LINDT & SPRÜNGLI

Annual Report
2023

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

		2023	2022	Change in %
Sales	CHF million	5,201.2	4,970.2	4.6
EBITDA	CHF million	1,093.9	1,017.7	7.5
in % of sales	%	21.0	20.5	
EBIT	CHF million	813.1	744.6	9.2
in % of sales	%	15.6	15.0	
Net income	CHF million	671.4 [1]	569.7	17.9
in % of sales	%	12.9 [1]	11.5	

1 Includes a one-time positive tax impact of CHF 69.7 million, driven by the Swiss tax reform ("STAF") and herewith related recognition of deferred tax assets. Without this impact the Net income would have amounted to CHF 601.7 million and the Net income margin would be at 11.6%. For more information refer to Note 12 "Taxes".

Balance Sheet

		2023	2022	Change in %
Total assets	CHF million	7,860.0	7,945.1	–1.1
Current assets	CHF million	2,609.0	2,889.8	–9.7
in % of total assets	%	33.2	36.4	
Non-current assets	CHF million	5,251.0	5,055.3	3.9
in % of total assets	%	66.8	63.6	
Non-current liabilities	CHF million	1,759.4	1,967.2	–10.6
in % of total assets	%	22.4	24.8	
Shareholders' equity	CHF million	4,257.6	4,400.6	–3.2
in % of total assets	%	54.2	55.4	

Cash Flow

		2023	2022	Change in %
Operating cash flow	CHF million	778.6	756.0	3.0
in % of sales	%	15.0	15.2	
CAPEX in PPE/intangible assets/right-of-use assets [1]	CHF million	301.8	229.9	31.3
in % of operating cash flow	%	38.8	30.4	

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

		2023	2022	Change in %
Average number of employees		14,746	14,466	1.9
Sales per employee	TCHF	352.7	343.6	2.6

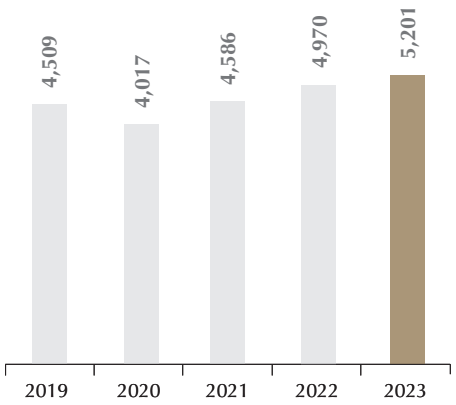
Data per share

		2023	2022	Change in %
Non-diluted earnings per share/10 PC[1]	CHF	2,889	2,416	19.6
Operating cash flow per share/10 PC[1]	CHF	3,350	3,206	4.5
Dividend per share/10 PC	CHF	1,400[2]	1,300	7.7
Payout ratio	%	49.2	54.6	
Shareholders' equity per share/10 PC	CHF	18,319	18,662	–1.8
Price registered share as of December 31	CHF	102,000	95,000	7.4
Price participation certificate as of December 31	CHF	10,090	9,430	7.0
Market capitalization as of December 31	CHF million	23,958.3	22,678.9	5.6

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

Sales

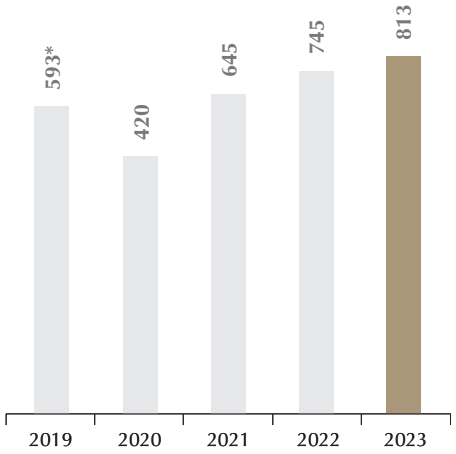
(CHF million)



organic growth: 6.1% –6.1% 13.3% 10.8% 10.3%

Operating profit (EBIT)

(CHF million)



in % of sales: 13.2% 10.5% 14.1% 15.0% 15.6%

* 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-2023

Sustainability Report
https://reports.lindt-spruengli.com/sustainability-report-2023

Letter to Shareholders 2023

Dear Shareholders,

The Lindt & Sprüngli Group can look back on a very successful financial year 2023. The renewed double-digit organic sales growth is broad-based, with all three regions contributing to the growth. Lindt & Sprüngli has thus been able to further expand its market leadership in the globally growing premium segment. This achievement is all the more remarkable given the challenging environment that characterized the reporting period. The year began with persistently stubborn inflation and, as a result, subdued consumer sentiment, particularly in Europe. Cocoa prices rose to historic highs over the course of the year due to the global shortage of cocoa beans. Weather conditions and climate played a major role here. The Swiss franc also strengthened further against major currencies, which is directly reflected in our annual financial statements.

We are proud of how successfully the management team and its workforce of more than 14,500 dedicated employees navigated through this turbulent year, creating value for shareholders.

Double-digit organic growth once again

The key figures show just how Lindt & Sprüngli has created value. In 2023, the Group increased sales by 4.6% to CHF 5.20 billion (previous year: CHF 4.97 billion), with organic growth of 10.3%, while the currency effect had a negative impact of –5.4%, in particular due to the weakening of the US dollar and the Euro. As a result, we have recorded double-digit organic sales growth for the third time in succession. Despite a slowdown in the global chocolate market, we are able to report volume / mix growth. The improvement in volumes in the second half of the year is encouraging. Most of the growth is attributable to price increases as a result of higher raw material prices.

Operating profit (EBIT) increased by 9.2% year-on-year to CHF 813.1 million, which equates to an EBIT margin of 15.6% (previous year: CHF 744.6 million and 15.0%). We have increased profitability with tight cost control and continuous optimization. At the same time, we are continuing to invest in the expansion of our capacities, in particular in the current expansion of the production plants in Olten, Switzerland, and Stratham, New Hampshire, USA. This resulted in a net income of CHF 671.4 million (previous year: CHF 569.7 million) with a return on sales of 12.9%. There was a notable positive effect on net income, resulting in a one-off tax rate of less than 15%. This is due to the introduction of a global minimum taxation system and the "Tax Reform and AHV Financing" (TRAF) bill in Switzerland. The reported net income is 17.9% up on the previous year; without the one-off tax effect, it would have been 5.6%. At CHF 476.8 million, free cash flow was lower than in the previous year due to higher inventories. The cash flow margin reached 9.2%. The tax effect had no impact on free cash flow.

The Group's balance sheet is very sound. As at December 31, 2023, the equity ratio was 54.2% (previous year: 55.4%). Lindt & Sprüngli can once again enable its shareholders to participate in the company's success with an increased dividend. The Board of Directors will propose a distribution of CHF 1,400 (previous year: CHF 1,300) per registered share and CHF 140 (previous year: CHF 130) per participation certificate to the 126th Annual General Meeting on April 18, 2024. The increase in dividend of CHF 100 and CHF 10 respectively is the 28th consecutive increase in the distribution.

Ernst Tanner, Executive Chairman of the Board of Directors, and Adalbert Lechner, CEO of the Lindt & Sprüngli Group, in front of the company's purpose "We Enchant the World with Chocolate".

The buyback program of registered shares and participation certificates in the amount of CHF 1 billion launched in 2022 will last until July 31, 2024 at the latest. Registered shares and participation certificates to the value of CHF 0.85 billion had been repurchased by December 31, 2023.

Dynamic development in the retail business

Global Retail, where we operate stores ourselves under the Lindt, Ghirardelli and Russell Stover brands, made significant gains in the reporting year.

Sales in our shops posted double-digit growth in all market regions (overall 16,5%). On the one hand, this can be attributed to higher sales by the individual stores, while on the other hand, we opened 20 new shops in the course of the year. By the end of the year, there were 520.

The Global Travel Retail business, where Lindt products are sold in duty-free shops, returned almost to pre-Covid levels; the distribution channel benefited from the return to high passenger numbers. Organic sales growth amounted to 20.1%. This is partly attributable to base improvements, particularly as the business was still suffering from Covid restrictions in the first quarter of 2022.

Growth in all regions

The results for the three regional segments show how broadly based the Group result is. The "Europe" segment, which is the region with the highest sales, grew by 4.9% and posted sales of CHF 2.41 billion (previous year: CHF 2.30 billion). The region grew organically by 9.1%. We achieved double-digit growth in many European markets, including Switzerland, Italy, the UK and Eastern Europe. The Group also generated solid growth in Germany and France. It should also be noted that the withdrawal from Russia is included in this growth rate.

In 2023, the "North America" segment increased sales by 4.1% to CHF 2.11 billion (previous year: CHF 2.03 billion), an organic growth of 11.0%. We are gradually expanding our presence

in the USA, the world's largest chocolate market, which was largely unaffected by the high inflation rate. In the USA, we focus on the premium segment, which we serve with our various premium brands. Lindor remains the bestseller. The Lindt and Ghiradelli brands once again recorded double-digit growth rates during the reporting period. Russell Stover, which celebrated its 100th anniversary in 2023, also posted solid growth.

In the "Rest of the World" segment, sales increased by 5.8% to CHF 683 million (previous year: CHF 646 million). Organic growth was 12.9%. Business was particularly buoyant once again in Japan and Brazil, with Australia maintaining its position as the top-selling country in this segment. In contrast, our still small business in China, while still growing, fell short of expectations. Like our competitors, we are feeling the effects of the depressed consumer sentiment in China. We are confident that this will improve once again.

Lindor continues to perform strongly – the brand celebrates its 75th anniversary in 2024

In our product mix, the trend towards gifting, pralines and hollow figures continued. The Group is benefiting from their higher added value. Lindor Pralines, Lindt & Sprüngli's most important product line, continued to shine in 2023 with renewed double-digit growth in all regions. The product line with the unmistakable, smooth melting filling is celebrating its 75th anniversary in 2024 – see also the Focus chapter on page 77.

In 2023, we once again launched various innovations on the market. In the UK, Italy and Bulgaria, we launched the new Choco Wafer – an example of how we are breaking into new categories; in this case, the wafer segment. In the USA, we are gaining our first experiences with non-dairy "Lindor Oatmilk" truffles. They represent our innovation program, in which we vary existing brands and products, be it with new flavors or packaging.

"Consumers are reaching for our Lindt, Ghirardelli and Russell Stover brands, even in a challenging environment, as demonstrated by the positive development in the past financial year."

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

To further stimulate demand, we invested heavily in TV advertising in 2023 in the target markets, as well as increasingly in digital media. This has further strengthened the appeal of our brands.

Mixed picture on the procurement markets

The situation on the procurement markets normalized to some extent during the reporting year. However, the volatility in individual commodities remained high. This is particularly true for cocoa, our most important raw material, the price of which almost doubled over the course of the year, reaching a new all-time high on the commodity futures exchange in London at the end of the year. Due to crop failures, cocoa production is below consumption for the third consecutive year. This is important for Lindt & Sprüngli as our high-quality chocolate recipes contain high proportions of cocoa and cocoa butter. We expect that prices will remain at a high

level. In contrast, the sugar price stabilized after a surge in the first half of the year. The strained situation has also eased with regard to energy prices and packaging materials. As a Group, we were able to offset some of these various effects thanks to long-term contracts and improvements in efficiency.

Our contribution to a more sustainable tomorrow

Prudent corporate governance is reflected not only in good figures, but also in sustainable business practices.

In 2023, we further expanded our responsible sourcing activities. In the reporting year, the Lindt & Sprüngli Group sourced 72,3% of its cocoa, which includes beans, butter, powder, and chocolate mass, through its own Farming Program or other sustainability programs. Our target is to achieve 100% by 2025.

About 131,000 farmers in seven cocoa producing countries are now part of the Lindt & Sprüngli Farming Program. The Program aims to increase the income of farming households and to contribute to the conservation of biodiversity and natural ecosystems. The program is also designed to address and, if possible, prevent child labor in the cocoa supply chain.

Furthermore, Lindt & Sprüngli is committed to achieving near and long-term science-based climate targets and reaching net-zero greenhouse gas emissions across the value chain by 2050. The Science Based Targets Initiative (SBTi) validated Lindt & Sprüngli 's targets in 2023.

The Board of Directors has also anchored the importance of sustainable business practices in the remuneration model of Group Management. Their bonus is now linked to achieving selected sustainability goals. The Board of Directors also decided to expand Group Management with the addition of Nicole Uhrmeister as the new Chief Human Resources Officer. It thus acknowledges the high level of importance of our employees.

In the interests of sustainability, we have also adjusted our reporting process to save paper – we will now be sending a short report to all shareholders. The full annual report will still be available on our website and can be downloaded as a PDF.

*"All regions contributed to our positive result last year.
This shows that our long-term strategy is effective and that we are well-prepared for 2024."*

Adalbert Lechner, CEO of the Lindt & Sprüngli Group

Outlook

Despite the uncertain economic and political situation, we are very confident that we will be able to continue on our successful path. We are convinced that the long-term trend towards premium products will continue. In this respect, we trust in our long-term strategy. Thanks to our high investment in advertising, regular product innovations, our high quality and positioning as a leading brand in the premium segment, as well as our in-depth knowledge of consumer needs, we are in an excellent position. For 2024, we are aiming for organic growth of 6% to 8% and an improvement in the operating margin of 20 to 40 basis points. Both ranges lie within the medium to long-term target range that we have defined for our Group.

Our sincere thanks go to all employees of the Lindt & Sprüngli Group. Their commitment is the core of our success. They have mastered the many challenges of the past year with an impressive team spirit. We are proud of the passion with which they work, always on the lookout for new ways to improve our products and enchant our consumers with chocolate.

We would like to thank you, our shareholders, for your trust. We look forward to welcoming many of you to the upcoming Annual General Meeting. This will take place on April 18, 2024 at our traditional venue, the Kongresshaus in Zurich.

Ernst Tanner
Executive Chairman
of the Board of Directors

Adalbert Lechner
CEO Lindt & Sprüngli Group

Europe
North America
Rest of the World

Markets

Lindt & Sprüngli Group

CHF 5.20 billion

Sales 2023

North America

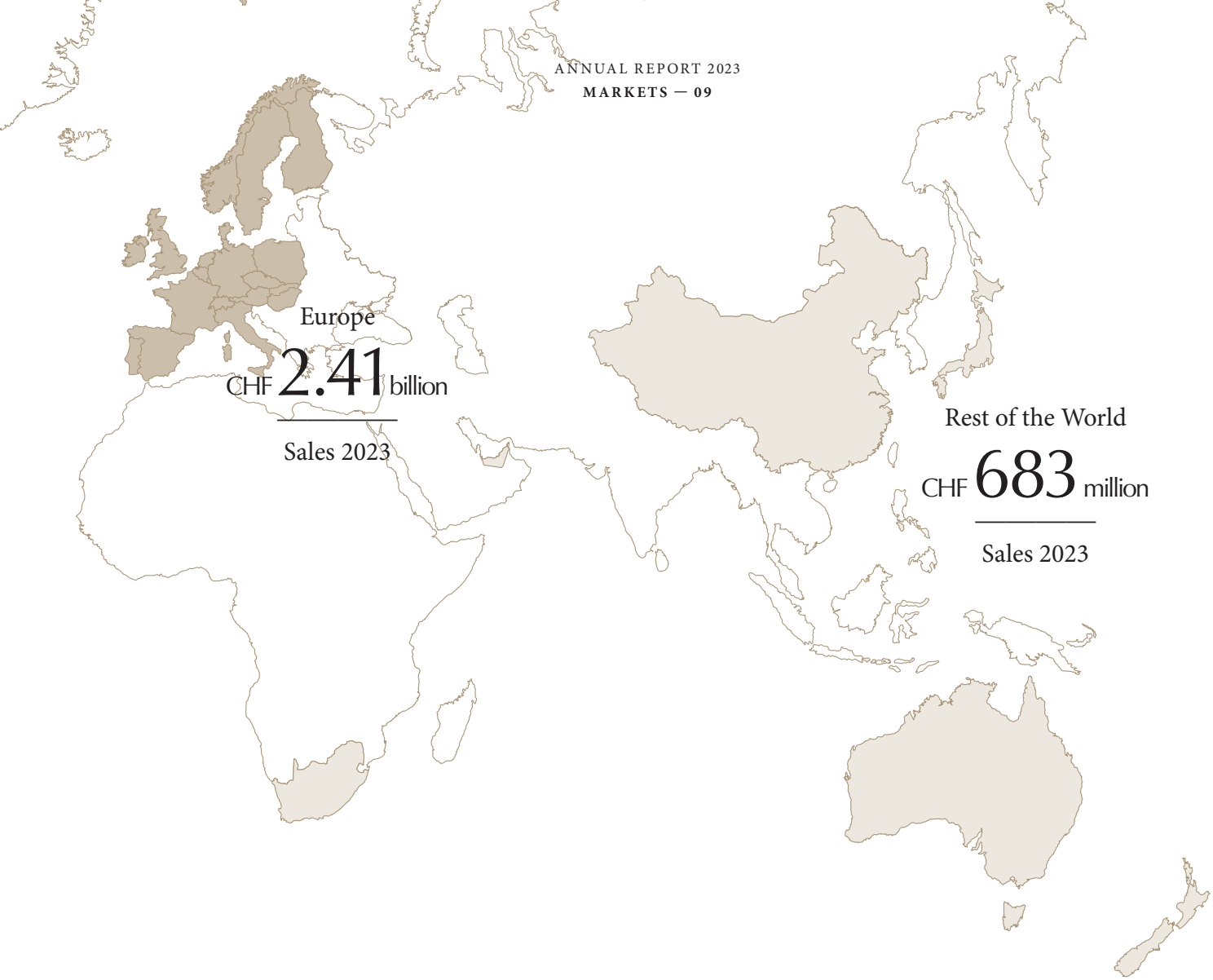
CHF 2.11 billion

Sales 2023

The Lindt & Sprüngli Group once again recorded pleasing double-digit organic growth to CHF 5.20 billion. All geographical segments had significant growth, with Europe maintaining its position as the largest region by sales value. Once again, North America showed strong development across all subsidiaries – including Russell Stover, which celebrated its 100th anniversary in 2023. The "Rest of the World" growth markets segment also confirmed its substantial future potential. The success is particularly noteworthy in the Global Retail organization, where significant growth was achieved in both physical and digital Lindt Shops.

The financial year 2023 was – once again – very challenging. While the effects of the Covid crisis have largely faded into the background, the ongoing war in Ukraine and the new geopolitical trouble spots have led to stubborn inflation, coupled with persistently depressed consumer sentiment in many countries. The Swiss franc also strengthened further against important currencies, which was reflected in the annual financial statements. On top of this, cocoa prices also rose to historic highs due to the global shortage of cocoa beans. Weather conditions and plant diseases played a major role here. The procurement measures introduced in the previous year had a positive impact. Despite this challenging environment, we achieved Group sales of CHF 5.20 billion, which corresponds to organic growth of 10.3%.

In all regions, the key franchise Lindor, the largest brand in our range, continues to record impressive sales figures and double-digit organic growth. A visit from friends, family celebrations at important seasonal events such as Easter and Christmas, or the personal presentation of a small thank-you gift are all occasions on which our exquisite Lindor pralines in their exclusive gift packaging are frequently favored. We have thus succeeded a thousand times over in adding a unique, sweet touch to a special moment and bringing a little joy into the day-to-day lives of many consumers.



Compared with the strong growth of previous years, the Excellence line developed solidly with an already strong market share in the category. We continue to see the trend in several markets in consumption of dark chocolate with a high cocoa content.

Seasonal sales increased significantly. These have been a driving force behind sales growth. Both at Easter and at Christmas, our products – from the Lindt Gold Bunny to the Lindor Truffle – were in demand to delight friends and family with something special. Sales across all distribution channels developed very well. Sales in the Global Retail area show that consumers value the personal contact, the wide selection of gifting options, and the brand experience in the exclusive Lindt Shops. At the same time, the online channels are also doing well.

Employees in procurement, production and logistics made a significant contribution to the success of the past year. Rising raw material prices and inflation-related cost increases were partially offset by gains in efficiency. The market prices for cocoa beans have risen massively, meaning that sales prices have had to be adapted. Our results show that consumers have accepted price increases for their favorite chocolate and have remained loyal to our brands.

Lindor Christmas Tree at the Zurich Main Station

CHF 2.41 billion

Sales 2023

Europe

In "Europe", our largest segment, Lindt & Sprüngli achieved sales of CHF 2.41 billion and organic growth of 9.1%. The Swiss market performed successfully, and Germany remains the country with the highest sales.

Switzerland

Lindt & Sprüngli (Schweiz) AG

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

+13.6% growth

The Swiss market, which also includes business with travel retail customers and distributors, increased its sales in 2023 by a strong 13.6% to CHF 462 million. This year-on-year growth is attributable to price increases and the recovery of tourism in Switzerland. We are especially pleased about the continued interest in our world's largest Lindt Shop at the Lindt Home of Chocolate in Kilchberg. We maintain the attractiveness of the shop with exclusive and personalized, handmade products. Our Swiss Premium Minis, the Napolitains, reported the largest increase in sales of all product groups. We see tourism as a driver of growth and have drawn up a comprehensive action plan with specific product development for tourists, collaborations with key tourism partners and physical availability in regions and shops heavily frequented by tourists.

In the Lindor key franchise, which continues to grow rapidly, the limited edition Cheesecake flavor was launched in and became the most successful special edition in the financial year. During the Christmas business, we focused on Lindor with the Lindt Christmas tree activation at the Christmas market in Zurich main station. The latest addition to our Swiss portfolio, Lindt Squares, was successfully showcased throughout the entire year. A particular highlight was the sponsored partnership at the Zurich festival Züri Fäscht in July, which had a direct positive impact on sales. To develop the Excellence variant vanilla, we used an innovative flavor simulation in the Lindt Home of Chocolate in Kilchberg. With four different flavor combinations, we engaged more than 1,500 international visitors in the development process at an early stage.

Germany

Chocoladefabriken
Lindt & Sprüngli GmbH

786 million EUR
Sales

+7.0% growth

The German market achieved organic sales growth of 7.0% to EUR 786 million. Lindor Pralines once again made the largest contribution to growth. Lindt remains one of the most popular suppliers in the praline segment in Germany. The trend continued – consumers bought less for themselves and more as gifts. This is particularly noticeable in the retail channel, which recorded dynamic growth. The Group's own shops have performed even better. Consumers were once again increasingly seeking a personal shopping experience, resulting in an increase in footfall. The new loyalty program "MyLindt Rewards Club" helped to strengthen customer loyalty to the brand through attractive promotions. The implementation was very successful in the German market, with close to 400,000 members signing up for our loyalty program in the first year. Once again, the chocolate market was accelerated by limited editions. There was a growing trend towards white chocolate and flavors such as Cheesecake, Double Chocolate and Strawberry, to which we cater well with our Lindor editions. Mobile commerce and purchases through social media are gaining in significance. We have increased our presence on these channels and launched new 15-second and 6-second Christmas commercials on YouTube and social media. The social media campaign for Easter supported our iconic Gold Bunny, which led to double-digit growth – strengthening its number-one position in the market.

France

Lindt & Sprüngli SAS

430 million EUR
Sales
+5.3% growth

In the French Market, Lindt & Sprüngli achieved sales of EUR 430 million, an organic growth of 5.3%. In the financial year, Lindt further strengthened its leading position in the chocolate bar market and widened the gap to second place. The Excellence line has the largest market share in France. The launch of the new Pailleté product range has attracted new customers. The Excellence Pailleté range, which includes variations such as Pailleté Dentelle, Pailleté Gaufrette and Pailleté éclats de cacao, made it on to the list of top 20 innovations from the Nielsen market research institute. Thanks to targeted sales support in the retail trade, Lindt & Sprüngli recorded exceptional Easter and Christmas business results, and for Valentine's Day, pralines, which are often bought as gifts, were particularly popular. Appropriate advertising measures increased the visibility of the brand on this occasion, which directly translated into sales. Lindor recorded double-digit growth which is attributable to strong activation, especially during the Christmas season. The launch of the new Salted Caramel variant has also boosted sales in this product segment.

Italy

Lindt & Sprüngli S.p.A.

307 million EUR
Sales
+11.1% growth

In the Italian market, Lindt & Sprüngli achieved sales of EUR 307 million, an organic growth of 11.1%. This development was driven by a number of factors. The merger of Lindt & Sprüngli Italy with Caffarel in 2022 surpassed expectations in 2023 and continued to develop positively. Both brands Lindt and Caffarel are now part of an integrated organization across all sales channels. Lindt & Sprüngli thus strengthened its position in the premium segment and grew in wholesale, traditional specialized trade and own retail shops. The Retail network now comprises of 35 shops, with two shops newly opened. The most important product remains Lindor, which was particularly sought after in high-quality gift packaging both at Easter and Christmas. After Lindor, Excellence, our chocolate with a high cocoa content, shone with two product innovations: Lindt Excellence Cialda Friabile and Lindt Excellence Wafer Croccante, once again enchanting lovers of dark chocolate. Italy was one of the first countries to launch the newly developed crispy, creamy Lindt Choco Wafer, to meet new consumer demands. Advertising was further improved, contributing to the strong growth of Lindt & Sprüngli Italy.

Lindt
GOLDHASE
Edition

Lindt
CHOCO WAFER
MILK CHOCOLATE
& HAZELNUT
EASY TO SHARE
FACILE DA CONDIVIDERE

UK & Ireland

Lindt & Sprüngli (UK) Ltd.

294 million GBP
Sales
+10.0% growth

In the United Kingdom and Ireland, Lindt & Sprüngli achieved sales of GBP 294 million, an organic growth of 10.0%. Despite the difficult circumstances due to high inflation in the market and legislation restricting the presentation of products with a comparatively high fat, salt and sugar content, the Lindt business developed very well. Thanks to more shelf space, we were able to increase the visibility of our praline and seasonal categories in grocery stores. Lindor remained the most popular product here. The Lindt Bars achieved strong growth, driven by Excellence, which was able to defend its position as market leader in the dark chocolate segment. The introduction of Swiss Classics as a chocolate bar also contributed to the success. Business in our own shops continued to develop positively. Lindor was the most important growth driver in the UK and Ireland, alongside a strong seasonal business and an increasing demand for high-quality gifts. In summer 2023, Lindt & Sprüngli UK was one of the first subsidiaries to launch the crispy, creamy Lindt Choco Wafer in three variants to meet additional consumer needs. The product range was extremely well received by both consumers and retailers and was even named "Innovation of the Year" by the trade magazine "The Grocer" in the confectionery category.

Spain & Portugal

Lindt & Sprüngli (España) S.A.

112 million EUR
Sales
+10.7% growth

In the markets of Spain and Portugal on the Iberian Peninsula, Lindt & Sprüngli generated sales of EUR 112 million in 2023 and organic sales growth of 10.7%, mainly thanks to Lindor. In terms of chocolate bar sales, the milk chocolate bars performed well. Seasonal products also contributed to the positive result, with the highest growth rate among the product groups. We have successfully expanded our product portfolio with the launch of Nuxor White. In Portugal in particular, we were able to increase our market share and raise our profile through various marketing initiatives. The most successful sales channel was the Group's own shops, which increased volumes both organically with newly launched products such as Lindor Salted Caramel and in terms of numbers, with three new 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 due to the sales of pralines. In addition, Easter is a seasonal business with increasing growth rates and potential. This is particularly true in Portugal, where certain chocolate traditions have only recently been established. The Gold Bunny has become a very popular product.

Lindt
NUXOR
WITH
MILK
CHOCOLATE
INDULGENTLY VELVETY CHOCOLATE
WITH WHOLE ROASTED HAZELNUTS
Lindt
NUXOR

Rest of Europe

Austria

In the Austrian market, Lindt & Sprüngli expanded with an organic growth rate of 10.6%. Growth was driven by the strong Easter business focusing on the Lindt Gold Bunny and Lindor. Supported by a promotional program, Nuxor was also a relevant growth driver. Added to this were proven sales drivers such as chocolate bars, where milk variants in particular were very popular. Lindt & Sprüngli consolidated its number one position in Austria in the praline segment, number two in chocolate bars and is the market leader in seasonal business. In distribution channels, the picture was similar to that in other European markets. Sales grew most strongly in our own shops, followed by online trading.

Nordic

The Nordic market region (Denmark, Sweden, Norway and Finland) achieved organic sales growth of 7.3%, led by Finland, Norway and Denmark. In Sweden, however, sales fell short of expectations. Consumers suffered from lower purchasing power as a result of the macroeconomic situation. This impacted the sales volume of premium food products. Across product lines, gifting items in Northern Europe were the most attractive, and snacking products also sold well. The Seasonal businesses and the festive period ran smoothly too, and thanks to the Gold Bunny and the Teddy, Lindt was one of the most popular brands.

Benelux

The Benelux market region, which includes the three countries Belgium, the Netherlands, and Luxembourg, delivered an impressive growth of 37.6%. This development was achieved through a route-to-market transition in Belgium and targeted investments in marketing and Lindt's own stores – both offline and online. Lindt & Sprüngli Benelux doubled its own retail sales last year and opened its largest store to date in Roermond (NL) last September. While dark chocolates continue to be one of our most important products in this market, it was Lindor, in particular, that grew in the financial year.

Central Eastern Europe

The Central Eastern Europe market region (Poland, Czech Republic, Slovakia, Hungary) increased its sales organically by 20.4% last year, well above the overall market. In this region, Lindt & Sprüngli grew both in the retail segment and in its own retail business, with e-shops in particular recording significant sales growth. The market launch of Lindor Strawberry contributed to the growth of our praline products. The Mango & Almond variant launched in the Excellence range showed gratifying results.

CHF 2.11 billion

Sales 2023

North America

The "North America" segment grew organically by 11.0% to CHF 2.11 billion. Growth is broadly based. All subsidiaries – including Russell Stover – performed well and contributed to this result. With this, the segment has outperformed the overall market and consolidated its position as market leader in the premium segment. Our brands are enjoying increasing popularity with consumers.

USA

Lindt & Sprüngli (USA) Inc.

804 million USD **Sales**
+14.0% growth

In the USA, the world's largest chocolate market, Lindt & Sprüngli grew by 14.0% to USD 804 million last year. Lindor remains by far the most important product group in the USA and has been expanded to include the Birthday Cake and Oatmilk flavors. With the non-dairy Lindor Oatmilk, a successful addition to the range, we are tapping into new customer segments in the US market. The Excellence brand held top position in the dark chocolate segment. This was achieved, among other things, with a new TV advert specifically aimed at the US market for the first time. The concept of dark chocolate is not yet as well established in the US as it is in Europe. It, therefore, needs to be communicated to consumers in a different way. Milk chocolates in the Classic Recipe brand once again achieved high sales in the US market. Overall, Lindt & Sprüngli USA grew its market share and continued to deliver accelerated growth in all seasons – Valentine's Day, Easter, and Christmas. In line with our sales growth, we are increasing our capacities in the United States, which is why the production site in Stratham, New Hampshire is currently being expanded. The project is running according to plan. Production is scheduled to become fully operational in 2024 and 2025, which will significantly increase the plant's capacity. Thanks to high investments in automation, productivity will be noticeably improved.

Ghirardelli Chocolate Company

812 million USD **Sales**
+11.6% growth

Ghirardelli generated sales of USD 812 million in financial year 2023, which corresponds to organic growth of 11.6%. All distribution channels contributed, with Ghirardelli gaining market share in both the confectionery and baked goods segments thanks to intensive advertising campaigns and increased visibility at the point of sale. The Ghirardelli Squares, as the most important product group, gained greater visibility with the snack format and developed very well thanks to advertising investments and the introduction of new flavors. The Group's own stores achieved impressive growth, driven by good business performance at the Chocolate Experience flagship store on Ghirardelli Square in San Francisco and new limited offers such as Peppermint Bark Sundae and Caramel Apple Sundae.

Russell Stover Chocolates

399 million USD **Sales**

+5.8% growth

Russell Stover increased sales by 5.8% to USD 399 million. Following the successful reorganization, the subsidiary is back on the road to success and, as in the previous year, recorded positive sales growth. The Group expanded its position in the praline segment and thus once again achieved first place in Valentine's Day business this year. Russell Stover is also the market leader in the sugar-free chocolate area. The launch of the first sugar-free heart box was a great success. A successful Easter business was added as a second important season alongside the Christmas business. Russell Stover, founded in 1923, celebrated its 100th anniversary and, as a traditional brand, has made many generations happy with its products. To mark the anniversary, Russell Stover broke the Guinness World Record for the largest box of pralines, filled with 5,616 pounds of chocolate. Russell Stover has made progress both on the market and internally in the company. Further investments in automation have improved the placement of gift wrappers as well as the quality and environmental sustainability of our products.

Canada

Lindt & Sprüngli (Canada) Inc.

414 million CAD **Sales**

+10.1% growth

The Canadian market increased sales by 10.1% to CAD 414 million. Growth was mainly generated by the Lindor and seasonal products categories, with the Gold Bunny being the most popular chocolate figure in the market. The Ghirardelli product range distributed by Lindt Canada with the exclusive Pick & Mix offer also performed well. Lindor remains the most important individual brand in the entire chocolate market. Excellence led the dark chocolate category, although a trend towards milk chocolate was also discernible in Canada, to which we catered very well with the Swiss Classic brand. In terms of distribution channels, the Lindt Shops stood out with the strongest growth, with a new opening in Halifax, followed by the retail trading business. In addition, online channels, both own channels and those of partners, have continued to grow.

Mexico

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

Following excellent growth of 19.3% in 2022, the Mexican market saw an organic decline in sales of –2.2% in 2023. This can be attributed to the termination of the collaboration with a major distribution partner. The company successfully expanded its market share, with Lindor being the fastest growing brand in the pralines segment, driven by continuous investments in marketing both offline and online.

Russell Stover®
100
THE finest INGREDIENTS SINCE 1923
100 YEARS
OF SWEET MOMENTS
Russell Stover
MADE USING THE finest INGREDIENTS
ASSORTED
MILK & DARK CHOCOLATES
NET WT 9.4 OZ (266 g) • 16 PIECES*

Lindt 瑞士莲特醇

Rest of the World

CHF 683 million

Sales 2023

The "Rest of the World" segment achieved sales of CHF 683 million with an organic increase of 12.9%. Key growth opportunities, especially Brazil and Japan, achieved double-digit growth rates. The business unit Global Travel Retail benefited from the full recovery of international travel and achieved double-digit growth, confirming our confidence in the potential of this area.

Australia

In the Australian market, which also includes sales from New Zealand, Lindt & Sprüngli achieved organic growth of 7.7%. As a result, the Lindt brand improved its position to second place in this market region. The three key franchises, Lindor, Excellence, and the Gold Bunny, accounted for the largest share of total sales and growth by far. Lindor is the leading brand of pralines and has further increased its market share. In the Excellence category, we scored highly with the launch of the limited edition Fig Intense and our local TV advertisement 'Mastery' featuring our own Master Chocolatier Thomas Schnetzler. 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 resounding success at Christmas. In the financial year 2023, we launched the Crema Gelata concept nationwide, an attractive addition to our well-established beverage offering. The offering includes a high-quality product range of hot and cold chocolate drinks, milkshake options including the latest chocolate launches, as well as a wide range of coffees. Growth in sales was realized across all channels, with the Group's own shops making the most significant gains. In Australia, Lindt can be found even above the clouds. The airline Qantas sweetens long hours of flying for its passengers with Lindt chocolate.

South Africa

Organic sales growth in the South African market was 4.0%, primarily from the key franchise Lindor. Lindt was thus able to defend its position of first place in the praline segment. The launch of the new Lindor gift boxes also contributed to growth. The South African market grew across all channels, but particularly in the online business, as Lindt products are distributed via South Africa's largest e-commerce channel. Bricks-and-mortar retail was expanded with the opening of the revamped stores in Sandton and Cresta.

China

The Chinese market achieved organic growth of 8.5%, outperforming the stagnating Chinese chocolate market. This success is primarily attributable to Lindor, which was driven by increased brand awareness and the expansion of sales channels both online and offline. The focus was on social media channels in particular. Partnerships in retail were intensified to ensure better visibility in the store. The Chinese economy has recovered slowly, following the easing of Covid measures. Although consumers are more cautious when making purchasing decisions, they are still looking for premium quality products that offer good value for money. We continuously gather consumer information to tailor our offer to local needs. For example, we are developing more options of gift boxes for specific occasions in China.

Brazil

Brazil recorded organic sales growth of 11.8%, driven by its own shops and, even more significantly, by retail partners. Lindt & Sprüngli has similarly expanded its own retail channel by opening seven additional Lindt Shops, and the e-commerce channel has been the fastest-growing sales channel in Brazil since the pandemic. Easter and Christmas sales were again very positive, with the success of the chocolate Panettone and new product innovations such as the Panettone Bites exceeding all expectations. The key franchise Lindor is the leading product in Brazil. In order to increase brand awareness, drive sales and increase in-store presence, the advertising campaign has been considerably scaled up. A significant step in this regard is the first expansion of Lindor advertising to regional TV stations, as well as the broad-based campaigns on social media.

Japan

The subsidiary in Japan achieved organic growth of 21.3% with its shops. We opened nine new Lindt Shops and thus increased our market penetration. We now cover all major regions of Japan. In addition, online channels also contributed to the growth. Japanese consumers particularly appreciate international brands offering them special editions with local cultural roots. With uniquely packaged products, we have attracted both the enthusiasm of local consumers andthe interest of

tourists from all over the world. One important product line is the Japan Collection, which presents exquisite Lindt products in a design inspired by Japanese tradition. The launch of a new Lindt & Sprüngli praline gift box before Christmas was met with great interest in the media and among our customers.

Chile

The chocolate market in Chile is the third largest in Latin America. The premium segment is currently focused on specialized chocolate shop chains, which represents a major growth opportunity for Lindt & Sprüngli, not only for our own retail business but also for the retail trade. In Chile, we have been represented by distributors and in duty-free shops for more than 20 years. In order to tap into the full market potential and establish Lindt as a leading premium brand, we have established our own organization. This allows us to maximize synergies with the supply chain, the systems and the employees. Over the course of 2024, we are planning to open the first Lindt shops in premium shopping centers in Santiago de Chile and will take over the retail business from our distributor.

Global Travel Retail and Distributors

Global Travel Retail

The Travel Retail business, which is assigned to the Swiss market in organizational terms, has recovered fully from the restrictions on travel in the past financial year. The impressive organic growth of 20.1% in the reporting period was supported by all regions. The renewed increase in per capita spending for each air passenger indicates that consumers had a backlog of demand that they covered with products such as Lindor, Napolitains and Gold Bars. The increased demand was supported by the introduction of new products, including smaller formats that appeal to different target groups. Attractive gift packaging, in particular customizable offers, makes our chocolates a popular souvenir for loved ones back home. In addition, a newly launched Lindor product format that is perfect for in-flight enjoyment enjoyed great popularity. Another newly launched Lindor "Art of Gifting" product format at London Heathrow airport and the new Salted Caramel flavor for Lindor, Napolitains, and Gold Bar was also very well received.

Distributors

We were able to maintain the pace of growth seen in recent years, with an increase of 14.4% in 2023. Our strategy in the premium segment delivered strong results in emerging markets such as Bulgaria, Romania, India, and South Korea. Lindor, our leading brand, continued to drive growth and achieved remarkable double-digit volume growth in all markets. It emerged as the fastest-growing brand in many countries, resulting in significant market share gains across all monitored markets. The premium chocolate segment demonstrated resilience despite inflationary pressures, with seasonal sales rebounding. Middle Eastern countries capitalized on Eid and Ramadan festivities, Asia Pacific excelled during Valentine's Day and Chinese New Year, and Europe benefited from Easter and Christmas sales. The recovery from inflationary pressures in the Latin American region was more gradual, yet Lindt gained market shares with Lindor across markets in the face of category decline and strong currency volatility.

Lindt
MINI PRALINÉS
KLEINE, FEINE 36 KOSTBARKEITEN

Global Retail

The omni-channel strategy in the Global Retail organization led again to strong growth. The premium shopping experience in our own brick-and-mortar shops and online channels strengthens our customers' loyalty in the long term. On this basis, the Global Retail organization recorded impressive overall organic growth of 16.5% in all markets and thus exceeded the Group's growth, as in previous years. In addition, our retail trade presence plays a key role in continuously nurturing our brand equity.

Europe
Paris, France

Following a two-month refurbishment, the Lindt flagship shop, situated in the heart of Paris, welcomed customers back with its refreshed concept.

The new Lindt Maître Chocolatier counter is the highlight of the new shop in Paris.

The Global Retail organization shares its expertise in the area of direct sales with all subsidiaries, exploits synergy effects, and ensures a uniform appearance and premium shopping experience across all its own channels.

Lindt & Sprüngli currently operates around 520 of its own Lindt, Ghirardelli, and Russell Stover chocolate shops in 24 countries. In the reporting year, we expanded our shop network, particularly in Japan, Brazil, and Europe. In addition, there are 24 e-shops. A major theme that unites both online and offline channels is the consumer's need for a wide range of gift options with the choice of personalization. Visitors to a Lindt Chocolate Shop are looking for something special. Frequently, this might be gift packaging, from a small, personal gesture to a large, impressive gift for a special occasion. Shoppers are increasingly interested in packaging that can be filled individually with chocolate according to the recipient's taste – this is the first form of personalization. Personal greetings on gift ribbons also underline the individuality of the gift. This abundance of offers means that consumers think of Lindt, Ghirardelli, and Russell Stover shops all year round and not only at Easter and Christmas when they want to give their loved ones a sweet treat.

The online offering meets the needs of consumers who appreciate buying their favorite Lindt chocolate from the comfort of their own homes at any time of the day. In addition, the standardized technology platform and the cross-market Global Retail team enable the Group to target the needs of consumers even more precisely than before. To meet our online growth ambitions, the "Lindt Digital Studios" plays an essential role. This global hub for digital services supports markets in launching online activations at speed and high quality. As a result, our online markets continued to grow in double digits, in contrast to the market trend of a cooling down after the Covid online boom.

The "MyLindt" loyalty program, which is valid both online and offline, is the next logical step. This takes the Lindt shopping experience to the next level, as we can expand our customer focus with a high degree of accuracy using first-party data analysis. The program was first rolled out in Germany in 2022 as a pilot project, with the UK added as a second market in the reporting year. Consumers benefit not only from price savings but also from exclusive offers and events for members. The loyalty program, continued store expansion, and the digitalization of processes will enable us to continue the successful growth of the Global Retail organization in the coming years.

The largest Lindt Shop in the world

Europe
Kilchberg, Switzerland

In our Lindt Shops, you are faced with the sweet challenge of choosing from countless delicacies. One thing is certain: you will leave the shop with a smile on your face and bags full of our fine Lindt chocolate.

Europe
Kilchberg, Switzerland

The chocolate creations handmade by the LINDT Maître Chocolatiers are extremely popular. They also decorate the chocolate bars with a personal message of your choice.

Gifting Ideas

What could be a more delightful gift than fine Lindt chocolate? The individual packaging can be filled with products from our wide range and is guaranteed to suit the recipient's taste.

Corporate Governance

Group structure and shareholders

Group structure

The Lindt & Sprüngli Group is a globally operating corporate group that is active in the development, production and sale of chocolate products in the premium quality segment. The holding company, Chocoladefabriken Lindt & Sprüngli AG, with headquarters in Kilchberg ZH, is a listed company with its shares listed on SIX Swiss Exchange. The market capitalization, based on the market prices as of the end of 2023, amounts to approx. CHF 24.0 billion.

→ For information regarding the securities and securities listing numbers, see page 112

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 Chair, and the other members of the Group Management are responsible for operational management tasks. The Executive Chair and the other members of the Board of Directors are elected annually by the General Meeting. The Chair is supported by a Vice-Chair, who is appointed by the Board of Directors from among its members. Further, the Board of Directors 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 formed from among its members in specific areas.

In addition to the Articles of Association, the organization, duties and composition of the Board of Directors, including the Executive Chair and the Lead Independent Director (if appointed), the Committees of the Board of Directors, the CEO and the Group Management, are governed by the Organizational Regulations and the Committee Charters, which are all 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

→ For information regarding the duties of the Board of Directors, see page 35

→ For information regarding the duties of the Executive Chair, see page 39

→ For information regarding the duties of the Vice-Chair, see page 39

→ For information regarding the duties of the Lead Independent Director, see page 39

→ For information regarding the Committees, see page 40

→ For information regarding the duties of the Group Management, see page 45

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

→ For details regarding the subsidiaries, see page 112

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, USA, as parent company had 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 4.50% of the company's share capital. According to the share register of Chocoladefabriken Lindt & Sprüngli AG as of December 31, 2023, the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" and the "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", both in Kilchberg ZH, held, as a group, a total of 20,784 registered shares corresponding to 15.43% of the share capital and the voting rights of the company (according to the last disclosure as of November 25, 2013, the

group, which at this point in time included the "Lindt Cocoa Foundation" and the "Lindt Chocolate Competence Foundation", held 29,143 registered shares corresponding to 21.32% of the share capital and the voting rights). As per the disclosure notification on the official notices page of the SIX Swiss Exchange platform, on December 14, 2023, the "Lindt Cocoa Foundation", and the "Lindt Chocolate Competence Foundation", both in Kilchberg ZH, left the existing group as group members within the meaning of the disclosure rules (i.e. Article 120 subsection 1 and Article 121 Financial Market Infrastructure Act (FinMIA)) around the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" and the "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG" without the sale of any shares.

During the reporting year, no further 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/en/resources/notifications-market-participants/significant-shareholders.html?issuedBy=LINDT

Chocoladefabriken Lindt & Sprüngli AG has no cross shareholdings.

Capital structure

As of December 31, 2023, Chocoladefabriken Lindt & Sprüngli AG had the following capital structure:

Ordinary capital

The ordinary capital is composed of two types of securities:

	2023
Registered shares*	CHF 13,472,300
Bearer participation certificates**	CHF 10,125,420
Total ordinary capital	**CHF 23,597,720**

* 134,723 registered shares, par value of CHF 100 each
** 1,012,542 bearer participation certificates, par value of CHF 10 each

Each registered share has one voting right at the General Meeting, while the bearer participation certificates do not have voting rights. Both types of securities have the same rights to dividends, repayments of capital reserves 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 3,068,150, comprising a maximum of 306,815 bearer participation certificates with a par value of CHF 10 each. Of this maximum total amount, 152,365 participation certificates are reserved 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, 2023 are not yet reflected in the currently valid Articles of Association due to the exercise of options and increases of the participation capital out of the conditional participation capital during the reporting year.

https://www.lindt-spruengli.com/amfile/file/download/id/7925/file/2023_Statuten_15.06.23_EN.pdf

The ordinary capital can be increased by means of the conditional participation capital by no more than 13.0% up to a maximum of CHF 26,665,870. Besides the conditional participation capital, there is no conditional share capital, authorized share capital or participation capital, or a capital band.

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)**
2021	13,555,200	135,552	10,665,640	1,066,564
2022	13,509,900	135,099	10,439,560	1,043,956
2023	**13,472,300**	**134,723**	**10,125,420**	**1,012,542**

Conditional capital

No. of bearer participation certificates (PC) **

Year	Total	Capital market PC	Employee PC
2021	340,907	154,450	186,457
2022	325,945	154,450	171,495
2023	**306,815**	**154,450**	**152,365**

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 an acquirer of registered shares if the number of registered shares held by such acquirer exceeds 4% of the total number of registered shares as entered in the commercial register. Moreover, according to Article 685d, subsection 2 OR, the company may refuse an acquirer if, on request, the acquirer does not formally state that the shares are purchased on its own behalf and for its own account, that no agreement on the redemption or return of respective shares exists and that the acquirer bears the economic risk associated with the shares.

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 which are 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 implementing 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/7925/file/2023_Statuten_15.06.23_EN.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.

Due to their long-term participation and with regard to their purpose, the Board of Directors had already granted such an exception before the reporting year for the 15.43% of the voting rights held as a group by the "Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG" and "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", both 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%, a nominee shareholder will be registered in the share register by the Board of Directors with voting rights only 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 implementing 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/7925/file/2023_Statuten_15.06.23_EN.pdf

According to Article 15, subsection 3 of the Articles of Association, a revocation of the registration restrictions set out in Article 3, subsection 6 of the Articles of Association requires a resolution by 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/7925/file/2023_Statuten_15.06.23_EN.pdf

Outstanding options and convertible bonds

Options for bearer participation certificates of Chocoladefabriken Lindt & Sprüngli AG are outstanding only under 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
2017	20,389	5,360	until 2024	20,202	187
2018	21,896	5,794	until 2025	12,016	9,880
2019	22,704	5,936	until 2026	6,374	16,330
2020	24,129	7,904	until 2027	2,339	21,790
2021	26,190	7,918	until 2028	0	26,190
2022	22,903	10,251	until 2029	0	22,903
2023	22,780	9,602	until 2030	0	22,780
Total	**160,991**			**40,931**	**120,060**

All options entitle their holders to the acquisition of one participation certificate (ratio of 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 or 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, a total of 19,130 of the above listed employee options were exercised (previous year: 14,962). Therefore, the "ordinary" participation capital was increased in 2023 by CHF 191,300, resulting in a corresponding reduction of such portion of the conditional participation capital that is reserved for employee participation programs. The 120,060 options outstanding as of December 31, 2023, which have not yet been exercised, correspond to 5.1% 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 or other distributions 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 and other distributions 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 Chocoladefabriken Lindt & Sprüngli AG

Monique Bourquin, Dr Dieter Weisskopf, Dr Thomas Rinderknecht, Dr Rudolf K. Sprüngli, Ernst Tanner, Dkfm Elisabeth Gürtler, Silvio Denz

Board of Directors

Role and function

The Board of Directors makes decisions jointly and is assisted by committees (Committees) from among its members in certain areas. The primary function of the Board of Directors 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 agenda of the General Meeting and prepares the annual report, including the financial and non-financial reporting, the Compensation Report and the half-year report. Decisions regarding the appointment of the members of the 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 Annual General Meeting.

https://www.lindt-spruengli.com/amfile/file/download/id/7925/file/2023_Statuten_15.06.23_EN.pdf

As of December 31, 2023, the Board consisted of seven members. Ernst Tanner is Executive Chair of the Board of Directors. All other members are non-executive members. Dr Dieter Weisskopf acts as Vice-Chair of the Board of Directors.

Name, function	First election	until
Ernst Tanner, Executive Chair of the Board of Directors	1993	2024
Dr Dieter Weisskopf non-executive member, Vice-Chair	2022	2024
Dr Rudolf K. Sprüngli, non-executive member	1988	2024
Dkfm Elisabeth Gürtler, non-executive member	2009	2024
Dr Thomas Rinderknecht, non-executive member	2016	2024
Silvio Denz, non-executive member	2018	2024
Monique Bourquin, non-executive member	2023	2024

Dr Dieter Weisskopf acted as CEO of the Lindt & Sprüngli Group until September 30, 2022. None of the other 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 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 position concerned remains vacant until the next General Meeting. In the reporting year, six of the seven former members of the Board of Directors were re-elected for terms of one year until the conclusion of the next Annual General Meeting. Antonio Bulgheroni did not stand for re-election in the reporting year and, therefore, resigned from the Board of Directors as of the Annual General Meeting 2023. Monique Bourquin was newly 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 Chair by the Board of Directors in 1993. In 1994, he became Chair 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 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 the German Krombacher Brauerei GmbH & Co. KG. As of end of September 2016, Mr. Tanner resigned as CEO of the Lindt & Sprüngli Group and since then has been Executive Chair of the Board of Directors.

Dr Dieter Weisskopf (CH) Mr. Weisskopf has been a member of the Board of Directors since April 2022 and is 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 has been responsible for the functions Group Communications, Group HR and Transformation. Since December 8, 2023 he is member of the board of directors of the World Cocoa Foundation (WCF).

Dr Rudolf K. Sprüngli (CH) Mr. Sprüngli has been a member of the Board of Directors since 1988. He is a member of the Compensation & Nomination Committee (CNC). 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 and his current activities for an international producer of premium foods, Mr. Sprüngli is an expert authority in the chocolate business and the international food industry. He is a strategy consultant, investor and active Chairman and Board Member at various food and non-food companies, including a member of the Board of Directors of Peter Halter 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.

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 Committee chair of the Audit Committee. He has a PhD in law and was admitted to the Bar in the canton of Zurich in 1982. From 1984 onwards, he worked as a freelance commercial attorney and has been Senior Counsel with the law firm Badertscher Rechtsanwälte AG, Zurich and Zug, as of 2021. Since 1984, Mr. Rinderknecht has had numerous directorships on the boards of various listed and non-listed companies in the industrial, media and family office sectors. 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 CNC 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 Chair of the Board of Directors and is its principal shareholder. He is also a member of different non-listed Swiss investment companies.

Monique Bourquin (CH) Ms. Bourquin has been a member of the Board of Directors since April 2023 and is currently the Committee chair of the CNC. After a few years in consulting, Monique Bourquin, lic.oec. HSG, spent most of her operational career in the consumer goods industry in various marketing and sales functions at Knorr Nährmittel AG, Rivella AG and Mövenpick Foods GmbH. For 14 years, she worked for Unilever, including as CEO for Unilever Switzerland and, more recently, as Chief Financial Officer for the DACH region in Hamburg until 2016. For the past 10 years, she has been active on various Boards of Directors, currently at Swisscom AG, Emmi AG, Kambly SA Spécialités de biscuits suisses, Rivella AG and W. Kündig & Cie AG. She was on the board of directors of Straumann Holding AG and Weleda AG for several years. She is also President of the Swiss branded goods association Promarca and on the Board of Trustees of Swisscontact.

Composition, diversity and skills

Chocoladefabriken Lindt & Sprüngli AG aims to ensure that the members of the Board of Directors and the candidates for membership are appropriately composed and possess the necessary qualifications and experience to discharge their duties. The adequacy of the composition of the Board of Directors, including considerations on its gender and other diversity aspects, is annually reviewed. While the Board of Directors believes that experience and professional expertise are relevant factors in the composition of the Board of Directors, the CNC considers these and other factors, including age, gender, nationality and ethnicity, when evaluating candidates for the Board of Directors and strives to explore ways to increase the diversity of the Board of Directors.

On a proposal by the CNC, the Board of Directors determined a set of competencies and expertise that it deems relevant for the Company, its business activities, geographic presence and future development, and which should, therefore, be adequately represented on the Board of Directors. Based on this collection, all members of the Board of Directors were asked to identify their most relevant competencies and expertise, taking into account their professional, educational and personal background. The following overview summarizes the respective competencies and expertise of the current members of the Board of Directors.

Distribution of the most important competencies

Management & Leadership	7/7
Financial Expertise	7/7
Risk Management	6/7
Legal, Regulatory & Compliance	3/7
FMCG/Consumer Insights	4/7
Marketing & Sales	6/7
Operational Management & Logistics	4/7
IT, Data & Cyber Security	3/7
HR, People & Culture	6/7
Environnemental, Social, Governance	7/7
Compensation	7/7
Board Experience	7/7

Succession planning

The short-term and long-term succession planning for the Board of Directors is prepared by the CNC in cooperation with the Chair of the Board of Directors. The CNC and the Chair 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 CNC annually evaluates the appropriateness of the composition of the Board of Directors, in particular taking into account the required experience, professional expertise and other competencies, diversity aspects, including age, gender, nationality and ethnicity, independence and the views contributed by the Company's stakeholders, including its shareholders. Similarly, the CNC 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 permitted activities outside the Group

The number of activities that members of the Board of Directors may perform in comparable functions at other companies with an economic purpose outside the Group is according to Article 19, subsection 3 item 1 of the Articles of Association limited to four mandates in listed companies, 10 mandates in non-listed companies, and 10 mandates in other legal entities, such as foundations and associations, with an economic purpose. Any new mandates of members of the Board of Directors in companies outside the Lindt & Sprüngli Group require the prior approval of the Chair of the Board of Directors and the chair of the CNC 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 CNC (see article 10.13 of the Organizational Regulations).

https://www.lindt-spruengli.com/amfile/file/download/id/7925/file/2023_Statuten_15.06.23_EN.pdf

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

Internal organization

The General Meeting elects together with the members of the Board of Directors the Chair of the Board of Directors and the members of the CNC. In all other respects, the Board of Directors constitutes itself. The Board of Directors elects a Vice-Chair and, if deemed appropriate and in the interests of the Company, a Lead Independent Director from among its members, in each case 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).

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

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

If the Chair resigns from the Board of Directors before the end of the term of office, the Board of Directors appoints a new Chair from among its members until the election of a new Chair at the next General Meeting. If the position of the Vice-Chair and / or, if previously appointed, the Lead Independent Director and / or a Committee chair is vacant, the Board of Directors designates a successor from among its members. 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.

Chair of the Board of Directors

The Chair 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. They act 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 Chair 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 with the CNC in all nomination-related activities including succession planning and evaluation of performance of the Board of Directors and its Committees;
- Represent the Group externally towards its stakeholders, as agreed with the Board of Directors and the CEO;
- Receive the agenda, documents and minutes of the Group Management meetings, whereby they 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 Chair. Such decisions must be brought to the attention of the Board of Directors as soon as possible.

The Board of Directors may entrust the Chair with additional duties and appoint them as Executive Chair of the Board of Directors. The individual executive duties and the division of duties between the Chair 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.

Vice-Chair of the Board of Directors

The Vice-Chair is appointed annually by the Board of Directors from among its members. If and for as long as the Chair of the Board of Directors is unable to perform their duties, or if and to the extent that there is a conflict of interest of the Chair, the Vice-Chair assumes all duties of the Chair of the Board of Directors. In addition, the Vice-Chair assists the Chair with respect to organizational, strategic and other topics related to the Chair's duties. The individual tasks of the Vice-Chair are determined by the Board of Directors.

The duties of the Vice-Chair are governed by the Organizational Regulations (see article 5 Organizational Regulations).

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

Lead Independent Director

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 Chair of the Board of Directors and the Vice-Chair. In the case of a matter requiring separate consideration or a decision or action on behalf of the independent members, the Lead Independent Director convenes and chairs meetings of some or all independent members of the Board of Directors.

The duties of the Lead Independent Director, if any, are governed by the Organizational Regulations (see article 6 of the Organizational Regulations).

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CEO

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 Chair 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 45 of this Annual Report and the Organizational Regulations.

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

Organization of the Board of Directors

The Board of Directors meets as often as necessary, but at least four times a year on invitation by the Chair 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 Chair, stating the reasons for doing so.

The Chair presides over the meetings. Along with members of the Board of Directors, the meetings may also be attended by members of the Group Management and other non-members. The Chair decides whether non-members may participate in meetings of the Board of Directors, unless the whole Board of Directors decides otherwise. The actual number of meetings (including physical meetings and conference calls) held and the number of written resolutions taken, if any, by the Board of Directors in the reporting year, as well as information regarding the attendance by the members of the Board of Directors, is set out below on page 44 (meetings, duration and attendance).

In the reporting year, members of the Group Management regularly attended the meetings of the Board of Directors in compliance with exclusion principles. No external consultants attended meetings of the Board of Directors.

Committees of the Board of Directors

The Chair of the Board of Directors and the Board of Directors are assisted in the performance of their duties by three permanent Committees: the Audit Committee, the Compensation & Nomination Committee (CNC) 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 CNC, which is a committee required by statutory law). The Committees meet on the invitation of their chair 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 Chair of the Board of Directors may not be the chair of the Audit Committee. Of the members of the Audit Committee, at least two members must possess substantial expertise and experience in finance and accounting (financial literacy). The other(s) 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, 2023, the members of the committee were: Dr Thomas Rinderknecht (chair), Dkfm Elisabeth Gürtler and Dr Dieter Weisskopf. 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

statutory auditor and the individual auditors (including their independence), the performance of the statutory auditor 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 reviews the internal audit program. The Audit Committee regularly assesses the status of compliance with laws and regulations within the company and reviews the effectiveness of internal processes in this regard. It ensures ongoing communication with the statutory auditor. 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 further assists the Board of Directors in fulfilling its oversight responsibilities relating to the internal audit function.

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 Annual General Meeting. The Audit Committee reviews and discusses any 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, assesses 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 CNC. 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 statutory auditor with special assignments and approve the fee budget for audit tasks submitted by the statutory 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. The actual number of meetings (including physical meetings and conference calls) held and the number of written resolutions taken, if any, by the Audit Committee in the reporting year, as well as information regarding the average attendance by the members, is set out below on page 44 (meetings, duration and attendance). Members of the Group Management and other members of the Board of Directors regularly attended the meetings of the Audit Committee. The statutory auditor attended two meetings of the Audit Committee. The statutory 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 chair 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.

→ For information regarding the statutory auditor, see page 51

Compensation & Nomination Committee (CNC)
According to the Articles of Association and the CNC Charter, the CNC 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 shall be independent. The members of the CNC are annually elected by the Annual General Meeting on an individual basis and for a term of office until the end of the next Annual General Meeting. In case of an early retirement or withdrawal during the term of office by a member of the CNC, the Board of Directors may appoint a substitute from among its members to serve until the next Annual General Meeting. As of December 31, 2023, the Committee members comprised Monique Bourquin (chair), Dr Rudolf K. Sprüngli, and Silvio Denz. If necessary, the CNC consults external advisors to perform its duties.

The CNC 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.

The CNC 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 in collaboration 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 CNC undertakes an annual assessment of the independence of the members of the Board of Directors. Unless expressly provided for otherwise, the CNC 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 CNC 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 CNC meets as often as business requires or at the request of any of its members, respectively, but at least three times a year. The actual number of meetings (including physical meetings and conference calls) held and the number of written resolutions taken, if any, by the CNC in the reporting year as well as information regarding the average attendance by the members is set out below on page 44 (meetings, duration and attendance). 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. In the reporting year, the CEO attended one meeting of the CNC but excused himself when his own compensation was concerned. All minutes of the CNC are made available to all members of the Board of Directors. The chair of the CNC also reports to the Board of Directors after each meeting of the CNC in the form of a brief summary of the CNC's activities and findings. The CNC also informs the Board of Directors regularly about the procedure for the determination of compensation and the outcome of the compensation process.

→ For information on responsibilities of the Compensation & Nomination Committee, see Compensation Report page 55

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, 2023, the Committee members comprised Dr Dieter Weisskopf (chair), 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 fur-

ther 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 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 CNC. Unless expressly provided otherwise, the Sustainability Committee supports the Board of Directors with preparatory and supporting activities and submits proposals and recommendations to the Board of Directors.

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 meets as often as business requires, but at least three times a year. The actual number of meetings (including physical meetings and conference calls) held and the number of written resolutions taken, if any, by the Sustainability Committee in the reporting year, as well as information regarding the average attendance by the members, is set out below on page 44 (meetings, duration and attendance). Members of the Group Management and other members of the Board of Directors regularly attended these meetings. No external consultants were present at the meetings of the Sustainability Committee. Matters discussed included a review of sustainability activities in 2022 and an assessment of the Sustainability Plan, approval of the new Double Materiality Assessment (DMA), approval of the new Deforestation Policy, a review of climate change and a review of the company's human rights risk assessment, together with the effectiveness of its due diligence process in the reporting year. All minutes of the Sustainability Committee are made available to all members of the Board of Directors. The chair 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 (ESC) is an agile body whose members act as sustainability experts on behalf of the Group Management. As of December 31, 2023, the ESC consisted of the following members: CFO (chair), Group General Counsel and VP Operations. 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.

Meetings, duration and attendance

The following table provides an overview regarding the number and duration of meetings held by the Board of Directors and by each standing Committee, together with certain information on attendance by the members of the Board of Directors and the members of the respective Committee.

	Board of Directors	Audit Committee	Compensation & Nomination Committee (CNC)	Sustainability Committee
Number of scheduled meetings / Number of meetings held	7/7	4/4	3/3	3/3
thereof in-person meetings	4	4	2	3
thereof telephone or video conferences	3	–	1	–
Number of written resolutions	2	–	1	–
In-person meetings				
Average duration (h)	1.7 h	1 h	1 h	1.9 h
Average attendance (%)	96.5%	100%	100%	100%
Telephone or video conferences				
Average duration (h)	0.5 h	–	0.5 h	–
Average attendance (%)	95.3%	–	100%	–
Attendance (Board of Directors)*				
Ernst Tanner	7/7	–	–	3/3
Dr Dieter Weisskopf	7/7	4/4	–	3/3
Dr Rudolf K. Sprüngli	7/7	–	3/3	–
Dkfm Elisabeth Gürtler	6/7	4/4	–	–
Dr Thomas Rinderknecht	7/7	4/4	–	–
Silvio Denz	7/7	–	3/3	3/3
Monique Bourquin**	3/4	–	2/2	–
Antonio Bulgheroni***	3/3	1/1	1/1	–

* The other members of the Board of Directors who are not part of the Audit or Sustainability Committee regularly attended the meetings of the Audit Committee or Sustainability Committee.

** Monique Bourquin was elected as member of the Board of Directors and member of the CNC at the Annual General Meeting held on April 20, 2023, and thereafter appointed as Committee chair of the CNC. She attended all but one Board of Directors meeting after her election.

*** Antonio Bulgheroni was a member of the Board of Directors, the Audit Committee and the CNC until the Annual General Meeting held on April 20, 2023. He attended all meetings up to his departure.

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 CNC.

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 of the Board of Directors, and members of the Group Manage-

ment 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 cyber 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.

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

CEO

The CEO is the chair of Group Management and further responsible for the procurement and forwarding of information to the Group Management, the Executive Chair 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 the 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 regarding the members of the Group Management, see page 47

Information and control instruments

The Board of Directors is kept regularly informed about all important matters relating to the business activities of the Lindt & Sprüngli Group. The CEO and the CFO, as well as other members of the 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 Chair 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, legal/regulatory 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 the Group Management regularly attend Audit Committee meetings.

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 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 the subsidiaries (including IT, Procurement, Production, Sales, Salary Payments, Treasury, HR, Legal, IP and Compliance and Financial Reporting) is submitted to the Audit Committee annually. Supervised by the Group, subsidiaries then develop measures to react to control weaknesses and deficiencies.

Internal Audit is another cornerstone of Lindt & Sprüngli's internal control environment. As an independent, objective assurance and consulting activity designed to add value and improve the organization's operations, Internal Audit supports management in monitoring compliance with relevant laws, regulations and internal policies. The Internal Audit department maintains a direct reporting line to the Audit Committee.

The statutory auditor of the Lindt & Sprüngli Group, 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 statutory 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 the Group Management are obliged to inform the Chair of the Board of Directors or, in the case of the Chair of the Board of Directors, the whole Board of Directors, or, in the case of members of the Group Management, the CEO, 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 Chair of the Board of Directors or the CEO, or the whole Board of Directors, decides on appropriate measures, including deliberations without the presence of the person concerned. As a rule, however, the members of the Board of Directors and members of the Group Management concerned 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 Chair 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 30 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 Organizational Regulations of the Company also foresee the appointment of a Lead Independent Director.

Group Management

As of December 31, 2023, Chocoladefabriken Lindt & Sprüngli AG's Group Management had eight members:

Name, responsibility	At Lindt & Sprüngli since
Dr Adalbert Lechner Chief Executive Officer, Global Retail, Group Communications, 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
Nicole Uhrmeister Chief Human Resources Officer	2023

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 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, Global Retail and Transformation report directly to him.

Martin Hug (CH) lic. oec. – 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 the 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

Nicole Uhrmeister

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.

Nicole Uhrmeister (CH) MAS Human Capital Management ZHAW – Ms. Uhrmeister began her career working in local HR functions in several companies before she joined Coca-Cola HBC (Switzerland) AG as a Compensation & Benefits Specialist in 2004, and was promoted to HR Controlling Manager in 2006. In 2010, she took over the role as Country HR Director Switzerland. After five years, in 2015, she was again promoted to Group Labour Relations and Regional HR Director. In 2016, she joined the Capri Sun Group Holding as Chief Human Resources Officer (CHRO). On November 1, 2023, she took over the role as CHRO at Lindt & Sprüngli and became a member of the Group Management.

The members of the 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 CNC, together with the Chair 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 CNC annually reviews and considers the adequacy of the composition of the Group Management, in particular in consideration of the required professional competencies, expertise and experience, the needs of the Group, diversity aspects, including age, gender, nationality and ethnicity, and 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 activities that members of the Group Management may perform in comparable functions at other companies with an economic purpose outside the Group is according to Article 19, subsection 3 item 2 of the Articles of Association limited to two mandates in listed companies, five mandates in non-listed companies, and 10 mandates in other legal entities, such as foundations and associations, with an economic purpose. Any new mandates of members of the Group Management in companies outside the Lindt & Sprüngli Group require the prior approval of the Chair of the Board of Directors and the chair of the CNC in accordance with article 10.12 of the Organizational Regulations.

The members of the 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 CNC (see article 10.13 of the Organizational Regulations).

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Compensation, equity participations and loans

→ For details, please refer to the Compensation Report, page 55

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 32 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/7925/file/2023_Statuten_15.06.23_EN.pdf

According to Article 12, subsection 3 of the Articles of Association, no person 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. Natural persons or legal entities that are related to each other by capital or voting rights or in a similar way, or who are acting in concert, are deemed to be one person or one shareholder. In special cases, the Board of Directors or a committee designated by 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" and the "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli Aktiengesellschaft" both in 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 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 a third party or by the independent proxy. The Board of Directors determines the requirements applicable to proxy appointments and voting instructions, whereby it may also authorize the use of electronic proxy appointments without qualified electronic signature. The issuance of blanket instructions for proposals mentioned or not mentioned in the invitation to the General Meeting is permitted.

https://www.lindt-spruengli.com/amfile/file/download/id/7925/file/2023_Statuten_15.06.23_EN.pdf

Statuary quorum

The General Meeting passes its resolutions by an absolute majority of the votes represented, 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/7925/file/2023_Statuten_15.06.23_EN.pdf

Convocation of the Annual General Meeting, agenda and entry in the 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 in accordance with the Articles of Association. The holders of participation certificates are also notified about the General Meeting, including the agenda and proposals, by notice in accordance with the Articles of Association at least 20 days prior to the meeting date.

According to Article 34 of the Articles of Association, all notices by the company to the shareholders and the holders of participation certificates may be validly given by way of publication in the Swiss Official Gazette of Commerce. Notices by the Company to the shareholders and the holders of participation certificates may instead or additionally also be made by mail, by email or in any other form that the Board of Directors deems appropriate.

The venue and time of the General Meeting is determined by the Board of Directors. According to the Articles of Association, the Board of Directors may also provide that shareholders who do not participate in person at the venue of the General Meeting may exercise their rights by electronic means (Article 10, subsection 2 of the Articles of Association), or that the General Meeting is held by electronic means without a physical venue (Article 10, subsection 3 of the Articles of Association).

On request by shareholders holding together at least 5% of the share capital or the voting rights of the company, the Board of Directors must convene an extraordinary General Meeting. Such request must be made in writing and shall specify the proposed agenda items and motions.

Shareholders holding together at least 0.5% of the share capital or the voting rights of the company may also request that items be placed on the agenda. Such a request must be made in writing to the Board of Directors at the latest 60 days before the General Meeting and shall specify the agenda items and the proposals made. If an explanation is to be included in the meeting invitation, it must be submitted within the same period and be brief, clear and concise. 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 recommendation by the Board of Directors. 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/7925/file/2023_Statuten_15.06.23_EN.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.

Statutory 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 statutory auditor must be newly appointed or confirmed, respectively, each year by the General Meeting.

The reporting year is the fourth 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/7925/file/2023_Statuten_15.06.23_EN.pdf

Audit fee
The total audit fees billed by the audit company in the reporting year 2023 amounted to CHF 2.1 million.

Additional fees
The total sum of additional fees billed by the audit company in the reporting year amounted to CHF 0.4 million and related to tax advice (CHF 0.2 million), advisory services (CHF 0.1 million) and others (CHF 0.1 million).

Supervisory and controlling instruments

Supervision and control regarding the assessment of the statutory 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 statutory 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 statutory 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 statutory 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 2023, the statutory auditor attended two meetings of the Audit Committee. The statutory 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 52 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, and 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 and exceptions

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.

No exceptions from the generally applicable rules were granted during the reporting year.

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.

The Group has established a Security Operation Center to monitor potential threats to the Group's digital presence and procedures have been implemented to respond to cyber security incidents within the Group. Cyber security is part of the existing risk management process within the Group and is continuously further developed. Cyber risks are analyzed on an ongoing basis and measures are assessed and taken as deemed appropriate. This includes taking defensive measures against cyber threats, detecting and dealing with any cyber attacks, and insurance coverage. Furthermore, cyber security awareness trainings have been rolled-out Group-wide in 2023 in order to further raise awareness of cyber security issues within the Group. In 2023, the Board of Directors approved a new AI policy.

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 (http://www.lindt-spruengli.com/). Company press releases can also be found on that website.

https://www.lindt-spruengli.com/media-center

For news and ad hoc communications, a push system is also available on the company website.

→ https://www.lindt-spruengli.com/media-center/news-service-registration

Interested parties can obtain an electronic copy of the Annual Report and the Compensation Report of Chocoladefabriken Lindt & Sprüngli AG on the company website (http://www.lindt-spruengli.com/).

For further information, contact the Investor Relations Department of the Group via phone +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 chair of the Compensation & Nomination Committee (CNC), I am pleased to present to you the Compensation Report for the financial year 2023.

Since 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 the members of the Group Management for the respective forthcoming financial year. At the General Meeting 2023, you expressed your continued support for the respective motions of the Board of Directors. In this context, I would like to thank you on behalf of the whole Board of Directors for your trust. The Compensation Report for the previous financial year has also been submitted to and approved by the Annual General Meeting by means of a non-binding advisory vote, with 67% of the votes cast supporting it. The Board of Directors and the CNC took the outcome of this vote seriously. As a result, members of the Board and Group Management reached out to shareholders in order to better understand the expressed concerns and respond appropriately.

The valuable feedback we received has underlined our confidence that the CNC's comprehensive review of our compensation framework addressed the right topics. While certain disclosure-related enhancements were implemented in the Compensation Report 2022, the more fundamental changes to the underlying compensation framework have become applicable as of 2023 and are, therefore, reflected for the first time in this Compensation Report.

With the aim of further strengthening Lindt & Sprüngli's performance culture and to more closely align the pay-for-performance philosophy inherent in the variable compensation elements of the Group Management with the company's strategy and shareholder interests, changes have in particular been made to payout and grant opportunities under the variable compensation elements, as well as the design and disclosure of the relevant performance considerations under the Cash Bonus and the Option Plan. For more details, please see page 57.

The Board of Directors is convinced that this Compensation Report 2023 gives you, our valued shareholders, an enhanced overview of the compensation framework of the Group Management and the Board of Directors, the actual compensation amounts, and the underlying considerations. While we believe that our current compensation approach rewards performance in a balanced and sustainable manner and provides us with effective tools in a competitive working environment, we highly value the open and regular dialog with our shareholders and their representatives, as we seek to further develop our compensation framework, systems and processes. 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.

Monique Bourquin
Chair of the Compensation & Nomination Committee

Compensation Report 2023

I. Introduction

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 Group Management and the Board of Directors. The information provided refers in each case to the financial year ending on December 31, 2023 (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, 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. Introduction
II. Summary of advancements undertaken as of 2023
III. Compensation governance
  i. Overview
  ii. Compensation and Nomination Committee (CNC)
IV. Compensation of the Board of Directors
  i. Compensation principles
  ii. Regular review and benchmarking
  iii. Compensation elements
  iv. Compensation 2023
V. Compensation of the Group Management
  i. Compensation goals and principles
  ii. Compensation framework
  iii. Compensation elements
  iv. Compensation 2023
VI. Participations
VII. 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
VIII. External mandates of the members of the Group Management and the Board of Directors

II. Summary of advancements undertaken as of 2023

The CNC values the feedback received from shareholders on our Compensation Report and continuously reviews potential adaptations regarding the compensation framework, system and processes. In this regard, several advancements were discussed and decided for 2023. A summary is provided below and in more detail in the relevant chapters of this report.

Cash Bonus	**Performance considerations**	We streamlined and formalized the scorecard to measure the Group Management's performance relevant for the Cash Bonus, giving substantial weight to quantitative KPIs.
	Payout opportunity	The minimum and maximum payout percentages of the Cash Bonus based on Base Salary are generally limited to the range of 0–100% (target 80%) and up to 130% in extraordinary cases for the CEO and to 0–90% (target 60–70%) and up to 130% in extraordinary cases for the other Group Management members.
	Transparency on performance achievements	The advanced scorecard structure further facilitates transparent ex-post disclosure of performance achievements.
Option Plan	**Performance considerations – at grant**	We elaborated on the criteria used to assess the Group Management members' performance (emphasizing several aspects of operational performance considerations) relevant to determine individual grant amounts under the Option Plan. The performance aspects taken into consideration by the CNC to determine the grant size under the Option Plan include several operational performance aspects, therefore reflecting operational performance at grant.
	Grant opportunity	The minimum and maximum grant percentages of the Option Plan based on Base Salary are generally limited to the range of 0–100% (and up to a maximum of 180%) for the CEO and other Group Management members.
	Performance-considerations – at vesting	Following careful consideration, the CNC has decided that options to receive participation certificates after a total vesting period of between three and five years is still an optimal instrument to reward Group Management members for their contribution towards long-term value creation for Lindt & Sprüngli and hence align their interests with those of shareholders. The vesting of options under the Option Plan is subject to a performance underpin of positive absolute share price performance, therefore reflecting a market performance consideration at vesting.

III. Compensation governance

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 duties and responsibilities related 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/7925/file/2023_Statuten_15.06.23_EN.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

The Board of Directors is generally responsible for several compensation-related matters, including the determination and evaluation of the remuneration system, the principles of remuneration and the submission of compensation-related motions to the General Meeting for approval. Unless explicitly provided otherwise, in particular in the Organizational Regulations or the CNC Charter, the CNC supports the Board of Directors with respect to all matters relating to the compensation of the Group Management and the Board of Directors, as well as regarding nomination matters and succession planning.

Pursuant to Article 15bis paragraph 1 of the Articles of Association, the General Meeting annually approves the motions submitted by the Board of Directors concerning the maximum amount of compensation paid to the Board of Directors for the period until the next Annual General Meeting, and to Group Management for the coming financial year. The Board of Directors may submit to the General Meeting for approval motions concerning the maximum total amounts or individual components of compensation for other time intervals, and / or motions concerning supplementary amounts for special compensation components, as well as other conditional proposals. In addition, if variable compensation is voted on prospectively, the Compensation Report must be submitted by the Board of Directors to the General Meeting in the subsequent year for an advisory vote (Article 15bis paragraph 2 of the Articles of Association).

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

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

ii. Compensation & Nomination Committee (CNC)

The CNC plays an important role in the compensation governance of the Lindt & Sprüngli Group and supports the Board of Directors in a comprehensive manner in all compensation-related matters. Article 24bis paragraph 2 of the Articles of Association of Chocoladefabriken Lindt & Sprüngli AG assigns the following duties 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 are available on the website of Chocoladefabriken Lindt & Sprüngli AG.

https://www.lindt-spruengli.com/amfile/file/download/id/7925/file/2023_Statuten_15.06.23_EN.pdf

Within the framework set by the Articles of Association, the purpose, authority, responsibilities and procedures of the CNC are governed by the CNC Charter, which is set by the Board of Directors.

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

The topics addressed by the CNC with regard to compensation during the reporting year included, inter alia, the compensation of the Board of Directors and the Group Management, a global salary review within the Group, the introduction of the new compensation framework for the Group Management as of the reporting year, 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 and the relevant recommendations to the Board of Directors, and the discussion and review of feedback on compensation matters received from shareholders and shareholder representatives. The CNC regularly informs the Board of Directors about the procedure for the determination of compensation and the outcome of the compensation process.

The CNC also regularly reviews the appropriateness of the compensation system and approaches for the Group Management and the Board of Directors, with the support of HCM International Ltd, an external consultant. The last such review was done in 2022 and led to certain advancements in the compensation framework, which entered into force in the reporting year and are reflected in this Compensation Report. Apart from advising the CNC on matters regarding the compensation of the Group Management and the Board of Directors, HCM International Ltd. had no other mandates with the Lindt & Sprüngli Group in the reporting year.

For information on the composition and meetings of the CNC, see Corporate Governance Report on page 44.

IV. Compensation of the Board of Directors

i. Compensation principles

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:

"The members of the Board of Directors shall be entitled, in addition to reimbursement of their cash outlays, to fixed remuneration not dependent on profits. The Board of Directors may determine that their remuneration shall be paid, in full or in part, in the form of shares or participation certificates. In such case, it shall stipulate the conditions, including the time of the grant and any applicable transfer restrictions. It may stipulate that due to the occurrence of events designated in advance, such as a change in control of the Company, or the termination of an agency agreement, such restrictions may be shortened or cancelled, or that remuneration shall not be due."

All members of the Board of Directors are currently compensated by means of a fixed fee, which is paid out in cash for the preceding term after the respective Annual General Meeting. No members of the Board of Directors are currently entitled to any variable compensation or any allocation of option rights or other equity interests (shares or participation certificates).

ii. Regular review and benchmarking

The compensation of the members of the Board of Directors is regularly reviewed by means of an external benchmarking. This involves a comparison of the level and structure of compensation of the Board of Directors with other selected listed Swiss companies. This external benchmarking is performed periodically and is based on the most recent available information and data for the respective previous year.

The relevant peer group for the purpose of the benchmarking has been selected from among listed Swiss companies (SMI, SMIM) based on similar size (following market capitalization as of the end of the previous financial year) and industry affiliation (understood in a broader sense, approximated by non-financial companies, but including in particular companies from the consumer goods sector).

The most recent benchmarking for the compensation of the Board of Directors was undertaken in 2023 (based on data as of year-end 2022), with a peer group of 15 listed Swiss non-financial companies similar to Lindt & Sprüngli in terms of size. 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, and VAT.

The compensation of the Executive Chair has been refined over several years to better align with market practice. The latest change (reduction from CHF 2.0 million per year to CHF 1.2 million per year) came into force as of 2023. The recent analyses showed that compensation of the remaining non-executive members of the Board of Directors is clearly below median. Overall, the compensation level of the non-executive members of the Board of Directors has remained stable for over 25 years. Therefore, the CNC will consider adaptation of the compensation structure for non-executive members of the Board of Directors to better align with the market practice in future years. The next regular benchmarking with respect to the compensation of the Board of Directors is scheduled for 2024.

iii. Compensation elements

The non-executive members of the Board of Directors receive compensation in the form of a uniform fixed fee of CHF 145,000 per year. To steer their focus on the long-term success of the Lindt & Sprüngli Group, all non-executive members of the Board of Directors receive the same fixed compensation, regardless of any committee membership or any role as chair of any committee. During the reporting period, one non-executive member (A. Bulgheroni) additionally received a gross fee of CHF 12,600 (previous year: CHF 13,000) for his function as chair of the Board of Directors of Lindt & Sprüngli S.p.A., Italy.

The non-executive Vice-Chair of the Board of Directors receives compensation in the form of a fixed fee of CHF 290,000 per year. The compensation of the Vice-Chair reflects the additional duties and responsibilities with respect to organizational, strategic, and other matters and initiatives in coordination with the Executive Chair.

For information on the duties and responsibilities of the Vice-Chair, see Corporate Governance Report on page 39.

The compensation of the Executive Chair of the Board of Directors was reduced from a fixed compensation of CHF 2.0 million per year in 2022 to a fixed compensation of CHF 1.2 million per year in 2023 and is paid out in the form of a salary in cash on a monthly basis in 12 equal installments. The Chair leads the Board of Directors and coordinates its committees in determining the strategy and overall governance 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 engagement with shareholders and stakeholders.

iv. Compensation 2023

The following compensation was effectively paid to the Chair, the Vice-Chair and the other members of the Board of Directors in the financial years 2022 and 2023.

Compensation of the Board of Directors (audited)

	Function on 31.12.2023	2023		2022	
CHF thousand		Fixed cash compensation[1]	Other compensation[1]	Fixed cash compensation	Other compensation
E. Tanner[2]	Executive Chair of the Board of Directors, member of the Sustainability Committee (SC)	1,466	23	2,000	23
Dr D. Weisskopf[3]	Vice-Chair of the Board of Directors (since October 2022; Board member since April 2022), Chair of the SC and member of the Audit Committee	12	1	–	–
M. Bourquin[5]	Member of the Board of Directors (since April 2023), Chair of the CNC (since April 2023)	–	–	–	–
A. Bulgheroni[4]	Member of the Board of Directors (until April 2023), member of the Audit Committee and CNC (until April 2023)	145	25	145	25
Dkfm. E. Gürtler	Member of the Board of Directors, member of the Audit Committee	145	12	145	12
Dr R. K. Sprüngli	Member of the Board of Directors, member of the CNC	145	12	145	12
Dr T. Rinderknecht	Member of the Board of Directors, Chair of the Audit Committee	145	12	145	12
S. Denz	Member of the Board of Directors, member of the CNC and SC	145	12	145	12
Total		**2,203**	**97**	**2,725**	**96**

1 AHV share of the employee on salary or fees paid by the employer (including that of the employer, which establishes or increases social insurance or pension contributions). The compensation shown for the year 2023 paid to E. Tanner includes a lump-sum expense allowance of CHF 18,000 (previous year: CHF 18,000).
2 Compensation E. Tanner was reduced to CHF 1.2 million after the General Meeting 2023.
3 D. Weisskopf received no compensation as Board member for the financial year 2022. His compensation as CEO for the financial years 2022 and 2023 is included in the table "Compensation for the Group Management" on page 69. The compensation shown for 2023 is the compensation for part of the month of April 2023.
4 A. Bulgheroni also received a gross fee of CHF 12,600 (previous year: CHF 13,000, difference due to a higher annual average weighted FX rate) for his function as Chairman of the Board of Directors of Lindt & Sprüngli S.p.A. A. Bulgheroni resigned at the General Meeting 2023.
5 Election at General Meeting 2023. Fee will be paid in April 2024.

The amount of CHF 3.2 million 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 was not exceeded. The same amount of CHF 3.2 million was approved by the General Meeting of April 20, 2023, as the maximum aggregate amount of compensation for the Board of Directors for the period until the General Meeting 2024. The amount effectively paid out for the financial year 2024 will be disclosed in the Annual Report 2024.

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

V. Compensation of the Group Management

i. Compensation goals and principles

Compensation plays a central role in the 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 market practice aligning the long-term interests of shareholders, employees and customers. Therefore, the compensation system at Lindt & Sprüngli pursues the following five goals, which were recently refined and updated:

(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 voluntary 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 be sustainable. Continuity is a high priority for Lindt & Sprüngli.

The rules and principles governing the compensation, particularly 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.

ii. Compensation framework

a) Overview

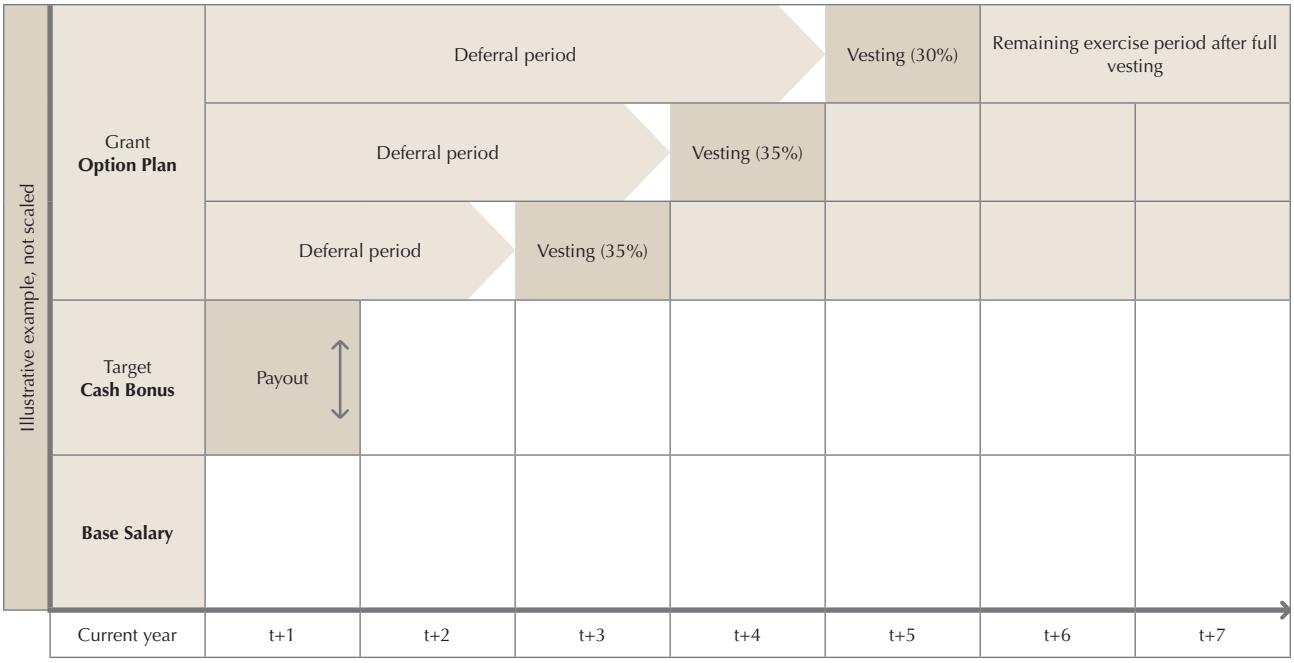
The compensation of the members of the Group Management is aligned with their respective positions and responsibilities and consists of a combination of: (1) fixed compensation (Base Salary, allowances, and other benefits incl. pension benefits); (2) short-term performance-based compensation (Cash Bonus); and (3) long-term performance-based compensation in the form of options for participation certificates (Option Plan).

Overview of compensation components for members of the 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
Purpose and drivers	Functional level, competencies, and experience	SMI and SMIM market practice	SMI and SMIM market practice	Performance excellence	Alignment with shareholders' experience
Settlement	Cash (immediate)	Cash	Pension	Cash	Participation certificates
Performance/ vesting periods				1 year	3, 4, 5 years
Performance-based payout (Cash Bonus) or grant amount (Option Plan) in % of individual Base Salary				**CEO:** 0–100% (at target: 80%)[1] **Other members:** 0–90% (at target: 60–70%)[1]	**CEO:** 0–100%[1] **Other members:** 0–100%[1]
Share price impact	No	No	No	No	Yes
Forfeiture rules	No	No	No	Yes	Yes
Clawback	No	No	No	Yes	Yes

[1] The maximum Cash Bonus may be increased to a maximum of 130% of the relevant Base Salary for both the CEO and the other members of the Group Management in extraordinary cases provided that the targets are substantially overachieved, in each case as assessed and determined by the CNC and for the CEO by the Board of Directors. The option grant amount may be increased to an equivalent of 180% of the relevant Base Salary for both the CEO and the other members of the Group Management provided that the operational performance criteria are very strong and overachieved, in each case as assessed and determined by the CNC and for the CEO by the Board of Directors.

While the Cash Bonus rewards the individual or collective achievement of annually determined targets, the Option Plan, which makes up a significant part of the variable compensation, is meant to further underline the importance of long-term success and value creation for our shareholders and vests only after a total vesting period of three, four or five years (as illustrated below).



b) Compensation structure

Lindt & Sprüngli seeks to ensure that actual total compensation of the members of the Group Management is linked to business performance. For this purpose, a substantial portion of compensation is structured in the form of variable, performance-based compensation.

If the performance targets set under the Cash Bonus and Option Plan are achieved at 100%, the total compensation should consist of 36% fixed compensation and 64% variable compensation for the CEO (prior year: 26% fixed compensation and 74% variable compensation) and 39% fixed compensation and 61% variable compensation for the other members of the Group Management (prior year: 34% fixed and 66% variable).

c) Regular review and benchmarking

The CNC annually reviews the compensation level of the members of the Group Management, thereby taking into account the responsibility associated with the position, the experience and contributions of the person concerned, competitiveness of the compensation and periodic external benchmarks.

The periodic external benchmarking involves a comparison of the level and structure of the compensation of Group Management with other selected listed Swiss companies and is based on the most recent available information and data for the respective previous year.

The relevant peer group for the purpose of the benchmarking is selected from among listed Swiss companies (SMI, SMIM) based on similar size (following market capitalization as of the end of the previous financial year) and industry affiliation (understood in a broader sense, approximated by non-financial companies, but including in particular also companies from the consumer goods sector).

The most recent benchmarking for the compensation of Group Management was undertaken in 2023 (based on data of year end 2022) with a peer group of 15 listed Swiss non-financial companies similar to Lindt & Sprüngli in terms of size. 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, and VAT.

The recent analyses confirmed that the target compensation level of the CEO is slightly below the peer group median, while the other Members of the Group Management on average are positioned slightly above the peer group median. Although the current compensation approach does not significantly deviate from the market practice represented by the peer group, certain structural changes (specifically with respect to payout opportunities under the Cash Bonus and annual grant amount under the Option Plan) were resolved to be made to the compensation framework of the Group Management and became effective in 2023.

The next regular benchmarking with respect to the compensation of the Group Management is scheduled for 2024.

iii. Compensation elements

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

The Base Salary reflects the functional level, competencies, expertise and 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 equal cash installments.

In addition, members of the Group Management receive allowances and other benefits in line with competitive market practice, including entitlement to a company vehicle and participation in the company's pension plans.

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

The Cash Bonus is meant to reward the members of the Group Management for the achievement of certain annually set targets in relation to predetermined key performance indicators (KPIs), either on an individual or on a collective basis. 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, and align with Lindt & Sprüngli's key long-term goals.

Since 2023, the relevant performance achievements for the Cash Bonus are measured predominantly (80%) based on quantitatively measurable financial KPIs. These KPIs are measured on Group level or split into 60% Group and 20% regional level, for those members of the Group Management who have responsibility on regional or country level. To a lesser extent (20%), the relevant performance achievements are measured based on individual ESG and Transformation KPIs for all members of the Group Management, including the CEO.

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%
ESG & Transformation (individual)	20%	20%	ESG	10%	10%
			Long-term Transformation projects	10%	10%

Financial KPIs reflect the main metrics of annual Group performance for the relevant year, being profitability (60%) and organic sales growth (40%). The individual targets within the ESG and Transformation KPIs are determined for each member of the Group Management in due consideration of their duties and areas of responsibility, and cover several of the metrics of the ESG and Transformation categories set out below.

Overview Qualitative KPIs

ESG		Transformation	
Improving our social impact and reducing our environmental footprint as defined in our Sustainability Plan		Anchor change into everyday ways of working and make change an irreversible part of our culture.	
Metric	**Description**	**Metric**	**Description**
Climate	Aiming to achieve our science-based emissions reduction targets reaching net-zero emissions by 2050	Organizational development	Raise an effective organizational structure while fostering entrepreneurship and increasing prompt adaptability.
Human rights focused on child labor	Following our commitment to respect human rights by addressing our most salient issues including child labor within our supply chain	Marketing insights and innovation	Strengthen attractiveness & relevance with respect to changing trends and Inspire consumers in a digitalizing world
Packaging	Continuously and proactively challenging our entire packaging portfolio, striving to reduce the amount of packaging materials used, increasing the recycled and sustainably certified content, and achieving recyclability or reusability.	On- and offline sales channel development	Be a leader in the omni-channel /retail world and deliver a seamless customer experience in all channels while leveraging new technology (incl. AI)
Health and safety	Broaden the scope of our occupational health and safety (OHS) approach in the coming years and aiming to continuously reduce our safety risks to achieve our long-term vision of zero lost time accidents	Efficiency and process improvement	Become leader in efficiency & effectiveness and pursue a culture of Lean (LPW) across the entire organization
Upholding company values & fostering diversity	Upholding our value framework – Excellence, Innovation, Entrepreneurship, Responsibility, and Collaboration and fostering diversity and inclusion within our company.	Geographic expansion projects	Developing emerging markets

For each underlying KPI, the relevant target performance level and the required minimum and maximum to be achieved, together with the corresponding payout levels for the Cash Bonus, are determined annually in December for the following year by the CNC and, in the case of the CEO, by the Board of Directors. The respective decision takes into account budget targets and current market conditions, including volatilities and uncertainties, etc., in order to allow a balanced pay-for-performance profile. The Board of Directors reserves the right to readjust the initial target setting in the case of extraordinary, unforeseen major events.

Internal financial and individual qualitative targets for the short-term performance-based compensation are considered commercially sensitive information. For this reason, they are not explicitly disclosed in the Compensation Report; nevertheless, some details regarding the prior year group financial targets and a review of the overall achievement level for the financial and qualitative KPIs for the financial year 2023 (on an aggregate basis) can be found in the following chapter.

The possible minimum, target and maximum payouts for the CEO and each other member of Group Management with respect to the Cash Bonus are defined as a percentage of their individual Base Salary, in each case in accordance with the respective overall responsibility.

In % of Base Salary	Minimum	Target	Maximum
CEO	0–60%	80%	100%
Group Management	0–50%	60–70%[1]	70–90%[1]

[1] For 2024 only, the target payout range for the Group Management will be changed to 30–70% and the maximum payout range to 40–90% to account for a temporary transition of individual compensation structures of the members of the Group Management.

In general, the target level will be paid out if the predefined targets of the relevant KPIs are fully achieved. If 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. If KPI targets are overachieved within a certain predefined frame, the payout of the Cash Bonus may be up to 100% (previously 200%) of the Base Salary for the CEO and an amount of between 70% to 90% (previously 60% to 180%) of the individual Base Salary for the other members of the Group Management. The maximum Cash Bonus can be increased to a maximum amount corresponding to 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 and for the CEO by the Board of Directors.

The payment of the Cash Bonus is made in the 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., if 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 the Lindt & Sprüngli Group).

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 Management's interests with those of shareholders, and to retain members of the Group's senior management.

Under the Option Plan, a certain number of stock options may be awarded to the members of the Group Management and other selected key employees. 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 predetermined vesting period (as further described below).

The total value in Swiss Francs available to be awarded under the Option Plan for a given financial year is determined by the Board of Directors, on the recommendation of the CNC, annually at the beginning of the year and is subject to the maximum compensation amounts approved by the Annual General Meeting.

Options are typically granted in January and transferred to plan participants in April. For each member of Group Management, the grant value under the Option Plan as an amount in Swiss Francs is determined on an individual basis and generally ranges between 0% and 100% (previously 0% to 200%) of the relevant Base Salary. The grant amount can be increased to an equivalent of 180% of the relevant Base Salary for both the CEO and the other members of the Group Management provided that several operational performance criteria are strong and overachieved, in each case as assessed and determined by the CNC and for the CEO by the Board of Directors.

The individual grant decision is made by the CNC and, in the case of the CEO, by the Board of Directors, respectively, in any particular year and based on a comprehensive assessment of the several operational performance criteria, comprising for example:

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

The fair market 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 26 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 in Swiss Francs by the value per option at the time of grant.

The options granted under the Option Plan are subject to staggered 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. The price at which options may be exercised is predetermined at the time of grant and corresponds to the average closing prices of the participation certificates of Chocoladefabriken Lindt & Sprüngli AG on the five trading days on SIX Swiss Exchange before grant in the month of January of the respective year. Options that are not exercised during the applicable exercise periods become forfeit.

The Board of Directors believes that options for participation certificates constitute an optimal instrument to achieve a stringent pay-for-performance approach. The performance-based grant approach under the Option Plan ensures that grant levels are aligned with long-term business performance reflected by several operational KPIs used for the performance assessment. Additionally, options have value for the participants only in the event of future positive share price performance, therefore reflecting the requirement to achieve a positive Total Shareholder Return (TSR) over the vesting period. This is closely aligned with the interests of our shareholders. The Option Plan therefore rewards Group Management members for their contributions to the growth and long-term value creation of Lindt & Sprüngli, remunerates them in line with the shareholder experience, and aligns their interests with those of our shareholders.

In view of the strong performance focus of the grants under the Option Plan and the significant amount of deferred compensation thereunder resulting from the long vesting periods, the Board considers a fixed limitation of the aggregate number of outstanding options in relation to the company's outstanding equity capital as unnecessary. The authority of the Board to issue options under the Option Plan is limited by the General Meeting in two ways: Firstly, the General Meeting annually approves the maximum value of compensation granted to the Executive Management and, secondly, it approves every renewal or increase of the underlying contingent capital. A motion for such an approval is usually submitted by the Board to the General Meeting every four to five years.

For further information regarding the contingent capital, see Corporate Governance Report page 31.

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. Granted options may be withheld or clawed back completely if 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 the Lindt & Sprüngli Group.

iv. Compensation 2023

Compensation of the members of the Group Management for 2023 and 2022 is shown in the following table. The valuation of the option-based compensation for 2023 and 2022 is based on the respective fair market values at the time of grant.

Compensation for the Group Management (audited)

						2023
	Fixed compensation			Variable compensation		
CHF thousand	Base Salary[1]	Allowances[2]	Pension benefits[3]	Cash Bonus[4]	Option Plan[5]	Total compensation
Dr Adalbert Lechner, CEO (CEO as of October 1, 2022)	1,200	48	76	1,200	1,664	4,188
Other members of Group Management[6]	4,070	169	440	3,399	5,614	13,692
Total	**5,270**	**217**	**516**	**4,599**	**7,278**	**17,880**

						2022
CHF thousand	Base Salary[1]	Allowances[2]	Pension benefits[3]	Cash Bonus[4]	Option Plan[5]	Total compensation
Dr Dieter Weisskopf, CEO (CEO until September 30, 2022)	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**

1 Total of paid-out gross compensation.
2 Including lump-sum expense allowances (CEO: CHF 18,000, CHF 12,000 for other members of the Group Management). In 2023 including the second part of a one-time relocation allowance of CHF 25,000 for Dr. Adalbert Lechner (in total CHF 100,000 which of CHF 75,000 was paid in 2022), and an anniversary of service award of CHF 5,000 for Dr. Adalbert Lechner and a joining bonus of CHF 88,000 for Nicole Uhrmeister to compensate for a verifiable financial disadvantage (Art. 735c para. 4 OR).
3 Including pension fund and social insurance contributions paid by the employer, which establish or increase employee benefits.
4 Expected pay-out (accrual basis) in April of the 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 fair market value at the time of grant. The total number of granted options in 2023 to A. Lechner was 1,200 options (1,000 options in 2022) and in total to all other members of the Group Management (including D. Weisskopf (CEO until September 30, 2022) 4,050 options (4,920 options in 2022 (including A. Lechner (CEO as of October 1, 2022)).
6 There were seven other Group Management members as of December 31, 2023. The compensation of Dr Dieter Weisskopf (CEO until September 30, 2022) until the end of his employment on March 31, 2023 is included in the compensation for the other members of the Group Management. Dr Dieter Weisskopf received no separate fee as Board Member during his employment.
7 There were six other Group Management members as of December 31, 2022. The compensation of Dr Adalbert Lechner (CEO as of October 1, 2022) is included in the compensation for the other members of the Group Management.

An amount of CHF 18 million was approved by the General Meeting of April 28, 2022, as the maximum aggregate amount of compensation for 2023 for the Group Management, whereby approximately CHF 17.9 million was used in 2023. The total compensation of the Group Management for 2023 was higher than for the previous year due to the higher fair market value of the stock options. The Board of Directors for the CEO, and the CNC for the remaining members of the Group Management, approved individual stock option grants above 100% of the relevant Base Salary due to overachieved operational performance criteria.

Although as of November 1, 2023, Nicole Uhrmeister started as new member of the Group Management, no use was made of the supplementary amount pursuant to Article 15bis paragraph 5 of the Articles of Association.

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

In 2023, the total amount of the aggregate Cash Bonuses awarded to the members of the Group Management amounted to CHF 4.599 million (previous year: CHF 5.112 million). For Dr Adalbert Lechner (CEO as from October 1, 2022), the awarded Cash Bonus amounted to CHF 1.200 million, corresponding to 100% of his Base Salary (75% in 2022). For the other bonus eligible members of the Group Management, the awarded Cash Bonus amounted on average to 86% of the relevant Base Salary (80% in 2022). No CNC discretion was applied in respect to the individual payouts under the Cash Bonus.

The option grant awarded to the CEO (since October 1, 2022) under the Option Plan for 2023 amounted to CHF 1.664 million (previous year: CHF 0.844 million), corresponding to 139% of his Base Salary (previous year: 96% of his Base Salary). The value of the options granted under the Option Plan for 2023 to the other members of the Group Management amounted to CHF 5.614 million (previous year: CHF 4.153 million). The individual grant amounts correspond to 152% of the relevant individual Base Salary on average (previous year: 100% of the relevant individual Base Salary on average).

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

The following table illustrates the effective split of the total compensation of the CEO and the other members of the Group Management into fixed compensation and variable compensation:

	2023		2022	
	Fixed compensation	**Variable compensation**	**Fixed compensation[1]**	**Variable compensation**
Dr Adalbert Lechner, CEO (CEO as of October 1, 2022)	30%	70%	26%	74%
Other members of Group Management	31%	69%	34%	66%

[1] Effective split of the total compensation of Dr Dieter Weisskopf (CEO until September 30, 2022).

VI. Participations (audited)

The following table provides information on the shares and participation certificates, respectively, of Chocoladefabriken Lindt & Sprüngli AG and options on participation certificates held by members of the Group Management and the Board of Directors as of December 31, 2023.

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2023	2022	**2023**	2022	**2023**	2022
E. Tanner	Executive Chairman	3,067	3,067	5,786	9,796	–	–
A. Bulgheroni [1]	Member of the Board	–	1,000	–	295	–	–
Dkfm E. Gürtler	Member of the Board	1	1	50	50	–	–
Dr R. K. Sprüngli	Member of the Board	1,090	1,090	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz	Member of the Board	15	11	–	–	–	–
Dr D. Weisskopf	Member of the Board (formerly Group Management)	5	5	2,000	2,013	6,570	8,500
M. Bourquin [2]	Member of the Board	–	–	6	–	–	–
Dr A. Lechner	Group Management	7	7	56	56	6,300	5,700
R. Fallegger	Group Management	25	25	1,250	950	5,200	4,750
A. Germiquet	Group Management	7	7	500	500	4,440	3,690
M. Hug	Group Management	6	6	–	–	4,750	4,650
G. Steiner	Group Management	3	3	–	–	4,190	4,110
Dr J. Picenoni	Group Management	1	1	–	–	3,200	2,950
D. Studer	Group Management	3	1	–	–	2,340	1,895
N. Uhrmeister [3]	Group Management	–	–	3	–	–	–
Total		**4,230**	**5,224**	**9,651**	**13,660**	**36,990**	**36,245**

[1] A. Bulgheroni resigned from the Board of Directors in April 2023, therefore no participations were disclosed for 2023.
[2] M. Bourquin was elected to the Board of Directors in April 2023, therefore no participations were disclosed for 2022.
[3] N. Uhrmeister was appointed to Group Management as of November 2023, therefore no participation was reported for 2022.

VII. 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.

ii. Employment contracts

The employment contracts of the members of the Group Management contain notice periods of a maximum of 12 months (12 months for the CEO and six 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 the event of termination, refer to "Long-term performance-based compensation: Option Plan" on page 67.

The maximum duration for a post-contractual prohibition on competition for members of the Group Management is 12 months, provided that the agreed consideration may not exceed the average of the compensation for the last three financial years. This is in line with the applicable provisions of the Articles of Association (Article 26bis paragraph 2) and is granted on a case-by-case basis as considered necessary by the Board of Directors.

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 the Group Management are identical to those of all other employees. For details, refer to "Change in control and defensive measures" on page 51.

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 2023 – whether directly or indirectly – to the executive and non-executive members of the Board of Directors, the members of the Group Management, or to related persons of the aforementioned persons. In addition, as per December 31, 2023, 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 in 2023 to former members of the Group Management or former members of the Board of Directors of the company, or to related persons of the aforementioned persons.

VIII. External mandates of the members of the Group Management and the Board of Directors (audited)

The following table sets out all external mandates that the members of the Group Management and the members of the Board of Directors hold in comparable functions at other companies with an economic purpose within the meaning of Article 626 paragraph 2 cipher 1 OR (including companies that belong to the same group) and which must be disclosed pursuant to Article 734e OR in the Compensation Report, and all activities and positions of the members of the Group Management and the members of the Board of Directors pursuant to Section 3.2 and Section 4.2, respectively (Other activities and vested interests), of the Annex to the Directive on Information relating to Corporate Governance (Corporate Governance Directive):

Member of the Board of Directors	Company name	Function
E. Tanner	The Swatch Group AG	Vice-chair of the board of directors
	The Swatch Group AG	Chair of the compensation and nomination committee
	Krombacher Brauerei GmbH & Co. KG	Member of the supervisory board
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
Dr R. K. Sprüngli	Peter Halter Liegenschaften AG	Member of the board of directors
	RKSSC Real Estate AG	Member of the board of directors
	Institut für Wirtschaftsberatung Niggemann, Fischer & Partner GmbH	Member of the advisory board
	PUSTA INVEST AG	Chair 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.	Chair of the board of directors
	Prio Partners AG	Member of the board of directors

Dr T. Rinderknecht	Marquard Media Group AG	Member of the board of directors
	Marquard Family Office AG	Vice chair of the board of directors
	SpanSet Inter AG	Chair of the board of directors
	Miralco Holding AG	Chair of the board of directors
	Twin Dolphins Holding AG	Chair 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
	Munich Partners AG	Chair of the board of directors
	Munich Partners Invest AG	Chair of the board of directors
	First 4G AG	Chair of the board of directors
	First SALT AG	Chair of the board of directors
	First ELF AG	Chair of the board of directors
	PlusFour AG	Chair of the board of directors
S. Denz	Lalique Group SA (Switzerland)	Chair of the board of directors
	Lalique SA (France)	Chair of the board of directors
	Alrodo AG (Switzerland)	Chair of the board of directors
	Art & Terroir SA (Switzerland)	Member of the board of directors
	CIRON S.A. (Switzerland)	Chair of the board of directors
	Lalique Art SA	Chair of the board of directors
	Lalique Maison SA (Switzerland)	Chair of the board of directors
	Madura (Schweiz) AG (Switzerland)	Member of the board of directors
	Lalique Asia Limited (Hong Kong)	Chair of the board of directors
	Glenturret Holding AG	Chair of the board of directors
	Villa Florhof AG	Member of the board of directors
	Florhof Immobilien AG	Chair of the board of directors
M. Bourquin	Emmi AG	Member of the board of directors
	Emmi AG	Member of the personnel and compensation committee and Market Committee and Agricultural Council
	Swisscom AG	Member of the board of directors
	Swisscom AG	Chair of the compensation committee
	Kambly SA	Member of the board of directors
	Rivella AG	Member of the board of directors
	W. Kündig & Cie AG	Member of the board of directors
	Swiss Branded Products Association Promarca	Chair of the board
	Swiss Foundation for Technical Cooperation Swisscontact	Member of the board
	Miroma AG	Member of the board of directors
	ESTAROG GmbH	Manager
	EUQINOM GmbH	Partner and president of the management

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

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 2023. The audit was limited to the information pursuant to article 734a-734f CO in the tables and sections marked 'audited' on pages 62 and 69 to 73 of the compensation report.

In our opinion, the information pursuant to article 734a-734f CO in the compensation report (pages 55 to 73) complies 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 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 and sections 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 compensaiton report that is free from material misstatement, whether due to fraud or error. It 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 pursuant to article 734a-734f CO is 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

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

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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 judgement 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, 4 March 2024

LINDT & SPRÜNGLI

Since 1949

Lindt
LINDOR

Global icon.

To create an unprecedented taste experience that enchants consumers. Once upon a time, the Lindt Master Chocolatiers set to work with this task. Back then, they were unaware that their recipe would pave the way for a unique success story. For the last three quarters of a century, Lindor chocolate has been providing sweet moments of happiness for connoisseurs all over the world and, thanks to its irresistibly smooth filling, makes them literally melt away every time. The masterful recipe has remained nearly unchanged to this day and is a well-kept secret. It plays a key role in the legendary success of the premium brand, which equally represents the high-quality craftsmanship of the Lindt Master Chocolatiers and the uncompromising quality in the best Swiss tradition. Both have characterized Lindt & Sprüngli since the day it was founded.

These attributes have been and still remain what make Lindor chocolate the perfect door opener for entering markets around the globe. Today, the Lindor product range is a global bestseller in the Lindt & Sprüngli brand portfolio and represents the international character of our traditional company. Lindor also demonstrates its universality in the variety of presentations and flavors, which are regionally and seasonally adapted to consumer preferences. Launched as a classic bar in 1949, the ball literally started rolling around two decades later. Today, around seven billion Lindor truffles a year are produced in over 30 flavors, with the iconic whole milk chocolate truffle in the red wrapper making up more than half of the total sales of the product range.

Alongside premium quality and incomparable product experience, the excellence of its marketing and the tireless development of brand value have contributed to building the iconic status that Lindor has enjoyed over generations. This manifests itself in the distinctive look and feel of the product as well as the advertising, both of which have always kept pace with the times. Before we continue the success story with the same consistency, let's pause for a moment of pleasure and celebrate the global popularity of Lindor.

Innovation through tradition.

Urs Liechti, what fascinates you about the Lindor truffle?
The packaging. Unwrapping the truffle creates excitement and anticipation of the sensational chocolate with its cool melt. And then there's the enormous variety of flavors. There's something for everyone.

What drives innovation more strongly? The consumers or the technology?
Technically, anything is possible. For us, as a company deeply rooted in tradition, however, it is crucial to inspire consumers with recipes that appeal to the majority. Every new product begins with surveys in the most successful markets. We develop the recipes based on the resulting preferences and test them in those same markets.

Hasn't everything already been invented when it comes to chocolate?
With almost 180 years of experience with chocolate, we are always trying to improve and deliver the best for consumers. Quality is our top priority here.

Could artificial intelligence replace the Lindt Master Chocolatiers in the future?
Passion, creativity and sensory qualities will probably always remain human qualities.

What has been your greatest moment of happiness as a Lindt Master Chocolatier?
Of the many moments of joy I could mention, it's the unique approach of the Lindt development team when we come up with new creations. This was the case again recently when we developed the 14 new Lindt Connaisseurs pralines with perfection down to the smallest detail. When you see the finished collection in the shops, you're filled with pride that you contributed to such a masterpiece.

Urs Liechti

Vocation

Over 20 years as Lindt Master Chocolatier until retirement at the end of 2023

Characteristics

Passion, creativity and endless curiosity

Sources of inspiration

Flavors from all over the world and forms found both in architecture and nature

Most important innovation

Three large praline recreations

Plans for the future

Staying in touch with Lindt & Sprüngli and going on a non-ending journey

Lindor around the globe.

Lindor truffles melt the hearts of chocolate lovers all over the world. Its global success is mainly due to the wide range of variations, which are geared to the preferences in flavors of the different nations.

Lindt is known for its top-quality chocolate, which is produced to the highest Swiss quality standards. The same is true for Lindor. With the hard shell, fine chocolate covering and irresistibly smooth, melting center, every bite into a Lindor creation reveals a magical moment.

The Lindor truffles are available in over 30 flavors. The variety of the product range reflects the chocolate preferences of the different cultures. Thus for the English, chocolate is inextricably linked with peppermint. The Swiss prefer classic milk chocolate. Americans are crazy about caramel. The Japanese like the taste of green tea. The French love a high cocoa content. Australians enjoy the summery, fruity flavor of mango. While for Italians, it's hazelnut.

It's Magic!

Experience the Lindor truffle in 3D:
Using augmented reality, the Lindor brand proves that it is still open to new ideas 75 years after its launch and makes the Lindor truffles come alive in new dimensions.

Scan now and find out

Manufacture.

By the time a new Lindor praline creation is ready to go into production, it has already covered a considerable distance on its way to market launch. At the very beginning, the Lindt Master Chocolatiers develop the recipe and determine the shape. The masters of their craft thoroughly refine and experiment until the praline prototype meets their high standards in every aspect. This stage of the product cycle takes up about a third of the development time, which can last between two and three years in total. At this point, however, the work of the Lindt Master Chocolatiers is far from complete. When it comes to transferring the new creation to the large production line, craftsmanship meets technology. The in-house process technologists work together closely with the product developers in this phase. What unites them are their high quality standards and their precision – the masterful craftsmanship is implemented in the production process such that the handcrafted appearance of the end product is guaranteed right down to the smallest decorative element. The matching packaging design is created at the same time.

The high standards also apply to the partners in mold making and plant construction, which work closely with Lindt & Sprüngli in the development phase. Creating the wide range of customized molds for casting the new praline creations requires the utmost precision and reliability. Both properties are equally essential in order for the plant and system builders to optimize the complex manufacturing process. The contribution of both partners in the product cycle is indispensable and the valuable collaboration with Lindt & Sprüngli has been well established and proven for many years.

Craftsmanship and technology complement each other in the production of Lindt & Sprüngli creations. The end product reflects the perfect interaction of a wide range of skills. The common denominator is the demand for premium quality at every stage of production.

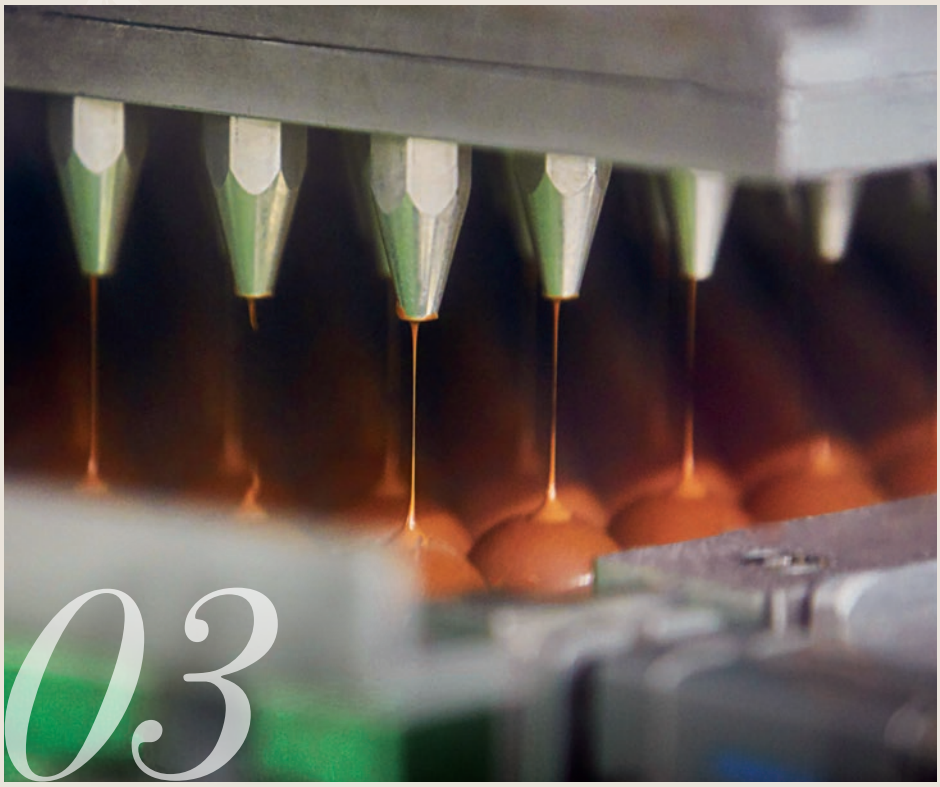
"Today, Lindor is one of the most popular pralines in the world."

Urs Liechti, Head of Product Development and Lindt Master Chocolatier

If you consider that more than seven billion Lindor truffles leave Lindt & Sprüngli's production facilities every year, you might be tempted to think that they go through a rapid manufacturing process. But the truth is far from this. Premium quality takes time. Once the chocolate mixture and the smoothly melting filling have been produced according to the secret recipe, each of the truffle undergoes a five-stage forming process until completion.

In production, these steps are carried out almost in a single pass. The effect thus achieved is revealed to anyone who unwraps a Lindor truffle. The smell of chocolate that fills your senses is fresh and intense, as if you were standing in the middle of a chocolate factory.

Although many process steps have been automated since the day the first Lindor truffles rolled off the production line in 1967, people still play an important role – be it in the operation, monitoring and maintenance of the systems or in the visual inspection of particular quality features. The production employees thus also play an important role in the success of the product.



01 Casting

The chocolate shell of the Lindor truffles delights connoisseurs with its fine sheen and delicate firm texture. The key criterion is the chocolate temperature during production. The pre-crystallized mixture is filled from nozzles into the bottom chocolate mold in precisely measured portions. The molds are sealed with a matching counterpart. The two halves close magnetically to form the spherical shape. Lindor's typical hollow chocolate shell is created by what is known as spinning the chocolate mixture. The molds rotate on their own axis and are gently shaken.

02 Cooling

To cool down the chocolate mixture, the molds, which remain closed, are transported to a cooling chamber. At a lower temperature, the chocolate mixture continues to crystallize and during this process, it solidifies completely. When the molds are removed from the cooling chamber, the top half is lifted off, revealing the finished chocolate shells with a small opening. The most complex part of the forming process is then complete.

03 Filling

The quality of the chocolate shells is checked either mechanically or by a production employee before the molds continue on the transport belt. In the next step, the Lindor truffles receive their incomparable smooth melting filling. Through the fine opening, nozzles insert a precise measure of the liquid Lindor filling into the hollow shells with pinpoint accuracy and lightning speed. Finally, the chocolate shells are sealed with a small dab of chocolate.

04 Cooling

The chocolate dab is the only little bump on the otherwise completely smooth surface of the Lindor truffle and is thus a characteristic feature. The truffles remain in the molds during the subsequent cooling process in a large cooling chamber. The cooling process serves to cool the filling and prepares the finished truffles for the packaging process, which follows.

After this, the process accelerates exponentially. As soon as the truffles leave the cooling system on the transport belt, they are gently lifted out of the molds by suction heads and placed on a narrow conveyor belt, where they are fed individually to the wrapping machine. This all happens at high speed.

05 Wrapping

Unwrapping a Lindor truffle is a treat that chocolate lovers enjoy taking the time to do. At this point, almost nobody would imagine that the truffle has been wrapped at what feels like the speed of light.

Gripper arms attached to turntables bring the individual truffles into position while the wrapping paper is unrolled from large rollers. The paper is cut, the truffle is wrapped in it and the two ends of the paper are twisted. The characteristic Lindor truffle is finished.

This technique is impressive when examined in slow motion, but it is even more remarkable when the wrapping machine is operating at full speed and wrapping all the Lindor truffles. A sensor then checks that the wrapping is correct before the Lindor truffles finally leave the manufacturing process and take the next step on their way to chocolate lovers all over the world.

Lindor is the epitome of happy moments in life, both big and small. In the 75 years of its existence, the brand has steadily developed into a love brand, combining smooth-melting pleasure and happiness.

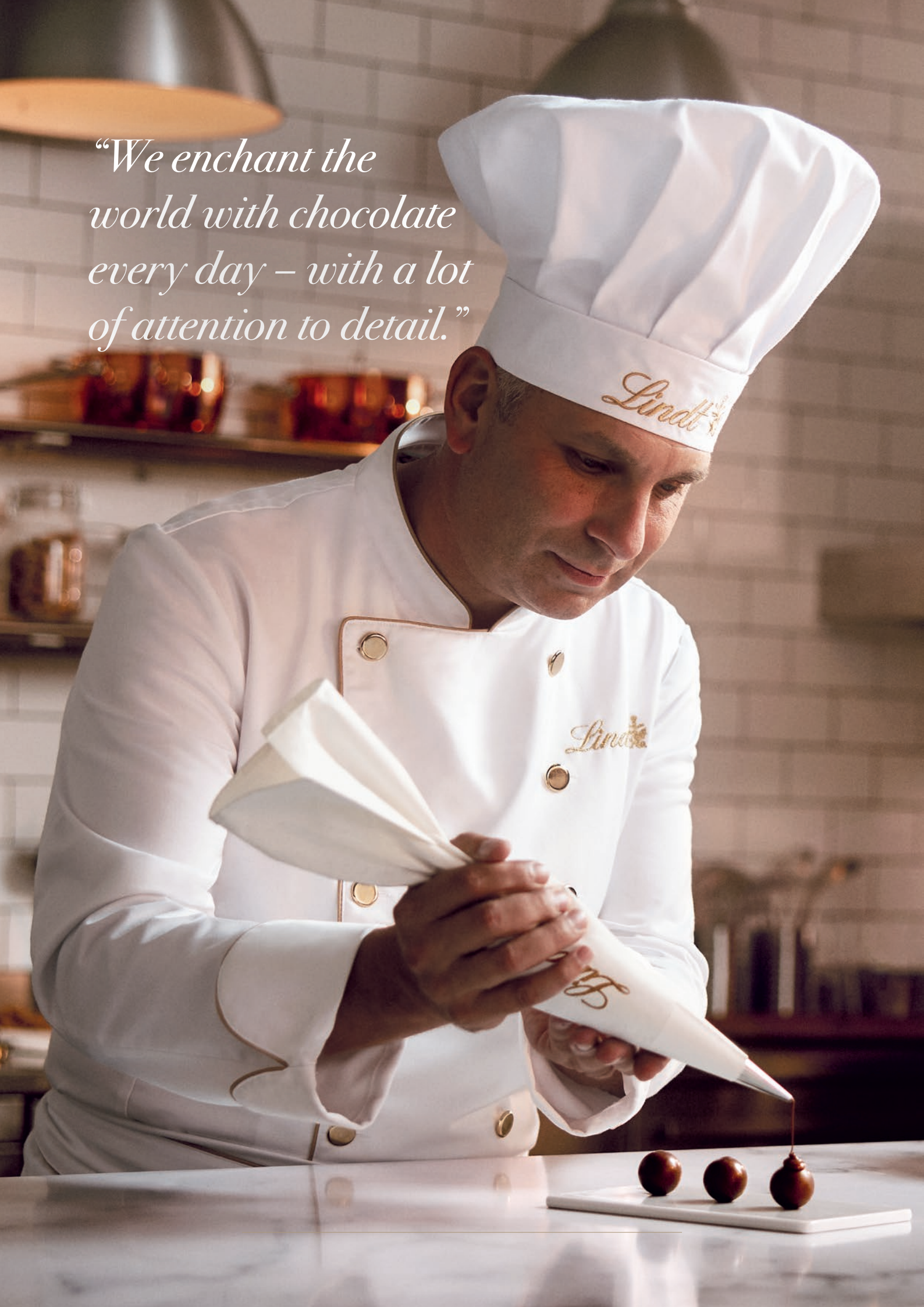
Moments of happiness.

They make our hearts soar and bring a smile to our faces: Life's moments of happiness, big and small. Time seems to stand still for a moment. A joyful, cozy feeling spreads through you.

It was probably precisely these moments of bliss that the Lindt Master Chocolatiers had in mind when they created the still secret and nearly unchanged Lindor recipe. When the creamy filling of this irresistibly smooth premium chocolate melts on your tongue, the feeling of happiness is perfect.

Happiness is often associated with enjoyment. As individual as enjoyment and feelings of happiness are, the understanding of both concepts is universal. That's why it made sense for Lindt & Sprüngli to position Lindor globally as the ideal companion for life's moments of happiness. There are the "me" moments, in other words, the desire to treat yourself to a sweet break and enjoy the here and now. Leaving the strenuous and hectic daily routine behind you for a moment, consciously taking time for yourself and crowning it with a personal moment of happiness. Happiness shared is happiness doubled. This is why Lindor enjoys just as much popularity, whenever family and friends come together, party together, laugh and celebrate their solidarity. Giving the gift of Lindor's exclusive chocolate creations makes you just as happy as enjoying them yourself – meaning that those gifting and those receiving are enjoying the gift equally. And for this, there are countless occasions and opportunities.

Whether it's about unrivaled pleasure or a personal sense of happiness, both conjure up a chocolate smile on people's faces. Or as Lindt & Sprüngli's corporate purpose puts it: Enchanting the world with chocolate.



"We enchant the world with chocolate every day – with a lot of attention to detail."

01

The unique brand experience.

In the 75 years of its existence, Lindor has become one of Lindt & Sprüngli's leading brands. Lindt & Sprüngli has developed and always maintained the brand experience over decades, consistently focusing on the needs of consumers. The quality of the brand experience is crucial for consumers remaining loyal to a brand or – as in the case of Lindor – even becoming fans. The more consistent the consumer experiences are at all the points where they come into contact with the brand or are touched by the brand, the stronger the bond – whether in advertising, shopping in-store or online, when giving or receiving gifts as well as when enjoying Lindor treats. The important factors here are recognition value, the creation of positive associations and consistency with personal values. Lindor has always stood for premium quality, incomparable indulgence and Swiss craftsmanship and It is the first choice when it comes to treating oneself to a moment of bliss or sharing it with others. Two elements of the Lindor brand image have been around since the very beginning and strengthen the brand identity – the distinctive red and the St. Gallen lace in the logo, which is seasonally supplemented with hearts or Christmas stars. Like the premium chocolate, the luxurious St. Gallen lace is a symbol of high-quality Swiss craftsmanship. At Lindt & Sprüngli, it has been epitomized by the Lindt Master Chocolatiers for over a quarter of a century. As defining advertising icons, they convey a uniform brand image all around the world. The variety of Lindor products has grown over the years. It all started with the classic chocolate bar in 1949. 20 years later, the Lindor truffle was the brand's breakthrough. Today, Lindor is also available as squares and chocolate bars, as well as seasonally in the form of Easter eggs, Christmas tree decorations and chocolate hearts. The distinctive culture of gift-giving associated with Lindor is shown in the continuous development of new gift ideas. The elegant packaging, which can also be personalized, always puts a smile on people's faces.

"It fills us with pride that we can create seven billion moments of happiness for our consumers with Lindor."

Adalbert Lechner
CEO Lindt & Sprüngli Group

Receiving a gift makes everyone happy. And giving a gift as well. The anticipation is reflected in the eyes of the woman. The excitement with which her husband is about to surprise her is palpable. The sweet Lindor gift is a token of his love. A magical moment that casts a spell over both of them.

02

The special magic of anticipation.

There's a reason why anticipation is considered to be the greatest joy. In a certain way, it's a tangible feeling that evokes desires and yearnings. If we look forward to something, we think about it often and with pleasure. In our minds, we visualize what to expect and give free reign to our imagination. Savoring the anticipation means giving yourself time. If we only did and received what gave us immediate pleasure, we would probably no longer take delight in many pleasures because they would not represent something extraordinary. The thrill of the unknown in anticipation motivates us, encourages us, drives us and moves us forward.

There are countless reasons for looking forward to major events as well as small encounters and experiences. This is often associated with the anticipation of receiving a gift. Gifting Lindor with the appropriate message for the occasion delights the recipient. A sweet gift, on the other hand, comes with anticipation of the moment of indulgence.

Lindt & Sprüngli has long been synonymous with "gifting with finesse". The joy of the gift is enhanced by the personal message it conveys. Whether the gift-givers are expressing their affection for their loved ones. Whether it's about good wishes for a birthday, an upcoming retirement, passing an exam or finding a new job. Whether it's a spontaneous small gesture to say thank you for the good collaboration, for looking after the children, for the dinner invite or for being good neighbors. Or whether it's a sign of compassion and consolation. Or just because you want to tell the other person how much you love him or her. The moment of happiness is always mutual.

03

The joy of giving.

Celebrating together with family, relatives and friends is a tradition in all cultures, even if the occasions and customs are different. All these fixed dates in the annual calendar strengthen the feeling of togetherness. Having a few hours' break to take the time for each other, exchange experiences over dinner and make plans together is invaluable.

The joy of coming together is what unites us. Being able to enjoy things with each other and spend pleasurable hours together is an enriching experience for everyone. At the same time, it is a perfect Lindor moment. The exquisite chocolate creations have become an integral part of celebrations with family and friends. In particular, the Lindor Box for sharing and enjoying is an expression of our shared passion for life's sweet moments of happiness.

The Lindor moment.

True delight touches the soul. An indulgent experience is all the more intense, the more sensory perceptions it evokes. The enjoyment of a Lindor truffle fulfills this demand in every respect, as it stimulates all five senses.

It starts with the crackle when the truffle is unwrapped. This releases the fantastic chocolate fragrance, which prompts you to take a deep breath. This is followed by a bite into the firm chocolate shell, characterized by its fine sheen. This reveals an incomparable sensory experience – the endlessly smooth filling surprises and delights chocolate connoisseurs the world over time and again. The recipe is a closely guarded secret. The unique smooth, melting filling ensures a characteristically long-lasting finish. A moment of complete bliss, followed by a chocolate smile.

Premium experience Lindt Shop.

A visit to one of the 520 shops around the world allows consumers to experience the Lindt, Caffarel, Ghirardelli and Russel Stover brands far beyond the individual products. The brands are presented at attractive locations in 24 countries in an ambience consistent with their premium status.

With their sophisticated appearance, the shops are reminiscent of the brand image that consumers are familiar with from luxury brands in the cosmetics and watchmaking sectors. This exclusive impression is further enhanced by the new design of the Lindt shops. It expresses Lindt & Sprüngli's high quality standards and its passion for excellence throughout the value creation process.

The availability of the entire brand product range in one place, competent expert advice from the Chocolate Advisors, an insight into the world of the Master Chocolatiers and the gift service come together in the shops to create a one-of-a-kind shopping experience. More than 80 million visitors are attracted to it every year and truly believe they are in chocolate heaven. This creates an unrivaled proximity to consumers, which further strengthens brand loyalty across all sales channels.

The new shop concept also reflects the consistent focus on consumer needs that characterize the Lindt & Sprüngli brand. Identifying trends at an early stage keeps the traditional brand portfolio relevant and is a driving force for a continuous innovation process.

Lindor Pick & Mix variety
The ability to create your own personal mix from all the different flavors delights young and old alike.

Personalization
Chocolate gifts become unique with a personal message or the name of the recipient.

Lindt Master Chocolatiers
Personal encounters with the dedicated employees are one of the highlights of the visit to the shop.

Gift baskets
The design and content are carefully tailored to the respective occasion and make gifting easy.

Attention to detail
It is the small, fine details that round off the elegant overall impression.

Lindor History.

1949

Lindor is launched on the Swiss market for the first time as a chocolate bar

1967

The first Lindor truffle delights as a Christmas decoration

1980s

New Lindor recipes, such as the first dark Lindor truffle Surfin (1984) and Lindor White (1985), are added to the product range

2005

The Lindor "Pouring Shot" is created as a distinguishing key feature

1957

The new chocolate bar designs with St. Gallen lace are introduced

1969

The successful Lindor truffle is produced all year round

2000

New product formulas and formats enrich the Lindor range

2017

The Lindor design is updated, underscoring the classic red and the delicate St. Gallen lace even more intensely

Lindt
LINDOR

“Lindor – a Swiss praline that excites like a true Picasso.”

Ernst Tanner
Executive Chairman

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Consolidated Balance Sheet

CHF million	Note	December 31, 2023		December 31, 2022	
Assets					
Property, plant and equipment	8	1,386.9		1,371.4	
Right-of-use assets	9	358.2		397.0	
Intangible assets	10	1,237.2		1,321.2	
Financial assets	11	2,062.3		1,810.8	
Deferred tax assets	12	206.4		154.9	
Total non-current assets		**5,251.0**	**66.8%**	**5,055.3**	**63.6%**
Inventories	13	921.5		875.6	
Accounts receivable	14	997.7		953.1	
Other receivables		120.3		116.9	
Accrued income and prepayments		41.5		40.2	
Derivative assets	15	65.5		39.1	
Marketable securities and current financial assets		0.3		0.3	
Cash and cash equivalents	16	462.2		864.6	
Total current assets		**2,609.0**	**33.2%**	**2,889.8**	**36.4%**
Total assets		**7,860.0**	**100.0%**	**7,945.1**	**100.0%**
Liabilities and equity					
Share and participation capital	17	23.6		23.9	
Own shares	17	–619.6		–570.3	
Retained earnings and other reserves		4,853.6		4,947.0	
Equity attributable to shareholders of the parent		**4,257.6**		**4,400.6**	
Total equity		**4,257.6**	**54.2%**	**4,400.6**	**55.4%**
Pension liabilities	19	111.5		95.3	
Bonds	18	748.8		998.3	
Lease liabilities	9	325.8		362.1	
Deferred tax liabilities	12	520.7		459.9	
Provisions	20	43.2		41.4	
Other liabilities		9.4		10.2	
Total non-current liabilities		**1,759.4**	**22.4%**	**1,967.2**	**24.8%**
Accounts payable to suppliers	21	305.9		290.5	
Other accounts payable		137.3		108.3	
Lease liabilities	9	68.5		68.0	
Current tax liabilities		105.1		129.1	
Accrued liabilities and deferred income	22	938.5		942.5	
Derivative liabilities	15	13.1		15.7	
Provisions	20	11.9		15.4	
Bonds	18	249.8		–	
Bank and other borrowings	18	12.9		7.8	
Total current liabilities		**1,843.0**	**23.4%**	**1,577.3**	**19.8%**
Total liabilities		**3,602.4**	**45.8%**	**3,544.5**	**44.6%**
Total liabilities and equity		**7,860.0**	**100.0%**	**7,945.1**	**100.0%**

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

Consolidated Income Statement

CHF million	Note	2023		2022	
Income					
Sales		5,201.2	100.0%	4,970.2	100.0%
Other income		29.7		27.9	
Total income		**5,230.9**	**100.6%**	**4,998.1**	**100.6%**
Expenses					
Changes in inventories		118.8	2.2%	77.0	1.5%
Cost of materials		–1,824.9	–35.1%	–1,754.7	–35.3%
Personnel expenses	23	–1,026.5	–19.7%	–1,008.2	–20.3%
Operating expenses		–1,404.4	–27.0%	–1,294.5	–26.0%
Depreciation, amortization and impairment	8, 9, 10	–280.8	–5.4%	–273.1	–5.5%
Total expenses		**–4,417.8**	**–85.0%**	**–4,253.5**	**–85.6%**
Operating profit (EBIT)		**813.1**	**15.6%**	**744.6**	**15.0%**
Financial income	24	11.5		6.6	
Financial expenses	24	–37.1		–29.7	
Income before taxes (EBT)		**787.5**	**15.1%**	**721.5**	**14.5%**
Taxes	12	–116.1		–151.8	
Net income		**671.4**	**12.9%**	**569.7**	**11.5%**
of which attributable to shareholders of the parent	2	671.4		569.7	
Non-diluted earnings per share/10 PC (CHF)	25	2,888.8		2,415.9	
Diluted earnings per share/10 PC (CHF)	25	2,859.1		2,387.1	

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

Consolidated Statement of Comprehensive Income

CHF million	**2023**	2022
Net income	**671.4**	**569.7**
Other comprehensive income after taxes	**–37.3**	**–638.0**
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	144.7	–616.4
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	26.5	11.9
Currency translation	–208.5	–33.5
Total comprehensive income	**634.1**	**–68.3**
of which attributable to shareholders of the parent	634.1	–68.3

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	**Total equity**
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[1]	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**
Balance as at January 1, 2023		**23.9**	**–570.3**	**353.0**	**22.8**	**5,029.2**	**–458.0**	**4,400.6**	**–**	**4,400.6**
Net income		–	–	–	–	671.4	–	671.4	–	671.4
Other comprehensive income		–	–	–	26.5	144.7	–208.5	–37.3	–	–37.3
Capital increase	17	0.2	–	110.4	–	–	–	110.6	–	110.6
Purchase of own shares and participation certificates	17	–	–604.4	–	–	–	–	–604.4	–	–604.4
Sale of own shares	17	–	–	–	–	–	–	–	–	–
Capital decrease (destruction)	17	–0.5	555.1	–46.8	–	–507.8	–	–	–	–
Share-based payment[1]	27	–	–	–	–	20.3	–	20.3	–	20.3
Distribution of profit		–	–	–	–	–303.6	–	–303.6	–	–303.6
Balance as at December 31, 2023		**23.6**	**–619.6**	**416.6**	**49.3**	**5,054.2**	**–666.5**	**4,257.6**	**–**	**4,257.6**

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

1 The recorded expenses for share-based payments amount to CHF 19.3 million (CHF 16.0 million in prior year). Moreover, CHF 1.0 million deferred tax income (CHF 14.9 million deferred tax expense in prior year) on employee stock options in the USA was recorded directly in equity.

Consolidated Cash Flow Statement

CHF million	Note	2023	2022
Net income		671.4	569.7
Taxes		116.1	151.8
Interest expenses		33.6	29.7
Interest income		–9.3	–2.5
Depreciation, amortization and impairment	8, 9, 10	280.8	273.1
Decrease (–)/Increase (+) of provisions		1.9	4.2
Decrease (–)/Increase (+) of allowances from current assets		3.1	6.9
Decrease (+)/Increase (–) of pension plans		–37.0	–8.0
Profit (–)/Loss (+) from disposals of fixed asset		0.6	1.2
Decrease (+)/Increase (–) of accounts receivables		–115.4	–85.9
Decrease (+)/Increase (–) of inventories		–116.2	–140.6
Decrease (+)/Increase (–) of other receivables		–10.2	–10.6
Decrease (+)/Increase (–) of accrued income, prepayments, derivative assets and liabilities		–1.4	–0.5
Decrease (–)/Increase (+) of accounts payable		35.4	62.3
Decrease (–)/Increase (+) of other payables and accrued liabilities		85.0	47.5
Interest received		9.6	2.3
Interest paid		–33.8	–28.3
Taxes paid		–164.7	–138.3
Non-cash effective items [1]		29.1	22.0
Cash flow from operating activities (operating cash flow)		**778.6**	**756.0**
CAPEX in property, plant and equipment		–280.5	–205.3
Disposal proceeds property, plant and equipment		0.8	1.5
CAPEX in intangible assets		–21.3	–24.4
Disposal proceeds intangible assets		–	0.1
CAPEX in right-of-use assets [2]		–	–0.2
Disposal proceeds right-of-use assets		–	0.1
Disposal proceeds (+)/Investing expenditures (–) in marketable securities and short-term financial assets		–	250.0
Cash flow from investment activities		**–301.0**	**21.8**

The accompanying notes form an integral part of the consolidated statements.
1 Movements of CHF 19.3 million result from share-based payments (CHF 16.0 million in prior year). Moreover, this position also includes impacts from foreign currency translation.
2 This position consists of payments made before lease inception.

Consolidated Cash Flow Statement

CHF million	Note		**2023**		2022
Proceeds from borrowings		11.1		3.7	
Repayments of borrowings		–5.5		–11.8	
Repayments of lease liabilities	9	–74.2		–75.4	
Capital increase (including premium)		110.6		82.7	
Purchase of own shares		–593.9		–551.4	
Sale of own shares		–		0.8	
Distribution of profits		–303.6		–284.1	
Cash flow from financing activities			**–855.5**		**–835.5**
Net increase (+) / decrease (–) in cash and cash equivalents			**–377.9**		**–57.7**
Cash and cash equivalents as at January 1		864.6		937.2	
Exchange gains (+) / losses (–) on cash and cash equivalents		**–24.5**	**840.1**	**–14.9**	**922.3**
Cash and cash equivalents as at December 31	**16**		**462.2**		**864.6**

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 4, 2024.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2023, 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	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
		Lindt & Sprüngli Supply Chain (Shanghai) Co., Ltd. [2]	D	100	CNY	–
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
Chile	Santiago de Chile	Lindt & Sprüngli (Chile) SpA [1/4]	D	100	CLP	–

D – Distribution, P – Production, M – Management
1 Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2 Lindt & Sprüngli Supply Chain (Shanghai) Co., Ltd. was registered in December 2023, however, no equity contribution has been made until December 31, 2023. See also note 2 for more information.
3 For information regarding Lindt & Sprüngli (Russia) LLC, see note 2.
4 Lindt & Sprüngli (Chile) SpA was registered in December 2023, however, no equity contribution has been made until December 31, 2023. See also note 2 for more information.

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 of December 31, 2023, the liquidation of the subsidiary Lindt & Sprüngli Russia LLC, which belongs to the segment "Europe", has not been completed yet. CHF 2.1 million of the CHF 3.5 million provisions and accruals which were disclosed as of December 31, 2022, still exist as of December 31, 2023. The liquidation has been completed in February 2024. Refer to note 31 "Events after the Balance Sheet Date" for more information.

Formations

In December 2023, Lindt & Sprüngli Supply Chain (Shanghai) Co., Ltd. was founded as a 100% subsidiary of the existing entity Lindt & Sprüngli (China) Ltd. Accordingly, the company was added to the consolidation scope of the Lindt & Sprüngli Group. The purpose of the company is the provision of supply chain services (such as warehousing, co-packing) in connection with the distribution of consumer goods to customers in Asia.

Furthermore, in December 2023, Lindt & Sprüngli (Chile) SpA was founded and added to the consolidation scope. As a 100% subsidiary of Chocoladefabriken Lindt & Sprüngli AG, Lindt & Sprüngli (Chile) SpA serves the purpose to distribute Lindt & Sprüngli products in the Chilean market.

Both subsidiaries belong to the segment "Rest of the World" and do not have a material impact on the consolidated statements of 2023. Based on budgeted figures, the impact on sales and profit of the consolidated statements of 2024 will not be material neither.

Mergers

In financial year 2023, Lindt & Sprüngli has not completed any mergers.

3. Accounting Principles

Basis of preparation

The consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG (Lindt & Sprüngli Group) were prepared in accordance with the IFRS Accounting Standards (from now on referred to as "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 Accounting Standards and Interpretations

New and amended IFRS Accounting Standards and Interpretations (effective as of January 1, 2023)

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, 2023.

Standard/interpretation	Effective Date	Effective Application
OECD Pillar 2 – Changes to IAS 12	January 1, 2023	Reporting year 2023
Deferred taxes – Amendments to IAS 12	January 1, 2023	Reporting year 2023
Accounting estimates and errors, definition of materiality – Amendments to IAS 1 and IAS 8	January 1, 2023	Reporting year 2023

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.

OECD Pillar 2 – Changes to IAS 12

The Lindt& Sprüngli Group is in scope of the OECD Pillar 2 model rules. Pillar 2 legislation was enacted in Switzerland, the jurisdiction in which Chocoladefabriken Lindt & Sprüngli AG is incorporated and has come into effect from January 1, 2024. The Lindt& Sprüngli Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 issued in May 2023. The Lindt& Sprüngli Group is in the process of assessing its exposure to the Pillar 2 legislation. Due to the complexity in applying the legislation, the quantitative impact of the legislation cannot be reasonably estimated as of this point in time.

Deferred taxes – Amendments to IAS 12

The amendment to IAS 12 for deferred taxes had no impact on the Lindt & Sprüngli Group.

Accounting estimates and errors, definition of materiality – Amendments to IAS 1 and IAS 8

The Lindt & Sprüngli Group applies the amendment for the reporting period 2023, however this change does not trigger any change in our reporting or disclosures.

New and amended IFRS Accounting Standards 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
Reverse factoring – Amendments to IAS 7 and IFRS 7	January 1, 2024	Reporting year 2024
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 applies the following exchange rates:

		Balance sheet year-end rates		Income statement average rates	
CHF		**2023**	2022	**2023**	2022
Euro zone	1 EUR	0.93	0.99	0.97	1.00
USA	1 USD	0.84	0.92	0.90	0.96
United Kingdom	1 GBP	1.07	1.11	1.11	1.17
Canada	1 CAD	0.63	0.68	0.66	0.73
Australia	1 AUD	0.57	0.63	0.60	0.66
Poland	100 PLN	21.34	21.08	21.38	21.33
Mexico	100 MXN	4.94	4.74	5.06	4.78
Sweden	100 SEK	8.35	8.86	8.43	9.34
Czech Republic	100 CZK	3.74	4.09	4.02	4.08
Japan	100 JPY	0.59	0.70	0.64	0.74
South Africa	100 ZAR	4.55	5.44	4.87	5.82
Hong Kong	100 HKD	10.72	11.86	11.48	12.19
China	100 CNY	11.79	13.31	12.58	13.94
Russia	100 RUB	0.93	1.27	0.95	1.30
Brazil	100 BRL	17.26	17.49	17.95	18.59

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 the foundation board is not elected by Lindt & Sprüngli Group, and only the minority of the foundation board consists of Lindt & Sprüngli Group members. 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. Group 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 products of Lindt & Sprüngli Group 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 companies of the 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 Group 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 reporting of the Lindt & Sprüngli Group is in Swiss francs, though 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 Group 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

Group Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period, and currency of the financial position on a continuous basis. Group 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, 2023 and 2022, there were no such transactions.

As of December 31, 2023 and 2022, 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 Group Treasury. The net financial position is monitored on a company-by-company basis by Group Treasury. As of December 31, 2023, the net financial position amounted to CHF –943.3 million (CHF –571.3 million in prior year).

CHF million	**December 31, 2023**	December 31, 2022
Marketable securities and current financial assets	0.3	0.3
Cash and cash equivalents	462.2	864.6
Bonds non-current	–748.8	–998.3
Lease liabilities non-current	–325.8	–362.1
Lease liabilities current	–68.5	–68.0
Bonds current	–249.8	–
Bank and other borrowings	–12.9	–7.8
Total net financial position	**–943.3**	**–571.3**

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, 2023, and December 31, 2022:

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**

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	**2023 Total**
Bonds (including interest)	–	253.9	2.8	754.6	1,011.3
Lease liabilities (including interest)	19.0	59.3	130.6	236.0	444.9
Accounts payable	302.6	3.3	–	–	305.9
Other accounts payable	135.5	1.8	–	–	137.3
Derivative assets	–25.7	–39.7	–0.1	–	–65.5
Derivative liabilities	2.9	10.0	0.2	–	13.1
Bank and other borrowings	12.9	–	–	–	12.9
Total contractually fixed payments	**447.2**	**288.6**	**133.5**	**990.6**	**1,859.9**

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 Lindt & Sprüngli Group monitors its capital based on its equity ratio, which was 54.2% as of December 31, 2023 (55.4% in prior year).

The objectives, policies and procedures as of December 31, 2023, 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;
- "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, Brazil and Chile as well as the business units Distributors and Global Travel Retail.

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		Segment Rest of the World		**Total**	
CHF million	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Sales	2,781.2	2,615.8	2,117.2	2,034.1	682.7	645.5	5,581.1	5,295.4
Whereof sales between segments	374.1	320.2	5.8	5.0	–	–	379.9	325.2
Third party sales	**2,407.1**	**2,295.6**	**2,111.4**	**2,029.1**	**682.7**	**645.5**	**5,201.2**	**4,970.2**
Operating profit (EBIT)	461.2	408.9	249.8	220.7	102.1	115.0	813.1	744.6
Net financial result							–25.6	–23.1
Income before taxes (EBT)							**787.5**	**721.5**
Taxes							–116.1	–151.8
Net income							**671.4**	**569.7**

The following countries achieved the highest sales in 2023:

- USA CHF 1,810.7 million (CHF 1,730.4 million in prior year)
- Germany CHF 762.2 million (CHF 734.8 million in prior year)
- Switzerland CHF 462.1 million (CHF 406.8 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 2023, sales of Global Retail amounted to CHF 752.7 million (CHF 686.0 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		Segment Rest of the World		**Total**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Assets	5,121.3	5,072.0	2,361.1	2,494.8	377.6	378.3	7,860.0	7,945.1
Liabilities	2,730.7	2,614.2	681.8	744.6	189.9	185.7	3,602.4	3,544.5
Investments [1]	221.2	192.8	134.9	94.4	21.0	23.6	377.1	310.8
Depreciation and amortization	149.7	145.0	96.6	98.3	21.5	21.7	267.8	265.0
Impairment	3.3	6.6	2.4	1.5	7.3	–	13.0	8.1

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 2023:
- USA CHF 1,349.0 million (CHF 1,454.2 million in prior year)
- Switzerland CHF 770.7 million (CHF 723.7 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, 2023		December 31, 2022	
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	5.5	5.5	0.8	0.8
Investments third parties		3	–	–	0.3	0.3
Total			**5.5**		**1.1**	
Derivatives used for hedging						
Derivative assets (level 1)	15	1	52.8	52.8	25.6	25.6
Derivative assets (level 2)	15	2	7.2	7.2	12.7	12.7
Total			**60.0**		**38.3**	
Other financial assets at amortized cost						
Cash and cash equivalents	16		462.2	– [1]	864.6	– [1]
Accounts receivable	14		997.7	– [1]	953.1	– [1]
Other receivables [2]			100.7	– [1]	94.7	– [1]
Marketable securities and current financial assets			0.3	– [1]	0.3	– [1]
Total			**1,560.9**		**1,912.7**	
Total financial assets			**1,626.4**		**1,952.1**	
Financial liabilities						
Fair value through profit or loss						
Derivative liabilities (level 2)	15	2	2.6	2.6	0.1	0.1
Total			**2.6**		**0.1**	
Derivatives used for hedging						
Derivative liabilities (level 1)	15	1	0.3	0.3	–	–
Derivative liabilities (level 2)	15	2	10.2	10.2	15.6	15.6
Total			**10.5**		**15.6**	
Other financial liabilities at amortized costs						
Bonds	18	1	998.6	955.4	998.3	907.9
Other non-current liabilities			9.4	– [1]	10.2	– [1]
Accounts payable	21		305.9	– [1]	290.5	– [1]
Other accounts payable			137.3	– [1]	108.3	– [1]
Bank and other borrowings	18		12.9	– [1]	7.8	– [1]
Total			**1,464.1**		**1,415.1**	
Total financial liabilities			**1,477.2**		**1,430.8**	

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 current tax assets.

Since the position "marketable securities and short-term financial assets" is immaterial as of December 31, 2023, as it was 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	**2023**	2022
Opening Balance as at January 1	**1,436.2**	**1,482.2**
Proceeds from borrowings	11.1	3.7
Total proceeds from financial liabilities	**11.1**	**3.7**
Repayments of borrowings	–5.5	–11.8
Repayments of lease liabilities	–74.2	–75.4
Total repayments of financial liabilities	**–79.7**	**–87.2**
Currency translations and exchange differences	–35.3	–6.8
Changes in lease liabilities[1]	73.1	43.9
Other	0.4	0.4
Closing balance as at December 31	**1,405.8**	**1,436.2**
Bonds non-current	748.8	998.3
Lease liabilities non-current	325.8	362.1
Lease liabilities current	68.5	68.0
Bonds current	249.8	–
Bank and other borrowings	12.9	7.8

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	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**

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2023 Total
Acquisition costs as at January 1, 2023	**1,212.0**	**1,588.3**	**254.2**	**203.8**	**3,258.3**
Additions	37.7	36.0	23.9	181.2	278.8
Retirements	–19.5	–11.9	–9.2	–	–40.6
Transfers	45.9	58.6	4.6	–108.4	0.7
Currency translation	–75.5	–100.4	–16.2	–13.6	–205.7
Acquisition costs as at December 31, 2023	**1,200.6**	**1,570.6**	**257.3**	**263.0**	**3,291.5**
Accumulated depreciation as at January 1, 2023	**664.6**	**1,019.9**	**202.4**	**–**	**1,886.9**
Additions	53.1	90.7	22.4	–	166.2
Impairments	2.3	2.8	0.2	0.9	6.2
Retirements	–18.9	–11.5	–8.8	–	–39.2
Transfers	–0.1	–	0.2	–	0.1
Currency translation	–39.0	–64.3	–12.2	–0.1	–115.6
Accumulated depreciation as at December 31, 2023	**662.0**	**1,037.6**	**204.2**	**0.8**	**1,904.6**
Net fixed assets as at December 31, 2023	**538.6**	**533.0**	**53.1**	**262.2**	**1,386.9**

Advance payments of CHF 14.9 million (CHF 13.8 million in prior year) are included in the position "construction in progress". No mortgages exist on land and buildings. The impairment charge of CHF 6.2 million (CHF 5.9 million in prior year) consists of write-downs of land and buildings of CHF 2.3 million (CHF 3.3 million in prior year) as well as machinery and other fixed assets of CHF 3.9 million (CHF 2.6 million 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	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
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

CHF million	Buildings	Vehicles	Other fixed assets	2023 Total
Right-of-use assets gross as at January 1, 2023	**644.9**	**18.9**	**5.2**	**669.0**
Accumulated depreciation	–259.5	–9.8	–2.7	–272.0
Right-of-use assets net as at January 1, 2023	**385.4**	**9.1**	**2.5**	**397.0**
Additions	66.1	8.4	2.5	77.0
Depreciation of the period	–68.7	–5.7	–1.5	–75.9
Impairments	–6.6	–	–	–6.6
Decreases in scope	–2.1	–0.3	–	–2.4
Currency translation	–30.2	–0.7	–0.2	–31.1
Other	0.2	–	–	0.2
Right-of-use assets net as at December 31, 2023	**344.1**	**10.8**	**3.3**	**358.2**
Retirements [1]	24.3	4.6	0.6	29.5

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.

9.2 Other lease information

CHF million	2023	2022
Interest expenses (included in financial expenses)	13.0	13.3
Expenses relating to short-term leases (included in operating expenses)[1]	8.2	8.0
Expenses relating to variable lease payments (included in operating expenses)[2]	29.4	27.7
Total cash outflow for leases (including interest)	87.3	88.7
Income from subleasing	5.5	7.8

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 394.3 million as at December 31, 2023, (CHF 430.1 million in prior year) is shown in note 4, lease commitments in note 29.

10. Intangible Assets

CHF million	EDP software & consultancy	Customer relationships	Brands & IP	Goodwill	Other intangible assets	Intangible assets in progress	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**

CHF million	EDP software & consultancy	Customer relationships	Brands & IP	Goodwill	Other intangible assets	Intangible assets in progress	**2023 Total**
Acquisition costs as at January 1, 2023	**156.3**	**123.6**	**460.3**	**740.1**	**3.5**	**10.6**	**1,494.4**
Additions	13.3	–	–	–	0.1	7.9	21.3
Retirements	–6.7	–	–	–	–	–	–6.7
Transfers	7.7	–	–	–	–	–8.2	–0.5
Currency translation	–11.0	–11.6	–	–69.4	–0.2	–0.7	–92.9
Acquisition costs as at December 31, 2023	**159.6**	**112.0**	**460.3**	**670.7**	**3.4**	**9.6**	**1,415.6**
Accumulated amortization as at January 1, 2023	**101.2**	**68.6**	**–**	**–**	**3.4**	**–**	**173.2**
Additions	17.4	8.0	–	–	–	–	25.4
Impairments	0.2	–	–	–	–	–	0.2
Retirements	–6.7	–	–	–	–	–	–6.7
Transfers	–	–	–	–	–	–	–
Currency translation	–6.5	–7.0	–	–	–0.2	–	–13.7
Accumulated amortization as at December 31, 2023	**105.6**	**69.6**	**–**	**–**	**3.2**	**–**	**178.4**
Net intangible assets as at December 31, 2023	**54.0**	**42.4**	**460.3**	**670.7**	**0.2**	**9.6**	**1,237.2**

Customer relationships of CHF 42.4 million (CHF 55.0 million in prior year) relate to the acquisition of Russell Stover Chocolates, LLC in 2014 and have a remaining useful life of 6 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 660.0 million of the total CHF 670.7 million (CHF 728.6 million of CHF 740.1 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 10.7 million (CHF 11.5 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.

Research and development expenditures amounted to CHF 19.9 million (CHF 18.4 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:

	2023	2022
Period of cash flow projections	5 years	5 years
Annual sales growth [1]	8.5%	7.7%
Annual EBIT-margin evolution	Improvement	Improvement
Terminal growth	2.2%	2.5%
Discount rate	7.2%	7.9%

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 capacity expansion investments in the impairment test. Therefore, an adjusted growth of 5.6% (5.9% 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 10.7 million (CHF 11.5 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	**2023**	2022
Pension assets [1]	2,062.2	1,810.5
Investments third parties	0.1	0.3
Total	**2,062.3**	**1,810.8**

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	2023	2022
As at January 1	**305.0**	**484.2**
Deferred income tax expense (+)/income (–)	–47.4	3.8
Tax expense (+)/income (–) charged to comprehensive income	46.6	–198.3
Tax expense (+)/income (–) charged to other components of equity	–1.0	14.9
Currency translation	11.1	0.4
As at December 31	**314.3**	**305.0**

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

CHF million	2023	2022
Deferred tax assets		
Property, plant and equipment	11.0	11.9
Intangible assets [1]	92.5	30.4
Pension plans	24.6	20.7
Receivables	7.5	6.8
Inventories	28.9	36.8
Leases	11.7	13.0
Payables, accruals and provisions	103.1	96.9
Derivative assets and liabilities	1.9	1.7
Tax loss carry-forwards	67.2	74.3
Other	8.7	8.0
Deferred tax assets gross	**357.1**	**300.5**
Netting	–150.7	–145.6
Total	**206.4**	**154.9**
Deferred tax liabilities		
Property, plant and equipment	47.2	44.2
Intangible assets	84.6	83.0
Pension plans	520.2	459.8
Receivables	4.0	3.0
Inventories	5.6	5.1
Payables, accruals and provisions	7.2	7.8
Derivative assets and liabilities	1.9	1.8
Other	0.7	0.8
Deferred tax liabilities gross	**671.4**	**605.5**
Netting	–150.7	–145.6
Total	**520.7**	**459.9**
Net deferred tax	**314.3**	**305.0**

1 The maximum amortisation potential amounts to CHF 278.9 million in Switzerland. As of December 31, 2023, CHF 100.0 million were recognized as deferred tax assets (prior year CHF 30.4 million).

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	2023	2022
Over 10 years	9.1	12.4
Total	**9.1**	**12.4**

The tax loss carry-forwards in 2023, of which no deferred tax assets are recognized, are all related to Lindt & Sprüngli (Russia) LLC. Tax loss carry-forwards utilized in 2023 amounted to CHF 0.7 million (CHF 0.2 million in prior year).

12.2 Tax expense

CHF million	2023	2022
Current tax expense	160.7	145.7
Deferred income tax expense (+)/income (–)	–47.4	3.8
Other taxes	2.8	2.3
Total	**116.1**	**151.8**

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	2023	2022
Income before taxes	**787.5**	**721.5**
Expected tax [1]	**169.7**	**142.5**
Change in applicable tax rates on temporary differences	–0.8	–2.4
Adjustments related to prior years	–1.4	–10.6
Non-taxable items	5.7	4.1
Withholding tax levied and other taxes [2]	18.1	18.8
Step-up on intangible assets [2]	–69.7	6.5
Income components with lower tax rates	–2.0	–1.8
Other [2]	–3.5	–5.3
Total	**116.1**	**151.8**

1 Based on the expected weighted average tax rate of 21.5% in 2023 (19.8% in prior year).
2 Due to materiality reasons, the "Step-up on intangible assets" is disclosed separately, whilst in prior year it was part of the position "Witholding tax levied and other taxes". Moreover, the impact of US State taxes in the amount of CHF 2.9 million was reclassified in the 2022 figures from "Other" to "Witholding tax levied and other taxes".

The Lindt & Sprüngli Group is currently assessing the impacts of BEPS 2.0 Pillar 2, 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:

			2023			2022
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	26.5	–	26.5	11.9	–	11.9
Defined benefit plan	191.3	–46.6	144.7	–814.7	198.3	–616.4
Currency translation	–221.4	12.9	–208.5	–33.5	–	–33.5
Total	**–3.6**	**–33.7**	**–37.3**	**–836.3**	**198.3**	**–638.0**

13. Inventories

CHF million	**2023**	2022
Raw material	186.1	163.2
Packaging material	123.1	144.7
Semi-finished and finished products	693.3	652.3
Inventory reserves	–81.0	–84.6
Total	**921.5**	**875.6**

In 2023, CHF 18.5 million (CHF 22.3 million in prior year) of the inventory reserve that existed as of year-end 2022 has been credited to the income statement.

14. Accounts Receivable

CHF million	**2023**	2022
Accounts receivable gross	1,028.6	984.4
Allowances	–30.9	–31.3
Total	**997.7**	**953.1**
Allowance as at January 1	**–31.3**	**–31.1**
Addition	–19.3	–20.9
Utilization	2.5	2.8
Release	16.2	17.6
Currency translation	1.0	0.3
Allowance as at December 31	**–30.9**	**–31.3**

The allowance is calculated as follows:

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**

December 31, 2023	Key accounts	Distributors	Other customers	**2023 Total**
Share in %	58.7%	7.8%	21.2%	
Rating	BB	B x 3	B-BB	
Probability of default	0.6%	5.6%	1.8%	
Forward looking allowance in %	**0.4%**	**0.4%**	**0.4%**	**1.2%**
Accounts receivable gross				**1,028.6**
Forward looking allowance				–12.3
Historical allowance				–18.6
Accounts receivable net				**997.7**

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	**2023**	2022
Not yet past due	893.6	835.0
Past due 1–30 days	113.7	121.2
Past due 31–90 days	11.1	19.2
Past due over 91 days	10.2	9.0
Accounts receivable gross	**1,028.6**	**984.4**

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

CHF million	**2023**	2022
CHF	92.7	61.2
EUR	295.6	307.6
USD	343.8	330.4
GBP	88.1	81.7
AUD	68.9	72.4
CAD	36.3	42.4
Other currencies	72.3	57.4
Accounts receivable net	**997.7**	**953.1**

15. Derivative Financial Instruments and Hedging Reserves

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

	2023		2022	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging (currencies and raw material)	60.0	10.5	38.3	15.6
Other derivatives	5.5	2.6	0.8	0.1
Total	**65.5**	**13.1**	**39.1**	**15.7**

The carrying amount (contract value) of the outstanding forward-currency and raw material contracts as at December 31, 2023, is CHF 1,317.1 million (CHF 1,200.7 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 49.3 million as of December 31, 2023 (CHF 22.8 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	2023	2022
Cash at bank and in hand	303.8	560.3
Current bank deposits	158.4	304.3
Total	**462.2**	**864.6**

In line with the internal risk policy, cash and cash equivalents may only be deposited at financial institutions with ratings of A1 / P1. 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, 2022	**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**
Capital increase	–	19,130	–	0.2	0.2
Capital decrease (destruction)	–376	–50,544	–0.0	–0.5	–0.5
As at December 31, 2023	**134,723**	**1,012,542**	**13.5**	**10.1**	**23.6**

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

The conditional capital has a total of 306,815 participation certificates (325,945 in prior year) with a par value of CHF 10. Of this total, 152,365 (171,495 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 2023, a total of 19,130 (14,962 in prior year) of the employee options were exercised at an average price of CHF 5,851 (CHF 5,599 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:

	2023		2022	
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**581**	**50,544**	**667**	**37,570**
Retirements	–	–	–9	–
Share buy-back program	624	51,180	376	50,544
Capital decrease (destruction)	–376	–50,544	–453	–37,570
Inventory as at December 31	**829**	**51,180**	**581**	**50,544**
Average sales price of retirements (CHF)	–	–	100,299	–
Average cost of share buy-back program (CHF)	105,262	10,527	104,752	10,204
Average cost of capital decrease (CHF)	104,752	10,204	106,203	10,560

18. Financial Liabilities

CHF million	2023	2022
Non-current		
CHF 250 million 1.0% bond, 2014-2024[1]	–	249.6
CHF 250 million 0.3% bond, 2017-2027	249.8	249.8
CHF 250 million 0.01% bond, 2020-2028	249.5	249.5
CHF 250 million 0.25% bond, 2020-2032	249.5	249.4
Total non-current borrowings	**748.8**	**998.3**
Current		
Bank and other borrowings	12.9	7.8
CHF 250 million 1.0% bond, 2014-2024[1]	249.8	–
Total current borrowings	**262.7**	**7.8**
Total borrowings	**1,011.5**	**1,006.1**

1 Due to the remaining duration of the bond it was reclassified from non-current to current

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	2023	2022
CHF	998.7	998.3
EUR	0.5	5.1
USD	1.7	–
Other currencies	10.6	2.7
Total	**1,011.5**	**1,006.1**

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 2023, the employer contributions to defined contribution plans amounted to CHF 14.1 million (CHF 14.9 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 members (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 2023, 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 there are different defined benefit plans. One plan 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. In addition, there is a health insurance plan, where the company pays 60% of the premium for the retired 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, 2023. The market value of assets at December 31, 2023 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	
	2023	2022	**2023**	2022
Discount rate	2.0%	2.8%	2.6%	3.0%
Future salary increases	1.8%	1.8%		
Future pension adjustments	0.6%	0.4%		

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:

	2023		2022	
	Switzerland	Germany	Switzerland	Germany
Retirement in 20 years (age of 45 at balance sheet date)				
Men	25.07	23.23	24.97	23.36
Women	26.58	26.15	26.49	26.25
Retirement at balance sheet date (age of 65)				
Men	22.82	20.47	22.70	20.61
Women	24.59	23.92	24.48	24.04

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	**2023**	2022	**2023**	2022
Employee benefits expense				
Total service cost				
Current service cost	13.1	17.2	0.5	0.8
Past service cost	–	–0.1	–	–
Net interest cost	–43.9	–15.5	0.2	0.1
Liability management cost	0.6	0.6	–	–
Actuarial gains (–)/losses (+)	–	–	0.9	–1.6
Total defined benefit cost (+)/gain (–) of the period	**–30.2**	**2.2**	**1.6**	**–0.7**
Valuation components accounted for in OCI				
Actuarial gains (–)/losses (+)				
Arising from changes in demographic assumptions	–1.5	–	–	–
Arising from changes in financial assumptions	51.7	–107.8	–	–
Arising from experiences	18.9	12.7	–	–
Return on plan assets (excluding interest income)	–141.0	623.2	–	–
Return on reimbursement (excluding amounts in net interest)	–0.8	1.3	–	–
Changes in asset ceiling and other	–118.6	285.3	–	–
Total defined benefit cost (+)/gain (–) recognized in OCI	**–191.3**	**814.7**	**–**	**–**
Total defined benefit cost (+)/gain (–)	**–221.5**	**816.9**	**1.6**	**–0.7**

The gain from changes in demographic assumptions resulted mainly from the adjustment of the fluctuation rate in Switzerland to the observed and expected future conditions. The loss from changes in financial assumptions is mainly the result of the reduction of the discount rate and the increase in expected pension adjustments due to higher inflation.

The changes in pension obligations, pension assets, reimbursement rights 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	**2023**	2022	**2023**	2022
Defined benefit obligation as at January 1	**455.4**	**545.9**	**8.4**	**10.4**
Current service cost	13.1	17.2	0.5	0.8
Plan participants' contributions	9.6	6.9	–	–
Interest expense on the net present value of the obligation	12.7	4.0	0.2	0.1
Actuarial gains (–)/losses (+)	69.1	–95.1	0.9	–1.6
Past service gains (–)/losses (+)	–	–0.1	–	–
Gains (–)/losses (+) on curtailments	–	–0.1	–	–
Liabilities assumed in business combinations	–	0.1	–	–
Benefits paid through pension assets	–16.5	–13.7	–	–
Benefits paid by employer	–5.7	–4.6	–0.5	–0.6
Currency exchange differences	–7.2	–5.1	–0.5	–0.7
Defined benefit obligation as at December 31	**530.5**	**455.4**	**9.0**	**8.4**

Changes in the fair value of plan assets

		Pension plans
CHF million	**2023**	2022
Fair value of plan assets as at January 1	**2,498.8**	**3,107.1**
Plan participants' contributions	8.2	6.9
Contributions by employer	4.6	3.1
Interest income	64.7	19.5
Return on plan assets (excluding interest income)	141.0	–623.2
Benefits paid through pension assets	–16.5	–13.7
Liability management cost	–0.6	–0.6
Currency translations	–0.5	–0.3
Fair value of plan assets as at December 31	**2,699.7**	**2,498.8**

Development of reimbursement rights[1]

CHF million	**2023**	2022
Reimbursement rights as at January 1	**5.8**	**7.9**
Employee contributions	1.4	–
Interest income on reimbursements	0.2	0.1
Return on reimbursement (excluding interest income)	0.5	–1.3
Reimbursements to employer	–2.4	–1.1
Currency translation	–0.5	0.2
Reimbursement rights as at December 31	**5.0**	**5.8**

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

Development of not recorded plan assets

		Pension plans
CHF million	**2023**	2022
Asset ceiling as at January 1	**319.7**	**34.2**
Interest income recognized in income statement	8.3	0.2
Change in asset ceiling recognized in OCI	–118.5	285.3
Asset ceiling as at December 31	**209.5**	**319.7**

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	**2023**	2022	**2023**	2022
Present value of funded obligation	509.6	440.8	–	–
Fair value of plan assets	–2,699.7	–2,498.8	–	–
Underfunding (+) / overfunding (–)	**–2,190.1**	**–2,058.0**	**–**	**–**
Asset ceiling	209.5	319.7	–	–
Present value of unfunded obligations	20.9	14.7	9.0	8.4
Net pension liability (+) / asset (–)	**–1,959.7**	**–1,723.6**	**9.0**	**8.4**
of which pension liabilities	102.5	86.9	9.0	8.4
of which pension assets[1]	–2,062.2	–1,810.5	–	–

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:

			2023			2022
CHF million	Listed	Not listed	Total	Listed	Not listed	Total
Shares	2,300.4	–	2,300.4	2,139.1	–	2,139.1
Bonds	168.0	–	168.0	151.7	–	151.7
Alternative investments	20.9	–	20.9	18.7	–	18.7
Real estate	14.5	132.9	147.4	20.2	123.3	143.5
Qualified insurance policies	–	25.0	25.0	–	26.8	26.8
Liquidity and other	–	38.0	38.0	–	19.0	19.0
Total	**2,503.8**	**195.9**	**2,699.7**	**2,329.7**	**169.1**	**2,498.8**

The plan assets include shares of the Lindt & Sprüngli Group with a market value of CHF 2,128.2 million at December 31, 2023 (CHF 1,982.2 million in prior year). Moreover, the Lindt & Sprüngli Group rents property from the pension funds with a market value of CHF 15.8 million at December 31, 2023 (CHF 16.0 million in prior year). The revaluation of assets resulted in a gain of CHF 205.7 million in 2023 (loss of CHF 603.5 million in prior year). In 2024, the expected employer contributions amount to CHF 4.6 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	**2023**	2022
Active employees	313.7	270.0
Vested terminations	7.1	6.6
Pensioners	209.7	178.8
Total	**530.5**	**455.4**

The average duration of the liabilities at December 31, 2023, is 12.3 years (10.5 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	2023		2022	
Increase (+) / decrease (–) of assumptions by	**+0.25%**	**–0.25%**	**+0.25%**	**–0.25%**
Technical interest rate	–14.8	15.8	–10.3	11.4
Salary increase	5.8	–5.5	3.9	–3.2
Pension indexation	9.8	–9.4	7.3	–2.0

The increase of the impact of – 0.25% on pension indexation is due to the fact that, as a result of the assumption of future inflation of 0.25% for the Swiss pension plans, these plans also have an impact on the – 0.25% sensitivity for the first time.

The future development of healthcare costs is an important factor in the health insurance plan. The following tables show the impact of a 1.0% increase or reduction in the trend.

Impact on the present value of the defined benefit obligation:

CHF million	2023		2022	
Increase (+) / decrease (–) of assumptions by	**+1.0%**	**–1.0%**	**+1.0%**	**–1.0%**
Cost trend	1.1	–1.0	1.0	–0.9

Impact on service and interest cost:

CHF million	2023		2022	
Increase (+) / decrease (–) of assumptions by	**+1.0%**	**–1.0%**	**+1.0%**	**–1.0%**
Cost trend	0.1	–0.1	0.1	–0.1

20. Provisions

CHF million	Legal claims / cases	Business risks	Asset retirement obligations	Other	**Total**
Provisions as at January 1, 2022	**26.7**	**0.3**	**8.9**	**17.7**	**53.6**
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
Addition	13.4	1.8	1.5	3.0	19.7
Utilization	–2.1	–	–0.1	–5.4	–7.6
Release	–4.2	–2.6	–0.3	–3.2	–10.3
Currency translation	–1.8	–0.2	–1.0	–0.5	–3.5
Provisions as at December 31, 2023	**38.3**	**1.8**	**8.5**	**6.5**	**55.1**
of which current	10.2	–	0.7	1.0	11.9
of which non-current	28.1	1.8	7.8	5.5	43.2

Provisions for legal cases include unsettled claims, and legal proceedings as of December 31, 2023, 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, 2023.

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

21. Accounts Payable

Accounts payable to suppliers are denominated in the following currencies:

CHF million	**2023**	2022
CHF	27.6	30.9
EUR	146.6	153.0
USD	71.6	60.8
GBP	15.4	15.6
Other currencies	44.7	30.2
Total	**305.9**	**290.5**

22. Accrued Liabilities

CHF million	**2023**	2022
Trade related accrued liabilities and deferred income	500.3	514.1
Salaries/wages and social costs	149.6	144.8
Accrued cost of materials	35.9	25.2
Accrued operating expenses	207.8	206.5
Accrued Capex	19.6	22.9
Other	25.3	29.0
Total	**938.5**	**942.5**

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	**2023**	2022
Wages and salaries	781.7	746.5
Social benefits	131.8	152.0
Personnel leasing	59.2	63.1
Other	53.8	46.6
Total	**1,026.5**	**1,008.2**

For the year 2023, the Lindt & Sprüngli Group employed an average of 14,746 people (14,466 in prior year).

24. Net Financial Result

CHF million	2023	2022
Interest income	9.3	2.5
Other	2.2	4.1
Total financial income	**11.5**	**6.6**
Interest expenses	–33.6	–29.7
Other	–3.5	–
Total financial expenses	**–37.1**	**–29.7**

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)

	2023	2022
Non-diluted earnings per share / 10 PC (CHF)	**2,888.8**	**2,415.9**
Net income attributable to sharesholders according to income statement (CHF million)	671.4	569.7
Weighted average number of registered shares / 10 PC	232,415	235,811
Diluted earnings per share / 10 PC (CHF)	**2,859.1**	**2,387.1**
Net income attributable to sharesholders according to income statement (CHF million)	671.4	569.7
Weighted average number of registered shares / 10 PC and outstanding options on 10 PC	234,829	238,657
Weighted average number of registered shares / 10 PC to derive the non-diluted earnings	232,415	235,811
Outstanding options on 10 PC	2,414	2,846
Weighted average number of registered shares / 10 PC and outstanding options on 10 PC to derive diluted earnings	234,829	238,657

26. Dividend per Share / Participation Certificate (PC)

CHF	2023	2022
Dividend per share / 10 PC	1,400[1]	1,300

1 Proposal of the Board of Directors.

During the period January 1, 2024, to record date April 23, 2024, 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:

	2023		2022	
	Number of options	Weighted average exercise price (CHF/PC)	Number of options	Weighted average exercise price (CHF/PC)
Outstanding options as at January 1	**119,001**	**7,593**	**112,156**	**6,760**
New option rights	23,000	9,602	24,233	10,251
Exercised rights	–19,130	5,851	–14,962	5,599
Cancelled rights	–2,811	8,622	–2,426	7,926
Outstanding options as at December 31 [1]	**120,060**	**8,232**	**119,001**	**7,593**
of which exercisable at December 31	26,197	6,357	22,514	5,653
Average remaining time to expiration (in days)	698		652	

1 The exercise price varies between CHF 5,360 to CHF 10,251 as of December 31, 2023.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 19.3 million (CHF 16.0 million in prior year). Moreover, CHF 1.0 million deferred tax benefit on employee stock options in the USA were recorded directly in equity (CHF 14.9 million deferred tax expenses in prior year).

The assumptions used to calculate the expenses for the grants 2020 to 2023 are listed in the following table:

Date of issue	11.1.2023	25.1.2022	29.1.2021	15.1.2020
Number of issued options	23,000	24,233	28,980	27,070
of which in bracket A (blocking period 3 years)	7,969	8,400	10,062	9,392
of which in bracket B (blocking period 4 years)	8,090	8,509	10,203	9,534
of which in bracket C (blocking period 5 years)	6,941	7,324	8,715	8,144
Issuing price (CHF)	9,602	10,251	7,918	7,904
Price of participation certificates on date of issue (CHF)	9,580	10,110	7,730	8,010
Value of options on issuing date (CHF)				
Bracket A (blocking period 3 years)	1,274	784	519	651
Bracket B (blocking period 4 years)	1,403	852	571	680
Bracket C (blocking period 5 years)	1,498	905	613	712
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	2.8%	2.6%	2.5%	2.3%
Expected volatility	17.8%	15.5%	14.9%	14.6%
Expected dividend yield	1.47%	1.53%	1.60%	1.65%
Risk-free interest rate	1.55 – 1.61%	(0.55) – (0.47)%	(0.55) – (0.46)%	(0.46) – (0.38)%
Model	Binomial model			

28. Contingencies

The Lindt & Sprüngli Group has a contingent liability as of December 31, 2023, in respect to withdrawing from a US multi-employer plan in 2018 in the amount of CHF 9.2 million (CHF 9.5 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, 2023. 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	**2023**	2022
Property, plant and equipment	106.9	112.2
Intangible assets	0.1	0.2
Right-of-use assets	2.0	2.9

The contractual commitments within property, plant and equipment are mostly related to the expansion of production capacity in the USA (CHF 39.4 million), Switzerland (CHF 26.3 million), Germany (CHF 19.0 millon) and Italy (CHF 8.3 million).

30. Transactions with Related Parties

A family member of a former 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. The contingent consideration related to this purchase of CHF 1.0 million has been fully paid in 2023.

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. Likewise prior year, no own shares have been sold to the Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG in 2023. Furthermore, the Lindt & Sprüngli Group rents property from the pension funds with a market value of CHF 15.8 million at December 31, 2023 (CHF 16.0 million in prior year). Likewise 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 3.7 million (CHF 6.0 million in prior year) and expenses of CHF 7.0 million (CHF 5.8 million in prior year). The outstanding receivables and payables were as in prior year not larger than CHF 1.0 million.

Remuneration of the Board of Directors and Group Management

As of December 31, 2023, the Board of Directors consisted of 7 non-executive and executive Directors (7 in prior year). The number of executive Officers as of December 31, 2023, is 8 (7 in prior year). The compensation to non-executive Directors and executive Officers is shown below:

CHF thousand	**2023**	2022
Fixed cash compensation [1]	7,473	7,928
Variable bonus component [2]	4,599	5,112
Other compensation [3] & ancilliary benefits	830	697
Options [4]	7,278	5,841
Total	**20,180**	**19,578**

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 proposal of the CNC and the Board of Directors, respectively (excluding social charges paid by employer).
3 Including pension fund, social insurance contributions paid by the employer, which establish or increase employee benefits and lump-sum expense allowances.
4 The valuation of option grants on Lindt & Sprüngli participation certificates is based on the fair 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, 2023, 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 4, 2024. Furthermore, the consolidated financial statements are subject to approval at the Annual Shareholders' Meeting.

As of February 2024, the liquidation of the subsidiary Lindt & Sprüngli (Russia) LLC has been completed. The existing provisions and accruals have been released to complete the liquidation (see note 2). However, this event did not trigger adjustments to the carrying values of the Lindt & Sprüngli Group's assets or liabilities or 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 2023, 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 material accounting policy information.

In our opinion, the consolidated financial statements (pages 106 to 151) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

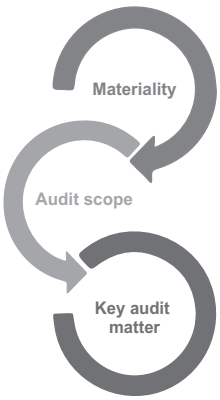
Basis for opinion

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) issued by 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 39 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

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

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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 39 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.

Audit scope

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

The Group financial statements are a consolidation of 31 Group companies. In collaboration with management, we identified 24 Group companies at which an audit of the financial information was performed. The seven 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 communications, virtual and physical meetings with the component audit teams as well as review of their working papers.

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 1,237 million, of which CHF 660 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 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 five planning years. 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 development of the EBIT margin, by comparing it 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 2023 actual results with the 2023 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 2,062 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 consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the consolidated financial statements.

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

PricewaterhouseCoopers AG

Gerhard Siegrist
Licensed audit expert
Auditor in charge

Josef Stadelmann
Licensed audit expert

Zürich, 4 March 2024

Balance Sheet

CHF thousand	Note	**December 31, 2023**	December 31, 2022
Assets			
Cash and cash equivalents		183,152	172,603
Accounts receivable			
from subsidiaries		6,863	6,691
Other receivables			
from third parties		32,947	27,883
from subsidiaries		71,569	–
Accrued income			
from third parties		278	58
from subsidiaries		57,482	40,007
Total current assets		**352,291**	**247,242**
Investments	4	891,581	888,448
Intangible assets		429,836	462,987
Total non-current assets		**1,321,417**	**1,351,435**
Total assets		**1,673,708**	**1,598,677**
Liabilities and Equity			
Accounts payables			
to third parties		16,943	3,921
to subsidiaries		8,601	8,749
Current interest-bearing liabilities			
to subsidiaries		3,068	16,717
Bonds	5	250,000	–
Other accounts payable			
to third parties		28,888	16,166
Tax liabilities		4,125	7,561
Accrued liabilities			
to third parties		23,776	16,721
to subsidiaries		185	6
Total current liabilities		**335,586**	**69,841**
Bonds	5	750,000	1,000,000
Total non-current liabilities		**750,000**	**1,000,000**
Share capital		13,472	13,510
Participation capital		10,126	10,440
Reserve from capital contribution	7	193,041	128,131
General legal reserve		5,000	76,040
Special reserve	7	–	471,774
Retained earnings			
Balance brought forward from previous year		130,252	32,729
Net income for the year		855,837	366,537
Treasury stock	6	–15,164	–15,164
Treasury stock (share buy-back program)	6	–604,442	–555,161
Total equity		**588,122**	**528,836**
Total liabilities and equity		**1,673,708**	**1,598,677**

Income Statement

CHF thousand	**2023**	2022
Dividends and other income from subsidiaries	978,512	459,971
Other income	195	23
Personnel expenses	–17,311	–10,339
Other expenses	–35,890	–18,751
Impairment losses (-)/gains (+) on investments	2,821	–5,772
Amortization on intangible assets	–33,151	–33,171
Operating profit	**895,176**	**391,961**
Financial income	12,844	11,325
Financial expenses	–16,802	–16,150
Income before taxes	**891,218**	**387,136**
Taxes	–35,381	–20,599
Net income	**855,837**	**366,537**

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 116 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, 2023, amounted to CHF 328.0 million (CHF 338.9 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:

				2023	2022
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

		2023		2022
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**581**	**50,544**	**667**	**37,570**
Retirements	–	–	–9	–
Share buy-back program	624	51,180	376	50,544
Capital decrease (destruction)	–376	–50,544	–453	–37,570
Inventory as at December 31	**829**	**51,180**	**581**	**50,544**
Average sales price of retirements (CHF)	–	–	100,299	–
Average cost of share buy-back program (CHF)	105,262	10,527	104,752	10,204
Average cost of capital decrease (CHF)	104,752	10,204	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, 2022	**–**	**–**	**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**
Release of special reserve	–	–	–		–	–471,774
Cancellation of shares	–	–	–	–46,828	–46,828	–
Additions during the year	–	–	1,362	110,376	111,738	–
Balance as at December 31, 2023	**–**	**–**	**20,743**	**172,298**	**193,041**	**–**

1 The Swiss federal tax administration (FTA) has not yet approved the capital transaction costs of TCHF 20,743 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. Participation rights and options

Employees were granted 5,270 options in the reporting year (previous year 6,940). The value of these options, calculated using the binominal model, amounts to CHF 7.3 million (previous year CHF 5.9 million).

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. The number of employees is 15.1 full-time equivalents (14.5 in prior year).

Proposal for the Distribution of Available Retained Earnings

CHF	**December 31, 2023**	December 31, 2022
Balance brought forward	630,738,307	26,156,820
Cancellation of shares	–506,894,780	–
Net income	855,837,104	366,537,238
Other	6,408,780[1]	6,573,007
Available retained earnings	**986,089,411**	**399,267,065**
Shares and participation certificates as per bylaws of CHF 23,597,720 as at December 31, 2023 (CHF 23,949,460 in prior year)		
Release of general legal reserve	–	71,040,000
Release of special reserve	–	471,774,222
1400% (1300% in prior year) dividend	–330,368,080[2]	–311,342,980
Balance carried forward	**655,721,331**	**630,738,307**
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 9,238,320 distributed on options exercised during the period January 1 to April 23,2023 of CHF –1,474,850, fees for excercising options of CHF –1,362,957, and expired dividends of CHF 8,267.
2 Number of registered shares and participation certificates, status as at December 31, 2023. During the period from January 1 until record date of April 23, 2024, 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 2024 Annual General Meeting.

For 2023 the Board of Directors proposes a total dividend of CHF 1,400 per registered share and CHF 140 per participation certificate.

Report of the Statutory Auditor on the Financial Statements

pwc

Report of the statutory auditor

to the General Meeting of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG (the Company), which comprise the balance sheet as at 31 December 2023, 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 158 to 162) comply with Swiss law and the Company's articles of incorporation.

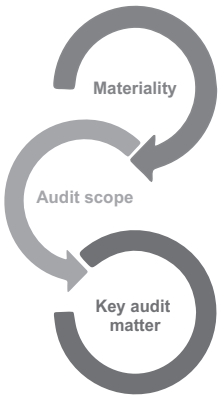
Basis for opinion

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

PricewaterhouseCoopers AG, Birchstrasse 160, Postfach, 8050 Zürich, Switzerland
Telefon: +41 58 792 44 00, www.pwc.ch

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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 430 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 892 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. 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 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.

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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 further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's 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 para. 1 item 3 CO and PS-CH 890, we confirm the existence of an internal control system that has been designed, pursuant to the instructions of the Board of Directors, for the preparation of the financial statements.

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

PricewaterhouseCoopers AG

Gerhard Siegrist
Licensed audit expert
Auditor in charge

Josef Stadelmann
Licensed audit expert

Zürich, 4 March 2024

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

		2023	2022	2021	2020	2019
Income Statement						
Sales	CHF million	5,201.2	4,970.2	4,585.5	4,016.8	4,509.0
EBITDA	CHF million	1,093.9	1,017.7	921.5	696.1	915.8
in % of sales	%	21.0	20.5	20.1	17.4	20.3
EBIT	CHF million	813.1	744.6	644.9	420.3	593.0 [1]
in % of sales	%	15.6	15.0	14.1	10.5	13.2 [1]
Net income	CHF million	671.4 [2]	569.7	490.5	320.1	511.9
in % of sales	%	12.9 [2]	11.5	10.7	8.0	11.4
in % of average shareholders' equity	%	15.5	11.8	10.0	6.9	11.2
Depreciation, amortization and impairment	CHF million	280.8	273.1	276.6	275.8	322.8
Balance Sheet						
Total assets	CHF million	7,860.0	7,945.1	8,956.1	8,051.0	8,040.8
Current assets	CHF million	2,609.0	2,889.8	3,024.8	2,953.9	2,975.7
in % of total assets	%	33.2	36.4	33.8	36.7	37.0
Non-current assets	CHF million	5,251.0	5,055.3	5,931.3	5,097.1	5,065.1
in % of total assets	%	66.8	63.6	66.2	63.3	63.0
Non-current liabilities	CHF million	1,759.4	1,967.2	2,246.8	2,164.4	1,680.9
in % of total assets	%	22.4	24.8	25.1	26.9	20.9
Shareholders' equity	CHF million	4,257.6	4,400.6	5,223.6	4,606.3	4,670.2
in % of total assets	%	54.2	55.4	58.3	57.2	58.1
Cash Flow						
Operating cash flow	CHF million	778.6	756.0	826.8	787.6	830.9
in % of sales	%	15.0	15.2	18.0	19.6	18.4
CAPEX in PPE/intangible assets/right-of-use assets [3]	CHF million	301.8	229.9	240.8	249.1	235.2
in % of operating cash flow	%	38.8	30.4	29.1	31.6	28.3
Employees						
Average number of employees		14,746	14,466	14,135	13,557	14,621
Sales per employee	TCHF	352.7	343.6	324.4	296.3	308.4

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 Includes a one-time positive tax impact of CHF 69.7 million, driven by the Swiss tax reform ("STAF") and herewith related recognition of deferred tax assets. Without this impact the Net income would have amounted to CHF 601.7 million and the Net income margin would be at 11.6%. For more information refer to Note 12 "Taxes".
3 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

		2023	2022	2021	2020	2019
Share						
Registered shares at CHF 100.– par [1]	Number	134,723	135,099	135,552	135,552	135,988
Participation certificates at CHF 10.– par [2]	Number	1,012,542	1,043,956	1,066,564	1,044,146	1,072,641
Non-diluted earnings per share/10 PC [3]	CHF	2,889	2,416	2,049	1,333	2,142
Operating cash flow per share/10 PC [3]	CHF	3,350	3,206	3,453	3,264	3,492
Shareholders' equity per share/10 PC [4]	CHF	18,319	18,662	21,818	19,088	19,626
Payout ratio	%	49.2	54.6	59.3	82.5	83.2
Registered share						
Year-end price	CHF	102,000	95,000	122,200	88,400	85,500
High of the year	CHF	116,000	123,000	123,800	93,800	86,000
Low of the year	CHF	95,000	92,300	80,500	65,200	68,600
Dividend	CHF	1,400.00 [5]	1,300.00	1,200.00	1,100.00	1,750.00
P/E ratio [6]	Factor	35.31	39.32	59.64	66.32	39.92
Participation certificate						
Year-end price	CHF	10,090	9,430	12,630	8,630	7,515
High of the year	CHF	11,410	12,770	12,770	8,665	7,715
Low of the year	CHF	9,385	8,910	7,625	6,365	5,730
Dividend	CHF	140.00 [5]	130.00	120.00	110.00	175.00
P/E ratio [6]	Factor	34.93	39.03	61.64	64.74	35.08
Market capitalization [6]	CHF million	23,958.3	22,678.9	30,035.2	20,993.8	19,687.9
in % of shareholders' equity [4]	%	562.7	515.4	575.0	455.8	421.6

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 or branches

Subsidiaries with production sites

Lindt & Sprüngli has been enchanting the world with chocolate for over 175 years. The traditional Swiss company with its roots in Zurich is a global leader in the premium chocolate product sector. Lindt & Sprüngli produces quality chocolates today at its 12 own production sites in Europe and the USA. Its products are sold by 36 subsidiaries and branch offices, in around 520 of its own shops 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 und Küfferle. With more than 14,500 employees, the Lindt & Sprüngli Group reported sales of CHF 5.2 billion in 2023.

Headquarters

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

Europe

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

(3) **Lindt & Sprüngli Distribution Services AG**
Seestrasse 204, CH-8802 Kilchberg
Phone +41 44 716 22 33

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

(5) **Lindt & Sprüngli SAS**
112 Avenue Kleber, FR-75116 Paris
Phone +33 1 58 62 36 36, www.lindt.fr

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

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

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

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

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

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

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

(13) **Lindt & Sprüngli (Benelux) B. V.**
Beursplein 37, NL-3011 AA Rotterdam
Phone +31 10 310 47 53
www.lindt.com.nl

North America

14 Lindt & Sprüngli (North America) Inc.
4717, Grand Avenue, Suite 700
Kansas City, MO 64112, USA
Phone +1 816 731 19 00

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

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

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

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

19 Lindt & Sprüngli de México S. A. de C. V.
Torre Reforma, Av. Paseo de la Reforma 483, Floor 21 of. 2102
Cuauhtemoc, 06500, Mexico City
Mexico
Phone +52 55 4777 40 05
Ext. 7002

Rest of the World

20 Lindt & Sprüngli (Brazil) Comércio de Alimentos Ltda.
Rua Professor Atílio Innocenti
165 Conjunto 1201, sala 1
Vila Nova Conceição
São Paulo, Brasil, CEP 04538-000
Tel. +55 11 4369 7200
www.lindt.com.br

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

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

23 Lindt & Sprüngli (China) Ltd.
Unit 1901 & 1906
No. 429 North Nanquan Road
Free Trade Zone
200122 Shanghai, China
Phone +86 21 5831 1998, www.lindt.cn

24 Lindt & Sprüngli Supply Chain (Shanghai) Co. Ltd.
Room 323, Building 7
No. 288 Yangfan Road
Lingang Special Area
China (Shanghai)
Pilot Free Trade Zone
201306 Shanghai, China

25 Lindt & Sprüngli Japan Co., Ltd.
3F 313 Minami Aoyama Bldg.
3-13-18 Minami Aoyama
Minato-ku, 107-0062 Tokyo, Japan
Phone +81 3 3479 1005, www.lindt.jp

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

27 Lindt & Sprüngli (Chile) SpA
El Regidor No. 66, 10th floor
Las Condes, Región Metropolitana
Santiago, Chile

Regional Offices

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

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

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

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

32 Lindt & Sprüngli (España) S. A. U.
Rep. Office Lisbon
Avenida Duque D'Ávila, nº 141
1050 081 Lisbon, Portugal
Phone +351 210 539 685

33 Lindt & Sprüngli Distribution Services AG
Rep. Office Singapore
4 Battery Road
Bank of China Building
Singapore 049908, Singapore

34 Lindt & Sprüngli (Benelux) B. V.
Rep. Office Ghent
Ottergemsesteenweg-Zuid 808
bus 300, 9000 Ghent, Belgium
Phone +32 9 277 77 01

Information

Agenda

April 18, 2024	126th Annual Shareholders' Meeting
April 25, 2024	Payment of dividend
July 23, 2024	Half-year report 2024
Mid January, 2025	Net sales 2024
Early March, 2025	Full-year results 2024
April 16, 2025	127th Annual Shareholders' Meeting

Investor Relations

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

Group Communications

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

Share Register

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

Imprint

Project Lead: Chocoladefabriken Lindt & Sprüngli AG, Group Communications, Kilchberg ZH, Switzerland
Concept and layout focus chapter "Lindor": Die GmbH – Visuelle Kommunikation, Zurich, Switzerland
Design, layout and prepress (print): Neidhart & Schön AG, Zurich, Switzerland
Design and layout online report: nexxar GmbH, Vienna, Austria
Print: Neidhart & Schön AG, Zurich, Switzerland
Paper: Eminent superwhite, wood-free

Photography and picture credits:
Lindt & Sprüngli Archive, S. 7, 10, 13, 14, 16, 17, 18, 21, 22, 24, 25, 26, 81
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Maurice Haas S. 85, 86, 87, 88, 89 / Stuart Miller S. 92
Krentz Photography S. 27, 29, 90, 94, 96, 97, 100, 101
Nonophotograhy S. 28, 29, 98, 101

The expectations expressed in this annual report are based on assumptions. The actual results may vary from these.
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LINDT & SPRÜNGLI

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

www.lindt-spruengli.com