinese New Year

GLOBAL
Valentine's Day

February

RU & GLOBAL
International Women's Day

March

JP
White Day

JP
Hanami Cherry Blossom Festival

GLOBAL
Mother's Day

GLOBAL
Father's Day

April

May

June

GLOBAL
Easter

CN
520
Festival of
Love

SE
Midsummer
Festival

CH
National Holiday

ZA
Heritage Day

July

August

September

GLOBAL
World Chocolate Day

GLOBAL
Off to school

IN
Diwali: Festival of lights

MX
Día de los Muertos

CN
Singles' Day

DE+ CH+AT
Advent

DE, CH+NL+AT
St. Nicholas Day

October

November

December

USA & GLOBAL
Halloween

USA
Thanksgiving Day

GLOBAL
Christmas

GLOBAL
New Year's Eve

January

New Year

★ ★ ★

"Starting the New Year with Grandfather Frost"

The New Year celebrations, which extend over several days from December 31 to January 7, are a particular highlight of the Russian year. Russia, unlike other countries, uses the Julian calendar (in keeping with the Orthodox tradition), according to which Christmas does not fall until January 7. Nevertheless, presents are distributed by Grandfather Frost already on December 31.

Waiting for the Three Holy Kings

In Spain, it is not Father Christmas or the Christ Child who brings children their Christmas presents but the Three Holy Kings ("Los Reyes Magos"). However, they arrive with their camels not on December 24 but only after the birth of baby Jesus, on January 6. The evening before, on January 5, "Los Reyes Magos" parade in a lavish procession, the "Cabalgata", in every city in Spain. Children can hardly wait for their arrival and the small gifts that they distribute. During the night before January 6, the Three Wise Men from the East have enough time to distribute their gifts to all the houses. In return they receive from the children a plate of biscuits, wine, and water for the camels.

1. RUSSIA & GLOBAL

6. SPAIN

02 03 04 05 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31


Lindt
Lindt

February

Will you be my Valentine?

The worldwide day of love

Valentine's Day gets its name from Saint Valentine of Rome, the patron saint of lovers, who lived in Rome in the 3rd century. He married couples according to Christian rites, even when it wasn't allowed, and gave them flowers from his own garden. The marriages were believed to be particularly auspicious. However, Valentine was beheaded on February 14, 269, on the orders of Emperor Claudius II.
"Valentines", who sent each other small gifts or poems, first appeared in England in the 15th century. English emigrants took this custom with them to the United States. It was brought back to Europe again by US soldiers after the Second World War and is now a global tradition.

Traditional start of the New Year in China

Chinese New Year is determined by the traditional lunar calendar and falls between January 21 and February 21 each year. The celebrations last for 15 days, with most of the festivities occurring on the first five days. The Lantern Festival provides the crowning finale, exactly 15 days after the start.

14. GLOBAL

CHINA & ASIA 12.

01 02 03 04 05 06 07 08 09 10 11 13 15 16 17 18 19 20 21 22 23 24 25 26 27 28

Lindt
LINDOR
Lindt
LINDOR
UNENDLICH
ZARTSCHMELZEND
MILCH

March

International Women's Day

Here's to women!

Since 1917, March 8 has been the most important holiday of the year for Russian women. On this day, which combines Valentine's Day and Mother's Day, they are the center of attention and are totally spoiled. Partners, family, friends, and work colleagues present women with the first flowers of spring and with chocolate gifts to mark this special day. There is only one condition – they must not be yellow.

White Day – the Japanese Valentine's Day

"White Day" has been the East-Asian counterpart to Valentine's Day since the 1970s. The cultural custom of giving gifts as a sign of gratitude and appreciation is an important element of Japanese culture, and so a gift is usually followed by a reciprocal gift. White Day follows precisely one month after Valentine's Day, when women give gifts to men in Japan. In keeping with the name of the day, Japanese men give women only white chocolate gifts, as the color symbolizes luck.

8. RUSSIA & GLOBAL

14. JAPAN

01 02 03 04 05 06 07 09 10 11 12 13 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31


Lindt
MINI PRALINÉS
KLEINE, FEINE 36 KOSTBARKEITEN

April

Happy Easter

70 and fabulous!

Since as far back as the 4th century, Easter has fallen on the Sunday after the first full moon in spring. Consequently, Easter can fall no earlier than March 22 and no later than April 25. The Christian festival has its origins in the Jewish Passover and in fertility festivals which were celebrated in the spring. For Christians, the resurrection of Jesus is the central event and Easter is therefore the most important festival in the year.

There are many myths about the origin of the Easter bunny, who hops into the Easter nests around the globe.

The Easter Bunny is the symbol of Easter

The first written reference to the Easter bunny hiding eggs in the garden comes from a scientific paper by the professor of medicine Georg Franck von Franckenau in 1682. There are many theories about the motif of the Easter bunny. One theory goes back to the Germanic goddess of spring "Ostara". The hare was the goddess' sacred animal and a symbol of fertility because of its strong reproduction. The name of the goddess is etymologically related to the term Easter. But origins in antiquity and Christianity are also discussed again and again. The motif of the hare can be found on numerous clay objects and mosaics from antiquity. At that time, it was considered a symbol of life and rebirth. It was not until the late Middle Ages that the hare and the egg came to symbolize the resurrection of Jesus Christ and took on a Christian meaning.

The elegant Gold Bunny celebrates its 70th birthday in 2022 and hops young as ever into Easter nests all over the world.

May

Mother’s Day

Viva la mamma!

The veneration of mothers dates back to antiquity. During their spring festivals, the ancient Greeks paid homage to “Rhea”, goddess of the earth and fertility. Mother’s Day has its origin in the early American women’s movement at the end of the 19th century. At that time, Ann Maria Jarvis, a pastor’s wife, was trying to improve the social situation of workers’ families. In 1914, her daughter, Anna Marie Jarvis, finally achieved the introduction in the USA of the first official Mother’s Day in honor of mothers, which is now familiar to us throughout the Western world.

520 – China celebrates love

It all comes down to pronunciation! In Chinese, the number 520 (wǔ èr líng) is pronounced very similarly to “I love you” (wǒ ài nǐ). And that is why love is celebrated in China in the merry month of May, on May 20, and not in February as in many other parts of the world. The festival of love has evolved into a popular event, especially among young Chinese people in major cities.

9. GLOBAL

20. CHINA

01 02 03 04 05 06 07 08 10 11 12 13 14 15 16 17 18 19 21 22 23 24 25 26 27 28 29 30 31


Lindt
LINDOR
MILK
Lindt
LINDOR
IRRESISTIBLY SMOOTH
MILK CHOCOLATE TRUFFLES
NET WT 6.OZ (144g)
MoM

June

Midsummer Festival

The most Swedish of all holidays is the Midsummer Festival on the longest day of the year. Whole Sweden is in holiday mood between June 19 and 25, the highlight being St. John's Day. Traditionally, Midsummer's Day is celebrated by partying with family and friends in the countryside, often all through the light summer's night. The celebrations include dancing around the midsummer pole, lots of singing, garlands of flowers, strawberries and traditional dishes. Furthermore, the magical night is very much given over to love and is a popular date for weddings.

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 22 23 24 25 26 27 28 29 30

July

World Chocolate Day

There is no better day in the year than July 7 for expanding your chocolate horizons. Launched in America in 2003 by the National Confectioners Association, the day is dedicated worldwide to the enjoyment of fine chocolate. It commemorates July 7, 1550, when chocolate first reached the European continent. Everything else is also part of the corporate history of Lindt & Sprüngli, which extends back over 175 years.

01 02 03 04 05 06 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

August

Switzerland celebrates in red and white!

Switzerland has celebrated August 1 as Swiss National Day since 1891. The date derives from one of the first treaties between the three cantons of Uri, Schwyz, and Unterwalden. Together, they form the core of present-day Switzerland, which took over five centuries to evolve. "At the beginning of the month of August 1291", representatives from these three cantons sealed an eternal covenant in which they swore to assist and support one another.

1. SWITZERLAND

02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

September

Off to school!

The summer holidays are over, and with boundless energy children are heading off to primary school for the first time. For schoolchildren across the world, this exciting time is marked by numerous traditions, from the cone of goodies for the first day of school and small bouquets of flowers for the teachers to special school uniforms which immediately tell teachers which age group the pupils are in. But there is one thing that almost all of these traditions have in common: Parents accompany their children on this important day and give them small gifts and little surprises to support them on their first educational steps.

1. GLOBAL

02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

October

Trick or treat!

The Irish origin of Halloween goes back to one of the four major Celtic festivals, "Samhain". Samhain essentially means the "end of summer" and was celebrated on the eve of November 1, when Celts believed that the gates to the underworld were open. On the eve of "Oíche Shamhna" the dead were said to wander the earth again to visit their relatives and were welcomed with sweets and lights. But those who were afraid that the dead might want to take revenge on them disguised themselves with the purpose to drive away evil spirits.

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

November

Thanksgiving Day

The American holiday of Thanksgiving Day always falls on the fourth Thursday in November. For many families in the USA, this national holiday, an expression of gratitude deeply rooted in society, is even more important than Christmas. Traditionally, Thanksgiving Day is celebrated with family and friends and the prayer of thanks before the shared meal is one of the most important customs.

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 26 27 28 29 30

December

Happy Holidays!

★ ★ ★

Time to share joy

For many people, this is the most beautiful time of the year to spend with family and friends. The Christmas magic begins on December 1 when the first door of the Advent calendar is opened. But it also includes visits to the Christmas market, the Advent wreath, delicious Christmas cookies and exquisite chocolate gifts.
There are a wide range of St. Nicholas Day traditions around the world, but most of them go back to Saint Nicholas of Myra. In the Netherlands, the most important family event takes place as early as December 5. "Sinterklaas" arrives by ship from Spain and brings gifts to the children who are waiting longingly for him at the ports. Incidentally, Dutch migrants took this tradition with them to North America, and that was the origin of Santa Claus.
In Switzerland, "Samichlaus", accompanied by his little helper "Schmutzli" (Knecht Ruprecht), is the harbinger of the Christmas season, filling good children's "Chlaussäckli" bags with little treats on December 6. In Germany and Austria, this pleasant task is undertaken by St. Nicholas together with his assistant Knecht Ruprecht, also known as "Krampus". The list of international traditions is never-ending.
So, the excitement builds up throughout the month until the distribution of presents on the eve of December 24 or the morning of the 25th, the most important holiday in countries with a Christian tradition. According to customs, either Father Christmas or the Christ Child brings the Christmas presents. The many highlights culminate on the last day of the year in the New Year's Eve celebrations before the New Year is exuberantly rung in.

NETHERLANDS 5. 6. SWITZERLAND, GERMANY & AUSTRIA

24. GLOBAL

GLOBAL 31.

01 02 03 04 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 25 26 27 28 29 30

Lindt & Sprüngli celebrates with the whole world.

Financial Report

Consolidated Statements of the Lindt & Sprüngli Group

Financial Statements of Chocoladefabriken Lindt & Sprüngli AG

Financial and other Information

Consolidated Balance Sheet

CHF million	Note	December 31, 2021		December 31, 2020	
Assets					
Property, plant and equipment	9	1,347.2		1,327.2	
Right-of-use assets	10	436.1		408.8	
Intangible assets	11	1,308.8		1,300.9	
Financial assets	12	2,653.6		1,898.2	
Deferred tax assets	13	185.6		162.0	
Total non-current assets		**5,931.3**	**66.2%**	**5,097.1**	**63.3%**
Inventories	14	761.6		701.5	
Accounts receivable	15	895.3		825.0	
Other receivables		109.5		123.9	
Accrued income and prepayments		47.1		29.9	
Derivative assets	16	23.8		23.5	
Marketable securities and short-term financial assets		250.3		401.7	
Cash and cash equivalents	17	937.2		848.4	
Total current assets		**3,024.8**	**33.8%**	**2,953.9**	**36.7%**
Total assets		**8,956.1**	**100.0%**	**8,051.0**	**100.0%**
Liabilities					
Share and participation capital	18	24.2		24.0	
Treasury stock	18	–460.6		–26.7	
Retained earnings and other reserves		5,660.0		4,603.5	
Equity attributable to shareholders		**5,223.6**		**4,600.8**	
Non-controlling interests	2	–		5.5	
Total equity		**5,223.6**	**58.3%**	**4,606.3**	**57.2%**
Bonds	19	997.8		997.4	
Lease liabilities	10	398.9		390.1	
Deferred tax liabilities	13	669.8		579.7	
Pension liabilities	20	136.7		153.5	
Other liabilities		6.0		6.6	
Provisions	21	37.6		37.1	
Total non-current liabilities		**2,246.8**	**25.1%**	**2,164.4**	**26.9%**
Accounts payable to suppliers	22	237.9		187.4	
Other accounts payable		103.8		115.6	
Lease liabilities	10	70.1		68.1	
Current tax liabilities		120.2		90.4	
Accrued liabilities and deferred income	23	908.6		745.4	
Derivative liabilities	16	13.7		9.6	
Provisions	21	16.0		59.9	
Bank and other borrowings	19	15.4		3.9	
Total current liabilities		**1,485.7**	**16.6%**	**1,280.3**	**15.9%**
Total liabilities		**3,732.5**	**41.7%**	**3,444.7**	**42.8%**
Total liabilities and equity		**8,956.1**	**100.0%**	**8,051.0**	**100.0%**

The accompanying notes form an integral part of the consolidated statements.

Consolidated Income Statement

CHF million	Note	2021		2020	
Income					
Sales		4,585.5	100.0%	4,016.8	100.0%
Other income		31.4		22.2	
Total income		**4,616.9**	**100.7%**	**4,039.0**	**100.6%**
Expenses					
Material expenses		–1,588.4	–34.6%	–1,435.0	–35.7%
Changes in inventories		70.3	1.5%	13.4	0.4%
Personnel expenses	24	–986.0	–21.5%	–885.4	–22.0%
Operating expenses		–1,191.3	–26.0%	–1,035.9	–25.9%
Depreciation, amortization and impairment	9, 10, 11	–276.6	–6.0%	–275.8	–6.9%
Total expenses		**–3,972.0**	**–86.6%**	**–3,618.7**	**–90.1%**
Operating profit (EBIT)		**644.9**	**14.1%**	**420.3**	**10.5%**
Financial income	25	4.1		2.3	
Financial expense	25	–27.3		–28.5	
Income before taxes		**621.7**	**13.6%**	**394.1**	**9.8%**
Taxes	13	–131.2		–74.0	
Net income		**490.5**	**10.7%**	**320.1**	**8.0%**
of which attributable to non-controlling interests	2	–		–1.6	
of which attributable to shareholders of the parent	2	490.5		321.7	
Non-diluted earnings per share/10 PC (CHF)	26	2,048.8		1,333.1	
Diluted earnings per share/10 PC (CHF)	26	2,019.4		1,321.9	

The accompanying notes form an integral part of the consolidated statements.

Statement of Comprehensive Income

CHF million	**2021**	2020
Net income	490.5	320.1
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	660.9	62.0
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	–1.1	–9.2
Currency translation	14.0	–147.7
Total comprehensive income	**1,164.3**	**225.2**
of which attributable to non-controlling interests	–0.4	–4.5
of which attributable to shareholders of the parent	1,164.7	229.7

The accompanying notes form an integral part of the consolidated statements.

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in note 13.

Consolidated Statement of Changes in Equity

CHF million	Note	Share- / PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	**Equity attributable to shareholders**	Non-controlling interest	**Total equity**
Balance as at January 1, 2020		**24.3**	**–399.2**	**325.4**	**21.2**	**4,982.2**	**–294.1**	**4,659.8**	**10.4**	**4,670.2**
Net income		–	–	–	–	321.7	–	321.7	–1.6	320.1
Other comprehensive income		–	–	–	–9.2	62.0	–144.8	–92.0	–2.9	–94.9
Capital increase	18	0.2	–	87.7	–	–	–	87.9	–	87.9
Purchase of own shares and participation certificates	18	–	–34.9	–	–	–	–	–34.9	–	–34.9
Sale of own shares	18	–	70.2	–	–	18.3	–	88.5	–	88.5
Capital decrease (destruction)	18	–0.5	337.1	–	–	–336.6	–	–	–	–
Share-based payment	28	–	–	–	–	20.2	–	20.2	–	20.2
Transactions with minorities	2	–	–	–	–	–32.8	–	–32.8	–	–32.8
Reclass into retained earnings		–	–	–78.7	–	78.7	–	–	–	–
Distribution of profits		–	–	–	–	–417.6	–	–417.6	–0.4	–418.0
Balance as at December 31, 2020		**24.0**	**–26.8**	**334.4**	**12.0**	**4,696.1**	**–438.9**	**4,600.8**	**5.5**	**4,606.3**
Net income		–	–	–	–	490.5	–	490.5	–	490.5
Other comprehensive income		–	–	–	–1.1	660.9	14.4	674.2	–0.4	673.8
Capital increase	18	0.2	–	119.0	–	–	–	119.2	–	119.2
Purchase of own shares and participation certificates	18	–	–444.8	–	–	–	–	–444.8	–	–444.8
Sale of own shares	18	–	11.0	–	–	2.9	–	13.9	–	13.9
Capital decrease (destruction)	18	–	–	–	–	–	–	–	–	–
Share-based payment	28	–	–	–	–	28.8	–	28.8	–	28.8
Transactions with minorities	2	–	–	–	–	5.1	–	5.1	–5.1	–
Reclass into retained earnings		–	–	–88.6	–	88.6	–	–	–	–
Distribution of profits		–	–	–	–	–264.1	–	–264.1	–	–264.1
Balance as at December 31, 2021		**24.2**	**–460.6**	**364.8**	**10.9**	**5,708.8**	**–424.5**	**5,223.6**	**–**	**5,223.6**

The accompanying notes form an integral part of the consolidated statements.

Consolidated Cash Flow Statement

CHF million	Note	2021		2020	
Net income		490.5		320.1	
Taxes		131.2		74.0	
Interest expense		25.4		28.5	
Interest income		–1.8		–2.3	
Depreciation, amortization and impairment	9, 10, 11	276.6		275.8	
Decrease (–) / Increase (+) of provisions		–44.6		4.7	
Decrease (–) / Increase (+) of allowances from current assets		13.8		21.9	
Decrease (+) / Increase (–) of pension plans		4.4		2.2	
Profit (–) / Loss (+) from disposals of fixed asset		–5.5		–4.4	
Decrease (+) / Increase (–) of accounts receivables		–73.2		90.1	
Decrease (+) / Increase (–) of inventories		–79.2		–0.8	
Decrease (+) / Increase (–) of other receivables		1.5		18.7	
Decrease (+) / Increase (–) of accrued income, prepayments, derivative assets and liabilities		–14.5		–2.3	
Decrease (–) / Increase (+) of accounts payable		57.2		–34.2	
Decrease (–) / Increase (+) of other payables and accrued liabilities		173.0		106.0	
Interest received from third parties		1.6		1.3	
Interest paid to third parties		–24.7		–27.2	
Taxes paid		–121.8		–119.7	
Non-cash effective items[1]		16.9		35.2	
Cash flow from operating activities (operating cash flow)			**826.8**		**787.6**
CAPEX in property, plant and equipment	9	–217.1		–225.9	
Disposal proceeds property, plant and equipment	9	8.7		8.0	
CAPEX in intangible assets	11	–23.5		–23.2	
CAPEX in right-of-use assets[2]		–0.2		–	
Disposal proceeds (+) / Investing expenditures (–) in financial assets (excluding pension assets)		–0.3		–	
Disposal proceeds (+) / Investing expenditures (–) in marketable securities and short-term financial assets		151.4		2.3	
Acquisition of subsidiaries	2	–1.5		–1.7	
Cash flow from investment activities			**–82.5**		**–240.5**

The accompanying notes form an integral part of the consolidated statements.
1 As at December 31, 2021, movements of CHF -0.5 million result from the translation of foreign exchange balances (CHF 23.4 million in prior year).
2 This position consists of payments made before lease inception.

Consolidated Cash Flow Statement

CHF million	Note		2021		2020
Proceeds from borrowings [3]		15.0		0.9	
Repayments of borrowings [3]		–2.9		–2.5	
Repayments of lease liabilities	10	–73.0		–65.3	
Proceeds from the issuance of bond	19	–		498.9	
Repayment of bond	19	–		–499.9	
Capital increase (including premium)		119.2		87.9	
Purchase of treasury stock		–433.3		–34.9	
Sale of treasury stock		14.5		92.8	
Distribution of profits		–264.1		–417.6	
Cash flow with non-controlling interests	2	–30.4		–0.4	
Cash flow from financing activities			**–655.0**		**–340.1**
Net increase (+) / decrease (–) in cash and cash equivalents			**89.3**		**207.0**
Cash and cash equivalents as at January 1		848.4		654.8	
Exchange gains (+) / losses (–) on cash and cash equivalents		**–0.5**	**847.9**	**–13.4**	**641.4**
Cash and cash equivalents as at December 31	**17**		**937.2**		**848.4**

3 To increase transparency, the changes in borrowings are now shown gross.

Notes to the Consolidated Financial Statements

1. Organization, Business Activities and Lindt & Sprüngli Group Companies

Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries manufacture and sell premium chocolate products. The products are sold under the brand names Lindt, Ghirardelli, Russell Stover, Whitman's, Caffarel, Hofbauer, Küfferle and Pangburn's. The Lindt & Sprüngli Group has eleven manufacturing plants worldwide (six in Europe and five in the United States) and mainly sells in countries within Europe and North America.

Chocoladefabriken Lindt & Sprüngli AG is incorporated and domiciled in Kilchberg ZH, Switzerland.

The Company has been listed since 1986 on the SIX Swiss Exchange (ISIN number: registered shares CH0010570759, participation certificates CH0010570767).

These consolidated financial statements were approved for publication by the Board of Directors on March 7, 2022.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2021 are:

Country	Domicile	Subsidiary	Business activity	Ownership (%)	Currency	Capital in million
Switzerland	Kilchberg	Lindt & Sprüngli (Schweiz) AG	P&D	100	CHF	10.0
		Indestro AG [1]	M	100	CHF	0.1
		Lindt & Sprüngli (International) AG[1]	M	100	CHF	0.2
		Lindt & Sprüngli Financière AG[1]	M	100	CHF	5.0
Germany	Aachen	Chocoladefabriken Lindt & Sprüngli GmbH[1]	P&D	100	EUR	1.0
France	Paris	Lindt & Sprüngli SAS	P&D	100	EUR	13.0
Italy	Induno	Lindt & Sprüngli S.p.A.[1]	P&D	100	EUR	5.2
	Luserna	Caffarel S.p.A.	P&D	100	EUR	2.2
	Induno	Lindt & Sprüngli Retail S.r.l.	D	100	EUR	0.01
United Kingdom	London	Lindt & Sprüngli (UK) Ltd. [1]	D	100	GBP	1.5
USA	Kansas City, MO	Lindt & Sprüngli (North America) Inc.[1]	M	100	USD	0.1
	Stratham, NH	Lindt & Sprüngli (USA) Inc.	P&D	100	USD	1.0
	San Leandro, CA	Ghirardelli Chocolate Company	P&D	100	USD	0.1
	Kansas City, MO	Russell Stover Chocolates, LLC	P&D	100	USD	0.1
Spain	Barcelona	Lindt & Sprüngli (España) SA	D	100	EUR	3.0
Netherlands	Rotterdam	Lindt & Sprüngli (Netherlands) B.V.	D	100	EUR	0.1
Austria	Vienna	Lindt & Sprüngli (Austria) Ges.m.b.H.[1]	P&D	100	EUR	4.5
Poland	Warsaw	Lindt & Sprüngli (Poland) Sp. z o.o.[1]	D	100	PLN	17.0
Canada	Toronto	Lindt & Sprüngli (Canada) Inc.[1]	D	100	CAD	2.8
Australia	Sydney	Lindt & Sprüngli (Australia) Pty. Ltd.[1]	D	100	AUD	1.0
Mexico	Mexico City	Lindt & Sprüngli de México SA de CV[1]	D	100	MXN	285.1
Sweden	Stockholm	Lindt & Sprüngli (Nordic) AB[1]	D	100	SEK	0.5
Czech Republic	Prague	Lindt & Sprüngli (CEE) s.r.o.[1]	D	100	CZK	0.2
Japan	Tokyo	Lindt & Sprüngli Japan Co., Ltd.	D	100	JPY	1,227.0
South Africa	Capetown	Lindt & Sprüngli (South Africa) (Pty) Ltd.[1]	D	100	ZAR	100.0
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd.[1]	D	100	HKD	248.3
China	Shanghai	Lindt & Sprüngli (China) Ltd.	D	100	CNY	199.5
Russia	Moscow	Lindt & Sprüngli (Russia) LLC[1]	D	100	RUB	16.0
Brazil	São Paulo	Lindt & Sprüngli (Brazil) Holding Ltda.	D	100	BRL	230.0
		Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A.[2]	D	100	BRL	40.8

D – Distribution, P – Production, M – Management
1 Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2 The minority shares in Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. have been purchased in 2021, which is why there are no minority shares anymore as of December 31, 2021 (CHF 5.5 million in prior year). See also note 2 for more information.

Changes in the consolidation scope or of non-controlling interests are disclosed within note 2.

2. Changes in the Consolidation Scope and Non-Controlling Interests

In 2021, there have been no changes in the consolidation scope.

In December 2020 the Lindt & Sprüngli Group has signed an agreement to purchase the minority shares in Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A., as disclosed in note 32 "Events after the Balance Sheet Date" of the annual report 2020. This agreement is to be treated as a forward contract according to IFRS. The purchase price of BRL 180.0 million therefore has been recognized in other accounts payable as of December 31, 2020, and reduced the consolidated equity. The minority shares in Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. have been purchased on January 27, 2021, for a purchase price of BRL 180.0 million (CHF 30.4 million). Since the Lindt & Sprüngli Group already possessed the majority share before the purchase and Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. thus was accounted for using the purchase method, the transaction has been accounted for as a pure capital transaction and hence resulted in an elimination of the remaining non-controlling interest.

The accounting for the Lindt & Sprüngli Retail S.r.l. acquisition, which took place in December 2020, was determined provisionally only. No material adjustments to the values previously reported were deemed necessary after having finalized the acquisition accounting in 2021. In 2021, the remaining CHF 1.5 million of the purchase price to be paid in cash have been settled. Except for the contingent consideration, the rest of the purchase price of CHF 13.7 million has already been settled in the year 2020. The contingent consideration of CHF 0.9 million included in the purchase price (CHF 0.8 million in prior year) will only be due if a defined minimum profit level is reached in 2022 or 2023. As of December 31, 2021, it is expected that this contingent consideration will become due.

The mergers of subsidiaries in Italy and Brazil executed in January 2022 are disclosed within note 32 "Events after the Balance Sheet Date".

3. Accounting Principles

Basis of preparation

The consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG (Lindt & Sprüngli Group) were prepared in accordance with the International Financial Reporting Standards (IFRS).

With the exception of the marketable securities, financial assets and the derivative financial instruments, which are recognized at fair value, the consolidated financial statements are based on historical costs.

When preparing the financial statements, Management makes estimates and assumptions that have an impact on the assets and liabilities presented in the annual report, the disclosure of contingent assets and liabilities and the disclosure of income and expenses in the reporting period. The actual results may differ from these estimates.

New IFRS and Interpretations

New and amended IFRS and interpretations (effective as of January 1, 2021)

The Lindt & Sprüngli Group has implemented all new or amended accounting standards and interpretations to the IFRS, which must be applied for the reporting period beginning January 1, 2021.

Standard / interpretation	Effective Date	Effective Application
Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021	Reporting year 2021
Extensions of expedients in IFRS 16	April 1, 2021	Since reporting year 2020

None of these new or amended accounting standards and clarifications resulted in any significant changes to the accounting policies of the Lindt & Sprüngli Group. Neither did these have a significant impact on the recognition or measurement in the consolidated financial statements.

Extension of practical expedient under IFRS 16 "Leases"

The Lindt & Sprüngli Group uses the extension of the new practical expedient of IFRS 16 "Leases" and continues to apply the expedient for the reporting year 2021. For rent concessions fulfilling the conditions listed in the amended standard, no assessment is made whether these represent lease modifications. These concessions are rather accounted for as a reduction to expenses.

Impact of the IBOR reform and herewith related phase 2 amendments to IFRS 9 "Financial Instruments", IFRS 7 "Financial Instruments – Disclosures" and IFRS 16 "Leases"
The phase 2 amendments mainly contain an expedient, preventing a discontinuation of the hedge relationship and herewith related accounting implications. Also, thanks to the amendments, accumulated amounts in the hedge accounting reserve in equity do not necessarily have to be recycled through the income statement.

The Lindt & Sprüngli Group does not have material hedge relationships referring to IBOR. Further, the Lindt & Sprüngli Group mostly uses internal financing and only possesses a few external financing contracts. These few loans and bonds against third parties are neither IBOR dependent nor material. The Lindt & Sprüngli Group has no IBOR based mortgages. Moreover, the Lindt & Sprüngli Group issues neither loans nor own bonds to third parties. Therefore, the Lindt & Sprüngli Group's consolidated financial statements are only to a limited extent impacted by the IBOR reform. But the intercompany loans, which eliminate upon consolidation, are LIBOR dependent. These contracts will be updated accordingly. Therefore, also the phase 2 amendments only have limited implications for the Lindt & Sprüngli Group.

New and amended IFRS and interpretations that are to be applied in future periods
The Lindt & Sprüngli Group does not expect any material impact on recognition and measurement due to the new standards that have already been published and are to be applied in future periods.

Standard / interpretation	Effective date	Planned application
Proceeds before intended use – Amendments to IAS 16	January 1, 2022	Reporting year 2022
Costs of fulfilling a contract – Amendments to IAS 37	January 1, 2022	Reporting year 2022
Updated references to conceptual framework – Amendments to IFRS 3	January 1, 2022	Reporting year 2022
Annual improvements – IFRS 1, IFRS 9, IFRS 16	January 1, 2022	Reporting year 2022
New Standard – IFRS 17 "Insurance Contracts"	January 1, 2023	Reporting year 2023
Classification of liabilities as current or non-current – Amendments to IAS 1	January 1, 2023	Reporting year 2023
Deferred taxes and initial recognition exemption clarification – Amendments to IAS 12	January 1, 2023	Reporting year 2023

Consolidation method

The consolidated financial statements include the accounts of the parent company and all the entities it controls (subsidiaries) up to December 31 of each year. The Lindt & Sprüngli Group controls an entity when it is exposed to, or has the rights to variable returns from its investment in the entity, and has the ability to direct these returns through its influence over the entity.

Non-controlling interests are shown as a component of equity on the balance sheet and the share of the profit attributable to non-controlling interests is shown as a component of profit for the year in the income statement.

Newly acquired companies are consolidated from the effective date of control using the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are recognized in the balance sheet at fair value. Acquisition costs exceeding the Lindt & Sprüngli Group's share of the fair value of the identifiable net assets are allocated to goodwill. Transaction costs are shown as an expense in the period in which they are incurred.

Foreign currency translation

The consolidated financial statements are presented in Swiss francs, which is the parent company's functional and reporting currency. In order to hedge against currency risks, the Lindt & Sprüngli Group engages in currency forwards and options trading. The methods of recognizing and measuring these derivative financial instruments in the balance sheet are explained in the paragraph "Accounting for derivative financial instruments and hedging activities".

Foreign exchange differences arising from the translation of loans that are held as net investments in a foreign operation are recognized separately in other comprehensive income. The repayment of these loans is not considered as a divestment (neither partial nor full). As a consequence, the respective accumulated currency translation differences are not recycled from other comprehensive income to the income statement.

Foreign exchange rates
The Lindt & Sprüngli Group applied the following exchange rates:

		Balance sheet year-end rates		Income statement average rates	
CHF		**2021**	2020	**2021**	2020
Euro zone	1 EUR	1.03	1.08	1.08	1.07
USA	1 USD	0.91	0.88	0.92	0.93
United Kingdom	1 GBP	1.23	1.20	1.25	1.20
Canada	1 CAD	0.72	0.69	0.73	0.70
Australia	1 AUD	0.66	0.68	0.69	0.65
Poland	100 PLN	22.51	23.59	23.50	24.13
Mexico	100 MXN	4.47	4.43	4.51	4.30
Sweden	100 SEK	10.09	10.76	10.63	10.27
Czech Republic	100 CZK	4.16	4.12	4.20	4.06
Japan	100 JPY	0.79	0.85	0.83	0.88
South Africa	100 ZAR	5.75	6.01	6.17	5.81
Hong Kong	100 HKD	11.71	11.36	11.76	12.11
China	100 CNY	14.36	13.46	14.23	13.59
Russia	100 RUB	1.22	1.17	1.25	1.29
Brazil	100 BRL	16.39	16.95	16.90	18.24

Property, plant and equipment
Property, plant and equipment are valued at historical cost less accumulated depreciation. The assets are depreciated using the straight-line method over the period of their expected useful life. Assets are linearly depreciated to reduce the carrying amount to the expected residual value over the following useful lives:
- Buildings (incl. installations) 5–40 years
- Machinery 10–15 years
- Other fixed assets 3–8 years

Land is not depreciated. Profits and losses from disposals are recorded in the income statement.

Intangible assets
Intangible assets are linearly amortized to reduce the carrying amount to the expected residual value over the following useful lives:
- Goodwill Indefinite
- Brands and intellectual property rights Indefinite
- EDP-Software 3–7 years
- Customer relationships 10–20 years

Goodwill
Goodwill is the excess of the acquisition costs over the Lindt & Sprüngli Group's interest in the fair value of the net assets acquired. Goodwill is not amortized, but tested for impairment at least in the fourth quarter of each reporting period. In case of the prevalence of impairment indicators, goodwill is tested for impairment before year-end.

Other intangible assets
“EDP Software” and “customer relationships” are recognized at cost and amortized on a straight line basis over their economic life. The economic life of the intangible asset is regularly reviewed.

“Brands and intellectual property rights” are not amortized but have an indefinite life, as they can be renewed without significant costs, are supported by ongoing marketing and selling activities and there is no foreseeable limit to the cash-flows they generate. The useful life and the recoverability of their value is tested at least at each balance sheet date. All identifiable intangible assets (such as “brands and intellectual property rights” and “customer relationships”) acquired in the course of a business merger are initially recognized at fair value.

Impairment
The Lindt & Sprüngli Group records the difference between the recoverable amount and the book value of fixed assets, goodwill or intangible assets as impairment. The valuation is made for an individual asset or, if this is not possible, on a group of assets that generates separable cash flows. In order to establish the future benefits, the expected future cash flows are discounted. Assets with indefinite useful life as for example goodwill or intangible assets, which are not in use yet, are not amortized and are subject to a yearly impairment test. Amortizable assets are tested for their recoverability, if there are indicators that the book value is no longer realizable.

Leasing
Under IFRS 16, the Lindt & Sprüngli Group assesses whether a contract contains a lease at inception of a contract and recognizes a right-of-use asset and a corresponding lease liability for all arrangements in which it is a lessee, except for short-term leases with terms of 12 months or less and low value leases. For these leases, the Lindt & Sprüngli Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term. Expenses from short-term leases, which at the same time are of low value are shown within the position expenses from short-term leases.

Lease liabilities are initially measured at the present value of the future lease payments not yet made at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Lindt & Sprüngli Group uses an incremental borrowing rate specific to the term and currency of the contract. Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date as well as extension or purchase options payments, if the Lindt & Sprüngli Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and re-measured with a corresponding adjustment to the related right-of-use asset, when there is a change in future lease payments in case of renegotiation, changes of an index or rate, or in case the likelihood to execute options changes upon reassessment.

The right-of-use assets are initially recognized on the balance sheet at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease (“initial direct costs”), plus expected asset retirement obligations, less any lease incentives granted by the lessors. Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are linearly depreciated to reduce the carrying amount to the expected residual value over the following usual periods in time:

– Buildings	2–15 years
– Vehicles	2–5 years
– Other fixed assets	2–5 years

Right-of-use assets are assessed for impairment whenever there is an indication that the balance sheet carrying amount may not be recoverable.

Inventories
Inventories are valued at the lower of cost or net realizable value. Costs include all direct material and production costs, as well as overhead costs, which are incurred in order to bring inventories to their current location and condition. Costs are calculated using the FIFO method. Net realizable value equals the estimated selling price in the ordinary course of business less estimated costs to complete the goods and applicable variable selling and distribution expenses.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in banks, and other short-term investments with an original maturity period less than 90 days.

Financial assets

The Lindt & Sprüngli Group recognizes, measures, impairs (if required), presents and discloses financial assets as required by IFRS 9 "Financial Instruments", IAS 32 "Financial Instruments: Presentation" and IFRS 7 "Financial Instruments: Disclosures". According to IFRS 9, financial assets are divided into three categories: financial assets at "fair value through profit and loss (FVTPL)", "fair value through other comprehensive income (FVOCI)" and subsequent measurement at "amortized cost". The category of a certain financial asset is defined by the contractual cash flow characteristics as well as the business model for managing them. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets are initially measured at its fair value. In case financial assets are not measured at FVTPL, transaction costs increase the book value at initial recognition. All financial assets not designated as amortized cost or FVOCI are measured at FVTPL. On initial recognition, the Lindt & Sprüngli Group may designate a financial asset that otherwise meets the criteria to be measured at amortized cost or FVOCI as measured at FVTPL if doing so eliminates, or significantly reduces, an accounting mismatch that would otherwise arise. An equity instrument not held for trading may be classified as FVOCI with subsequent changes in fair value in OCI. The classification is irrevocable.

For financial assets valued at amortized cost or FVOCI, the expected loss is calculated and provided for, if there is an impairment risk for the position.

The fair value of listed investments is defined by using the current paid or, if not available, bid price. If the market for a financial asset is not active and/or the security is unlisted, the Lindt & Sprüngli Group can determine the fair value by using valuation procedures. These are based on recent arm's length transactions, reference to similar financial instruments, the discounting of the future cash flows and the application of the option pricing models.

Interest is reported as interest income or in the case of negative interest as expense, both being part of the financial result. Moreover, interest is shown within the operating cash flow.

Provisions

Provisions are recognized when the Lindt & Sprüngli Group has a legal or constructive obligation arising from a past event, where it is likely that there will be an outflow of resources and a reasonable estimate can be made thereof.

Allowance for accounts receivable

The allowance for accounts receivable is based on the "Expected Credit Loss" model required by IFRS 9. According to IFRS 9, it is no longer necessary for a loss event to occur before an impairment loss is recognized. For trade receivables, the Lindt & Sprüngli Group applies the simplified approach and recognizes lifetime expected credit losses. For the recognition of the allowance for accounts receivable, the Lindt & Sprüngli Group considers both historical default rates, which are predominantly used to derive the individual allowances, as well as forward looking information, which is mainly used to determine the general allowance for the whole portfolio of accounts receivables. In doing so, receivables are broken down by customer sector, which then is connected with the corresponding credit rating, the corresponding risk premium and the corresponding probability of default.

Dividends

In accordance with Swiss law and the Articles of Association, dividends are treated as an appropriation of profit in the year in which they are approved by the Annual Shareholders' Meeting and subsequently paid.

Financial liabilities

Financial liabilities are recognized initially when the Lindt & Sprüngli Group commits to a contract and records the amount of the proceeds (net of transaction costs) received. Borrowings are then valued at amortized cost using the effective interest method. The amortized costs consist of a financial obligation at its initial recording, minus repayment, plus or minus accumulated amortization (the potential difference between the original amount and the amount due at maturity). Interest is reported as interest expense, being part of the financial result. Moreover, interest is shown within the operating cash flow. Gains or losses are recognized in the income statement as a result of amortization or when a borrowing is derecognized. A borrowing is derecognized when it is repaid, offset or when it expires.

Employee benefits

The expense and defined benefit obligations for the significant defined benefit plans and other long-term employee benefits in accordance with IAS 19 are determined using the "Projected Unit Credit Method", with independent actuarial valuations being carried out at the end of each reporting period. This method takes into account years of service up to the reporting period and requires the Lindt & Sprüngli Group to make estimates about demographic variables (such as mortality or turnover) and financial variables (such as future salary increase and the long-term interest rate on pension assets) that will affect the final cost of the benefits. The valuation of the pension asset is carried out yearly and recognized at its fair market value.

The cost of defined benefit plans has three components:
- service cost recognized in profit and loss;
- net interest expense or income recognized in profit and loss; and
- remeasurement recognized in other comprehensive income.

Service cost includes current service cost, past service cost and gains or losses on settlements. Past service cost is recognized in the period the plan amendment occurs. Curtailment gains and losses are accounted for as past service cost. Contributions from plan participants' or a third party reduce the service cost and are therefore deducted if they are based on the formal terms of the plan or arise from a constructive obligation.

Net interest cost is equal to the discount rate multiplied by the net defined benefit liability or asset. Cash flows and changes during the year are taken into account on a weighted basis.

Remeasurements of the net defined benefit liability (asset) include actuarial gains and losses on the defined benefit obligation from:
- changes in assumptions and experience based adjustments;
- return on plan assets excluding the interest income on the plan assets that is included in net interest; and
- changes in the effect of the asset ceiling (if applicable) excluding amounts included in net interest.

Remeasurements are recorded in other comprehensive income and are not recycled. The Lindt & Sprüngli Group presents both components of the defined benefit costs in the line item "Personnel Expenses" in its consolidated income statement.

The retirement benefit obligation recognized in the consolidated financial statements represents the actual deficit or surplus in the Lindt & Sprüngli Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. Payments to defined contribution plans are reported in personnel expenses when employees have rendered services entitling them to the contributions. Obligations arising from termination of employments are recognized at the earlier of when the entity can no longer withdraw from the termination obligation or when the entity recognizes any related restructuring costs.

For other long-term employee benefits the present value of the defined benefit obligation is recognized at the balance sheet date. Changes of the present value are recorded as personnel expenses in the income statement.

Revenue recognition

Revenue is recognized in accordance with the requirements of IFRS 15 "Revenue from Contracts with Customers" and the five-step model described therein. Revenue consists of the expected considerations in exchange for the delivery of Lindt & Sprüngli products, which are sold in the normal course of business. In addition to sales or value-added tax, contractually agreed obligations with the trade, such as price or promotional discounts, end-of-year discounts or returns of goods, are deducted from revenue, except the considerations for distinct and clearly identifiable services rendered by trade partners, which could also be rendered by third parties at comparable costs. Adequate trade accruals are recognized for contractually agreed performance obligations.

Revenue is recognized at the point in time when goods are transferred to customers in the amount of the consideration that the Lindt & Sprüngli Group can reasonably expect in return for the transfer of these goods. Estimates are made based on historical experience and take the specific contractual characteristics into consideration.

Revenue from trade partners is recognized net of expected deductions, allowances and provisions upon transfer of control over the goods sold. The transfer of control depends on the individual contract terms. Predominantly it will be fulfilled upon arrival of the goods.

Revenue from Global Retail is recognized at the point of sale in the amount of the price paid net expected returns. Customers possess a limited right to return, which depends on local laws and regulations.

The Lindt & Sprüngli Group neither has contracts with material financing components, since the contracts stipulate trade common payment terms, nor contracts resulting in performance obligation which are not satisfied within one year. Unfulfilled performance obligations, which will be satisfied within one year, are not disclosed separately.

"Other income" mainly includes license fees, reimbursement of freight charges as well as the gain on sale of assets and of internally invested property, plant and equipment. All income is recognized after the fulfillment of the obligation.

Operating expenses

Operating expenses include marketing, distribution and administrative expenses.

Borrowing costs

Interest expenses incurred from borrowings used to finance the construction of fixed assets are capitalized for the period needed to build the asset for its intended purpose. All other borrowing costs are immediately expensed in the income statement.

Taxes

Taxes are based on the annual profit and include non-refundable taxes at source levied on the amounts received or paid for dividends, interests and license fees. These taxes are levied according to country regulations.

Uncertain tax positions are considered individually or aggregated depending on whether their resolution is interfered or not. Information potentially available to the tax authorities is taken into consideration. To measure the uncertainty either the expected value or the most likely amount is derived. Changes in facts and conditions trigger a re-evaluation of the uncertainty.

Deferred taxes are accounted for using the "Balance-Sheet-Liability Method" and arise on temporary differences between the tax and IFRS bases of assets and liabilities. In order to calculate the deferred taxes, the legal tax rate in use at the time or the future tax rate announced is applied. Deferred tax assets are recorded to the extent that it is probable that future taxable profit is likely to be achieved against which the temporary differences can be offset.

Deferred taxes also arise due to temporary differences from investments in subsidiaries and associated companies. Deferred taxes for such investments are not recognized if the following two conditions are met: (1) the parent company is able to manage the timing of the release of temporary differences and, (2) it is probable that the temporary differences are not going to be reversed in the near future.

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Research and development costs

Development costs for new products are capitalized if the relevant criteria for capitalization are met. Currently there are no capitalized development costs in the consolidated financial statements.

Share-based payments

The Lindt & Sprüngli Group grants options on officially listed participation certificates to several employees. These options have a blocking period of three to five years and a maximum maturity of seven years. The options expire once the employee leaves the company. Cash settlements are not allowed. The disbursement of these equity instruments is valued at fair value at grant date. The fair value determined at grant date is recorded on a straight-line method over the vesting period. This is based on the estimated number of participation certificates, which entitles a holder to additional benefits. The fair value was derived by using the binomial model for the determination of option prices. The anticipated maturity period included the conditions of the employee option plan, such as the blocking period and the non-transferability.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are recorded when the contract is entered into and valued at fair value. The treatment of recognizing the resulting profit or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Lindt & Sprüngli Group designates certain derivative financial instruments as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (securing the cash flow).

At the beginning of the business transaction, the Lindt & Sprüngli Group documents the relationship between the hedge and the hedged items, as well as its risk management targets and strategies for undertaking the various hedging transactions. Furthermore, the Lindt & Sprüngli Group also documents its assessment, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are effective in offsetting changes in fair values or cash flows of hedged items, and how the hedge ratio is determined.

The effective portion of the derivatives' change in fair value, which are designated as cash flow hedges and comply with the requirements to apply hedge accounting, is accounted for in other comprehensive income. Profit and loss from the ineffective portion of the change in fair value are recognized immediately in the income statement. Changes in fair value of the financial instrument are accumulated in other comprehensive income and released to the income statement in the same reporting period when the hedged item affects profit and loss. However, if the hedged transaction subsequently results in the recognition of a non-financial item such as inventories, the amount is released from the cash flow hedge reserve and included in the initial cost of the non-financial asset or liability.

Value changes of derivative financial instruments not designated as hedging instrument are shown within the financial result.

Critical accounting estimates and judgments

When preparing the consolidated financial statements in accordance with IFRS, management is required to make estimates and assumptions. The estimates and assumptions are based on historical experience and various other factors that are deemed likely under the given circumstances. Actual values may differ from these estimates. Estimates and assumptions significantly affect the following areas:

- Pension plans: the calculation of the recognized assets and liabilities from defined benefit plans is based on statistical and actuarial calculations performed by actuaries. The present value of defined benefit liabilities in particular is heavily dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future salary increases and changes in employee benefits. In addition, the Lindt & Sprüngli Group's independent actuaries use statistical data such as probability of withdrawals of members from the plan and life expectancy in their assumptions.
- When testing goodwill and other intangible assets with indefinite useful lives for potential impairment, parameters such as future discounted cash flows, underlying discount and growth rates, as well as the EBIT-margin development are based on estimates and assumptions.
- The Lindt & Sprüngli Group operates in and is subject to taxes in numerous jurisdictions. Potential changes in local tax laws and their interpretations result in various uncertainties. Thus, significant judgment is required in determining deferred tax assets and deferred tax liabilities or other tax positions. Uncertainties exist in determining the applicable tax rate and the resulting expected tax assets or liabilities.
- The below disclosed potential consolidation requirement for the both non-profit funds.

In the course of restructuring the pension fund schemes within the Lindt & Sprüngli Group in 2013, two non-profit foundations were founded:

- Lindt Chocolate Competence Foundation
- Lindt Cocoa Foundation

These foundations are both independent and the Lindt & Sprüngli Group holds no shares in them.

Both of these foundation are not required to be consolidated according to IFRS 10 "Consolidated Financial Statements". On one hand the Lindt & Sprüngli Group does not have the opportunity to dictate the significant decision, since at most one member of the foundation board is allowed to be from the Lindt & Sprüngli Group. On the other hand, the Lindt & Sprüngli Group is not exposed to variable returns, since transactions are conducted under the same conditions being used for transactions with other third parties as well.

4. Impact of Covid-19

The Lindt & Sprüngli Group's business has recovered largely from the impacts of the pandemic. Solely, the business divisions Global Retail and Duty Free have only been recovering slowly from the impacts of the pandemic due to the ongoing temporary local lockdowns as well as the ongoing travel restrictions. There are still no material risks of impairment. The obtained grants as for example short-time work compensation or rent concessions are significantly lower than in prior year and thus not material (both below CHF 6.0 million).

5. Risk Management

Due to its global activity, the Lindt & Sprüngli Group is exposed to a number of strategic, operational and financial risks. Within the scope of the annual risk management process, the individual risk positions are classified into these three categories, where they are assessed, limited and assigned to a responsible.

In view of the existing and inevitable strategic and operating risks of the core business, Management's objective is to minimize the impact of the financial risks on the operating profit and net income for the reporting period.

The Lindt & Sprüngli Group is exposed to financial risks. The financial instruments used to hedge against these risks are divided, in accordance with IFRS 7, into the following categories: market risks (commodities, exchange rates, interest rates), credit risks and liquidity risks. The central treasury department (Corporate Treasury) is responsible for the coordination of risk management and works closely with the operational Lindt & Sprüngli Group companies. The decentralized Lindt & Sprüngli Group structure gives strong autonomy to the individual operational Lindt & Sprüngli Group companies, particularly with regards to the management of exchange rate and commodity risks. The risk policies issued by the Audit Committee serve as guidelines for the entire risk management.

Centralized systems and processes, specifically for the ongoing recognition and consolidation of the group wide foreign exchange and commodity positions, as well as regular internal reporting, ensure that the risk positions are consolidated and managed in a timely manner. The Lindt & Sprüngli Group only engages in derivative financial instruments in order to hedge against market risks.

Market risks

Commodity price risks

The Lindt & Sprüngli Group's products are manufactured with raw materials (commodities) that are subject to strong price fluctuations due to climate dependent supply, seasonal demand, and market speculation. In order to mitigate the price and quality risks of the expected future net demand, the manufacturing Lindt & Sprüngli Group companies enter into contracts with suppliers for the future physical delivery of the raw materials. Commodity futures are also used, but only processed centrally by Corporate Treasury. The commodity futures for cocoa beans of a required quality are always traded for physical-delivery agreements. The number of outstanding commodity futures is dependent on the expected production volumes and price development and may therefore vary significantly throughout the year. Based on the existing contract volume as of December 31, 2021 and 2020, no material sensitivities exist on these positions. The changes in commodity prices include the fair value of the futures since entering into the agreement and are recognized in accordance with IFRS 9.

Exchange rate risks

The Lindt & Sprüngli Group reporting is in Swiss francs, and is exposed to fluctuations in foreign exchange rates, primarily with respect to the Euro, the various dollar currencies, and the Pound Sterling. Foreign exchange rate risk is not originating from sales, since the operational Group companies invoice predominantly in their local functional currencies. On the other hand, the Lindt & Sprüngli Group is exposed to exchange rate risk on trade payables for goods and services that arise from the trade within the Lindt & Sprüngli Group and outside partners. These transactions are hedged using forward currency contracts. The operational Lindt & Sprüngli Group companies transact all currency instruments with Corporate Treasury, which hedges these positions by means of financial instruments with credit-worthy financial institutions (short-term rating A1/P1).

Since the operational Lindt & Sprüngli Group companies transact the majority of their transactions in their own functional currencies and any remaining non-functional currency based transactions are hedged with currency forward contracts, the exchange rate risk at balance sheet date is not material. The changes in exchange rates include the fair value of the currency forward contracts since entering into the contract and are recognized in accordance with IFRS 9.

Interest rate risks

Corporate Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period, and currency of the financial position on a continuous basis. Corporate Treasury may use derivative financial instruments in order to manage the interest rate risk of balance sheet assets and liabilities as well as future cash flows. As of December 31, 2021 and 2020, there were no such transactions.

As of December 31, 2021 and 2020, the position financial assets is made up of two approximately equal parts of interest-bearing and non interest-bearing financial assets. Interest-bearing financial assets predominantly include cash and cash equivalents in Swiss francs.

Credit risks

Credit risks occur when a counterparty, such as a financial institute, a supplier or a client is unable to fulfil their contractual duties. Financial credit risks are mitigated by investing (liquid funds and/or derivative financial instruments) with various lending institutions holding a short-term A1/P1-rating only. The maximum default risk of balance sheet assets is limited to the carrying values of those assets as reflected in the balance sheet and the notes to the financial statements (including derivative financial instruments). The operational companies of the Lindt & Sprüngli Group have implemented processes for defining credit limits for clients and suppliers and monitor adherence to these processes on an ongoing basis. Due to the geographical spread of the turnover and the large number of clients, the Lindt & Sprüngli Group's concentration of risk is limited.

Liquidity risks

Liquidity risks exist when the Lindt & Sprüngli Group or a subsidiary does not settle or meet its financial obligations (e.g., untimely repayment of financial debt, payment of interest). The Lindt & Sprüngli Group's liquidity is ensured by means of regular group wide monitoring and planning of liquidity as well as an investment policy coordinated on a timely basis by Corporate Treasury. The net financial position is monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2021, the net financial position amounted to CHF –294.7 million (CHF –209.4 million in prior year).

CHF million	**December 31, 2021**	December 31, 2020
Marketable securities and short-term financial assets	250.3	401.7
Cash and cash equivalents	937.2	848.4
Bonds non-current	–997.8	–997.4
Lease liabilities non-current	–398.9	–390.1
Lease liabilities current	–70.1	–68.1
Bank and other borrowings	–15.4	–3.9
Total net financial position	**–294.7**	**–209.4**

To finance potential liquidity needs, corresponding credit lines with financial institutes were available.

The following tables show the contractually fixed payments as of December 31, 2021, and December 31, 2020:

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	**2021 Total**
Bonds (including interests)	–	3.9	257.8	757.4	1,019.1
Lease liabilities (including interests)	20.5	63.0	139.8	316.4	539.7
Accounts payable	237.9	–	–	–	237.9
Other accounts payable	101.2	2.6	–	–	103.8
Derivative assets	–7.2	–13.4	–3.2	–	–23.8
Derivative liabilities	4.7	7.8	1.2	–	13.7
Bank and other borrowings	10.5	4.9	–	–	15.4
Total contractually fixed payments	**367.6**	**68.8**	**395.6**	**1,073.8**	**1,905.8**

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	**2020 Total**
Bonds (including interests)	–	3.9	7.8	1,011.3	1,023.0
Lease liabilities (including interests)	19.8	59.6	132.7	312.0	524.1
Accounts payable	185.7	1.7	–	–	187.4
Other accounts payable	73.8	41.8	–	–	115.6
Derivative assets	–8.4	–13.9	–1.2	–	–23.5
Derivative liabilities	3.3	5.7	0.6	–	9.6
Bank and other borrowings	3.1	0.8	–	–	3.9
Total contractually fixed payments	**277.3**	**99.6**	**139.9**	**1,323.3**	**1,840.1**

Changes in bonds are disclosed within note 19.

6. Capital Management

The goal of the Lindt & Sprüngli Group with regards to capital management is to support the business with a sustainable and risk adjusted capital basis and to achieve an accurate return on the invested capital. The Lindt & Sprüngli Group assesses the capital structure on an ongoing basis and makes adjustments in view of the business activities and the changing economical environment. As an example the Lindt & Sprüngli Group has again launched a buyback program for registered shares and participation certificates in the amount of up to CHF 750 million. The buyback started on June 1, 2021, and will last until December 30, 2022, at the latest.

The Lindt & Sprüngli Group monitors its capital based on its equity ratio, which was 58.3% as of December 31, 2021 (57.2% in prior year).

The objectives, policies and procedures as of December 31, 2021, related to capital management have not been changed compared to the previous year.

7. Segment Information: According to Geographic Segments

The Lindt & Sprüngli Group is organized and managed by means of individual countries. For the definition of business segments to be disclosed, the Lindt & Sprüngli Group has aggregated companies of individual countries on the basis of similar economic structures (foreign exchange risks, growth perspectives, element of an economic area), similar products and trade landscapes as well as economic attributes (gross profit margins). The three business segments to be disclosed are:

- "Europe", consisting of the European companies and business units including Russia;
- "North America", consisting of the companies in the USA, Canada and Mexico; and
- "Rest of the World", consisting of the companies in Australia, Japan, South Africa, Hong Kong, China and Brazil as well as the business units Distributors and Duty Free.

The Lindt & Sprüngli Group considers the operating profit as the segment result. Transactions between segments are valued and recorded in accordance with the "Cost Plus"–Method.

Segment income

	Segment Europe		Segment North America		Rest of the World		Total	
CHF million	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Sales	2,612.5	2,266.9	1,694.9	1,541.9	568.2	469.4	4,875.6	4,278.2
Whereof sales between segments	283.7	255.5	6.4	5.9	–	–	290.1	261.4
Third party sales	**2,328.8**	**2,011.4**	**1,688.5**	**1,536.0**	**568.2**	**469.4**	**4,585.5**	**4,016.8**
Operating profit	424.9	289.9	129.4	88.9	90.6	41.5	644.9	420.3
Net financial result							–23.2	–26.2
Income before taxes							**621.7**	**394.1**
Taxes							–131.2	–74.0
Net income							**490.5**	**320.1**

The following countries achieved the highest sales in 2021:

- USA CHF 1,428.9 million (CHF 1,312.0 million in prior year)
- Germany CHF 745.9 million (CHF 668.9 million in prior year)
- France CHF 428.8 million (CHF 402.5 million in prior year)
- Switzerland CHF 353.6 million (CHF 298.4 million in prior year)

For better understanding, the revenues of the Lindt & Sprüngli Group are further disaggregated by sales channels, such as Global Retail (consisting of store network, own webshops and other direct sales), key accounts (local and international) and distributors (local and international). The disaggregation by sales channel is not used by Management for business controlling and thus does not represent an operating segment. In 2021, revenues of Global Retail amounted to CHF 585.4 million (CHF 446.9 million in prior year). There is no individual customer exceeding 10% of the third party sales recognized in the reporting period.

Balance sheet and other information

CHF million	Segment Europe		Segment North America		Rest of the World		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Assets	6,173.3	5,523.1	2,410.5	2,199.5	372.3	328.4	8,956.1	8,051.0
Liabilities	2,819.1	2,614.9	726.0	656.2	187.4	173.6	3,732.5	3,444.7
Investments [1]	185.1	201.6	122.6	116.5	26.6	15.2	334.3	333.3
Depreciation and amortization	156.6	139.8	91.6	90.3	21.1	21.3	269.3	251.4
Impairment	6.8	6.2	0.1	14.5	0.4	3.7	7.3	24.4

1 The position investments consists of investments into property, plant and equipment, right-of-use assets and intangible assets.

The following countries held the largest share of right-of-use, fixed and intangible assets in 2021:

- USA CHF 1,444.3 million (CHF 1,361.7 million in prior year)
- Switzerland CHF 694.8 million (CHF 695.1 million in prior year)
- Germany CHF 317.6 million (CHF 327.7 million in prior year)

8. Financial Instruments, Fair Value and Hierarchy Levels

The following table shows the carrying amounts and fair values (FV) of financial instruments recognized in the consolidated balance sheet, analyzed by types and hierarchy levels at year-end:

			December 31, 2021		December 31, 2020	
CHF million	Note	Level [1]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Fair value through profit or loss						
Derivative assets	16	2	0.9	0.9	1.5	1.5
Short-term financial assets		2	–	–	150.0	150.0
Investments third parties		3	0.3	0.3	–	–
Total			**1.2**		**151.5**	
Derivatives used for hedging						
Derivative assets	16	1	9.2	9.2	7.6	7.6
Derivative assets	16	2	13.7	13.7	14.4	14.4
Total			**22.9**		**22.0**	
Other financial assets at amortized cost						
Cash and cash equivalents	17		937.2	–[1]	848.4	–[1]
Accounts receivable	15		895.3	–[1]	825.0	–[1]
Other receivables [2]			86.5	–[1]	89.9	–[1]
Marketable securities and short-term financial assets			250.3	–[1]	251.7	–[1]
Total			**2,169.3**		**2,015.0**	
Total financial assets			**2,193.4**		**2,188.5**	
Financial liabilities						
Fair value through profit or loss						
Derivative liabilities	16	2	0.1	0.1	1.1	1.1
Total			**0.1**		**1.1**	
Derivatives used for hedging						
Derivative liabilities	16	1	1.6	1.6	1.2	1.2
Derivative liabilities	16	2	12.0	12.0	7.3	7.3
Total			**13.6**		**8.5**	
Other financial liabilities at amortized costs						
Bonds	19	1	997.8	1,012.9	997.4	1,029.9
Other non-current liabilities			6.0	–[1]	6.6	–[1]
Accounts payable	22		237.9	–[1]	187.4	–[1]
Other accounts payable			103.8	–[1]	115.6	–[1]
Bank and other borrowings	19		15.4	–[1]	3.9	–[1]
Total			**1,360.9**		**1,310.9**	
Total financial liabilities			**1,374.6**		**1,320.5**	

1 Level 1 – The fair value measurement of same financial instruments is based on quoted prices in active markets.
Level 2 – The fair value measurement of same financial instruments is based on observable market data, other than quoted prices in Level 1.
Level 3 – Valuation technique using non-observable data.
For the category "amortized costs" it is expected that the carrying amounts are a reasonable approximation of the respective fair values, except for the position "bonds".
2 Excluding prepayments and current tax assets.

Since the position "marketable securities and short-term financial assets" as of December 31, 2021, predominantly consists of a fixed deposit (CHF 250.0 million) at a bank with a good rating (in prior year CHF 250.0 million), the risk for impairment is considered negligible and therefore no expected loss allowance is provided for this position.

The position "other receivables" mainly represents indirect tax receivables such as VAT, receivables against insurances or other authorities, thus the impairment risk for this position is as well assessed as immaterial.

The following table shows the changes in financial liabilities due to financing activity for the year:

CHF million	**2021**	2020
Opening Balance as at January 1	**1,459.5**	**1,483.1**
Proceeds from borrowings	15.0	0.9
Proceeds from the issuance of bond	–	498.9
Total proceeds from financial liabilities	**15.0**	**499.8**
Repayments of borrowings	−2.9	−2.5
Repayments of bonds	–	−499.9
Repayments of lease liabilities	−73.0	−65.3
Total repayments of financial liabilities	**−75.9**	**−567.7**
Currency translations and exchange differences	2.9	−34.0
Changes in lease liabilities [1]	82.7	78.3
Other	−2.0	–
Closing balance as at December 31	**1,482.2**	**1,459.5**
Bonds non-current	997.8	997.4
Lease liabilities non-current	398.9	390.1
Lease liabilities current	70.1	68.1
Bank and other borrowings	15.4	3.9

1 This position includes non-cash effective changes in lease liabilities such as in- / decreases in scope.

9. Property, Plant and Equipment

CHF million	Land, buildings	Machinery	Other fixed assets	Construction in progress	2021 Total
Acquisition costs as at January 1, 2021	**1,177.4**	**1,522.7**	**271.2**	**176.1**	**3,147.4**
Additions	35.8	51.7	14.9	118.4	220.8
Retirements	–34.2	–20.6	–12.9	–0.1	–67.8
Transfers	32.3	53.7	0.8	–94.7	–7.9
Currency translation	–14.5	–25.4	–4.8	0.7	–44.0
Acquisition costs as at December 31, 2021	**1,196.8**	**1,582.1**	**269.2**	**200.4**	**3,248.5**
Accumulated depreciation as at January 1, 2021	**632.6**	**972.2**	**215.4**	**–**	**1,820.2**
Additions	57.4	88.5	23.2	–	169.1
Impairments	2.6	3.0	0.8	–	6.4
Retirements	–32.1	–20.2	–12.5	–	–64.8
Transfers	3.5	–	–6.3	–	–2.8
Currency translation	–7.1	–15.3	–4.4	–	–26.8
Accumulated depreciation as at December 31, 2021	**656.9**	**1,028.2**	**216.2**	**–**	**1,901.3**
Net fixed assets as at December 31, 2021	**539.9**	**553.9**	**53.0**	**200.4**	**1,347.2**

CHF million	Land, buildings	Machinery	Other fixed assets	Construction in progress	2020 Total
Acquisition costs as at January 1, 2020	**1,178.6**	**1,481.8**	**279.9**	**142.4**	**3,082.7**
Additions	32.0	40.7	14.4	133.5	220.6
Acquisition of subsidiary (note 2)	0.5	0.3	0.3	–	1.1
Retirements	–23.0	–21.8	–21.2	–	–66.0
Transfers	25.9	62.4	5.1	–93.1	0.3
Currency translation	–36.6	–40.7	–7.3	–6.7	–91.3
Acquisition costs as at December 31, 2020	**1,177.4**	**1,522.7**	**271.2**	**176.1**	**3,147.4**
Accumulated depreciation as at January 1, 2020	**609.7**	**933.0**	**216.1**	**–**	**1,758.8**
Additions	56.2	81.3	21.1	–	158.6
Impairments	6.9	3.1	1.9	–	11.9
Retirements	–22.1	–21.0	–19.4	–	–62.5
Currency translation	–18.1	–24.2	–4.3	–	–46.6
Accumulated depreciation as at December 31, 2020	**632.6**	**972.2**	**215.4**	**–**	**1,820.2**
Net fixed assets as at December 31, 2020	**544.8**	**550.5**	**55.8**	**176.1**	**1,327.2**

Advance payments of CHF 18.3 million (CHF 20.3 million in prior year) are included in the position "construction in progress". No mortgages exist on land and buildings.

The impairment charge of CHF 6.4 million (CHF 11.9 million in prior year) consists of write-downs of land and buildings of CHF 2.6 million (CHF 6.9 million in prior year) as well as machinery, and other fixed assets of CHF 3.8 million (CHF 5.0 million in prior year).

The position "transfers" contains balance sheet reclassifications of net CHF 3.8 million from property, plant and equipment into right-of-use assets in 2021.

10. Leases

10.1 Right-of-use assets

The right-of-use assets are split as follows:

CHF million	Note	Buildings	Vehicles	Other fixed assets	2021 Total
Right-of-use assets gross as at January 1, 2021		**548.8**	**18.4**	**4.0**	**571.2**
Accumulated depreciation		–151.8	–8.8	–1.8	–162.4
Right-of-use assets net as at January 1, 2021		**397.0**	**9.6**	**2.2**	**408.8**
Additions		82.3	6.3	0.9	89.5
Depreciation of the period		–69.3	–6.1	–1.0	–76.4
Impairments		–2.1	–	–	–2.1
Decreases in scope		–3.2	–0.2	–	–3.4
Transfers		18.2	–	–	18.2
Currency translation		1.5	–0.1	–0.1	1.3
Other		0.2	–	–	0.2
Right-of-use assets net as at December 31, 2021		**424.6**	**9.5**	**2.0**	**436.1**
Retirements [1]		15.0	4.4	–	19.4

CHF million	Note	Buildings	Vehicles	Other fixed assets	2020 Total
Right-of-use assets gross as at January 1, 2020		**517.3**	**17.0**	**2.7**	**537.0**
Accumulated depreciation		–80.8	–5.4	–1.1	–87.3
Right-of-use assets net as at January 1, 2020		**436.5**	**11.6**	**1.6**	**449.7**
Additions		81.9	6.1	1.5	89.5
Acquisition of subsidiary	2	11.3	–	–	11.3
Depreciation of the period		–63.2	–6.1	–1.1	–70.4
Impairments		–10.8	–	–	–10.8
Decreases in scope		–14.0	–1.4	–	–15.4
Transfers		–	–0.2	0.2	–
Currency translation		–30.3	–0.4	–	–30.7
Other		–14.4	–	–	–14.4
Right-of-use assets net as at December 31, 2020		**397.0**	**9.6**	**2.2**	**408.8**
Retirements [1]		6.2	3.0	–	9.2

1 This position represents the impact of expired leases. Expired leases have no impact on the net book value of the right-of-use assets, but reduce historical costs and accumulated depreciation.

The position "additions" includes new contracts, extensions and increases in scope of existing contracts. The position "decreases in scope" includes agreed upon (early) terminations, termination options reasonably certain to be exercised and decreases in the leased asset. Right-of-use assets shown in buildings contain in particular leases of external warehouses, retail stores and offices.

The additions in the current and prior period are caused by new openings of retail stores and extensions of already existing leases for external warehouses, retail stores and offices.

The position "transfers" (CHF 18.2 million) comprises of balance sheet reclassifications in 2021. CHF 14.4 million are related to reclassifications from intangible assets into right-of-use assets and CHF 3.8 million to reclassifications from property, plant and equipment into right-of-use assets.

In prior year, the position "other" mainly related to an onerous contract of a warehouse lease. Already as of December 31, 2019, a provision has been booked for this contract. As soon as the lease of this warehouse commenced in 2020, the right-of-use asset was impaired against the provision recognized, and therefore this transaction had no impact on profit and loss. This contract accounted for CHF 12.1 million of the position "other".

10.2 Other lease information

CHF million	2021	2020
Interest expense (included in financial expense)	14.1	14.4
Expenses relating to short-term leases (included in operating expenses)[1]	3.4	4.1
Expenses relating to variable lease payments (included in operating expenses)[2]	21.6	14.7
Total cash outflow for leases (including interest)	87.1	79.7
Income from subleasing	7.6	4.4

1 Expenses related to short-term leases of low value assets are shown in the position "expenses relating to short-term leases".
2 This position only includes variable lease payments, which are not yet included in the lease liabilities.

Some store leases contain variable payment terms that are linked to sales. The applied percentage to sales varies case by case and can reach up to 100 percent. Variable lease payments also consist of incidental leasing expenses. Variable lease payments are recognised in operating expenses in the period in which the condition that triggers those payments occurs.

In few instances, the Lindt & Sprüngli Group subleases leased assets. Subleasing mainly occurs for buildings such as offices or warehouses. Predominantly, the subleases classify as operating leases. In case of an operating lease the right-of-use asset of the head lease is not derecognized. In case of a financial lease the right-of-use asset of the head lease is derecognized and a lease receivable against the sublessee is recognized.

Several leasing contracts across the Lindt & Sprüngli Group include extension and termination options. The majority of these options are exercisable only by the Lindt & Sprüngli Group and not by the respective lessor. These options allow the Lindt & Sprüngli Group both planning certainty as well as flexibility. In case the exercise of such an option is reasonably certain, they are considered in the expected lease term.

The maturity of lease liabilities amounting to CHF 469.0 million as at December 31, 2021, (CHF 458.2 million in prior year) is shown in note 5, lease commitments in note 30.

11. Intangible Assets

CHF million	EDP software & consultancy	Customer relationships	Brands & IP	Goodwill	Other intangible assets	2021 Total
Acquisition costs as at January 1, 2021	**132.8**	**117.8**	**459.8**	**706.5**	**21.1**	**1,438.0**
Additions	23.5	–	0.5	–	–	24.0
Retirements	–2.2	–	–	–	–0.8	–3.0
Transfers	–4.3	–	–	–	–16.7	–21.0
Currency translation	–0.4	4.3	–	25.3	–0.2	29.0
Acquisition costs as at December 31, 2021	**149.4**	**122.1**	**460.3**	**731.8**	**3.4**	**1,467.0**
Accumulated amortization as at January 1, 2021	**83.6**	**49.8**	**–**	**–**	**3.7**	**137.1**
Additions	14.2	8.2	–	–	1.4	23.8
Impairments	0.4	–	–	–	0.7	1.1
Retirements	–2.2	–	–	–	–	–2.2
Transfers	–	–	–	–	–2.4	–2.4
Currency translation	–0.8	1.7	–	–	–0.1	0.8
Accumulated amortization as at December 31, 2021	**95.2**	**59.7**	**–**	**–**	**3.3**	**158.2**
Net intangible assets as at December 31, 2021	**54.2**	**62.4**	**460.3**	**731.8**	**0.1**	**1,308.8**

CHF million	EDP software & consultancy	Customer relationships	Brands & IP	Goodwill	Other intangible assets	2020 Total
Acquisition costs as at January 1, 2020	**119.8**	**129.5**	**459.8**	**763.1**	**20.0**	**1,492.2**
Additions	22.4	–	–	–	0.8	23.2
Acquisition of subsidiary (note 2)	0.1	–	–	12.6	2.8	15.5
Retirements	–3.8	–	–	–	–	–3.8
Transfers	–0.7	–	–	–	0.4	–0.3
Currency translation	–5.0	–11.7	–	–69.2	–2.9	–88.8
Acquisition costs as at December 31, 2020	**132.8**	**117.8**	**459.8**	**706.5**	**21.1**	**1,438.0**
Accumulated amortization as at January 1, 2020	**76.4**	**46.1**	**–**	**–**	**2.9**	**125.4**
Additions	13.2	8.4	–	–	0.8	22.4
Impairments	0.3	–	–	–	0.3	0.6
Retirements	–3.7	–	–	–	–	–3.7
Currency translation	–2.6	–4.7	–	–	–0.3	–7.6
Accumulated amortization as at December 31, 2020	**83.6**	**49.8**	**–**	**–**	**3.7**	**137.1**
Net intangible assets as at December 31, 2020	**49.2**	**68.0**	**459.8**	**706.5**	**17.4**	**1,300.9**

Customer relationships of CHF 62.4 million (CHF 68.0 million in prior year) relate to the acquisition of Russell Stover Chocolates, LLC in 2014 and have a remaining useful life of 8 years. The same applies for the largest share (CHF 459.8 million) of the position "brands and intellectual property" ("IP")(CHF 459.8 million in prior year) as well as the majority of goodwill, whereof CHF 719.8 million of the total CHF 731.8 million (CHF 693.9 million of CHF 706.5 million in prior year) relate to the acquisition of Russell Stover Chocolates, LLC. Both positions have an indefinite useful life. The remaining goodwill of CHF 12.0 million (CHF 12.6 million in prior year) relates to the acquisition of Lindt & Sprüngli Retail S.r.l.

The position "transfers" contains balance sheet reclassifications of net CHF 14.4 million from other intangible assets into right-of-use assets in 2021.

Research and development expenditures amounted to CHF 17.1 million (CHF 14.8 million in prior year) and are expensed as incurred.

Impairment test of goodwill and other intangible assets with infinite life segment "North America"

The impairment test of goodwill and other intangible assets with infinite life (i.e., "brands and intellectual property") relates to the acquisition of Russell Stover Chocolates, LLC in 2014 and is performed on the operating segment "North America". The impairment test of the position "brands and intellectual property" is, on one hand also performed on the segment "North America" and, on the other hand, performed on a stand-alone basis for the position brand and intellectual property only. The impairment test of goodwill is done using the discounted cash flow method, while the test for the brand and intellectual property is based on license income ("licence income approach"). Once the values-in-use are derived, these are compared against the carrying amounts.

The recoverable amount equals to the net present value of discounted future cash flows. It was determined based on planning assumptions over the next years plus a residual value. The planning assumptions are based on budget and mid-term plans, adjusted for, example given, expansion investments to ensure assets are only considered in their status quo. The EBIT-margin is based on historical data and industry specific benchmarks of the Lindt & Sprüngli Group. The discount rate reflects time value of money and characteristic risks for the asset being tested for impairment. The terminal growth rate is adjusted for inflation.

The main planning assumptions are summarized as follows:

	2021	2020
Period of cash flow projections	5 years	5 years
Annual sales growth [1]	6.5%	5.5%
Annual EBIT-margin evolution	Improvement	Improvement
Terminal growth	2.5%	2.2%
Discount rate post tax	5.4%	5.5%

1 The above presented annual sales growth is based on mid-term plans. According to IAS 36, this sales growth figure must then be adjusted for, example given, capacity expansion investments in the impairment test. Therefore, an adjusted growth of 5.4% for the year 2021 is used solely for the purpose of the calculations in the impairment test.

Moreover, a sensitivity analysis is conducted in the goodwill impairment test. The following changes (increases and decreases) in the main planning assumptions are elaborated:

- Discount rate post tax 80 basis points
- Terminal growth 40 basis points
- Annual sales growth 200 basis points
- EBIT-margin evolution 200 basis points

No impairment need was identified in any of the sensitivity simulations.

12. Pension Assets & Financial Assets

CHF million	**2021**	2020
Pension assets [1]	2,653.3	1,898.2
Investments third parties	0.3	–
Total	**2,653.6**	**1,898.2**

1 See note 20 for the detailed disclosure of pension assets.

13. Taxes

13.1 Deferred tax assets and liabilities

The net value of deferred tax liabilities is as follows:

CHF million	**2021**	2020
Net deferred tax liabilities as at January 1	**417.7**	**418.5**
Deferred income tax expense (+) / income (–)	–30.4	–26.9
Tax charged to comprehensive income	109.8	23.3
Tax charged to other components of equity	–14.0	–4.7
Currency translation	1.1	7.5
Net deferred tax liabilities as at December 31	**484.2**	**417.7**

Deferred tax assets and liabilities were generated from the following balance sheet positions:

CHF million	2021	2020
Deferred tax assets		
Property, plant and equipment	12.0	14.5
Intangible assets	38.2	31.1
Pension plans	48.9	44.9
Receivables	7.4	8.1
Inventories	27.3	28.9
Leases	12.9	13.1
Payables and accruals	75.2	59.1
Derivative assets and liabilities	4.6	3.5
Tax loss carry-forwards	72.2	52.0
Other	6.7	4.2
Deferred tax assets gross	**305.4**	**259.4**
Netting	–119.8	–97.4
Total	**185.6**	**162.0**
Deferred tax liabilities		
Property, plant and equipment	25.4	26.0
Intangible assets	73.5	64.8
Pension plans	671.0	568.2
Receivables	2.2	2.0
Inventories	4.0	4.1
Payables and accruals	8.6	9.1
Derivative assets and liabilities	4.6	2.8
Other	0.3	0.1
Deferred tax liabilities gross	**789.6**	**677.1**
Netting	–119.8	–97.4
Total	**669.8**	**579.7**
Net deferred tax	**484.2**	**417.7**

The tax loss carry-forwards of which no deferred tax assets are recognized, expire as follows:

CHF million	2021	2020
Between 1 and 5 years	1.0	0.3
Between 6 and 10 years	–	0.6
Over 10 years	0.2	–
Total	**1.2**	**0.9**

Tax loss carry-forwards utilized in 2021 amounted to CHF 0.7 million (CHF 6.1 million in prior year).

13.2 Tax expense

CHF million	2021	2020
Current tax expense	159.4	98.6
Deferred tax expense (+) / income (–)	–30.4	–26.9
Other taxes	2.2	2.3
Total	**131.2**	**74.0**

The effective tax on the Lindt & Sprüngli Group's income before taxes differs from the theoretical amount that would arise using the weighted average tax rate across the Group as follows:

CHF million	2021	2020
Income before taxes	**621.7**	**394.1**
Expected tax [1]	**129.9**	**78.8**
Change in applicable tax rates on temporary differences	–0.8	0.3
Utilization of unrecognized tax loss carry-forwards from prior years	–0.2	–1.7
Adjustments related to prior years	–0.4	1.5
Non-taxable items	1.6	6.5
Withholding tax levied and other taxes	4.2	–3.6
Income components with lower tax rates	–2.5	–1.4
Other	–0.6	–6.4
Total	**131.2**	**74.0**

1 Based on the expected weighted average tax rate of 20,9% in 2021 (20,0% in 2020).

For the reporting period 2020, the position "other" included amongst others Covid-19 related tax benefits of CHF 5.1 million.

The tax for each component of other comprehensive income is:

			2021			2020
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	–1.1	–	–1.1	–9.2	–	–9.2
Defined benefit plan	770.7	–109.8	660.9	85.3	–23.3	62.0
Currency translation	17.6	–3.6	14.0	–157.0	9.3	–147.7
Total	**787.2**	**–113.4**	**673.8**	**–80.9**	**–14.0**	**–94.9**

14. Inventories

CHF million	2021	2020
Raw material	134.1	124.0
Packaging material	113.0	101.5
Semi-finished and finished products	593.8	541.0
Inventory reserves	–79.3	–65.0
Total	**761.6**	**701.5**

In 2021, CHF 18.1 million (CHF 4.0 million in prior year) of the inventory reserve that existed as of year-end 2020 has been credited to the income statement.

15. Accounts Receivable

CHF million	2021	2020
Accounts receivable gross	926.4	856.7
Allowances	–31.1	–31.7
Total	**895.3**	**825.0**
Allowance as at January 1	**–31.7**	**–28.1**
Addition	–5.4	–10.6
Utilization	3.3	4.3
Release	2.6	2.1
Currency translation	0.1	0.6
Allowance as at December 31	**–31.1**	**–31.7**

The allowance is calculated as follows:

December 31, 2021	Key accounts	Distributors	Other customers	2021 Total
Share in %	60.1%	8.2%	21.0%	
Rating	B-BB	B x 3	B-BB	
Probability of default	0.9%	3.9%	1.3%	
Forward looking allowance in %	**0.5%**	**0.3%**	**0.3%**	**1.1%**
Accounts receivable gross				**926.4**
Forward looking allowance				–10.6
Historical allowance				–20.5
Accounts receivable net				**895.3**

December 31, 2020	Key accounts	Distributors	Other customers	2020 Total
Share in %	61.0%	9.8%	18.8%	
Rating	B-BB	B x 3	B	
Probability of default	0.9%	4.0%	1.4%	
Forward looking allowance in %	**0.5%**	**0.4%**	**0.3%**	**1.2%**
Accounts receivable gross				**856.7**
Forward looking allowance				–10.3
Historical allowance				–21.4
Accounts receivable net				**825.0**

Since for Global Retail payment usually occurs simultaneously to the sale, there are no material unpaid accounts receivable balances. Therefore, Global Retail customers are not considered in the calculation of the forward looking allowance.

The following table presents the aging of accounts receivable:

CHF million	2021	2020
Not yet past due	794.3	720.7
Past due 1–30 days	89.5	85.4
Past due 31–90 days	30.0	25.4
Past due over 91 days	12.6	25.2
Accounts receivable gross	**926.4**	**856.7**

The carrying amounts of accounts receivable are denominated in the following currencies:

CHF million	2021	2020
CHF	48.1	45.3
EUR	291.9	280.9
USD	294.9	266.6
GBP	85.8	80.9
AUD	72.0	61.2
CAD	45.2	41.0
Other currencies	57.4	49.1
Accounts receivable net	**895.3**	**825.0**

16. Derivative Financial Instruments and Hedging Reserves

At the balance sheet date, the fair value of derivative financial instruments was as follows:

	2021		2020	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging (currencies and raw material)	22.9	13.6	22.0	8.5
Other derivatives	0.9	0.1	1.5	1.1
Total	**23.8**	**13.7**	**23.5**	**9.6**

The carrying amount (contract value) of the outstanding forward-currency and raw material contracts as at December 31, 2021, is CHF 1,538.5 million (CHF 1,421.1 million in prior year). Value changes in those derivatives qualifying for hedge accounting according to IFRS 9 are shown within other comprehensive income.

The majority of the net hedging result, amounting to a net gain of CHF 10.9 million as of December 31, 2021 (CHF 12.0 million in prior year), which is shown as hedging reserve in the consolidated statement of changes in equity, will be released to the position "material expenses" in the consolidated income statement at various dates within the next 24 months. Other derivative instruments, which are used for hedging purposes in line with the risk policy, do not qualify for hedge accounting under the criteria of IFRS 9. Changes in value of such derivatives are disclosed within the position "other" as part of the note "Net Financial Result".

17. Cash and Cash Equivalents

CHF million	**2021**	2020
Cash at bank and in hand	896.8	807.8
Short-term bank deposits	40.4	40.6
Total	**937.2**	**848.4**

In line with the internal risk policy cash and cash equivalents may only be deposited at financial institutions with good ratings. Furthermore, balances within this position are short-term and volatile. For these reasons the impairment risk for this position is seen as negligible and no expected credit loss is provided for.

The effective interest rate on short-term bank deposits reflects the average interest rate of the money market as well as the development of the currencies invested with an original maturity period of up to three months.

18. Share and Participation Capital

	Number of registered shares[1]	Number of participation certificates[2]	Registered shares (CHF million)	Participation certificates (CHF million)	**Total** (CHF million)
As at January 1, 2020	**135,988**	**1,072,641**	**13.6**	**10.7**	**24.3**
Capital increase	–	18,120	–	0.2	0.2
Capital decrease (destruction)	–436	–46,615	–	–0.5	–0.5
As at December 31, 2020	**135,552**	**1,044,146**	**13.6**	**10.4**	**24.0**
Capital increase	–	22,418	–	0.2	0.2
As at December 31, 2021	**135,552**	**1,066,564**	**13.6**	**10.6**	**24.2**

1 At par value of CHF 100.
2 At par value of CHF 10.

The conditional capital has a total of 340,907 participation certificates (363,325 in prior year) with a par value of CHF 10. Of this total, 186,457 (208,875 in prior year) are reserved for employee stock option programs; the remaining 154,450 participation certificates (154,450 in prior year) are reserved for capital market transactions. There is no other authorized capital. In 2021, a total of 22,418 (18,120 in prior year) of the employee options were exercised at an average price of CHF 5,382 (CHF 4,909 in prior year). The participation certificate has no voting right, but otherwise has the same ownership rights as the registered share.

The number of own registered shares and participation certificates (treasury stock) is as follows:

	2021		2020	
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**377**	**–**	**1,475**	**46,615**
Additions	–	–	215	2,630
Retirements	–163	–	–877	–2,630
Share buy-back program	453	37,570	–	–
Capital decrease (destruction)	–	–	–436	–46,615
Inventory as at December 31	**667**	**37,570**	**377**	**–**
Average cost of additions (CHF)	–	–	73,663	7,238
Average sales price of retirements (CHF)	89,054	–	82,489	7,723
Average cost of share buy-back program (CHF)	106,203	10,560	–	–
Average cost of capital decrease (CHF)	–	–	76,180	6,520

19. Financial Liabilities

CHF million	**2021**	2020
Non-current		
CHF 250 million 1.0% bond, 2014-2024	249.4	249.2
CHF 250 million 0.3% bond, 2017-2027	249.6	249.6
CHF 250 million 0.01% bond, 2020-2028	249.4	249.4
CHF 250 million 0.25% bond, 2020-2032	249.4	249.2
Total non-current borrowings	**997.8**	**997.4**
Current		
Bank and other borrowings	10.5	3.1
Loans	4.9	0.8
Total current borrowings	**15.4**	**3.9**
Total borrowings	**1,013.2**	**1,001.3**

In October 2020, the Lindt & Sprüngli Group paid back the CHF 500 million 0.5% bond. The bond was immediately replaced in October 2020 by two tranches, each at CHF 250 million. The CHF 250 million 0.01% bond, due for repayment in 2028, was issued at 99.73% (net of transaction costs) and will be settled at par. The CHF 250 million 0.25% bond, due for repayment in 2032, was issued at 99.72% (net of transaction costs) and will be settled at par.

The transaction costs were not material (less than CHF 2.0 million). Generally, these are capitalized as borrowing costs and amortized over the term using the effective interest rate. Amortization as well as interest expense are reported as part of financial expenses, which are disclosed in note 25.

The carrying amounts of the Lindt & Sprüngli Group's financial liabilities are denominated in the following currencies:

CHF million	**2021**	2020
CHF	997.8	997.4
EUR	7.2	3.0
USD	3.3	–
Other currencies	4.9	0.9
Total	**1,013.2**	**1,001.3**

20. Pension Plans and Other Long-term Employee Benefits

The Lindt & Sprüngli Group operates both in and outside of Switzerland different pension plans for employees, who satisfy the participation criteria. Among these plans are defined contribution and defined benefit plans that insure most of the employees against the risks of retirement, disability, and death.

20.1 Defined contribution plans

The Lindt & Sprüngli Group offers defined contribution plans to employees, who satisfy the eligibility criteria. The Lindt & Sprüngli Group is obliged to pay a fixed percentage of the annual salary to these pension schemes. To some of these plans, the employees also make contributions to. These are typically deducted from the monthly salary by the employer and paid to the pension fund. Apart from the payment of the contributions, the employer currently has no further obligation towards these pension funds or to the employees. In 2021, the employer contributions to defined contribution plans amounted to CHF 14.3 million (CHF 13.0 million in prior year).

20.2 Defined benefit plans and other long-term employee benefits

The Lindt & Sprüngli Group finances defined benefit plans for the employees, who satisfy the criteria to join such plans. The most significant defined benefit plans are located in Switzerland, Germany, USA, France, Italy and Austria. In addition to these plans, the Lindt & Sprüngli Group operates jubilee benefit plans and other plans with benefits depending on the past years of service. These plans qualify as other long-term employee benefits.

20.2.1 Employee benefit plans in Switzerland

The Lindt & Sprüngli Group operates different pension schemes for employees in Switzerland. They are either organized through a separate foundation or through an affiliation to a collective foundation of an insurance company. The foundations are governed by foundation boards. The foundation boards are made up of an equal number of employee and employer representatives. The members of the foundation board are obliged by law and the plan rules to act in the sole interest of the plan member (active employees and pensioners). Therefore, the employer cannot itself direct the compensation and financing, as decisions have to be taken equally.

The foundation board members are responsible for defining an investment stragey, changing the pension plan regulations and in particular as well defining the financing of the pension benefits.

The benefits mainly depend on the insured salary and the years of service. For some of the plans the benefits are depending on retirement savings account. At retirement age, the insured members can choose whether to take a pension for life, which includes a spouse's pension, or a lump sum. In addition to retirement benefits, the plan benefits also include benefits in case of disability and death. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules or may withdraw funds early for the purchase of a residential property for their own use. On leaving the company, the retirement savings will be transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years.

In defining the benefits, the minimum requirements of the Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be complied with. The BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2021, the rate was 1.00% (1.00% in prior year). Due to the structure of the plan and the legal requirements of the BVG, the employer is exposed to actuarial risks. The main risks are investment risk, the inflation risk if it results in salary adjustments, the interest risk, the disability risk and the risk of increased life expectancy.

The employee and employer's contributions are set by the foundation board. The employer has to finance at least 50% of the total contributions. Contributions can also be financed through an employer welfare fund or finance foundations of the employer. In the event of a shortfall, recapitalization contributions to eliminate the gap in coverage may be levied from both the employer and the employee.

Beside the pension schemes, there are employer foundations that have as a main task to finance the pension schemes. The Board members of these foundations are appointed exclusively by the employer.

20.2.2 Employee benefit plans in Germany

In Germany, the Lindt & Sprüngli Group operates different company pension plans. These plans are based on different rules and agreements between the employer and employees. For certain management employees individual agreements are applied. The plans provide benefits in the event of retirement, disability and death. Depending on the plan rules, the benefits are either paid as pensions for life or as lump sums. The most significant plans are financed directly by the employer. Upon termination of the employment prior to retirement, the vested benefits remain preserved as required by the German pension law (Betriebsrentengesetz).

The plans are regulated by the German pension law. The most significant risks related to actuarial gains or losses within these plans are borne by the employer. The risk of life expectancy, the salary increase risk and the inflation risk might result in pension adjustments.

20.2.3 Employee benefit plans in the USA

In the USA defined benefit plans exist. The most significant one represents a contribution based promise plan, where the employee receives a lump sum equal to the savings account at retirement. In addition to the savings account, the return on the investments chosen by the employee is reimbursed. The underlying assets are separated in a trust but do not qualify as defined benefit assets under IAS 19, as the assets are available to the creditors. Nevertheless, the trust reimburses the Company for the payments of the benefits. For this plan there is no actuarial risk, as long as the investments of the trust cover the investments chosen by the employees.

20.2.4 Other employee benefit plans

Other post-retirement plans exist in France, Italy, Austria, Mexico and Poland and plans for other long-term employee benefits in Australia, France, Germany, UK, Ireland, Austria, Switzerland and Spain. All plans are compliant with local laws.

20.2.5 Actuarial calculations

The actuarial valuation was prepared by independent actuaries at December 31, 2021. The market value of assets at December 31, 2021 was estimated based on the information available at the moment of preparing the results.

The main assumptions on which the actuarial calculations are based can be summarized as follows:

	Pension plans		Other long-term employee benefits	
	2021	2020	**2021**	2020
Discount rate	0.8%	0.5%	0.6%	0.5%
Future salary increases	1.1%	1.1%		
Future pension adjustments	0.3%	0.3%		

The values represent a weighted average across the plans in several countries.

For the countries with material pension obligations the following assumptions about the life expectancy at age 65 were taken into account:

	2021		2020	
	Switzerland	Germany	Switzerland	Germany
Retirement in 20 years (age of 45 at balance sheet date)				
Men	24.86	23.23	24.48	23.00
Women	26.40	26.15	26.51	25.98
Retirement at balance sheet date (age of 65)				
Men	22.57	20.47	22.72	20.22
Women	24.37	23.92	24.76	23.73

The amounts recognized in the income statement and in other comprehensive income (OCI) can be summarized as follows:

	Pension plans		Other long-term employee benefits	
CHF million	**2021**	2020	**2021**	2020
Employee benefits expense				
Total service cost				
Current service cost	19.0	17.0	0.8	0.8
Past service cost	–0.1	–	–	–
Plan settlements	–	2.3	–	–
Net interest cost	–8.8	–9.7	0.1	0.1
Liability management cost	0.6	0.6	–	–
Actuarial gains (–) / losses (+)	–	–	–0.1	0.6
Total defined benefit cost (+) / gain (–) of the period	**10.7**	**10.2**	**0.8**	**1.5**
Valuation components accounted for in OCI				
Actuarial gains (–) / losses (+)				
Arising from changes in demographic assumptions	–16.4	0.2	–	–
Arising from changes in financial assumptions	–21.3	18.4	–	–
Arising from experiences	1.3	8.4	–	–
Return on plan assets (excluding interest income)	–749.4	–97.6	–	–
Return on reimbursement (excluding amounts in net interest)	–1.1	–0.7	–	–
Changes in asset ceiling and other	16.2	–13.7	–	–
Total defined benefit cost (+) / gain (–) recognized in OCI	**–770.7**	**–85.0**	**–**	**–**
Total defined benefit cost (+) / gain (–)	**–760.0**	**–74.8**	**0.8**	**1.5**

The changes in pension obligations, pension assets, and asset ceiling can be summarized as follows:

Changes in the present value of the defined benefit obligation

	Pension plans		Other long-term employee benefits	
CHF million	**2021**	2020	**2021**	2020
Defined benefit obligation as at January 1	**580.9**	**617.6**	**10.4**	**9.7**
Current service cost	19.0	17.0	0.8	0.8
Plan participants' contributions	5.7	6.1	–	–
Interest expense on the net present value of the obligation	3.0	3.9	0.1	0.1
Actuarial gains (–) / losses (+)	–36.4	27.0	–0.1	0.6
Past service gains (–) / losses (+)	–0.1	–	–	–
Gains (–) / losses (+) on settlements	–	–63.0	–	–
Benefits paid through pension assets	–15.2	–19.5	–	–
Benefits paid by employer	–5.2	–4.4	–0.6	–0.8
Currency exchange differences	–5.8	–3.8	–0.2	–
Defined benefit obligation as at December 31	**545.9**	**580.9**	**10.4**	**10.4**

Changes in the fair value of plan assets

CHF million	Pension plans 2021	Pension plans 2020
Fair value of plan assets as at January 1	**2,354.0**	**2,274.8**
Plan participants' contributions	5.7	6.1
Contributions by employer	2.5	7.8
Interest income	11.8	13.6
Return on plan assets (excluding interest income)	749.4	97.6
Gains (+) / losses (–) on settlements	–	–24.7
Benefits paid through pension assets	–15.2	–19.5
Liability management cost	–0.6	–0.6
Currency translations	–0.5	–1.1
Fair value of plan assets as at December 31	**3,107.1**	**2,354.0**

The reduction in employer contributions is related to the two plans in the USA that have been settled in 2021.

Development of reimbursement rights[1]

CHF million	2021	2020
Reimbursement rights as at January 1	**7.8**	**8.8**
Employee contributions	0.2	0.3
Interest income on reimbursements	0.1	0.2
Return on reimbursement (excluding interest income)	1.1	0.7
Reimbursements to employer	–1.7	–1.4
Currency translation	0.4	–0.8
Reimbursement rights as at December 31	**7.9**	**7.8**

1 Relates exclusively to reimbursement rights of the company Russell Stover Chocolates, LLC.

Development of not recorded plan assets

CHF million	Pension plans 2021	Pension plans 2020
Asset ceiling as at January 1	**18.0**	**31.6**
Interest income recognized in OCI	0.1	0.2
Change in asset ceiling recognized in OCI	16.1	–13.8
Asset ceiling as at December 31	**34.2**	**18.0**

The net position of pension obligations in the balance sheet can be summarized as follows:

Net position of pension obligations recognized in the balance sheet

	Pension plans		Other long-term employee benefits	
CHF million	2021	2020	2021	2020
Present value of funded obligation	526.1	558.5	–	–
Fair value of plan assets	–3,107.1	–2,354.0	–	–
Underfunding (+) / overfunding (–)	**–2,581.0**	**–1,795.5**	**–**	**–**
Unrecognized prepaid pension costs	34.2	18.0	–	–
Present value of unfunded obligations	19.8	22.4	10.4	10.4
Net pension liability (+) / asset (–)	**–2,527.0**	**–1,755.1**	**10.4**	**10.4**
of which pension liabilities	126.3	143.1	10.4	10.4
of which pension assets[1]	–2,653.3	–1,898.2	–	–

1 See note 12.

The plan assets mainly come from the Swiss pension plans and employer funds. The foundation boards issue investment guidelines for the plan assets which include the tactical asset allocation and the benchmarks for comparing the results with a general investment universe. The pension plans are also subject to the legal requirements on diversification and security required by the BVG. Investment in bonds in general have at least an A rating, investments in real estate are typically held directly by the plans.

The foundation boards of the pension funds regularly review whether the chosen investment strategy is appropriate in view of the pension benefits to be provided and whether the risk capability is in line with the demographic structure. Compliance with the investment guidelines and the investment results of the investment advisors is reviewed on a quarterly basis. Moreover, on a periodic basis an external consultant reviews the investment strategy for its effectiveness and appropriateness.

The investments of the employer foundation and primarily of the finance foundation predominantly consist of shares of the Lindt & Sprüngli Group.

The pension assets are mainly composed of the following asset categories:

			2021			2020
CHF million	Listed	Not listed	Total	Listed	Not listed	Total
Shares	2,738.4	–	2,738.4	2,007.4	–	2,007.4
Bonds	167.8	–	167.8	154.2	–	154.2
Alternative investments	19.6	–	19.6	18.9	–	18.9
Real estate	19.5	123.4	142.9	17.7	121.3	139.0
Qualified insurance policies	–	24.0	24.0	–	21.9	21.9
Liquidity and other	–	14.4	14.4	–	12.6	12.6
Total	**2,945.3**	**161.8**	**3,107.1**	**2,198.2**	**155.8**	**2,354.0**

The plan assets include shares of the Lindt & Sprüngli Group with a market value of CHF 2,549.7 million at December 31, 2021 (CHF 1,832.1in prior year). Moreover, the Lindt & Sprüngli Group rents property from the pension funds with a market value of CHF 16.0 million at December 31, 2021 (CHF 16.7 million in prior year). The revaluation of assets resulted in a gain of CHF 764.8 million in 2021 (CHF 114.7 million in prior year). In 2022, the expected employer contributions amount to CHF 2.6 million and the expected payments for pensions by the employer to CHF 4.1 million.

The following table provides a breakdown of the defined benefit obligations among active insured members, former members with vested benefits, and members receiving pensions:

		Pension plans
CHF million	**2021**	2020
Active employees	319.8	339.6
Vested terminations	10.3	11.2
Pensioners	215.8	230.1
Total	**545.9**	**580.9**

The average duration of the liabilities at December 31, 2021 is 14.1 years (15.4 years in prior year). The most important factors impacting the present value of the defined benefit obligation are the discount rate, salary increase and pension indexation. For the simulation of the impact on the present value of the defined benefit obligation only the mentioned assumption is changed, the other assumptions remain unchanged.

The following table shows the impact of the change of these factors on the defined benefit obligation:

CHF million	2021		2020	
Increase (+) / decrease (–) of assumptions by	+0,25%	-0,25%	+0,25%	-0,25%
Technical interest rate	–17.7	19.0	–20.7	22.3
Salary increase	6.1	–5.0	6.7	–5.6
Pension indexation	11.9	–3.2	14.1	–3.8

21. Provisions

CHF million	Legal claims / cases	Business risks	Asset retirement obligations[1]	Other[1]	Total
Provisions as at January 1, 2020	**19.5**	**0.2**	**8.2**	**31.4**	**59.3**
Reclassification	–	–	–	42.9	42.9
Addition	16.7	–	1.2	12.3	30.2
Acquisition of subsidiary (note 2)	–	–	0.3	5.9	6.2
Utilization	–2.5	–	–0.4	–27.7	–30.6
Release	–2.9	–	–	–3.2	–6.1
Currency translation	–1.1	–	–0.6	–3.2	–4.9
Provisions as at December 31, 2020	**29.7**	**0.2**	**8.7**	**58.4**	**97.0**
of which current	9.0	–	0.8	50.1	59.9
of which non-current	20.7	0.2	7.9	8.3	37.1
Addition	12.8	0.2	1.2	8.6	22.8
Utilization	–7.6	–	–0.4	–49.9	–57.9
Release	–8.3	–0.1	–0.3	–0.6	–9.3
Currency translation	0.1	–	–0.3	1.2	1.0
Provisions as at December 31, 2021	**26.7**	**0.3**	**8.9**	**17.7**	**53.6**
of which current	4.5	–	1.0	10.5	16.0
of which non-current	22.2	0.3	7.9	7.2	37.6

1 To increase transparency, asset retirement obligations are shown as separate category within provisions from reporting year 2021 onwards.

Provisions for legal cases include unsettled claims, and legal proceedings as of December 31, 2021, which arise during the normal course of business. Provisions are recognized at balance sheet date when a present legal or constructive obligation as a result of past events exists and the expected outflow of resources can be reliably estimated. Especially for the non-current positions, the timing of outflows is uncertain as it depends upon the outcome of the proceedings. In 2021, the additions to provisions were mainly due to new legal proceedings.

The provisions for asset retirement obligations mainly relate to potential asset retirement obligations for leases.

The reclassification into other provisions in 2020 is related to settlement negotiations with the former multi-employer benefit plan in the USA, this amount has been reclassified from pension liabilities. Since an agreement has been achieved, the corresponding provisions (CHF 40.0 million) have been utilized in 2021.

The utilization of other provisions in prior year are predominantly related to one-off effects in the USA, for which corresponding provisions have been booked in 2019.

In Management's opinion, after taking appropriate legal and administrative advice, the outcome of these business risks will not give rise to any significant losses beyond the amounts provided at December 31, 2021.

22. Accounts Payable

Accounts payable to suppliers are denominated in the following currencies:

CHF million	2021	2020
CHF	23.1	14.1
EUR	133.3	104.6
USD	44.0	37.2
GBP	12.6	9.2
Other currencies	24.9	22.3
Total	**237.9**	**187.4**

23. Accrued Liabilities

CHF million	2021	2020
Trade related accrued liabilities and deferred income	478.9	388.7
Salaries / wages and social costs	150.2	107.9
Accrued material expenses [1]	23.9	–[1]
Accrued operating expenses [1]	220.4	–[1]
Accrued Capex [1]	14.8	–[1]
Other [1]	20.4	248.8[2]
Total	**908.6**	**745.4**

1 To increase transparency, the category "other" is newly split in additional subcategories.
2 The position "other" in 2020 mainly comprises accruals for uninvoiced third-party services rendered related to operating expenses in the amount of CHF 172.2 million.

The position "trade related accrued liabilities and deferred income" comprises year-end rebates, returns, markdowns on seasonal products, price and promotional discounts and other services provided by trade partners. The position "salaries/wages and social costs" is related to bonuses, overtime, and outstanding vacation days.

24. Personnel Expenses

CHF million	2021	2020
Wages and salaries	714.2	646.9
Social benefits	175.0	157.2
Personnel leasing	57.8	50.2
Other	39.0	31.1
Total	**986.0**	**885.4**

For the year 2021, the Lindt & Sprüngli Group employed an average of 14,135 people (13,557 in prior year).

25. Net Financial Result

CHF million	2021	2020
Interest income	1.8	1.1
Other	2.3	1.2
Total financial income	**4.1**	**2.3**
Interest expense	–25.4	–27.6
Other	–1.9	–0.9
Total financial expense	**–27.3**	**–28.5**

Changes in value of derivatives, which do not comply with the prerequisites to apply hedge accounting under IFRS 9, are shown within the net financial result as well.

26. Earnings per Share/Participation Certificate (PC)

	2021	2020
Non-diluted earnings per share/10 PC (CHF)	**2,048.8**	**1,333.1**
Net income (CHF million)	490.5	321.7
Weighted average number of registered shares/10 PC	239,412	241,315
Diluted earnings per share/10 PC (CHF)	**2,019.4**	**1,321.9**
Net income (CHF million)	490.5	321.7
Weighted average number of registered shares/10 PC and outstanding options on 10 PC	242,894	243,359
Weighted average number of registered shares/10 PC to derive the non-diluted earnings	239,412	241,315
Outstanding options on 10 PC	3,482	2,044
Weighted average number of registered shares/10 PC and outstanding options on 10 PC to derive diluted earnings	242,894	243,359

27. Dividend per Share/Participation Certificate (PC)

CHF	2021	2020
Dividend per share/10 PC	1,200[1]	1,100

1 Proposal of the Board of Directors.

During the period January 1, 2022 to record date May 3, 2022, the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock (registered shares and participation certificates) as well as the exercise of options granted through the employee stock option plan.

28. Share-based Payments

Options on participation certificates of Chocoladefabriken Lindt & Sprüngli AG are only outstanding within the scope of the existing employee stock option program. An option entitles an employee to a participation certificate at an exercise price, equal to the average of the price of the five days preceding the issue date. The options have a blocking period during the vesting period of three to five years and are expiring after seven years, if not being exercised. Changes in outstanding options can be viewed in the table below:

	2021		2020	
	Number of options	Weighted average exercise price (CHF/PC)	Number of options	Weighted average exercise price (CHF/PC)
Outstanding options as at January 1	**109,649**	**6,181**	**103,686**	**5,503**
New option rights	28,980	7,918	27,070	7,904
Exercised rights	–22,418	5,382	–18,120	4,909
Cancelled rights	–4,055	6,993	–2,987	5,974
Outstanding options as at December 31 [1]	**112,156**	**6,760**	**109,649**	**6,181**
of which exercisable at December 31	15,955	5,499	16,313	5,249
Average remaining time to expiration (in days)	680		759	

1 The exercise price varies between CHF 4,811 to CHF 7,918 as of December 31, 2021.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 14.8 million (CHF 15.5 million in prior year). Moreover, CHF 14.0 million deferred tax benefits on employee stock options in the USA were recorded directly in equity (CHF 4.7 million in prior year).

The assumptions used to calculate the expenses for the grants 2018 to 2021 are listed in the following table:

Date of issue	**29.1.2021**	15.1.2020	16.1.2019	30.1.2018
Number of issued options	28,980	27,070	26,510	26,070
of which in bracket A (blocking period 3 years)	10,062	9,392	9,205	9,111
of which in bracket B (blocking period 4 years)	10,203	9,534	9,330	9,146
of which in bracket C (blocking period 5 years)	8,715	8,144	7,975	7,813
Issuing price (CHF)	7,918	7,904	5,936	5,794
Price of participation certificates on date of issue (CHF)	7,730	8,010	5,820	5,755
Value of options on issuing date (CHF)				
Bracket A (blocking period 3 years)	519	651	562	719
Bracket B (blocking period 4 years)	571	680	615	780
Bracket C (blocking period 5 years)	613	712	663	831
Maximum life span (in years)	7	7	7	7
Form of compensation	PC from conditional capital			
Expected life span (in years)	5–6	5–6	5–6	5–6
Expected rate of retirement per year	2.5%	2.3%	2.2%	2.1%
Expected volatility	14.9%	14.6%	18.3%	20.5%
Expected dividend yield	1.60%	1.65%	1.68%	1.66%
Risk-free interest rate	(0.55) – (0.46)%	(0.46) – (0.38)%	(0.27) – (0.11)%	0.03 – 0.17%
Model	Binomial model			

29. Contingencies

The Lindt & Sprüngli Group has a contingent liability as of December 31, 2021, in respect to withdrawing from a US multi-employer plan in 2018 in the amount of CHF 8.9 million (CHF 9.4 million in prior year). Current legal assessment indicates that it is not probable that this amount needs to be paid. Besides that, in line with prior year, the Lindt & Sprüngli Group has no contingent liabilities that would require disclosure as of December 31, 2021. With respect to the Lindt Chocolate Competence Foundation's construction of the Lindt Home of Chocolate, refer to note 31.

30. Commitments

Capital expenditure and right-of-use assets contracted for at the balance sheet date but not yet incurred nor commenced are:

CHF million	**2021**	2020
Property, plant and equipment	64.8	80.1
Intangible assets	0.2	–
Right-of-use assets	1.6	31.9

The lease commitments represent leases that have not commenced yet, which are highly likely to materialize, mainly for rentals of warehouses, offices and retail stores.

31. Transactions with Related Parties

A family member of a member of the Board of Directors has a majority share in a company. The Lindt & Sprüngli Group purchased the retail operations from this company in prior year. In relation to this purchase, a contingent consideration of CHF 0.9 million is still outstanding (CHF 0.8 million in prior year), see also note 2 for more information. Moreover, in 2021 operating expenses (mostly rent and energy costs) of CHF 0.8 million have been paid to this company (CHF 0.0 million in prior year). In prior year, the Lindt & Sprüngli Group sold products for the value of CHF 8.4 million to this company and generated license fee income of CHF 0.3 million.

In current and prior year the Lindt & Sprüngli Group provided various administration services to the Lindt Chocolate Competence Foundation, the Lindt Cocoa Foundation, the Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG as well as the Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG and also obtained such services from the first two mentioned. Additionally, 140 own shares have been sold to the Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG for a price of CHF 88,920 (200 own shares at a price of CHF 84,080 in prior year). Furthermore, the Lindt & Sprüngli Group rents property from the pension funds with a market value of CHF 16.0 million at December 31, 2021 (CHF 16.7 million in prior year).

The Lindt & Sprüngli Group has provided the Lindt Chocolate Competence Foundation with the building right for the Lindt Home of Chocolate in 2016 and obtains a ground rent for it. The conditions of this contract have been agreed at arm's length. In addition, the Lindt & Sprüngli Group has provided the funding bank with a security of up to CHF 130.0 million in relation to the construction project, which is unlikely to be used. Moreover, there are rental contracts between the Lindt & Sprüngli Group and the Lindt Chocolate Competence Foundation, in particular for office space, and therefore result in rent expenses, rent income, incidental costs and maintenance costs. Additionally, the Lindt & Sprüngli Group uses a pilot plant owned by the Lindt Chocolate Competence Foundation for research, and runs show productions, which the Lindt & Sprüngli Group is compensated for.

Remuneration of the Board of Directors and Group Management

As of December 31, 2021, the Board of Directors consisted of 6 non-executive and executive Directors (6 in prior year). The number of executive Officers as of December 31, 2021, is 7 (7 in prior year). The compensation paid to non-executive Directors and executive Officers is shown below:

CHF thousand	**2021**	2020
Fixed cash compensation [1]	7,904	7,835
Variable bonus component [2]	3,981	1,287
Other compensation [3]	113	111
Options [4]	4,693	4,791
Total	**16,691**	**14,024**

1 Total of paid-out gross compensation for Officers and Directors including pension benefits paid by employer amounting to TCHF 331 (TCHF 320 in prior year) and social insurance contributions paid by the employer that establish or increase employee benefits.
2 As per the Compensation Report it is the expected pay-out (accrual basis) in April of following year according to the application of the CNC and BoD (excluding social charges paid by employer). D. Weisskopf waved his cash bonus for the year 2020.
3 Employees' share of social charges (AHV), paid by employer.
4 The valuation of option grants on Lindt & Sprüngli participation certificates is based on the market value at grant date.

Apart from the payments mentioned above, no payments were made on a private basis or via consulting companies to either an executive or a non-executive member of the Board of Directors or a member of the Group Management. As of December 31, 2021, there were no loans, advances or credits due to the Lindt & Sprüngli Group or any of its subsidiaries by any of the members of the Board of Directors or the Group Management.

32. Events after the Balance Sheet Date

The consolidated financial statements were approved for publication by the Board of Directors on March 7, 2022. The approval of the consolidated financial statements by the shareholders will take place at the Annual Shareholders' Meeting.
In January 2022, the following group-internal mergers took place:

Lindt & Sprüngli SpA absorbed its two fully-owned subsidiaries Lindt & Sprüngli Retail S.r.l. and Caffarel SpA. This represents an upstream merger. Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. absorbed its 100% parent company Lindt & Sprüngli (Brazil) Holding Ltda. This represents a downstream merger. In both cases, it is expected that all business operations continue. Since both transactions are group-internal mergers, the impact on the consolidated financial statements will be limited.

Besides that no other events have occurred up to March 7, 2022, which would require adjustments to the carrying values of the Lindt & Sprüngli Group's assets or liabilities or which require additional disclosure.

Report of the Statutory Auditor on the Consolidated Financial Statements

pwc

Report of the statutory auditor

to the General Meeting of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 90 to 134) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

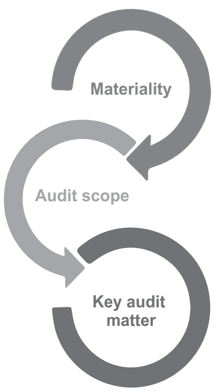
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 45,000,000

We concluded full scope audit work at 27 Group companies in 19 countries. Our audit scope addressed 99% of the Group's revenue.

As key audit matters the following areas of focus have been identified:

Impairment testing of goodwill

Valuation of pension fund assets

pwc

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 45,000,000
Benchmark applied	Profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group financial statements are a consolidation of 31 units, each of which is considered a component. In collaboration with management, we identified 27 Group companies at which an audit of the financial information was performed. The four Group companies not in scope are not material to the Group.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors in the PwC network. Where audits were performed by component auditors, we ensured that, as Group auditor, we were sufficiently involved in the audit to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. The involvement of the Group auditor was based on audit instructions and standardised reporting. It also included regular written and oral communications with selected component audit teams.

The Group audit team itself performed specific audit procedures with regard to the Group’s consolidation and areas involving significant scope for judgement (including taxes, goodwill, intangible assets, treasury, pension benefits, litigation and the elimination of unrealised intercompany profits on inventories).

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

pwc

Impairment testing of goodwill

Key audit matter	How our audit addressed the key audit matter
Intangible assets are recognised in the amount of CHF 1,309 million, of which CHF 720 million is the goodwill of the US business. During our audit, we focused on the goodwill of the US business because of the significance of the amount and because the valuation of goodwill by management involves significant scope for judgement concerning the future results of the business in the USA that underlies the goodwill. Management compares the book value of goodwill to the value in use of the underlying business in the USA. Value in use is calculated by estimating the future cash flows that the business is expected to generate. If the value in use is lower than the book value of goodwill, an impairment charge is recognised. The most significant elements of the value in use calculation are the assessment of the discounted cash flow model used and the assessment of the underlying assumptions. The underlying assumptions that offer the greatest scope for judgement are the long-term sales growth rates, EBIT margin growth rates and the discount rate used in the calculation of present values. Please refer to note 11 for details of the impairment test and management's assumptions.	We assessed the determination of the cash-generating units used in the calculation of the cash flow forecasts. We evaluated the components used in management's forecasts of future cash flows. We also assessed the process adopted to calculate the forecasts. Lindt & Sprüngli Group prepares five-year plans, which are approved by the Board of Directors. These plans form the basis for management's cash flow forecasts used in the goodwill impairment test. We compared the 2021 actual results with the 2021 budget figures fixed in the previous year to assess the accuracy of those budget figures. In addition, for some elements with the support of a PwC valuation specialist, we assessed the following assumptions: • the long-term growth rates, by comparing them with economic and industry forecasts; • the EBIT margin growth rates, by comparing them with other mature Lindt & Sprüngli production entities; • the discount rate, by assessing the costs of capital for the company and comparable organisations, taking into consideration country-specific factors. We checked management's valuations for mathematical correctness. Additionally, we assessed management's sensitivity analyses of the key assumptions to ascertain the extent of change in those assumptions that would be required, either individually or collectively, for the goodwill to be impaired. We discussed the outcomes of the sensitivity analyses with management. We concluded that the models and assumptions used are appropriate to test goodwill for impairment.

pwc

Valuation of pension fund assets

Key audit matter	How our audit addressed the key audit matter
Financial assets include pension fund assets in the amount of CHF 2,653 million. We focused on this area because of the significant amount represented by pension fund assets and because management's assessment of the valuation of this item involves significant scope for judgement concerning the valuation parameters used and the estimates of future benefits from the pension fund assets. Management engages an external actuary to perform the calculation of the net present value of the pension benefit obligations, which are then compared with the pension fund assets to determine the pension fund liabilities and assets recognised in the balance sheet. The most judgemental assumptions underlying this calculation are the salary growth rates, the pension increase rates, the mortality rate and the discount rate. For further information, please refer to notes 12 and 20.	We compared on a sample basis the personnel data used in the calculation of the pension fund assets with the data made available to us by the pension institution. We did not identify any differences. We assessed the engagement terms and the professional competency and independence of the actuary engaged by management. We concluded that we could place reliance on the calculation performed by the actuary. Additionally, we evaluated the following assumptions used by management: • the salary growth rates and the pension increase rates, by comparing them with economic and industry forecasts; • the mortality rate, by ensuring that the appropriate generation table was used; • the discount rate, by comparing it with relevant market data. We tested on a sample basis whether the pension fund assets existed and were measured correctly. On the basis of the audit procedures we performed, we concluded that the assumptions used by management in the valuation of the pension fund assets were within an acceptable range.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements and the remuneration report of Chocoladefabriken Lindt & Sprüngli AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

pwc

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Gerhard Siegrist	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zürich, 7 March 2022

Balance Sheet

CHF thousand	Note	**December 31, 2021**	December 31, 2020
Assets			
Cash and cash equivalents		259,699	448,850
Marketable securities and short-term financial assets		290,000	440,000
Accounts receivable			
from subsidiaries		3,908	877
Other receivables			
from third parties		23,130	19,929
from subsidiaries		–	5,355
Accrued income			
from subsidiaries		28,321	28,149
Total current assets		**605,058**	**943,160**
Investments	4	889,358	884,477
Intangible assets	5	496,139	528,776
Total non-current assets		**1,385,497**	**1,413,253**
Total assets		**1,990,555**	**2,356,413**
Liabilities and Shareholders' Equity			
Accounts payables			
from third parties		4,516	833
from subsidiaries		3,678	126,836
Short-term interest-bearing liabilities			
to subsidiaries		26,503	–
Other accounts payable			
to third parties		11,786	1,051
Tax liabilities		15,600	18,142
Accrued liabilities			
to third parties		6,413	5,255
to subsidiaries		5,649	104
Total current liabilities		**74,145**	**152,221**
Bonds	6	1,000,000	1,000,000
Total non-current liabilities		**1,000,000**	**1,000,000**
Share capital		13,555	13,555
Participation capital		10,666	10,441
Reserve from capital contribution	8	138,757	106,918
General legal reserve		76,040	76,040
Special reserve	8	741,223	722,706
Retained earnings			
Balance brought forward from previous year		105,764	26,249
Net income for the year		291,042	275,021
Treasury stock	7	–15,770	–26,738
Treasury stock (share buy-back program)	7	–444,867	–
Total shareholders' equity		**916,410**	**1,204,192**
Total liabilities and shareholders' equity		**1,990,555**	**2,356,413**

Income Statement

CHF thousand	**2021**	2020
Dividends and other income from subsidiaries	389,202	350,588
Other income	535	610
Other expenses	–38,251	–36,783
Impairments on investments	4,580	1,358
Amortizations on intangible assets	–33,151	–25,060
Operating profit	**322,915**	**290,713**
Financial income	6,667	28,149
Financial expense	–7,940	–11,541
Income before taxes	**321,642**	**307,321**
Taxes	–30,600	–32,300
Net income	**291,042**	**275,021**

Notes to the Financial Statements

1. Introduction

The financial statements of Chocoladefabriken Lindt & Sprüngli AG, with registered office in Kilchberg, were prepared in accordance with the Swiss accounting legislation of the Swiss Code of Obligations (CO).

Chocoladefabriken Lindt & Sprüngli AG is presenting consolidated financial statements according to an internationally accepted reporting standard. Therefore, these financial statements and notes do not include additional disclosures, cash flow statement, and management report, according to Art. 961d, paragraph 1 CO.

2. Accounting Policies

Non-current assets

Non-current assets are valued at historical cost less impairment. Intangible assets mainly consist of the intellectual property rights of Russell Stover Chocolates, LLC, acquired in 2014 and amortized over a period of 20 years starting in 2017.

Treasury shares

Treasury shares are recognized at acquisition cost and are presented as a deduction from shareholder's equity. Upon sale of treasury shares, the realized gain or loss is recognized through the income statement as finacial income or financial expense.

Financial liabilities

Financial liabilities are recognized at nominal value. Agios and disagios as well as bond issuance costs are recognized in the income statement.

Dividends and other income from subsidiaries

"Dividend income" resulting from financial investments is recorded upon approval of the dividend distribution at the corresponding subsidiary. "Other income from subsidiaries" mainly consist of license fees, which are recognized at the time the services are provided.

Foreign currency translation

The foreign exchange rates are listed on page 99 of the notes to the consolidated financial statements. In deviation to the table, transactions in the income statement are booked at the respective month-end rate.

3. Liabilities arising from Guarantees and Pledges in favor of Third Parties

Contingent liabilities as at December 31, 2021, amounted to CHF 342.2 million (CHF 315.3 million in prior year). This figure comprises guarantees against banks related to lending to subsidiaries.

The companies, Chocoladefabriken Lindt & Sprüngli AG, Lindt & Sprüngli (Schweiz) AG, Lindt & Sprüngli Financière AG, Lindt & Sprüngli (International) AG, and Indestro AG together form a Swiss-VAT group. According to Art. 15, paragraph 1, item c of the Swiss Value Added Tax Law and Art. 22, paragraphs 1 and 2 of the Swiss Value Added Tax Ordinance, all members participating in VAT-group taxation are jointly liable for all taxes owed by the VAT group (including interest), which arose during their period of membership.

4. Investments

The investments in subsidiaries are listed on page 96 of the notes to the consolidated financial statements.

5. Intangible assets

In 2020, an Advance Pricing Agreement was concluded with the United States of America. For this reason, an additional payment of CHF 127.8 million had to be made for the intellectual property rights acquired in 2014 in connection with the acquisition of Russell Stover LLC. The acquisition costs were thus increased by the same amount. As in the previous year, the impairment test did not reveal any impairment need as at December 31, 2021. Therefore, the intangible assets are considered to be recoverable.

6. Bonds

The current bonds consist of the following tranches:

				2021	2020
CHF million	Interest rate	Interest maturity	Term	Notional amount	Notional amount
Straight bond	1.00%	October 8	2014–2024	250.0	250.0
Straight bond	0.30%	October 6	2017–2027	250.0	250.0
Straight bond	0.01%	October 6	2020–2028	250.0	250.0
Straight bond	0.25%	October 6	2020–2032	250.0	250.0
Total				**1,000.0**	**1,000.0**

7. Purchase and Sale of Registered Shares and Participation Certificates

		2021		2020
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**377**	**–**	**1,475**	**46,615**
Additions	–	–	215	2,630
Retirements	–163	–	–877	–2,630
Share buy-back program	453	37,570	–	–
Capital decrease (destruction)	–	–	–436	–46,615
Inventory as at December 31	**667**	**37,570**	**377**	**–**
Average cost of additions (CHF)	–	–	73,663	7,238
Average sales price of retirements (CHF)	89,054	–	82,489	7,723
Average cost of share buy-back program (CHF)	106,203	10,560	–	–
Average cost of capital decrease (CHF)	–	–	76,180	6,520

8. Reserves

					Reserves from capital contribution	Special reserves
CHF thousand	Requested	Approved	Not approved [1]	Share buy-back program [2]	Total	Total
Balance as at January 1, 2020	**–**	**81,051**	**15,841**	**–**	**96,892**	**1,060,378**
Share buy-back program	–	–	–	–	–	−336,632
Proposed dividend distribution	–	−80,273	–	–	−80,273	–
Undistributed dividends on own registered shares and participation certificates	–	1,964	–	–	1,964	–
Options exercised from January 1 to May 4, 2020	–	−435	–	–	−435	–
Additions during the year	87,730	–	1,040	–	88,770	−1,040
Balance as at December 31, 2020	**87,730**	**2,307**	**16,881**	**–**	**106,918**	**722,706**
FTA approval March 24,2021	−87,730	87,710	20	–	–	−20
Proposed dividend distribution	–	−88,548	–	–	−88,548	–
Undistributed dividends on own registered shares and participation certificates	–	134	–	–	134	–
Options exercised from January 1 to May 5, 2021	–	−182	–	–	−182	–
Reserve from retained earnings	–	–	–	–	–	20,000
Additions during the year	–	–	1,463	118,972 [3]	120,435	−1,463
Reclassification [2]	–	−1,421	–	1,421	–	–
Balance as at December 31, 2021	**–**	**–**	**18,364**	**120,393**	**138,757**	**741,223**

1 The Swiss federal tax administration (FTA) has not yet approved the capital transaction costs of TCHF 18,364 as reserves from capital contribution. This practice may be changed in the future.
2 Reserves from capital contributions must be used for the share buy-back program currently in place.
3 Requested.

9. Mandatory Disclosure of Interest Positions pursuant to Art. 663c CO

As of December 31, 2021, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders known to the Company (in accordance with Art. 663c CO and the articles of association), which own voting shares of more than 4%: BlackRock Inc. held 4.46% of the Company's shares (4.46% in prior year). Fonds für Pensionsergänzungen of Chocoladefabriken Lindt & Sprüngli AG, Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG, Lindt Cocoa Foundation and Lindt Chocolate Competence Foundation held as a group 20.50% of the voting rights of the Company (20.50% in prior year).

The participation of the Board of Directors and Group Management as at December 31, according to Art. 663c CO is as follows:

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2021	2020	**2021**	2020	**2021**	2020
E. Tanner	Executive Chairman	3,067	3,067	8,327	10,191	2,500	2,500
A. Bulgheroni	Member of the Board	1,000	1,000	295	295	–	–
Dkfm E. Gürtler	Member of the Board	1	1	50	50	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,092	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz	Member of the Board	11	11	–	–	–	–
Dr D. Weisskopf	Group Management	5	7	3,000	2,850	8,350	7,225
Dr J. Picenoni	Group Management	1	1	–	–	2,350	1,600
R. Fallegger	Group Management	25	25	850	–	3,950	4,326
A. Germiquet	Group Management	7	7	500	400	4,222	3,646
Dr A. Lechner	Group Management	7	7	56	56	4,700	5,000
M. Hug	Group Management	6	1	–	–	3,850	3,200
G. Steiner	Group Management	2	2	–	–	3,730	3,410
Total		**5,224**	**5,221**	**13,078**	**13,842**	**33,652**	**30,907**

All other disclosures relating to the remuneration of the Board of Directors, Group Management, and Extended Group Management are provided in the Compensation Report.

10. Number of Employees

Chocoladefabriken Lindt & Sprüngli AG has no employees (0 in prior year).

Proposal for the Distribution of Available Retained Earnings

CHF	**December 31, 2021**	December 31, 2020
Balance brought forward	105,854,558	19,666,399
Net income	291,042,009	275,020,818
Other	–89,667[1]	6,582,926
Available retained earnings	**396,806,900**	**301,270,143**
Shares and participation certificates as per bylaws of CHF 24,220,840 as at December 31, 2021 (CHF 23,996,660 in prior year)		
1200% (731% in prior year) dividend	–290,650,080[2]	–175,415,585
Allocation to special reserves	–80,000,000	–20,000,000
Balance carried forward	**26,156,820**	**105,854,558**
Allocation of approved capital contribution reserve to free reserves	–[3]	88,547,675
Withholding tax exempt distribution CHF 0 per registered share/ CHF 0 per participation certificate (CHF 369 per RS/CHF 36.90 per PC in prior year)	–	–88,547,675

1 Includes dividends not distributed on treasury stock held of CHF 266,815 distributed on options exercised during the period January 1 to May 5, 2021 of CHF –361,553, and expired dividends of CHF 5,071.
2 Number of registered shares and participation certificates, status as at December 31, 2021. During the period from January 1 until record date of May, 3, 2022, the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock as well as the exercise of options, granted through the employee stock option plan. Consequently the allocation of the approved capital contribution reserve to free reserves will be adjusted accordingly.
3 Reserves from capital contributions must be used for the share buy-back program currently in place and will not be available for distribution at the 2022 Annual General Meeting.

On March 24, 2021, the Federal Tax Administration (EStV) confirmed the net addition of the requested reserves from capital contribution (premium) of CHF 87,710,591. Thus, a distribution from the reserves from capital contribution of CHF 369 per registered share and CHF 36.90 per participation certificate could be made.
For 2021 the Board of Directors proposes a total dividend of CHF 1,200 per registered share and CHF 120 per participation certificate.

Report of the Statutory Auditor on the Financial Statements

pwc

Report of the statutory auditor

to the General Meeting of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet as at 31 December 2021, income statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 140 to 145) as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

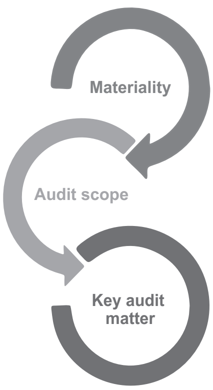
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 20,000,000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matters the following areas of focus have been identified:

Impairment testing of intangible assets

Impairment testing of investments

pwc

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 20,000,000
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark for determining materiality. Total assets is a generally accepted benchmark for materiality considerations in relation to a holding company.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment testing of intangible assets

Key audit matter	How our audit addressed the key audit matter
Intangible assets recognised in the amount of CHF 496 million relate to the Russell Stover (CHF 465 million), Ghirardelli (CHF 26 million) and Caffarel (CHF 5 million) brands. We focused on this area because of the significant amount this item represents on the balance sheet and because the valuation of the three above-mentioned brands depends significantly on their future results. The intangible assets are stated individually at acquisition cost less accumulated depreciation and any impairment, in accordance with the requirements of commercial accounting and financial reporting. Impairment testing of the brands is based on a comparison of their book value with the capitalised licensing income. If the book value of the brands exceeds the capitalised licensing income, an impairment is recognised. Please refer to note 2 'Accounting principles'.	We tested the correct and consistent calculation of the depreciation of the brands. Additionally, we tested management's impairment testing of the brands for its technical appropriateness and mathematical accuracy as follows: • We compared on a sample basis the licensing income used in the valuations with the contractual agreements. • We assessed the capitalisation rate, taking into account the cost of capital of the company and of comparable organisations as well as country-specific factors. • Further, we inspected on a sample basis the budgets approved by the Board of Directors of the individual licence holders in order to assess the financial performance of the individual licence holders. We concluded that the models and assumptions used are appropriate to test for the impairment of the intangible assets.

Impairment testing of investments

Key audit matter	How our audit addressed the key audit matter
Investments are recognised in the amount of CHF 889 million. We focused our audit on these assets because of the significant amount they represent and the significant scope for judgement involved in testing them for impairment and in light of the financial performance of certain subsidiaries. Investments are recorded individually at acquisition cost less impairment in accordance with the requirements of commercial accounting and financial reporting. The impairment testing of the investments is based on a comparison of their book value with the intrinsic value of the investment. The intrinsic value of an investment is determined using historical and forward-looking financial information and on the basis of generally accepted valuation methods. If the book value of the investment exceeds the intrinsic value thus determined, an impairment is recorded. Please refer to note 2 'Accounting principles'.	We examined management's impairment testing of investments as follows: • We assessed the technical appropriateness and mathematical accuracy of management's valuations. • We compared on a sample basis the input data used in the tests with audited historical financial information. • We compared the forward-looking financial information used in the valuation process with the forecast figures approved by the Board of Directors. On the basis of our audit procedures, we consider the impairment tests on investments performed by management to be appropriate.

pwc

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Gerhard Siegrist	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zürich, 7 March 2022

Five-Year Overview: Lindt & Sprüngli Group Financial Key Data

		2021	2020	2019	2018	2017
Income Statement						
Sales	CHF million	4,585.5	4,016.8	4,509.0	4,313.2	4,088.4
EBITDA	CHF million	921.5	696.1	915.8	816.2	764.4
in % of sales	%	20.1	17.4	20.3	18.9	18.7
EBIT	CHF million	644.9	420.3	593.0 [1]	636.7	595.4
in % of sales	%	14.1	10.5	13.2 [1]	14.8	14.6
Net income	CHF million	490.5	320.1	511.9	487.1	452.5
in % of sales	%	10.7	8.0	11.4	11.3	11.1
in % of average shareholders' equity	%	10.0	6.9	11.2	11.2	11.5
Depreciation, amortization and impairment	CHF million	276.6	275.8	322.8	179.5	169.0
Balance Sheet						
Total assets	CHF million	8,956.1	8,051.0	8,040.8	7,249.8	6,975.6
Current assets	CHF million	3,024.8	2,953.9	2,975.7	2,933.0	2,781.1
in % of total assets	%	33.8	36.7	37.0	40.5	39.9
Non-current assets	CHF million	5,931.3	5,097.1	5,065.1	4,316.8	4,194.5
in % of total assets	%	66.2	63.3	63.0	59.5	60.1
Non-current liabilities	CHF million	2,246.8	2,164.4	1,680.9	1,735.3	1,730.8
in % of total assets	%	25.1	26.9	20.9	23.9	24.8
Shareholders' equity	CHF million	5,223.6	4,606.3	4,670.2	4,486.4	4,195.0
in % of total assets	%	58.3	57.2	58.1	61.9	60.1
Cash Flow						
Operating cash flow	CHF million	826.8	787.6	830.9	651.6	591.0
in % of sales	%	18.0	19.6	18.4	15.1	14.5
CAPEX in PPE / intangible assets / right-of-use assets [2]	CHF million	240.8	249.1	235.2	257.3	185.2
in % of operating cash flow	%	29.1	31.6	28.3	39.5	31.3
Employees						
Average number of employees		14,135	13,557	14,621	14,570	13,949
Sales per employee	TCHF	324.4	296.3	308.4	296.0	293.1

1 Includes one-off effects of CHF 81.6 million in 2019. Without these effects the EBIT amounts to CHF 674.6 million and the EBIT-margin to 15.0%.
2 The position "CAPEX in right-of-use assets" consists of payments made before lease inception, which are disclosed within the cash flow from investment activities.

Five-Year Overview: Data per Share/Participation Certificate

		2021	2020	2019	2018	2017
Share						
Registered shares at CHF 100.– par [1]	Number	135,552	135,552	135,988	136,088	136,088
Participation certificates at CHF 10.– par [2]	Number	1,066,564	1,044,146	1,072,641	1,072,535	1,048,153
Non-diluted earnings per share/10 PC [3]	CHF	2,049	1,333	2,142	2,021	1,893
Operating cash flow per share/10 PC [3]	CHF	3,453	3,264	3,492	2,715	2,482
Shareholders' equity per share/10 PC [4]	CHF	21,818	19,088	19,626	18,437	17,414
Payout ratio	%	59.3	82.5	83.2	50.0	49.5
Registered share						
Year-end price	CHF	122,200	88,400	85,500	73,300	70,485
High of the year	CHF	123,800	93,800	86,000	85,400	72,280
Low of the year	CHF	80,500	65,200	68,600	65,600	61,790
Dividend	CHF	1,200.00 [5]	1,100.00	1,750.00	1,000.00	930.00
P/E ratio [6]	Factor	59.64	66.32	39.92	36.27	37.23
Participation certificate						
Year-end price	CHF	12,630	8,630	7,515	6,100	5,950
High of the year	CHF	12,770	8,665	7,715	7,270	5,985
Low of the year	CHF	7,625	6,365	5,730	5,270	5,055
Dividend	CHF	120.00 [5]	110.00	175.00	100.00	93.00
P/E ratio [6]	Factor	61.64	64.74	35.08	30.18	31.43
Market capitalization [6]	CHF million	30,035.2	20,993.8	19,687.9	16,517.7	15,828.7
in % of shareholders' equity [4]	%	575.0	455.8	421.6	368.2	377.3

1 ISIN number CH0010570759, security number 1057075.
2 ISIN number CH0010570767, security number 1057076.
3 Based on weighted average number of registered shares/10 participation certificates.
4 Year-end shareholders' equity.
5 Proposal of the Board of Directors.
6 Based on year-end prices of registered shares and participation certificates.

Addresses of the Lindt & Sprüngli Group

We enchant the world with *chocolate*

○ Lindt & Sprüngli subsidiaries
● Subsidiaries with production sites

Lindt & Sprüngli has been enchanting the world with chocolate for more than 175 years. The traditional Swiss company with roots in Zurich is a global leader in the premium chocolate sector. Today, Lindt & Sprüngli produces quality chocolates at its 11 factories in Europe and the USA. Its products are sold by 31 subsidiaries and regional offices, in around 500 of own stores as well as via a network of more than 100 independent distributors around the globe. The Lindt & Sprüngli Group includes the brands Lindt, Ghirardelli, Russell Stover, Whitman's, Pangburn's, Caffarel, Hofbauer and Küfferle. With more than 14,000 employees, the Lindt & Sprüngli Group reported sales of CHF 4.59 billion in 2021.

Headquarters

1 **Chocoladefabriken Lindt & Sprüngli AG**
Seestrasse 204, CH-8802 Kilchberg
Phone +41 44 716 22 33,
www.lindt-spruengli.com

Europe

1 **Lindt & Sprüngli (Schweiz) AG**
Seestrasse 204, CH-8802 Kilchberg, Switzerland
Phone +41 44 716 22 33, www.lindt.ch

2 **Chocoladefabriken Lindt & Sprüngli GmbH**
Süsterfeldstrasse 130,
DE-52072 Aachen, Germany
Phone +49 241 8881 0, www.lindt.de

3 **Lindt & Sprüngli SAS**
5, Bld de la Madeleine,
FR-75001 Paris, France
Phone +33 1 58 62 36 36, www.lindt.fr

4 **Lindt & Sprüngli S.p.A.**
Largo Edoardo Bulgheroni 1,
IT-21056 Induno Olona, Italy
Phone +39 0332 20 91 11, www.lindt.it

5 **Lindt & Sprüngli Retail S.r.l.**
Largo Edoardo Bulgheroni 1,
IT-21056 Induno Olona, Italy

6 **Lindt & Sprüngli (Austria) Gesellschaft m.b.H.**
Hietzinger Hauptstrasse 1A,
AT-1130 Vienna, Austria
Phone +43 1 60 18 20, www.lindt.at

7 **Lindt & Sprüngli (UK) Limited**
Top Floor, 4 New Square, Bedfont Lakes
Feltham, Middlesex TW14 8HA, UK
Phone +44 20 8602 4100, www.lindt.co.uk

8 **Lindt & Sprüngli (España) SA**
Torre Mapfre, Planta 37
Marina 16–18, ES-08005 Barcelona, Spain
Phone +34 93 459 02 00, www.lindt.es

9 **Lindt & Sprüngli (Nordic) AB**
Telegrafgatan 6A, SE-16972 Solna, Sweden
Phone +46 8 546 140 00, www.lindt.se

10 **Lindt & Sprüngli (Poland) Sp. z.o.o.**
ul. Franciszka Klimczaka 1,
PL 02-797, Warsaw, Poland
Phone +48 22 642 28 29, www.lindt.pl

11 **Lindt & Sprüngli (CEE) s.r.o.**
Karolinska 1, CZ-18000 Prague 8-Karlin,
Czech Republic
Phone +420 222 316 488, www.lindt.cz

12 **Lindt & Sprüngli (Russia) LLC**
17 Chistoprudny Blvd, Bld. 1,
Moscow, 101000, Russia
Phone +7 495 204 88 00, www.lindt.ru

13 **Caffarel S.p.A. (until 31.12.21)**
Via Gianavello 41,
IT-10062 Luserna S. Giovanni, Italy
Phone +39 0121 958 111, www.caffarel.com

14 **Lindt & Sprüngli (Netherlands) B.V.**
Beursplein 37, NL-3011 AA Rotterdam

North America

15 **Lindt & Sprüngli (North America) Inc.**
4717 Grand Avenue, Suite 700
Kansas City, MO 64112, USA
Phone +1 816 731 19 10

16 **Lindt & Sprüngli (USA) Inc.**
One Fine Chocolate Place,
Stratham, NH 03885-2592, USA
Phone +1 603 778 81 00,
www.lindtusa.com

17 **Lindt & Sprüngli (Canada) Inc.**
181 University Avenue, Suite 900,
Toronto, Ontario M5H 3M7, Canada
Phone +1 416 351 85 66, www.lindt.ca

18 **Russell Stover Chocolates, LLC**
4900 Oak Street
Kansas City, MO 64112, USA
Phone +1 816 842 92 40,
www.russellstover.com

19 **Ghirardelli Chocolate Company**
1111–139th Avenue,
San Leandro, CA 94578-2631, USA
Phone +1 510 483 69 70,
www.ghirardelli.com

20 **Lindt & Sprüngli de México, S.A. de C.V.**
Torre Reforma, Av. Paseo de la Reforma 483, Floor 21 Of. 2102,
Cuauhtemoc,
06500, Mexico City, Mexico
Phone +52 (55) 4777 40 05,
EXT. 7002

Rest of the World

21 **Lindt & Sprüngli (Brazil) Holding Ltda. (until 31.12.21)**
Rua Professor Atílio Innocenti, 165
Conjunto 1201, sala 1,
Vila Nova Conceição
São Paulo, Brazil, CEP 04508-000
Phone +55 11 4639 7200,
www.lindt.com.br

22 **Lindt & Sprüngli (South Africa) (Pty) Ltd.**
18th Floor Portside
4 Bree Street
Cape Town 8001, South Africa
Phone + 27 21 831 0300,
www.lindt.co.za

23 **Lindt & Sprüngli (Asia-Pacific) Ltd.**
Rm 4114, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hongkong,
China
Phone +852 2526 5829

24 **Lindt & Sprüngli (China) Ltd.**
Unit 1901 & 1906, No. 429
North Nanquan Road,
Free Trade Zone
200120 Shanghai, China
Phone +86 21 5831 1998,
www.lindt.cn

25 **Lindt & Sprüngli (Japan) Co. Ltd.**
3F 3113, Minami Aoyama Bldg.
3-13-18 Minami Aoyama,
Minato-ku, Tokyo, Japan, 107-0062,
Phone +81 3 3479 10 05,
www.lindt.jp

26 **Lindt & Sprüngli (Australia) Pty Ltd.**
16 Hollinsworth Road, Marsden Park
NSW 2765, Australia
Phone +61 29 854 25 00,
www.lindt.com.au

Regional Offices

27 **Lindt & Sprüngli (Schweiz) AG,**
Rep. Office Dubai
PO Box 72155, Dubai, UAE
Phone +971 4 331 70 01

28 **Lindt & Sprüngli (UK) Limited**
Rep. Office Dublin
Unit 412, QHouse,
76 Furze Road, Sandyford
Dublin 18, D18HV56, Ireland
Phone +353 1 293 69 09

29 **Lindt & Sprüngli (CEE) s.r.o.**
Rep. Office Budapest
Vaci út 99-105, Balance Hall
1139 Budapest, Hungary
Phone +36 30 645 86 10,
www.lindt.hu

30 **Lindt & Sprüngli (CEE) s.r.o.**
Rep. Office Bratislava
Žižkova 9, 81102 Bratislava-Staré Mesto, Slovakia

31 **Lindt & Sprüngli (España) S.A.U.,** Rep. Office Lisbon
Avenida Duque D'Ávila, nº 141,
1st floor left
PT-1050-081 Lisbon, Portugal
Phone: +351 210 539 685

Information

Agenda

April 28, 2022	124th Annual Shareholders' Meeting
May 5, 2022	Payment of dividend
July 26, 2022	Half-year report 2022
Mid January, 2023	Net sales 2022
Early March, 2023	Full-year results 2022
Spring 2023	125th Annual Shareholders' Meeting

Investor Relations

Chocoladefabriken Lindt & Sprüngli AG
Seestrasse 204
CH-8802 Kilchberg
Phone +41 44 716 25 37
E-mail: investorelations-in@lindt.com
www.lindt-spruengli.com

Group Communications

Chocoladefabriken Lindt & Sprüngli AG
Seestrasse 204
CH-8802 Kilchberg
Phone +41 44 716 22 33
E-mail: media@lindt.com
www.lindt-spruengli.com

Share Register

Chocoladefabriken Lindt & Sprüngli AG
Share register
c/o Nimbus AG
Ziegelbrückstrasse 82
CH-8866 Ziegelbrücke
Phone +41 55 617 37 56
Fax +41 55 617 37 38
E-mail: lindt@nimbus.ch

Imprint

Project Lead: Chocoladefabriken Lindt & Sprüngli AG, Kilchberg ZH, Switzerland
Concept and layout focus chapter "We enchant the world with chocolate": Die GmbH - Visuelle Kommunikation, Zurich, Switzerland
Design, layout and prepress (print): Neidhart & Schön AG, Zurich, Switzerland
Design and layout online report: nexxar GmbH, Vienna, Austria
Print: Printlink AG, Zurich, Switzerland, www.printlink.ch
Paper: Olin Smooth absolute white

Photography and picture credits:
Lindt & Sprüngli archive: p. 10, 13, 14, 16, 17, 18, 23, 24, 26, 27, 28, 29, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 88/Geri Krischker, p. 3/Carolin Schmitz, p. 14, 17/Martina Basista, p. 25/Gaëtan Bally, Keystone, p. 34, 41
Cherries Communicazione, p. 59/Wolfgang Schardt, p. 74/Krentz Photographie, p. 87

MIX
Paper | Supporting responsible forestry
FSC® C007447
www.fsc.org

Carbon neutral
Print product
ClimatePartner.com/11665-2202-1004

LINDT & SPRÜNGLI

CHOCOLADEFABRIKEN
LINDT & SPRÜNGLI AG
SEESTRASSE 204, CH-8802 KILCHBERG
SWITZERLAND

www.lindt-spruengli.com