LINDT & SPRÜNGLI

Annual Report 2022

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

		2022	2021	Change in %
Sales	CHF million	4,970.2	4,585.5	8.4
EBITDA	CHF million	1,017.7	921.5	10.4
in % of sales	%	20.5	20.1	
EBIT	CHF million	744.6	644.9	15.5
in % of sales	%	15.0	14.1	
Net income	CHF million	569.7	490.5	16.1
in % of sales	%	11.5	10.7	

Balance Sheet

		2022	2021	Change in %
Total assets	CHF million	7,945.1	8,956.1	–11.3
Current assets	CHF million	2,889.8	3,024.8	–4.5
in % of total assets	%	36.4	33.8	
Non-current assets	CHF million	5,055.3	5,931.3	–14.8
in % of total assets	%	63.6	66.2	
Non-current liabilities	CHF million	1,967.2	2,246.8	–12.4
in % of total assets	%	24.8	25.1	
Shareholders' equity	CHF million	4,400.6	5,223.6	–15.8
in % of total assets	%	55.4	58.3	

Cash Flow

		2022	2021	Change in %
Operating cash flow	CHF million	756.0	826.8	–8.6
in % of sales	%	15.2	18.0	
CAPEX in PPE/intangible assets/right-of-use assets [1]	CHF million	229.9	240.8	–4.5
in % of operating cash flow	%	30.4	29.1	

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

		2022	2021	Change in %
Average number of employees		14,466	14,135	2.3
Sales per employee	TCHF	343.6	324.4	5.9

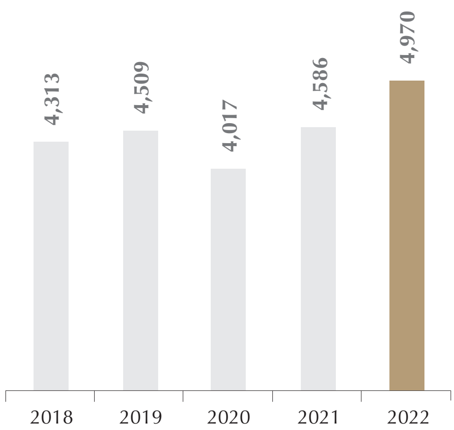
Data per share

		2022	2021	Change in %
Non-diluted earnings per share/10 PC[1]	CHF	2,416	2,049	17.9
Operating cash flow per share/10 PC[1]	CHF	3,206	3,453	–7.2
Dividend per share/10 PC	CHF	1,300[2]	1,200	8.3
Payout ratio	%	54.6	59.3	
Shareholders' equity per share/10 PC	CHF	18,662	21,818	–14.5
Price registered share as of December 31	CHF	95,000	122,200	–22.3
Price participation certificate as of December 31	CHF	9,430	12,630	–25.3
Market capitalization as of December 31	CHF million	22,678.9	30,035.2	–24.5

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

Sales

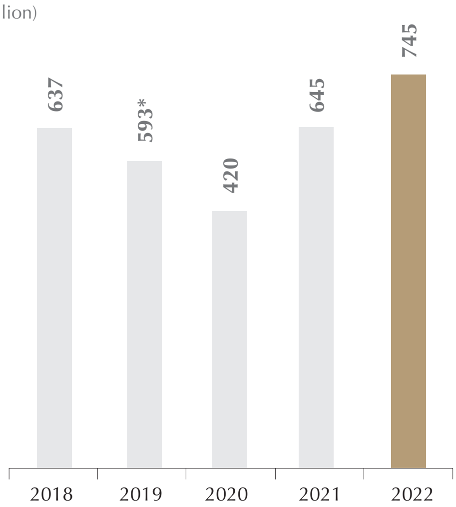
(CHF million)



organic growth:	5.1%	6.1%	–6.1%	13.3%	10.8%

Operating profit (EBIT)

(CHF million)



in % of sales:	14.8%	13.2%	10.5%	14.1%	15.0%

* 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://reports.lindt-spruengli.com/geschaeftsbericht-2022

Sustainability Report available as of June 2023
https://www.lindt-spruengli.com/sustainability/reports

Letter to Shareholders 2022

Dear Shareholders,

The Lindt & Sprüngli Group has once again proven its successful business model and concluded a highly challenging financial year with a very good result. Sales in all three market regions exceeded our expectations and as a result we gained market share in all strategically important markets. Lindt & Sprüngli has thus succeeded in further expanding its leading position in the globally growing premium segment. The unexpected cost increases were largely offset by measures to increase efficiency, so that the set profitability targets were also achieved in this challenging environment. Lindt & Sprüngli generated Group sales of CHF 4.97 billion, which corresponds to a very satisfying organic growth of 10.8%. Due to the appreciation of the Swiss Franc, sales increased by 8.4% in the domestic currency. The strong overall result once again emphasizes the fact that our growth-oriented corporate strategy is very robust, even in a difficult market environment. The remarkable achievement of our around 14,000 dedicated colleagues ensured that we were always able to offer consumers our products around the globe in a consistently high quality and to enchant the world with chocolate together.

Thanks to the easing of health-related restrictions, Lindt & Sprüngli reported an increase in customer footfall at the beginning of the year at its own Lindt Shops and, in particular, in the regaining Global Travel Retail. Following the abatement of the pandemic, it was a special treat for our chocolate advisors in the Lindt Shops to once again be in direct daily contact with our consumers and to be able to experience their enthusiasm. With the return to normality, the gifting of chocolate was once more increasingly celebrated among family and friends and during seasonal gift-giving occasions. As a result, our most important product line Lindor was able to benefit, achieving double-digit growth last year with its diverse range of fine fillings and high-quality gift packaging. Our other key franchise Excellence continued to develop at a consistently high level. In the important seasonal business at Easter and Christmas, sales developed very positively thanks to our high-quality products, which confirms our strategic focus on premium chocolates.

The initially generally positive consumer sentiment dampened slightly in some markets over the course of the financial year. European countries were primarily affected, as the war in Eastern Europe, the energy crisis, and inflation led to a more cautious purchasing behavior. Consumer sentiment in North America, on the other hand, remained robust. Thanks to the premium positioning of our Lindt brand, we are convinced that our consumers will continue to indulge in the small luxury of a piece of fine chocolate in their daily lives, particularly in these times.

In the past year, our brands Lindt, Ghirardelli and Russell Stover were strengthened by consistently high investments in classic TV advertising and digital media around the globe. Based on the market environment described above, as well as innovative product launches, increased advertising investments, and the continuous expansion of online and offline distribution channels, Chocoladefabriken Lindt & Sprüngli AG generated sales of CHF 4.97 billion (previous year: CHF 4.59 billion), which corresponds to organic growth of 10.8%. Currency effects, in particular the weakening of the Euro and the Pound Sterling, led to a slightly lower figure in Swiss Francs of 8.4%. Operating profit (EBIT) increased by a good 15.5% year on year to CHF 744.6 million, which corresponds to an EBIT margin of 15.0% (previous year: CHF 644.9

Dr Adalbert Lechner, CEO, and Ernst Tanner, Executive Chairman of the Board of Directors of the Lindt & Sprüngli Group, on a visit to the Lindt Home of Chocolate in Kilchberg, Switzerland.

million and 14.1%). Net income for the financial year 2022 amounted to CHF 569.7 million (previous year: CHF 490.5 million), with a return on sales of 11.5%. Free cash flow amounts to CHF 526.1 million and the cash flow margin is 10.6%. Once again, we owe this excellent result to all our employees, who overcame the extraordinary challenges of the past year with their tremendous efforts and unparalleled team spirit.

The positive sales results of the Lindt & Sprüngli Group are driven equally by all three country segments. "Europe" remains the region with the highest sales, closely followed by "North America" and the fast-growing "Rest of the World" segment.

The "Europe" segment generated sales of CHF 2.30 billion (previous year: CHF 2.33 billion), which represents a marginal decline in Swiss Francs due to currency effects, but actually corresponds to organic growth of 5.3%. In Europe, the most important markets remain Germany, France, the UK, and Italy, with positive growth on a high sales base. The markets in Eastern and Northern Europe are also noteworthy, characterized by double-digit growth rates. Due to the war in Ukraine, Lindt & Sprüngli decided to completely relinquish the business in Russia that it had successfully built up over the past few years, contributing around 1 percentage point to total sales, and to liquidate the subsidiary.

The "North America" segment generated sales of CHF 2.03 billion in the past financial year (previous year: CHF 1.69 billion), which corresponds to organic growth of a remarkable 15.7%. In the world's largest chocolate market – the USA – Lindt & Sprüngli once again grew faster than the market as a whole and was able to significantly increase its market share. Our strategy of inspiring North American consumers to enjoy high-quality premium chocolate products is paying off. First and foremost, our bestseller product Lindor and the newly launched milk chocolate line Gamme Bleue appealed to consumer tastes. Based on the continued positive consumer sentiment, we were able to adjust sales prices to rising costs in constructive discussions with our long-standing trading partners, in addition to very encouraging increases in volume. As a result, all five subsidiaries in North America – including Russell Stover – recorded double-digit growth rates in the past year.

The "Rest of the World" segment generated sales of CHF 646 million (previous year: CHF 568 million), recording the strongest organic growth of 16.6%. This positive result is driven by all markets. Brazil, Japan, and China are particularly noteworthy, as they all recorded double-digit growth rates. Lindt & Sprüngli successfully expanded its business in Brazil and Japan with the opening of further Lindt Shops. The subsidiary in China made further progress on the online channels and was able to expand its position in brick-and-mortar trade with additional distribution partners. In Australia, the market with the highest sales in this segment, the Lindt Shops have continued their positive performance. Over the past few years, the Global Travel Retail business has been severely affected by travel restrictions. We are thus all the more delighted that our sales in the duty-free channel increased significantly in the wake of the renewed increase in passenger numbers.

"As CEO, I was able to take over Lindt & Sprüngli in an excellent condition from my predecessor, Dr Dieter Weisskopf. On this basis, I am very optimistic that we will be able to implement our ambitious global expansion strategy."

Dr Adalbert Lechner, CEO of the Lindt & Sprüngli Group

The area Global Retail has achieved significant double-digit growth. As Covid restrictions were gradually eased in most parts of the world, we were once again able to welcome large numbers of consumers in our own shops and achieved corresponding increases in sales. We have continued to expand our retail business by opening new stores. We are particularly proud of the reopening of Ghirardelli's completely revamped flagship store, which is a popular tourist attraction at its traditional location in San Francisco. However, Global Retail goes far beyond brick-and-mortar retail: With our omnichannel approach, we also serve purely digital or hybrid channels such as our own e-shops, online marketplace concepts and delivery apps. Tailor-made concepts for corporate gifting and teleshopping complete the range. Whichever method of order or payment the consumers prefer, and whether they want the goods delivered to their home or prefer to collect them from the store – Lindt & Sprüngli offers them a seamless shopping experience across all channels.

The Group's balance sheet remains on a very solid foundation. The equity ratio as of December 31, 2022, was 55.4% (previous year: 58.3%). Based on this and combined with the decidedly positive performance of our results, Lindt & Sprüngli can once again invite shareholders to participate in the company's success with an increased distribution of profits. The Board of Directors will propose a dividend of CHF 1,300 (previous year: CHF 1,200) per registered share and CHF 130 (previous year: CHF 120) per participation certificate at the 125th Annual General Meeting on April 20, 2023. This increase in the distribution of profits of CHF 100 and CHF 10, respectively, is the 27th consecutive increase.

"I am grateful for the privilege of being able to manage and shape Lindt & Sprüngli's long success story on its way to becoming the global number one brand in the premium chocolate segment. With our new CEO Adalbert Lechner, I believe the Group is in the best hands."

Ernst Tanner, Executive Chairman of the Board of Directors of the Lindt & Sprüngli Group

The buyback program launched in 2021 of registered shares and participation certificates in the amount of CHF 750 million was concluded in June 2022. A total of 629 registered shares and 65,014 participation certificates were repurchased. In view of the continued very strong balance sheet, the Board of Directors of Chocoladefabriken Lindt & Sprüngli AG has decided to launch a new buyback program in the amount of up to CHF 1 billion. This program began on August 2, 2022, and will run until July 31, 2024, at the latest. By December 31, 2022, 200 registered shares and 23,100 participation certificates had been repurchased.

The challenging situation on the procurement markets continued in the financial year 2022. The resurgence in demand after the pandemic-related lockdowns resulted in supply bottlenecks. This led to price increases, which were then exacerbated by the massive increase in energy prices due to the Ukraine war. For Lindt & Sprüngli, this led not only to higher direct energy costs, but also to rising prices for raw materials with energy-intensive production. In particular, these included packaging materials and milk powder. Sugar prices also rose sharply, while the costs of cocoa beans and butter remained stable thanks to a good purchasing policy. In this challenging environment, Lindt & Sprüngli has succeeded, first and foremost, in ensuring the security of supply for all production sites. At the same time, the cost increases were largely offset by efficiency improvements in production and organization, although some had to be passed on to consumers through price increases.

Responsible action, in particular when it comes to our most important raw material, cocoa, is our top priority. It is for this reason that we have continued to drive forward our sustainability efforts. Having reached the milestone of sourcing 100% of cocoa beans on a sustainable basis in 2020, we are now working on increasing the proportion of sustainably sourced cocoa butter. In addition, further origin countries for cocoa have been included in the Lindt & Sprüngli Farming Program. Furthermore, the Group continues to work on reducing its greenhouse gas emissions.

For this reason, we recorded our complete carbon footprint for the first time in 2021 and plan to announce our science-based targets (SBTs) in 2023. Using this as a basis, the Group will develop its roadmap for reducing greenhouse gas emissions.

Sustainable business needs a long-term perspective. Long-cycle thinking, reliability, and continuity are essential if a company aims to be successful over decades. Lindt & Sprüngli is proud to look back on a remarkable success story over the past 30 years, which was only possible thanks to long-term strategic considerations and continuity in Group Management. In our focus chapter on page 73, we look back over the past 30 years and venture a glimpse into the future of Lindt & Sprüngli.

Last year, we once again demonstrated that continuity and change are in alignment with each other at Lindt & Sprüngli. After 28 years of service – first as CFO and then as CEO for the past six years – Dr Dieter Weisskopf handed over responsibility to Dr Adalbert Lechner, who can also look back on 30 years of experience as a manager at Lindt & Sprüngli. The handover took place smoothly on October 1, 2022, and Adalbert Lechner is taking over the company in an ideal condition in terms of operations and strategy. The Board of Directors would like to thank Dieter Weisskopf for his achievements and looks forward to working together with him in the future as Vice Chairman of the Board of Directors. We wish Adalbert Lechner every success in the further development of Lindt & Sprüngli.

Without dedicated employees, a CEO would not be able to achieve anything. The Group Management at Lindt & Sprüngli is fortunate to be able to count on more than 14,000 talented employees around the globe. Every day, they ensure that our consumers enjoy only high-quality products and that we work with our partners on a trusting and long-term basis. We would therefore like to thank the employees of Lindt & Sprüngli for their tremendous commitment. They have once again made the Group extremely successful under challenging conditions.

Over the past few years, despite a very volatile environment, we have succeeded in steadily and successfully expanding our business. Lindt & Sprüngli has adapted itself to all global challenges of the markets in an agile and efficient manner and mastered them in cooperation with our partners and customers. We are preparing for the fact that the current economic conditions – characterized by high inflation and high volatility – will continue in most markets. We are determined to remain committed to our long-term strategy in this environment. Thanks to continued high investment in advertising, new products, high quality, and our positioning in the premium segment, as well as our in-depth knowledge of consumer needs, we are confident that we will be able to successfully overcome these challenges. For 2023, we are continuing with our medium to long-term objective of organic growth of 6% to 8% per annum and a continuous annual improvement in the operating margin of 20 to 40 basis points. At the same time, we are working to continue to outperform market growth in the future and thus steadily increase our market share.

Dear shareholders, we greatly appreciate your loyalty to Lindt & Sprüngli and would like to thank you for your allegiance to us in a challenging environment. We look forward to your continued support, but particularly to welcoming you back to our Annual General Meeting in person. This will take place on April 20, 2023, as a live event again in our traditional venue of the Zurich Kongresshaus.

Ernst Tanner
Executive Chairman
of the Board of Directors

Dr Adalbert Lechner
CEO Lindt & Sprüngli Group
(since October 1, 2022)

Dr Dieter Weisskopf
CEO Lindt & Sprüngli Group
(until September 30, 2022)

Markets

Lindt & Sprüngli Group

CHF 4.97 billion

Sales 2022

North America

CHF 2.03 billion

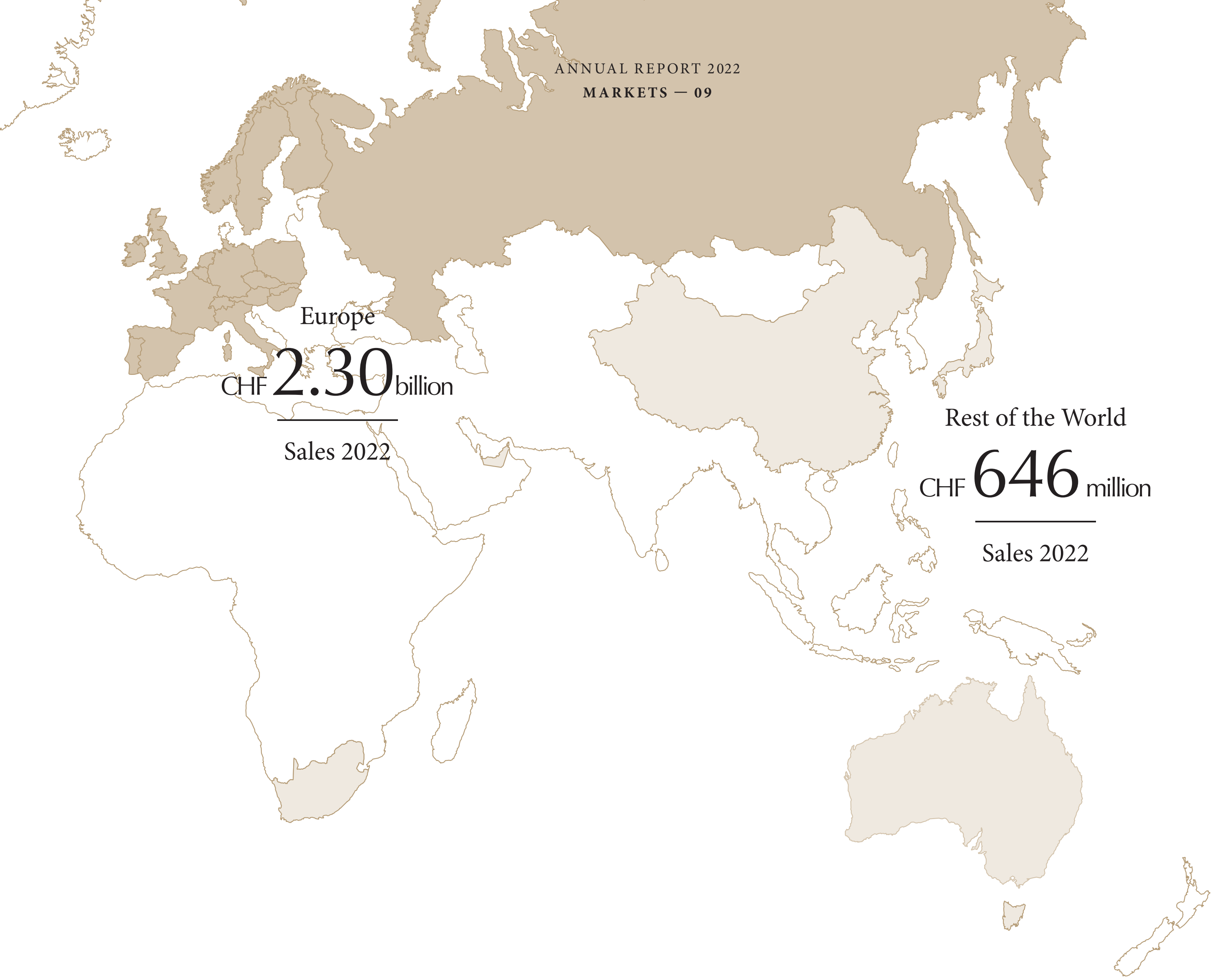
Sales 2022

The Lindt & Sprüngli Group once again recorded satisfying double-digit growth to CHF 4.97 billion. All geographic segments made significant increases, in particular in North America, where all subsidiaries – including Russell Stover – posted double-digit growth. The growth markets in the Rest of the World segment also confirmed their substantial future potential. The success is particularly encouraging in the Global Retail organization, where significant growth was achieved in both physical and digital Lindt Shops.

The financial year 2022 was – once again – very challenging. While the gradual relaxation of health regulations initially gave cause for optimism, the war in Ukraine, with its consequences for energy prices, inflation, exchange rates, and consumer sentiment, presented new challenges. In this difficult environment, the Lindt & Sprüngli Group generated Group sales of CHF 4.97 billion, which corresponds to organic growth of 10.8%.

The Lindor key franchise generated very strong sales in all regions, thus continuing to be the most important product line in our portfolio. The easing of lockdown restrictions allowed more social contacts, visits of friends, joint family celebrations on the important seasonal occasions of Easter and Christmas, or simply presenting a small thank you gift in person. These are all occasions for presenting Lindor pralinés in exclusive gift packaging and for enchanting loved ones with our chocolates.

Compared with the strong growth of previous years, the Excellence line developed in a slightly more restrained manner. During the lockdowns, our chocolate bars were primarily purchased for personal consumption and were therefore in particularly high demand. In many markets, however, the trend towards dark chocolate with a high cocoa content continues unabated. Particularly in countries where simpler chocolates have so far dominated their chocolate culture and Swiss-made products represent a new level of quality, consumers are also finding their way to our brands through the intense chocolate experience of dark chocolate bars.



Seasonal sales increased significantly – also as a result of the revival of social contact. Both during Easter and Christmas, our products – from the Lindt Gold Bunny to the Lindor truffle – were in high demand to delight friends and family with a gift. Sales across all distribution channels developed in a very satisfying manner. However, we experienced a particularly significant revival both online and offline in our Lindt Shops around the world. Sales clearly show that consumers had missed the personal contact, the large selection, and the personal brand experience in the exclusive Lindt Shops and that there was a need to catch up. To the digital shopping experience, we added 13 newly launched e-shops and continued to generate continuous growth in this area.

Employees in procurement, production, and logistics made a significant contribution to the success of the past year. Despite the sometimes uncertain availability of raw materials and transport capacities, we always succeeded in supplying customers with sufficient products. Although improvements in efficiency were able to offset inflation-related cost increases to some extent, it was not possible to fully compensate them. The market prices for many raw and packaging materials, as well as for logistics, have increased, which led to the fact that moderate price adjustments had to be made in some regions. However, the increase in sales figures confirms our assessment that our consumers will accept a reasonable price increase for their favorite chocolate and remain loyal to our brands.

CHF **2.30** billion

Sales 2022

Europe

In our largest segment "Europe", Lindt & Sprüngli achieved sales of CHF 2.30 billion and organic growth of 5.3%. The Swiss market grew on a high basis at an above average rate, while Germany remains the market with the largest sales volume.

Switzerland

Lindt & Sprüngli (Schweiz) AG

407 million CHF
Sales including exports (Global Travel Retail & Distributors)

+15.1% growth

The Swiss market, which also includes sales to travel retail customers and distributors, increased its sales in 2022 by a gratifying 15.1% to CHF 407 million. This growth was driven by various effects across the board: In our own retail, we saw a return to old strengths, in particular sales among tourists returned. We are especially pleased about significant sales in the world's largest Lindt Shop at the Lindt Home of Chocolate in Kilchberg. Our focus on important trends, such as consumer demand for a small treat now and then, also contributed to the increase in sales. To this end we offer our Lindt Squares, which have been expanded with the flavor Dark Caramel Sea Salt. Furthermore, vegan and low-sugar products are another important trend. We are meeting these demands with two new varieties in our milk chocolate line. The limited edition Raspberry & Cream flavor was launched for the rapidly growing Lindor key franchise, and has become the most successful special edition ever. For the Christmas business, which, like Easter, was very successful, we developed a product for the younger audience: the Teddy Advent Calendar was filled not only with little golden teddies, but also featured a film about the Christmas season with the teddy family via the QR code behind each little door. This product was advertised specifically to appropriate target groups, primarily on social media channels. Lindt & Sprüngli also gained momentum on online sales channels, particularly with strong Easter sales. In the retail segment, Lindt & Sprüngli also performed well. For the first time, we have sales with our new customer Migros in our books for a full financial year. Based on the positive sales development, the Lindt brand clearly expanded its leading position on the domestic chocolate market.

Germany

Chocoladefabriken
Lindt & Sprüngli GmbH

734 million EUR
Sales

+6.1% growth

The German market achieved organic sales growth of 6.1% to EUR 734 million. The highlight of the year in the German market was the 70th anniversary of the Lindt Gold Bunny, which was celebrated with a glittering special edition. This special edition of our iconic product contributed to maintaining our market leadership in the Easter market at the highest level. Sales of Lindor pralinés also developed positively, meaning that this key franchise once again made the largest contribution to growth. As a result, Lindt remains the number 1 in the praliné segment in Germany. This development was supported by the introduction of the Lindor Double Chocolate flavor, a positive launch supported by extensive advertising measures. As in other markets, a contrary effect can be observed in Germany in comparison with the two previous years, which were determined by the pandemic. Products that are frequently gifted – such as Lindor – increased, while sales of chocolate bars declined slightly. Consumers bought less for themselves and more to gift. This is particularly noticeable in the retail channel, which recorded positive growth. The Group's own shops performed even better, as consumers once again increasingly sought a personal shopping experience, leading to an increase in footfall.

France

Lindt & Sprüngli SAS

408 million EUR **Sales**
+2.6% growth

In the French market, Lindt & Sprüngli achieved sales of EUR 408 million, representing growth of 2.6%. Lindt is the only major brand to grow against the trend in the otherwise shrinking chocolate market and thus to achieve gains in market share. Thanks to innovative sales support measures in retail, Lindt & Sprüngli recorded an exceptionally positive Easter and Christmas business. On Valentine's Day, it was the Lindt pralinés with which loved ones were treated. To increase the visibility of the brand on this occasion, appropriate advertising measures were used, which paid off in good sales. While demand for chocolate bars was at an absolute high during the pandemic, it declined somewhat in contrast to the rising Lindor sales. Lindt nevertheless remains number 1 in the chocolate bar market, securing second place in the pralinés sector and in the overall chocolate market through further growth with Lindor. Consumers returned increasingly to bricks-and-mortar retail in 2022, but our market share nonetheless increased also across all online channels.

Italy

Lindt & Sprüngli S.p.A.

277 million EUR **Sales**
+6.4% growth

The Italian market generated sales of EUR 277 million, which corresponds to organic growth of 6.4%. This development was influenced by several factors. The merger of Lindt & Sprüngli Italy with Caffarel has more than exceeded expectations and now forms a powerful integrated organization across all retail channels, both in traditional retail and in our own Lindt Shops. Lindt & Sprüngli is thus further expanding its market share in Italy, strengthening its position in the premium segment, and is now the leading chocolate supplier in the traditional retail. Sales growth has been driven by wholesale and, above all, by the Group's own shops. This also confirms last year's decision to take over the stores of an existing distribution partner. These stores have been integrated, thus achieving greater visibility at the best sales locations with corresponding increases in sales. The most important product remains Lindor, which was particularly sought after in elaborate gift packaging and, together with the Gold Bunny, contributed to a very successful Easter business. The Excellence brand has strengthened its leading position in dark chocolate, including the new Excellence 70% Delicato – which is less bitter – to gain new followers for chocolates with a high cocoa content. Chocolates with nut and pistachio recipes remain the most important flavors on the Italian market. In order to cater to pistachio lovers, a special package of Lindor truffles with pistachio, a new milk chocolate with pistachio and a Lindor pistachio snack were launched on the market with great success at Easter. In the financial year 2021, Lindt & Sprüngli Italy sought a new Master Chocolatier through TV casting and achieved a high level of success. Interest in this project is still ongoing – the winner and new Master Chocolatier Lisa Pericoli presents her work and experiences to Lindt & Sprüngli target groups on various online channels, thus attracting further interest in the Lindt brand.


NEU
Lindt
EXCELLENCE
WEISSER
NOUGAT
Lindt
FEINHERB
Feinherbe Chocolade
mit weißem Nougat,
Mandelstückchen
und Mandelkrokant


NEW
Lindt
LINDOR
BLOOD ORANGE
IRRESISTIBLY SMOOTH
BLOOD ORANGE
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UK & Ireland

Lindt & Sprüngli (UK) Ltd.

267 million GBP
Sales
+5.5% growth

In the UK and Ireland, Lindt & Sprüngli achieved sales of GBP 267 million, corresponding to organic growth of 5.5% in a declining overall market. In addition to the consequences of Brexit, the British economy is characterized by high inflation and a declining value in the currency, to which consumers react with caution in their daily lives. Lindt & Sprüngli, on the other hand, has grown against the trend with Lindor and its seasonal products at Easter and Christmas. We achieved this increase primarily in our own shops, of which we opened two more in attractive locations. In contrast, the retail environment became more challenging as consumers reacted more sensitively to prices. In addition, new legislation has restricted the presentation of food with a comparatively high content of fat, salt, and sugar in the UK since October 2022. These products may no longer be placed in the most prominent locations in stores. In Ireland, Lindt & Sprüngli was able to further expand its position as the leading supplier in the praliné segment. This was achieved through growth in the existing product range and with the launch of the Lindor Double Chocolate flavor, which met with a very positive response on the market. Finally, we also continue to lead the dark chocolate segment with the Excellence line.

Spain & Portugal

Lindt & Sprüngli (España) S.A.

101 million EUR
Sales
+9.3% growth

In the markets of Spain and Portugal on the Iberian Peninsula, Lindt & Sprüngli generated sales of EUR 101 million in 2022 and organic sales growth of 9.3%, which was mainly achieved by the Lindor product group, while in the chocolate bar segment, demand was mainly for milk chocolate. At the same time, the praliné segment shows a trend towards dark chocolate, to which Lindt already has a suitable response with the recently launched Nuxor Dark. The strongest sales channels were the Group's own shops, which grew organically thanks to newly launched products, such as the Crema Gelata ice cream, and the return of tourism, and also through newly opened shops. Traditional retail and various online channels also contributed to the growth. For Spain and Portugal, the Christmas business is still the most important season of the year, significantly more so than in other markets. This business was very successful last year, particularly due to the sales of pralinés. In addition, Easter is a seasonal business with increasing growth rates and a great deal of potential. This is particularly true in Portugal, where certain chocolate traditions are only just being established. In the previous financial year, the Gold Bunny was considered a top novelty in the Easter business.


Lindt
GOLD BUNNY

Rest of Europe

Austria

In the Austrian market, Lindt & Sprüngli expanded with an organic growth rate of 7.2%. The main drivers of this increase in sales were exceptionally good growth with Gold Bunny at Easter, and the Lindt Teddy as well as Küfferle Chocolate Umbrellas around Christmas. Proven sales drivers such as Lindor and chocolate bars also aided growth. As regards the latter, the trend currently leans towards bars with milk filling, while Excellence products continue to dominate the dark chocolate bar segment. Based on the developments described above, Lindt & Sprüngli in Austria is consolidating its position as number 1 in the praliné segment and number 2 in chocolate bars, and is the market leader in seasonal business. Regarding distribution channels, the situation is similar to that in many European markets. The return in sales in our own shops, followed by online retail, were the most important growth drivers.

Nordic

The Nordic market region (Denmark, Sweden, Norway, and Finland) achieved organic sales growth of 11.7%, with Finland and Norway showing the highest growth rates and Sweden also exhibiting strong growth as the top-selling country in this region. It is interesting to observe how varied the preferences are. While Lindor is at the top of the shopping lists in Finland, the Norwegians prefer Excellence. Across the product lines, it can also be observed in Northern Europe that greater demand for gift items is once again prevalent and that snack products have also sold well. Seasonal products such as the Gold Bunny and the Teddy contributed significantly to success, making Lindt one of the most popular brands during the festive season.

Benelux

The Benelux market region completed its first full financial year with the new combination of the three countries Belgium, the Netherlands, and Luxembourg, led by Lindt & Sprüngli Netherlands, and achieved growth of 18.5%. This development was mainly achieved through the successful Christmas business and our own Lindt Shops, both offline and online. While dark chocolate continues to be one of our most important products in this market, it was Lindor in particular that grew in the past year.

Central Eastern Europe

The Central Eastern Europe market region (Czech Republic, Slovakia, Hungary) achieved organic growth of 16.9% over the past year, significantly outperforming the overall market. In this region, Lindt & Sprüngli grew both through wholesale as well as its own retail, with e-shops in particular recording significant revenue growth. The launch of Lindor Salted Caramel contributed to the growth of our praliné products, and for Excellence, the cooperation with a leading tea brand has had a satisfying positive effect.

Poland

Organic sales growth in Poland amounted to 26.2%. The Lindor product line was a key growth driver here. Our key franchise is the fastest growing praliné brand in Poland. The market achieved growth both in the Group's own shops as well as through the retail trade, enabling us to significantly expand the positioning of our product range with an important retail partner.

Russia

During the course of the financial year, Lindt & Sprüngli ceased its activities in Russia. We regret that this decision was necessary and would like to thank our employees in Russia for their hard work in building up our business and successfully expanding this market. We would also like to thank our customers and consumers for their loyalty to the Lindt brand.

CHF 2.03 billion

Sales 2022

North America

The “North America” segment grew by an impressive 15.7% to CHF 2.03 billion. Growth is broadly based. All subsidiaries – including Russell Stover – contributed to this result with double-digit growth rates. This is even more significant as the chocolate market was outperformed as a whole and the company's position as market leader in the premium segment has been clearly consolidated. Consumers are acquiring a taste for high-quality chocolate and are increasingly switching to the premium products of our brands.

No. 1

IN THE PREMIUM SEGMENT IN THE USA

USA

Lindt & Sprüngli (USA) Inc.

705 million USD **Sales**
+21.4% growth

In the USA, the world's largest chocolate market, Lindt & Sprüngli grew by a remarkable 21.4% to USD 705 million last year. Lindor remains by far the most important product line in the USA and was expanded to the flavors Almond Butter and Dark Strawberry. The latter variety was a successful addition to the product range on Valentine's Day – Lindor's most important gift event in the USA. The Excellence brand also outperformed the average growth in the dark chocolate segment, where it held its top position. This lead is to be expanded further and will include a new TV advertising campaign tailored specifically for the US market for the first time. The concept of dark chocolate is not yet as well established here as in Europe and therefore needs to be conveyed to consumers in a different manner. However, milk chocolate as the Classic Recipe brand has been particularly well received in the US market. An option with an oat drink was launched in this line, and, like all other innovations in this segment, has been very well received. In line with sales growth, we are adapting our capacities in the USA, which is why the production site in Stratham is currently being expanded. The project is on schedule and full production operation is planned in 2024 and 2025, which will significantly increase the plant's capacity.

Ghirardelli Chocolate Company

727 million USD **Sales**
+13.9% growth

Ghirardelli generated sales of USD 727 million in the financial year 2022, which corresponds to organic growth of 13.9%. All sales channels contributed to this success, with the Group's own shops generating the strongest growth. In particular, the reopening of the completely revamped Chocolate Experience flagship store in Ghirardelli Square paid off. One of the three stores at the Group's historic production site was extensively expanded into a world of experience around the brand. This emphasizes the brand's position as an important tourist attraction in San Francisco. Ghirardelli's growth is well above the overall market, resulting in a distinct improvement in its market position. The most important franchise of the brand are the Squares, which saw significant double-digit sales growth with the new Caramel Brownie flavor and strategically well-conceived advertising investments. Business in the baking segment also increased. From the return in demand for products for professional use in the catering industry, we are also observing that consumers are eating out more often again.

Russell Stover Chocolates

377 million USD **Sales**
+10.2% growth

Russell Stover increased sales organically by 10.2% to USD 377 million. Following a decline in the previous financial year, which was largely due to delivery problems, the subsidiary is now back on a positive development path. The changes in management and organizational structures have brought the desired results, and we expect this recovery to continue. The Group expanded its position in the praliné segment and was thus once again number 1 in Valentine's Day business this year. Investments in automated equipment for stocking gift packaging improved the production processes and should have a significant impact in the coming year. In addition, a similarly improved Easter business was another important season. Russell Stover is also the market leader in sugar-free chocolates, which continue to show positive sales performance.

Canada
Lindt & Sprüngli (Canada) Inc.

376 million CAD **Sales**
+14.4% growth

In the Canadian market we increased sales by 14.4% to CAD 376 million. Growth was mainly generated by Lindor and seasonal product categories with the Gold Bunny as the most popular chocolate figure in the market. The Ghirardelli product range distributed by Lindt Canada has also performed well in the market. Lindor remains the most important individual brand in the entire chocolate market. Excellence continues to lead the dark chocolate category, although a trend towards milk chocolate can also be observed in Canada, to which we are catering very well with the Swiss Classic brand. Looking at the distribution channels, Lindt Shops were the sales drivers with the strongest growth, followed by retail customers. However, online channels, be they own channels or those of partners, have also continued to grow.

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

+19.3%
growth

The Mexican market achieved organic growth of 19.3%, a significant improvement on the previous year and generated mainly with Lindor products. The main trigger for this sales leap was the first media campaign for Lindor in this market, meaning that we grew well above the market average in the pralinés segment, which is the most important chocolate category in Mexico. In addition, the most important seasonal sales take place at Christmas and on Valentine's Day. On both occasions our Lindor products are very popular in Mexico.

Russell Stover
MADE USING THE finest INGREDIENTS
ASSORTED
MILK & DARK CHOCOLATES
NET WT 9.4 OZ (266 g)

Rest of the World

CHF 646 million

Sales 2022

The “Rest of the World” segment increased sales by 16.6% to CHF 646 million. The Group’s future markets, particularly Brazil, Japan, and China, achieved double-digit growth rates. The business segment Global Travel Retail benefited from the revival of international travel and even achieved triple-digit growth, confirming our confidence in the potential of this segment.

Australia

In the Australian market, which also includes sales from New Zealand, Lindt & Sprüngli achieved organic growth of 6.8%. As a result, the Lindt brand continues to hold its position as number 2 in this region. The three key franchises Lindor, Excellence, and the Gold Bunny account for the largest share of total sales. Lindor is the leading brand in the praliné market and has gained even more fans following the launch of the Milk Salted Caramel flavor. In the Excellence segment, the launch of the Almond and Mango flavor proved a success, as this fruit is particularly popular in Australia. The Gold Bunny continued to triumph in seasonal items. However, the Lindt Koala in particular – a local version of our Teddy – was once again a great success at Christmas. Growth in sales was achieved across all channels, with the Group’s own shops making the most significant gains. In Australia, Lindt can now be found even above the clouds: Qantas sweetens long hours of flying for its passengers with Lindt chocolate.

South Africa

In the South African market, organic sales growth was 6.0%, mainly attributable to the Lindor key franchise, which consolidated its position as number 1 in the praliné segment. The launch of the new Lindor Double Chocolate flavor and Excellence bars in Mango and Almond also contributed to the growth. The South African market grew across all channels, but especially in the online business. Bricks-and-mortar retail was upgraded with the opening of the new flagship store on the Victoria & Alfred Waterfront in Cape Town.

China

The Chinese market achieved organic growth of 18.3%, thus significantly outperforming the market environment, which was still impacted by lockdowns. Market share in all channels was further increased both offline and online. Here, we are seeing a trend towards premium products across all products and channels. The sales channels are constantly being expanded. Lindt & Sprüngli now also uses the social media platform Douyin (TikTok) for sales in China and has achieved promising results. The Excellence bars benefited from growing interest in dark chocolate for own consumption, but Lindor products remain the key franchise. Their exclusive designs in the color red are particularly suitable as a gift in Chinese culture, as this color is associated with the positive symbolism of prosperity and happiness.

Brazil

Brazil once again recorded an impressive 41.4% organic sales increase, driven by its own shops and, even more significantly, by retail partners. With the takeover of wholesale from our distributor, the Lindt & Sprüngli distribution network was expanded by 3,500 new points of sale, thus doubling the network. Lindt & Sprüngli’s market share has grown accordingly, especially as our product range perfectly covers the market trend towards the premium segment. Lindt & Sprüngli has also expanded its own retail network by opening seven additional Lindt Shops. Sales at Easter and Christmas were highly successful, with the success of the chocolate panettone in Brazil exceeding all expectations. The Lindor and Excellence key franchises are also the leading products in Brazil. The majority of sales are currently generated in metropolitan areas, which still offer a high level of potential for the further expansion of distribution.

Japan

The subsidiary in Japan achieved organic growth of 10.0% with its shops. We have further accelerated market development with the opening of twelve new Lindt Shops. As a result, we now cover all important regions in Japan from Hokkaido in the North to Okinawa in the South. In addition, online channels also contributed to the growth. Japanese consumers particularly appreciate international brands offering them special editions with local cultural roots. Following the success of Lindor’s Matcha filling beyond the borders of Japan, this year we enchanted chocolate lovers with the cherry blossom flavor Sakura, which is perfect for the spring festival of cherry trees in blossom.

Global Travel Retail and Distributors

Global Travel Retail

The travel retail business, which is assigned to the Swiss market in organizational terms, has as expected recovered significantly following the abolition of travel restrictions. In the past financial year, organic growth amounted to an impressive 109.0%, with all regions apart from Asia driving this positive trend. While business travelers returned to airports less quickly, the return of holidaymakers in particular ensured a more rapid improvement. In addition, the increase in per-capita spending per airline passenger suggests that consumers were eager to make up for lost shopping opportunities. They covered this mainly with Lindor, Napolitains and Gold bars. The renewed demand was supplemented by new products, including the launch of Nuxor in this channel. In addition, the attractive gift packaging – in particular customizable offers – made our chocolates a popular souvenir for loved ones back home. However, a newly launched Lindor product format, which is well suited for own consumption on the flight, was also very well received. In addition to the products, our well-organized supply chains and the excellent relationship with our partners helped us to be able to quickly stock the shelves seamlessly on the return of passengers and to offer them the high-quality pre-flight shopping experience they have come to expect.

Distributors

Despite a challenging environment, the market organization for distributors achieved positive growth of 4.1%. The political situation in Eastern Europe placed high demands on logistics, and also had an effect on sales in some countries. In addition, highly volatile exchange rates contributed to more cautious ordering patterns on the part of distributors. However, the Lindt & Sprüngli organization was able to overcome all these challenges and further increase sales.


NEW
NOUVEAU
Lindt
VEGAN
VÉGÉTALIEN
OAT BASED • À BASE D'AVOINE
HAZELNUT
NOISETTE
OAT BASED CHOCOLATE
CHOCOLAT À BASE D'AVOINE
100g

Global Retail

The omni-channel strategy continues to pay off in the Global Retail organization. The seamless shopping experience in our own bricks-and-mortar shops and online channels leads to a high level of customer loyalty. On this basis, the Global Retail organization recorded growth of 21.6% in all markets. In addition, our own retail presence contributes to the continuous increase in brand value.

Europe
Kilchberg, Switzerland

At Easter, the Lindt Shop at the Lindt Home of Chocolate welcomed visitors with the glittering anniversary edition of the Lindt Gold Bunny.

Who is the Easter nest for? Thanks to a customizable ribbon, the Lindt Gold Bunny can personally address the recipient.

The Global Retail organization is the global competence centre of the Lindt & Sprüngli Group. It offers its direct sales expertise to all subsidiaries, harnessing synergy effects and ensuring a uniform appearance and a premium shopping experience across all of its own channels.

Lindt & Sprüngli currently operates around 500 of its own bricks-and-mortar Lindt Shops in 19 countries, as well as 24 e-shops. A major theme that unites both online and offline channels is the consumer's demand for a wide range of gift options with the possibility of personalization. Visitors to a Lindt Shop are looking for something special. Often, they find this in gift packaging – from a small, personal gesture to a large, impressive gift for a special occasion. Visitors to our shops are increasingly interested in reusable packaging that can be used multiple times for products from our range. The option of filling the packaging with chocolate according to the recipient's taste is the first form of personalization. Personal greeting messages on gift ribbons also emphasize the individuality of the gift. Thanks to this wide range of offers, consumers think first of Lindt, Ghirardelli and Russell Stover shops not only at Easter and Christmas, when they want to gift their loved ones a sweet treat, but all year round.

Furthermore, the online offering meets the needs of digitally savvy consumers who appreciate buying their favorite Lindt chocolate from the comfort of their own home at any time of the day. In addition, the standardized technology platform and the cross-market Global Retail team enable the Group to meet the needs of consumers even more accurately than before. Last year, we launched 13 new e-shops via our new platform and now operate almost all of our own e-shops uniformly using one software application. This not only increases efficiency and optimizes costs – what is much more important is the acceleration of processes, as all markets can access centrally prepared and professionally processed media. This enables new products and promotions to be launched quickly and consistently. Lindt & Sprüngli can thus enchant consumers with chocolate at a high level, even on a digital basis. As a result, we have continued to grow on our online channels, contrary to the market trend of a slight decline after the Covid-19 online boom.

The "MyLindt" loyalty program, which is valid both online and offline, is the next logical step. This takes Lindt & Sprüngli's seamless shopping experience to the next level, as we can expand our customer focus with a high degree of accuracy using networked data analysis. The program was launched in Germany and will be rolled out to other markets in 2023. Consumers benefit not only from price savings, but also from exclusive offers and events for members. This program, more shop openings, and the digitalization of processes will enable us to continue the successful expansion of the Global Retail organization in the coming years.

The largest Lindt Shop in the world

Europe
Kilchberg, Switzerland

At Christmas, our Lindt Teddy in particular delighted the numerous international visitors to the world's largest Lindt Shop. The Gold Bunny's younger brother makes new friends year after year.

Europe
Kilchberg, Switzerland

Handmade chocolate bars are in particular demand in the Lindt Shop in Kilchberg. An absolute highlight is the personalization service – Lindt Master Chocolatiers label the selected bars with an individual greeting.

Europe
Oslo, Norway

This year, Norwegian chocolate lovers will also be able to enjoy Lindt's exclusive product range at the first Lindt Shop in Norway.

Corporate Governance

Group structure and Shareholders

Group structure

The Lindt & Sprüngli Group is a globally operating Group with activities in the area of 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 2022 year-end prices, amounts to approx. CHF 22.7 billion.

→ Security and securities listing numbers see page 110

The management structure of the Group is lean. While the Board of Directors handles management, strategy, and supervisory duties at the highest level, the CEO, as supported by the Executive Chairman, and the Group Management members are responsible for operational management tasks. The Board of Directors elects a Vice-Chair from among its members and it may designate an experienced, independent member of the Board of Directors as Lead Independent Director in order to support adequate control mechanisms, if deemed appropriate and in the best interests of the Group. The Board of Directors is further supported by Committees in specific areas.

In addition to the Articles of Association, the regulations governing the organization, duties and composition of the Board of Directors, including the Executive Chairman and the Lead Independent Director (if appointed), the Committees of the Board of Directors, the CEO and the Group Management, namely the Organizational Regulations and the Committee Charters, are available on the website of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/amfile/file/download/id/7161/file/Lindt-and-Sprungli-Organizational-Regulations.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7188/file/Lindt-and-Sprungli-Audit-Committee-Charter.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7194/file/Lindt-and-Sprungli-Sustainability-Committee-Charter.pdf

→ Regarding the duties of the Board of Directors see page 33
→ Regarding the Committees see page 39
→ Regarding the duties of the Group Management see page 42

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 110

Chocoladefabriken Lindt & Sprüngli AG holds no interests in listed companies within its consolidation scope.

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 the right to exercise the voting rights at its own discretion) or 4.49% of the company's share capital. According to the share register of Chocoladefabriken Lindt & Sprüngli AG as of December 31, 2022, 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 corresponding to 20.68% of the share capital and the voting rights of the company (according to the last disclosure as of November 25, 2013 the group held 29,143 registered shares respectively 21.32% of the share capital and the voting rights).

During the reporting year, 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 Exchange website.

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

Chocoladefabriken Lindt & Sprüngli AG has no cross shareholdings.

Capital structure

As of December 31, 2022, Chocoladefabriken Lindt & Sprüngli AG had the following capital structure:

Ordinary capital

The ordinary capital is composed of two types of securities:

	2022
Registered shares *	CHF 13,509,900
Bearer participation certificates **	CHF 10,439,560
Total ordinary capital	**CHF 23,949,460**

* 135,099 registered shares, par value of CHF 100 each
** 1,043,956 bearer participation certificates, par value of CHF 10 each

The registered share has one voting right at the General Meeting, while the bearer participation certificates have no voting rights. Both types of securities have the same rights to dividends and proceeds of a 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 3,259,450, comprising a maximum of 325,945 bearer participation certificates with a par value of CHF 10 each. Of this maximum total amount, 171,495 participation certificates can be used for employee participation programs, and 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, which are available on the website of Chocoladefabriken Lindt & Sprüngli AG, whereby the above and following information regarding the status of the participation capital and the number of bearer participation certificates, respectively, as of December 31, 2022 are not yet reflected in the currently valid Articles of Association due to the exercise of options and increases out of the conditional participation capital during the year.

https://www.lindt-spruengli.com/amfile/file/download/id/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

The ordinary capital can be increased by means of the conditional participation capital by no more than 13.6% up to a maximum of CHF 27,208,910. Besides the conditional participation capital, there is neither a conditional share capital nor an authorized share capital or participation 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)**
2020	13,555,200	135,552	10,441,460	1,044,146
2021	13,555,200	135,552	10,665,640	1,066,564
2022	**13,509,900**	**135,099**	**10,439,560**	**1,043,956**

Conditional capital

No. of bearer participation certificates (PC)**

Year	Total	Capital market PC	Employee PC
2020	363,325	154,450	208,875
2021	340,907	154,450	186,457
2022	**325,945**	**154,450**	**171,495**

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

Restrictions on 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 registered shares held by that buyer exceeds 4% of the total number of registered shares as entered in the commercial register. Moreover, according to Article 685d, subsection 2 of the Swiss Code of Obligations, the Board of Directors may refuse entry into the share register if, on 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, legal entities 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/6829/file/10_LIN_AoA_EN_28.04.22_1.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, as well as the acquisition or allocation of shares in the course of an acquisition of a particular asset by the company, are treated as special cases within the meaning of Article 3, subsection 9 of the Articles of Association.

In the reporting year, no exceptions were granted. Due to their long-term participation and with regard to the purpose of the Foundations, the Board of Directors had already granted such an exception before the reporting year for the 20.68% 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 up to a maximum of 2% of the registered share capital as entered in the commercial register, provided that 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. Above 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 outstanding share capital, whereby the entry per trustor is limited to 4% and in total to 10%, per nominee. 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/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

A revocation of these registration 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/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

Outstanding options and convertible bonds

Options for bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are outstanding only within the scope of the existing employee option plan. Details concerning the number of options issued during the reporting year and previous years, which are either still outstanding or have been exercised, in each case with their 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
2016	22,874	5,401	until 2023	20,660	2,214
2017	20,389	5,360	until 2024	13,255	7,134
2018	21,902	5,794	until 2025	7,713	14,189
2019	22,894	5,936	until 2026	2,827	20,067
2020	24,704	7,904	until 2027	220	24,484
2021	27,310	7,918	until 2028	160	27,150
2022	23,763	10,251	until 2029	0	23,763
Total	**163,836**			**44,835**	**119,001**

All options were granted at a ratio of one option to one participation certificate (1:1). The option rights have an exercise period of maximum seven years from the grant and are subject to blocking periods for exercise (vesting) of three, four and five years, respectively. The exercise price of the options corresponds to the average amount of the closing price of the participation certificates of Chocoladefabriken Lindt & Sprüngli AG on SIX Swiss Exchange during the five trading days before the grant.

In the reporting year 2022, a total of 14,962 of the above listed employee options were exercised (previous year: 22,418). Therefore, the "ordinary" participation capital was increased in 2022 by CHF 149,620, resulting in a corresponding reduction of such portion of the "conditional" participation capital that is reserved for employee participation programs. The 119,001 options outstanding as of December 31, 2022, which have not yet been exercised, correspond to 5% of the total capital. There were no outstanding convertible bonds of Chocoladefabriken Lindt & Sprüngli AG in the reporting year.

Information on participation certificates

Chocoladefabriken Lindt & Sprüngli AG decided in 2020 to stop issuing physical dividend vouchers (coupons) for bearer participation certificates. Holders who keep their participation certificates as certificates in physical form, for example at home or at their bank (in a safe deposit box or in individual custody, "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 have their participation certificates booked into their existing securities account, or one to be opened. For participation certificates that are currently not held as book-entry securities, 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 held in physical form should be aware that dividends that are not claimed within five years will 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 (Committees) in certain areas. The Board of Director's primary function is to exercise the ultimate management of the Lindt & Sprüngli Group and to issue the necessary instructions. The Board of Directors makes material 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 report, including the financial and non-financial reporting, the Compensation Report and the half-year report. Decisions regarding the appointment of members to Group Management and the managing directors of certain subsidiaries, as well as resolutions on shareholders' motions for the General Meeting, are made by the whole Board of Directors.

Members

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

https://www.lindt-spruengli.com/amfile/file/download/id/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

As of December 31, 2022, the Board had seven members. Ernst Tanner is Executive Chairman of the Board of Directors and Dr Dieter Weisskopf was elected as Vice-Chair of the Board of Directors on October 27, 2022. With the exception of Dr Dieter Weisskopf, who acted as CEO of the Lindt & Sprüngli Group up until September 30, 2022, all other members are non-executive members.

Board of Directors Chocoladefabriken Lindt & Sprüngli AG

Antonio Bulgheroni, Silvio Denz, Dr Rudolf K. Sprüngli, Dkfm Elisabeth Gürtler, Ernst Tanner, Dr Thomas Rinderknecht and Dr Dieter Weisskopf visiting the Lindt Home of Chocolate of the Lindt Chocolate Competence Foundation.

Name, function	First election	until
Ernst Tanner, Executive Chairman of the Board of Directors	1993	2023
Dr Dieter Weisskopf executive, Vice-Chair since October 27, 2022	2022	2023
Dr Rudolf K. Sprüngli, non-executive member	1988	2023
Antonio Bulgheroni, non-executive member	1996	2023
Dkfm Elisabeth Gürtler, non-executive member	2009	2023
Dr Thomas Rinderknecht, non-executive member	2016	2023
Silvio Denz, non-executive member	2018	2023

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 has in the past three financial years been actively engaged in the management of the Group or any 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 elected individually by the shareholders at the General Meeting for a one-year term of office, in each case until the conclusion of the next Annual General Meeting. Re-election is permitted. If a member withdraws, or if an elected member subsequently refuses to accept the election, the seat concerned remains vacant until the next General Meeting. In the reporting year, all six previous members of the Board of Directors were re-elected for terms of one year until the conclusion of the next Annual General Meeting. Dr Dieter Weisskopf was elected as a member of the Board of Directors for the first time in the reporting year.

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 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, a 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 since then has been Executive Chairman of the Board of Directors.

Dr Dieter Weisskopf (CH) Mr. Weisskopf has been a member of the Board of Directors since April 2022 and chair of the Sustainability Committee. Furthermore, he was appointed as Vice-Chair of the Board of Directors on October 27, 2022. He graduated in economics (lic. rer. pol.) and subsequently obtained a doctorate in the field of business administration. 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, latterly as CFO in Canada and Switzerland. Mr. Weisskopf joined the Lindt & Sprüngli Group in 1995 as Head of Finance, Administration, IT, Purchasing and Sustainability. In 2004, he was also responsible for manufacturing. From October 2016 until September 2022, he acted as CEO of the Lindt & Sprüngli Group and was responsible for the functions Group Communications, Group HR and Transformation.

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. 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 and is an active Chairman and Board Member in various food- and non-food companies, including a member of the Board of Directors of Peter Halter Liegenschaften AG, an Advisory Board Member at Felix Partner AG, Chairman of the Board of Directors of Pusta Invest AG, Chairman of Trufo Hungary Kft. and Advisory Board Member at the Institut für Wirtschaftsberatung.

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., the Italian subsidiary of the Group (until December 31, 2021 also Chairman of the Board of Directors of Caffarel S.p.A.). Mr. Bulgheroni, who holds the Order of Merit for Labor of the Italian Republic, is a member of the Board of Directors of L.I.U.C. University, and 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 to 2012, Ms. Gürtler was a member of the Supervisory Board of Erste Group Bank AG and 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, he worked as a freelance commercial attorney and has been Senior Counsel with the law firm Badertscher Rechtsanwälte AG, Zurich and Zug, since 2021. Since 1984, Mr. Rinderknecht has had numerous directorships on the boards of various listed and non-listed companies in the healthcare / pharmaceutical / biotech sectors, in the media and in the industrial sector. 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 a member of the Board of Directors since May 2018 and is currently a member of the Compensation & Nomination Committees and of the 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 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 has belonged 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.

Succession planning

The short-term and long-term succession planning for the Board of Directors is prepared by the Compensation & Nomination Committee in cooperation with the Chairman of the Board of Directors. The Compensation & Nomination Committee and the Chairman of the Board of Directors work closely together on all nomination-related activities, including succession planning and the evaluation of the performance of the Board of Directors and its Committees. In the course of nominations to the Board of Directors, the Compensation & Nomination Committee annually evaluates the appropriateness of the composition of the Board of Directors, in particular taking into account the required experience and competencies, gender representation and other diversity aspects, independence and the views contributed by the Company's stakeholders, including its shareholders. Similarly, the Compensation & Nomination Committee annually evaluates the appropriateness of the applied definition of independence and the external mandates held by the members of the Board of Directors. The decision on the proposal to the Annual General Meeting regarding the election of the members of the Board of Directors is taken by the whole Board of Directors.

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, subsection 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 15 mandates in other legal entities, such as foundations and associations. Any new mandates of members of the Board of Directors in companies outside the Lindt & Sprüngli Group require the prior approval of the Chairman of the Board of Directors and the chair of the Compensation & Nomination Committee in accordance with article 10.12 of the Organizational Regulations. 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 40 mandates in total. These limits may be exceeded temporarily, but in any case not by more than one mandate per category. Members of the Board of Directors may not be personally compensated for mandates in other companies held on request of the company or in companies controlled by the Group. Any potential exceptions must be approved by the Compensation & Nomination Committee (see article 10.13 of the Organizational Regulations).

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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 & Nomination Committee. In all other respects, the Board of Directors constitutes itself. The Board of Directors elects a Vice-Chair and, if necessary, a Lead Independent Director from among its members for a term of office of one year until the end of the next Annual General Meeting. The functions of Vice-Chair and Lead Independent Director may be performed by two different members of the Board of Directors or by one member of the Board of Directors (combined role). The duties of the Vice-Chair and a Lead Independent Director, if any, are governed by the Organizational Regulations (see articles 5 and 6 of the Organizational Regulations).

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Details concerning the internal organization of the Board of Directors and its Committees can be found in the Organizational Regulations and the Committee Charters, which are available on the website of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/amfile/file/download/id/7161/file/Lindt-and-Sprungli-Organizational-Regulations.pdf

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https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7194/file/Lindt-and-Sprungli-Sustainability-Committee-Charter.pdf

If the Chairman resigns from the Board of Directors before the end of the term of office, the Board of Directors appoints a new Chairman from among its members until the election at the next General Meeting. Should one or more members of the Compensation & Nomination Committee retire early, the Board of Directors can appoint substitutes from among its members until the conclusion of the next General Meeting. If the Vice-Chair and / or, if previously appointed, the Lead Independent Director and / or a Committee chair position is vacant, the Board of Directors designates a successor from among its members.

The Chairman leads the Board of Directors in the exercise of its non-transferable duties and is, in coordination with the CEO, responsible for the preparation of the agenda, the organization and the lead of the meetings of the Board of Directors in accordance with the provisions of the law, the Articles of Association and the Organizational Regulations. He acts as a link between the Board of Directors and the CEO, ensures the proper information flow to the Board of Directors and the alignment of the Committees to the strategy of the Board of Directors. Furthermore, the Chairman has the following powers and duties:

– Lead the Board of Directors and chair the General Meetings;
– Take a leading role in designing the Group's corporate governance;
– Work closely with the Compensation & Nomination Committee in all nomination-related activities including succession planning and with respect to evaluations of

performance of the Board of Directors and its Committees;
- Oversee the Group's reputation and take an active role in representing the Group towards stakeholders, as agreed with the Board of Directors and the CEO;
- Receive the agenda, documents and minutes of the Group Management meetings, whereby he may request information about any matters relating to the company, and examine reports, proposals and minutes of meetings of any functions or Committees, markets or businesses.

As an exception, urgent decisions falling within the authority of the Board of Directors may, in accordance with the Organizational Regulations, be taken by the Chairman. Such decisions must be brought to the attention of the Board of Directors as soon as possible.

The Board of Directors may entrust the Chairman with additional duties and appoint him as Executive Chairman of the Board of Directors. The individual executive duties and the division of duties between the Chairman and the CEO and the other members of the Group Management are set out in the employment contract and the relevant directives of the Board of Directors.

If and as long as the Chairman of the Board of Directors is unable to perform his functions, or if and to the extent that there is a conflict of interest of the Chairman, the Vice-Chair assumes all duties of the Chairman of the Board of Directors. In order to support appropriate control mechanisms, the Board of Directors may appoint an experienced, independent member of the Board of Directors as Lead Independent Director if it deems this appropriate and in the interest of the Group. In particular, the Lead Independent Director convenes and chairs meetings of the Board of Directors in the event of a conflict of interest of the Chairman of the Board of Directors and the Vice-Chair. In the case of a matter requiring separate consideration or a decision or act on behalf of the independent members, the Lead Independent Directors convenes and chairs meetings of some or all independent members of the Board of Directors.

According to the Organizational Regulations, the CEO is, with support from the Group Management, the company's and the Group's supreme executive authority, subject to the powers and duties reserved to the Board of Directors, the Committees and the Chairman of the Board of Directors. The CEO presides over Group Management, and the company's and the Group's whole organization and staff are subordinated to the CEO. Further details about the tasks of the CEO and Group Management can be found on page 42 of this Annual Report and the Organizational Regulations.

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The Board of Directors meets as often as necessary, but at minimum four times a year on invitation by the Chairman of the Board of Directors, the Vice-Chair, or in the event of their absence, another member of the Board of Directors. In addition, the Board of Directors must be convened without delay on written request for a meeting by a member of the Board of Directors to the Chairman, stating the reasons for doing so.

The Chairman 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. The Chairman decides whether non-members may participate in meetings of the Board of Directors, unless the whole Board of Directors decides otherwise. In the reporting year, ten ordinary meetings were held, four of which were held physically and six of which were held as conference calls. All physical meetings of the Board of Directors were attended by all elected members (Dr Dieter Weisskopf as of his election to the Board of Directors). Four conference calls were attended by all elected members of the Board of Directors (Dr Dieter Weisskopf as of his election to the Board of Directors), while one or two members, respectively, were absent in each case from one conference call. The average attendance rate at the meetings of the Board of Directors was approximately 95% and varied between 80% and 100% for the individual members.

No circular resolutions were taken. The physical meetings lasted around three hours each. The telephone conferences lasted around one hour. Members of Group Management regularly attended these meetings in compliance with exclusion principles. No external consultants attended 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 permanent committees: the Audit Committee, the Compensation & Nomination Committee and the Sustainability Committee. The Board of Directors may decide at any time – by a majority decision – to set up further or dissolve existing committees (except for the Compensation & Nomination Committee). Until that time, all other tasks of the Board of Directors will be performed by the whole Board of Directors. The committees meet on the invitation by their chairman as often as business requires, usually immediately before or after an ordinary meeting of the Board of Directors. The practices of the Committees are governed by the respective Committee Charters, which are available on the website of Chocoladefabriken Lindt & Sprüngli AG. Otherwise, the rules applicable to the Board of Directors apply mutatis mutandis to the meetings of the Committees.

https://www.lindt-spruengli.com/amfile/file/download/id/7188/file/Lindt-and-Sprungli-Audit-Committee-Charter.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7194/file/Lindt-and-Sprungli-Sustainability-Committee-Charter.pdf

Audit Committee

The Audit Committee consists of at least three independent members of the Board of Directors, whereby the Chairman of the Board of Directors may not be the chairman of the Audit Committee. Of the members of the Audit Committee, at least two must possess substantial expertise and experience in finance and accounting (financial literacy). The others must be familiar with the matters of accounting and audit. The members of the Audit Committee are appointed by the Board of Directors. As of December 31, 2022, the members of the committee were: Dr Thomas Rinderknecht (Chairman), Antonio Bulgheroni, and Dkfm Elisabeth Gürtler. The members of the Audit 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 duties, particularly with respect to the main areas of audit, completeness and accuracy of the financial statements, assessment and monitoring of audit findings, compliance with statutory requirements regarding the qualification of the external auditors and the individual auditors (including their independence), the performance of the external auditors and the risk management of the Group. In addition, the Audit Committee assesses the quality of the financial reporting and the effectiveness of the internal control systems, and ensures ongoing communication with the external auditors. It also scrutinizes the Group's risk management principles and the appropriateness of risks taken, particularly in the areas of investments, currencies, raw material procurement, and liquidity.

The Audit Committee reviews the annual financial statements of the company and the consolidated financial statements of the Group for the attention of the Board of Directors and makes a proposal to the Board of Directors regarding their approval and submission for approval to the General Meeting. The Audit Committee reviews and discusses any fraud or fraudulent activities (including potential fraud or fraudulent activities), whether or not material, that involve members of the Board of Directors, members of the Group Management or other employees who have a significant role in the Group's internal controls. Further, the Audit Committee ensures that the Board of Directors is fully informed in the areas the Audit Committee oversees. Additionally, the Audit Committee, with respect to the sustainability report, or, once integrated in the Annual Report, with respect to sustainability reporting, assess the accuracy, completeness and compliance of sustainability related financial disclosures and the non-financial disclosures, which are subject to audit or assurance, and provides recommendations with regard to the approval to the Sustainability Committee. Similarly, the Audit Committee assesses the accuracy, completeness and compliance of the financial aspects of the Compensation Report that are subject to audit, and provides recommendations with regard to the approval to the Compensation & Nomination Committee. The Audit Committee undertakes preparatory tasks and 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 auditor. It discusses the CFO's reporting on the risks taken, on risk-limiting measures, and on the justifiability of the risks taken and reviews the regular risk reports. The Audit 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 auditor with special assignments and approve the fee budget for audit tasks submitted by the external auditor. The Audit Committee itself does not perform any direct professional auditing.

A detailed description of the Audit Committee's duties is included in the Audit Committee Charter, which is available on the website of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/amfile/file/download/id/7188/file/Lindt-and-Sprungli-Audit-Committee-Charter.pdf

The committee meets as often as business requires, but at least four times a year. In the reporting year, four regularly scheduled meetings were held, whereby all members attended these meetings. The meetings generally lasted around one hour each, with members of Group Management in regular attendance. The auditor attended one meeting of the Audit Committee. The auditor's direct access to the Audit Committee is guaranteed at all times. No external consultants took part in meetings of the Audit Committee. All minutes of the Audit Committee are made available to all members of the Board of Directors. The chairman of the Audit Committee also reports to the Board of Directors after each meeting of the Audit Committee in the form of a brief summary of the Audit Committee's activities and findings.

→ Information on the auditors see page 48

Compensation & Nomination Committee

The Compensation & Nomination Committee consists, subject to the election of its members by the General Meeting, of a minimum of three and of a maximum of five members of the Board of Directors, the majority of whom must be independent. Each member is elected individually by the General Meeting for a term of office of one year until the end of the next Annual General Meeting. As of December 31, 2022, Cthe Committee members comprised: Dr Rudolf K. Sprüngli (Chairman), Antonio Bulgheroni, and Silvio Denz. If necessary, the Compensation & Nomination Committee consults external advisors to perform its duties.

The Compensation & Nomination Committee supports the Board of Directors in its function of succession planning of the Board of Directors, regarding the appointment, dismissal and succession planning of the CEO and other members of the Group Management and matters relating to the compensation of the Board of Directors and the Group Management. To the extent that their own compensation is directly affected (other than the compensation of the Board of Directors in general), the relevant member of the Compensation & Nomination Committee is excluded from the discussion and voting.

The Compensation & Nomination Committee reviews the company's compensation policies and programs for market compatibility, effectiveness and compliance with the Articles of Association, the law and best practices, and submits them or any amendments thereto to the Board of Directors for decision or, where required by law or the Articles of Association, submission to the General Meeting for approval. It reviews the Compensation Report, in collaboration with the Audit Committee with respect to financial disclosures and with the Sustainability Committee with respect to aspects of sustainability, and makes recommendations to the Board of Directors regarding the approval and submission to the General Meeting.

Furthermore, the Compensation & Nomination Committee undertakes an annual assessment of the independence of the members of the Board of Directors. Unless expressly provided for otherwise, the Compensation & Nomination Committee assists the Board of Directors with preparatory and supporting activities and issues proposals and recommendations to the Board of Directors.

A detailed description of the duties with regard to both succession planning and compensation can be found in the Compensation & Nomination Committee Charter, which is available on the Company's website.

https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

The Compensation & Nomination Committee meets as often as business requires, but at least three times a year. In the reporting year, three regularly scheduled meetings were held, whereby all members attended these meetings. The meetings generally lasted around one hour. All minutes of the Compensation & Nomination Committee are made available to all members of the Board of Directors. The chairman of the Compensation & Nomination Committee also reports to the Board of Directors after each meeting of the Compensation & Nomination Committee in the form of a brief summary of the Compensation & Nomination Committee's activities and findings.

→ Information on responsibilities of the Compensation & Nomination Committee see Compensation Report page 40

Sustainability Committee
The Sustainability Committee consists of a minimum of three members of the Board of Directors. These may be both independent and non-independent members of the Board of Directors. The members of the Sustainability Committee are appointed by the Board of Directors. As of December 31, 2022, the Committee members comprised: Dr Dieter Weisskopf (Chairman), Silvio Denz and Ernst Tanner.

The Sustainability Committee supports the Board of Directors in setting strategies, targets and internal policies to ensure compliance with applicable legal requirements and the long-term sustainability of the company in its social and environmental aspirations, and taking into consideration the economic dimension. The Sustainability Committee further supports the Board of Directors in setting the strategic direction and sustainability targets for company activities, aligning the financial interests and, business strengths of the company, and social and environmental interests.

The Sustainability Committee guides the Board of Directors with regard to setting up a governance structure and internal policies and processes to ensure compliance with applicable laws and the implementation of the social and environmental sustainability targets and strategies. The Sustainability Committee assesses the accuracy, completeness and compliance of the sustainability-report, or, once integrated in the Annual Report, the sustainability reporting, in each case with respect to sustainability related financial disclosures and the non-financial disclosures that are subject to audit or assurance based on the recommendation of the Audit Committee, and recommends the report(ing) to the Board of Directors for approval, and where applicable, for submission for approval to the Annual General Meeting. It also reviews sustainability-related aspects in the Compensation Report and makes a recommendation regarding the approval to the Compensation & Nomination Committee.

A detailed description of the duties can be found in the Sustainability Committee Charter, which is available on the Company's website.

https://www.lindt-spruengli.com/amfile/file/download/id/7194/file/Lindt-and-Sprungli-Sustainability-Committee-Charter.pdf

The Sustainability Committee met at least once a year until 2022. As of 2023, the Sustainability Committee will meet as often as business requires, but at least three times a year. One regularly convened meeting took place in the reporting year and lasted about two hours. The CEO, the CFO and the whole Board of Directors attended this meeting. No external consultants were present at this meeting. All minutes of the Sustainability Committee are made available to all members of the Board of Directors. The chairman of the Sustainability Committee also reports to the Board of Directors after each meeting of the Sustainability Committee in the form of a brief summary of the Sustainability Committee's activities and findings.

In order to achieve effective sustainability governance, an additional committee has been created at the Group Management level. In this sense, the Executive Sustainability Committee is an agile body whose members act as sustainability experts on behalf of the Group Management. In addition, the Sustainability Leadership Team is a cross-functional body at Group level that meets regularly and is composed of various functions, chaired by the Head of Group Sustainability.

Annual performance evaluation

The Board of Directors and its permanent Committees undertake an annual self-evaluation of their performance. In the course of this self-evaluation, they are supported accordingly by the Compensation & Nomination Committee.

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.

https://www.lindt-spruengli.com/amfile/file/download/id/7161/file/Lindt-and-Sprungli-Organizational-Regulations.pdf

Below is a summary of the basic rules:

Board of Directors
The Board of Directors is the supreme governing body of the company. The Board of Directors resolves on all matters that are not reserved for the General Meeting or another corporate body of the company by law, the Articles of Association or the Organizational Regulations (including the Committee Charters). This in particular includes:

– Performance of the non-transferable and inalienable statutory tasks. The Board of Directors is therefore in particular responsible for the strategic management of the

company, the necessary instructions and supervision of Group Management;
- Determination of the strategic, organizational, accounting, and financial planning guidelines;
- Changes to the legal structure of the Group (particularly incorporation of new subsidiary companies, acquisitions, joint ventures, and liquidation of companies);
- Appointment and dismissal of the CEO, secretary, and members of Group Management and certain chief executive officers of subsidiary companies;
- Approval of the consolidated budget for the coming financial year and the five-year mid-term plan of the company;
- Decision on the mission statement and the individual business policy principles.

The schedule of the Board of Directors regularly includes items that inform the Board of Directors on evolving subjects and emerging risks, with particular attention paid to the areas of ESG and information security.

The Board of Directors has assigned the management of day-to-day business in accordance with the Organizational Regulations to the CEO, with support by the Group Management.

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CEO

The CEO is the chairman of Group Management and further responsible for the procurement and forwarding of information to the Group Management, the Executive Chairman of the Board of Directors and the Board of Directors. The company's and the Group's whole organization and staff are subordinated to the CEO. The CEO must also ensure that the decisions and instructions of the Board of Directors are executed by the members of the Group Management. Last, but not least, he is responsible for management of the operational business of the Group within the framework of its strategic objectives, for planning the overall business, and for reporting within the Lindt & Sprüngli Group.

Group Management

Under the lead of the CEO, the Group Management prepares the Group strategy and a respective roadmap for the attention of and approval by the Board of Directors. It is further 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 Board of Directors. Based on 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 within the framework of the strategic goals and plans of the Group.

→ For details on members of Group Management see page 44

Information and control instruments

The Board of Directors is kept regularly informed about all important matters relating to the Lindt & Sprüngli Group's business activity. The CEO and the CFO, as well as other members of Group Management as required, attend meetings of the Board of Directors and report on the ongoing course of business, important projects, and events. Extraordinary occurrences are immediately brought to the attention of the Chairman 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 whole 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, statement balance sheet, cash flow, investments, and personnel of the Lindt & Sprüngli 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 the future development of individual subsidiaries and the consolidated group of companies, covering profit and loss, statement balance sheet, cash flow, investments, and personnel. In addition, the Board of Directors receives an annually updated Group-wide analysis of strategic, operational, and financial risks – including assessments and actions taken to limit risks and responsibilities.

In order to assess the Lindt & Sprüngli 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. Instead of a formal internal audit department, the Lindt & Sprüngli Group maintains the Lindt internal control system (LICS), which oversees the internal financial control system, management information and risk management reporting of the Group.

As part of the Lindt internal control system, the Group determines 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 (including 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 auditor PricewaterhouseCoopers AG acts as an additional control instrument by, inter alia, testing the existence and adequacy of the internal control system; i.e. the LICS. In the course of the annual audit, the Audit Committee may also charge the auditor with special assignments that go above and beyond legal and statutory requirements.

Lindt & Sprüngli is committed to conducting its business with fairness and integrity and to respecting laws and the values of the Lindt & Sprüngli Group. Similar behaviour is expected from all third parties, such as suppliers, contractors, and subcontractors, with which the Lindt & Sprüngli Group engages. These obligations and expectations are set out in the Lindt & Sprüngli Code of Conduct and in important policies such as the Human Rights Policy and the Speak Up Policy. Under the Speak Up Policy, Lindt & Sprüngli operates a Speak Up Line that enables employees and workers of Lindt & Sprüngli companies, and also companies, suppliers, and business partners, whether openly or anonymously, to report incidents or circumstances that could constitute a violation or possible violation of the Code of Conduct, Lindt & Sprüngli policies, laws, or other regulations. This includes health and safety risks, harassment and discrimination in the workplace, and environmental concerns. In the event of critical concerns, these are reported to the Board of Directors.

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, in the case of the Chairman of the Board of Directors, the whole Board of Directors, or, in the case of members of Group Management, the CEO, respectively, immediately if any business arises that affects or could affect their own interests or the interests of individual persons or legal entities related to them. The Chairman of the Board of Directors or the CEO, respectively, or the whole Board of Directors, decides on appropriate measures, including deliberations in absence of the concerned person. As a rule, however, the concerned members of the Board of Directors and members of Group Management are entitled to present their view to the relevant body. The relevant rules are reflected in the Organizational Regulations of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/amfile/file/download/id/7161/file/Lindt-and-Sprungli-Organizational-Regulations.pdf

As Executive Chairman of the Board of Directors, Mr. Ernst Tanner supports, advises and guides the Board of Directors and in particular the CEO of the Lindt & Sprüngli Group. Due to his long-term engagement of over 29 years within the Group and thus his in-depth knowledge of the FMCG market, Mr. Tanner represents the Group on key strategic decisions. He therefore works in an executive capacity and is directly employed by the Group. Due to this executive function, particular attention is paid to any potential conflicts of interest. The Board of Directors decided in the reporting year to reintroduce the function of Lead Independent Director in addition to the function of the Vice-Chair. The Board of Directors has not yet appointed a Lead Independent Director in the reporting year.

Group Management

As of December 31, 2022, Chocoladefabriken Lindt & Sprüngli AG's Group Management had seven members:

Name, responsibility	At Lindt & Sprüngli since
Dr Adalbert Lechner Chief Executive Officer, Global Retail, Group Communications, Group HR, Transformation	1993
Martin Hug Chief Financial Officer	2004
Rolf Fallegger Country Responsibility	1997
Alain Germiquet Country Responsibility, International Sales	2007
Daniel Studer Country Responsibility, International Marketing	2003
Dr Jennifer Picenoni Group General Counsel & Corporate Secretary	2007
Guido Steiner Group Operations	1990

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 was then appointed CEO of the German subsidiary Chocoladefabriken Lindt & Sprüngli GmbH in 1997. He was a member of Extended Group Management from 2011 until 2016. Since January 1, 2017, he has been a member of Group Management. On October 1, 2022, he took over as CEO of the Lindt & Sprüngli Group. The Group functions Group Communications, Group HR, Global Retail and Transformation report directly to him.

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.

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.

Daniel Studer (CH) lic. iur. – Mr. Studer started his professional career at Unilever in Brand Marketing before he joined the Lindt & Sprüngli Switzerland subsidiary in 2003, where he held various leadership roles in sales, followed by the position of Head of International Sales at the Group's headquarters. In 2009, he was appointed to Country Manager of Lindt & Sprüngli Mexico. Two years later, he transferred to the USA, where he was first appointed VP Sales and then CEO of Lindt & Sprüngli USA in 2016. As of September 1, 2022, he has been a member of the Group Management and is responsible for the development of specific markets and Global Marketing.

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 Legal Compliance.

Group Management


Dr Adalbert Lechner


Martin Hug


Rolf Fallegger


Alain Germiquet


Daniel Studer


Dr Jennifer Picenoni


Guido Steiner

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. Since January 1, 2017, he has been member of Group Management and continues to be in charge of Group Operations.

The members of Group Management currently do not exercise any other activities in important Swiss or foreign management or supervisory bodies, apart from the above-mentioned mandates. Furthermore, they have no management or advisory functions at important Swiss or foreign interest groups, nor do they hold public 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.

Succession planning

The Compensation & Nomination Committee, together with the Chairman of the Board of Directors, reviews the short-term and long-term succession planning of the CEO and the other members of the Group Management and submits proposals to the Board of Directors regarding the appointment, promotion, dismissal and succession planning of the CEO and other members of the Group Management. The Compensation & Nomination Committee annually reviews and considers the adequacy of the composition of the Group Management, in particular in consideration of the required professional competencies and the needs of the Group, gender representation and other diversity aspects, as well as the external mandates held by the members of the Group Management, and considers these aspects in nominations for Group Management.

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 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 to not more than two mandates in listed companies, five mandates in non-listed companies and 15 mandates in other legal entities such as foundations and associations. Any new mandates of members of the Group Management in companies outside the Lindt & Sprüngli Group require the prior approval of the Chairman of the Board of Directors and the chair of the Compensation & Nomination Committee in accordance with article 10.12 of the Organizational Regulations.

https://www.lindt-spruengli.com/amfile/file/download/id/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

The members of Group Management may not be personally compensated for mandates in other companies held on request of the company or in companies controlled by the company. Any potential exceptions must be approved by the Compensation & Nomination Committee (see article 10.13 of the Organizational Regulations).

Compensation, equity participations and loans

→ Details Compensation Report see page 52

Shareholders' rights of participation

Restrictions of voting rights and proxy

The recognition of an acquirer of registered shares as a shareholder with voting rights, and 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 of 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 regulations of the Board of Directors "Registered Shares 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/6829/file/10_LIN_AoA_EN_28.04.22_1.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 that are related to each other through capital or voting rights or in any other way or are under common control are considered as one shareholder. In special cases, the Board of Directors may grant exceptions to 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 registered with more than 6% of the voting rights in the share register. As 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/6829/file/10_LIN_AoA_EN_28.04.22_1.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, and the dissolution or merger of the company require a three-quarter majority of the shares represented.

https://www.lindt-spruengli.com/amfile/file/download/id/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

Convocation 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 before the date of the General Meeting via publication in the Swiss Official Gazette of Commerce.

Shareholders that, alone or jointly, are registered in the share register with at least 2% (as of January 1, 2023, 0.5% as a result of the new Swiss corporate law entering into force) of the share capital or the voting rights 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 must specify the agenda items and the proposals made. Under the same conditions, shareholders may request that motions relating to items on the agenda be included in the notice convening the General Meeting. The request and proposal must be brought before the General Meeting, together with a comment by the Board of Directors. Shareholders may submit a brief statement of reasons together with the agenda items or motions. This must be included in the notice convening the General Meeting. Motions made within the scope of the agenda items at the General Meeting 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 relevant to the entitlement to attend and exercise voting rights.

https://www.lindt-spruengli.com/amfile/file/download/id/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

Change in control and defensive measures

In the event of a change in control, employee options granted can be exercised without observance of the three to five years blocking period. The rules regarding change in control are also applicable if employees leave 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.

Auditor

Mandate

The General Meeting appointed PricewaterhouseCoopers AG, Zurich, for the first time as its statutory auditor in April 2002. According to Article 27 of the Articles of Association of the company, the auditor must be newly appointed or confirmed, respectively, each year by the General Meeting. The reporting year is the third 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/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

Audit fee

The total audit fees billed by the audit company in the reporting year 2022 amounted to CHF 2.0 million.

Additional fees

The total sum of additional fees – mainly related to tax and advisory – billed by the audit company in the reporting year amounted to CHF 0.5 million.

Supervisory and controlling instruments

Supervision and control regarding the assessment of the auditor is exercised by the whole Board of Directors. The whole Board of Directors is supported by the Audit Committee in this task. The Audit Committee also ensures the ongoing communication with the auditor and regularly discusses with its representatives the results of audit work in the area of financial reporting and the adequacy of the internal control systems. Before the interim audit, the auditor prepares an audit plan for the attention of the members of the Audit Committee. Based on a current analysis of the business and audit risks, the focal points of the audit are proposed. The audit plan is approved by the Audit Committee and subsequently also by the whole Board of Directors. The appropriateness of the audit fees and possible additional fees for "non-audit" services are also reviewed on this occasion. The final report on the audit of the annual financial statements is submitted to all members of the Board of Directors. It is discussed in advance with the auditor in the Audit Committee 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 2022, the auditor attended one meeting of the Audit Committee. The auditor's 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 39 of this Annual Report.

Closed periods

During certain periods, trading restrictions for specific persons (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, including third parties if they are in possession of insider information and have knowledge of the Insider Directive and its content. The relevant persons 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 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 party (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 half-year 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 on 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 publication of the relevant insider information or final termination of such project. 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 they have 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 Insider.

Taxes

The Group operates in accordance with the tax principles adopted by the Board of Directors for the entire Lindt & Sprüngli Group. These principles provide policies and guidance in the following areas: governance and organization, tax planning, national and international tax compliance and relationships with authorities. Responsibility for the tax principles lies with the whole Board of Directors and is exercised by the Audit Committee. The Audit Committee monitors adherence to the tax principles by defining and implementing appropriate processes and controls. Tax topics are discussed regularly in the Audit Committee.

The companies of the Lindt & Sprüngli Group pay taxes in those countries in which they operate their respective business, create value and – if relevant for tax purposes – own intellectual property. Lindt & Sprüngli complies with both national and international tax laws and regulations, in particular the OECD standards. A main focus is placed on establishing transfer pricing guidelines that ensure all intercompany transactions are performed at arm’s length.

Important tax topics are discussed proactively with the tax authorities. If possible, the results are formally documented in Tax Rulings or Advance Pricing Agreements.

Lindt & Sprüngli files the Country-by-Country Report in Switzerland and implements the Council Directive (EU) 2018 / 822 of 25 May 2018, which amends Directive 2011 / 16 / EU in the mandatory automatic exchange of information in the field of taxation in relation to the disclosure of reportable cross-border arrangements (DAC 6).

Cyber security

The CEO and CFO of the Group are regularly informed by the Head of Group IT on cyber security topics (CFO every four months; CEO at least once a year). In addition, the Group's Head of Global Operations is informed on cyber security topics specifically related to the operational area at the monthly Group IT meeting, as required. The Audit Committee is also informed at least once a year about progress and developments in the area of cyber security. In urgent cases, the required Group level is informed without delay.

The Audit Committee also evaluates the future approach and the need to adapt processes within the Group regarding reporting in the area of cyber security. Furthermore, a pilot project is underway conducted to raise awareness of cyber security issues within the Group, which is expected to be implemented Group-wide in the business year 2023.

A Security Operation Center has also been established within the Group to monitor potential threats to the Group's digital presence and procedures have been implemented to respond to cyber security incidents within the Group. Furthermore, cyber security is part of the existing risk management process within the Group and is continuously further developed. There were no significant cyber security incidents within the Group in the reporting year.

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 172

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 and 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 (CNC), I am pleased to present you with the Compensation Report for the financial year 2022.

Since the General Meeting 2015, the General Meeting has approved 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 means of a non-binding advisory vote. At the General Meeting 2022, you expressed your support for the Board of Directors and the CNC'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.

In the course of 2022, the CNC on behalf of the Board of Directors carefully reviewed the compensation framework, including its elements, structure, and processes, with the aim of matching the opted compensation approach to Lindt & Sprüngli's internal values and priorities. For example, the Board of Directors, on the recommendation of the CNC, has made it a priority in the upcoming year to further strengthen Lindt & Sprüngli's performance culture and to further align the pay-for-performance philosophy inherent in our variable compensation elements and the compensation of the Group Management to the strategy and shareholder interests of the Lindt & Sprüngli Group.

As a result of this review, the Board of Directors, on the recommendation of the CNC, has decided on certain advancements to the compensation framework of the Lindt & Sprüngli Group. In this Compensation Report, the Board of Directors provides further explanations of the general compensation framework and a more transparent disclosure related to the Group Management compensation. Changes have in particular been made within the following topic areas:

1) **Key performance indicators (KPIs)** for allocations under the short-term performance-based compensation (Cash Bonus) and grants under the long-term performance-based compensation (Option Plan)
2) **Ex-post disclosure regarding the achievements of performance targets** for the Cash Bonus
3) **Possible grant levels and payout opportunities** with respect to the Cash Bonus and under the Option Plan
4) **Performance considerations** under the Option Plan

While certain disclosure-related enhancements have been implemented already in this Compensation Report, more fundamental changes to the underlying compensation framework will become applicable as of 2023. More details on these changes and the underlying motivation are provided in the chapter "Summary of advancements to the compensation framework for 2022 & 2023" on page 53 and the chapter "Outlook to the compensation framework 2023" on page 69.

Moreover, the Board of Directors and the CNC have reviewed their own internal governance processes. The Board of Directors will propose to the General Meeting that as of the Annual General Meeting 2023, the CNC will be composed of at least three members of which the chairperson and one additional member should fulfill Lindt & Sprüngli's independence criteria. For more details regarding the CNC, please also refer to the updated charter of the CNC (CNC Charter) which is in effect since December 1, 2022.

https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

The Board of Directors is convinced that this Compensation Report 2022 gives you, our valued shareholders, a comprehensive and integral overview of the compensation of the Group Management and the Board of Directors. We are looking forward to engaging with you and receiving your feedback at the upcoming AGM. On behalf of the entire CNC and the Board of Directors, 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 2022

The Compensation Report describes the underlying basics, governing principles, and elements of the compensation of the Group Management and the Board of Directors of the Lindt & Sprüngli Group (Lindt & Sprüngli) 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, 2022 (where required with comparative figures for the previous financial year). The Compensation Report incorporates the disclosure obligations set out in Article 734 et seqq. OR (formerly Article 14 et seqq. VegüV and Article 663c para 2 OR), which entered into force on January 1, 2023 (in each case if and as applicable), 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 the version published on February 6, 2023.

This Compensation Report is structured as follows:

- I. Summary of advancements to the compensation framework for 2022 & 2023
- II. Compensation Governance 2022
- III. Compensation of the Board of Directors 2022
- IV. Compensation of the Group Management 2022
  - i. Compensation goals and principles
  - ii. Compensation framework
  - iii. Compensation elements
  - iv. Compensation
- V. Participations
- VI. Other compensation-related aspects
  - i. Supplementary amount
  - ii. Employment contracts
  - iii. Additional fees, compensation, and loans to governing bodies
  - iv. Compensation to former members of corporate bodies
- VII. External mandates of the members of the Board of Directors and Group Management
- VIII. Outlook to the compensation framework 2023

I. Summary of advancements to the compensation framework for 2022 & 2023

The Board of Directors and the CNC highly welcome the feedback received from shareholders on our 2021 Compensation Report and continuously review potential adaptations to the compensation framework, system, and processes. During the reporting year, the CNC conducted an overall holistic review of the compensation philosophy on behalf of the Board of Directors. Based on this review, the Board of Directors resolved upon certain amendments to the compensation framework. A summary of these advancements to our processes and approaches is provided below and in more detail in the relevant chapters of this Compensation Report. While some of these have been applied already in this Compensation Report, others will only become effective as of the reporting year 2023. For more details regarding the changes as of 2023, please refer to the chapter “Outlook to the compensation framework 2023” on page 69.

1) **Key performance indicators (KPIs)** for allocations under the short-term performance-based compensation (Cash Bonus) and grants under the long-term performance-based compensation (Option Plan)

Advancements	2022	To increase transparency on decisions regarding the allocation of compensation: – **Cash Bonus:** Compensation Report to include certain additional information on the scorecard (incl. financial and qualitative KPIs), which is used to assess the Group Management members’ performance and determine the payout under the Cash Bonus. – **Option Plan:** Compensation Report to provide more insights into the CNC’s considerations when determining the individual grant amounts under the Option Plan to the Group Management members.
	2023	To further strengthen the link between the implementation of strategic priorities, company performance outcomes as well as pay decisions: – **Cash Bonus:** We further streamlined and formalized the scorecard to measure the Group Management’s performance relevant for the Cash Bonus, also giving more weight to quantitative KPIs. – **Option Plan:** We will elaborate on the criteria used to assess the Group Management members’ performance (emphasizing multiple aspects of operational performance) relevant to determining individual grant amounts under the Option Plan.

2) **Ex-post disclosure regarding achievements of performance targets** for the Cash Bonus

Advancements	2022	– **Cash Bonus:** To make the connection between compensation outcomes and realized performance more comprehensible to shareholders, the Compensation Report to provide further insights into the outcomes of performance assessment for the previous year by way of a description of the financial and qualitative target achievements.
	2023	– **Cash Bonus:** Based on the advancements on the scorecard for the Cash Bonus mentioned above, the new structure will also further facilitate transparent ex-post performance disclosure as of the Compensation Report 2023.

3) **Possible grant levels and payout opportunities** with respect to the Cash Bonus and under the Option Plan

Advancements	2023	– **Cash Bonus:** Going forward, the minimum and maximum payout percentages of the Cash Bonus in relation to the Base Salary will generally be limited to a range of 0–100% (and up to a maximum of 130% in extraordinary cases) for the CEO and, in each case depending on the function, to a range of 0–70–90%, as applicable (and up to a maximum of 130% in extraordinary cases) for the other Group Management members, respectively. – **Option Plan:** The grant amounts under the Option Plan in relation to the respective Base Salary will generally be limited to a range of 0–100% (and up to a maximum of 180%) for each of the Group Management members, including the CEO.

4) Performance-considerations under the Option Plan

Advancements	
Advancements	– **Adequacy of options:** Following careful considerations, the Board of Directors believes that options for participation certificates with vesting periods of up to 5 years still constitute an optimal instrument to reward Group Management members for their contributions to the growth and long-term value creation of Lindt & Sprüngli and hence align their interests with those of the shareholders of Lindt & Sprüngli. – **Taking into account market performance at vesting:** The options granted under the Option Plan are subject to staggered vesting periods between three and five years with the exercise price being determined at grant based on the average closing prices of the participation certificates of Chocoladefabriken Lindt & Sprüngli AG on the five trading days on the SIX Swiss Exchange prior to grant. Therefore, at the time of vesting, the benefits represented by the options at vesting are already subject to the performance of Lindt & Sprüngli, which is reflected in the then current market price of the participation certificates and registered shares of Lindt & Sprüngli. – **Taking into account operational performance criteria at grant:** The individual amounts granted under the Option Plan are determined based on multiple factors which include different operational performance aspects.

II. Compensation Governance 2022

i. Overview

Pursuant to the Articles of Association of Chocoladefabriken Lindt & Sprüngli AG, the organizational regulations issued by the Board of Directors and the CNC Charter, which are all available on the website of Chocoladefabriken Lindt & Sprüngli AG, the authorities and responsibilities with regard to the compensation of the Board of Directors, the CEO and the Group Management are allocated among the Board of Directors, the CNC, the CEO, and the General Meeting.

https://www.lindt-spruengli.com/amfile/file/download/id/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7161/file/Lindt-and-Sprungli-Organizational-Regulations.pdf

https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

While the Board of Directors is generally responsible for determining and evaluating the remuneration system and the principles of remuneration as well as other compensation-related resolutions, including the submission of compensation-related motions to the General Meeting for approval pursuant to the Articles of Association, the CNC supports the Board of Directors with respect to all matters relating to the compensation of the Board of Directors and the Group Management as well as regarding nomination matters, including succession planning of the Board of Directors and the appointment, dismissal and succession planning of the CEO and other members of Group Management. Unless explicitly provided otherwise, in particular in the organizational regulations or the CNC Charter, the CNC supports the Board of Directors through preparatory and supporting activities and issues proposals and recommendations to the Board of Directors.

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).

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The following table provides an overview of the approval system for the compensation for the Board of Directors, the CEO, and the other members of Group Management, including an outline of the main responsibilities of the CNC, within the framework of the compensation principles, the Articles of Association, and the resolutions of the General Meeting regarding compensation.

Authorities and responsibilities with regard to the compensation of the Board of Directors, the CEO, and the Group Management

	CEO	CNC	Board of Directors	Annual General Meeting
Maximum aggregate compensation Board of Directors		Proposal to the Board of Directors	Proposal to AGM	Decision (prospective)
Individual compensation Board of Directors		Proposal to the Board of Directors	Decision	
Maximum aggregate compensation Group Management	Proposal to CNC	Proposal to the Board of Directors	Proposal to AGM	Decision (prospective)
Individual compensation of the CEO		Proposal to the Board of Directors	Decision	
Individual compensation of the other members of Group Management	Proposal to CNC	Decision		
Advisory vote on Compensation Report		Proposal to the Board of Directors	Proposal to AGM	Decision (retrospective)
Employment contracts of the other members of the Group Management	Proposal to CNC	Decision		
Employment contract of the CEO		Proposal to the Board of Directors	Decision	
Potential occupational benefits and pension outside the scope of occupational benefits or similar schemes abroad for the members of Group Management or the Board of Directors		Proposal to the Board of Directors	Decision	

ii. Compensation & Nomination Committee

Article 24bis paragraph 2 of the Articles of Association of Chocoladefabriken Lindt & Sprüngli AG assigns the following tasks and competencies to the 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/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

The CNC consists, subject to the election by the Annual General Meeting, of at least three and a maximum of five members of the Board of Directors, the majority of whom shall be independent. The members of the CNC, are annually elected by the Annual General Meeting on an individual basis and with a term until the end of the next Annual General Meeting. In its meeting of October 27, 2022, the Board of Directors approved the revised CNC Charter, setting out the purpose, authority, responsibilities, and procedures of the CNC. The CNC meets as often as business requires and at the request of any of its members, but at least three times a year. The CNC chair may ask members of management or internal or external matter experts to attend the meetings. To the extent that their own compensation is directly affected (unless the discussion and decisions are about the compensation of the Board of Directors in general), the relevant member of the CNC is excluded from discussions and voting. The CNC informs the Board of Directors regularly about the procedure for the determination of compensation and the outcome of the compensation process.

The CNC Charter is available on the website of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/amfile/file/download/id/7191/file/Lindt-and-Sprungli-Compensation-and-Nomination-Committee-Charter.pdf

As of December 31, 2022, the CNC consisted of the following members: Dr Rudolf K. Sprüngli (chair), Antonio Bulgheroni, and Silvio Denz. Three regular meetings were held in the reporting year, which were attended by all members. The CEO attended these meetings but excused himself when his own compensation was concerned. In 2022, the consulting services of HCM International Ltd. were used in connection with the benchmarking of the compensation paid to the Board of Directors and the Group Management.

The topics discussed by the CNC with regard to compensation during the reporting year included, amongst others, the evaluation and appointment of the new CEO, the compensation of the Board of Directors and the Group Management, a global salary review within the Group, the review and update of the CNC Charter, the setup of a new bonus and compensation structure for the Group Management as of the year 2023, the approval of the scorecards with regard to the achievement of the performance targets for the CEO and other Group Management members, the Compensation Report as well as the relevant recommendations to the Board of Directors and the discussion and review of feedback on compensation matters received from shareholders.

The CNC further regularly reviews the appropriateness of the compensation system and approaches for the Group Management and the Board of Directors, with the support of an external consultant, HCM International Ltd. The last such review was done in 2022 and lead to the advancements summarized in the first chapter "Summary of advancements to the compensation framework for 2022 & 2023" on page 53 of this Compensation Report. Apart from advising the CNC on matters regarding the compensation of the Board of Directors and Group Management (incl. Benchmarking), HCM International Ltd. had no other mandates with the Lindt & Sprüngli Group in the reporting year.

III. Compensation of the Board of Directors 2022

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

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All members of the Board of Directors are compensated exclusively in cash. 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) to ensure independent oversight and avoid conflicts of interests. The amount of total compensation paid to the members of the Board of Directors 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, 15 Swiss listed companies that are similar to Lindt & Sprüngli in terms of size (based on market capitalization, taking into account companies with a market capitalization between 0.4 – 1.7x Lindt & Sprüngli's market capitalization of approx. CHF 30 bn as of end of 2021) and industry affiliation (understood in a broader sense, approximated by non-financial companies). The peer companies for this benchmark were Alcon, Barry Callebaut, Emmi, Ems-Chemie, Geberit, Givaudan, Kühne + Nagel, Lafarge Holcim, Schindler, SGS, Sonova, Straumann, Swatch, Swisscom, VAT (Peer Group).

The last benchmarking for the Board of Directors compensation was undertaken in 2022 based on data of year end 2021 and confirmed that the current compensation approach is comparable to the approach taken by the Peer Group and that compensation levels are within the targeted range (meaning that they are at the market median or below), hence no changes to the approach and compensation levels were suggested by the CNC after the latest benchmarking. Overall, the compensation level of the non-executive members of the Board of Directors has remained stable for over 25 years. The compensation of the Executive Chairman was reduced over the past three years in order to further align such compensation with market practice.

The non-executive members of the Board of Directors receive compensation in the form of a fixed flat-rate fee of CHF 145,000 per year which is paid out in cash for the preceding term after the respective Annual General Meeting. To steer their focus on the long-term success of the company, all non-executive members of the Board of Directors receive the same fixed compensation, regardless of any committee membership or chairmanship role. During the reporting period, one non-executive member (A. Bulgheroni) additionally received a gross fee of CHF 13,000 (previous year: CHF 28,000, including Caffarel S.p.A., Italy) for his function as chairman of the board of directors of Lindt & Sprüngli S.p.A., Italy.

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 in twelve equal installments. The Chairman leads the Board of Directors and coordinates its committees in determining the strategy and overall governance set up of the Group as well as in exercising its oversight and supervision responsibilities. He takes a leading role in designing the Group's corporate governance. Further, he promotes close collaboration towards achieving sustainable value creation for Lindt & Sprüngli, oversees the Group's reputation and, together with the CEO, represents the Group externally in the engagement with shareholders and stakeholders. Pursuant to the latest benchmarking, the compensation paid to the Chairman is in line with the remuneration paid to other Executive Chairmen of the Peer Group (see above).

The following compensation was effectively paid to the members of the Board of Directors in the financial years 2021 and 2022.

Compensation of the Board of Directors (audited)

	Function on 31.12.2022		2022		2021
CHF thousand		Fixed cash compensation[1]	Other compensation[1]	Fixed cash compensation	Other compensation
E. Tanner	Executive Chairman of the Board of Directors, member of the SC[2]	2,000	23	2,000	23
Dr D. Weisskopf[3]	Vice-Chairman of the Board of Directors (since October 2022; Board member since April 2022, Chairman of the SC (since April 2022))	0	0	–	–
A. Bulgheroni	Board member, member of the Audit Committee and CNC	145	25	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	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 SC	145	12	145	14
Total		**2,725**	**96**	**2,725**	**113**

[1] 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 2022 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 13,000 (previous year: CHF 28,000) for his function as Chairman of the Board of Directors of Lindt & Sprüngli S.p.A (previous year; Lindt & Sprüngli S.p.A and Caffarel S.p.A.).

[2] SC: Sustainability Committee.

[3] D. Weisskopf received no compensation as Board member for the financial year 2022. His compensation as CEO for the financial year 2022 is included in the table "Compensation for the Group Management" on page 65.

The amount of CHF 3.2 million 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 was not exceeded. The same amount of CHF 3.2 million was approved by the General Meeting of April 28, 2022, as the maximum aggregate amount of compensation for the Board of Directors for the period until the General Meeting 2023. The amount effectively paid out for the financial year 2023 will be disclosed in the Annual Report 2023.

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

IV. Compensation of the Group Management 2022

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, which were refined and updated in 2022:

(i) Ensure the alignment of management activities with the long-term interests of shareholders,
(ii) Anchor Lindt & Sprüngli's strategy in the compensation landscape,
(iii) Attract and retain highly qualified talent and be an attractive employer,
(iv) Motivate employees to excellent performance in the long term,
(v) Emphasize "pay-for-performance" by considering appropriateness of cost of compensation in relation to results.

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 for Lindt & Sprüngli.

The rules and principles governing the compensation (including performance-based compensation) of the members of the Group Management and the allocation of equity securities, conversion rights, or 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.

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ii. Compensation framework

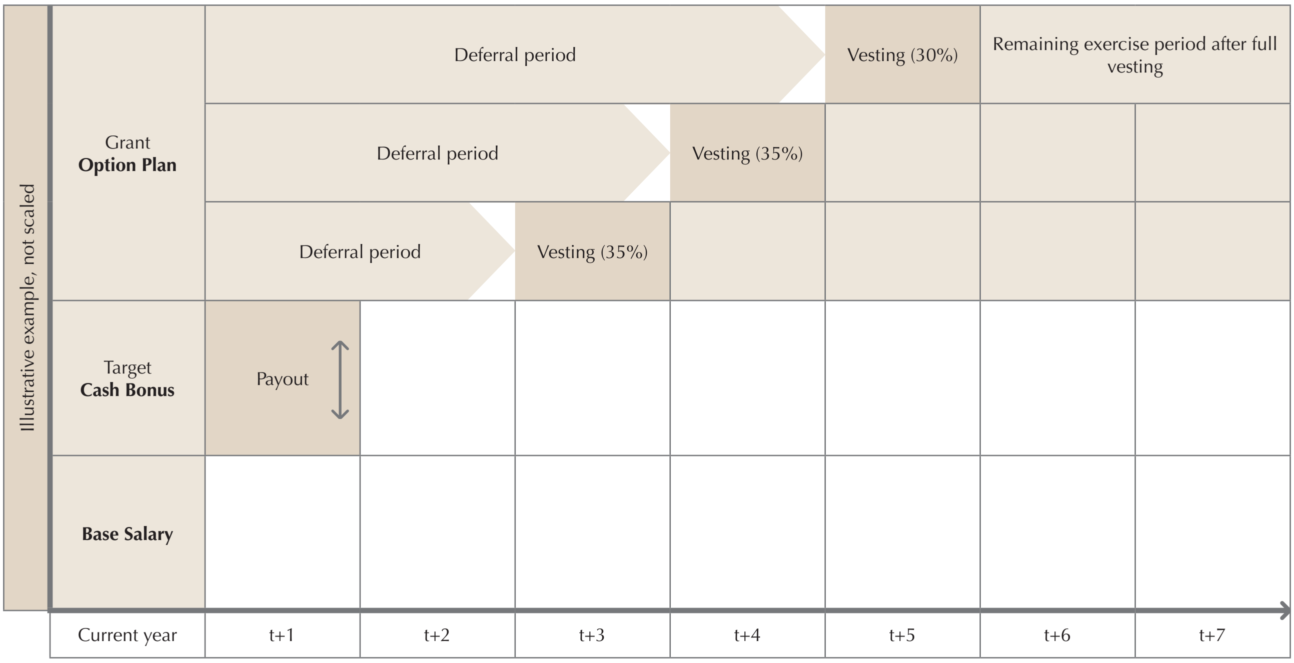
The compensation of the members of Group Management consists of a combination of (1) fixed compensation (Base Salary, allowances, and other benefits as well as pension benefits), (2) a short-term performance-based compensation (Cash Bonus) and (3) a long-term performance-based compensation (Option Plan) 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			Variable compensation*	
	Base salary	Allowances and other benefits	Pension benefits	Short-term performance-based compensation **Cash Bonus**	Long-term performance-based compensation **Option Plan**
Plan duration				1 year	Up to 7 years
Drivers	Functional level, competencies, and experience	SMI and SMIM market practice	SMI and SMIM market practice	Pay for performance	Alignment with shareholders' experience
Settlement	Cash (immediate)	Cash	Pension	Cash	Participation Certificates
Performance period				1 year	3 to 5 years
Payout resp. grant range of individual base salary*				**CEO:** 0–200% **Other members:** 0–180%	**CEO:** 0–200% **Other members:** 0–200%
Share price impact	No	No	No	No	Yes
Forfeiture rules	No	No	No	Yes	Yes
Clawback	No	No	No	Yes	Yes

* For 2023, the possible payout / grant levels for the variable compensation of the Group Management, in each case in proportion to the individual base salary, were amended. For details, see the chapter "Outlook to the compensation framework 2023" of this Compensation Report starting on p. 69.

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. Additionally, a significant part of the variable compensation is deferred and vests only after a vesting period of up to five years (as illustrated below), further underlining the importance of long-term success and value creation for our shareholders.



The following table illustrates the split of the total compensation of the members of the Group Management. At target level, the total compensation consists of 26% fixed compensation and 74% variable compensation for the CEO (prior year: 28% fixed compensation and 72% variable compensation) and 34% fixed compensation and 66% variable compensation for the other members of the Group Management (prior year: 38% fixed and 62% variable), assuming a target level of the grant under the Option Plan of 100% of Base Salary.

Fixed and variable compensation of Group Management in terms of base salary*

	Fixed compensation	Variable compensation, performance-based		
		Cash Bonus		Option Plan
In % of base salary	Base salary	Target	Maximum	Grant
CEO	100%	100%	200%	0–200%
Group Management	100%	30–90%	60–180%	0–200%

* For 2023, the possible payout/grant levels for the variable compensation of Group Management, in each case in proportion to the individual base salary, were amended. For details, see the chapter "Outlook to the compensation framework 2023" of this Compensation Report starting on p. 69.

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. Generally, the CNC reviews the compensation level of Group Management members on an annual basis, considering responsibility, contribution, competitiveness, experience, and external benchmarks, and issues recommendations to the Board of Directors.

The periodic external benchmarking involves a comparison of the level and structure of Group Management compensation with, most recently, 15 Swiss listed companies that are similar to Lindt & Sprüngli in terms of size (based on market capitalization, taking into account companies with a market capitalization between 0.4–1.7x Lindt & Sprüngli's market capitalization of approx. CHF 30bn as of end of 2021) and industry affiliation (understood in a broader sense, approximated by non-financial companies). The peer companies for this benchmark were the same as for the Board of Directors mentioned above, i. e. Alcon, Barry Callebaut, Emmi, Ems-Chemie, Geberit, Givaudan, Kühne + Nagel, Lafarge Holcim, Schindler, SGS, Sonova, Straumann, Swatch, Swisscom, VAT (Peer Group).

The last benchmarking for the Group Management compensation was undertaken in 2022 and confirmed that the Group Management compensation level (calculated based on the assumption of the satisfaction of all targets) is broadly in line with the target range as defined by the CNC (at median) and that the current compensation approach does not significantly deviate from market practice. Specifically, the benchmarking showed that the total compensation level of the CEO (calculated based on the assumption satisfaction of all targets) is positioned at median within the Peer Group, as targeted by the CNC. Irrespective of the latest benchmarking, certain structural changes were resolved to be made to the Group Management compensation framework and will be applicable starting form 2023 (see the chapter “Outlook to the compensation framework 2023” on page 69 for details).

iii. Compensation elements

a) Fixed compensation: Base Salary, allowances, and other benefits and pension benefits

The Base Salary reflects the particular functional level, competencies, and expertise, as well as experience and a baseline level of sustained expected performance of each member of the 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 allowances and other benefits in line with competitive market practice, including entitlement to a company vehicle and to participate in the company’s pension plans.

b) Short-term performance-based compensation: Cash Bonus

The goal of the Cash Bonus is to reward individuals for collective as well as individual achievements of annually set targets in relation to predetermined key performance indicators (KPIs). The KPIs are derived from the annual business plan and the business strategy focusing on sustainable organic sales growth accompanied by continuous improvement in profitability. The individual performance achievements for the Cash Bonus are measured predominantly (65%) based on quantitatively measurable financial KPIs and to a lesser extent (35%) based on qualitative targets related to overall responsibility and leadership. Financial KPIs comprise the main metrics of annual Group performance for the relevant year, being growth (organic sales growth) and profitability (EBIT margin increase) aspects. For those members of Group Management who have responsibility on regional or country level, financial targets on regional or country level, respectively, are also taken into account, along with Group targets. These include metrics such as net trade sales (NTS) and controllable operating profit (COOP). Qualitative KPIs include elements relating to overall responsibility (such as setting strategic priorities, advancing business opportunities, and organizational topics) as well as leadership and conduct-related focus areas (including embracing of change, facilitation of communication and collaboration as well as talent management). Non-financial targets may depend on the individual function and in particular refer to the implementation of the strategy as well as to defined leadership and conduct criteria, including promotion of Environment Social Governance (ESG) and Diversity & Inclusion (D&I) efforts.

KPIs*	Weight	Metrics	
Financial	65%	Group	Profitability (EBIT margin increase)
			Organic growth of Net trade sales (NTS)
		Regional / Country	NTS (Net trade sales)
			Controllable operating profit (COOP)
Qualitative	35%	Overall responsibility	
		Leadership & Conduct, including ESG and D&I efforts	

* For 2023, the KPIs regarding the Cash Bonus were redefined. For details, see the chapter “Outlook to the compensation framework 2023” of this Compensation Report starting on p. 69.

The relevant targets for each of the underlying KPIs and metrics against which performance is measured at the end of the annual performance period are set by the CNC and, for the CEO, by the Board of Directors, respectively, on an annual basis, taking into account the current performance of the Group, the immediate strategic priorities as well as the short-term requirements to fulfill longer-term visions. Internal financial and individual qualitative targets for the short-term performance-based compensation are considered commercially sensitive information. For this reason, the explicit disclosure of the latter in the Compensation Report is not warranted, but please find a review on the achievement of the performance targets for the financial year 2022 in the following chapter.

The potential payout range for the Cash Bonus is defined for each member of Group Management as a percentage of its Base Salary and the actual amount paid out can vary between a minimum amount and a maximum amount, each defined as a percentage of the Base Salary, as summarized in the table below.

In % of base salary*	Minimum	Target	Maximum
CEO	0%	100%	200%
Group Management	0%	30–90%	60–180%

* For 2023, the potential payout ranges for the Cash Bonus were reduced substantially. For details, see the chapter "Outlook to the compensation framework 2023" of this Compensation Report starting on p. 69.

In general, the target level will be paid out in case the predefined targets of the relevant KPIs are fully achieved. In case target KPIs are not achieved, the Cash Bonus is reduced and may even be zero. This means that there may be no (guaranteed) bonus if (collective or individual) targets are not fully or partially met. Should KPI targets be overachieved, the payout of the Cash Bonus may also be above the target payout level, but the payout is in any case capped by the maximum amount, being an amount equal to 200% of Base Salary for the CEO and an amount between 60–180% of the individual Base Salary for other Group Management members. Translating these percentages into an implied upside potential, the maximum Cash Bonus that may be paid out for a specific financial year is capped at 200% of the target Cash Bonus for the CEO and members of Group Management.

The payment of the Cash Bonus in cash is made in spring of the following year once the determination regarding the level of achievement of the performance targets has been made. Forfeiture of unsettled short-term compensation and claw-back provisions for settled short-term compensation apply in a range of events, enabling the company to seek repayment where appropriate.

c) Long-term performance-based compensation: Option Plan

The purpose of the Option Plan is to reward sustained business success, to incentivize the creation of overall shareholder value and hence to align Group Managements' interests with those of shareholders, and to retain key members of the Group's senior management.

Under the Option Plan, a certain value of stock options may be awarded to members of the Group Management and other selected key employees (the Participants). Each option carries the right to subscribe to one participation certificate (subscription ratio 1:1) and becomes exercisable during a predefined exercise period following the expiration of a pre determined vesting period (as further described below). Based on the assumption that the strategic efforts of Group Management result in a long-term growth of the share price of the company, options are considered by the Board of Directors as an optimal instrument to achieve a stringent pay-for-performance approach and remunerate members of the Group Management in line with the shareholders' experience.

The total amount in Swiss Francs available to be awarded under the Option Plan for a given financial year is determined by the Board of Directors, upon recommendation of the CNC, annually at the beginning of the year. Options are typically granted in January and transferred to the Participants under the Option Plan in April. For each member of the Group Management, the grant levels as amounts in Swiss Francs are determined on an individual basis and can range between 0 – 200% of the relevant Base Salary*.

* For 2023, the possible grant levels under the Option Plan were amended. For details, see the chapter "Outlook to the compensation framework 2023" of this Compensation Report starting on p. 69.

The individual grant levels for a particular year are determined by the Board of Directors (upon proposal by the CNC) with respect to the CEO, and, by the CNC with respect to the other members of the Group Management, in each case based on multiple factors, mostly assessed on an individual level, including*

(i) the overall Group performance during the preceding financial year,
(ii) the performance of the Group company headed by the Participant or at which the Participant is employed,
(iii) importance of the Group company's profit contribution to the entire Lindt & Sprüngli Group, and
(iv) the profit development of the Group company in relation to the other Group companies.

* For 2023, the criteria for the determination of the grant levels under the Option Plan were amended. For details, see the chapter "Outlook to the compensation framework 2023" of this Compensation Report starting on p. 69.

The price at which options may be exercised corresponds to the average closing prices of the participation certificates of Chocoladefabriken Lindt & Sprüngli AG on the five trading days on SIX Swiss Exchange prior to grant in the month of January of the respective year. In accordance with the Option Plan, options are subject to vesting periods of three (35%), four (35%), and five (30%) years and can be exercised during an exercise period of seven years from when they were initially granted. Options which are not exercised during the exercise period become forfeited. Therefore, Participants will only be able to benefit from the options granted under the Option Plan if the market price of the participation certificates has increased over the applicable vesting period. The Board of Directors is of the opinion that the Option Plan with its respective link to the company's share price leads to a very strong long-term alignment of Group Management with the shareholders' interest. The value per option at the time of grant is determined by way of binomial statistical models in accordance with the relevant accounting standards (see also note 27 Share-based payments in the Financial Report). The number of options to be granted to each member of Group Management is calculated by dividing the individual grant level amount in Swiss Francs awarded to the respective Participant by the aforementioned value per option at the time of grant.
According to the Option Plan, any granted but unvested options are forfeited immediately in the event that notice of termination is given at any time and for any reason, with or without cause, by the employer or the employee, whereas any vested options remain exercisable for a limited period of time. 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 2022 and 2021 is shown in the following table. The valuation of the option-based compensation for 2022 and 2021 is based on the respective market values at the time of grant.

Compensation for the Group Management (audited)

CHF thousand	Fixed compensation: Base salary[1]	Fixed compensation: Allowances[2]	Fixed compensation: Pension benefits[3]	Variable compensation: Cash Bonus[4]	Variable compensation: Option Plan[5]	2022 market value: Total compensation
Dr Dieter Weisskopf, CEO (CEO until 30 September 2022)[6]	1,200	18	45	1,650	1,688	4,601
Other members of Group Management[7]	4,003	195	343	3,462	4,153	12,156
Total	**5,203**	**213**	**388**	**5,112**	**5,841**	**16,757**

CHF thousand	Base salary[1]	Allowances[2]	Pension benefits[3]	Cash Bonus[4]	Option Plan[5]	2021 market value: Total compensation
Dr Dieter Weisskopf, CEO	1,200	18	45	1,450	1,583	4,296
Other members of Group Management[8]	3,533	60	323	2,531	3,110	9,557
Total	**4,733**	**78**	**368**	**3,981**	**4,693**	**13,853**

1 Total of paid-out gross compensation.
2 Including lump-sum expense allowances (CEO: CHF 18,000 respectively CHF 12,000 for other members of Group Management). For Dr Adalbert Lechner and Daniel Studer including one-time relocation allowance of CHF 75,000 respectively CHF 45,000, and for Rolf Fallegger including an anniversary of service award of CHF 5,000.
3 Including pension fund and social insurance contributions paid by the employer, that establishes or increases employee benefits.
4 Expected pay-out (accrual basis) in April of following year according to the proposal of the CNC and the decision of the Board of Directors, respectively (excluding social charges paid by employer).
5 Option grants on Lindt & Sprüngli participation certificates under the terms and conditions of the Lindt & Sprüngli employee share option plan (see also note 27 share-based payments in the Financial Report). The valuation reflects the market value at the time of grant The total number of granted options in 2022 to D. Weisskopf was 2,000 options (2,800 options in 2021) and in total to all other members of the Group Management 4,920 options (5,500 options in 2021).
6 Compensation for performance 2022, employed until 31 March 2023, no separate fee as Board Member during employment.
7 There were six other Group Management members as of December 31, 2022. The compensation of Dr Adalbert Lechner (CEO as of 1 October 2022) is included in the compensation for the other members of Group Management.
8 There were six other Group Management members as of December 31, 2021.

An amount of CHF 18 million was approved by the General Meeting of May 4, 2021, as the maximum aggregate amount of compensation for 2022 for the Group Management, whereby approx. CHF 17 million were utilized in 2022. The total compensation of the Group Management for 2022 was higher than for the previous year due to full achievement of the relevant targets, which resulted in higher payouts of Cash Bonuses, as well as due to replacements and appointments of members of the Group Management, while the aggregate number of Group Management members at the end of the reporting year compared to the end of the previous year 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.

In 2022, the total amount of the aggregate Cash Bonuses awarded to the members of Group Management amounted to CHF 5.112 million (previous year: CHF 3.981 million). For Dr Dieser Weisskopf (CEO until 30 September 2022), the effectively paid Cash Bonus amounted to CHF 1.650 million, corresponding to 138% of his Base Salary (121% in 2021). For the other Group Management members, the effectively paid cash bonus was on average 80% of the relevant Base Salary (71% in 2021). In the financial year 2022, the corporate financial targets set for the year under the short-term performance-based compensation program were overachieved. Specifically, regarding profitability and organic sales growth. All members of Group Management also achieved their annual individual qualitative targets by showing great leadership, embracing change, and continuous innovation.

In 2022, the total amount of the option grants awarded under the Option Plan to the members of Group Management (other than the previous CEO), amounted to CHF 4.153 million (previous year: CHF 3.110 million). For each of the members of the Group Management (other than the CEO), this corresponds to a grant of on average 100% of the relevant Base Salary (in the previous year, on average 89% of the relevant Base Salary). The individual levels of grant were determined by the CNC based on the criteria mentioned above.

The option grant awarded to the former CEO (until 30 September 2022) under the Option Plan amounted to CHF 1.688 million (previous year: CHF 1.583 million), corresponding to 141% of his Base Salary (previous year: 132% of his Base Salary). The Board of Directors decided upon recommendation of the CNC.

For details on outstanding options, refer to chapter Particpiations of this Compensation Report.

The total remuneration of the former CEO (in function until 30 September 2022, employed until 31 March 2023) amounted to CHF 4,601 million in 2022 (previous year: CHF 4.296 million), with this amount being in line with the median pay-out of the Peer Group.

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, 2022.

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2022	2021	**2022**	2021	**2022**	2021
E. Tanner	Executive Chairman	3,067	3,067	9,796	8,327	-	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	1,090	1,092	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz	Member of the Board	11	11	–	–	–	–
Dr D. Weisskopf	Member of the Board (formerly Group Management)	5	5	2,013	3,000	8,500	8,350
Dr A. Lechner	Group Management	7	7	56	56	5,700	4,700
R. Fallegger	Group Management	25	25	950	850	4,750	3,950
A. Germiquet	Group Management	7	7	500	500	3,690	4,222
M. Hug	Group Management	6	6	–	–	4,650	3,850
G. Steiner	Group Management	3	2	–	–	4,110	3,730
Dr J. Picenoni	Group Management	1	1	–	–	2,950	2,350
D. Studer[1]	Group Management	1	–	–	–	1,895	–
Total		**5,224**	**5,224**	**13,660**	**13,078**	**36,245**	**33,652**

[1] D. Studer was appointed to Group Management as per September 1, 2022, therefore no participation was reported for 2021.

VI. Other compensation-related aspects

i. 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 to 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/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

ii. Employment contracts

The employment contracts of the members of Group Management contain notice periods of a maximum of twelve months (12 months for the CEO and 6 months for the other Group Management members) and do not provide for severance payments. As regards the treatment of granted options under the Option Plan in case of termination, refer to “Long-term performance-based compensation: Option Plan” on page 63.

The maximum duration for a post-contractual prohibition on competition for members of Group Management is twelve months, provided that the agreed consideration may not exceed the amount of the Base Salary paid for the preceding twelve months. This is in line with the applicable provisions of the Articles of Association (Article 26bis paragraph 2) and is only granted on a case-by-case basis as considered necessary by the Board of Directors.

https://www.lindt-spruengli.com/amfile/file/download/id/6829/file/10_LIN_AoA_EN_28.04.22_1.pdf

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 48.

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

Apart from the benefits listed in this Compensation Report, no other compensation was granted in the reporting year 2022 – 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, former members of the Board of Directors, or to related persons of the aforementioned persons. In addition, as per December 31, 2022, no loans, advances or credits were granted by the company or by any of its subsidiaries to this group of persons.

iv. Compensation to former members of corporate bodies

No other compensation, apart from the benefits listed in this Compensation Report, was paid to former members of corporate bodies of the Company in 2022.

VII. External mandates of the members of the Board of Directors and Group Management

In accordance with Article 734e OR, the following table sets out the external mandates which the members of the Board of Directors and the members of Group Management hold in comparable functions at other companies with an economic purpose within the meaning of Article 626 paragraph 2 cipher 1 OR (including companies which belong to the same group):

Member of the Board of Directors	Company name	Function
E. Tanner	The Swatch Group AG	Vice-chairman of the board of directors
	The Swatch Group AG	Chairman of the compensation and nomination committee
	Krombacher Brauerei GmbH & Co. KG	Member of the supervisory board
	Signa Holding GmbH	Member of the advisory board
A. Bulgheroni	L.I.U.C. University	Member of the board of directors
	Bulgheroni S.p.A.	Chairman of the board of directors
	Centromarca – Associazione Italiana dell'Industria di Marca	Member of the executive committee
Dkfm E. Gürtler	ATP Planungs- und Beteiligungs AG	Member of the supervisory board
	Tiroler Landesmuseen-Betriebsgesellschaft m.b.H.	Chair of the supervisory board
	MAK – Österreichisches Museum für angewandte Kunst	Vice-chair of the curatorship
	MAK – Österreichisches Museum für angewandte Kunst	Vice-chair of the audit committee
	Kreditschutzverband von 1870	Member of the executive board
	Österreich-Werbung	Member of the chairmanship
Dr R. K. Sprüngli	Peter Halter Liegenschaften AG	Member of the board of directors
	Freies Gymnasium Zürich	Chairman of the board of directors
	Institut für Wirtschaftsberatung Niggemann, Fischer & Partner GmbH	Member of the advisory board
	PUSTA INVEST AG	Chairman of the board of directors
	Felix Partner Architektur AG	Member of the advisory board
	Felix Partner Design AG	Member of the advisory board
	Felix Partner Entwicklung AG	Member of the advisory board
	TRUFO HUNGARY Kft.	Chairman of the board of directors
Dr T. Rinderknecht	Marquard Media Group AG	Member of the board of directors
	SpanSet Inter AG	Chairman of the board of directors
	Miralco Holding AG	Chairman of the board of directors
	Twin Dolphins Holding AG	Chairman of the board of directors
	NorseSatCom Group (Bahamas)	Member of the board of directors
	iJet Technologies Inc. (Seattle)	Member of the board of directors
	NEST AS (Norway)	Member of the board of directors
	Turtle Capital Investment Inc. (BVI)	Member of the board of directors
	Veritas Trust AG	Member of the board of directors
	Fundmaster AG	Member of the board of directors
	Hôtel de la Paix SA	Member of the board of directors
	Munich Partners AG	Chairman of the board of directors
	Munich Partners Invest AG	Chairman of the board of directors
	First 4G AG	Chairman of the board of directors
	First SALT AG	Chairman of the board of directors
	First ELF AG	Chairman of the board of directors
	PlusFour AG	Chairman of the board of directors
S. Denz	Lalique Group SA (Switzerland)	Chairman of the board of directors
	Lalique SA (France)	Chairman of the board of directors
	Alrodo AG (Switzerland)	Chairman of the board of directors
	Art & Terroir SA (Switzerland)	Member of the board of directors
	CIRON S.A. (Switzerland)	Chairman of the board of directors
	Lalique Art SA	Chairman of the board of directors
	Lalique Maison SA (Switzerland)	Chairman of the board of directors
	Madura (Schweiz) AG (Switzerland)	Member of the board of directors
	Lalique Asia Limited (Hong Kong)	Chairman of the board of directors
	Glenturret Holding AG	Chairman of the board of directors
	Villa Florhof AG	Member of the board of directors
	Florhof Immobilien AG	Chairman of the board of directors

Member of the Group Management	Company name	Function
A. Germiquet	SunnySpot AG	Chairman of the board of directors
G. Steiner	Steiner Flughafebeck AG	Vice-chairman of the board of directors

VIII. Outlook to the compensation framework 2023

As mentioned at the beginning of this Compensation Report, the CNC on behalf of the Board of Directors reviewed the compensation framework of Lindt & Sprüngli in 2022. As a result of this review, the Board of Directors, upon recommendation of the CNC, has decided to implement certain amendments to the compensation framework of the Group Management that are applicable as of 2023. This chapter provides a summary outlook to the approved changes taking effect as of 2023 onwards.

Short-term performance-based compensation, Cash Bonus

As of 2023, the possible minimum, target, and maximum payouts for the CEO as well as the other members of the Group Management under the short-term performance-based compensation (Cash Bonus) will be adjusted, in each case in accordance with the respective overall responsibility as per the table below. With these changes, the maximum Cash Bonus will amount to 100% of the Base Salary for the CEO and between 70–90% of the Base Salary for the other members of Group Management. The maximum Cash Bonus can be increased to a maximum amount of 130% of the relevant Base Salary for both the CEO and the other members of the Group Management in extraordinary cases and provided that the targets are overachieved, in each case as assessed and determined by the CNC at its discretion. In case set performance targets are not achieved, the Cash Bonus is reduced and can even be zero. This means that there is no (guaranteed) bonus if (collective or individual) targets are not fully or partially met.

In % of base salary	Minimum	Target	Maximum
CEO	0–60%	80%	100%
Group Management	0–50%	60–70%	70–90%

As of the year 2023, the relevant performance achievements for the Cash Bonus will be measured predominantly (80%) based on quantitatively measurable financial KPIs (measured on Group level or split into 60% Group and 20% regional level, where applicable) and to a lesser extent (20%) based on individual ESG and Transformation KPIs for all members of the Group Management, including the CEO. Financial KPIs on Group level will reflect profitability (60%) and organic sales growth (40%).

KPIs	Weight (Group)	Weight (Regional)	Metrics	Total Weights (Group)	Total Weights (Regional)
Financial (Group)	80%	60%	Profitability (EBIT margin), 60%	48%	36%
			Organic sales growth, 40%	32%	24%
Financial (Regional)		20%	Profitability (EBIT margin of region), 60%		12%
			Organic sales growth of region, 40%		8%
Individual ESG & Transformation	20%	20%	ESG	10%	10%
			Long-term Transformation projects	10%	10%

The minimum and maximum performance levels to be achieved for the corresponding payouts are determined by the CNC and, in case of the CEO, by the Board of Directors, respectively, in December of each year for the following year, taking into account budget targets, current market conditions, including volatilities and uncertainties, etc., in order to allow for a balanced pay-for-performance profile. The Board of Directors reserves the right to re-adjust the initial target setting in case of extraordinary, unforeseen major events.

Financial KPIs comprise the main indicators of annual Group performance for the relevant year, including profitability and growth aspects. Individual ESG and Transformation KPIs focus on Lindt & Sprüngli's key long-term goals such as:

ESG	Transformation
(i) Climate (Carbon reduction targets)	(i) Organizational development
(ii) Human rights focused on child labor	(ii) Marketing insights and innovation
(iii) Packaging recyclability	(iii) On- and offline sales channel development
(iv) Health and safety	(iv) Efficiency and process improvement
(v) Upholding company values & fostering diversity	(v) Geographic expansion projects

The payment of the Cash Bonus in cash is made in spring of the following year once the determination regarding the level of achievement of the performance targets has been made. Forfeiture or withholding of unsettled short-term performance-based compensation and clawback provisions for settled short-term performance-based compensation may apply in a range of events (e.g. in case there is reasonable doubt regarding, but not limited to, misconduct, non-compliance, fraud, reporting, or audit issues with a potential negative financial or reputational impact on Lindt & Sprüngli Group).

Long-term performance-based compensation, Option Plan

As of 2023, for each member of Group Management, the grant levels under the Option Plan as an amount in Swiss Francs will be determined on an individual basis and can generally range between 0–100% (max. 180% as assessed and determined by the CNC at its discretion; previously 0–200%) of the respective Base Salary. The individual grant decision by the CNC and, in case of the CEO, by the Board of Directors, respectively, in any particular year will be based on a holistic assessment of the following criteria:

(i) Historical achievements on operative and strategic levels,
(ii) Position and influence on Lindt & Sprüngli's long-term success, yet not depending on immediate previous year's performance,
(iii) Level of overall responsibility,
(iv) Importance of acquired experience and know-how to contribute to future growth of financial parameters as EBIT margin, organic sales, and free cash flow as well as future progress on ESG and transformational topics, and
(v) Relevance of retention of talents.

Option grants may be withheld or clawed back completely in case there is doubt regarding, but not limited to, misconduct, non-compliance, fraud, reporting, or audit issues with a potential negative financial or reputational impact on Lindt & Sprüngli Group.

pwc

Report of the statutory auditor

to the General Meeting of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

Report on the audit of the compensation report

Opinion

We have audited the compensation report of Chocoladefabriken Lindt & Sprüngli AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14 to 16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Ordinance) in the tables marked 'audited' on pages 59 and 65 of the compensation report.

In our opinion, the information on remuneration, loans and advances in the compensation report (pages 52 to 70) complies with Swiss law and article 14 to 16 of the Ordinance.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the 'Auditor’s responsibilities for the audit of the compensation report' section of our report. We are independent of the Company 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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables marked 'audited' in the compensation report, the consolidated financial statements, the financial statements and our auditor’s reports thereon.

Our opinion on the compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the compensation report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the compensation report 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.

Board of Directors' responsibilities for the compensation report

The Board of Directors is responsible for the preparation of a compensation report 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 a compensation report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s responsibilities for the audit of the compensation report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to article 14 to 16 of the Ordinance is free from material misstatement, whether due to fraud or error, and to

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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 SA-CH 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 this compensation report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the compensation report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

PricewaterhouseCoopers AG

Gerhard Siegrist
Licensed audit expert
Auditor in charge

Josef Stadelmann
Licensed audit expert

Zürich, 6 March 2023

30 years of growth

Lindt & Sprüngli stands for long-term entrepreneurial thinking, premium quality of Swiss chocolate and continuity in management. Since it was founded in 1845, but particularly over the last 30 years, the company has been writing a success story that is shaped by strategic management at the head of the Group as well as passionate, loyal employees. Continuous development and the accompanying change are the most important constants and represent at the same time the backbone of the Group. After all, continuity requires change, and only change can create stability and future viability.

In 1993, Lindt & Sprüngli faced economic and business challenges once more in the company's history. Back then, it was the international opportunities and enormous potential of the Swiss chocolate manufacturer, still a regional company at the time, that prompted Ernst Tanner to take on the role of CEO and Delegate of the Board of Directors. We look back on this decisive turning point in the Group's history, which, over the past 30 years, has turned Lindt & Sprüngli into a Swiss global player ideally positioned for the future.

1993

30 years

Ernst Tanner

The Executive Chairman of the Board of Directors has shaped the success story of Lindt & Sprüngli for three decades – a story of clear objectives, passion and strong values.

Lindt & Sprüngli — No. 1 worldwide

30 years of growth

	1993	2022
Market Capitalization	660 m	22.67 bn
Registered shares March 1, 1993 | March 1, 2023	3,460	102,800
Global Sales	891 m	4.97 bn
Sales Europe	825 m	2.30 bn
Sales North America	36 m	2.03 bn
Sales Rest of the World	30 m	0.65 bn

All figures in CHF

When you took over the management of Lindt & Sprüngli in 1993, you were initially faced with a challenging situation, in terms of both business and finances. What prompted you to take up this challenge?
The decisive factors were the growth opportunities I saw for the small Swiss chocolate manufacturer that was Lindt & Sprüngli back then. I was attracted by the idea of unlocking this potential of well over 100 years of expertise in the manufacture of premium chocolate products at an international level and of developing the long-established company into a global player on this basis. With a long-term vision, a comprehensible strategy and viable plans, a new team worked on our goals. The management team quickly developed a passion for our products and our uncompromising commitment to quality. We quickly came to a common understanding that we wanted to become the global leader in the premium quality chocolate market through innovative ability and creativity.

With this global expansion, you ushered in a new era at Lindt & Sprüngli. And successfully: Sales in your "Trentes Glorieuses" has increased sixfold, and both market capitalization and the distribution of profits have multiplied. What were the key factors along the way?
It all started with the clear objective of establishing Lindt as a global brand for premium chocolate products and becoming the market leader in every major market. Back then, our core markets outside Switzerland were Germany and France. At the heart of our strategy, our intention was to cover the whole of Europe while continuously gaining market share. Having previously worked for an American company, it was clear to me that we had to expand directly into the world's largest chocolate market, the USA, in order to achieve a leading position there. We purposefully drove growth by acquiring premium brands. I am particularly proud of the fact that we were able to add two long-established US companies to our Group – Ghirardelli in 1998 and Russell Stover in 2014.

Continuity Excellence Quality

What role do the values play in your management?
They play a major role. When I became CEO, we agreed on a common set of values that we recorded in the Lindt & Sprüngli Credo, which are still valid today. Constant values are the cornerstone of an appreciative corporate culture. After all, success is always the result of perfect interaction along the entire value chain.

You have been at the helm of Lindt & Sprüngli for 30 years. Where does this extraordinary loyalty to the company come from?
I always saw myself less as a top manager than as an entrepreneur. As such, I pursue long-term strategic goals and a clear vision in the interests of sustainable corporate governance. The continuity is in accordance with this and is as much a part of me as it is to my management team, and can be found throughout the ranks of our more than 14,000 employees.

Why was this so important to you?
The acquisitions and expansion in the USA are among the most important milestones in our company's history. They are reflected in sales of more than CHF 2 billion in North America in 2022, making us the number 1 premium chocolate product company in the US market. At the same time, we founded subsidiaries in other important markets such as China, Japan, and South Africa, as well as a joint venture in Brazil. Here, we built up the market for establishing our own subsidiaries through exclusive distribution companies.

Successful brands build on the strengths of a Group. Lindt enchants the world with chocolate. How have you kept that promise alive over so many years?
Lindt & Sprüngli has stood for quality, expertise, innovation and passion since the company's beginnings. Lindt's unique image as a premium brand is based on these four values, which we convey through two exclusive brand ambassadors. Since his first appearance a quarter of a century ago, our Lindt Master Chocolatier has become a genuine trademark of Swiss quality and passionate craftsmanship. I am particularly pleased that we were able to appoint a global brand ambassador in 2009 in the person of world-class tennis player Roger Federer. He stands for the same values as we do and carries our name out all over the world. A truly perfect double. We have more than 500 chocolate shops around the world, where we enable visitors to personally experience what sets us apart. We celebrated our 175th anniversary in 2020. That year the opening of the "Lindt Home of Chocolate" – a unique combination of a museum and a center of excellence was a true milestone. With our unique Lindt Chocolate Competence Foundation, we promote innovation and talent and further anchor Swiss chocolate expertise.

At the same time, innovation is one of Lindt & Sprüngli's strengths. How do you keep up the quest for the new?
It is important to always remain curious and open to new things in order to actively shape change. For me, the exchange with employees, partners and customers is just as inspiring as the interpersonal encounters and new impressions I experience on my international travels.

Trends are moving towards a healthy diet and strong climate awareness. How does chocolate fit in with that?
We consistently focus on the needs of consumers, but always bearing our consistent promise of quality in mind. Some examples of this are our vegan chocolate bars and "Excellence Cacao Pure", whose sweetness is derived exclusively from the natural cocoa fruit. As a chocolate manufacturer that covers the value chain from bean to bar, environmental protection has long been important to us. This year, we are publishing for the first time scientifically-based objectives for reducing greenhouse gas emissions, on the way to achieving a net zero goal.

"We have succeeded in saving an important branch of Swiss industry and establishing our leading position worldwide: High-quality Swiss chocolate from Lindt & Sprüngli"

Ernst Tanner, Executive Chairman
of the Board of Directors of Lindt & Sprüngli AG

Let's take a look at the future. Where is Lindt & Sprüngli heading?
My wish is that Lindt & Sprüngli can continue to shape its future independently and autonomously while remaining a guarantor of above-average corporate performance. We achieve this by upholding our quality standards as an innovative manufacturer of premium chocolate products, thus making ourselves attractive to employees and shareholders alike.

Our Lindt & Sprüngli Success Strategy

1. Expand market share in Europe
2. Build premium chocolate market
3. International acquisitions

Building brand equity with our leader brands

30 years of growth

Market Capitalization

CHF 1 bn
Global Sales

1990s
Acquisition of the licensing businesses

1992
Global sales CHF 0,8 bn

1993
Ernst Tanner is elected as Chairman of the management board and Delegate of the Board of Directors

Acquisition of the former licensee Bulgheroni SpA in Italy and foundation of the subsidiary Italy

1994
Poland, Austria*

1995
150 years Lindt & Sprüngli

Canada*

1997
Australia*

Acquisition of the long-standing company Caffarel in Italy

1998
Birth of the Lindt Master Chocolatier

Acquisition of the oldest chocolate company in the US, the Ghirardelli Chocolate Company in San Francisco

2000
Share split 1:5 of registered shares and participation certificates

2005
Sweden*
CHF 2 bn Global Sales

2008
Czech Republic*
Start of the Lindt & Sprüngli Farming Program in Ghana

2009
Creation of the own shop network Global Retail – "We make the world a sweeter place"
Roger Federer becomes global Lindt brand ambassador

2010
Japan*
CHF 3 bn Global Sales

2011
South Africa*

2012
Ireland, Russia, China*

2013
Foundation of the Lindt Cocoa Foundation and Lindt Chocolate Competence Foundation

2014
Acquisition of the long-standing company Russell Stover in the US
Brazil*

2015

2018
Mexico*
CHF 4 bn Global Sales

2020
175 years Lindt & Sprüngli
Portugal*
Opening of the Lindt Home of Chocolate

2021
Netherlands*
Expansion to Benelux in 2022

2022
CHF 4.97 bn Global Sales
CHF 22,7 bn Market Capitalization

*Founding of subsidiaries

1998

25 years

Lindt Master Chocolatiers

Behind every Lindt creation is a passionate and experienced Master Chocolatier. They are the face of the premium brand and captivate the world every day with fine Swiss chocolate.

The warm light, the velvety shimmering chocolate in the copper kettles, the friendly smiling ladies and gentlemen under white starched hats swinging the artistically turned golden whisk and that music playing softly in the background… you guessed their identity by the third line, didn't you? Of course, the Lindt Master Chocolatiers. The Master Chocolatiers have been creating premium chocolate products since 1845 and have also been representing brand advertising in public for 25 years. For the majority of consumers, the ladies and gentlemen in their white uniform with the iconic whisk embody the Lindt brand. The figure of the Master Chocolatier – portrayed by several Chocolatiers around the world – has only been successful over such a long period of time because the brand is managed consistently. It blends tradition with both innovation and exclusivity. The marketing strategy knows how to skillfully combine the Lindt brand and its values, for which the Group stands, with the image of the Master Chocolatier and bring them to life all over the world. In this way, the Master Chocolatier himself has become a global brand name for Lindt premium chocolate.

The brand's positioning is based on the Master Chocolatiers, who define the communication and design for Swiss premium chocolate products with their craftsmanship. It is precisely this consistent presence as ambassadors for expertise and quality that has built up the strong brand image and its authenticity over the decades.

Since Lindt & Sprüngli was founded, its brand essence has been based on five strong values: quality, expertise, Swissness, creativity and innovation. A quarter of a century ago, Lindt & Sprüngli breathed life into its corporate values by launching the Lindt Master Chocolatiers into advertising and gave them an unmistakable, and indeed even a very personal face. As defining advertising figures, they embody ideally what Lindt has stood for from the very beginning, convey a uniform brand image around the world and have become incomparable advertising icons.

Opening Chocolateria,
Kilchberg, Switzerland

Lighting Event,
Kilchberg, Switzerland

Highl

Lindt Campus,
Stratham, USA

Lindt Shop Opéra, Paris, France

Ghirardelli Square,
San Francisco, USA

Lindt Master Chocolatier
Urs Liechti and Stefan Bruderer

Opening of the Lindt Home of Chocolate,
Kilchberg, Switzerland


Lindt Swiss Chocolate Heaven,
Jungfraujoch, Switzerland

Opening Lindt Shop,
Airport Zurich, Switzerland


Derek Tanner and Uwe Sommer,
Foundation Global Retail Division

ights


Ernst Tanner, Johann Lafer
and Adalbert Lechner


Roger Federer, Opening Lindt Shop,
O2-Arena London, UK


Lindt Shop, Lindt Home
of Chocolate, Kilchberg, Switzerland


175 year anniversary, Lindt &Sprüngli, in 2020

Opning Ghirardelli Shop,
Disneyland Anaheim, USA

Lindt Master Chocolatiers are traditionally trained Chocolatiers and as such also work in product development on a daily basis at Lindt & Sprüngli. With unrivaled expertise, they experiment, taste and create each product lovingly by hand first. Because each product development at Lindt & Sprüngli always begins with the expertise and craftsmanship of the Chocolatier.

"The world is full of flavors and a veritable treasure trove of new taste experiences and extraordinary ingredients for our chocolate creations."

Stefan Bruderer, international Lindt Master Chocolatier with 15 years as a product developer focusing on product innovations

In their advertising campaigns as well as their work in the Lindt Shops, their passion for the profession is palpable, flowing into the development of recipes for new creations – as is similarly their expertise and craftsmanship, and their clear commitment to top quality.

The fusion of both worlds works. It's really something to behold when consumers meet a Lindt Master Chocolatier during publicity shots at the Lindt Shop in Kilchberg. Children look at them with wide eyes as if they had just met Santa Claus in person. Adults – although they initially connect with a feel-good atmosphere and family traditions – also quickly see the Chocolatier, the expert. Usually, a discussion arises about particular chocolates and quality aspects that only a Lindt Master Chocolatier with their professional qualifications could hold. The Master Chocolatier thus strengthens consumers' long-term trust in the Lindt brand. This trust is also completely reflected in the conscious enjoyment of Lindt products.

With Lindt Master Chocolatiers as brand ambassadors, Lindt & Sprüngli has been able to build up a convincing and consistent brand image among consumers over the years. The accompanying credibility and authenticity have created a strong emotional bond with the company and its creations. The warmth and affection of the world of Lindt Master Chocolatiers has always been, and remains today a defining advertising element in the global growth strategy of Lindt & Sprüngli initiated 30 years ago. The Master Chocolatiers also play a key role in the development and expansion of the Group's Global Retail organization store network. They bring the premium brand Lindt to life in more than 500 Lindt Shops around the world. Visitors to the shops are always particularly fascinated by the fact that they are able to watch over the shoulders of the Master Chocolatiers as they develop their creations and exchange ideas with them in person.

Today, the Lindt Master Chocolatiers team is international and diverse. The Master chocolatiers at the twelve production sites around the globe come from a wide range of fields and have different perceptions of taste that are culturally influenced. Their origin, experiences and diverse ideas are an inexhaustible source of inspiration for constant new creations and culinary experiences. What unites them is their passion for the profession, their high standards of premium quality and their close ties to the home of the Lindt Master Chocolatiers in Switzerland, which is always the source of innovation for the Lindt & Sprüngli Group.

"Our attention to detail and passion for craftsmanship should be reflected in every praliné, as well as in the manufacture at all of our twelve production sites."

Urs Liechti, Head of Product Development at Lindt & Sprüngli Switzerland for over 20 years and passionate Lindt Master Chocolatier in advertising

Passion
Competence
Quality

Ghirardelli

The acquisition of the traditional American chocolate manufacturer 25 years ago laid a solid foundation for the successful expansion of Lindt & Sprüngli into the North American market. A long history, high quality standards and strong innovative capacity connect the two companies.

25 years 1998

Lindt & Sprüngli's expansion has been following a clear strategy for 30 years – to develop the Group into a global premium chocolate company, to achieve market leadership in all key markets and to create profitable growth. The geographic expansion, based on a well-established and profitable European business, envisaged from the outset growth through its own strength, based on its own sales companies, and at the same time through acquisitions.

Plans to tap into new high-growth markets initially focused on those with an established chocolate tradition. Then as now, the most important pillar of the global expansion strategy was the American market. Back in 1987, Lindt & Sprüngli set up a production site in Stratham, New Hampshire, where it subsequently opened its first Lindt Shops.

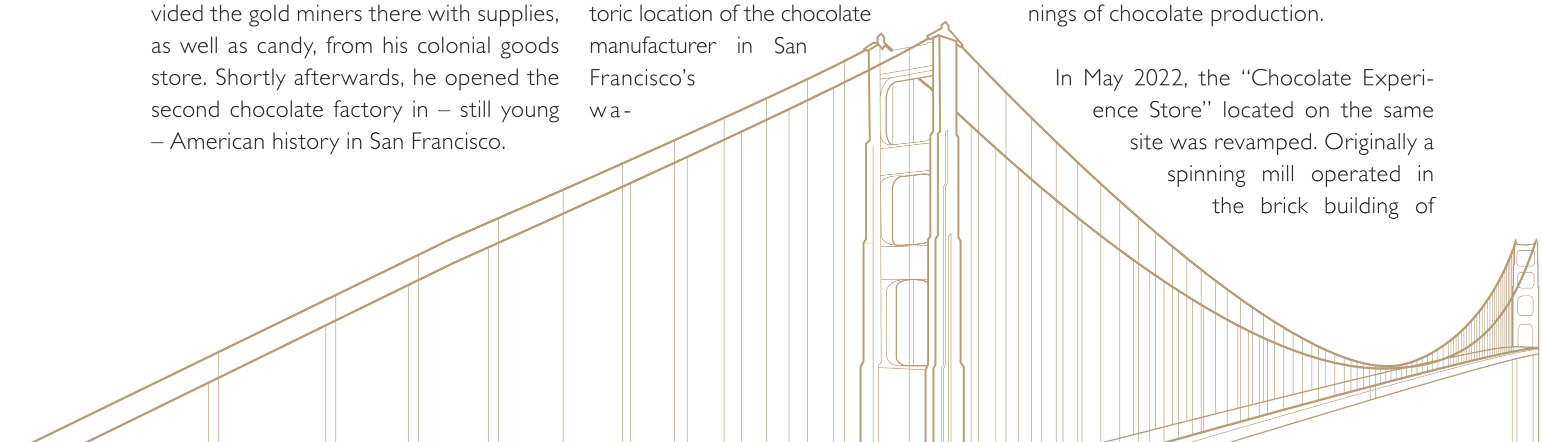
In order to establish the Group in the world's largest chocolate market, Lindt & Sprüngli acquired the most traditional chocolate company in the USA a quarter of a century ago. The acquisition of the Ghirardelli Chocolate Company in San Francisco, founded in 1852, was the decisive strategic step in exploiting the growth potential.
The company's founder, confectioner Domenico Ghirardelli, emigrated from Italy to America in the mid-19th century. At the time of the Gold Rush, he settled in the hinterland of San Francisco and provided the gold miners there with supplies, as well as candy, from his colonial goods store. Shortly afterwards, he opened the second chocolate factory in – still young – American history in San Francisco.

What unites the two Groups and made Ghirardelli an ideal addition to the portfolio is their pioneering spirit, long tradition, high quality standards and strong innovation capability. The acquisition has enabled the Lindt & Sprüngli Group to attain top position in the premium quality chocolate market in the USA.

Ghirardelli Squares, launched in 1999 and now Ghirardelli's bestseller, made an important contribution to this achievement. The chocolate Squares, which are available in a variety of fillings, are – in terms of success – so to speak the American counterpart to the Lindor truffles. They are named after Ghirardelli Square, the historic location of the chocolate manufacturer in San Francisco's waterfront district. For 100 years, the bright sign with the Ghirardelli logo, visible from afar, has been welcoming ships' passengers on their journey through the Golden Gate Bay.

Ghirardelli Square, steeped in history, and now a prominent landmark in the cityscape as well as a tourist attraction, was added to the National Register of Historic Places 40 years ago. Since the 1960s, it has housed the "Original Chocolate & Ice Cream Store". It is world famous for its hot fudge sundaes with home-made hot chocolate sauce. In addition, it tells the story of the long-established company as well as interesting facts about the beginnings of chocolate production.

In May 2022, the "Chocolate Experience Store" located on the same site was revamped. Originally a spinning mill operated in the brick building of



1864, and Ghirardelli moved his four production sites there at the end of the 19th century. When the company headquarters and chocolate production were relocated to San Leandro in the early 1960s, far-sighted investors preserved the site in its original form and converted it into a shopping and entertainment district.

The ongoing complete renovation to mark the 170th anniversary of Ghirardelli combines the historic building structure with modern elements. The original red brick buildings and wooden vaults are matched with the creative tiling work of a local producer. The golden eagle, which has always been the Ghirardelli logo, is embedded in the floor. The walls are decorated with murals and advertising posters from the time of the company's foundation.

"Ghirardelli — Makes Life a Bite Better — together with Lindt & Sprüngli since 1998."

In the "Chocolate Experience Store", visitors can watch the Ghirardelli Chocolatiers making the legendary Hot Fudge – a melt-in-the-mouth delight made from chocolate, milk and vanilla – and then enjoy it straight away on a Hot Fudge Sundae with a breathtaking view over the bay. For enjoyment at home, a beautiful metal tin with a selection of 40 varieties of Ghirardelli Squares from the largest Pick & Mix counter is ideal.

"Ghirardelli makes life a bite better" is the slogan of the traditional chocolate manufacturer. This brand promise is conveyed not only by the new flagship store in San Francisco, but also by the experience at the other 13 Ghirardelli stores, including at Disney World, Florida.

Ghirardelli also makes life a bite better for amateur bakers, bakeries and restaurateurs with cocoa and chocolate ingredients and baking and dessert recipes. With its unbroken innovative strength, the long-established company has thus been defending its leading position in the American chocolate and baking industry for years.

The latest figures once again prove the success of Lindt & Sprüngli's expansion strategy into the North American market. In addition to the Ghirardelli and Lindt brands, the traditional company Russell Stover, acquired in 2014, also makes a contribution to this. As a result, the growth prospects for premium chocolate products in the world's largest market remain intact in the long term.

Attraction Experience Tradition

1852: Domingo Ghirardelli opens the first candy store Ghirardely & Girard, laying the foundation for what is now the Ghirardelli Chocolate Company in San Francisco.

1893: After handing over the business to the sons in 1892, the Group purchases the "Pioneer Woolen Building" and relocates its production to its current location at Ghirardelli Square.

1923: The now famous neon sign "Ghirardelli" is installed and glows visibly for miles directly on the Golden Gate Strait.

1965: The city of San Francisco declares Ghirardelli Square a landmark of the metropolis. In 1982, the Square was added to the National Register of Historic Places, the official directory of historic buildings and sites.

1998: Lindt & Sprüngli acquires Ghirardelli, the most traditional chocolate company in the USA.

1999: Ghirardelli launches today's iconic "Ghirardelli Squares", which with their delicate filling "make life a bite better".

2009

15 years

Global Retail

The Global Retail Organization's mission is to bring the premium brand world of Lindt & Sprüngli to life for consumers all around the world. What began in pioneering fashion with the establishment of a own international retail network is reaching new dimensions via analog and digital sales channels.

The goal was clear – the long-standing company Lindt & Sprüngli was to be developed into a global player. But for a classic representative of the consumer goods industry, the journey there was an unusual one: Lindt and the world of the Master Chocolatiers were to be experienced in their own stores. At this time, consumer goods manufacturers relied predominantly on intermediary trade. Own store concepts tended to focus on luxury brands, which in turn were ideally suited to the expansion plans for a unique premium quality chocolate brand.

What began with 50 shops has increased tenfold over the decades on a global scale. More than 500 Lindt, Caffarel, Ghirardelli and Russell Stover stores now attract over 90 million visitors each year and are a key driver of organic growth within the corporate Group. With more than 200 shops, Europe has the largest share of the global retail network, closely followed by North America with around 150 and a retail network of some 150 shops in the younger markets of Australia, Japan, South Africa and Brazil. Today, Lindt & Sprüngli has its own shop at the most exclusive locations around the world, from the Empire State Building in New York to the Ginza district in Tokyo and the Champs-Élysées in Paris.

The shop concepts have evolved continuously over time, and today they speak a globally consistent language. The sophisticated shop design and the excellent service of more than 2,900 chocolate advisors bring the premium brand experience to life. The product range, logistics, sales and advertising, on the other hand, are adapted to the local preferences of consumers and gift-giving occasions.


Lindt
Lindt
Lindt
Lindt
LINDOR
Lindt
EMMA

Since 2009, the Lindt Shops have been delighting chocolate fans from all over the world with a special brand experience in an unmistakable design. The exclusive seasonal product presentations highlight the diversity of the premium range.

500 Shops

As a result, Lindt & Sprüngli not only meets its high-quality standards along the entire value chain, from cocoa bean to production and product design, but also complies with its premium standards in terms of the consumers' shopping experience.

The own shop concept enables Lindt & Sprüngli to increase awareness of the individual brands in line with the global expansion strategy. In addition, it makes it easier to tap into new markets with little or no chocolate tradition. Close cooperation between the countries and the use of synergy effects are important success factors.

The systematic implementation of the direct sales model soon required a professional management structure. In 2009, therefore, the strategic division "Global Retail Organization" was founded, which manages the global activities and the consistent appearance on a centralized basis. Back then, the number of shops worldwide had already grown to 130, a figure that the team of experts has further expanded by developing strategic concepts based on the experiences in the individual countries and rolling them out around the world. From the outset, the Global Retail Organization was intended to become a pillar of stable sales and income, opening up sustainable growth opportunities. However, the decision to set up its own global store network with unmistakable brand presentation was by no means a decision against the retail sector, but rather an ideal complement to it: Experience shows that wherever a Lindt Shop opens, sales of Lindt products increase due to the tangible brand presence in the immediate vicinity.

Almost no other market moves faster or is more exposed to external influences than the consumer goods market. Keeping pace with this development, anticipating it and helping to shape it therefore means not just tapping into new countries, but also systematically adding digital to analog sales channels. This increased diversity must be actively managed and offer consumers a uniform and unmistakable brand experience across all channels.

Omnichannel, as it is known in technical jargon, therefore plays a key role for Lindt & Sprüngli. In addition to more than 500 physical shops worldwide, 24 own e-shops have now been added on a global e-commerce platform. We also cooperate with numerous e-commerce providers – often proven trading partners from the analog world that are also expanding into digital commerce. This allows consumers to shop directly at Lindt at any time – in person or online.

Lindt & Sprüngli benefits from the fact that, over the past three decades, Lindt Shops have already established direct access to consumers in parallel with intermediary trading. Unlike other consumer goods producers, Lindt & Sprüngli did not have to acquire this indispensable foundation only with the emergence of the digital ecosystem. Rather, the unique brand and shopping experience can be transferred directly to digital channels based on the established connection with consumers, which further strengthens the Global Retail Organization as a profitable growth channel. The focus on creating unique brand experiences will therefore remain a constant in the future.

Another growth area that also manages the strategic Global Retail Organization division is business with corporate customers and, in particular, the area of personalized corporate gifts. "Corporate Gifting" is aimed at companies that, for example, want to thank their customers for their loyalty with a sweet treat from Lindt & Sprüngli, are looking for a suitable give-away for a trade fair appearance or want to acknowledge the special achievements of their employees. This opens up additional opportunities for growth, as companies no longer want to create an emotional connection with a personalized chocolate gift just on the usual public holidays, but increasingly at corporate events.

Lindt & Sprüngli offers its consumers a seamless shopping experience that ideally combines enjoyment, premium quality and excellent service in the Global Retail Organization. As a result, the Group is assuming a leading role in the chocolate industry and is focusing on the growth opportunities offered by digitalization in the direct-to-consumer business.

Brand Experience Direct-to-Consumer Personalization

LINDT & SPRÜNGLI
15 years
global brand ambassador
MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

Passion Expertise Quality

Roger Federer

A world-class tennis player. A world-famous premium quality chocolate. Bound together in a long-standing, successful partnership based on shared values – since 2009 and beyond the present day.

The year 2009 marked a pivotal moment for both Roger Federer and Lindt & Sprüngli. The Swiss tennis star won his career Grand Slam with his victory at the French Open. Before Federer, only five players had won all four Grand Slam titles in their careers. In the same year, Lindt & Sprüngli succeeded in gaining the world-class player as the first and sole global brand ambassador in its more than 175-year history. A perfect Swiss double that has continued for 17 years.

The tennis maestro uniquely embodies Lindt & Sprüngli's fundamental values of Swissness, precision, elegance, quality and expertise. With his global presence and his popularity, he supported the development of the Lindt brand in important markets and left a lasting impression on it. As part of his commitment as a brand ambassador for his favorite chocolate, the world's best tennis player has already bestowed unforgettable experiences on thousands of Lindt fans.

At one of their first joint appearances, Roger Federer and Ernst Tanner opened the Christmas Lighting Event together with a magical light show at the headquarters in Kilchberg.

However, one of the most spectacular appearances that will always remain unforgettable for him and the entire Lindt & Sprüngli team is the opening of

"A perfect Swiss double since 2009"

the highest Lindt Shop, the "Swiss Chocolate Heaven", on the Jungfraujoch in 2014. At this special opening event, Roger Federer and US ski racer Lindsey Vonn held a show match that attracted global attention against a magnificent mountain backdrop on the Aletsch Glacier. A match that Roger Federer still calls one of the most spectacular in his life.

The extent to which he is idolized in Asia was revealed in 2019. He appeared before the camera with film star Xin Zhilei for the "Chinese Moment of Bliss" Lindt advertising campaign. The first video reached 12 million viewers within an hour.

Roger Federer also took the opportunity to inaugurate the Lindt Home of Chocolate in 2020 together with former Federal Councilor Ueli Maurer and Foundation Board Chairman Ernst Tanner. The joint unveiling of the imposing nine-meter tall chocolate fountain and the film "The Grand Opening" in which Roger Federer took part were the highlights of the opening.

Over the years, the brand ambassador has also appeared at numerous openings of Lindt Shops around the globe, including the largest shop in Paris directly on the Champs-Élysées and the most exclusive shop on 5th Avenue in New York. With his friendly, approachable manner, he always inspires Lindt fans at the exclusive Meet & Greet events.

However, it's not just his appearances on the big stages that the brand ambassador uses to captivate his audience and strengthen Lindt's reputation and image. Like Lindt & Sprüngli, charitable commitment is close to his heart. Numerous joint projects in Switzerland and Africa bear witness to this, such as the "Match for Africa" charity tournaments with well-known tennis greats. Or the "Give Joy" campaign at Easter 2017, when he surprised countless young patients with a sweet Easter gift in ten children's hospitals in Switzerland.

Roger Federer announced his retirement from professional sport in 2022. Lindt & Sprüngli remains committed to him as a global brand ambassador. After all, the tennis legend has long ceased to impress based only on his extraordinary tennis game. It is his personality, his charisma and his many international commitments that make him a strong and impressive global brand.

2016

28 years

Dieter Weisskopf

Continuity in management allows scope for what is important in the Group – implementing strategy, innovation and, as a result, sustainable profitable growth. Dieter Weisskopf has been focusing on this for more than 28 years. His working methods are characterized by successful teamwork based on shared values – as a former CFO, most recently as Group CEO and since 2022 as a member of the Board of Directors of the Lindt & Sprüngli Group.

You started in 1995 as Chief Financial Officer of the Lindt & Sprüngli Group and were also responsible for Purchasing and Production. Was this combination of responsibilities the secret to your subsequent success as CEO?

Knowing and helping to shape the processes behind the figures in our company greatly benefited me as CFO and, indeed, even more so as CEO. Focusing only on the numbers would hardly have brought us that far. Along the entire value chain, there are people behind every number – be they cocoa farmers, our employees, our trading partners or the consumers. Appreciation of their contributions to the whole as well as our shared values have been and continue to be a solid foundation for our global expansion.

You played a decisive role in shaping Lindt's journey to becoming a global brand for premium chocolate products. What were the most important "ingredients"?
Success is never the result of an individual achievement, but the successful collaboration of a team that identifies with the brand, the Group and its goals. Establishing a premium brand globally means working hand in hand while making effective use of expertise and diversity of opinions as well as meeting the local needs of consumers – yet without compromising on quality. By entering the US market, we set the benchmark for the global rollout of our successful concept.

> "Great thanks are due to Dieter Weisskopf for continuing our success story on a sustainable basis. I now look forward to continuing our long-standing cooperation with him at a strategic level."
>
> Ernst Tanner, Executive Chairman of the Board of Directors of Lindt & Sprüngli AG

You were elected to the Lindt & Sprüngli Board of Directors in spring 2022 and passed on the position of CEO to Adalbert Lechner in the fall of 2022. How did you feel about the change?
Essentially, it is a change of perspective and a focus on strategic foresight, which is not unfamiliar to one as a CEO, but often comes up a little short in day-to-day operations. Of course, I benefit from being able to contribute my many years of experience as CEO and former CFO. I am delighted to be able to support my successor and his team as a sparring partner in my new role, just as I was able to as CEO.

On the Board of Directors, you will now work more closely again with Ernst Tanner, with whom you have long established a successful management team at an operational level. Which advantages do you perceive in this culture of continuity?
Anyone who has been working together in business for as long as we have is aware of each other's strengths and weaknesses. It is precisely this basis of trust that enables an open exchange, which makes change and further development possible. We were able to demonstrate this when I took over from Ernst Tanner and now in the transition from myself to Adalbert Lechner. When relationships within the Group are as well-established as they are between us, it enables us to focus on the essentials – in fact, it makes many things possible, and this is proven by our figures.

From the very beginning, you have been committed to the strategic anchoring of sustainability at Lindt & Sprüngli, initiating and implementing countless new measures. Why has this been so important for you?
As a Group with a history spanning more than 175 years, sustainability is anchored in our DNA, so to speak. Our day-to-day actions have been shaped by our appreciation and responsibility towards people and the environment. Sustainability determines how we manage Lindt & Sprüngli and make it fit for the future. A product such as chocolate requires a commitment along the entire line. We are one of the few major chocolate manufacturers in the world to cover the entire value chain. This is the only way we can meet our high quality standards, from the choice of cocoa beans to the chocolate bar. We provide the proof that sustainability and healthy growth are not mutually exclusive.

What have been the most important stages along the journey so far? And which ones are you particularly proud of?
One milestone was joining the UN Global Compact in 2009. One year later, our first sustainability report was published. I am particularly proud that our supply chain for cocoa beans has been 100% traceable, as well as externally verified, since the end of 2020 thanks to our own "Lindt & Sprüngli Farming Program". We can thus ensure the stable livelihood of 91,000 cocoa farmers and their families in all seven of our countries of origin, as well as sustainable development of the local agriculture. In addition, we launched the "Sustainable Packaging Initiative" in 2020, which aims to make 100% of our packaging recyclable or reusable by 2025, an important milestone on our long-term path to net zero emissions. Our progress in this regard is reflected in our Sustainability Report, which has been prepared for the first time in accordance with the standards of the Global Reporting Initiative.

Sustainability
Transformation
Globalization

2020

Lindt Home of Chocolate

The unique chocolate competence center – the Lindt Chocolate Competence Foundation – unites Swiss pioneering spirit and expertise in chocolate production under one roof, with the aim of strengthening the innovative capacity of the location in the long term. As soon as the entrance area, visitors can admire the spectacular free-standing chocolate fountain before immersing themselves in knowledge about the topic of chocolate in seven worlds of experience.

Innovation Swissness Competence

> **“The international appeal of the Lindt Home of Chocolate has made it one of the most popular museums in Switzerland.”**
>
> Ernst Tanner, Chairman of the Lindt Chocolate Competence Foundation

Almost nothing is so strongly associated with Switzerland as chocolate. The fact that Switzerland of all places is so famous for its chocolate is due to two virtues – a pioneering spirit and high quality standards. Lindt & Sprüngli is a prime example of these characteristics. Rodolphe Lindt’s pioneering invention of conching in 1879 has become the industry standard for the production of high-quality chocolate and continues to provide Lindt chocolate with its characteristic soft melting texture even today. With its commitment to constant renewal and uncompromising quality standards, Lindt & Sprüngli has played a key role in spreading the excellent reputation of Swiss chocolate around the world for more than 175 years.

The world-wide reputation of Swiss chocolate simultaneously represents both an honor and a mission, as it is important to uphold this reputation while making it even more widely known. It is underpinned by a strong commitment to securing Switzerland as a location for chocolate in the long term, as well as the tireless development of knowledge and expertise with regard to chocolate production.

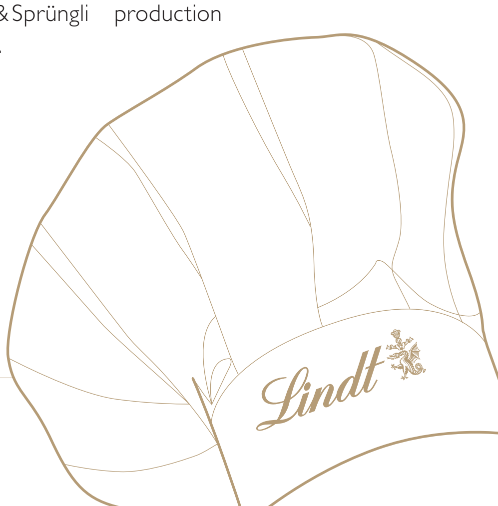
The Lindt Chocolate Competence Foundation, founded in 2013, is making an active contribution to this by aiming to strengthen the innovative capacity of the Swiss chocolate industry on a sustainable basis. One way it achieves this is through a museum that it makes accessible to the general public as an information platform on the topic of chocolate. It also operates a competence center for the sector-specific training and further education of specialists and the promotion of young talent. Among other things, new production and process technologies are researched here in cooperation with universities and colleges.

In order to realize its vision, the Foundation has chosen an unusual approach. With the “Lindt Home of Chocolate”, it has given a home to the history and future of Swiss chocolate – right where the founders of Lindt & Sprüngli were active and where smooth Lindt chocolate is still produced today – at the Group’s headquarters in Kilchberg on Lake Zurich.

The striking building is a masterpiece in many ways. About ten years elapsed between the birth of the idea and the inauguration of the visionary large-scale project. The planning phase began in 2014, just a year after establishment of the Foundation, with a renowned firm of architects.

The project progressed rapidly. Just one year later, the Foundation submitted the planning application to the authorities of the municipality of Kilchberg, which approved it in 2016. More than 4,000 trucks transported almost 70,000 cubic meters of soil for the 13-meter-deep excavation pit, the size of a football pitch. The foundation stone was laid in the fall of 2017, and during the ceremony a time capsule was sunk into the foundations. Among other things, it contains a bar of “Surfin”, the first smooth chocolate produced by Rodolphe Lindt, which is still made according to the original recipe. It is the original meter standard of Lindt & Sprüngli and symbolizes both the foundation of the Group and the basis for the triumph of Lindt chocolate around the world.

Over the following months, 16,000 cubic meters of concrete and 2,500 tons of steel were installed. Elaborate formwork shaped round stairways, bridge passageways and imposing skylights in the ceiling, giving the three-story building its distinctive interior. The façade of the 20-meter-high building was constructed from 170,000 red and 50,000 white bricks and is visually inspired by the historic Lindt & Sprüngli production facility.



1 million visitors since opening in 2020

After around 1,000 days of construction, the Foundation took over the completed building at the end of 2019 and handed the baton directly to the stage designers, who transformed the building's interior into a unique world of chocolate experiences.

The centerpiece of the "Lindt Home of Chocolate" is one of the world's largest chocolate fountains, which has 1,400 liters of liquid chocolate flowing from a height of over nine meters. Seven multimedia, interactive and multisensory worlds of experience wait to be discovered over an area of 1,500 square meters. They provide visitors with a wealth of interesting information about cocoa cultivation, the history of chocolate and the Swiss chocolate pioneers. A large research facility and show production complete the offer. In the tasting room, where the whole tempting variety of creations by the Master Chocolatiers is accommodated, visitors find themselves in chocolate heaven. With a chocolateria for chocolate courses and an auditorium with a cinema, the "Lindt Home of Chocolate" also offers space for events. The building also houses the world's largest Lindt Chocolate Shop and Switzerland's first Lindt Café.

> «About 10 years passed between the initial idea and the opening ceremony. The enormous success of the project confirms the Foundation's commitment to Switzerland as a location for chocolate.»
>
> Ernst Tanner, Chairman of the Lindt Chocolate Competence Foundation

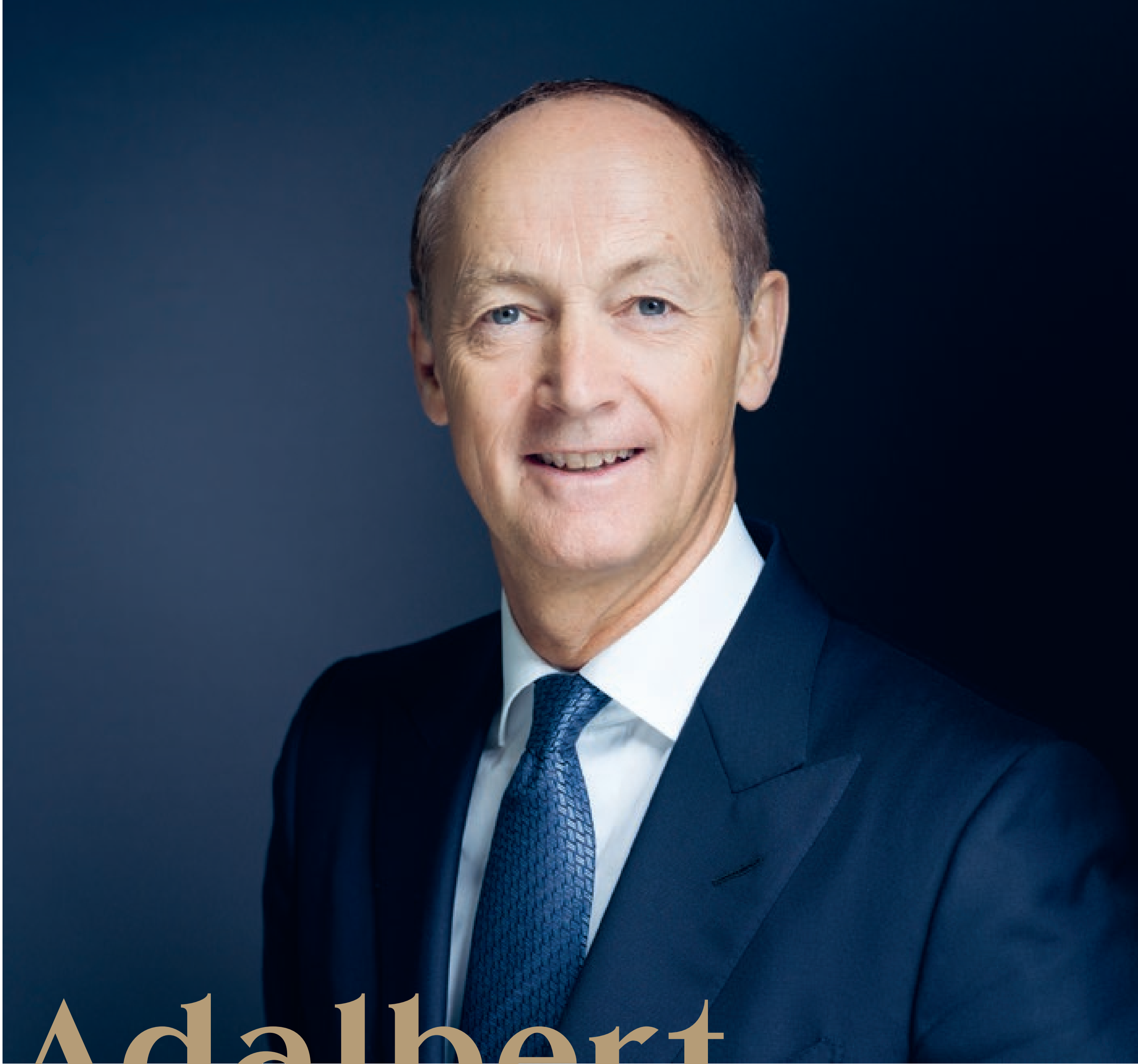
In the fall of 2020, just in time to mark the 175th anniversary of Lindt & Sprüngli, the new landmark of the Swiss chocolate industry was inaugurated at a festive ceremony and the "Lindt Home of Chocolate" was handed over for its intended purpose in the presence of numerous guests from Switzerland and abroad. "Chocolate is part of our national identity and the chocolate industry accounts for an important economic sector in our country," emphasized Federal Councilor Ueli Maurer in his opening address. "For this reason, promoting chocolate expertise is also synonymous with strengthening Switzerland as a business location."

After the opening, the COVID-19 pandemic caused repeated closures. A permanent opening of the museum was only possible as of January 1, 2022, making it all the more gratifying that the chocolate attraction has already captivated 1 million visitors, young and old, from near and far since it opened.

160 Years of Expertise

Long-term entrepreneurial thinking, Swiss premium quality of chocolate and continuity in the management – that is what Lindt & Sprüngli stands for. The success story over the last 30 years has been defined by strategic management at the head of the Group as well as passionate, loyal employees.

2022 30 years



Adalbert Lechner

In October 2022, Dr Adalbert Lechner succeeded Dr Dieter Weisskopf as Group CEO of Lindt & Sprüngli. He focuses on continuity in management and tackles current challenges with enthusiasm and a clear vision of new opportunities, while purposefully driving forward growth strategy.

You have helped shape the corporate history of Lindt & Sprüngli for 30 years and share the passion for the brand, people and markets of your two predecessors. What new approaches would you like to offer?
Management continuity is a guarantee of our success, and I will continue that. Management needs trust. I am grateful to my predecessors for building up and consolidating this trust in the Lindt & Sprüngli Group over the decades. Taking over at this point also means having respect for their work. At the same time, it is a motivating task to systematically focus on developing the Group based on this stable foundation. Over the decades, I have gained experience in the markets and, at the same time, have helped shape the Group strategy as a member of Group Management over the past six years. I have gained international experience as Head of the Global Retail division, which manages our 500 retail shops worldwide. The resulting proximity to the markets, consumers and our local teams characterizes my leadership style. I thus know the countries in the Group from both an operational and a strategic perspective.

What are you looking for in this development?
A strong foundation makes it easier to master challenging times, while at the same time it provides the freedom to anticipate and engage in the new. I took over management at a time of major

Teamwork Global Growth Sustainabilty

> **"Together with the Lindt & Sprüngli team, I would like to tackle the challenges of the future with joy and enthusiasm."**
>
> Dr Adalbert Lechner, Group CEO

upheavals on the global stage, which is reflected in the high volatility in our markets. In this uncertain environment, it is my clear goal to maintain the successful course on which Lindt & Sprüngli has found itself for decades, while at the same time taking advantage of the opportunities offered by the current change.

What sets you apart is your proximity to the markets and your long-term experience in the business operations of Lindt & Sprüngli. To what extent does this benefit you in your new role?

Markets are subject to constant change, sometimes more superficial, at other times more profound. Long-term experience of the market is definitely helpful. Only a company that adapts can remain successful in the long term. This is why proximity both to our trading partners as well as our consumers is so important. But also the trust that strong brands such as ours are sustainable over generations if they are cultivated and live up to their claims. I am also convinced that enjoyment and quality are enduring factors, especially in the premium chocolate product sector.

You have driven the expansion of Germany to become the largest and most important market for Lindt & Sprüngli in Europe. At the same time, you have expanded the emerging markets as well as the Global Retail organization. How do the established markets differ from new ones?

In both markets, it is important to consistently focus on the needs of our consumers. While we stand out in established markets through innovations, the diversity of our product range and intensive comprehensive activation measures, our door opener into new markets is a focused range of our core brands, for which we studiously build brand awareness step by step. Particularly in emerging markets, we have learned that entering the market with our own retail shops can be a promising way to reach a solvent group of buyers at premium locations. In addition, our own shops, where the brands are experienced in a unique manner, play a special role in building brand awareness and, in particular, the premium image. In both contexts, however, our success always depends on the fact that we do not make any compromises when it comes to the product quality.

Lindt & Sprüngli has also set itself ambitious growth targets for the coming years. What are the key requirements for this?

The basic requirement is to meet the challenges with pleasure and enthusiasm and to tackle them constructively and with combined forces. Ambitious targets can be achieved if they are clearly formulated, which also applies to the measures to be implemented. For us, this means that we define how we can become even more sustainable under the given conditions and analyze what globality means for us in the future. We develop a concept on how we can successfully adapt quickly to new market conditions, thus ensuring profitable growth in the long term.

Where do you set the focus in implementation?

In the coming years, we will focus on five strategic key areas. Profitable growth is an important requirement for our independence. We want to grow faster than the market and further expand our market share in order to ensure our high valuation and create shareholder value. We will continue to invest in the premium quality of our products, which strengthens our brands and differentiates us clearly from our competitors. At the same time, this means promoting innovation in all areas. We can thus improve processes and products, inspire consumers, and consequently create the basis for future growth. In addition, we will anchor environmental, social and governance standards even more strongly, thus addressing – and rightly so – rising expectations. In all of this, we want to further develop our unique corporate culture, in which the entrepreneurial spirit of our employees plays a key role.

“Together we enchant the world with chocolate — every day.”

Ernst Tanner,
Executive Chairman of the Board of Directors

Financial Report

Consolidated Financial 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, 2022		December 31, 2021	
Assets					
Property, plant and equipment	8	1,371.4		1,347.2	
Right-of-use assets	9	397.0		436.1	
Intangible assets	10	1,321.2		1,308.8	
Financial assets	11	1,810.8		2,653.6	
Deferred tax assets	12	154.9		185.6	
Total non-current assets		**5,055.3**	**63.6%**	**5,931.3**	**66.2%**
Inventories	13	875.6		761.6	
Accounts receivable	14	953.1		895.3	
Other receivables		116.9		109.5	
Accrued income and prepayments		40.2		47.1	
Derivative assets	15	39.1		23.8	
Marketable securities and current financial assets		0.3		250.3	
Cash and cash equivalents	16	864.6		937.2	
Total current assets		**2,889.8**	**36.4%**	**3,024.8**	**33.8%**
Total assets		**7,945.1**	**100.0%**	**8,956.1**	**100.0%**
Liabilities and equity					
Share and participation capital	17	23.9		24.2	
Own shares	17	–570.3		–460.6	
Retained earnings and other reserves		4,947.0		5,660.0	
Equity attributable to shareholders of the parent		**4,400.6**		**5,223.6**	
Total equity		**4,400.6**	**55.4%**	**5,223.6**	**58.3%**
Pension liabilities	19	95.3		136.7	
Bonds	18	998.3		997.8	
Lease liabilities	9	362.1		398.9	
Deferred tax liabilities	12	459.9		669.8	
Provisions	20	41.4		37.6	
Other liabilities		10.2		6.0	
Total non-current liabilities		**1,967.2**	**24.8%**	**2,246.8**	**25.1%**
Accounts payable to suppliers	21	290.5		237.9	
Other accounts payable		108.3		103.8	
Lease liabilities	9	68.0		70.1	
Current tax liabilities		129.1		120.2	
Accrued liabilities and deferred income	22	942.5		908.6	
Derivative liabilities	15	15.7		13.7	
Provisions	20	15.4		16.0	
Bank and other borrowings	18	7.8		15.4	
Total current liabilities		**1,577.3**	**19.8%**	**1,485.7**	**16.6%**
Total liabilities		**3,544.5**	**44.6%**	**3,732.5**	**41.7%**
Total liabilities and equity		**7,945.1**	**100.0%**	**8,956.1**	**100.0%**

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

Consolidated Income Statement

CHF million	Note	2022		2021	
Income					
Sales		4,970.2	100.0%	4,585.5	100.0%
Other income		27.9		31.4	
Total income		**4,998.1**	**100.6%**	**4,616.9**	**100.7%**
Expenses					
Changes in inventories		77.0	1.5%	70.3	1.5%
Cost of materials		–1,754.7	–35.3%	–1,588.4	–34.6%
Personnel expenses	23	–1,008.2	–20.3%	–986.0	–21.5%
Operating expenses		–1,294.5	–26.0%	–1,191.3	–26.0%
Depreciation, amortization and impairment	8, 9, 10	–273.1	–5.5%	–276.6	–6.0%
Total expenses		**–4,253.5**	**–85.6%**	**–3,972.0**	**–86.6%**
Operating profit (EBIT)		**744.6**	**15.0%**	**644.9**	**14.1%**
Financial income	24	6.6		4.1	
Financial expenses	24	–29.7		–27.3	
Income before taxes (EBT)		**721.5**	**14.5%**	**621.7**	**13.6%**
Taxes	12	–151.8		–131.2	
Net income		**569.7**	**11.5%**	**490.5**	**10.7%**
of which attributable to shareholders of the parent	2	569.7		490.5	
Non-diluted earnings per share/10 PC (CHF)	25	2,415.9		2,048.8	
Diluted earnings per share/10 PC (CHF)	25	2,387.1		2,019.4	

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

Consolidated Statement of Comprehensive Income

CHF million	2022	2021
Net income	**569.7**	**490.5**
Other comprehensive income after taxes	**–638.0**	**673.8**
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	–616.4	660.9
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	11.9	–1.1
Currency translation	–33.5	14.0
Total comprehensive income	**–68.3**	**1,164.3**
of which attributable to non-controlling interests	–	–0.4
of which attributable to shareholders of the parent	–68.3	1,164.7

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 12.

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 [1]	**Total equity**
Balance as at January 1, 2021		**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	17	0.2	–	119.0	–	–	–	119.2	–	119.2
Purchase of own shares and participation certificates	17	–	–444.8	–	–	–	–	–444.8	–	–444.8
Sale of own shares	17	–	11.0	–	–	2.9	–	13.9	–	13.9
Share-based payment [2]	27	–	–	–	–	28.8	–	28.8	–	28.8
Transactions with minorities		–	–	–	–	5.1	–	5.1	–5.1	–
Reclass into retained earnings		–	–	–88.6	–	88.6	–	–	–	–
Distribution of profit		–	–	–	–	–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**
Balance as at January 1, 2022		**24.2**	**–460.6**	**364.8**	**10.9**	**5,708.8**	**–424.5**	**5,223.6**	**–**	**5,223.6**
Net income		–	–	–	–	569.7	–	569.7	–	569.7
Other comprehensive income		–	–	–	11.9	–616.4	–33.5	–638.0	–	–638.0
Capital increase	17	0.1	–	82.6	–	–	–	82.7	–	82.7
Purchase of own shares and participation certificates	17	–	–555.2	–	–	–	–	–555.2	–	–555.2
Sale of own shares	17	–	0.6	–	–	0.2	–	0.8	–	0.8
Capital decrease (destruction)	17	–0.4	444.9	–94.4	–	–350.1	–	–	–	–
Share-based payment [2]	27	–	–	–	–	1.1	–	1.1	–	1.1
Distribution of profit		–	–	–	–	–284.1	–	–284.1	–	–284.1
Balance as at December 31, 2022		**23.9**	**–570.3**	**353.0**	**22.8**	**5,029.2**	**–458.0**	**4,400.6**	**–**	**4,400.6**

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

1 See note 2 for the changes in non-controlling interests.

2 The recorded expenses for share based payments amount to CHF 16.0 million (CHF 14.8 million in prior year). Moreover, CHF 14.9 million deferred tax expenses (CHF 14.0 million deferred tax benefits in prior year) on employee stock options in the USA were recorded directly in equity.

Consolidated Cash Flow Statement

CHF million	Note	2022	2021
Net income		569.7	490.5
Taxes		151.8	131.2
Interest expenses		29.7	25.4
Interest income		–2.5	–1.8
Depreciation, amortization and impairment	8, 9, 10	273.1	276.6
Decrease (–)/Increase (+) of provisions		4.2	–44.6
Decrease (–)/Increase (+) of allowances from current assets		6.9	13.8
Decrease (+)/Increase (–) of pension plans		–8.0	4.4
Profit (–)/Loss (+) from disposals of fixed asset		1.2	–5.5
Decrease (+)/Increase (–) of accounts receivables		–85.9	–73.2
Decrease (+)/Increase (–) of inventories		–140.6	–79.2
Decrease (+)/Increase (–) of other receivables		–10.6	1.5
Decrease (+)/Increase (–) of accrued income, prepayments, derivative assets and liabilities		–0.5	–14.5
Decrease (–)/Increase (+) of accounts payable		62.3	57.2
Decrease (–)/Increase (+) of other payables and accrued liabilities		47.5	173.0
Interest received		2.3	1.6
Interest paid		–28.3	–24.7
Taxes paid		–138.3	–121.8
Non-cash effective items [1]		22.0	16.9
Cash flow from operating activities (operating cash flow)		**756.0**	**826.8**
CAPEX in property, plant and equipment		–205.3	–217.1
Disposal proceeds property, plant and equipment		1.5	8.7
CAPEX in intangible assets		–24.4	–23.5
Disposal proceeds intangible assets		0.1	–
CAPEX in right-of-use assets [2]		–0.2	–0.2
Disposal proceeds right-of-use assets		0.1	–
Disposal proceeds (+)/Investing expenditures (–) in financial assets (excluding pension assets)		–	–0.3
Disposal proceeds (+)/Investing expenditures (–) in marketable securities and short-term financial assets		250.0	151.4
Acquisition of subsidiaries	2	–	–1.5
Cash flow from investment activities		**21.8**	**–82.5**

The accompanying notes form an integral part of the consolidated statements.
1 Movements of CHF 3.0 million result from the translation of foreign exchange balances (CHF –0.5 million in prior year).
2 This position consists of payments made before lease inception.

Consolidated Cash Flow Statement

CHF million	Note		2022		2021
Proceeds from borrowings		3.7		15.0	
Repayments of borrowings		–11.8		–2.9	
Repayments of lease liabilities	9	–75.4		–73.0	
Capital increase (including premium)		82.7		119.2	
Purchase of own shares and participation certificates		–551.4		–433.3	
Sale of own shares and participation certificates		0.8		14.5	
Distribution of profits		–284.1		–264.1	
Cash flow with non-controlling interests	2	–		–30.4	
Cash flow from financing activities			**–835.5**		**–655.0**
Net increase (+) / decrease (–) in cash and cash equivalents			**–57.7**		**89.3**
Cash and cash equivalents as at January 1		937.2		848.4	
Exchange gains (+) / losses (–) on cash and cash equivalents		**–14.9**	**922.3**	**–0.5**	**847.9**
Cash and cash equivalents as at December 31	**16**		**864.6**		**937.2**

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 6, 2023.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2022, 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
		Lindt & Sprüngli Distribution Services AG [2]	M	100	CHF	0.1
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
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) S.A.	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 [1/3]	D	100	RUB	17.0
Brazil	São Paulo	Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A.	D	100	BRL	230.0

D – Distribution, P – Production, M – Management
1 Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2 Lindt & Sprüngli Distribution Services AG was registered in May 2022. See also note 2 for more information.
3 For information regarding Lindt & Sprüngli (Russia) LLC, see note 2.

Information on changes in the consolidation scope or in non-controlling interests is disclosed within note 2.

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

Closures

As communicated in August 2022, the Lindt & Sprüngli Group decided to retire from the Russian market. The subsidiary Lindt & Sprüngli Russia LLC belongs to the segment "Europe" and there are no minority shares. There are no material positions within the Consolidated Financial Statements. Assets have been tested for recoverability. Therefore, impairments amounting to CHF 3.1 million have been recognized within the Consolidated Income Statement during 2022. As of December 31, 2022, provisions and accruals of CHF 3.5 million have been booked for the expected liquidation costs.

Formations

In May 2022, the Lindt & Sprüngli Distribution Services AG was founded and added to the consolidation scope of the group. The company provides services connected to the distribution, marketing and sales of Lindt & Sprüngli products.

Mergers

In January 2022, the following intragroup mergers occurred:

Lindt & Sprüngli S.p.A. absorbed its two fully-owned subsidiaries Lindt & Sprüngli Retail S.r.l. and Caffarel S.p.A. This represents an upstream merger. Moreover, 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, all business operations are continued with. Since both transactions are group-internal mergers, the impact on the consolidated financial statements is limited.

The minority shares in Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. have been purchased previously 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 interests.

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, 2022)

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, 2022.

Standard/interpretation	Effective Date	Effective 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
Extensions of expedients in IFRS 16 (until June 30, 2022)	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.

Proceeds before intended use – Amendments to IAS 16

The Lindt & Sprüngli Group already used to recognize proceeds and expenses realized from property, plant or equipment, which is still in progress of being constructed, in profit and loss before IAS 16 was amended accordingly and will continuously apply this accounting policy.

Costs of fulfilling a contract – Amendments to IAS 37

The Lindt & Sprüngli Group only considers direct costs of onerous contracts and herewith related provisions. The so called direct costs consist of incremental costs and an allocation of indirect costs which are directly attributable to the contract such as depreciation.

Updated references to conceptual framework – Amendments to IFRS 3

The Lindt & Sprüngli Group will apply the changes made in IFRS 3 "Business Combinations" concerning the recognition of liabilities, contingent liabilities and contingent assets arising in a business combination.

Annual improvements – IFRS 1, IFRS 9, IFRS 16

The Lindt & Sprüngli Group will comply with the annual improvements in the future. The improvements have not been applied though in 2022. The Lindt & Sprüngli Group has no subsidiary with cumulative currency translation differences, which is a first-time adopter of IFRS (IFRS 1). There were no material changes in the financial liabilities, requiring a derecognition assessment (IFRS 9). Additionally, the Lindt & Sprüngli Group has not obtained any leasehold improvement incentives from lessors, which fall in the scope of the amended IFRS 16.

Extension of practical expedient under IFRS 16 "Leases"
The Lindt & Sprüngli Group used the extension of the new practical expedient of IFRS 16 "Leases" until June 30, 2022, and continued to apply the expedient for the first half of the reporting year 2022. 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.

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
New standard – IFRS 17 "Insurance Contracts"	January 1, 2023	Reporting year 2023
Deferred taxes and initial recognition exemption clarification – Amendments to IAS 12	January 1, 2023	Reporting year 2023
Clarification definition of accounting estimates – IAS 8	January 1, 2023	Reporting year 2023
Clarification disclosure of material accounting policies – IAS 1	January 1, 2023	Reporting year 2023
Classification of liabilities as current or non-current – Amendments to IAS 1	January 1, 2024	Reporting year 2024
Clarification sale and lease back transactions – IFRS 16	January 1, 2024	Reporting year 2024

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		**2022**	2021	**2022**	2021
Euro zone	1 EUR	0.99	1.03	1.00	1.08
USA	1 USD	0.92	0.91	0.96	0.92
United Kingdom	1 GBP	1.11	1.23	1.17	1.25
Canada	1 CAD	0.68	0.72	0.73	0.73
Australia	1 AUD	0.63	0.66	0.66	0.69
Poland	100 PLN	21.08	22.51	21.33	23.50
Mexico	100 MXN	4.74	4.47	4.78	4.51
Sweden	100 SEK	8.86	10.09	9.34	10.63
Czech Republic	100 CZK	4.09	4.16	4.08	4.20
Japan	100 JPY	0.70	0.79	0.74	0.83
South Africa	100 ZAR	5.44	5.75	5.82	6.17
Hong Kong	100 HKD	11.86	11.71	12.19	11.76
China	100 CNY	13.31	14.36	13.94	14.23
Russia	100 RUB	1.27	1.22	1.30	1.25
Brazil	100 BRL	17.49	16.39	18.59	16.90

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 their 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, forming 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 obligations, 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 foundations 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. 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. 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 with 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 execute 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, 2022 and 2021, there were no such transactions.

As of December 31, 2022 and 2021, 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 sales 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, 2022, the net financial position amounted to CHF –571.3 million (CHF –294.7 million in prior year).

CHF million	**December 31, 2022**	December 31, 2021
Marketable securities and current financial assets	0.3	250.3
Cash and cash equivalents	864.6	937.2
Bonds non-current	–998.3	–997.8
Lease liabilities non-current	–362.1	–398.9
Lease liabilities current	–68.0	–70.1
Bank and other borrowings	–7.8	–15.4
Total net financial position	**–571.3**	**–294.7**

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, 2022, and December 31, 2021:

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	2021 Total
Bonds (including interest)	–	3.9	257.8	757.4	1,019.1
Lease liabilities (including interest)	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	2022 Total
Bonds (including interest)	–	3.9	255.3	756.0	1,015.2
Lease liabilities (including interest)	21.1	61.0	143.3	282.7	508.1
Accounts payable	287.6	2.9	–	–	290.5
Other accounts payable	106.0	2.3	–	–	108.3
Derivative assets	–10.5	–24.0	–4.6	–	–39.1
Derivative liabilities	6.5	9.1	0.1	–	15.7
Bank and other borrowings	6.1	1.7	–	–	7.8
Total contractually fixed payments	**416.8**	**56.9**	**394.1**	**1,038.7**	**1,906.5**

Changes in bonds are disclosed within note 18.

5. 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. In August 2022, the Lindt & Sprüngli Group has again launched a buyback program for registered shares and participation certificates in the amount of up to CHF 1 billion. The buyback started on August 2, 2022, and will last until July 31, 2024, at the latest. The buyback program that started in June 2021 in the amount of CHF 750 million has been successfully completed as of June 21, 2022.

The Lindt & Sprüngli Group monitors its capital based on its equity ratio, which was 55.4% as of December 31, 2022 (58.3% in prior year).

The objectives, policies and procedures as of December 31, 2022, related to capital management have not been changed compared to the previous year.

6. 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, member of same 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 Global Travel Retail (formerly Duty Free).

The Lindt & Sprüngli Group considers the operating profit as the segment result. Transactions between segments are valued and recorded at arm's length ("Cost-Plus"-Method).

Segment income

	Segment Europe		Segment North America		Rest of the World			**Total**
CHF million	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Sales	2,615.8	2,612.5	2,034.1	1,694.9	645.5	568.2	5,295.4	4,875.6
Whereof sales between segments	320.2	283.7	5.0	6.4	–	–	325.2	290.1
Third party sales	**2,295.6**	**2,328.8**	**2,029.1**	**1,688.5**	**645.5**	**568.2**	**4,970.2**	**4,585.5**
Operating profit	408.9	424.9	220.7	129.4	115.0	90.6	744.6	644.9
Net financial result							–23.1	–23.2
Income before taxes							**721.5**	**621.7**
Taxes							–151.8	–131.2
Net income							**569.7**	**490.5**

The following countries achieved the highest sales in 2022:

- USA CHF 1,730.4 million (CHF 1,428.9 million in prior year)
- Germany CHF 734.8 million (CHF 745.9 million in prior year)
- Switzerland CHF 406.8 million (CHF 353.6 million in prior year)

For better understanding, the sales 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 2022, sales of Global Retail amounted to CHF 686.0 million (CHF 585.4 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	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Assets	5,072.0	6,173.3	2,494.8	2,410.5	378.3	372.3	7,945.1	8,956.1
Liabilities	2,614.2	2,819.1	744.6	726.0	185.7	187.4	3,544.5	3,732.5
Investments [1]	192.8	185.1	94.4	122.6	23.6	26.6	310.8	334.3
Depreciation and amortization	145.0	156.6	98.3	91.6	21.7	21.1	265.0	269.3
Impairment	6.6	6.8	1.5	0.1	–	0.4	8.1	7.3

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 2022:
– USA CHF 1,454.2 million (CHF 1,444.3 million in prior year)
– Switzerland CHF 723.7 million (CHF 694.8 million in prior year)
– Germany CHF 297.8 million (CHF 317.6 million in prior year)

7. 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, 2022		December 31, 2021	
CHF million	Note	Level [1]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Fair value through profit or loss						
Derivative assets (level 2)	15	2	0.8	0.8	0.9	0.9
Investments third parties		3	0.3	0.3	0.3	0.3
Total			**1.1**		**1.2**	
Derivatives used for hedging						
Derivative assets (level 1)	15	1	25.6	25.6	9.2	9.2
Derivative assets (level 2)	15	2	12.7	12.7	13.7	13.7
Total			**38.3**		**22.9**	
Other financial assets at amortized cost						
Cash and cash equivalents	16		864.6	–[1]	937.2	–[1]
Accounts receivable	14		953.1	–[1]	895.3	–[1]
Other receivables [2]			94.7	–[1]	86.5	–[1]
Marketable securities and current financial assets			0.3	–[1]	250.3	–[1]
Total			**1,912.7**		**2,169.3**	
Total financial assets			**1,952.1**		**2,193.4**	
Financial liabilities						
Fair value through profit or loss						
Derivative liabilities (level 2)	15	2	0.1	0.1	0.1	0.1
Total			**0.1**		**0.1**	
Derivatives used for hedging						
Derivative liabilities (level 1)	15	1	–	–	1.6	1.6
Derivative liabilities (level 2)	15	2	15.6	15.6	12.0	12.0
Total			**15.6**		**13.6**	
Other financial liabilities at amortized costs						
Bonds	18	1	998.3	907.9	997.8	1,012.9
Other non-current liabilities			10.2	–[1]	6.0	–[1]
Accounts payable	21		290.5	–[1]	237.9	–[1]
Other accounts payable			108.3	–[1]	103.8	–[1]
Bank and other borrowings	18		7.8	–[1]	15.4	–[1]
Total			**1,415.1**		**1,360.9**	
Total financial liabilities			**1,430.8**		**1,374.6**	

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" is immaterial as of December 31, 2022, and predominantly consisted of a fixed deposit amounting to CHF 250.0 million at a bank with a good rating in prior year, 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	2022	2021
Opening Balance as at January 1	**1,482.2**	**1,459.5**
Proceeds from borrowings	3.7	15.0
Total proceeds from financial liabilities	**3.7**	**15.0**
Repayments of borrowings	–11.8	–2.9
Repayments of lease liabilities	–75.4	–73.0
Total repayments of financial liabilities	**–87.2**	**–75.9**
Currency translations and exchange differences	–6.8	2.9
Changes in lease liabilities [1]	43.9	82.7
Other	0.4	–2.0
Closing balance as at December 31	**1,436.2**	**1,482.2**
Bonds non-current	998.3	997.8
Lease liabilities non-current	362.1	398.9
Lease liabilities current	68.0	70.1
Bank and other borrowings	7.8	15.4

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

8. 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	2022 Total
Acquisition costs as at January 1, 2022	**1,196.8**	**1,582.1**	**269.2**	**200.4**	**3,248.5**
Additions	37.4	33.8	15.5	140.4	227.1
Retirements	–46.3	–75.1	–31.5	–	–152.9
Transfers	52.1	83.9	8.0	–136.9	7.1
Currency translation	–28.0	–36.4	–7.0	–0.1	–71.5
Acquisition costs as at December 31, 2022	**1,212.0**	**1,588.3**	**254.2**	**203.8**	**3,258.3**
Accumulated depreciation as at January 1, 2022	**656.9**	**1,028.2**	**216.2**	**–**	**1,901.3**
Additions	55.1	89.7	20.2	–	165.0
Impairments	3.3	1.4	1.2	–	5.9
Retirements	–45.2	–73.8	–31.3	–	–150.3
Transfers	9.3	–4.1	2.1	–	7.3
Currency translation	–14.8	–21.5	–6.0	–	–42.3
Accumulated depreciation as at December 31, 2022	**664.6**	**1,019.9**	**202.4**	**–**	**1,886.9**
Net fixed assets as at December 31, 2022	**547.4**	**568.4**	**51.8**	**203.8**	**1,371.4**

Advance payments of CHF 13.8 million (CHF 18.3 million in prior year) are included in the position "construction in progress". No mortgages exist on land and buildings.

The impairment charge of CHF 5.9 million (CHF 6.4 million in prior year) consists of write-downs of land and buildings of CHF 3.3 million (CHF 2.6 million in prior year) as well as machinery and other fixed assets of CHF 2.6 million (CHF 3.8 million in prior year).

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

9. Leases

9.1 Right-of-use assets

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

CHF million	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	Buildings	Vehicles	Other fixed assets	2022 Total
Right-of-use assets gross as at January 1, 2022	**637.8**	**19.8**	**4.8**	**662.4**
Accumulated depreciation	–213.2	–10.3	–2.8	–226.3
Right-of-use assets net as at January 1, 2022	**424.6**	**9.5**	**2.0**	**436.1**
Additions	47.7	5.6	1.8	55.1
Depreciation of the period	–68.5	–5.5	–1.2	–75.2
Impairments	–1.8	–	–	–1.8
Decreases in scope	–9.7	–0.4	–	–10.1
Transfers	–	–	–	–
Currency translation	–6.9	–0.2	–0.1	–7.2
Other	–	0.1	–	0.1
Right-of-use assets net as at December 31, 2022	**385.4**	**9.1**	**2.5**	**397.0**
Retirements [1]	20.1	5.5	1.1	26.7

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 year are mainly caused by new openings of retail stores and extensions of already existing leases for external warehouses, retail stores and offices like in prior year.

The position "transfers" (CHF 18.2 million) comprised of balance sheet reclassifications in prior year. CHF 14.4 million were 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.

9.2 Other lease information

CHF million	2022	2021
Interest expenses (included in financial expenses)	13.3	14.1
Expenses relating to short-term leases (included in operating expenses) [1]	8.0	3.4
Expenses relating to variable lease payments (included in operating expenses) [2]	27.7	21.6
Total cash outflow for leases (including interest)	88.7	87.1
Income from subleasing	7.8	7.6

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 430.1 million as at December 31, 2022, (CHF 469.0 million in prior year) is shown in note 4, lease commitments in note 29.

10. Intangible Assets

CHF million	EDP software & consultancy [1]	Customer relationships	Brands & IP	Goodwill	Other intangible assets	Intangible assets in progress [1]	2021 Total
Acquisition costs as at January 1, 2021	**124.0**	**117.8**	**459.8**	**706.5**	**21.1**	**8.8**	**1,438.0**
Additions	9.5	–	0.5	–	–	14.0	24.0
Retirements	–2.2	–	–	–	–0.8	–	–3.0
Transfers	2.9	–	–	–	–16.7	–7.2	–21.0
Currency translation	–0.4	4.3	–	25.3	–0.2	–	29.0
Acquisition costs as at December 31, 2021	**133.8**	**122.1**	**460.3**	**731.8**	**3.4**	**15.6**	**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	**38.6**	**62.4**	**460.3**	**731.8**	**0.1**	**15.6**	**1,308.8**

CHF million	EDP software & consultancy [1]	Customer relationships	Brands & IP	Goodwill	Other intangible assets	Intangible assets in progress [1]	2022 Total
Acquisition costs as at January 1, 2022	**133.8**	**122.1**	**460.3**	**731.8**	**3.4**	**15.6**	**1,467.0**
Additions	17.0	–	–	–	–	11.6	28.6
Retirements	–8.8	–	–	–	–0.1	–	–8.9
Transfers	17.3	–	–	–	0.3	–17.0	0.6
Currency translation	–3.0	1.5	–	8.3	–0.1	0.4	7.1
Acquisition costs as at December 31, 2022	**156.3**	**123.6**	**460.3**	**740.1**	**3.5**	**10.6**	**1,494.4**
Accumulated amortization as at January 1, 2022	**95.2**	**59.7**	**–**	**–**	**3.3**	**–**	**158.2**
Additions	16.3	8.5	–	–	–	–	24.8
Impairments	0.4	–	–	–	–	–	0.4
Retirements	–8.6	–	–	–	–0.1	–	–8.7
Transfers	0.1	–	–	–	0.2	–	0.3
Currency translation	–2.2	0.4	–	–	–	–	–1.8
Accumulated amortization as at December 31, 2022	**101.2**	**68.6**	**–**	**–**	**3.4**	**–**	**173.2**
Net intangible assets as at December 31, 2022	**55.1**	**55.0**	**460.3**	**740.1**	**0.1**	**10.6**	**1,321.2**

1 Intangible assets, which are not yet finalized, are now disclosed separately for materiality reasons.

Customer relationships of CHF 55.0 million (CHF 62.4 million in prior year) relate to the acquisition of Russell Stover Chocolates, LLC in 2014 and have a remaining useful life of 7 years. The same applies for the largest share of 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 728.6 million of the total CHF 740.1 million (CHF 719.8 million of CHF 731.8 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 11.5 million (CHF 12.0 million in prior year) relates to the acquisition of Lindt & Sprüngli Retail S.r.l., which has been merged with Lindt & Sprüngli S.p.A. in January 2022.

The position “transfers” contained balance sheet reclassifications of net CHF 14.4 million from other intangible assets into right-of-use assets in prior year.

Research and development expenditures amounted to CHF 18.4 million (CHF 17.1 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:

	2022	2021
Period of cash flow projections	5 years	5 years
Annual sales growth [1]	7.7%	6.5%
Annual EBIT-margin evolution	Improvement	Improvement
Terminal growth	2.5%	2.5%
Discount rate	7.9%	5.4%

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 5.9% (5.4% in prior year) 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.

Impairment test of goodwill division "Retail Italy"

In addition, the goodwill of CHF 11.5 million (CHF 12.0 million in prior year), stemming from the purchase of the Lindt & Sprüngli related retail operations of S.T. SpA in 2020 has been tested for impairment. The impairment test is performed on the level of the division "Retail Italy" and is as well done using the discounted cash flow method.

The impairment test and the conducted sensitivity analysis confirmed that no impairment is required. Even if key assumptions were to worsen by partly up to 200 basis points, there is no need for impairment.

Due to its immateriality and since an impairment is very unlikely, further disclosures regarding the applied assumptions in the impairment test are omitted.

11. Pension Assets & Financial Assets

CHF million	**2022**	2021
Pension assets [1]	1,810.5	2,653.3
Investments third parties	0.3	0.3
Total	**1,810.8**	**2,653.6**

1 See note 19 for the detailed disclosure of pension assets.

12. Taxes

12.1 Deferred tax assets and liabilities

The net value of deferred tax liabilities is as follows:

CHF million	2022	2021
As at January 1	**484.2**	**417.7**
Deferred income tax expense (+) / income (–)	3.8	–30.4
Tax charged to comprehensive income	–198.3	109.8
Tax charged to other components of equity	14.9	–14.0
Currency translation	0.4	1.1
As at December 31	**305.0**	**484.2**

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

CHF million	2022	2021
Deferred tax assets		
Property, plant and equipment	11.9	12.0
Intangible assets	30.4	38.2
Pension plans	20.7	48.9
Receivables	6.8	7.4
Inventories	36.8	27.3
Leases	13.0	12.9
Payables and accruals	96.9	75.2
Derivative assets and liabilities	1.7	4.6
Tax loss carry-forwards	74.3	72.2
Other	8.0	6.7
Deferred tax assets gross	**300.5**	**305.4**
Netting	–145.6	–119.8
Total	**154.9**	**185.6**
Deferred tax liabilities		
Property, plant and equipment	44.2	25.4
Intangible assets	83.0	73.5
Pension plans	459.8	671.0
Receivables	3.0	2.2
Inventories	5.1	4.0
Payables and accruals	7.8	8.6
Derivative assets and liabilities	1.8	4.6
Other	0.8	0.3
Deferred tax liabilities gross	**605.5**	**789.6**
Netting	–145.6	–119.8
Total	**459.9**	**669.8**
Net deferred tax	**305.0**	**484.2**

Utilization of tax loss carry-forwards is fully supported by budget and mid-term projections and is expected to occur within 5–10 years. Tax loss carry-forwards were primarily generated in the USA and the majority have no expiration date.

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

CHF million	2022	2021
Between 1 and 5 years	–	1.0
Over 10 years	12.4	0.2
Total	**12.4**	**1.2**

The tax loss carry-forwards in 2022, of which no deferred tax assets are recognized, are all related to Lindt & Sprüngli Russia LLC. Tax loss carry-forwards utilized in 2022 amounted to CHF 0.2 million (CHF 0.7 million in prior year).

12.2 Tax expense

CHF million	2022	2021
Current tax expense	145.7	159.4
Deferred income tax expense (+)/income (–)	3.8	–30.4
Other taxes	2.3	2.2
Total	**151.8**	**131.2**

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	2022	2021
Income before taxes	**721.5**	**621.7**
Expected tax [1]	**142.5**	**129.9**
Change in applicable tax rates on temporary differences	–2.4	–0.8
Utilization of unrecognized tax loss carry-forwards from prior years	–	–0.2
Adjustments related to prior years	–10.6	–0.4
Non-taxable items	4.1	1.6
Withholding tax levied and other taxes	22.4	4.2
Income components with lower tax rates	–1.8	–2.5
Other	–2.4	–0.6
Total	**151.8**	**131.2**

1 Based on the expected weighted average tax rate of 19.8% in 2022 (20.9% in prior year).

The Lindt & Sprüngli Group is currently assessing the impacts of BEPS 2.0 Pillar II, an international tax reform, initiated by the OECD, which foresees a global minimal tax rate of 15%. Currently, Management has not yet sufficient information to quantify the impacts. Generally, due to the reform, a negative impact is expected for countries with a current tax rate below 15%.

The tax for each component of other comprehensive income is:

			2022			2021
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	11.9	–	11.9	–1.1	–	–1.1
Defined benefit plan	–814.7	198.3	–616.4	770.7	–109.8	660.9
Currency translation	–33.5	–	–33.5	17.6	–3.6	14.0
Total	**–836.3**	**198.3**	**–638.0**	**787.2**	**–113.4**	**673.8**

13. Inventories

CHF million	2022	2021
Raw material	163.2	134.1
Packaging material	144.7	113.0
Semi-finished and finished products	652.3	593.8
Inventory reserves	–84.6	–79.3
Total	**875.6**	**761.6**

In 2022, CHF 22.3 million (CHF 18.1 million in prior year) of the inventory reserve that existed as of year-end 2021 has been credited to the income statement.

14. Accounts Receivable

CHF million	2022	2021
Accounts receivable gross	984.4	926.4
Allowances	–31.3	–31.1
Total	**953.1**	**895.3**
Allowance as at January 1	**–31.1**	**–31.7**
Addition	–20.9	–5.4
Utilization	2.8	3.3
Release	17.6	2.6
Currency translation	0.3	0.1
Allowance as at December 31	**–31.3**	**–31.1**

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, 2022	Key accounts	Distributors	Other customers	2022 Total
Share in %	59.3%	8.5%	19.7%	
Rating	BB	B x 3	B-BB	
Probability of default	0.6%	5.8%	1.8%	
Forward looking allowance in %	**0.4%**	**0.5%**	**0.4%**	**1.3%**
Accounts receivable gross				**984.4**
Forward looking allowance				–12.3
Historical allowance				–19.0
Accounts receivable net				**953.1**

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	2022	2021
Not yet past due	835.0	794.3
Past due 1–30 days	121.2	89.5
Past due 31–90 days	19.2	30.0
Past due over 91 days	9.0	12.6
Accounts receivable gross	**984.4**	**926.4**

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

CHF million	2022	2021
CHF	61.2	48.1
EUR	307.6	291.9
USD	330.4	294.9
GBP	81.7	85.8
AUD	72.4	72.0
CAD	42.4	45.2
Other currencies	57.4	57.4
Accounts receivable net	**953.1**	**895.3**

15. Derivative Financial Instruments and Hedging Reserves

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

	2022		2021	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging (currencies and raw material)	38.3	15.6	22.9	13.6
Other derivatives	0.8	0.1	0.9	0.1
Total	**39.1**	**15.7**	**23.8**	**13.7**

The carrying amount (contract value) of the outstanding forward-currency and raw material contracts as at December 31, 2022, is CHF 1,200.7 million (CHF 1,538.5 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 22.8 million as of December 31, 2022 (CHF 10.9 million in prior year), which is shown as hedging reserve in the consolidated statement of changes in equity, will be released to the position "cost of materials" 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".

16. Cash and Cash Equivalents

CHF million	**2022**	2021
Cash at bank and in hand	560.3	896.8
Current bank deposits	304.3	40.4
Total	**864.6**	**937.2**

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.

17. 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, 2021	**135,552**	**1,044,146**	**13.6**	**10.4**	**24.0**
Capital increase	–	22,418	–	0.2	0.2
Capital decrease (destruction)	–	–	–	–	–
As at December 31, 2021	**135,552**	**1,066,564**	**13.6**	**10.6**	**24.2**
Capital increase	–	14,962	–	0.1	0.1
Capital decrease (destruction)	–453	–37,570	–0.1	–0.3	–0.4
As at December 31, 2022	**135,099**	**1,043,956**	**13.5**	**10.4**	**23.9**

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

The conditional capital has a total of 325,945 participation certificates (340,907 in prior year) with a par value of CHF 10. Of this total, 171,495 (186,457 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 2022, a total of 14,962 (22,418 in prior year) of the employee options were exercised at an average price of CHF 5,599 (CHF 5,382 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:

	2022		2021	
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**667**	**37,570**	**377**	**–**
Retirements	–9	–	–163	–
Share buy-back program	376	50,544	453	37,570
Capital decrease (destruction)	–453	–37,570	–	–
Inventory as at December 31	**581**	**50,544**	**667**	**37,570**
Average sales price of retirements (CHF)	100,299	–	89,054	–
Average cost of share buy-back program (CHF)	104,752	10,204	106,203	10,560
Average cost of capital decrease (CHF)	106,203	10,560	–	–

18. Financial Liabilities

CHF million	2022	2021
Non-current		
CHF 250 million 1.0% bond, 2014–2024	249.6	249.4
CHF 250 million 0.3% bond, 2017–2027	249.8	249.6
CHF 250 million 0.01% bond, 2020–2028	249.5	249.4
CHF 250 million 0.25% bond, 2020–2032	249.4	249.4
Total non-current borrowings	**998.3**	**997.8**
Current		
Bank and other borrowings	5.1	10.5
Loans	2.7	4.9
Total current borrowings	**7.8**	**15.4**
Total borrowings	**1,006.1**	**1,013.2**

Amortization as well as interest expense are reported as part of financial expenses, which are disclosed in note 24.

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

CHF million	2022	2021
CHF	998.3	997.8
EUR	5.1	7.2
USD	–	3.3
Other currencies	2.7	4.9
Total	**1,006.1**	**1,013.2**

19. 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 benefit and defined contribution plans that insure most of the employees against the risks of retirement, disability, and death.

19.1 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 2022, the employer contributions to defined contribution plans amounted to CHF 14.9 million (CHF 14.3 million in prior year).

19.2 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.

19.2.1 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 strategy, changing the pension plan regulations and in particular 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 2022, 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.

19.2.2 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 increased life expectancy, the salary increase risk and the inflation risk might result in pension adjustments.

19.2.3 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.

19.2.4 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.

19.2.5 Actuarial calculations
The actuarial valuation was prepared by independent actuaries at December 31, 2022. The market value of assets at December 31, 2022 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
	2022	2021	**2022**	2021
Discount rate	2.8%	0.8%	3.0%	0.6%
Future salary increases	1.8%	1.1%		
Future pension adjustments	0.4%	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:

		2022		2021
	Switzerland	Germany	Switzerland	Germany
Retirement in 20 years (age of 45 at balance sheet date)				
Men	24.97	23.36	24.86	23.23
Women	26.49	26.25	26.40	26.15
Retirement at balance sheet date (age of 65)				
Men	22.70	20.61	22.57	20.47
Women	24.48	24.04	24.37	23.92

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	**2022**	2021	**2022**	2021
Employee benefits expense				
Total service cost				
Current service cost	17.2	19.0	0.8	0.8
Past service cost	–0.1	–0.1	–	–
Net interest cost	–15.5	–8.8	0.1	0.1
Liability management cost	0.6	0.6	–	–
Actuarial gains (–)/losses (+)	–	–	–1.6	–0.1
Total defined benefit cost (+)/gain (–) of the period	**2.2**	**10.7**	**–0.7**	**0.8**
Valuation components accounted for in OCI				
Actuarial gains (–)/losses (+)				
Arising from changes in demographic assumptions	–	–16.4	–	–
Arising from changes in financial assumptions	–107.8	–21.3	–	–
Arising from experiences	12.7	1.3	–	–
Return on plan assets (excluding interest income)	623.2	–749.4	–	–
Return on reimbursement (excluding amounts in net interest)	1.3	–1.1	–	–
Changes in asset ceiling and other	285.3	16.2	–	–
Total defined benefit cost (+)/gain (–) recognized in OCI	**814.7**	**–770.7**	**–**	**–**
Total defined benefit cost (+)/gain (–)	**816.9**	**–760.0**	**–0.7**	**0.8**

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	**2022**	2021	**2022**	2021
Defined benefit obligation as at January 1	**545.9**	**580.9**	**10.4**	**10.4**
Current service cost	17.2	19.0	0.8	0.8
Plan participants' contributions	6.9	5.7	–	–
Interest expense on the net present value of the obligation	4.0	3.0	0.1	0.1
Actuarial gains (–)/losses (+)	–95.1	–36.4	–1.6	–0.1
Past service gains (–)/losses (+)	–0.1	–0.1	–	–
Gains (–)/losses (+) on curtailments	–0.1	–	–	–
Liabilities assumed in business combinations	0.1	–	–	–
Benefits paid through pension assets	–13.7	–15.2	–	–
Benefits paid by employer	–4.6	–5.2	–0.6	–0.6
Currency exchange differences	–5.1	–5.8	–0.7	–0.2
Defined benefit obligation as at December 31	**455.4**	**545.9**	**8.4**	**10.4**

Changes in the fair value of plan assets

	Pension plans	
CHF million	**2022**	2021
Fair value of plan assets as at January 1	**3,107.1**	**2,354.0**
Plan participants' contributions	6.9	5.7
Contributions by employer	3.1	2.5
Interest income	19.5	11.8
Return on plan assets (excluding interest income)	–623.2	749.4
Benefits paid through pension assets	–13.7	–15.2
Liability management cost	–0.6	–0.6
Currency translations	–0.3	–0.5
Fair value of plan assets as at December 31	**2,498.8**	**3,107.1**

Development of reimbursement rights[1]

CHF million	**2022**	2021
Reimbursement rights as at January 1	**7.9**	**7.8**
Employee contributions	–	0.2
Interest income on reimbursements	0.1	0.1
Return on reimbursement (excluding interest income)	–1.3	1.1
Reimbursements to employer	–1.1	–1.7
Currency translation	0.2	0.4
Reimbursement rights as at December 31	**5.8**	**7.9**

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

Development of not recorded plan assets

	Pension plans	
CHF million	**2022**	2021
Asset ceiling as at January 1	**34.2**	**18.0**
Interest income recognized in OCI	0.2	0.1
Change in asset ceiling recognized in OCI	285.3	16.1
Asset ceiling as at December 31	**319.7**	**34.2**

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	**2022**	2021	**2022**	2021
Present value of funded obligation	440.8	526.1	–	–
Fair value of plan assets	–2,498.8	–3,107.1	–	–
Underfunding (+) / overfunding (–)	**–2,058.0**	**–2,581.0**	**–**	**–**
Asset ceiling	319.7	34.2	–	–
Present value of unfunded obligations	14.7	19.8	8.4	10.4
Net pension liability (+) / asset (–)	**–1,723.6**	**–2,527.0**	**8.4**	**10.4**
of which pension liabilities	86.9	126.3	8.4	10.4
of which pension assets[1]	–1,810.5	–2,653.3	–	–

1 See note 11.

The plan assets mainly originate 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:

			2022			2021
CHF million	Listed	Not listed	Total	Listed	Not listed	Total
Shares	2,139.1	–	2,139.1	2,738.4	–	2,738.4
Bonds	151.7	–	151.7	167.8	–	167.8
Alternative investments	18.7	–	18.7	19.6	–	19.6
Real estate	20.2	123.3	143.5	19.5	123.4	142.9
Qualified insurance policies	–	26.8	26.8	–	24.0	24.0
Liquidity and other	–	19.0	19.0	–	14.4	14.4
Total	**2,329.7**	**169.1**	**2,498.8**	**2,945.3**	**161.8**	**3,107.1**

The plan assets include shares of the Lindt & Sprüngli Group with a market value of CHF 1,982.2 million at December 31, 2022 (CHF 2,549.7 in 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, 2022 (CHF 16.0 million in prior year). The revaluation of assets resulted in a loss of CHF 603.5 million in 2022 (gain of CHF 764.8 million in prior year). In 2023, the expected employer contributions amount to CHF 3.1 million and the expected payments for pensions by the employer to CHF 3.0 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	**2022**	2021
Active employees	270.0	319.8
Vested terminations	6.6	10.3
Pensioners	178.8	215.8
Total	**455.4**	**545.9**

The average duration of the liabilities at December 31, 2022, is 10.5 years (14.1 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	2022		2021	
Increase (+) / decrease (–) of assumptions by	**+0.25%**	**–0.25%**	**+0.25%**	**–0.25%**
Technical interest rate	–10.3	11.4	–17.7	19.0
Salary increase	3.9	–3.2	6.1	–5.0
Pension indexation	7.3	–2.0	11.9	–3.2

20. Provisions

CHF million	Legal claims/ cases	Business risks	Asset retirement obligations	Other	**Total**
Provisions as at January 1, 2021	**29.7**	**0.2**	**8.7**	**58.4**	**97.0**
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
Addition	14.4	2.9	0.6	9.4	27.3
Utilization	–3.6	–	–0.3	–10.1	–14.0
Release	–4.2	–0.3	–0.2	–4.2	–8.9
Currency translation	–0.3	–0.1	–0.6	–0.2	–1.2
Provisions as at December 31, 2022	**33.0**	**2.8**	**8.4**	**12.6**	**56.8**
of which current	8.4	–	0.8	6.2	15.4
of which non-current	24.6	2.8	7.6	6.4	41.4

Provisions for legal cases include unsettled claims, and legal proceedings as of December 31, 2022, 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. As in prior years, the additions to provisions were mainly due to new legal proceedings. 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 as of December 31, 2022.

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

The utilization of provisions of CHF 40.0 million in 2021 is related to settlement negotiations with the former multi-employer benefit plan in the USA. Since an agreement has been achieved, the corresponding provisions have been utilized in 2021.

21. Accounts Payable

Accounts payable to suppliers are denominated in the following currencies:

CHF million	2022	2021
CHF	30.9	23.1
EUR	153.0	133.3
USD	60.8	44.0
GBP	15.6	12.6
Other currencies	30.2	24.9
Total	**290.5**	**237.9**

22. Accrued Liabilities

CHF million	2022	2021
Trade related accrued liabilities and deferred income	514.1	478.9
Salaries/wages and social costs	144.8	150.2
Accrued cost of materials	25.2	23.9
Accrued operating expenses	206.5	220.4
Accrued Capex	22.9	14.8
Other	29.0	20.4
Total	**942.5**	**908.6**

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.

23. Personnel Expenses

CHF million	2022	2021
Wages and salaries	746.5	714.2
Social benefits	152.0	175.0
Personnel leasing	63.1	57.8
Other	46.6	39.0
Total	**1,008.2**	**986.0**

For the year 2022, the Lindt & Sprüngli Group employed an average of 14,466 people (14,135 in prior year).

24. Net Financial Result

CHF million	2022	2021
Interest income	2.5	1.8
Other	4.1	2.3
Total financial income	**6.6**	**4.1**
Interest expenses	–29.7	–25.4
Other	–	–1.9
Total financial expenses	**–29.7**	**–27.3**

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.

25. Earnings per Share / Participation Certificate (PC)

	2022	2021
Non-diluted earnings per share / 10 PC (CHF)	**2,415.9**	**2,048.8**
Net income attributable to sharesholders according to income statement (CHF million)	569.7	490.5
Weighted average number of registered shares / 10 PC	235,811	239,412
Diluted earnings per share / 10 PC (CHF)	**2,387.1**	**2,019.4**
Net income attributable to sharesholders according to income statement (CHF million)	569.7	490.5
Weighted average number of registered shares / 10 PC and outstanding options on 10 PC	238,657	242,894
Weighted average number of registered shares / 10 PC to derive the non-diluted earnings	235,811	239,412
Outstanding options on 10 PC	2,846	3,482
Weighted average number of registered shares / 10 PC and outstanding options on 10 PC to derive diluted earnings	238,657	242,894

26. Dividend per Share / Participation Certificate (PC)

CHF	2022	2021
Dividend per share / 10 PC	1,300[1]	1,200

1 Proposal of the Board of Directors.

During the period January 1, 2023, to record date April 25, 2023, 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.

27. 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:

	2022		2021	
	Number of options	Weighted average exercise price (CHF / PC)	Number of options	Weighted average exercise price (CHF / PC)
Outstanding options as at January 1	**112,156**	**6,760**	**109,649**	**6,181**
New option rights	24,233	10,251	28,980	7,918
Exercised rights	–14,962	5,599	–22,418	5,382
Cancelled rights	–2,426	7,926	–4,055	6,993
Outstanding options as at December 31 [1]	**119,001**	**7,593**	**112,156**	**6,760**
of which exercisable at December 31	22,514	5,653	15,955	5,499
Average remaining time to expiration (in days)	652		680	

1 The exercise price varies between CHF 5,360 to CHF 10,251 as of December 31, 2022.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 16.0 million (CHF 14.8 million in prior year). Moreover, CHF 14.9 million deferred tax expenses on employee stock options in the USA were recorded directly in equity (CHF 14.0 million deferred tax benefits in prior year).

The assumptions used to calculate the expenses for the grants 2019 to 2022 are listed in the following table:

Date of issue	25.1.2022	29.1.2021	15.1.2020	16.1.2019
Number of issued options	24,233	28,980	27,070	26,510
of which in bracket A (blocking period 3 years)	8,400	10,062	9,392	9,205
of which in bracket B (blocking period 4 years)	8,509	10,203	9,534	9,330
of which in bracket C (blocking period 5 years)	7,324	8,715	8,144	7,975
Issuing price (CHF)	10,251	7,918	7,904	5,936
Price of participation certificates on date of issue (CHF)	10,110	7,730	8,010	5,820
Value of options on issuing date (CHF)				
Bracket A (blocking period 3 years)	784	519	651	562
Bracket B (blocking period 4 years)	852	571	680	615
Bracket C (blocking period 5 years)	905	613	712	663
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	2.6%	2.5%	2.3%	2.2%
Expected volatility	15.5%	14.9%	14.6%	18.3%
Expected dividend yield	1.53%	1.60%	1.65%	1.68%
Risk-free interest rate	(0.55)–(0.47)%	(0.55)–(0.46)%	(0.46)–(0.38)%	(0.27)–(0.11)%
Model	Binomial model			

28. Contingencies

The Lindt & Sprüngli Group has a contingent liability as of December 31, 2022, in respect to withdrawing from a US multi-employer plan in 2018 in the amount of CHF 9.5 million (CHF 8.9 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, 2022. With respect to the Lindt Chocolate Competence Foundation's construction of the Lindt Home of Chocolate, refer to note 30.

29. Commitments

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

CHF million	**2022**	2021
Property, plant and equipment	112.2	64.8
Intangible assets	0.2	0.2
Right-of-use assets	2.9	1.6

The contractual committments within property, plant and equipment are mostly related to the expansion of production capacity in Switzerland (CHF 56.7 million), the USA (CHF 23.1 million), Germany (CHF 16.4 millon) and Italy (CHF 10.2 million).

30. 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 2020. In relation to this purchase, a contingent consideration of CHF 1.0 million is still outstanding (CHF 0.9 million in prior year). Moreover, in 2022 operating expenses (mostly rent and energy costs) of CHF 0.1 million have been paid to this company (CHF 0.8 million in prior year).

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. In 2022, no own shares have been sold to the Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG (140 own shares at a price of CHF 88,920 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, 2022 (CHF 16.0 million in prior year). The resulting rent expenses are immaterial (below CHF 1.0 million).

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.

In total, the mentioned transactions with Lindt Chocolate Competence Foundation resulted in other income of CHF 6.0 million (CHF 5.8 million in prior year) and expenses of CHF 5.8 million (CHF 7.8 million in prior year). The outstanding receivables were as in prior year immaterial (below CHF 1.0 million) and the open payables amounted to CHF 1.0 million (immaterial in prior year).

Remuneration of the Board of Directors and Group Management

As of December 31, 2022, the Board of Directors consisted of 7 non-executive and executive Directors (6 in prior year). The number of executive Officers as of December 31, 2022, is 7 (7 in prior year). The compensation paid to non-executive Directors and executive Officers is shown below:

CHF thousand	**2022**	2021
Fixed cash compensation [1]	7,928	7,573
Variable bonus component [2]	5,112	3,981
Other compensation [3] & anciliary benefits	697	444
Options [4]	5,841	4,693
Total	**19,578**	**16,691**

1 Total of paid-out gross compensation for Officers and Directors.
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).
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, 2022, 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.

31. Events after the Balance Sheet Date

The consolidated financial statements were approved for publication by the Board of Directors on March 6, 2023. Furthermore, the consolidated financial statements are subject to approval at the Annual Shareholders' Meeting.

No events have occurred up to March 6, 2023, 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

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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 2022, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the 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 104 to 149) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 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.

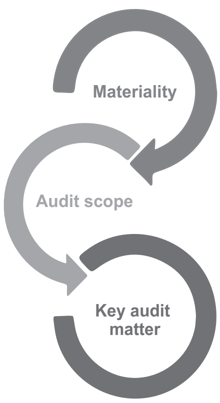
Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). 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 48 million

We concluded full scope audit work at 24 Group companies in 18 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

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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 48 million
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 29 Group companies. In collaboration with management, we identified 24 Group companies at which an audit of the financial information was performed. The five 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 regarding the financial information of the component entities 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.

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Impairment testing of goodwill

Key audit matter	How our audit addressed the key audit matter
Intangible assets are recognised in the amount of CHF 1,321 million, of which CHF 729 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, the EBIT margin growth rates and the discount rate used in the calculation of present values. Please refer to note 10 for details of the impairment test and management's assumptions.	We assessed the appropriateness of 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, which are mainly based on the five-year plans. We also assessed the process adopted to calculate the forecasts. 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. In addition, we compared the 2022 actual results with the 2022 budget figures produced in the previous year to assess the accuracy of those budget figures. We checked management's valuations for mathematical correctness. Additionally, we assessed management's sensitivity analyses of the key assumptions to ascertain the extent to which changes in those assumptions, either individually or collectively, would require an impairment of the goodwill. 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.

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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 1,811 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 11 and 19.	We compared on a sample basis the personnel data used in the calculation of the pension fund assets with the data of the payroll accounting. We did not identify any differences. We assessed the engagement terms and the professional competency and independence of the actuary engaged by management. 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; • the future benefits from the pension plans, by checking for consistency with the regulations of the pension plans and the calculations of the actuary. We tested on a sample basis whether the pension fund assets existed and were valued correctly. On the basis of the results of our audit procedures, we consider the models and assumptions used by management in the valuation of the pension fund assets to be appropriate.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors' responsibilities 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

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determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 SA-CH 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 more detailed description of our responsibilities for the audit of the consolidated financial statements can be found on the EXPERTsuisse website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 6 March 2023

Balance Sheet

CHF thousand	Note	December 31, 2022	December 31, 2021
Assets			
Cash and cash equivalents		172,603	259,699
Marketable securities and short-term financial assets		–	290,000
Accounts receivable			
from subsidiaries		6,691	3,908
Other receivables			
from third parties		27,883	23,130
Accrued income			
from third parties		58	–
from subsidiaries		40,007	28,321
Total current assets		**247,242**	**605,058**
Investments	4	888,448	889,358
Intangible assets		462,987	496,139
Total non-current assets		**1,351,435**	**1,385,497**
Total assets		**1,598,677**	**1,990,555**
Liabilities and Equity			
Accounts payables			
to third parties		3,921	4,516
to subsidiaries		8,749	3,678
Current interest-bearing liabilities			
to subsidiaries		16,717	26,503
Other accounts payable			
to third parties		16,166	11,786
Tax liabilities		7,561	15,600
Accrued liabilities			
to third parties		16,721	6,413
to subsidiaries		6	5,649
Total current liabilities		**69,841**	**74,145**
Bonds	5	1,000,000	1,000,000
Total non-current liabilities		**1,000,000**	**1,000,000**
Share capital		13,510	13,555
Participation capital		10,440	10,666
Reserve from capital contribution	7	128,131	138,757
General legal reserve		76,040	76,040
Special reserve	7	471,774	741,223
Retained earnings			
Balance brought forward from previous year		32,729	105,764
Net income for the year		366,537	291,042
Treasury stock	6	–15,164	–15,770
Treasury stock (share buy-back program)	6	–555,161	–444,867
Total equity		**528,836**	**916,410**
Total liabilities and equity		**1,598,677**	**1,990,555**

Income Statement

CHF thousand	2022	2021
Dividends and other income from subsidiaries	459,971	389,202
Other income	23	535
Personnel expenses	–10,339	–
Other expenses	–18,751	–38,251
Impairment losses (-)/gains (+) on investments	–5,772	4,580
Amortization on intangible assets	–33,171	–33,151
Operating profit	**391,961**	**322,915**
Financial income	11,325	6,667
Financial expenses	–16,150	–7,940
Income before taxes	**387,136**	**321,642**
Taxes	–20,599	–30,600
Net income	**366,537**	**291,042**

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 financial 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 114 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, 2022, amounted to CHF 338.9 million (CHF 342.2 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 in note 1 to the consolidated financial statements.

5. Bonds

The bonds consist of the following tranches:

				2022	2021
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**

6. Purchase and Sale of Registered Shares and Participation Certificates

	2022		2021	
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**667**	**37,570**	**377**	**–**
Retirements	–9	–	–163	–
Share buy-back program	376	50,544	453	37,570
Capital decrease (destruction)	–453	–37,570	–	–
Inventory as at December 31	**581**	**50,544**	**667**	**37,570**
Average sales price of retirements (CHF)	100,299	–	89,054	–
Average cost of share buy-back program (CHF)	104,752	10,204	106,203	10,560
Average cost of capital decrease (CHF)	106,203	10,560	–	–

7. 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, 2021	**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	120,435	–1,463
Reclassification[2]	–	–1,421	–	1,421	–	–
Balance as at December 31, 2021	**–**	**–**	**18,364**	**120,393**	**138,757**	**741,223**
Cancellation of shares	–	–	–	–94,242	–94,242	–348,432
Reserve from retained earnings	–	–	–	–	–	80,000
Additions during the year	–	–	1,017	82,599	83,616	–1,017
Balance as at December 31, 2022	**–**	**–**	**19,381**	**108,750**	**128,131**	**471,774**

1 The Swiss federal tax administration (FTA) has not yet approved the capital transaction costs of TCHF 19,381 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.

8. Mandatory Disclosure of Interest Positions

As of December 31, 2022, 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 4.49% of the Company's shares (4.47% 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 20.68% of the voting rights of the Company (20.61% 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	
		2022	2021	**2022**	2021	**2022**	2021
E. Tanner	Executive Chairman	3,067	3,067	9,796	8,327	–	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	1,090	1,092	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz	Member of the Board	11	11	–	–	–	–
Dr D. Weisskopf	Member of the Board (formerly Group Management)	5	5	2,013	3,000	8,500	8,350
Dr A. Lechner	Group Management	7	7	56	56	5,700	4,700
R. Fallegger	Group Management	25	25	950	850	4,750	3,950
A. Germiquet	Group Management	7	7	500	500	3,690	4,222
M. Hug	Group Management	6	6	–	–	4,650	3,850
G. Steiner	Group Management	3	2	–	–	4,110	3,730
Dr J. Picenoni	Group Management	1	1	–	–	2,950	2,350
D. Studer[1]	Group Management	1	–	–	–	1,895	–
Total		**5,224**	**5,224**	**13,660**	**13,078**	**36,245**	**33,652**

1 D. Studer was appointed to Group Management as of September 1, 2022, therefore no participation was reported for 2021.

Employees were granted 6,940 options in the reporting year (previous year 0). The value of these options, calculated using the binomial model, amounts to CHF 5,858,609.

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

9. Number of Employees

The members of the Group Management and other employees have been under contract with Chocoladefabriken Lindt & Sprüngli AG since January 1, 2022. For this reason, the number of employees increased to 14.5 full-time equivalents. (0 in prior year).

Proposal for the Distribution of Available Retained Earnings and Reserves

CHF	December 31, 2022	December 31, 2021
Balance brought forward	26,156,820	105,854,558
Net income	366,537,238	291,042,009
Other	6,573,007[1]	–89,667
Available retained earnings	**399,267,065**	**396,806,900**
Shares and participation certificates as per bylaws of CHF 23,949,460 as at December 31, 2022 (CHF 24,220,840 in prior year)		
Release of general legal reserve	71,040,000	–
Release of special reserve	471,774,222	–
1300% (1200% in prior year) dividend	–311,342,980[2]	–290,650,080
Allocation to special reserves	–	–80,000,000
Balance carried forward	**630,738,307**	**26,156,820**
Allocation of approved capital contribution reserve to free reserves	–[3]	–
Withholding tax exempt distribution CHF 0 per registered share/CHF 0 per participation certificate (CHF 0 per RS/CHF 0 per PC in prior year)	–	–

1 Includes dividends not distributed on treasury stock held of CHF 7,653,600 distributed on options exercised during the period January 1 to May 1, 2022 of CHF –1,088,640, and expired dividends of CHF 8,047.
2 Number of registered shares and participation certificates, status as at December 31, 2022. During the period from January 1 until record date of April 25, 2023, 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 2023 Annual General Meeting.

For 2022 the Board of Directors proposes a total dividend of CHF 1,300 per registered share and CHF 130 per participation certificate.

In order to simplify the capital structure, the proposal also includes the allocation of available general legal reserves in the amount of CHF 71,040,000 as well as the entire special reserves of CHF 471,774,222 to retained earnings.

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 (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 156 to 161) comply with Swiss law and the company's articles of incorporation.

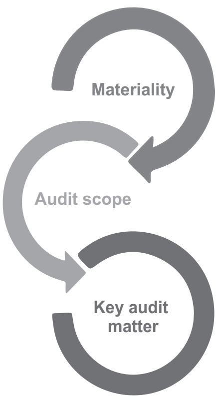
Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). 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 Company 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 16 million

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 Company, the accounting processes and controls, and the industry in which the Company operates.

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

Impairment testing of intangible assets

Impairment testing of investments

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

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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 16 million
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.

Key audit matters

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 463 million relate to different brands. We focused on this area because of the significant amount this item represents on the balance sheet and because the valuation of the 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 policies'.	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 license holders in order to assess the financial performance of the individual license holders. We concluded that the models and assumptions used are appropriate to test for the impairment of the intangible assets.

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Impairment testing of investments

Key audit matter	How our audit addressed the key audit matter
Investments are recognised in the amount of CHF 888 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 policies'.	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.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the consolidated financial statements, the compensation report and our auditor's reports thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Board of Directors' responsibilities 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 Company'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 Company 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

SA-CH 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 more detailed description of our responsibilities for the audit of the financial statements can be found on the EXPERTsuisse website: http://www.expertsuisse.ch/en/audit-report. This description forms an integral part of our report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and PS-CH 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 proposal for the distribution of available earnings and reserves 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
Licensed audit expert Auditor in charge	Licensed audit expert

Zürich, 6 March 2023

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

		2022	2021	2020	2019	2018
Income Statement						
Sales	CHF million	4,970.2	4,585.5	4,016.8	4,509.0	4,313.2
EBITDA	CHF million	1,017.7	921.5	696.1	915.8	816.2
in % of sales	%	20.5	20.1	17.4	20.3	18.9
EBIT	CHF million	744.6	644.9	420.3	593.0 [1]	636.7
in % of sales	%	15.0	14.1	10.5	13.2 [1]	14.8
Net income	CHF million	569.7	490.5	320.1	511.9	487.1
in % of sales	%	11.5	10.7	8.0	11.4	11.3
in % of average shareholders' equity	%	11.8	10.0	6.9	11.2	11.2
Depreciation, amortization and impairment	CHF million	273.1	276.6	275.8	322.8	179.5
Balance Sheet						
Total assets	CHF million	7,945.1	8,956.1	8,051.0	8,040.8	7,249.8
Current assets	CHF million	2,889.8	3,024.8	2,953.9	2,975.7	2,933.0
in % of total assets	%	36.4	33.8	36.7	37.0	40.5
Non-current assets	CHF million	5,055.3	5,931.3	5,097.1	5,065.1	4,316.8
in % of total assets	%	63.6	66.2	63.3	63.0	59.5
Non-current liabilities	CHF million	1,967.2	2,246.8	2,164.4	1,680.9	1,735.3
in % of total assets	%	24.8	25.1	26.9	20.9	23.9
Shareholders' equity	CHF million	4,400.6	5,223.6	4,606.3	4,670.2	4,486.4
in % of total assets	%	55.4	58.3	57.2	58.1	61.9
Cash Flow						
Operating cash flow	CHF million	756.0	826.8	787.6	830.9	651.6
in % of sales	%	15.2	18.0	19.6	18.4	15.1
CAPEX in PPE/intangible assets/right-of-use assets [2]	CHF million	229.9	240.8	249.1	235.2	257.3
in % of operating cash flow	%	30.4	29.1	31.6	28.3	39.5
Employees						
Average number of employees		14,466	14,135	13,557	14,621	14,570
Sales per employee	TCHF	343.6	324.4	296.3	308.4	296.0

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

		2022	2021	2020	2019	2018
Share						
Registered shares at CHF 100.– par[1]	Number	135,099	135,552	135,552	135,988	136,088
Participation certificates at CHF 10.– par[2]	Number	1,043,956	1,066,564	1,044,146	1,072,641	1,072,535
Non-diluted earnings per share/10 PC[3]	CHF	2,416	2,049	1,333	2,142	2,021
Operating cash flow per share/10 PC[3]	CHF	3,206	3,453	3,264	3,492	2,715
Shareholders' equity per share/10 PC[4]	CHF	18,662	21,818	19,088	19,626	18,437
Payout ratio	%	54.6	59.3	82.5	83.2	50.0
Registered share						
Year-end price	CHF	95,000	122,200	88,400	85,500	73,300
High of the year	CHF	123,000	123,800	93,800	86,000	85,400
Low of the year	CHF	92,300	80,500	65,200	68,600	65,600
Dividend	CHF	1,300.00 [5]	1,200.00	1,100.00	1,750.00	1,000.00
P/E ratio[6]	Factor	39.32	59.64	66.32	39.92	36.27
Participation certificate						
Year-end price	CHF	9,430	12,630	8,630	7,515	6,100
High of the year	CHF	12,770	12,770	8,665	7,715	7,270
Low of the year	CHF	8,910	7,625	6,365	5,730	5,270
Dividend	CHF	130.00 [5]	120.00	110.00	175.00	100.00
P/E ratio[6]	Factor	39.03	61.64	64.74	35.08	30.18
Market capitalization[6]	CHF million	22,678.9	30,035.2	20,993.8	19,687.9	16,517.7
in % of shareholders' equity[4]	%	515.4	575.0	455.8	421.6	368.2

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 12 factories in Europe and the USA. Its products are sold by 32 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 4.97 billion in 2022.

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Information

Agenda

April 20, 2023	125th Annual Shareholders' Meeting
April 27, 2023	Payment of dividend
July 25, 2023	Half-year report 2023
Mid January, 2024	Net sales 2023
Early March, 2024	Full-year results 2023
April 18, 2024	126th Annual Shareholders' Meeting

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