

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

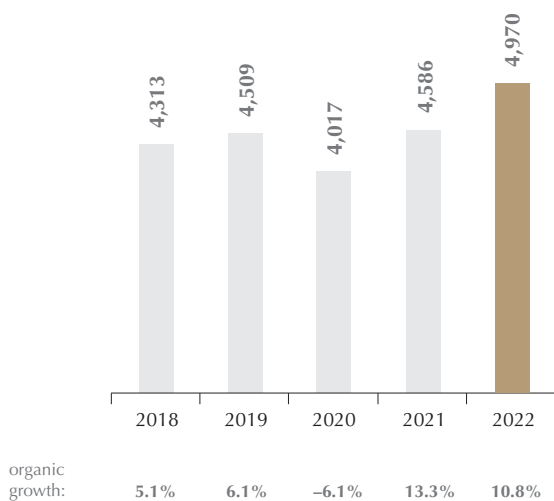
		2022	2021	Change in %
Non-diluted earnings per share/10 PC ¹	CHF	2,416	2,049	17.9
Operating cash flow per share/10 PC ¹	CHF	3,206	3,453	-7.2
Dividend per share/10 PC	CHF	1,300 ²	1,200	8.3
Payout ratio	%	54.6	59.3	
Shareholders' equity per share/10 PC	CHF	18,662	21,818	-14.5
Price registered share as 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.

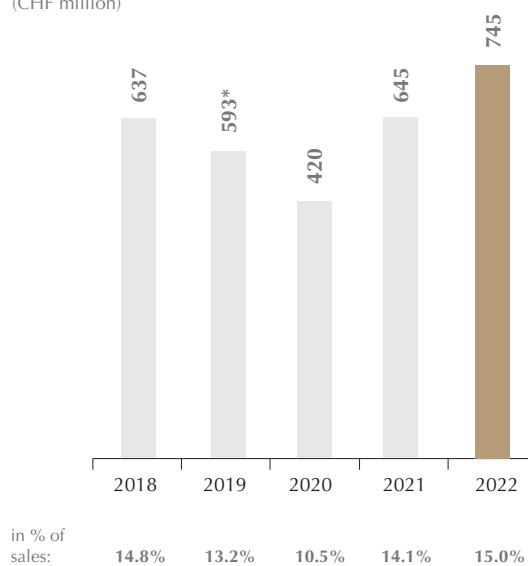
Sales

(CHF million)



Operating profit (EBIT)

(CHF million)



* 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%.

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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)