Financial Report

Consolidated Statements of the Lindt & Sprüngli Group

Financial Statements of Chocoladefabriken Lindt & Sprüngli AG

Financial and other Information

Consolidated Balance Sheet

CHF million	Note	December 31, 2020		December 31, 2019	
Assets					
Property, plant and equipment	9	1,327.2		1,323.9	
Right-of-use assets	10	408.8		449.7	
Intangible assets	11	1,300.9		1,366.8	
Financial assets	12	1,898.2		1,801.7	
Deferred tax assets	13	162.0		123.0	
Total non-current assets		**5,097.1**	**63.3%**	**5,065.1**	**63.0%**
Inventories	14	701.5		750.1	
Accounts receivable	15	825.0		973.8	
Other receivables		123.9		156.0	
Accrued income and prepayments		29.9		3.9	
Derivative assets	16	23.5		31.9	
Marketable securities and short-term financial assets		401.7		405.2	
Cash and cash equivalents	17	848.4		654.8	
Total current assets		**2,953.9**	**36.7%**	**2,975.7**	**37.0%**
Total assets		**8,051.0**	**100.0%**	**8,040.8**	**100.0%**
Liabilities					
Share and participation capital	18	24.0		24.3	
Treasury stock	18	–26.7		–399.2	
Retained earnings and other reserves		4,603.5		5,034.7	
Equity attributable to shareholders		**4,600.8**		**4,659.8**	
Non-controlling interests	2	5.5		10.4	
Total equity		**4,606.3**	**57.2%**	**4,670.2**	**58.1%**
Bonds	19	997.4		498.5	
Lease liabilities	10	390.1		411.6	
Deferred tax liabilities	13	579.7		541.5	
Pension liabilities	20	153.5		184.7	
Other liabilities		6.6		5.9	
Provisions	21	37.1		38.7	
Total non-current liabilities		**2,164.4**	**26.9%**	**1,680.9**	**20.9%**
Accounts payable to suppliers	22	187.4		233.9	
Other accounts payable		115.6		58.8	
Lease liabilities	10	68.1		67.5	
Current tax liabilities		90.4		99.8	
Accrued liabilities and deferred income	23	745.4		693.0	
Derivative liabilities	16	9.6		10.6	
Provisions	21	59.9		20.6	
Bonds	19	–		499.9	
Bank and other borrowings	19	3.9		5.6	
Total current liabilities		**1,280.3**	**15.9%**	**1,689.7**	**21.0%**
Total liabilities		**3,444.7**	**42.8%**	**3,370.6**	**41.9%**
Total liabilities and equity		**8,051.0**	**100.0%**	**8,040.8**	**100.0%**

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

Consolidated Income Statement

CHF million	Note	2020		2019	
Income					
Sales		4,016.8	100.0%	4,509.0	100.0%
Other income		22.2		16.6	
Total income		**4,039.0**	**100.6%**	**4,525.6**	**100.4%**
Expenses					
Material expenses [1]		–1,435.0	–35.7%	–1,505.8	–33.4%
Changes in inventories		13.4	0.4%	–11.8	–0.2%
Personnel expenses [2]	24	–885.4	–22.0%	–978.9	–21.7%
Operating expenses [3]		–1,035.9	–25.9%	–1,113.3	–24.7%
Depreciation, amortization and impairment [4]	9, 10, 11	–275.8	–6.9%	–322.8	–7.2%
Total expenses		**–3,618.7**	**–90.1%**	**–3,932.6**	**–87.2%**
Operating profit (EBIT) [5]		**420.3**	**10.5%**	**593.0**	**13.2%**
Financial income	25	2.3		3.1	
Financial expense	25	–28.5		–35.0	
Income before taxes		**394.1**	**9.8%**	**561.1**	**12.4%**
Taxes [6]	13	–74.0		–49.2	
Net income		**320.1**	**8.0%**	**511.9**	**11.4%**
of which attributable to non-controlling interests	2	–1.6		2.3	
of which attributable to shareholders of the parent	2	321.7		509.6	
Non-diluted earnings per share/10 PC (CHF)	26	1,333.1		2,141.5	
Diluted earnings per share/10 PC (CHF)	26	1,321.9		2,123.7	

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

1 Includes CHF –3.1 million one-off effects in the USA (increase in inventory reserve for packaging material) in prior year. More information about these one-off effects is disclosed within note 14.

2 Includes CHF –10.0 million one-off effects in the USA (severance payments to employees) in prior year. More information about these one-off effects is disclosed within note 21.

3 Includes CHF –16.1 million one-off effects in the USA (other one time expenses) in prior year. More information about these one-off effects is disclosed within note 21.

4 Includes CHF –52.4 million one-off effects in the USA (impairment of right-of-use assets, manufacturing buildings and equipment) in prior year. More information about these one-off effects is disclosed within notes 9 and 10.

5 Includes CHF –81.6 million one-off effects in the USA in prior year, which are the sum of above mentioned components. This had a corresponding impact on the operating profit of the segment "North America". Refer to note 7 for further information.

6 Includes CHF +22.3 million impact of above mentioned one-off effects in the USA and CHF +59.0 million one-off impacts from the new tax law in Switzerland and other tax credits in prior year. More information about these one-off effects is disclosed within note 13.2. The reconciliation from the above disclosed non recurring operating result to the recurring operating result is presented in the alternative performance measures.

Statement of Comprehensive Income

CHF million	**2020**	2019
Net income	320.1	511.9
Other comprehensive income after taxes		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	62.0	169.1
Items that may be reclassified subsequently to profit or loss		
Hedge accounting	–9.2	–3.7
Currency translation	–147.7	–51.9
Total comprehensive income	**225.2**	**625.4**
of which attributable to non-controlling interests	–4.5	1.9
of which attributable to shareholders of the parent	229.7	623.5

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

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

Consolidated Statement of Changes in Equity

CHF million	Note	Share-/ PC-capital	Treasury stock	Share premium	Hedge accounting	Retained earnings	Currency translation	**Equity attributable to share-holders**	Non-con-trolling 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		–	–	–	–	509.6	–	509.6	2.3	511.9
Other comprehensive income		–	–	–	–3.7	169.1	–51.5	113.9	–0.4	113.5
Capital increase	18	0.2	–	77.5	–	–	–	77.7	–	77.7
Purchase of own shares and participation certificates	18	–	–337.1	–	–	–	–	–337.1	–	–337.1
Sale of own shares	18	–	20.1	–	–	15.9	–	36.0	–	36.0
Capital decrease (destruction)	18	–0.2	119.6	–	–	–119.4	–	–	–	–
Share-based payment	28	–	0.6	–	–	18.6	–	19.2	–	19.2
Reclass into retained earnings		–	–	–85.3	–	85.3	–	–	–	–
Distribution of profits		–	–	–	–	–236.8	–	–236.8	–0.6	–237.4
Balance as at December 31, 2019		**24.3**	**–399.2**	**325.4**	**21.2**	**4,982.2**	**–294.1**	**4,659.8**	**10.4**	**4,670.2**
Net income		–	–	–	–	321.7	–	321.7	–1.6	320.1
Other comprehensive income		–	–	–	–9.2	62.0	–144.8	–92.0	–2.9	–94.9
Capital increase	18	0.2	–	87.7	–	–	–	87.9	–	87.9
Purchase of own shares and participation certificates	18	–	–34.9	–	–	–	–	–34.9	–	–34.9
Sale of own shares	18	–	70.2	–	–	18.3	–	88.5	–	88.5
Capital decrease (destruction)	18	–0.5	337.1	–	–	–336.6	–	–	–	–
Share-based payment	28	–	–	–	–	20.2	–	20.2	–	20.2
Transactions with minorities	2	–	–	–	–	–32.8	–	–32.8	–	–32.8
Reclass into retained earnings		–	–	–78.7	–	78.7	–	–	–	–
Distribution of profits		–	–	–	–	–417.6	–	–417.6	–0.4	–418.0
Balance as at December 31, 2020		**24.0**	**–26.8**	**334.4**	**12.0**	**4,696.1**	**–438.9**	**4,600.8**	**5.5**	**4,606.3**

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

Consolidated Cash Flow Statement

CHF million	Note	2020		2019	
Net income		320.1		511.9	
Taxes		74.0		49.2	
Interest expense		28.5		35.0	
Interest income		–2.3		–3.1	
Depreciation, amortization and impairment	9, 10, 11	275.8		322.8	
Decrease (–)/Increase (+) of provisions		4.7		31.9	
Decrease (–)/Increase (+) of allowances		21.9		–0.2	
Decrease (+)/Increase (–) of pension plans		2.2		–12.5	
Profit (+)/Loss (–) from disposals of fixed asset		–4.4		–0.9	
Decrease (+)/Increase (–) of accounts receivables		90.1		34.9	
Decrease (+)/Increase (–) of inventories		–0.8		–15.3	
Decrease (+)/Increase (–) of other receivables		18.7		–29.7	
Decrease (+)/Increase (–) of accrued income, prepayments, derivative assets and liabilities		–2.3		0.2	
Decrease (–)/Increase (+) of accounts payable		–34.2		15.5	
Decrease (–)/Increase (+) of other payables and accrued liabilities		106.0		42.1	
Interest received from third parties [2]		1.3		1.8	
Interest paid to third parties [2]		–27.2		–34.7	
Taxes paid [2]		–119.7		–142.8	
Non-cash effective items [1]		35.2		24.8	
Cash flow from operating activities (operating cash flow)			**787.6**		**830.9**
Investments in property, plant and equipment	9	–225.9		–209.4	
Disposals of property, plant and equipment	9	8.0		5.5	
Investments in intangible assets	11	–23.2		–25.8	
Disposals (+)/Investments (–) in financial assets (excluding pension assets)		–		2.0	
Investments in marketable securities and short-term financial assets		2.3		–403.9	
Acquisition of subsidiaries	2	–1.7		–	
Cash flow from investment activities			**–240.5**		**–631.6**
Repayments of borrowings		–1.6		–6.5	
Repayments of loans		–		–0.8	
Repayments of lease liabilities	10	–65.3		–66.7	
Proceeds from the issuance of bond	19	498.9		–	
Repayment of bond	19	–499.9		–	
Capital increase (including premium)		87.9		77.7	
Purchase of treasury stock		–34.9		–337.1	
Sale of treasury stock		92.8		35.1	
Distribution of profits		–417.6		–236.8	
Cash flow with non-controlling interests	2	–0.4		–0.5	
Cash flow from financing activities			**–340.1**		**–535.6**
Net increase (+)/decrease (–) in cash and cash equivalents			**207.0**		**–336.3**
Cash and cash equivalents as at January 1		654.8		996.1	
Exchange gains(+)/losses (–) on cash and cash equivalents		**–13.4**	**641.4**	**–5.0**	**991.1**
Cash and cash equivalents as at December 31	**17**		**848.4**		**654.8**

The accompanying notes form an integral part of the consolidated statements.
1 As at December 31, 2020, movements of CHF 23.4 million result from the translation of foreign exchange balances (CHF 7.5 million in 2019).
2 To increase transparency, paid and received interest as well as paid taxes are newly included directly in the cash flow from operating activities. This results in reclassifications within the cash flow from operating activities in prior year.

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 1, 2021.

The subsidiaries of Chocoladefabriken Lindt & Sprüngli AG as at December 31, 2020 are:

Country	Domicile	Subsidiary	Business activity	Ownership (%)	Currency	Capital in million
Switzerland	Kilchberg	Chocoladefabriken Lindt & Sprüngli (Schweiz) AG	P&D	100	CHF	10.0
		Indestro AG [1]	M	100	CHF	0.1
		Lindt & Sprüngli (International) AG [1]	M	100	CHF	0.2
		Lindt & Sprüngli Financière AG [1]	M	100	CHF	5.0
Germany	Aachen	Chocoladefabriken Lindt & Sprüngli GmbH [1]	P&D	100	EUR	1.0
France	Paris	Lindt & Sprüngli SAS	P&D	100	EUR	13.0
Italy	Induno	Lindt & Sprüngli SpA [1]	P&D	100	EUR	5.2
	Luserna	Caffarel SpA	P&D	100	EUR	2.2
	Induno	Lindt & Sprüngli Retail S.r.l. [2]	D	100	EUR	0.01
United Kingdom	London	Lindt & Sprüngli (UK) Ltd. [1]	D	100	GBP	1.5
USA	Kansas City, MO	Lindt & Sprüngli (North America) Inc. [1]	M	100	USD	0.1
	Stratham, NH	Lindt & Sprüngli (USA) Inc.	P&D	100	USD	1.0
	San Leandro, CA	Ghirardelli Chocolate Company	P&D	100	USD	0.1
	Kansas City, MO	Russell Stover Chocolates, LLC	P&D	100	USD	0.1
Spain	Barcelona	Lindt & Sprüngli (España) SA	D	100	EUR	3.0
Netherlands	Rotterdam	Lindt & Sprüngli (Netherlands) B.V.	D	100	EUR	0.1
Austria	Vienna	Lindt & Sprüngli (Austria) Ges.m.b.H. [1]	P&D	100	EUR	4.5
Poland	Warsaw	Lindt & Sprüngli (Poland) Sp. z o.o. [1]	D	100	PLN	17.0
Canada	Toronto	Lindt & Sprüngli (Canada) Inc. [1]	D	100	CAD	2.8
Australia	Sydney	Lindt & Sprüngli (Australia) Pty. Ltd. [1]	D	100	AUD	1.0
Mexico	Mexico City	Lindt & Sprüngli de México SA de CV [1]	D	100	MXN	285.1
Sweden	Stockholm	Lindt & Sprüngli (Nordic) AB [1]	D	100	SEK	0.5
Czech Republic	Prague	Lindt & Sprüngli (CEE) s.r.o. [1]	D	100	CZK	0.2
Japan	Tokyo	Lindt & Sprüngli Japan Co., Ltd.	D	100	JPY	1,227.0
South Africa	Capetown	Lindt & Sprüngli (South Africa) (Pty) Ltd. [1]	D	100	ZAR	100.0
Hong Kong	Hong Kong	Lindt & Sprüngli (Asia-Pacific) Ltd. [1]	D	100	HKD	248.3
China	Shanghai	Lindt & Sprüngli (China) Ltd.	D	100	CNY	199.5
Russia	Moscow	Lindt & Sprüngli (Russia) LLC [1]	D	100	RUB	16.0
Brazil	São Paulo	Lindt & Sprüngli (Brazil) Holding Ltda.	D	100	BRL	50.0
		Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. [3]	D	51	BRL	40.8

D – Distribution, P – Production, M – Management
1 Subsidiaries held directly by Chocoladefabriken Lindt & Sprüngli AG.
2 The subsidiary Lindt & Sprüngli Retail S.r.l. has been added to the consolidation scope for the first time in 2020. See also note 2 for more information.
3 The Joint Venture with the CRMPAR Holding S.A. is a subsidiary with substantial non-controlling interests and is therefore fully consolidated according to IFRS 10 "Consolidated Financial Statements". The non-controlling interests are CHF 5.5 million at December 31, 2020 (CHF 10.4 million at December 31, 2019). These are not material to the Group. See also note 2 for more information.

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

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

In 2020 there has been the following change in consolidation:

- Lindt & Sprüngli Retail S.r.l., Italy, December 2020.

On December 30, 2020 the Lindt & Sprüngli Group has concluded an agreement to purchase the Lindt & Sprüngli related retail operations of S.T. SpA, an Italian company based in Varese. The effective purchase data is December 31, 2020. A family member of a member of the Board of Directors has a majority share in the selling company. S.T. SpA is the exclusive retail partner for the Lindt & Sprüngli Group in Italy and runs Lindt retail stores there. Thanks to the acquisition of the own Lindt retail stores, their enhancement and the direct ownership over these stores, the Lindt & Sprüngli Group expects positive impulses from this sales channel. The acquired operations have been contributed in-kind into a new company, Lindt & Sprüngli Retail S.r.l, which is a fully owned subsidiary of Lindt & Sprüngli SpA. The company is fully consolidated in the financial statements of the Group since the acquisition date.

The purchase price amounted to CHF 13.7 million including a contingent consideration of CHF 0.8 million. Thereof, CHF 3.3 million will be settled in cash (CHF 1.7 million were already paid as of December 31, 2020), the residual will be balanced through receivables against the selling company. The contingent consideration will only be due if a minimum profit level is reached in 2022 or 2023. Currently, it is expected that this contingent consideration will become due.

In the course of the asset deal and based on the provisional purchase price allocation the Lindt & Sprüngli Group identified the following net assets of CHF 1.1 million:

CHF million	**2020**
Right-of-use assets	11.3
Intangible assets	2.9
Deferred tax assets	2.2
Inventories	1.9
Property, plant and equipment	1.1
Cash and cash equivalents	0.1
Other current assets	0.4
Lease liabilities	–11.0
Current provisions	–5.9
Accrued liabilities and deferred income	–0.8
Deferred tax liabilities	–0.5
Non-current provisions	–0.3
Accounts payable to suppliers	–0.2
Pension liabilities	–0.1
Fair value of acquired net assets	**1.1**
Goodwill	12.6
Total	**13.7**

Since the assessment of acquired net assets hasn't been finalized yet and the agreement foresees that the purchase price could still be adjusted in 2021, these values are only preliminary.

The fair values of the identifiable intangible assets consist of "brands and intellectual property rights" and "other intangible assets" and were derived by an independent expert. The goodwill resulting from the acquisition amounts to CHF 12.6 million and mainly represents a control premium and the synergies that can be expected from integrating the acquired operations into the Lindt & Sprüngli Group's existing business. The deferred tax liabilities mainly arise from provisions not capitalized in the tax accounts. Directly attributable transaction costs of CHF 0.3 million are reported as part of the operating expenses.

Thanks to the purchase, incremental annual sales of CHF 21.3 million and income of CHF 0.9 million are expected. Since the purchase was effective December 31, 2020 there has been no impact on 2020 consolidated sales or income figures. If the purchase occurred on January 1, 2020 net sales would have increased by CHF 17.0 million and operating income would have roughly remained the same.

In December 2020 the Lindt & Sprüngli Group has signed an agreement to purchase the minority shares in Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. This agreement is to be treated as a forward contract according to IFRS. The purchase price of BRL 180.0 million (CHF 32.8 million) therefore has been recognized in other accounts payable as of December 31, 2020 and reduces the consolidated equity. The effective purchase date of the non-controlling interests is January 27, 2021 (for more details refer to note 32 "Events after the Balance Sheet Date"). Since the Lindt & Sprüngli Group already possessed the majority share before the purchase and Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. thus was accounted for using the purchase method, the transactions will be accounted for as a pure capital transaction in 2021.

3. Accounting Principles

Basis of preparation

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

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

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

New IFRS and Interpretations

New and amended IFRS and interpretations (effective as of January 1, 2020)

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, 2020, especially the new expedient added to IFRS 16 "Leases".

Standard / interpretation	Effective Date	Effective Application
New expedient – Amendments to IFRS 16	June 1, 2020	Early as of January 1, 2020
Definition of material – Amendments to IAS 1 and IAS 8	January 1, 2020	Reporting year 2020
Definition of a Business – Amendments to IFRS 3	January 1, 2020	Reporting year 2020
Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020	Reporting year 2020
Amendments to the Framework	January 1, 2020	Reporting year 2020

Except for IFRS 16, 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.

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. Instead, these concessions are accounted for as a reduction to expenses.

Impact of the IBOR reform and herewith related amendments to IFRS 9 – "Financial Instruments" and IFRS 7 – "Financial Instruments – Disclosures"

The Lindt & Sprüngli Group mostly uses internal financing and only possesses a few external financing contracts. These few loans and bonds against third parties are neither IBOR dependent nor material. The Lindt & Sprüngli Group has no IBOR based mortgages. Moreover, the Lindt & Sprüngli Group issues neither loans nor own bonds to third parties. Therefore, the Lindt & Sprüngli Group's consolidated financial statements are only impacted by the IBOR reform to a limited extent.

But in particular the intercompany loans, which eliminate upon consolidation, are LIBOR dependent. These contracts will be updated accordingly. The changes however, are not expected to occur before the fourth quarter in 2021, since the Swiss Market is presently not yet very advanced in implementing the IBOR reform.

Therefore, the Lindt & Sprüngli Group is not applying the IBOR reform related amendments in IFRS 7 and IFRS 9, as the hedged transactions designated as hedge accounting under IFRS 9 are not impacted by the reform.

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

Standard/interpretation	Effective date	Planned application
Proceeds before intended use – Amendments to IAS 16	January 1, 2022	Reporting year 2022
Costs of fulfilling a contract – Amendments to IAS 37	January 1, 2022	Reporting year 2022
IFRS 17 Insurance Contracts	January 1, 2023	Reporting year 2023
Amendments to the classification as current or non-current – Amendments to IAS 1	January 1, 2023	Reporting year 2023

Consolidation method

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

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

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

Foreign currency translation

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

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

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

CHF		Balance sheet year-end rates 2020	Balance sheet year-end rates 2019	Income statement average rates 2020	Income statement average rates 2019
Euro zone	1 EUR	1.08	1.09	1.07	1.11
USA	1 USD	0.88	0.97	0.93	0.99
United Kingdom	1 GBP	1.20	1.27	1.20	1.27
Canada	1 CAD	0.69	0.74	0.70	0.75
Australia	1 AUD	0.68	0.68	0.65	0.69
Poland	100 PLN	23.59	25.50	24.13	25.85
Mexico	100 MXN	4.43	5.12	4.30	5.16
Sweden	100 SEK	10.76	10.37	10.27	10.45
Czech Republic	100 CZK	4.12	4.27	4.06	4.32
Japan	100 JPY	0.85	0.89	0.88	0.91
South Africa	100 ZAR	6.01	6.89	5.81	6.86
Hong Kong	100 HKD	11.36	12.43	12.11	12.68
China	100 CNY	13.46	13.91	13.59	14.18
Russia	100 RUB	1.17	1.56	1.29	1.54
Brazil	100 BRL	16.95	24.09	18.24	25.14

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. Depreciable 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 from 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, any lease incentive received by the Lindt & Sprüngli Group, and expected costs for obligations to dismantle and remove right-of-use assets when they are no longer used. 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	2–10 years
– Vehicles	2–4 years
– Other fixed assets	2–5 years

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

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

Cash and cash equivalents

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

Financial assets

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

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

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

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

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

Provisions

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

Allowance for accounts receivable

The allowance for accounts receivable is based on the "Expected Credit Loss" model required by IFRS 9. According to IFRS 9, it is no longer necessary for a loss event to occur before an impairment loss is recognized. For trade receivables, the Lindt & Sprüngli Group applies the simplified approach and recognizes lifetime expected credit losses. For the recognition of the allowance for accounts receivable, the Lindt & Sprüngli Group considers both historical default rates, which are predominantly used to derive the individual allowances, as well as forward looking information, which is mainly used to determine the general allowance for the whole portfolio of accounts receivables. In doing so, receivables are broken down by customer sector, which is consequently 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 cost consists of a financial obligation at its initial recording, minus repayment, plus or minus accumulated amortization (the potential difference between the original amount and the amount due at maturity). Interest is reported as interest expense, being part of the financial result. Moreover, interest is shown within the operating cash flow. Gains or losses are recognized in the income statement as a result of amortization or when a borrowing is derecognized. A borrowing is derecognized when it is repaid, offset or when it expires.

Employee benefits

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

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

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

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

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

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

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

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

Revenue recognition

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

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

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

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

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

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

Operating expenses

Operating expenses include marketing, distribution and administrative expenses.

Borrowing costs

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

Taxes

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

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

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

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

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

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

Research and development costs

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

Share-based payments

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

Accounting for derivative financial instruments and hedging activities

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

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

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

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

Critical accounting estimates and judgments

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

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

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

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

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

4. Impact of Covid-19

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 in all three of its segments (Europe, North America and Rest of the World). The main impact was upon duty free, the own store network, food service, the Easter and Christmas business as well as the grocery trade in certain markets. However, the e-commerce business, home delivery and pick-up services at some stores are gaining in 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 disruptions neither in the supply chain nor in operations. In order to have a better picture of the impact of the pandemic and to detect significant risks early on, internal processes have been adjusted by, for example, asking for specific information earlier or more often.

For this 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.

Recoverability of deferred tax assets

Caused by the decrease in sales, some subsidiaries report lower income before taxes. Therefore, additional tax loss carryforwards have been capitalized, resulting in an increase in deferred tax assets. The deferred tax assets in general have been tested for recoverability as of December 31, 2020. There were no material impairments due to Covid-19, in particular because the Lindt & Sprüngli Group expects that business will recover in the mid- and long-term.

Recoverability of right-of-use assets and property, plant and equipment within the own store network

Due to the measures taken across the globe to limit the spread of the pandemic, 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 these need to be impaired. The impairment assessments were made by means of different scenarios. On one hand, a realistic scenario ("best estimate") was analyzed. On the other hand, more pessimistic scenarios were analyzed to better estimate the potential incremental impairment risk. Based on the impairment tests the Lindt & Sprüngli Group booked impairments amounting to CHF 22.7 million, whereof CHF 11.9 million relate to property, plant and equipment and CHF 10.8 million to right-of-use assets.

Recoverability of goodwill

Moreover, on top of the annual impairment assessment, goodwill has also been tested for impairment throughout the year. Furthermore, the goodwill recoverability is also analyzed by means of a sensitivity analysis. More information is disclosed within note 11. Based on the conducted recoverability assessments, the Lindt & Sprüngli Group concluded that goodwill is deemed recoverable as of December 31, 2020. This assessment highly depends on the further extent of the pandemic and is monitored closely.

Risk of defaults on accounts receivables

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 updated 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.

Other recoverability considerations

Inventory levels decreased in comparison to prior year. However, their composition changed. Since the share of products close to their best before date increased due to lower sales in comparison to prior year, the allowance has been increased by CHF 15.3 million. Since the recognized allowances are covering the risk for impairment, the position is deemed recoverable as of December 31, 2020.

Drawn subsidies

The Lindt & Sprüngli Group notably obtained rent concessions for leases of the own stores network. For such concessions, the Lindt & Sprüngli Group applies the new practical expedient under IFRS 16 and accounts for concessions, which fulfill the conditions mentioned in the amended standard, as reduction to expenses. The rent concessions accounted as reduction to expenses amount to CHF 4.4 million for 2020.

The obtained grants in certain jurisdictions, for example short-time work compensation, are amounting to CHF 6.8 million, only. The Lindt & Sprüngli Group applies IAS 20 – “Government Grants” to account for such grants. For these the “netting-method” is applied whereby any obtained grant is deducted from the corresponding expense.

Due to the pandemic some jurisdictions also introduced various tax reliefs, as for example extended periods for tax loss carry-forwards. The impact of such reliefs on the tax rate is disclosed within note 13 on taxes.

Share-based payments

The impact of the pandemic on share-based payments is not material, since there were no significant changes to the employees’ stock option plan. For more information, refer to note 28 “Share-based Payments”.

Pension plans

The computations for pension plans according to IAS 19 consider potential impacts of the pandemic such as on the discount rate or the valuation of plan assets. The pandemic especially led to lower discount rates. More details are disclosed within note 20 “Pension Plans and Other Long-term Employee Benefits”.

5. Risk Management

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

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

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

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

Market risks

Commodity price risks

The Lindt & Sprüngli Group's products are manufactured with raw materials (commodities) that are subject to strong price fluctuations due to climate dependent supply, seasonal demand, and market speculation. In order to mitigate the price and quality risks of the expected future net demand, the manufacturing Lindt & Sprüngli Group companies enter into contracts with suppliers for the future physical delivery of the raw materials. Commodity futures are also used, but only processed centrally by Corporate Treasury. The commodity futures for cocoa beans of a required quality are always traded for physical-delivery agreements. The number of outstanding commodity futures is dependent on the expected production volumes and price development and may therefore vary significantly throughout the year. Based on the existing contract volume as of December 31, 2020 and 2019, no material sensitivities exist on these positions. The changes in commodity prices include the fair value of the futures since entering into the agreement and are recognized in accordance with IFRS 9.

Exchange rate risks

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

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

Interest rate risks

Corporate Treasury monitors and minimizes interest rate risks from a mismatch of quality, maturity period, and currency of the financial position on a continuous basis. Corporate Treasury may use derivative financial instruments in order to manage the interest rate risk of balance sheet assets and liabilities and future cash flows. As of December 31, 2020 and 2019, there were no such transactions.

As of December 31, 2020 and 2019, the position financial assets is made up of two equal parts of interest-bearing and non interest-bearing financial assets. Interest-bearing financial assets predominantly include cash and cash equivalents in Swiss francs.

Credit risks

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

Liquidity risks

Liquidity risks exist when the Lindt & Sprüngli Group or a subsidiary does not settle or meet its financial obligations (untimely repayment of financial debt, payment of interest). The Lindt & Sprüngli Group's liquidity is ensured by means of regular group wide monitoring and planning of liquidity as well as an investment policy coordinated on a timely basis by Corporate Treasury. The net financial position is monitored on a company-by-company basis by Corporate Treasury. As of December 31, 2020, the net financial position amounted to CHF –209.4 million (CHF –423.1 million in 2019).

CHF million	**December 31, 2020**	December 31, 2019
Marketable securities and short-term financial assets	401.7	405.2
Cash and cash equivalents	848.4	654.8
Bonds non-current	–997.4	–498.5
Lease liabilities non-current	–390.1	–411.6
Lease liabilities current	–68.1	–67.5
Bonds current	–	–499.9
Bank and other borrowings	–3.9	–5.6
Total net financial position	**–209.4**	**–423.1**

For extraordinary financing needs, adequate credit lines with financial institutes have been arranged.

The tables show the contractually fixed payments as at December 31, 2020 and 2019:

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

CHF million	< 3 months	Between 3 and 12 months	Between 1 and 3 years	Over 3 years	**2019 Total**
Bonds (including interests)	–	505.8	6.5	508.8	1,021.1
Lease liabilities (including interests)	21.6	63.1	149.6	439.8	674.1
Accounts payable	234.9	–1.0	–	–	233.9
Other accounts payable	54.9	2.5	–	–	57.4
Derivative assets	–7.6	–18.4	–5.9	–	–31.9
Derivative liabilities	3.5	6.2	0.9	–	10.6
Bank and other borrowings	4.7	0.9	–	–	5.6
Total contractually fixed payments	**312.0**	**559.1**	**151.1**	**948.6**	**1,970.8**

Changes in bonds are disclosed within note 19.

6. Capital Management

The goal of the Lindt & Sprüngli Group with regards to capital management is to support the business with a sustainable and risk adjusted capital basis and to achieve an accurate return on the invested capital. The Lindt & Sprüngli Group assesses the capital structure on an ongoing basis and makes adjustments in view of the business activities and the changing economical environment. As an example the Lindt & Sprüngli Group completed a share buyback program of CHF 500.0 million in 2019.

The Lindt & Sprüngli Group monitors its capital based on the ratio of shareholders' equity in percentage to total assets, which was 57.2% as of December 31, 2020 (58.1% in 2019).

The objectives, policies and procedures as of December 31, 2020, related to capital management have not been changed compared to the previous year.

7. Segment Information: According to Geographic Segments

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

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

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

Segment income

	Segment Europe		Segment North America		Rest of the World		**Total**	
CHF million	2020	2019	2020	2019	2020	2019	**2020**	2019
Sales	2,266.9	2,451.7	1,541.9	1,769.1	469.4	600.4	4,278.2	4,821.2
Whereof sales between segments	255.5	305.4	5.9	6.8	–	–	261.4	312.2
Third party sales	**2,011.4**	**2,146.3**	**1,536.0**	**1,762.3**	**469.4**	**600.4**	**4,016.8**	**4,509.0**
Operating profit	289.9	411.1	88.9	76.4[1]	41.5	105.5	420.3	593.0
Net financial result							–26.2	–31.9
Income before taxes							**394.1**	**561.1**
Taxes							–74.0	–49.2
Net income							**320.1**	**511.9**

1 Included CHF –81.6 million one-off effects from the USA in 2019 that had an impact on material expenses, personnel expenses, operating expenses as well as depreciation, amortization and impairment.

The following countries achieved the highest sales in 2020:

- USA CHF 1,312.0 million (CHF 1,490.7 million in 2019)
- Germany CHF 668.9 million (CHF 678.8 million in 2019)
- France CHF 402.5 million (CHF 420.5 million in 2019)
- Switzerland CHF 298.4 million (CHF 397.5 million in 2019)

For better understanding, the revenues of the Lindt & Sprüngli Group are further disaggregated by sales channels, such as "Global Retail" (consisting of store network, own webshops and other direct sales), key accounts (local and international) and distributors (local and international). The disaggregation by sales channel is not used by Management for business controlling and thus does not represent an operating segment. In 2020 revenues of "Global Retail" amounted to CHF 446.9 million (CHF 608.3 million in 2019). There is no individual customer exceeding 10% of the third party sales recognized in the reporting period.

Balance sheet and other information

	Segment Europe		Segment North America		Rest of the World		**Total**	
CHF million	2020	2019	2020	2019	2020	2019	**2020**	2019
Assets [1]	5,523.1	5,229.8	2,199.5	2,446.5	328.4	364.5	8,051.0	8,040.8
Liabilities [1]	2,614.9	2,506.2	656.2	667.7	173.6	196.7	3,444.7	3,370.6
Investments [2]	201.6	197.8	116.5	85.0	15.2	25.4	333.3	308.2
Depreciation and amortization	139.8	137.2	90.3	106.7	21.3	21.4	251.4	265.3
Impairment	6.2	0.9	14.5	55.5	3.7	1.1	24.4	57.5

1 Assets of CHF 0.0 million (CHF 3.9 million in 2019) and liabilities of CHF 0.0 million (CHF 58.1 million in 2019), which cannot be clearly allocated to a particular segment, are disclosed in the category "Rest of the World".
2 The position investments consists of investments into property, plant and equipment, right-of-use assets and intangible assets.

The following countries held the greatest portion of right-of-use, fixed and intangible assets in 2020:
– USA CHF 1,361.7 million (CHF 1,501.4 million in 2019)
– Switzerland CHF 695.1 million (CHF 661.1 million in 2019)
– Germany CHF 327.7 million (CHF 325.6 million in 2019)

8. Financial Instruments, Fair Value and Hierarchy Levels

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

			December 31, 2020		December 31, 2019	
CHF million	Note	Level[1]	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets						
Fair value through profit or loss						
Derivative assets[2]	16	2	1.5	1.5	2.2	2.2
Marketable securities and short-term financial assets		2	150.0	150.0	150.0	150.0
Investments third parties		3	–	–	1.1	1.1
Total			**151.5**		**153.3**	
Derivatives used for hedging						
Derivative assets[2]	16	1	7.6	7.6	15.5	15.5
Derivative assets[2]	16	2	14.4	14.4	14.2	14.2
Total			**22.0**		**29.7**	
Other financial assets at amortized cost[3]						
Cash and cash equivalents	17		848.4	–[1]	654.8	–[1]
Accounts receivable	15		825.0	–[1]	973.8	–[1]
Other receivables[4]			89.9	–[1]	111.3	–[1]
Marketable securities			251.7	–[1]	255.2	–[1]
Total			**2,015.0**		**1,995.1**	
Total financial assets			**2,188.5**		**2,178.1**	
Financial liabilities						
Fair value through profit or loss						
Derivative liabilities[2]	16	2	1.1	1.1	0.1	0.1
Total			**1.1**		**0.1**	
Derivatives used for hedging						
Derivative liabilities[2]	16	1	1.2	1.2	1.5	1.5
Derivative liabilities[2]	16	2	7.3	7.3	9.0	9.0
Total			**8.5**		**10.5**	
Other financial liabilities at amortized costs						
Bonds	19	1	997.4	1,029.9	998.4	1,025.4
Other non-current liabilities			6.6	–[1]	5.9	–[1]
Accounts payable	22		187.4	–[1]	233.9	–[1]
Other accounts payable			115.6	–[1]	58.8	–[1]
Bank and other borrowings	19		3.9	–[1]	5.6	–[1]
Total			**1,310.9**		**1,302.6**	
Total financial liabilities			**1,320.5**		**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 To increase transparency derivatives used for hedging are newly disclosed as separate position.
3 To increase transparency this position is now split in its components.
4 Excluding prepayments and current tax assets.

Since the position "marketable securities" predominantly consists of a fixed deposit (CHF 250.0 million in 2020 and 2019) at a bank with a good rating 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	**2020**	2019
Opening Balance as at January 1	**1,483.1**	**1,011.0**
Changes in accounting principles [1]	–	515.7
Opening Balance as at January 1	**1,483.1**	**1,526.7**
Proceeds from the issuance of bond	498.9	–
Total proceeds from financial liabilities	**498.9**	**–**
Repayments of borrowings	–1.6	–6.5
Repayments of loans	–	–0.8
Repayments of bonds	–499.9	–
Repayments of lease liabilities	–65.3	–66.7
Total repayments of financial liabilities	**–566.8**	**–74.0**
Currency translations and exchange differences	–34.0	–6.8
Changes in lease liabilities [2]	78.3	36.7
Other	–	0.5
Closing balance as at December 31	**1,459.5**	**1,483.1**
Bonds non-current	997.4	498.5
Lease liabilities non-current	390.1	411.6
Lease liabilities current	68.1	67.5
Bonds current	–	499.9
Bank and other borrowings	3.9	5.6

1 For 2019 this position includes the impacts of the new leasing standard (IFRS 16) only and represents the opening balances of the lease liabilities.
2 This position includes non-cash effective changes in lease liabilities such as in-/decreases in scope.

9. Property, Plant and Equipment

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

CHF million	Land/ buildings	Machinery	Other fixed assets	Construction in progress	2019 Total
Acquisition costs as at January 1, 2019	**1,130.7**	**1,453.9**	**278.4**	**145.4**	**3,008.4**
Additions	38.5	52.4	15.9	113.9	220.7
Retirements	–14.4	–46.8	–14.4	–2.5	–78.1
Transfers	46.4	58.2	6.5	–111.2	–0.1
Currency translation	–22.6	–35.9	–6.5	–3.2	–68.2
Acquisition costs as at December 31, 2019	**1,178.6**	**1,481.8**	**279.9**	**142.4**	**3,082.7**
Accumulated depreciation as at January 1, 2019	**545.3**	**907.2**	**211.1**	**–**	**1,663.6**
Additions	59.2	85.6	23.4	–	168.2
Impairments	28.1	7.8	0.8	–	36.7
Retirements	–11.8	–45.8	–14.2	–	–71.8
Currency translation	–11.1	–21.8	–5.0	–	–37.9
Accumulated depreciation as at December 31, 2019	**609.7**	**933.0**	**216.1**	**–**	**1,758.8**
Net fixed assets as at December 31, 2019	**568.9**	**548.8**	**63.8**	**142.4**	**1,323.9**

Advance payments of CHF 20.3 million (CHF 45.7 million in 2019) are included in the position "construction in progress". No mortgages exist on land and buildings.

The impairment charge of CHF 11.9 million (CHF 36.7 million in 2019) consists of write-downs of land and buildings of CHF 6.9 million (CHF 28.1 million in 2019) and of machinery, production equipment and other fixed assets of CHF 5.0 million (CHF 8.6 million in 2019). The impairment charge for 2020 is mainly related to planned closures in the own store network, see note 4 for more details. For 2019 the impairment charge mostly relates to the one-off effects in the USA (CHF 34.1 million). Mainly due to planned closures in production and logistics some assets within property, plant and equipment could not be used anymore, and hence have been impaired.

10. Leases

10.1 Right-of-use assets

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

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

CHF million	Buildings	Vehicles	Other fixed assets	2019 Total
Right-of-use assets as at January 1, 2019	**498.9**	**13.6**	**3.2**	**515.7**
Accumulated depreciation	–	–	–	–
Additions	55.7	5.1	0.3	61.1
Depreciation of the period	–69.1	–5.7	–1.2	–76.0
Impairments	–20.7	–	–	–20.7
Retirements and decreases in scope	–23.7	–0.8	–	–24.5
Transfers	1.0	–0.4	–0.6	–
Currency translation	–5.6	–0.2	–0.1	–5.9
Right-of-use assets as at December 31, 2019	**436.5**	**11.6**	**1.6**	**449.7**

1 This position represents the impact of expired leases on the gross value of the right-of-use assets consisting of historical costs and accumulated depreciation, whilst such leases have no impact on the net book value of the right-of-use assets.

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 period are caused by new openings of retail stores and extensions of already existing leases for external warehouses, retail stores and offices.

Impairments for the year 2020 are all attributable to non-recoverable retail store leases and are caused by the Covid-19 induced decrease in sales in this business area. The majority of these impairments is mapped to the segment "North America". Impairments for the year 2019 were mostly caused by the one-off effects in the USA (CHF 18.3 million).

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

10.2 Other lease information

CHF million	2020	2019
Interest expense (included in financial expense)	14.4	16.9
Expenses relating to short-term leases (included in operating expenses)[1]	4.1	5.8
Expenses relating to variable lease payments (included in operating expenses)[2]	14.7	20.3
Total cash outflow for leases (including interest)	79.7	83.6
Income from subleasing	4.4	2.5

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. Due to Covid-19, variable lease payments decreased in 2020. More information on Covid-19 related impacts can be found in note 4.

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 is shown in note 5.

11. Intangible Assets

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

CHF million	EDP software & consultancy	Customer relationships	Brands & IP	Goodwill	Other intangible assets	2019 Total
Acquisition costs as at January 1, 2019	**104.5**	**131.7**	**459.8**	**776.2**	**19.7**	**1,491.9**
Additions	24.8	–	–	–	1.2	26.0
Retirements	–6.9	–	–	–	–	–6.9
Transfers	0.1	–	–	–	–	0.1
Currency translation	–2.7	–2.2	–	–13.1	–0.9	–18.9
Acquisition costs as at December 31, 2019	**119.8**	**129.5**	**459.8**	**763.1**	**20.0**	**1,492.2**
Accumulated amortization as at January 1, 2019	**73.6**	**37.9**	**–**	**–**	**2.1**	**113.6**
Additions	11.3	8.8	–	–	0.9	21.0
Impairments	0.1	–	–	–	–	0.1
Retirements	–6.9	–	–	–	–	–6.9
Currency translation	–1.7	–0.6	–	–	–0.1	–2.4
Accumulated amortization as at December 31, 2019	**76.4**	**46.1**	**–**	**–**	**2.9**	**125.4**
Net intangible assets as at December 31, 2019	**43.4**	**83.4**	**459.8**	**763.1**	**17.1**	**1,366.8**

Customer relationships of CHF 68.0 million (CHF 83.4 million in 2019) relate to the acquisition of Russell Stover Chocolates, LLC in 2014 and have a remaining useful life of 9 years. The same applies for brands and intellectual property ("IP") amounting to CHF 459.8 million (CHF 459.8 million in prior year) as well as the majority of goodwill, whereof CHF 693.9 million of the total CHF 706.5 million (CHF 763.1 million of CHF 763.1 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 12.6 million relates to the acquisition of Lindt & Sprüngli Retail S.r.l.

Research and development expenditures amounted to CHF 14.8 million (CHF 14.7 million in 2019) 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 as well 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, whilst the test for the brand and intellectual property is based on license income ("licence income approach"). Once the value-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:

	2020	2019
Period of cash flow projections	5 years	5 years
Annual sales growth	5.5%	5.3%
Annual EBIT-margin evolution	Improvement	Improvement
Terminal growth	2.2%	2.3%
Discount rate post tax	5.5%	5.1%

Moreover, a sensitivity analysis is conducted in the goodwill impairment test. The following changes (increases and decreases) in the main planning assumptions are elaborated:
- Discount rate post tax 80 basis points
- Terminal growth 40 basis points
- Annual sales growth 200 basis points
- EBIT-margin evolution 200 basis points

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

12. Pension Assets & Financial Assets

CHF million	**2020**	2019
Pension assets [1]	1,898.2	1,800.6
Investments third parties	–	1.1
Total	**1,898.2**	**1,801.7**

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

13. Taxes

13.1 Deferred tax assets and liabilities

The net value of deferred tax liabilities is as follows:

CHF million	**2020**	2019
Net deferred tax liabilities as at January 1	**418.5**	**407.3**
Deferred income tax expense (+)/income (–)	–26.9	–57.9
Tax charged to comprehensive income	23.3	70.8
Tax charged to other components of equity	–4.7	–3.8
Currency translation	7.5	2.1
Net deferred tax liabilities as at December 31	**417.7**	**418.5**

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

CHF million	2020	2019
Deferred tax assets		
Property, plant and equipment	14.5	9.2
Intangible assets	31.1	15.8
Pension plans	44.9	51.1
Receivables	8.1	7.6
Inventories	28.9	27.8
Leases	13.1	7.6
Payables and accruals	59.1	66.0
Derivative assets and liabilities	3.5	3.4
Tax loss carry-forwards	52.0	66.8
Other	4.2	2.8
Deferred tax assets gross	**259.4**	**258.1**
Netting	–97.4	–135.1
Total	**162.0**	**123.0**
Deferred tax liabilities		
Property, plant and equipment	26.0	24.3
Intangible assets	64.8	69.0
Pension plans	568.2	540.2
Receivables	2.0	2.8
Inventories	4.1	4.4
Payables and accruals	9.1	22.8
Derivative assets and liabilities	2.8	3.4
Other	0.1	9.7
Deferred tax liabilities gross	**677.1**	**676.6**
Netting	–97.4	–135.1
Total	**579.7**	**541.5**
Net deferred tax	**417.7**	**418.5**

Deferred tax assets from intangible assets increased predominantly due to transitional provisions within the Swiss tax reform.

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

CHF million	2020	2019
Between 1 and 5 years	0.3	6.9
Between 6 and 10 years	0.6	–
Over 10 years	–	0.4
Total	**0.9**	**7.3**

Tax loss carry-forwards utilized in 2020 amounted to CHF 6.1 million (CHF 9.9 million in 2019).

13.2 Tax expense

CHF million	2020	2019
Current tax expense	98.6	116.5
Deferred income tax expense (+)/income (–)	–26.9	–57.9
Other taxes	2.3	–9.4
Total	**74.0**	**49.2**

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

CHF million	2020	2019
Income before taxes	**394.1**	**561.1**
Expected tax [1]	**78.8**	**114.1**
Change in applicable tax rates on temporary differences	0.3	0.7
Utilization of unrecognized tax loss carry-forwards from prior years	–1.7	–3.8
Adjustments related to prior years	1.5	–0.9
Non-taxable items	6.5	–1.8
Withholding tax levied and other taxes	–3.6	–54.2
Income components with lower tax rates	–1.4	–1.1
Other	–6.4	–3.8
Total	**74.0**	**49.2**

1 Based on the expected weighted average tax rate of 20.0% in 2020 (20.3% in 2019).

The position "other" includes amongst others Covid-19 related tax benefits of CHF 5.1 million for the reporting period 2020. In 2019, the position "withholding taxes levied and other taxes" included mainly the impact of the new tax law in Switzerland on income taxes, the refund of the withholding tax credit, which is reported under other receivables, and the effects of uncertainties. The total impact of these factors amounted to CHF 59.0 million for the reporting period 2019.

The tax for each component of other comprehensive income is:

			2020			2019
CHF million	Before tax	Tax	After tax	Before tax	Tax	After tax
Hedge accounting	–9.2	–	–9.2	–3.7	–	–3.7
Defined benefit plan	85.3	–23.3	62.0	239.9	–70.8	169.1
Currency translation	–157.0	9.3	–147.7	–53.6	1.7	–51.9
Total	**–80.9**	**–14.0**	**–94.9**	**182.6**	**–69.1**	**113.5**

14. Inventories

CHF million	2020	2019
Raw material	124.0	126.8
Packaging material	101.5	103.1
Semi-finished and finished products	541.0	569.9
Inventory reserves	–65.0	–49.7
Total	**701.5**	**750.1**

In 2020, CHF 4.0 million (CHF 8.6 million in 2019) of the inventory reserve that existed as of year-end 2019 has been credited to the income statement. At the same time, the increased risks of non-saleability of inventory caused amongst others by the Covid-19 pandemic were considered by increasing the inventory reserve by CHF 15.3 million.

15. Accounts Receivable

CHF million	**2020**	2019
Accounts receivable gross	856.7	1,001.9
Allowances	–31.7	–28.1
Total	**825.0**	**973.8**
Allowance as at January 1	**–28.1**	**–30.6**
Addition	–10.6	–5.4
Utilization	4.3	7.1
Release	2.1	0.6
Currency translation	0.6	0.2
Allowance as at December 31	**–31.7**	**–28.1**

The allowance is calculated as follows:

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

December 31, 2019	Key accounts	Distributors	Other customers	**2019 Total**
Share in %	56.4%	11.7%	18.5%	
Probability of default	0.9%	4.0%	1.3%	
Forward looking allowance in %	**0.5%**	**0.5%**	**0.2%**	**1.2%**
Accounts receivable gross				**1,001.9**
Forward looking allowance				–11.9
Historical allowance				–16.2
Accounts receivable net				**973.8**

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	2020	2019
Not yet past due	720.7	836.0
Past due 1–30 days	85.4	112.1
Past due 31–90 days	25.4	30.6
Past due over 91 days	25.2	23.2
Accounts receivable gross	**856.7**	**1,001.9**

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

CHF million	2020	2019
CHF	45.3	68.8
EUR	280.9	328.7
USD	266.6	306.3
GBP	80.9	82.7
Other currencies	151.3	187.3
Accounts receivable net	**825.0**	**973.8**

16. Derivative Financial Instruments and Hedging Reserves

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

	2020		2019	
CHF million	Assets	Liabilities	Assets	Liabilities
Derivatives for hedging (currencies and raw material)	22.0	8.5	29.7	10.5
Other derivatives	1.5	1.1	2.2	0.1
Total	**23.5**	**9.6**	**31.9**	**10.6**

The carrying amount (contract value) of the outstanding forward-currency and raw material contracts as at December 31, 2020 is CHF 1,421.1 million (CHF 1,472.5 million in 2019). 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 12.0 million as of December 31, 2020 (CHF 21.2 million in 2019), which is shown as hedging reserve in the consolidated statement of changes in equity, will be released to the position "material expenses" in the consolidated income statement at various dates within the next 24 months. Other derivative instruments, which are used for hedging purposes in line with the risk policy, do not qualify for hedge accounting under the criteria of IFRS 9. Changes in value of such derivatives are disclosed within the position "other" as part of the note "Net Financial Result".

17. Cash and Cash Equivalents

CHF million	2020	2019
Cash at bank and in hand	807.8	614.3
Short-term bank deposits	40.6	40.5
Total	**848.4**	**654.8**

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

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

18. Share and Participation Capital

	Number of registered shares [1]	Number of participation certificates [2]	Registered shares (CHF million)	Participation certificates (CHF million)	**Total** (CHF million)
As at January 1, 2019	**136,088**	**1,072,535**	**13.6**	**10.7**	**24.3**
Capital increase	–	18,262	–	0.2	0.2
Capital decrease (destruction)	–100	–18,156	–	–0.2	–0.2
As at December 31, 2019	**135,988**	**1,072,641**	**13.6**	**10.7**	**24.3**
Capital increase	–	18,120	–	0.2	0.2
Capital decrease (destruction)	–436	–46,615	–	–0.5	–0.5
As at December 31, 2020	**135,552**	**1,044,146**	**13.6**	**10.4**	**24.0**

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

The conditional capital has a total of 363,325 participation certificates (381,445 in 2019) with a par value of CHF 10.–. Of this total, 208,875 (226,995 in 2019) are reserved for employee stock option programs; the remaining 154,450 participation certificates (154,450 in 2019) are reserved for capital market transactions. There is no other authorized capital. In 2020, a total of 18,120 (18,262 in 2019) of the employee options were exercised at an average price of CHF 4,909 (CHF 4,308 in 2019). 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:

		2020		2019
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**1,475**	**46,615**	**1,597**	**18,156**
Additions	215	2,630	–	–
Retirements	–877	–2,630	–458	–
Share buy-back program	–	–	436	46,615
Capital decrease (destruction)	–436	–46,615	–100	–18,156
Inventory as at December 31	**377**	**–**	**1,475**	**46,615**
Average cost of additions (CHF)	73,663	7,238	–	–
Average sales price of retirements (CHF)	82,489	7,723	80,740	–
Average cost of share buy-back program (CHF)	–	–	76,180	6,520
Average cost of capital decrease (CHF)	76,180	6,520	74,922	6,176

19. Financial Liabilities

CHF million	**2020**	2019
Non-current		
CHF 250 million 1.0% bond, 2014–2024	249.2	248.9
CHF 250 million 0.3% bond, 2017–2027	249.6	249.6
CHF 250 million 0.01% bond, 2020–2028	249.4	–
CHF 250 million 0.25% bond, 2020–2032	249.2	–
Current		
Bank and other borrowings	3.1	5.6
Loans	0.8	–
CHF 500 million 0.5% bond, 2014–2020	–	499.9
Total borrowings	**1,001.3**	**1,004.0**

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

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

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

CHF million	**2020**	2019
CHF	997.4	998.4
EUR	3.0	5.5
Other currencies	0.9	0.1
Total	**1,001.3**	**1,004.0**

20. Pension Plans and Other Long-term Employee Benefits

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

20.1 Defined contribution plans

The Lindt & Sprüngli Group offers defined contribution plans to employees, who satisfy the eligibility criteria. The Lindt & Sprüngli Group is obliged to pay a fixed percentage of the annual salary to these pension schemes. To some of these plans, the employees also have to 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 has no further obligation towards these pension funds or to the employees. In 2020 the employer contributions to defined contribution plans amounted to CHF 13.0 million (CHF 13.4 million in 2019).

20.2 Defined benefit plans and other long-term employee benefits

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

20.2.1 Employee benefit plans in Switzerland

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

The main duties of the foundation boards include the decision about the plan rules including the level of the contributions, the organization and the investment strategy.

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 2020, the rate was 1.00% (1.00% in 2019). The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, the inflation risk if it results in a salary increase, the interest risk, the disability risk and the risk of life expectancy.

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

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

20.2.2 Employee benefit plans in Germany

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

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

20.2.3 Employee benefit plans in the USA

In the USA, defined benefit plans exist. In 2018, an agreement was made with the employees to exit the multi-employer plan, which represents the largest plan. Since December 1, 2018, the ensured employees of this plan do not acquire any new benefits. The plan has been replaced with a defined contribution plan. At year-end closing 2019 there was not sufficient information available to calculate the costs for the settlement. By December 2020 the negotiations with the trustees of the plan had progressed so far that a plan settlement could be recorded in this year-end closing. This led to one-time expenses of CHF 2.3 million.

Another large plan includes a defined benefit 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 are reimbursed. The underlying assets are separated in a trust but do not qualify as defined benefit assets under IAS 19, as the assets are available to the creditors. Nevertheless, the trust reimburses the Company for the payments of the benefits. For this plan there is no actuarial risk, as long as the investments of the trust cover the investments chosen by the employees.

20.2.4 Other employee benefit plans

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

20.2.5 Actuarial calculations

The actuarial valuation was prepared by independent actuaries at December 31, 2020. The market value of assets at December 31, 2020 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
	2020	2019	**2020**	2019
Discount rate	0.5%	1.1%	0.5%	0.8%
Future salary increases	1.1%	0.9%		
Future pension adjustments	0.3%	0.3%		

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

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

			2020			2019
	Switzerland	Germany	USA	Switzerland	Germany	USA
Retirement in 20 years (age of 45 at balance sheet date)						
Men	24.48	23.00	–	24.40	22.96	21.30
Women	26.51	25.98	–	26.44	25.93	23.70
Retirement at balance sheet date (age of 65)						
Men	22.72	20.22	–	22.61	20.18	19.60
Women	24.76	23.73	–	24.65	23.69	22.10

For all active plans an increase in the life expectancy can be observed.

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

	Pension plans		Other long-term employee benefits	
CHF million	**2020**	2019	**2020**	2019
Employee benefits expense				
Total service cost				
Current service cost	17.0	15.7	0.8	0.8
Past service cost	–	0.5	–	–
Plan settlements	2.3	–1.5	–	–
Net interest cost	–9.7	–16.5	0.1	0.1
Liability management cost	0.6	0.7	–	–
Actuarial gains (–)/losses (+)	–	–	0.6	–0.3
Total defined benefit cost (+)/gain (–) of the period	**10.2**	**–1.1**	**1.5**	**0.6**
Valuation components accounted for in OCI				
Actuarial gains (–)/losses (+)				
Arising from changes in demographic assumptions	0.2	–15.4	–	–
Arising from changes in financial assumptions	18.4	49.9	–	–
Arising from experiences	8.4	–1.2	–	–
Return on plan assets (excluding interest income)	–97.6	–287.1	–	–
Return on reimbursement (excluding amounts in net interest)	–0.7	–1.0	–	–
Changes in asset ceiling and other	–13.7	15.3	–	–
Total defined benefit cost (+)/gain (–) recognized in OCI	**–85.0**	**–239.5**	**–**	**–**
Total defined benefit cost (+)/gain (–)	**–74.8**	**–240.6**	**1.5**	**0.6**

The changes in pension obligations, pension assets, and the 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	**2020**	2019	**2020**	2019
Defined benefit obligation as at January 1	**617.6**	**599.7**	**9.7**	**9.9**
Current service cost	17.0	15.7	0.8	0.8
Plan participants' contributions	6.1	5.9	–	–
Interest expense on the net present value of the obligation	3.9	7.4	0.1	0.1
Actuarial gains (–)/losses (+)	27.0	33.2	0.6	–0.3
Past service gains (–)/losses (+)	–	0.5	–	–
Gains (–)/losses (+) on settlements	–63.0	–17.7	–	–
Benefits paid through pension assets	–19.5	–17.6	–	–
Benefits paid by employer	–4.4	–3.8	–0.8	–0.6
Currency exchange differences	–3.8	–5.7	–	–0.2
Defined benefit obligation as at December 31	**580.9**	**617.6**	**10.4**	**9.7**

Changes in the fair value of plan assets

CHF million	Pension plans 2020	Pension plans 2019
Fair value of plan assets as at January 1	**2,274.8**	**1,983.5**
Plan participants' contributions	6.1	5.9
Contributions by employer	7.8	9.7
Interest income	13.6	23.7
Return on plan assets (excluding interest income)	97.6	287.1
Gains (–) / losses (+) on settlements	–24.7	–16.2
Benefits paid through pension assets	–19.5	–17.6
Liability management cost	–0.6	–0.7
Currency translations	–1.1	–0.6
Fair value of plan assets as at December 31	**2,354.0**	**2,274.8**

Development of reimbursement rights[1]

CHF million	2020	2019
Reimbursement rights as at January 1	**8.8**	**8.2**
Employee contributions	0.3	0.3
Employer contributions	–	0.1
Interest income on reimbursements	0.2	0.3
Return on reimbursement (excluding interest income)	0.7	1.0
Reimbursements to employer	–1.4	–1.0
Currency translation	–0.8	–0.1
Reimbursement rights as at December 31	**7.8**	**8.8**

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

Development of not recorded plan assets

CHF million	Pension plans 2020	Pension plans 2019
Asset ceiling as at January 1	**31.6**	**16.1**
Interest income recognized in OCI	0.2	0.2
Change in asset ceiling recognized in OCI	–13.8	15.3
Asset ceiling as at December 31	**18.0**	**31.6**

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

Amount recognized in the balance sheet

	Pension plans		Other long-term employee benefits	
CHF million	2020	2019	2020	2019
Present value of funded obligation	558.5	593.3	–	–
Fair value of plan assets	–2,354.0	–2,274.8	–	–
Underfunding (+) / overfunding (–)	**–1,795.5**	**–1,681.5**	**–**	**–**
Unrecognized prepaid pension costs	18.0	31.6	–	–
Present value of unfunded obligations	22.4	24.3	10.4	9.7
Net pension liability (+) / asset (–)	**–1,755.1**	**–1,625.6**	**10.4**	**9.7**
of which pension liabilities	143.1	175.0	10.4	9.7
of which pension assets[1]	–1,898.2	–1,800.6	–	–

1 See note 12.

The plan assets are mainly managed by 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 are reviewed by the foundation boards of the pension funds on a quarterly basis.

The investments in the employer foundation and primarily in the finance foundation are mainly invested in shares of the Lindt & Sprüngli Group.

The pension assets mainly consist of the following asset categories:

			2020			2019
CHF million	Listed	Not listed	Total	Listed	Not listed	Total
Equities	2,007.4	–	2,007.4	1,940.7	–	1,940.7
Bonds	154.2	–	154.2	145.9	–	145.9
Alternative investments	18.9	–	18.9	17.4	–	17.4
Real estate	17.7	121.3	139.0	16.4	117.6	134.0
Qualified insurance policies	–	21.9	21.9	–	18.7	18.7
Liquidity and other	–	12.6	12.6	–	18.1	18.1
Total	**2,198.2**	**155.8**	**2,354.0**	**2,120.4**	**154.4**	**2,274.8**

The plan assets include investments in the Lindt & Sprüngli Group with a market value of CHF 1,832.1 million at December 31, 2020 (CHF 1,754.9 in 2019). Moreover, the Lindt & Sprüngli Group rents property from the pension funds with a market value of CHF 16.7 million at December 31, 2020 (CHF 16.6 million in 2019). The revaluation of assets resulted in a gain of CHF 114.7 million in 2020 and a gain of CHF 314.4 million in 2019. In 2021, the expected employer contributions amount to CHF 6.2 million and the expected payments for pensions by the employer to CHF 3.9 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	**2020**	2019
Active employees	339.6	338.1
Vested terminations	11.2	21.6
Pensioners	230.1	257.9
Total	**580.9**	**617.6**

The average duration of the liabilities at December 31, 2020 is 15.4 years (14.8 years in 2019). 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	2020		2019	
Increase (+)/decrease (–) of assumptions by	+0,25%	–0,25%	+0,25%	–0,25%
Technical interest rate	–20.7	22.3	–18.8	20.2
Salary increase	6.7	–5.6	5.3	–4.7
Pension indexation	14.1	–3.8	12.9	–3.3

21. Provisions

CHF million	Legal claims/cases [1]	Business risks	Other	Total
Provisions as at January 1, 2019	**9.3**	**74.8**	**18.4**	**102.5**
Reclassification [2]	–	–74.6	–	–74.6
Addition	14.0	–	31.3	45.3
Utilization	–1.8	–	–3.4	–5.2
Release	–1.6	–	–6.0	–7.6
Currency translation	–0.4	–	–0.7	–1.1
Provisions as at December 31, 2019	**19.5**	**0.2**	**39.6**	**59.3**
of which current	8.7	–	11.9	20.6
of which non-current	10.8	0.2	27.7	38.7
Reclassification	–	–	42.9	42.9
Addition	16.7	–	13.5	30.2
Acquisition of subsidiary (note 2)	–	–	6.2	6.2
Utilization	–2.5	–	–28.1	–30.6
Release	–2.9	–	–3.2	–6.1
Currency translation	–1.1	–	–3.8	–4.9
Provisions as at December 31, 2020	**29.7**	**0.2**	**67.1**	**97.0**
of which current	9.0	–	50.9	59.9
of which non-current	20.7	0.2	16.2	37.1

1 Due to the regroupment in prior year and to increase transparency, provisions are split into new categories.
2 Due to IFRIC 23, a reclassification was done from provisions into current income taxes. See note 3 for details.

Provisions for legal cases include unsettled claims, and legal proceedings as of December 31, 2020, 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. The additions to provisions for legal cases were due to new legal proceedings.

The reclassification into other provisions in 2020 is related to settlement negotiations with the former multi-employer benefit plan in the USA, this amount has been reclassified from pension liabilities (see note 20 for details).

The additions to other provisions in 2019 were related to the one-off effects in the USA, whereof CHF 16.1 million were included in operating expenses and CHF 10.0 million in personnel expenses. The utilizations of other provisions in 2020 are predominantly related to these provisions.

In Management's opinion, after taking appropriate legal and administrative advice, the outcome of these business risks will not give rise to any significant loss beyond the amounts provided at December 31, 2020.

22. Accounts Payable

Accounts payable to suppliers are denominated in the following currencies:

CHF million	**2020**	2019
CHF	14.1	9.3
EUR	104.6	143.2
USD	37.2	52.6
GBP	9.2	9.1
Other currencies	22.3	19.7
Total	**187.4**	**233.9**

23. Accrued Liabilities

CHF million	**2020**	2019
Trade related accrued liabilities and deferred income	388.7	348.0
Salaries/wages and social costs	107.9	117.5
Other	248.8	227.5
Total	**745.4**	**693.0**

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. The position "other" mainly comprises accruals for uninvoiced third-party services rendered related to operating expenses (CHF 172.2 million in 2020, 156.7 million in 2019), for example for supply chain, logistics, transport or marketing related transactions.

24. Personnel Expenses

CHF million	**2020**	2019
Wages and salaries	646.9	714.4
Social benefits	157.2	155.0
Personnel leasing	50.2	58.7
Other	31.1	50.8
Total	**885.4**	**978.9**

For the year 2020, the Lindt & Sprüngli Group employed an average of 13,577 people (14,621 in 2019).

25. Net Financial Result

CHF million	**2020**	2019
Interest income	1.1	1.8
Other	1.2	1.3
Total financial income	**2.3**	**3.1**
Interest expense	–27.6	–35.0
Other	–0.9	–
Total financial expense	**–28.5**	**–35.0**

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

26. Earnings per Share/Participation Certificate (PC)

	2020	2019
Non-diluted earnings per share / 10 PC (CHF)	**1,333.1**	**2,141.5**
Net income (CHF million)	321.7	509.6
Weighted average number of registered shares/10 PC	241,315	237,959
Diluted earnings per share / 10 PC (CHF)	**1,321.9**	**2,123.7**
Net income (CHF million)	321.7	509.6
Weighted average number of registered shares/10 PC and outstanding options on 10 PC	243,359	239,963
Weighted average number of registered shares/10 PC to derive the non-diluted earnings	241,315	237,959
Outstanding options on 10 PC	2,044	2,004
Weighted average number of registered shares/10 PC and outstanding options on 10 PC to derive diluted earnings	243,359	239,963

27. Dividend per Share/Participation Certificate (PC)

CHF	**2020**	2019
Dividend per share/10 PC	1,100[1]	1,750

1 Proposal of the Board of Directors.

During the period January 1, 2021 to record date May 7, 2021, the dividend-bearing capital (the number of registered shares and participation certificates) can change as a result of additions and retirements within either class of treasury stock (registered shares and participation certificates) as well as the exercise of options granted through the employee stock option plan.

28. Share-based Payments

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

	2020		2019	
	Number of options	Weighted average exercise price (CHF/PC)	Number of options	Weighted average exercise price (CHF/PC)
Outstanding options as at January 1	**103,686**	**5,503**	**101,216**	**5,180**
New option rights	27,070	7,904	26,560	5,934
Exercised rights	–18,120	4,909	–18,262	4,308
Cancelled rights	–2,987	5,974	–5,828	5,601
Outstanding options as at December 31 [1]	**109,649**	**6,181**	**103,686**	**5,503**
of which exercisable at December 31	16,313	5,249	12,914	4,800
Average remaining time to expiration (in days)	759		775	

1 The exercise price varies between CHF 4,062 to CHF 7,904 as of December 31, 2020.

Options expenses are charged to the income statement proportionally according to the vesting period. The recorded expenses amount to CHF 15.5 million (CHF 14.5 million in 2019). The assumptions used to calculate the expenses for the grants 2017 to 2020 are listed in the following table:

Date of issue	**15.1.2020**	16.1.2019	30.1.2018	16.1.2017
Number of issued options	27,070	26,510	26,070	24,205
of which in bracket A (blocking period 3 years)	9,392	9,205	9,111	8,405
of which in bracket B (blocking period 4 years)	9,534	9,330	9,146	8,525
of which in bracket C (blocking period 5 years)	8,144	7,975	7,813	7,275
Issuing price (CHF)	7,904	5,936	5,794	5,360
Price of participation certificates on date of issue (CHF)	8,010	5,820	5,755	5,260
Value of options on issuing date (CHF)				
Bracket A (blocking period 3 years)	651	562	719	631
Bracket B (blocking period 4 years)	680	615	780	690
Bracket C (blocking period 5 years)	712	663	831	737
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	2.3%	2.2%	2.1%	2.1%
Expected volatility	14.6%	18.3%	20.5%	21.2%
Expected dividend yield	1.65%	1.68%	1.66%	1.63%
Risk-free interest rate	(0.46)–(0.38)%	(0.27)–(0.11)%	0.03–0.17%	(0.38)–(0.25)%
Model	Binomial model			

Moreover, CHF 4.7 million deferred taxes on employee stock options in the USA have been booked as share-based payment (CHF 3.8 million in 2019).

29. Contingencies

The Lindt & Sprüngli Group has a contingent liability as at December 31, 2020 in respect to withdrawing from a US multi-employer plan in 2018 in the amount of CHF 9.4 million. 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, 2020. With respect to the Lindt Chocolate Competence Foundation's construction of the Lindt Home of Chocolate, refer to note 31.

30. Commitments

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

CHF million	**2020**	2019
Property, plant and equipment	80.1	81.4
Right-of-use assets	31.9	62.9

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

31. Transactions with Related Parties

A family member of a member of the Board of Directors has a majority share in a company, to which products were sold for the value of CHF 8.4 million (CHF 21.3 million in 2019) and license fee income of CHF 0.3 million (CHF 0.7 million in 2019) was generated. Receivables outstanding against this company were CHF 0.0 million (CHF 14.8 million in 2019) at the balance sheet date. Moreover, the Lindt & Sprüngli Group purchased the retail operations from this company in 2020 (see note 2 for more information).

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 and the Fonds für Pensionsergänzungen der Chocoladefabriken Lindt & Sprüngli AG. Additionally, 200 own shares have been sold to the Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG for a price of CHF 84,080. Furthermore, the Lindt & Sprüngli Group rents property from the pension funds with a market value of CHF 16.7 million at December 31, 2020 (CHF 16.6 million in 2019).

The Lindt & Sprüngli Group has provided the Lindt Chocolate Competence Foundation with the building right for the Lindt Home of Chocolate in 2016. The conditions of this contract are 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.

Remuneration of the Board of Directors and Group Management

As at December 31, 2020 the Board of Directors consisted of 6 non-executive and executive Directors (6 in 2019). The number of executive Officers as at December 31, 2020 is 7 (6 in 2019). The compensation paid to non-executive Directors and executive Officers is shown below:

CHF thousand	**2020**	2019
Fixed cash compensation [1]	7,835	7,345
Variable bonus component [2]	1,287	3,325
Other compensation [3]	111	113
Options [4]	4,791	4,032
Registered shares	–	930
Total	**14,024**	**15,745**

1 Total gross cash compensation and allowances for Officers and Directors including pension benefits paid by employer amounting to TCHF 320 (TCHF 276 in 2019) (excluding social charges paid by employer) for the Officers.
2 As per the Compensation Report it is the expected pay-out (accrual basis) in April of following year according to the application of the CNC and BoD (excluding social charges paid by employer).
3 Employees part of social charges (AHV), paid by employer.
4 The valuation of option grants on Lindt & Sprüngli participation certificates is based on the market value at grant date.

Apart from the payments mentioned above, no payments were made on a private basis or via consulting companies to either an executive or a non-executive member of the Board of Directors or a member of the Group Management. As of December 31, 2020, there were no loans, advances or credits due to the Lindt & Sprüngli Group or any of its subsidiaries by any of the members of the Board of Directors or the Group Management.

32. Events after the Balance Sheet Date

The consolidated financial statements were approved for publication by the Board of Directors on March 1, 2021. The approval of the consolidated financial statements by the shareholders will take place at the Annual Shareholders' Meeting.

In January 2021 the minority shares in Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. were acquired for a price of CHF 32.8 million. Since the Lindt & Sprüngli Group already possessed the majority share before the purchase, the investment in Lindt & Sprüngli (Brazil) Comércio de Alimentos S.A. was accounted for using the purchase method, therefore the transaction is a pure capital transaction. For more information refer to note 2 "Changes in the Consolidation Scope and Non-Controlling Interests".

Besides that no other events have occurred up to March 1, 2021, which would necessitate adjustments to the carrying values of the Lindt & Sprüngli Group's assets or liabilities or which require additional disclosure.

Report of the Statutory Auditor on the Consolidated Financial Statements

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Report of the statutory auditor

to the General Meeting of Chocoladefabriken Lindt & Sprüngli AG

Kilchberg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Chocoladefabriken Lindt & Sprüngli AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated income statement, statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 94 to 138) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

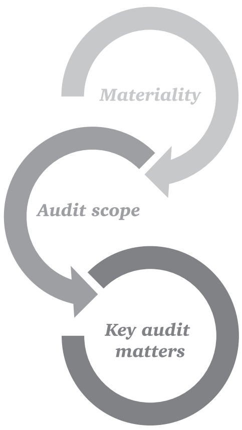
Basis for opinion

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

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

Our audit approach

Overview



Overall Group materiality: CHF 39,000,000

We concluded full scope audit work at 27 Group companies in 19 countries. These Group companies contribute 100% of the sales and 99% of the assets of the Group.

As key audit matters, the following areas of focus were identified:

- Impairment testing of goodwill
- Valuation of pension fund assets

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Materiality

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

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

Overall Group materiality	CHF 39,000,000
How we determined it	7.5% of average profit before income taxes of the last three years
Rationale for the materiality benchmark applied	We chose profit before income taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations. We chose 7.5% in light of the Group's high level of equity and past performance. We used the three-year average of the benchmark because of the decrease in profit before income taxes due to Covid-19 and in the light of the level of forecasted future results.

Audit scope

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

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

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

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

Key audit matters

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

Impairment testing of goodwill

Key audit matter	How our audit addressed the key audit matter
Intangible assets are recognised in the amount of CHF 1,307 million, of which CHF 694 million is the goodwill of the US business. During our audit, we focussed on the goodwill of the US business because of the significance of the amount and because the valuation of goodwill by management involves significant scope for judgement concerning the future results of the business in the USA that underlies the goodwill. Management compares the book value of goodwill to the value in use of the underlying business in the USA. Value in use is calculated by estimating the future cash flows that the business is expected to generate. If the value in use is lower than the book value of goodwill, an impairment charge is recognised. The most significant elements of the value in use calculation are the assessment of the discounted cash flow model used and the assessment of the underlying assumptions. The underlying assumptions that offer the greatest scope for judgement are the long-term sales growth rates, EBIT margin growth rates and the discount rate used in the calculation of present values. Please refer to note 11 for details of the impairment test and management's assumptions.	We assessed the determination of the cash-generating units used in the calculation of the cash flow forecasts. We evaluated the components used in management's forecasts of future cash flows. We also assessed the process adopted to calculate the forecasts. Lindt & Sprüngli Group prepares five-year plans, which are approved by the Board of Directors. These plans form the basis for management's cash flow forecasts used in the goodwill impairment test. We compared the 2020 actual results with the 2020 budget figures fixed in the previous year to assess the accuracy of those budget figures. In addition, with the support of a PwC valuation specialist, we assessed the following assumptions: • the long-term growth rates, by comparing them with economic and industry forecasts; • the EBIT margin growth rates, by comparing them with other mature Lindt & Sprüngli production entities; • the discount rate, by assessing the costs of capital for the company and comparable organisations, taking into consideration country-specific factors. We checked management's valuations for correctness. Additionally, we assessed management's sensitivity analyses of the key assumptions to ascertain the extent of change in those assumptions that would be required, either individually or collectively, for the goodwill to be impaired. We discussed the outcomes of the sensitivity analyses with management. We concluded that the models and assumptions used are appropriate to test goodwill for impairment.

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Valuation of pension fund assets

Key audit matter	How our audit addressed the key audit matter
Financial assets include pension fund assets in the amount of CHF 1,898 million. We focussed on this area because of the significant amount represented by pension fund assets and because management's assessment of the valuation of this item involves significant scope for judgement concerning the valuation parameters used and the estimates of future benefits from the pension fund assets. Management engages an external actuary to perform the calculation of the net present value of the pension benefit obligations, which are then compared with the pension fund assets to determine the pension fund liabilities and assets recognised in the balance sheet. The most judgemental assumptions underlying this calculation are the salary growth rates, the pension increase rates, the mortality rate and the discount rate. For further information, please refer to notes 12 and 20.	We compared on a sample basis the personnel data used in the calculation of the pension benefit obligations with the data made available to us by the pension institution. We did not identify any differences. We assessed the engagement terms and the professional competency and independence of the actuary engaged by management. We concluded that we could place reliance on the calculation performed by the actuary. Additionally, we evaluated the following assumptions used by management: • the salary growth rates and the pension increase rates, by comparing them with economic and industry forecasts; • the mortality rate, by ensuring that the appropriate generation table was used; • the discount rate, by comparing it with relevant market data. We tested on a sample basis whether the pension fund assets existed and were measured correctly. On the basis of the audit procedures we performed, we concluded that the assumptions used by management in the valuation of the pension fund assets were within an acceptable range.

Other information in the annual report

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

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

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

Responsibilities of the Board of Directors for the consolidated financial statements

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Gerhard Siegrist	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zurich, 1 March 2021

Balance Sheet

CHF thousand	Note	December 31, 2020	December 31, 2019
Assets			
Cash and cash equivalents		448,850	287,059
Marketable securities and short-term financial assets		440,000	440,131
Accounts receivable			
from subsidiaries		877	6,973
Other receivables			
from third parties		19,929	29,946
from subsidiaries		5,355	–
Loans to subsidiaries		–	260,000
Accrued income			
from subsidiaries		28,149	32,850
Total current assets		**943,160**	**1,056,959**
Investments	4	884,477	884,899
Intangible assets	5	528,776	426,028
Total non-current assets		**1,413,253**	**1,310,927**
Total assets		**2,356,413**	**2,367,886**
Liabilities and Shareholders' Equity			
Accounts payables			
from third parties		833	–
from subsidiaries		126,836	3,055
Short-term interest-bearing liabilities			
to subsidiaries		–	114,750
Bonds	6	–	500,000
Other accounts payable			
to third parties		1,051	102
Tax liabilities		18,142	20,800
Accrued liabilities			
to third parties		5,255	5,710
to subsidiaries		104	4
Total current liabilities		**152,221**	**644,421**
Bonds	6	1,000,000	500,000
Total non current liabilities		**1,000,000**	**500,000**
Share capital		13,555	13,599
Participation capital		10,441	10,726
Reserve from capital contribution	8	106,918	96,892
General legal reserve		76,040	76,040
Special reserve	8	722,706	1,060,378
Retained earnings			
Balance brought forward from previous year		26,249	38,388
Net income for the year		275,021	326,695
Treasury stock	7	–26,738	–62,111
Treasury stock (share buy-back program)	7	–	–337,142
Total shareholders' equity		**1,204,192**	**1,223,465**
Total liabilities and shareholders' equity		**2,356,413**	**2,367,886**

Income Statement

CHF thousand	**2020**	2019
Dividends and other income from subsidiaries	350,588	378,728
Other income	610	333
Other expenses	–36,783	–30,738
Impairments on investments	1,358	10,777
Amortizations on intangible assets	–25,060	–25,060
Operating profit	**290,713**	**334,040**
Financial income	28,149	24,659
Financial expense	–11,541	–8,570
Income before taxes	**307,321**	**350,129**
Taxes	–32,300	–23,434
Net income	**275,021**	**326,695**

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 income or expense from financial assets.

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.
"Other income from subsidiaries" mainly consist of license fees, which are recognized in the period they fall due.

Foreign currency translation

The foreign exchange rates are listed on page 103 of the notes to the consolidation 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, 2020, amounted to CHF 315.3 million (CHF 328.0 million in 2019). This figure comprises guarantees given to counterparties providing credit lines for borrowings to subsidiaries.

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

4. Investments

The investments in subsidiaries are listed on page 99 of the notes to the consolidated financial statements.

5. Intangible assets

In 2020, an Advance Pricing Agreement was concluded with the United States of America. For this reason, an additional payment of CHF 127.8 million must be made for the intellectual property rights acquired in 2014 in connection with the acquisition of Russell Stover LLC. The acquisition costs were thus increased by the same amount. The impairment test showed no need for an impairment as at 31 December, 2020, which is why the intangible property rights are considered to be recoverable.

6. Bonds

The current bonds consist of the following tranches:

				2020	2019
CHF million	Interest rate	Interest maturity	Term	Notional amount	Notional amount
Straight bond	0,50%	October 8	2014–2020	–	500.0
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	–
Straight bond	0,25%	October 6	2020–2032	250.0	–
Total				**1,000.0**	**1,000.0**

7. Acquisition and Sale of Registered Shares and Participation Certificates

		2020		2019
	Registered shares	Participation certificates	Registered shares	Participation certificates
Inventory as at January 1	**1,475**	**46,615**	**1,597**	**18,156**
Additions	215	2,630	–	–
Retirements	–877	–2,630	–458	–
Share buy-back program	–	–	436	46,615
Capital decrease (destruction)	–436	–46,615	–100	–18,156
Inventory as at December 31	**377**	**–**	**1,475**	**46,615**
Average cost of additions (CHF)	73,663	7,238	–	–
Average sales price of retirements (CHF)	82,489	7,723	80,740	–
Average cost of share buy-back program (CHF)	–	–	76,180	6,520
Average cost of capital decrease (CHF)	76,180	6,520	74,922	6,176

8. Reserves

	Reserves from capital contribution				Special reserves
CHF thousand	Requested	Approved	Not approved [1]	Total	Total
Balance as at January 1, 2019	**–**	**88,773**	**14,904**	**103,677**	**1,060,755**
Reserve from retained earnings	–	–	–	–	120,000
Additions during the year	77,545	–	937	78,482	−937
Approved reserves from capital contribution					
FTA approval February 21, 2020	−77,545	77,545	–	–	–
Share buy-back program	–	–	–	–	−119,440
Proposed dividend distribution	–	−87,603	–	−87,603	–
Undistributed dividends on own registered shares and participation certificates	–	2,626	–	2,626	–
Options exercised from January 1 to May 8, 2019	–	−290	–	−290	–
Balance as at December 31, 2019	**–**	**81,051**	**15,841**	**96,892**	**1,060,378**
Additions during the year	87,730		1,040	88,770	−1,040
Share buy-back program				–	−336,632
Proposed dividend distribution		−80,273		−80,273	–
Undistributed dividends on own registered shares and participation certificates		1,964		1,964	–
Options exercised from January 1 to May 4, 2020		−435		−435	–
Balance as at December 31, 2020	**87,730**	**2,307**	**16,881**	**106,918**	**722,706**

1 The Swiss federal tax administration (FTA) has not yet approved the capital transaction costs of TCHF 16,881 as reserves from capital contribution. This practice may be changed in the future.

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

As of December 31, 2020, Chocoladefabriken Lindt & Sprüngli AG disclosed the following shareholders known to the Company (in accordance with Art. 663c CO and the articles of association), which own voting shares of more than 4%: "BlackRock Inc." held 4.46% of the Company's shares (4.46% in 2019). "Fonds für Pensionsergänzungen of Chocoladefabriken Lindt & Sprüngli AG", "Finanzierungsstiftung für die Vorsorgeeinrichtungen der Chocoladefabriken Lindt & Sprüngli AG", "Lindt Cocoa Foundation" and "Lindt Chocolate Competence Foundation" held as a group 20.50% of the voting rights of the Company (20.29% in 2019).

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

		Number of registered shares (RS)		Number of participation certificates (PC)		Number of options	
		2020	2019	**2020**	2019	**2020**	2019
E. Tanner	Executive Chairman	3,067	3,067	10,191	9,800	2,500	4,725
A. Bulgheroni	Member of the Board	1,000	1,000	295	165	–	–
Dkfm E. Gürtler	Member of the Board	1	1	50	50	–	–
Dr R. K. Sprüngli	Member of the Board	1,092	1,092	–	–	–	–
Dr T. Rinderknecht	Member of the Board	–	–	–	–	–	–
S. Denz	Member of the Board	11	11	–	–	–	–
Dr D. Weisskopf	Group Management	7	7	2,850	2,400	7,225	6,925
Dr J. Picenoni [1]	Group Management	1	–	–	–	1,600	–
R. Fallegger	Group Management	25	5	–	869	4,326	4,550
A. Germiquet	Group Management	7	7	400	400	3,646	3,053
Dr A. Lechner	Group Management	7	7	56	56	5,000	4,500
M. Hug	Group Management	1	–	–	200	3,200	2,675
G. Steiner	Group Management	2	2	–	–	3,410	2,900
Total		**5,221**	**5,199**	**13,842**	**13,940**	**30,907**	**29,328**

1 J. Picenoni has been appointed to Group Management as per January 1, 2020, therefore no participation reported in 2019.

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

10. Number of Employees

Chocoladefabriken Lindt & Sprüngli AG has no employees (0 in 2019).

Proposal for the Distribution of Available Retained Earnings and Reserves

CHF	**December 31, 2020**	December 31, 2019
Balance brought forward	19,666,399	34,229,750
Net income	275,020,818	326,695,427
Other	6,582,926[1]	4,159,204
Available retained earnings	**301,270,143**	**365,084,381**
Shares and participation certificates as per bylaws of CHF 23,996,660 as at December 31, 2020 (CHF 24,325,210 in 2019)		
1,100% (720% in 2019) dividend	–263,963,260[2&3]	–175,141,512
0% (700% in 2019) special dividend	–	–170,276,470
Allocation to special reserves	–20,000,000	–
Balance carried forward	**17,306,883**	**19,666,399**
Allocation of approved capital contribution reserve to free reserves[3]	–[3]	80,273,193
Withholding tax exempt distribution CHF 0.– per registered share/ CHF 0. – per participation certificate (CHF 330.– per RS/CHF 33.– per PC in 2019)[3]	–[3]	–80,273,193

1 Includes dividends not distributed on treasury stock held of CHF 8,451,130 distributed on options exercised during the period January 1 to May 4, 2020 of CHF –1,872,412, and expired dividends of CHF 4,208.
2 Number of registered shares and participation certificates, status as at December 31, 2020. During the period from January 1 until record date of May, 7, 2021, 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.
3 In case the net addition to requested reserves from capital contribution (agio) amounting to CHF 87,730,826 in 2020 are approved by the Federal Tax Administration (EStV) until the publication of the invitation to the shareholders' meeting, a maximum of up to CHF 88,547,675 of these reserves from capital contribution would be distributed and the remaining amount of at least CHF 175,415,585 would be distributed out of the available retained earnings. The total dividend per registered share and participation certificate would therefore remain the same. This would represent a distribution of the reserves from capital contribution of a maximum of up to CHF 369.– per registered share and CHF 36.90 per participation certificate as well as from retained earnings of a minimum of CHF 731.– per registered share and CHF 73.10 per participation certificate.

For 2020 the Board of Directors proposes a total dividend of CHF 1,100.– per registered share and CHF 110.– per participation certificate.

In case the net addition to requested reserves from capital contribution (agio) amounting to CHF 87,730,826 in 2020 are approved by the Federal Tax Administration (EStV) until the publication of the invitation to the shareholders' meeting, a maximum of up to CHF 88,547,675 of these reserves from capital contribution would be distributed and the remaining amount of at least CHF 175,415,585 would be distributed out of the available retained earnings. The total dividend per registered share and participation certificate would remain the same. This would represent a distribution of the reserves from capital contribution of a maximum of up to CHF 369.– per registered share and CHF 36.90 per participation certificate as well as from retained earnings of a minimum of CHF 731.– per registered share and CHF 73.10 per participation certificate. However, during the period from January 1 until record date of May, 7, 2021, 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.

In case the requested reserves from capital contribution are not approved by the Federal Tax Administration (EStV) until the distribution of the invitation to the shareholders' meeting, the total dividend of CHF 1,100.– per registered share and CHF 110.– per participation certificate would be distributed out of available retained earnings.

Report of the Statutory Auditor on the 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 financial statements

Opinion

We have audited the financial statements of Chocoladefabriken Lindt & Sprüngli AG, which comprise the balance sheet as at 31 December 2020, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 144 to 149) as at 31 December 2020 comply with Swiss law and the company's articles of incorporation.

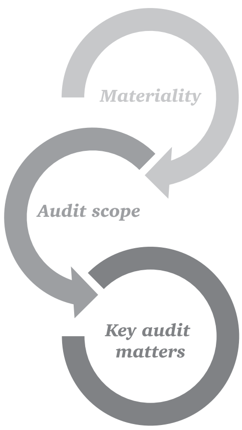
Basis for opinion

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

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

Our audit approach

Overview



Overall materiality: CHF 23,500,000

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

As key audit matters, the following areas of focus were identified:

- Impairment testing of intangible assets
- Impairment testing of investments

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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 financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Overall materiality	CHF 23,500,000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark for determining materiality. Total assets is a generally accepted benchmark for materiality considerations in relation to a holding company.

Audit scope

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

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

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

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Impairment testing of intangible assets

Key audit matter	How our audit addressed the key audit matter
Intangible assets recognised in the amount of CHF 529 million relate to the Russell Stover (CHF 496 million), Ghirardelli (CHF 28 million) and Caffarel (CHF 5 million) brands. We focussed on this area because of the significant amount this item represents on the balance sheet and because the valuation of the three above-mentioned brands depends significantly on their future results. The intangible assets are stated individually at acquisition cost less accumulated depreciation and any impairment, in accordance with the requirements of commercial accounting and financial reporting. Impairment testing of the brands is based on a comparison of their book value with the capitalised licensing income. If the book value of the brands exceeds the capitalised licensing income, an impairment is recognised. Please refer to note 2 'Accounting principles'.	We tested the correct and consistent calculation of the depreciation of the brands. Additionally, we tested management's impairment testing of the brands for its technical appropriateness and mathematical accuracy as follows: • We compared on a sample basis the licensing income used in the valuations with the contractual agreements. • We assessed the capitalisation rate, taking into account the cost of capital of the company and of comparable organisations as well as country-specific factors. • Further, we inspected on a sample basis the budgets approved by the Board of Directors of the individual licence holders in order to assess the financial performance of the individual licence holders. We concluded that the models and assumptions used are appropriate to test for the impairment of the intangible assets.

Impairment testing of investments

Key audit matter	How our audit addressed the key audit matter
Investments are recognised in the amount of CHF 884 million. We focussed our audit on these assets because of the significant amount they represent and the significant scope for judgement involved in testing them for impairment and in light of the financial performance of certain subsidiaries. Investments are recorded individually at acquisition cost less impairment in accordance with the requirements of commercial accounting and financial reporting. The impairment testing of the investments is based on a comparison of their book value with the intrinsic value of the investment. The intrinsic value of an investment is determined using historical and forward-looking financial information and on the basis of generally accepted valuation methods. If the book value of the investment exceeds the intrinsic value thus determined, an impairment is recorded. Please refer to note 2 'Accounting principles'.	We examined management's impairment testing of investments as follows: • We assessed the technical appropriateness and mathematical accuracy of management's valuations. • We compared on a sample basis the input data used in the tests with audited historical financial information. • We compared the forward-looking financial information used in the valuation process with the forecast figures approved by the Board of Directors. On the basis of our audit procedures, we consider the impairment tests on investments performed by management to be appropriate.

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Responsibilities of the Board of Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

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

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

PricewaterhouseCoopers AG

Gerhard Siegrist	Josef Stadelmann
Audit expert Auditor in charge	Audit expert

Zurich, 1 March 2021

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

		2020	2019	2018	2017	2016
Income Statement						
Sales	CHF million	4,016.8	4,509.0	4,313.2	4,088.4	3,900.9
EBITDA	CHF million	696.1	915.8	816.2	764.4	714.0
in % of sales	%	17.4	20.3	18.9	18.7	18.3
EBIT	CHF million	420.3	593.0 [1]	636.7	595.4	562.5
in % of sales	%	10.5	13.2 [1]	14.8	14.6	14.4
Net income	CHF million	320.1	511.9	487.1	452.5	419.8
in % of sales	%	8.0	11.4	11.3	11.1	10.8
in % of average shareholders' equity	%	6.9	11.2	11.2	11.5	11.7
Operating cash flow	CHF million	787.6	830.9	651.6	591.0	515.4
in % of sales	%	19.6	18.4	15.1	14.5	13.2
Depreciation, amortization and impairment	CHF million	275.8	322.8	179.5	169.0	151.5
Balance Sheet						
Total assets	CHF million	8,051.0	8,040.8	7,249.8	6,975.6	6,428.8
Current assets	CHF million	2,953.9	2,975.7	2,933.0	2,781.1	2,374.5
in % of total assets	%	36.7	37.0	40.5	39.9	36.9
Non-current assets	CHF million	5,097.1	5,065.1	4,316.8	4,194.5	4,054.3
in % of total assets	%	63.3	63.0	59.5	60.1	63.1
Non-current liabilities	CHF million	2,164.4	1,680.9	1,735.3	1,730.8	1,495.9
in % of total assets	%	26.9	20.9	23.9	24.8	23.3
Shareholders' equity	CHF million	4,606.3	4,670.2	4,486.4	4,195.0	3,674.0
in % of total assets	%	57.2	58.1	61.9	60.1	57.1
Investments in PPE/intangible assets	CHF million	243.8	247.0	257.3	185.2	234.1
in % of operating cash flow	%	31.0	29.7	39.5	31.3	45.4
Employees						
Average number of employees		13,557	14,621	14,570	13,949	13,539
Sales per employee	TCHF	296.3	308.4	296.0	293.1	288.1

1 Includes one-off effects of CHF 81.6 million in 2019. Without these effects the EBIT amounts to CHF 674.6 million and the EBIT-margin to 15.0%.

Five-Year Overview: Data per Share/Participation Certificate

		2020	2019	2018	2017	2016
Share						
Registered shares at CHF 100.– par [1]	Number	135,552	135,988	136,088	136,088	136,088
Participation certificates at CHF 10.– par [2]	Number	1,044,146	1,072,641	1,072,535	1,048,153	1,013,136
Non-diluted earnings per share/10 PC [3]	CHF	1,333	2,142	2,021	1,893	1,791
Operating cash flow per share/10 PC [3]	CHF	3,264	3,492	2,715	2,482	2,200
Shareholders' equity per share/10 PC [4]	CHF	19,088	19,626	18,437	17,414	15,476
Payout ratio	%	82.5	83.2	50.0	49.5	49.8
Registered share						
Year-end price	CHF	88,400	85,500	73,300	70,485	61,900
High of the year	CHF	93,800	86,000	85,400	72,280	74,090
Low of the year	CHF	65,200	68,600	65,600	61,790	57,025
Dividend	CHF	1,100.00[5]	1,750.00	1,000.00	930.00	880.00
P/E ratio [6]	Factor	66.32	39.92	36.27	37.23	34.56
Participation certificate						
Year-end price	CHF	8,630	7,515	6,100	5,950	5,275
High of the year	CHF	8,665	7,715	7,270	5,985	6,240
Low of the year	CHF	6,365	5,730	5,270	5,055	4,877
Dividend	CHF	110.00[5]	175.00	100.00	93.00	88.00
P/E ratio [6]	Factor	64.74	35.08	30.18	31.43	29.45
Market capitalization [6]	CHF million	20,993.8	19,687.9	16,517.7	15,828.7	13,768.1
in % of shareholders' equity [4]	%	455.8	421.6	368.2	377.3	374.7

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 has been enchanting the world with chocolate for more than 175 years. The traditional Swiss company with roots in Zurich is a global leader in the premium chocolate sector. Today, Lindt & Sprüngli produces quality chocolates at its 11 factories in Europe and the USA. Its products are sold by 28 subsidiaries and regional offices, in around 500 of own stores as well as via a network of more than 100 independent distributors around the globe. The Lindt & Sprüngli Group includes the brands Lindt, Ghirardelli, Russell Stover, Whitman’s, Pangburn’s, Caffarel, Hofbauer und Küfferle. With more than 13,500 employees, the Lindt & Sprüngli Group reported sales of CHF 4.02 billion in 2020.

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Information

Agenda

May 4, 2021	123rd Annual Shareholders' Meeting
May 10, 2021	Payment of dividend
July 27, 2021	Half-year report 2021
Mid January, 2022	Net sales 2021
Early March, 2022	Full-year results 2021
Spring 2022	124th Annual Shareholders' Meeting

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