LINDT & SPRÜNGLI

Semi-Annual Report
January – June
2020

MAÎTRE CHOCOLATIER SUISSE DEPUIS 1845

Letter to Shareholders 2020

Dear Shareholders

The global COVID-19 pandemic was totally unexpected and affects our society as a whole. The past few months have presented a series of new challenges to the company. In the following we would like to inform you about the first six months of our fiscal year 2020.

Lindt & Sprüngli had a strong start to the business year. Up to the beginning of March 2020, the company achieved a solid increase in both sales and profit, as well as expanding its share in all strategically important markets. However, the rapidly introduced global measures in an attempt to contain the pandemic have inevitably affected our business as well.

Lindt & Sprüngli immediately took comprehensive measures in all areas of the company to protect the health of our employees, consumers, business partners and suppliers. Sales were particularly affected by the restrictions on retail trade and the temporary closure of around 500 of our own shops during the Easter season. Easter, usually a celebration of being together and giving presents to each other, could in most countries only be celebrated in the closest family circle. Lindt & Sprüngli, whose sales profile is extremely high during this seasonal event, thus experienced lower sales. The Travel Retail business, along with the gastronomy and B2B business, likewise recorded a drop in sales. The sudden change in the behavior of consumers and customers in this unfamiliar environment required rapid and flexible adjustments on our part, which we managed successfully.

Thanks to the enormous and tireless dedication of all our employees, Lindt & Sprüngli was able to maintain production and day-to-day operations, as well as meet customer demand. To minimize the effects on our annual results as much as possible, we have initiated cost-cutting and efficiency programs across the entire group with the intention of emerging from the crisis stronger than ever. At the same investments in advertising continue to ensure profitable growth in future. In addition, we have launched numerous entrepreneurial initiatives to counteract the effects of the restrictions already mentioned. Examples include the rapid launch of home deliveries or pick-up services. Online trading through existing local shops was also swiftly expanded to include new online shops. The online business achieved double the level of sales recorded in the same period last year.

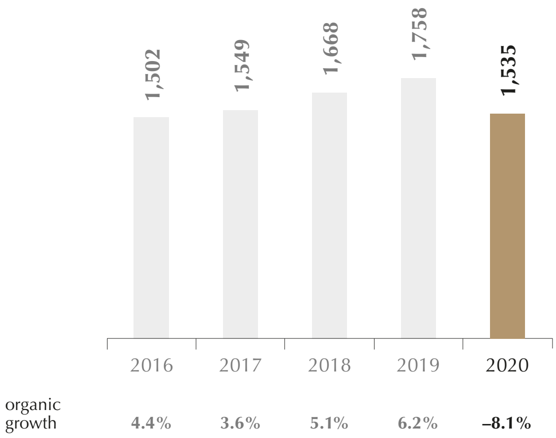
One of Lindt & Sprüngli's concerns is and has been the welfare of helpers during this crisis. We set-up donation projects worldwide as a gesture of gratitude to everyone who has shown untiring commitment to the well-being of society. Examples here include the gifting of Easter products to hospitals and care homes in many countries, as well as a donation of one million Swiss francs to Glückskette, a local charity providing immediate social support across all of Switzerland to anyone affected by the pandemic.

> *"During the COVID-19 pandemic we immediately took comprehensive measures in all areas of the company to protect the health of our employees, consumers, business partners and suppliers while at the same time attempting to minimize the effects on our business as much as possible. Our strong business model and stable finances, combined with a solid cash flow – and above all our highly committed workforce – provide a solid basis for us collectively to overcome this pandemic and emerge from it stronger. I would like to express my personal gratitude to our employees for all their efforts."*
>
> *Dieter Weisskopf*

The effects of the global COVID-19 pandemic caused Group sales in the first half of 2020 to decline by –8.1% in organic terms. The continuing appreciation of the Swiss franc led to a fall of –12.7% in sales in our reporting currency, down to CHF 1.53 billion (previous year: CHF 1.76 billion).

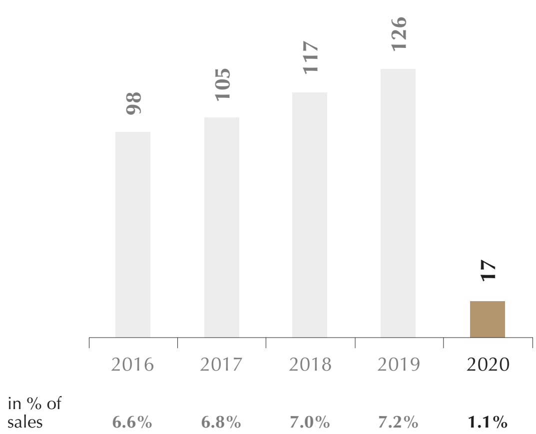
Group Sales

1. Half-Year 2020, in CHF million



Operating Profit (EBIT)

1. Half-Year 2020, in CHF million



Sales in the "Europe" segment organically reduced by –4.9%. In this difficult environment, the important key markets of Germany and France achieved slight sales growth. Sales in the important UK market were stable year-on-year. Spain and Russia reported a small increase in sales, in the lower single-digit range, while Scandinavia even managed to achieve double-digit growth. By contrast, the home market of Switzerland, along with Austria and Poland, was significantly impacted by fallout from the pandemic. The market most affected was Italy, where the closure of a large number of small shops in the traditional retail business during Easter severely impacted seasonal sales.

The "North America" segment saw organic sales drop by –8.2% in the first half of the year. The consequences of the measures to contain the coronavirus especially affected our own network of shops and the gastronomy products business.

Sales fell organically by –18.4% in the "Rest of the World" segment. Here the effects of the pandemic were particularly severe on the performance of the Travel-Retail business, as well as on the markets of Brazil and Japan, which all have an extensive network of own shops. In addition, sales in South Africa, China and Australia were also negatively affected.

Global Retail – with around 500 own shops worldwide – was hit the hardest by the lockdown. Fortunately, we were able to quickly reopen most of our own shops and offer our consumers the best possible shopping experience, while ensuring all the necessary safety precautions. Even though the lockdown has already been eased in many regions and business is starting to pick up again, the situation varies a lot from one country to the next.

The overall decline in organic sales during the first half of the year comes to –8.1%. The Swiss franc once again made strong gains against most other currencies, which caused sales in our reporting currency to decrease by –12.7% to CHF 1.53 billion (previous year: CHF 1.76 billion). Operating profit (EBIT) came to CHF 17.1 million (previous year CHF 126.2 million). Thanks to a slightly improved financial result and a positive tax effect, net income stands at CHF 19.7 million (previous year CHF 88.1 million). Operating cash flow amounted to CHF 305.5 million (previous year CHF 398.2 million). Seasonal effects led to a slight drop in total assets as of June 30, 2020 to CHF 7.38 billion (December 31, 2019: CHF 8.04 billion), while the equity ratio was still a solid 57.7% (December 31, 2019: 58.1%).

We are pleased to report we are on track to reach two important milestones in the second half of the year. These concern the sustainability of our business, which is extremely important for us, and the opening of the Lindt Home of Chocolate.

In the area of sustainability, we are confident of achieving a major milestone in the current year: a 100% traceable and externally verified supply chain for all our cocoa beans. We purchase these beans through our own sustainable cocoa sourcing model, the Lindt & Sprüngli Farming Program, from the five regions Ghana, Ecuador, Madagascar, Papua New Guinea and the Dominican Republic. On the one hand, full traceability and verification means knowing exactly which community the beans originate from and the conditions they were grown under. This is the only way for us to have a direct influence on local circumstances and give cocoa farmers and their communities the support they need. On the other hand, the progress of our program is monitored by external experts and suggestions on further developments are made where necessary.

The chocolate museum which is funded and managed by the Lindt Chocolate Foundation will open its doors to the public after just 36 months of construction on September 13, 2020. The Lindt Home of Chocolate is a multifunctional building and competence centre with the purpose of promoting research projects, education as well as offering information on chocolate. It offers visitors from Switzerland and all over the world a unique experience in Kilchberg.

> "As President of the Lindt Chocolate Competence Foundation, I am particularly proud that we are able to celebrate the opening of the Lindt Home of Chocolate in the anniversary year of Lindt & Sprüngli. This is a visionary and unique project for Switzerland with international resonance. For me it embodies the qualities that Switzerland is famous for: quality, innovation and above all passion for chocolate."
>
> *Ernst Tanner*

Outlook

Thanks to our solid foundation – built on a strong business model, stable finances and high liquidity, improved efficiency in various areas, consistently high investments on brand advertising and a high level of employee engagement – Lindt & Sprüngli is confident it can master the current economic downturn and once again achieve good results and emerge even stronger post-recovery.

We expect organic sales in the full financial year to be around 5–7% lower than 2019, while our operating profit (EBIT) margin should be around 10%. The current uncertainty obviously makes the outlook for the current year much less predictable than in the past. The most important projections in our full-year guidance assume that there will be no second significant wave of infection with extensive lockdowns, and that seasonal business at Christmas will be on previous year's level.

For the coming years, Lindt & Sprüngli confirms its existing mid-to long-term organic sales growth target of 5–7% p.a. It should be possible to exceed this range in 2021 due to the expected catch-up effect. We expect operating profit (EBIT) margin to return to the level of around 15% in 2022/23, which should also allow the operating margin to improve again by 20–40 basis points p.a. in the medium to long term.

Ernst Tanner
Executive Chairman of the Board of Directors

Dr Dieter Weisskopf
CEO Lindt & Sprüngli Group

Consolidated Balance Sheet
(unaudited)

CHF million	Note	June 30, 2020		December 31, 2019	
Assets					
Property, plant and equipment		1,325.3		1,323.9	
Right-of-use assets		429.4		449.7	
Intangible assets		1,349.2		1,366.8	
Financial assets		1,743.7		1,801.7	
Deferred tax assets	1, 2	152.8		123.0	
Total non-current assets		**5,000.4**	**67.7%**	**5,065.1**	**63.0%**
Inventories		849.1		750.1	
Accounts receivable		423.1		973.8	
Other receivables		157.7		156.0	
Accrued income		4.4		3.9	
Derivative assets		15.4		31.9	
Marketable securities and short-term financial assets		403.4		405.2	
Cash and cash equivalents		530.6		654.8	
Total current assets		**2,383.7**	**32.3%**	**2,975.7**	**37.0%**
Total assets		**7,384.1**	**100.0%**	**8,040.8**	**100.0%**
Liabilities					
Share and participation capital	5	24.5		24.3	
Treasury stock	5	–364.8		–399.2	
Retained earnings and other reserves		4,598.8		5,034.7	
Equity attributable to shareholders		**4,258.5**		**4,659.8**	
Non-controlling interests		5.3		10.4	
Total equity		**4,263.8**	**57.7%**	**4,670.2**	**58.1%**
Bonds		498.6		498.5	
Lease liabilities		405.0		411.6	
Deferred tax liabilities		526.6		541.5	
Pension liabilities		182.5		184.7	
Other liabilities		6.1		5.9	
Provisions		25.2		38.7	
Total non-current liabilities		**1,644.0**	**22.3%**	**1,680.9**	**20.9%**
Accounts payable to suppliers		174.2		233.9	
Other accounts payable		37.0		58.8	
Lease liabilities		68.0		67.5	
Current tax liabilities	1, 2	65.6		99.8	
Accrued liabilities		560.2		693.0	
Derivative liabilities		26.3		10.6	
Provisions		15.3		20.6	
Bonds		500.0		499.9	
Bank and other borrowings		29.7		5.6	
Total current liabilities		**1,476.3**	**20.0%**	**1,689.7**	**21.0%**
Total liabilities		**3,120.3**	**42.3%**	**3,370.6**	**41.9%**
Total liabilities and equity		**7,384.1**	**100.0%**	**8,040.8**	**100.0%**

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

Consolidated Income Statement
(unaudited)

CHF million	Note	January–June 2020		January–June 2019	
Income					
Sales		1,534.9	100.0%	1,757.8	100.0%
Other income		10.8		7.5	
Total income		**1,545.7**	**100.7%**	**1,765.3**	**100.4%**
Expenses					
Material expenses		–617.2	–40.2%	–658.0	–37.4%
Changes in inventories		74.9	4.9%	95.7	5.4%
Personnel expenses		–422.4	–27.5%	–463.5	–26.4%
Operating expenses		–439.2	–28.6%	–486.3	–27.6%
Depreciation, amortization and impairment		–124.7	–8.2%	–127.0	–7.2%
Total expenses		**–1,528.6**	**–99.6%**	**–1,639.1**	**–93.2%**
Operating profit (EBIT)		**17.1**	**1.1%**	**126.2**	**7.2%**
Financial income		2.1		1.9	
Financial expense		–15.5		–16.6	
Income before taxes		**3.7**	**0.2%**	**111.5**	**6.3%**
Taxes	1, 2	16.0		–23.4	
Net income		**19.7**	**1.3%**	**88.1**	**5.0%**
of which attributable to non-controlling interests		–2.1		0.9	
of which attributable to shareholders of the parent		21.8		87.2	
Non-diluted earnings per share/10 PC (in CHF)		91.5		367.5	
Diluted earnings per share/10 PC (in CHF)		90.7		365.1	

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

Statement of Comprehensive Income
(unaudited)

CHF million	**January–June 2020**	January–June 2019
Net income	19.7	88.1
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plan	–41.8	86.1
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	–32.9	–5.7
Currency translation	–62.5	–21.9
Total comprehensive (loss)/income	**–117.5**	**146.6**
of which attributable to non-controlling interests	–4.7	1.0
of which attributable to shareholders of the parent	–112.8	145.6

Consolidated Statement of Changes in Equity
(unaudited)

CHF million	Note	Share-/ PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	**Equity attributable to share-holders**	Non-controlling interest	**Total equity**
Balance as at January 1, 2019		**24.3**	**–202.4**	**333.2**	**24.9**	**4,539.9**	**–242.6**	**4,477.3**	**9.1**	**4,486.4**
Net income [1]		–	–	–	–	87.2	–	87.2	0.9	88.1
Other comprehensive income [1]		–	–	–	–5.7	86.1	–22.0	58.4	0.1	58.5
Capital increase	5	0.1	–	42.2	–	–	–	42.3	–	42.3
Purchase of treasury shares	5	–	–335.6	–	–	–	–	–335.6	–	–335.6
Share-based payment		–	0.5	–	–	8.6	–	9.1	–	9.1
Reclass into retained earnings		–	–	–85.3	–	85.3	–	–	–	–
Distribution of profit		–	–	–	–	–236.8	–	–236.8	–0.5	–237.3
Balance as at June 30, 2019		**24.4**	**–537.5**	**290.1**	**19.2**	**4,570.3**	**–264.6**	**4,101.9**	**9.6**	**4,111.5**
Balance as at January 1, 2020		**24.3**	**–399.2**	**325.4**	**21.2**	**4,982.2**	**–294.1**	**4,659.8**	**10.4**	**4,670.2**
Net income [1]		–	–	–	–	21.8	–	21.8	–2.1	19.7
Other comprehensive income [1]		–	–	–	–32.9	–41.8	–59.9	–134.6	–2.6	–137.2
Capital increase	5	0.2	–	66.5	–	–	–	66.7	–	66.7
Purchase of treasury shares	5	–	–6.7	–	–	–	–	–6.7	–	–6.7
Sale of own shares	5	–	41.1	–	–	19.6	–	60.7	–	60.7
Share-based payment		–	–	–	–	8.4	–	8.4	–	8.4
Reclass into retained earnings		–	–	–78.7	–	78.7	–	–	–	–
Distribution of profit		–	–	–	–	–417.6	–	–417.6	–0.4	–418.0
Balance as at June 30, 2020		**24.5**	**–364.8**	**313.2**	**–11.7**	**4,651.3**	**–354.0**	**4,258.5**	**5.3**	**4,263.8**

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

1 To increase transparency and in line with the annual report 2019, total comprehensive income of CHF –117.5 million (CHF 146.6 million in 2019) is split in its components: net income and other comprehensive income, which are disclosed separately. Net income amounts to CHF 19.7 million (CHF 88.1 million in 2019) and other comprehensive income to CHF –137.2 million (CHF 58.5 million in 2019).

Consolidated Cash Flow Statement
(unaudited)

CHF million	January–June 2020		January–June 2019	
Net income	19.7		88.1	
Depreciation, amortization and impairment	124.7		127.0	
Decrease (–)/increase (+) of provisions [1]	–5.6		–2.9	
Decrease (–)/increase (+) of allowances [1]	4.4		–16.1	
Decrease (+)/increase (–) of pension [1]	–0.6		–3.5	
Decrease (+)/increase (–) of deferred taxes [1]	–29.5		–15.8	
Decrease (+)/increase (–) of accounts receivable	530.0		638.3	
Decrease (+)/increase (–) of inventories	–134.3		–154.6	
Decrease (+)/increase (–) of other receivables	–6.4		–25.2	
Decrease (+)/increase (–) of accrued income and derivative assets and liabilities	–1.4		–1.5	
Decrease (–)/increase (+) of accounts payable	–53.8		–54.8	
Decrease (–)/increase (+) of other payables and accrued liabilities	–166.5		–192.7	
Non-cash effective items [2]	24.8		11.9	
Cash flow from operating activities (operating cash flow)		**305.5**		**398.2**
Investments in property, plant and equipment	–104.4		–97.2	
Disposals of property, plant and equipment	4.5		0.2	
Investments in intangible assets	–12.4		–3.1	
Investments in marketable securities and short-term financial assets	0.6		1.3	
Cash flow from investment activities		**–111.7**		**–98.8**
Proceeds from borrowings	20.1		–	
Repayments of borrowings	–		–3.3	
Proceeds from loans	4.0		0.6	
Repayments of lease liabilities	–32.3		–32.0	
Capital increase (including premium)	66.7		42.3	
Purchase of treasury stock	–6.7		–335.6	
Sale of treasury stock	60.7		–	
Distribution of profit	–417.6		–236.8	
Cash flow with non-controlling interests	–0.4		–0.5	
Cash flow from financing activities		**–305.5**		**–565.3**
Net increase (+)/decrease (–) in cash and cash equivalents		**–111.7**		**–265.9**
Cash and cash equivalents as at January 1	654.8		996.1	
Exchange gains (+)/losses (–) on cash and cash equivalents	**–12.5**	**642.3**	**–3.1**	**993.0**
Cash and cash equivalents as at June 30		**530.6**		**727.1**
Interest received from third parties [3]		0.9		0.7
Interest paid to third parties [3]		9.7		10.2
Income tax paid [3]		71.8		70.5

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

1 To comply with the disclosure requirements of IAS 7 "Statements of Cash Flows" and in line with the disclosures in the annual report 2019, the Lindt & Sprüngli Group shows changes in provisions, allowances, deferred taxes and pension as a separate row within the cash flow from operating activities (operating cash flow).
2 As of June 30, 2020 movements of CHF 16.7 million result from translation of foreign exchange balances (CHF 2.1 million in 2019) and CHF 8.4 million from share based compensation (9.1 million in 2019).
3 Included in cash flow from operating activities.

Notes to the Semi-Annual Report
(unaudited)

1. Accounting Principles

The unaudited consolidated semi-annual report as at June 30, 2020 has been prepared in accordance with the requirements of IAS 34 – "Interim Financial Reporting". Except for the changes described hereafter, the accounting principles outlined in the annual financial statements for the year ended December 31, 2019 have been applied consistently. The condensed form of the financial statements has been applied to this report.

New IFRS and interpretations

The new or amended IFRS and interpretations, which must be applied for the reporting period starting on January 1, 2020 had no significant impact on this semi-annual report. However, the below mentioned change in accounting policies due to the amended IFRS 16 has been applied.

New practical expedient under IFRS 16 –"Leases"

The Lindt & Sprüngli Group uses the new practical expedient of IFRS 16 – "Leases" published in May 2020 and early applies the expedient as of January 1, 2020. For rent concessions fulfilling the conditions listed in the amended standard, no assessment is made whether these represent lease modifications. These concessions are rather accounted for as a reduction to expenses. As of June 30, 2020 the obtained concessions are immaterial.

Estimates and assumptions

When preparing the semi-annual report, Management makes estimates and assumptions that have an impact on the disclosed assets and liabilities at the balance sheet date, as well as the disclosed expenses and income in the reporting period. The actual results may differ from these estimates.

Since year-end 2019, there have been some developments impacting especially estimates around tax uncertainties. During June and July 2020 significant progress was made in some transfer pricing negotiations ("Advance Pricing Agreement"). Therefore, the related uncertainty around income taxes decreases, and led to a reduction in the balance sheet position current tax liabilities.

Due to the agreement some positions in the tax accounts may be revalued in the second half-year, potentially triggering changes in deferred tax positions. Revaluations in the tax accounts are still being analysed and didn't take place yet as of June 30, 2020.

Furthermore, the assumptions used to calculate deferred tax assets resulting from the Swiss tax reform have been updated as well, resulting in an increase in deferred tax assets.

2. Impact of COVID-19

On March 11, 2020 the WHO declared the outbreak of COVID-19 a pandemic. Worldwide, governments took measures to limit the spread of the pandemic and support businesses.

Since the beginning of March, the global health and economic crisis resulting from the COVID-19 pandemic, together with the severe restrictions imposed to limit the spread of the virus in many major markets, are impacting the Lindt & Sprüngli Group's business concerning all three segments (Europe, North America and Rest of the World). Mainly impacted are travel retail, the own store network, food service, the Easter business as well as the grocery trade in certain markets. The e-commerce business, home delivery and pick-up services at some stores are yet gaining importance.

The Lindt & Sprüngli Group's growth and financial outlook 2020 has been withdrawn on March 31, 2020. Thanks to a strong financial year 2019, a solid balance sheet with a high equity ratio and high liquidity, the dividend could still be distributed as planned.

Since the outbreak of the COVID-19 pandemic, the Lindt & Sprüngli Group has taken all the necessary measures to protect the health of its employees, consumers, business partners and suppliers. There were no major bottlenecks or disruption neither in the supply chain nor in operations.

For this condensed semi-annual report, the Lindt & Sprüngli Group considered all known consequences of the pandemic. However, the impact on the future income and profitability measures cannot be fully determined, but is updated on an ongoing basis by means of different scenarios and is highly dependent on the further development of the pandemic.

Caused by the decrease in sale, some subsidiaries report lower income before taxes. Therefore, additional tax loss carryforwards have been capitalized. The implied increase in deferred tax assets, together with the increase in deferred tax assets due to the Swiss tax reform as well as the decrease in current tax liabilities due to the re-assessment of uncertainties, which are disclosed in note 1, led to the tax income reported in the first half-year 2020.

Due to the measures taken across the globe, many stores of the own store network were closed temporarily. Therefore, for property plant and equipment as well as leases related to the own store network it has been assessed whether there are indicators for an impairment. Moreover, goodwill has also been tested for impairment. By considering different scenarios in the recoverability assessments, the Lindt & Sprüngli Group concluded that no material impairment is needed as of June 30, 2020. This assessment highly depends on the further extent of the pandemic and is monitored closely.

Also, the tax loss carryforwards capitalized as deferred tax assets are deemed recoverable as of June 30, 2020.
Moreover, the Lindt & Sprüngli Group has not drawn material government grants. The obtained grants in certain jurisdictions, for example short-time work compensation are immaterial. The Lindt & Sprüngli Group applies IAS 20 – "Government Grants" to account for such grants. Therefor, the "netting-method" is applied. Consequently, any obtained grant is deducted from the corresponding expense.

To consider the increased risks of defaults of accounts receivable, the Lindt & Sprüngli Group adjusted the different components of the expected credit loss model to reflect the current circumstances. Consequently, historical rates of defaults were increased as well as the credit spreads for the future portfolio allowance of accounts receivable. In total, this resulted in a relative increase in the allowance for accounts receivable, in absolute numbers however, the impact is immaterial.

3. Seasonality

When analyzing the Lindt & Sprüngli Group's results in the first half of the year, it is important to bear in mind the seasonal and gift-oriented nature of the premium chocolate business. Experience shows that the Lindt & Sprüngli Group makes less than 40% of its annual sales during the first half of each year, but at the end of June these sales are confronted with approximately half of the fixed costs of production, administration, and marketing. Therefore, for the first half-year the profitability in relation to sales of the Lindt & Sprüngli Group cannot be equated with its profitability over the year as a whole. Likewise, the balance of accounts receivable is substantially lower at the end of the first half of the year than at the end of the year (declining orders during the summer season compared to the Christmas business).

4. Segment Information

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 subsidiaries of individual countries on the basis of similar economic structures (foreign exchange risks, growth perspectives, members of same economic area), products and trading environment, as well as economic attributes (gross profit margins).

The three business segments to be disclosed are:

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

The Lindt & Sprüngli Group considers the operating result as the segment result. Transactions between segments are valued and recorded in accordance with the "cost plus" method.

Segment result

	Europe		North America		Rest of the World		**Total**	
CHF million	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Sales	890.9	999.5	554.2	626.6	197.8	260.6	1,642.9	1,886.7
./. Sales between segments	105.3	125.5	2.7	3.4	–	–	108.0	128.9
Third party sales	**785.6**	**874.0**	**551.5**	**623.2**	**197.8**	**260.6**	**1,534.9**	**1,757.8**
Operating profit	40.2	105.7	–29.5	–19.3	6.4	39.8	17.1	126.2
Net financial result							–13.4	–14.7
Income before taxes							**3.7**	**111.5**
Taxes							16.0	–23.4
Net income							**19.7**	**88.1**

5. 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)
At January 1, 2019	**136,088**	**1,072,535**	**13.6**	**10.7**	**24.3**
Capital increase	–	10,010	–	0.1	0.1
At June 30, 2019	**136,088**	**1,082,545**	**13.6**	**10.8**	**24.4**
At January 1, 2020	**135,988**	**1,072,641**	**13.6**	**10.7**	**24.3**
Capital increase	–	13,629	–	0.2	0.2
At June 30, 2020	**135,988**	**1,086,270**	**13.6**	**10.9**	**24.5**

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

The conditional capital as at June 30, 2020 has a total of 367,816 (389,697 as at June 30, 2019) participation certificates with a par value of CHF 10. Of this total, 213,366 (235,247 as at June 30, 2019) are reserved for employee stock option programs; the remaining 154,450 (154,450 as at June 30, 2019) participation certificates are reserved for capital market transactions. In the six-month period ended June 30, 2020, a total of 13,629 employee options were exercised at an average exercise price of CHF 4,927 (for the six-month period ended June 30, 2019: 10,010 employee options were exercised at an average exercise price of CHF 4,273).

	2020		2019	
Inventory of treasury stock	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**1,475**	**46,615**	**1,597**	**18,156**
Additions	100	–	–	–
Retirements	–734	–	–12	–
Buy-back program	–	–	416	46,615
Inventory as at June 30	**841**	**46,615**	**2,001**	**64,771**
Average cost of additions (in CHF)	67,318	–	–	–
Average sales price of retirements (in CHF)	82,728	–	77,384	–
Average cost of buy-back program (in CHF)	–	–	76,016	6,520

Since the buy-back program started on March 12, 2018, the Lindt & Sprüngli Group acquired registered shares and participation certificates worth CHF 455.2 million. The program amounting to CHF 500 million ended before July 31, 2019.

At the annual shareholders' meeting, the shareholders approved a capital reduction through the cancellation of 436 registered shares and 46,615 participation certificates acquired as part of the 2018/2019 share buy-back program. The capital reduction by cancellation is subject to publication in the Swiss Commercial Gazette and entry in the Commercial Register and is expected to be completed in the second half of the year 2020.

6. Dividends

The proposed dividend of CHF 1,750 (CHF 1,000 in 2019) per registered share, including a special dividend of CHF 700, and CHF 175 (CHF 100 in 2019) per participation certificate, including a special dividend of CHF 70, was approved at the annual shareholders' meeting held on April 24, 2020. The dividends were paid out starting May 5, 2020.

7. Financial Instruments, Fair Value and Hierarchy Levels

The following table shows the carrying amounts and fair values of financial instruments recognized in the consolidated balance sheet, analyzed by categories and hierarchy levels:

		June 30, 2020		December 31, 2019	
CHF million	Level [1]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets					
Fair value through profit or loss					
Derivative assets	1	–	–	15.5	15.5
Derivative assets	2	15.4	15.4	16.4	16.4
Marketable securities and short-term financial assets	2	150.0	150.0	150.0	150.0
Investments third parties	3	1.1	1.1	1.1	1.1
Total		**166.5**		**183.0**	
Other financial assets at amortized cost [2]					
Total		**1,282.6**	**–** [1]	**1,995.1**	**–** [1]
Total financial assets		**1,449.1**		**2,178.1**	
Financial liabilities					
Fair value through profit or loss					
Derivative liabilities	1	14.5	14.5	1.5	1.5
Derivative liabilities	2	11.8	11.8	9.1	9.1
Total		**26.3**		**10.6**	
Other financial liabilities at amortized costs					
Bonds	1	998.6	1,012.4	998.4	1,025.4
Other non-current liabilities		6.1	– [1]	5.9	– [1]
Accounts payable		174.2	– [1]	233.9	– [1]
Other accounts payable		37.0	– [1]	58.8	– [1]
Bank and other borrowings		29.7	– [1]	5.6	– [1]
Total		**1,245.6**		**1,302.6**	
Total financial liabilities		**1,271.9**		**1,313.2**	

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 Contains cash and cash equivalents, accounts receivable, other receivables (excluding prepayments and current tax assets), and loans to third parties.

8. Events after the Balance Sheet Date

The unaudited consolidated semi-annual financial statements were approved for publication by the Audit Committee of the Board of Directors on July 20, 2020. No other events have occurred up to July 20, 2020, which would necessitate adjustments to the carrying values of the Lindt & Sprüngli Group's assets or liabilities, or which require additional disclosure.

Information

Agenda

January 19, 2021	Net-Sales 2020
March 2, 2021	Full-Year Results 2020
May 4, 2021	123rd Shareholders' Meeting
July 27, 2021	Semi-Annual Report 2021

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Forward-looking statements

Some of the statements expressed in the semi-annual report are based on forward-looking assumptions. The actual results may vary from these for a variety of reasons, including among others factors such as general economic conditions, fluctuations within the currency and raw materials sector, and changes to the regulatory landscape. Forward-looking statements made in this report are neither updated nor revised. The semi-annual report is published in German and English, with the German version being binding.

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