

FINANCIAL REPORT

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Financial Report Bühler Group

Consolidated income statement

	Notes	2020 CHF m	2019 CHF m
Revenue	3.1	2,699.8	3,254.4
Other operating income	3.2	32.3	49.7
Total operating income		2,732.1	3,304.1
Cost of materials		-1,152.5	-1,485.1
Changes in inventories of finished goods and work in progress		-22.7	2.8
Employee benefit expenses	3.3	-912.6	-998.5
Other operating expenses	3.4	-415.7	-488.4
Net result from associates	4.4	3.6	1.9
Operating result before interest, taxes, depreciation and amortization (EBITDA)		232.2	336.8
Depreciation and amortization	4.1/4.2/4.3	-86.5	-88.8
Operating result before interest and taxes (EBIT)		145.7	248.0
Interest income and expenses	3.5	-0.9	-3.7
Other financial income	3.5	1.2	6.1
Financial result		0.3	2.4
Profit before taxes		146.0	250.4
Income taxes	3.6	-36.4	-48.8
Net profit		109.6	201.6
Attributable to:			
– Owners of the parent		105.0	197.3
– Non-controlling interests		4.6	4.3

Consolidated statement of comprehensive income

	Notes	2020 CHF m	2019 CHF m
Net profit		109.6	201.6
Other comprehensive income			
Translation differences of foreign operations		-57.6	-38.5
– Realized through income statement		0.0	1.0
Net gain (loss) on hedge of net investment		-8.4	-12.2
– Tax effect		0.8	1.2
Cash flow hedges			
– Changes recycled in the income statement		-2.1	1.5
– Changes recognized in OCI		8.4	2.4
– Tax effect		-0.9	-0.3
Other comprehensive income to be reclassified to profit or loss in subsequent periods		-59.8	-44.9
Remeasurements of defined benefit plans	4.12.3	-6.7	-14.4
– Tax effect		0.7	-1.7
Financial assets at fair value through OCI		-3.5	4.5
– Tax effect		0.3	-0.6
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-9.2	-12.2
Total other comprehensive income		-69.0	-57.1
Total comprehensive income		40.6	144.5
Attributable to:			
– Owners of the parent		36.9	141.2
– Non-controlling interests		3.7	3.3

Consolidated balance sheet

Assets	Notes	Dec. 31, 2020 CHF m	Dec. 31, 2019 CHF m
Property, plant and equipment	4.1	691.3	713.7
Right-of-use assets	4.2	60.5	62.7
Intangible assets and goodwill	4.3	683.3	690.9
Investments in associates	4.4	32.1	27.4
Non-current financial and other assets	4.5	113.5	185.2
Deferred tax assets	3.6.4	52.9	59.2
Non-current assets		1,633.6	1,739.1
Inventories	4.6	461.7	536.3
Contract assets relating to production orders in progress	3.1	383.0	455.3
Trade accounts receivable	4.7	560.2	688.6
Other receivables	4.7	102.0	128.0
Current income tax assets		5.5	6.1
Marketable securities	2.3.2	81.8	82.2
Cash and cash equivalents	4.8	708.2	396.5
Current assets		2,302.4	2,293.0
Total assets		3,936.0	4,032.1
Equity and liabilities			
Share capital	4.13	15.0	15.0
Capital reserves		185.1	185.1
Other reserves / retained earnings		1,506.0	1,495.0
Equity attributable to the owners of the parent		1,706.1	1,695.1
Non-controlling interests		32.1	31.6
Total equity		1,738.2	1,726.7
Non-current financial liabilities	2.2	553.0	632.6
Non-current lease liabilities	4.2	42.9	45.6
Deferred tax liabilities	3.6.4	109.6	117.5
Defined benefit obligations	4.12.4	112.5	103.3
Non-current provisions	4.10	39.5	38.9
Non-current liabilities		857.5	937.9
Current financial liabilities	2.2	41.3	32.3
Current lease liabilities	4.2	17.5	16.6
Trade accounts payable	4.9	327.8	389.4
Contract liabilities relating to production orders in progress	3.1	551.9	473.5
Current provisions	4.10	69.8	85.5
Other current liabilities	4.11	299.9	315.7
Current income tax liabilities		32.1	54.5
Current liabilities		1,340.3	1,367.5
Total liabilities		2,197.8	2,305.4
Total equity and liabilities		3,936.0	4,032.1

Consolidated statement of changes in equity

	Notes	Share capital CHF m	Capital reserve CHF m	Retained earnings CHF m
January 1, 2019		15.0	185.1	1,607.0
Dividends paid	6.4			-23.0
Changes in non-controlling interests				-0.6
Net profit				197.3
Other comprehensive income				-16.1
December 31, 2019		15.0	185.1	1,764.6
January 1, 2020		15.0	185.1	1,764.6
Dividends paid	6.4			-25.0
Changes in non-controlling interests				-0.9
Net profit				105.0
Other comprehensive income				-6.0
December 31, 2020		15.0	185.1	1,837.7

Hedge reserve CHF m	Financial assets at fair value through OCI CHF m	Foreign currency translation reserves CHF m	Total other reser- ves and retained earnings CHF m	Equity attributable to the owners of the parent CHF m	Non-controlling interests CHF m	Total equity CHF m
-1.5	-0.5	-227.6	1,377.4	1,577.5	31.0	1,608.5
			-23.0	-23.0	-2.7	-25.7
			-0.6	-0.6	0.0	-0.6
			197.3	197.3	4.3	201.6
3.6	3.9	-47.5	-56.1	-56.1	-1.0	-57.1
2.1	3.4	-275.1	1,495.0	1,695.1	31.6	1,726.7
2.1	3.4	-275.1	1,495.0	1,695.1	31.6	1,726.7
			-25.0	-25.0	-4.1	-29.1
			-0.9	-0.9	0.9	0.0
			105.0	105.0	4.6	109.6
5.4	-3.2	-64.3	-68.1	-68.1	-0.9	-69.0
7.5	0.2	-339.4	1,506.0	1,706.1	32.1	1,738.2

Consolidated statement of cash flows

	Notes	2020 CHF m	2019 CHF m
Profit before taxes		146.0	250.4
Financial result	3.5	-0.3	-2.4
Operating result before interest and taxes (EBIT)		145.7	248.0
Depreciation and amortization	4.1/4.2/4.3	86.5	88.8
Other items not affecting cash flow		-0.3	-6.4
Changes in provisions		9.7	2.3
Changes in trade accounts receivable		103.8	1.0
Changes in inventories		57.3	-16.8
Changes in trade accounts payable		-48.4	42.0
Changes in contract assets/liabilities relating to production orders in progress		154.4	-180.4
Changes in other net operating assets		13.4	28.5
Gains/losses on disposal of fixed assets		5.3	3.3
Interest received		5.3	5.0
Interest paid		-4.5	-4.4
Income taxes paid		-58.6	-45.1
Cash flow from operating activities		469.6	165.8
Purchase of property, plant and equipment		-57.5	-105.3
Disposal of property, plant and equipment		3.1	10.2
Purchase of intangible assets		-5.2	-7.5
Cash flow from acquisition of Group companies, net of cash acquired	1.5	1.1	0.0
Cash flow from disposals of Group companies, net of cash disposed		0.0	14.0
Purchase of marketable securities		-97.9	-46.0
Disposal of marketable securities		82.3	32.0
Purchase of non-current financial assets		-3.6	-18.7
Disposal of non-current financial assets		0.9	4.7
Cash flow from investing activities		-76.8	-116.6
Proceeds from financial liabilities	2.2	19.0	0.0
Repayment of financial liabilities	2.2	-34.1	-11.0
Cash outflow for leases	4.2	-20.4	-26.4
Dividends paid of Bühler Holding AG	6.4	-25.0	-23.0
Dividends paid to non-controlling interests		-4.1	-2.7
Acquisitions and other transactions with non-controlling interests		0.0	-0.4
Cash flow from financing activities		-64.6	-63.5
Translation differences		-16.5	-6.6
Changes in cash and cash equivalents		311.7	-20.9
Cash and cash equivalents at the beginning of period		396.5	417.4
Cash and cash equivalents at the end of period		708.2	396.5

Notes to the financial statements

1. Group information

1.1 General information

The consolidated financial statements of the Bühler Group and its subsidiaries (collectively, the Group) for the year ended December 31, 2020, were authorized for issue in accordance with a resolution of the Board of Directors on February 11, 2021. Bühler Holding AG (the Company or the parent) is a company incorporated and domiciled in Switzerland whose shares are privately held. The registered office is located in Uzwil, Switzerland.

The Group is a globally active solutions provider for the industrial manufacturing of food and advanced materials. The worldwide solutions portfolio contains engineering, application development, manufacturing, services, and training.

These financial statements are the consolidated financial statements of Bühler Holding AG and its subsidiaries. The list of significant Group companies can be found on pages 13 to 15.

The consolidated financial statements of the Bühler Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and comply with Swiss law. The consolidated financial statements are based on the single-entity financial statements of the Group companies, which are prepared in accordance with consistent accounting principles. The consolidated financial statements are prepared under the historical cost convention. Any exceptions to this general rule are outlined in the respective note. The overall accounting principles applied to the Annual Report as a whole are described below. The account-

ing policies related to specific line items are described in the notes to which they relate.

Due to rounding, the numbers do not necessarily correspond exactly with the totals.

COVID-19. The current, unpredictable, and volatile environment significantly impacted Bühler's financial performance for the twelve month period ended 31 December 2020. Customers responded to the COVID-19 crisis by postponing capital expenditures. Consequently, Bühler experienced adverse impacts on volumes, requiring the Group to reassess the underlying assumptions and estimates affecting these consolidated financial statements.

Bühler's decentral set-up and the flexibility of the global production footprint has helped to sustain the supply chain and to continue to serve customer demands efficiently in several industries critical to addressing the pandemic impacts. This allowed Bühler to achieve a profitable EBIT margin of 5.4% (prior year: 7.6%).

However, forward looking statements on the potential financial impact of COVID-19 for 2021, are not possible, as they depend on various factors which currently cannot be predicted, such as the extent and duration of the pandemic, the impact on customers and suppliers, etc.

Cash collections continue to be according to normal trade terms. The Group has managed to improve its cash flow and net liquidity thanks to various measures during the year 2020.

1.2 Use of estimates

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets, and liabilities and the related disclosures at the date of the financial statements. These estimates are based on management's best knowledge of current events and possible future measures. However, actual results could differ from those estimates.

If in the future such estimates and assumptions, which are based on management's best knowledge at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

The estimates and assumptions that may have a higher degree of uncertainty to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial periods relate primarily to goodwill and intangible assets with an indefinite useful life (Note 4.3) and, to a lesser extent, revenue (Note 3.1) and defined benefit obligations (Note 4.12).

Estimates related to specific line items are described in the notes to which they relate.

1.3 Foreign currency translation

The individual financial statements of the Group companies are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") and are translated into Swiss francs for consolidation purposes. Year-end exchange rates are used for the balance sheet and the average exchange rate for the income statement, statement of other comprehensive income, and statement of cash flows.

Differences resulting from the application of these different exchange rates for the balance sheet and the income statement and from equity transactions are recognized directly in the consolidated statement of other comprehensive income.

Goodwill arising on the acquisition of a foreign entity is expressed in the functional currency of the foreign operation and is translated at the closing rate.

Foreign currency transactions translated into the functional currency are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting

from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when they are deferred outside the income statement as qualifying cash flow hedges.

Foreign exchange differences arising on monetary items that form part of a company's net investment in a foreign operation are reclassified to equity (currency translation adjustment) in the consolidated financial statements and are only fully recycled to the income statement when the Group loses control of a subsidiary or loses significant influence in an associate.

For foreign currency translation, the Bühler Group used the following exchange rates:

	Average exchange rates		Closing rates 31.12.	
	2020 CHF	2019 CHF	2020 CHF	2019 CHF
BRL	0.1841	0.2523	0.1700	0.2400
CAD	0.7002	0.7490	0.6920	0.7440
CNY	0.1360	0.1439	0.1356	0.1392
CZK	0.0405	0.0433	0.0414	0.0428
DKK	0.1436	0.1490	0.1460	0.1460
EUR	1.0705	1.1126	1.0850	1.0890
GBP	1.2042	1.2689	1.1990	1.2750
INR	0.0127	0.0141	0.0121	0.0136
JPY	0.0088	0.0091	0.0086	0.0089
MXN	0.0440	0.0516	0.0446	0.0517
SGD	0.6806	0.7286	0.6677	0.7206
THB	0.0300	0.0320	0.0295	0.0323
USD	0.9388	0.9939	0.8850	0.9730
ZAR	0.0573	0.0689	0.0604	0.0695

1.4 Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The cost of an acquisition is measured at the fair value of the consideration transferred at the date of exchange. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed in the income statement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at fair value at the date of acquisition, irrespective of the extent of any non-controlling interest assumed. When the Bühler Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held equity interest in the acquiree is remeasured to fair value at the date control is obtained. Any gain or loss arising from such remeasurement is recognized in the income statement.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration are recognized in the income statement.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

All intercompany transactions and balances between Group companies are eliminated in full.

Investments in associated companies are accounted for using the equity method of accounting. These are companies over which the Group generally holds between 20% and 50% of the voting rights and has significant influence but does not exercise control. Goodwill arising on the acquisition is included in the carrying amount of the investment in associated companies. The Group does not recognize further losses when the carrying amount of the investment together with any long-term interest in an associated company reaches zero, unless the Group has in addition either incurred or guaranteed additional obligations in respect to the associated company.

Investments below 20% are recognized at fair value and classified as financial assets at fair value through profit or loss. Changes in fair value are recognized in the income statement.

Any non-current assets held for sale and discontinued operations are presented separately on the face of the balance sheet. This includes all those assets associated with the discontinuation of entire lines of business or geographical areas of operation, which are to be realized through a sale transaction rather than through continued use. Reclassifications are only made if management is committed to the sale and has started seeking buyers. In addition, the asset or disposal group must be available for sale in its current condition and its sale must be highly probable within one year. Non-current assets or disposal groups classified as held for sale are no longer depreciated. If necessary, they are written down for impairment.

The income and expenses of discontinued operations are separated from ordinary income and expenses in the income statement for both the reporting period and the prior year down to the "profit after tax" level. The resulting gain or loss (after taxes) is presented separately in the income statement.

1.5 Additions and disposals of Group companies

Additions

2020

On December 31, 2020, the Group acquired 100% of the shares of a leading supplier of roller mill parts with an extensive portfolio of services. With the acquisition the Group expands its Customer Service network. The company would have contributed to the Bühler financial performance with revenues of CHF 12.2 million, if the acquisition had taken place at the beginning of the year. The net profit would have been CHF 1.1 million.

The goodwill of CHF 6.7 million arising from the acquisition is mainly attributable to a strengthening of the market position, the expertise of the workforce and the expected synergies from combining the operations of the acquired business with the Bühler Group. None of the goodwill is expected to be deductible for income tax purposes.

There was no other significant addition.

2019

There was no significant addition in 2019.

Disposals

2020

There was no disposal in 2020.

2019

There was no significant disposal in 2019.

Identifiable assets and liabilities fair value at the acquisition date

	Design Corrugating 2020 CHF m
Cash and cash equivalents	1.1
Trade accounts receivable gross	1.5
Other receivables	0.1
Inventories	2.7
Current assets	5.4
Property, plant and equipment	3.1
Non-current assets	3.1
Trade accounts payable	-0.8
Other current liabilities, accruals and deferred income	-0.8
Current liabilities and provisions	-1.6
Deferred tax liabilities	-0.3
Non-current liabilities and provisions	-0.3
Change in net assets	6.6
Goodwill arising on acquisitions	6.7
Addition to the Group	13.3
Cash disposed (-) / acquired (+)	1.1
Cash flow from changes in the scope of consolidation	1.1
Thereof relating to the current year	1.1

1.6 Significant Group companies

Name of company	Country	Share capital in millions of local currency	Participation rate	Holding / financing company	Held by
Switzerland					
Bühler Holding AG, Uzwil	CH	CHF 15.00		○	
Bühler AG, Uzwil	CH	CHF 30.00	100.0%		Bühler Holding AG, Uzwil
Bühler-Immo Betriebs AG, Uzwil	CH	CHF 0.10	100.0%		Bühler Holding AG, Uzwil
UBIF AG, Uzwil	CH	CHF 4.00	100.0%		Bühler Holding AG, Uzwil
Bühler Insect Technology Solutions AG, Uzwil	CH	CHF 1.46	80.0%		Bühler Holding AG, Uzwil
Benlink AG, Zurich	CH	CHF 0.10	100.0%		Bühler Holding AG, Uzwil
Bühler + Scherler AG, St. Gallen	CH	CHF 0.80	60.0%		Bühler Holding AG, Uzwil
Europe					
FHW Franz Haas Waffelmaschinen GmbH, Leobendorf	AT	EUR 0.04	100.0%		Bühler Food Equipment GmbH, Leobendorf
Bühler Food Equipment GmbH, Leobendorf	AT	EUR 4.40	100.0%	○	Bühler AG, Uzwil
Metall- und Kunststoffwaren Erzeugungs- ges.m.b.H., Heidenreichstein	AT	EUR 2.91	100.0%		Bühler Food Equipment GmbH, Leobendorf
Bühler CZ s.r.o., Zamberk	CZ	CZK 265.20	100.0%		Bühler Holding AG, Uzwil
Bühler Deutschland GmbH, Beilngries	DE	EUR 0.03	100.0%		Bühler AG, Uzwil
Bühler GmbH, Beilngries	DE	EUR 16.00	100.0%		Bühler Deutschland GmbH, Beilngries
Bühler Deutschland Holding GmbH, Braunschweig	DE	EUR 0.03	100.0%	○	Bühler AG, Uzwil
Bühler Barth GmbH, Leingarten	DE	EUR 1.14	100.0%		Bühler Deutschland Holding GmbH, Braunschweig
Bühler GmbH, Reichshof	DE	EUR 0.28	100.0%		Bühler Deutschland Holding GmbH, Braunschweig
Bühler GmbH, Braunschweig	DE	EUR 12.63	100.0%		Bühler Deutschland Holding GmbH, Braunschweig
Leybold Optics Verwaltungs GmbH, Alzenau	DE	EUR 0.44	100.0%	○	Bühler Deutschland Holding GmbH, Braunschweig
Bühler Alzenau GmbH, Alzenau	DE	EUR 0.05	100.0%		Leybold Optics Verwaltungs GmbH, Alzenau
Bühler GmbH, Leingarten	DE	EUR 2.43	100.0%		Bühler Deutschland Holding GmbH, Braunschweig
Haas-Meincke A/S, Ballerup	DK	DKK 5.00	100.0%		Bühler Food Equipment GmbH, Leobendorf
Buhler S.A., Madrid	ES	EUR 0.06	100.0%		Bühler Holding AG, Uzwil
Bühler SAS, Haguenau	FR	EUR 0.20	100.0%		Bühler Holding AG, Uzwil
Buhler UK Holdings Ltd., London	GB	GBP 3.60	100.0%	○	Bühler Holding AG, Uzwil
Buhler UK Ltd., London	GB	GBP 1.25	100.0%		Buhler UK Holdings Ltd., London
CDD Automation Solutions Limited, Peterborough	GB	GBP 0.01	100.0%		Buhler UK Holdings Ltd., London
Buhler S.p.A., Milano	IT	EUR 2.67	100.0%		Bühler Holding AG, Uzwil
Haas-Mondomix B.V., Almere	NL	EUR 0.50	100.0%		Bühler Food Equipment GmbH, Leobendorf
OOO Haas, Moscow	RU	RUB 3.21	100.0%		FHW Franz Haas Waffelmaschinen GmbH, Leobendorf

Name of company	Country	Share capital in millions of local currency	Participation rate	Holding / financing company	Held by
North America					
Buhler US Holding Inc., Minneapolis	US	USD 0.05	100.0%	O	Bühler Holding AG, Uzwil
Buhler Inc., Minneapolis	US	USD 3.20	100.0%		Buhler US Holding Inc., Minneapolis
BuhlerPrince Inc., Holland	US	USD 0.38	100.0%		Buhler US Holding Inc., Minneapolis
Buhler Sputtering Components Inc., Owatonna	US	USD 0.02	100.0%		Buhler US Holding Inc., Minneapolis
Franz Haas Machinery of America Inc., Richmond	US	USD 0.01	100.0%		Bühler Food Equipment GmbH, Leobendorf
Latin America					
Buhler S.A., Buenos Aires	AR	ARS 1.10	100.0%		Bühler Holding AG, Uzwil
Buhler Indústria e Comércio de Equipa- mentos Industriais Ltda, Curitiba	BR	BRL 20.69	100.0%		Bühler Holding AG, Uzwil
Buhler Sanmak Indústria de Maquinas Ltda., Blumenau	BR	BRL 10.00	100.0%		Bühler Holding AG, Uzwil
Haas do Brasil Industria de Maquinas Ltda., Curitiba	BR	BRL 3.04	100.0%		Bühler Food Equipment GmbH, Leobendorf
Buhler S.A. de C.V., Toluca	MX	MXN 50.00	100.0%		Bühler Holding AG, Uzwil
Haas Colombia S.A.S., Envigado	CO	COP 129.23	100.0%		FHW Franz Haas Waffelmaschinen GmbH, Leobendorf
Middle East and Africa					
Buhler Limited, Nairobi	KE	KES 900.00	100.0%		Bühler Holding AG, Uzwil
Buhler (Pty) Ltd., Johannesburg	ZA	ZAR 141.37	90.0%		Bühler Holding AG, Uzwil

Name of company	Country	Share capital in millions of local currency	Participation rate	Holding / financing company	Held by
Asia					
Buhler (Changzhou) Machinery Co. Ltd., Liyang City	CN	CNY 320.00	100.0%		Buhler (China) Holding Co. Ltd., Wuxi
Buhler (China) Holding Co. Ltd., Wuxi	CN	USD 123.60	100.0%	○	Bühler Holding AG, Uzwil
Buhler (China) Machinery Manufacturing Co. Ltd., Wuxi	CN	CNY 150.00	100.0%		Buhler (China) Holding Co. Ltd., Wuxi
Buhler (Wuxi) Commercial Co. Ltd., Wuxi	CN	USD 5.50	100.0%		Buhler (China) Holding Co. Ltd., Wuxi
Buhler Aquatic Equipment (Changzhou) Co. Ltd., Liyang City	CN	CNY 10.00	100.0%		Buhler (China) Holding Co. Ltd., Wuxi
Buhler (Changzhou) Insect Technologies Co. Ltd., Changzhou	CN	CNY 10.00	100.0%		Bühler Insect Technology Solutions AG, Uzwil
Buhler Equipment (Xian) Co. Ltd., Xi'an	CN	CNY 28.00	100.0%		Bühler Holding AG, Uzwil
Buhler Mechanical Equipment (Shenzhen) Co. Ltd., Shenzhen	CN	USD 4.00	100.0%		Bühler Holding AG, Uzwil
Wuxi Buhler Machinery Manufacturing Co. Ltd., Wuxi	CN	USD 23.00	51.0%		Bühler Holding AG, Uzwil
Buhler Leybold Optics Equipment (Beijing) Co. Ltd., Beijing	CN	CNY 10.10	100.0%		Bühler Alzenau GmbH, Alzenau
Franz Haas Food Machinery (Shanghai) Co. Ltd., Shanghai	CN	USD 1.50	100.0%		Bühler Food Equipment GmbH, Leobendorf
Buhler (India) Private Ltd., Bangalore	IN	INR 100.00	100.0%		Bühler Holding AG, Uzwil
Buhler K.K., Yokohama	JP	JPY 250.00	100.0%		Bühler Holding AG, Uzwil
Buhler Ltd., Seoul	KR	KRW 250.00	100.0%		Bühler Holding AG, Uzwil
Buhler Asia Private Limited, Singapore	SG	USD 14.38	100.0%	○	Bühler Holding AG, Uzwil
Buhler Asia Vietnam Limited, Long An	VN	VND 149,815.50	100.0%		Buhler Asia Private Limited, Singapore
Buhler (Thailand) Limited, Bangkok	TH	THB 110.00	100.0%		Buhler Asia Private Limited, Singapore
PT Buhler Indonesia, Jakarta	ID	IDR 68,500.00	100.0%		Buhler Asia Private Limited, Singapore

No significant change to prior year.

2. Financial risk management

The Group is exposed to financial market risks (foreign exchange risk, interest rate risk, and price risk), credit risks, and liquidity risks as a result of its global activities. Financial risk management focuses on the management of foreign exchange risk, credit risk, and liquidity risk. The Group's risk management aims to minimize the potential adverse impact of developments on the financial markets on the Group's financial conditions and secure its financial stability.

The corporate treasury executes the risk management function in accordance with the directives issued by the Board of Directors. Financial risks are identified, evaluated, and mitigated in close cooperation with the Group's business units and subsidiaries.

Foreign exchange risk. Due to the nature of a global business, the Group is exposed to future business transactions or assets and liabilities recognized on the balance sheet denominated in another currency than the functional currency (transaction risk). The objective is to minimize transaction risks arising from sales contracts and purchase commitments in non-functional currencies. In order to hedge such transaction risks, subsidiaries use foreign currency contracts with the corporate treasury as counterparty, if permitted by local legislation. The corporate treasury manages these positions by entering into foreign currency spot, forward, swap, and derivative contracts with financial institutions.

The Group's main business is project-based with an execution over a longer period of time. Small projects and customer service transactions are continuously monitored and hedged based on the expected sales volume. Hedge accounting is applied.

Foreign exchange risks also arise from net investments in foreign Group companies (translation risk). Net investments in foreign Group companies are long term in nature. Their fair value changes with exchange rates. However, in the long run the spread in the inflation rate should match the corresponding exchange-rate movements, so that changes in the fair value of foreign net investments will offset the exchange-rate related changes in value. For this reason, the Group currently does not hedge its net investments in foreign Group companies.

The table below shows the changes in the key currency pairs on profit after taxes and equity, based on the assumption that all other variables remained constant. The volatility value used in the calculation is that of one-year historical volatility as per December 31.

2020	Currency pair	EUR/CHF	USD/CHF	CNY/CHF	GBP/CHF
Volatility		5.1%	6.4%	8.3%	7.4%
Effect on profit after taxes (rate increase) CHF m		1.5	0.6	6.2	0.5
Effect on profit after taxes (rate decrease) CHF m		-1.5	-0.6	-6.2	-0.5
Effect on equity (rate increase) CHF m		11.4	-1.2	3.3	-0.1
Effect on equity (rate decrease) CHF m		-11.4	1.2	-3.3	0.1

2019	Currency pair	EUR/CHF	USD/CHF	CNY/CHF	GBP/CHF
Volatility		4.7%	6.0%	8.4%	7.8%
Effect on profit after taxes (rate increase) CHF m		1.3	0.7	6.9	0.2
Effect on profit after taxes (rate decrease) CHF m		-1.3	-0.7	-6.9	-0.2
Effect on equity (rate increase) CHF m		8.4	-2.6	3.9	-1.5
Effect on equity (rate decrease) CHF m		-8.4	2.6	-3.9	1.5

Interest rate risk. The Group held, with the exception of cash and time deposits, no material interest-bearing assets during the reporting and the prior-year period. Both income and cash flow from operations are therefore unaffected by the market interest rates. The liabilities contain mainly two corporate bonds with a fixed interest rate, which are measured at amortized costs. Hence, the Group is not exposed to a fair value risk.

Price risk. Holding marketable securities exposes the Group to a risk of price fluctuation that can result in proportional changes in the carrying amount. The Group's balance of marketable securities was not material at the end of the reporting and the prior-year period.

Credit risk. Credit risks arise in connection with investments of liquid funds, derivative financial instruments, and receivables from customers. The Group does not expect to incur any material loss as a result of its counterparties being unable to meet their contractual obligations, nor does it have any cluster risks with respect to individual sectors or countries.

Financial institutions: The default risk on investments, derivative financial instruments, money market funds, deposits, and cash is minimized by selecting different counterparties with at least an investment-grade rating. The risks are monitored and kept within periodically reviewed and approved limits.

Receivables from customers: In order to minimize potential losses on customers' receivables, an Operational Risk Management (ORM) guideline has been implemented. The evaluation of our customers' financial reliability and/or the terms of payment and hedging on our deliveries are key concerns in this respect. In addition, it can be stated that none of our customers has outstanding payments accounting for more than 5% of total sales revenue. The nominal value of the trade accounts receivable less valuation allowances is considered an approximation of the receivables' fair value. The book value stated represents the maximum credit risk. Information on the analysis of outstanding receivables and allowance for bad debts is disclosed in Note 4.7.

Liquidity risk. Liquidity risk refers to the risk of the Group being unable to fulfill its obligations when due or at a reasonable price. The Group's liquidity management includes holding adequate reserves of cash and committed credit lines with different banks to ensure financial stability and to use free cash flows as a source of financing. Group management monitors the Group's net liquidity position by means of ongoing forecasts based on expected cash flows.

Maturity analysis

	Book value Dec. 31, 2020 CHF m	Cash outflow			
		Total CHF m	< 1 year CHF m	1–5 years CHF m	> 5 years CHF m
2020					
Trade accounts payable to third parties	325.5	325.5	325.5		
Liabilities to associates and related parties	175.7	175.7	49.1	102.6	24.0
Other liabilities (incl. derivative financial instruments through profit or loss)	71.2	71.2	69.0	2.2	0.0
Corporate bonds	420.6	429.0	1.6	185.9	241.5
Derivative financial instruments held for hedging	4.7	4.7	4.5	0.2	
Total	997.7	1,006.1	449.7	290.9	265.5

	Book value Dec. 31, 2019 CHF m	Cash outflow			
		Total CHF m	< 1 year CHF m	1–5 years CHF m	> 5 years CHF m
2019					
Trade accounts payable to third parties	385.9	385.9	385.9		
Liabilities to associates and related parties	232.0	232.0	41.2	73.9	116.9
Other liabilities (incl. derivative financial instruments through profit or loss)	84.4	84.4	84.2	0.2	0.0
Corporate bonds	420.7	430.6	1.6	186.1	242.9
Derivative financial instruments held for hedging	6.1	6.1	5.7	0.4	
Total	1,129.1	1,139.0	518.6	260.6	359.8

Capital management. The Group's objectives in relation to capital management are to safeguard the Group's financial stability, its financial independence, and its ability to continue as a going concern in order to generate returns for share-

holders and benefits for all other stakeholders. In addition, capital management aims to maintain an optimal capital structure. As at December 31, 2020, the equity ratio amounts to 44.2% (prior year: 42.8%).

2.1 Financial assets

Financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the asset, except for financial assets held at fair value through profit or loss where the transaction costs are expensed immediately to the income statement.

The subsequent valuation depends on the Group's business model for managing the respective asset and the cash flow characteristics of the assets:

- Cash, time deposits, receivables, non-current interest-bearing receivables, and other financial assets are valued at amortized costs.
- Debt instruments are valued at fair value through profit or loss due to the irrevocable election of the fair value option.
- Equity instruments acquired with the intention of generating a profit or compensatory effect from short-term price fluctuations are considered operational investments and are valued at fair value through profit or loss.
- Equity instruments acquired for long-term strategic reasons are considered strategic investments and are valued at fair value through other comprehensive income with no future recycling to the income statement. As of December

31, 2020, all non-current private equity investments were considered strategic investments and their fair value amounted to CHF 21.8 million (prior year: 22.1 million).

Credit risks relating to debt instruments valued at amortized cost are considered to be low. The Group therefore determines the impairment allowance as the credit losses expected in the next 12 months. Lifetime expected credit losses would be recognized when the credit risk is no longer regarded as low risk.

For trade receivables and construction assets, allowances are calculated in the amount of the expected credit losses over the term. The Group analyses the credit losses incurred in the past and also estimates anticipated credit losses based on the economic conditions.

As at December 31, 2020, capital commitments of CHF 10.7 million (prior year: 11.5 million) had not yet been drawn.

Information on derivative financial instruments is disclosed in Note 2.3.

2020	Cash and cash equivalents CHF m	Marketable securities CHF m	Non-current financial assets CHF m	Receivables CHF m	Total book value CHF m	Total market value CHF m
Financial assets at amortized costs	708.2		42.8	603.9	1,354.9	1,354.9
Financial assets at fair value through profit or loss		74.7	23.2		97.9	97.9
Financial assets held for hedging		7.1	0.3		7.4	7.4
Financial assets at fair value through OCI			21.8		21.8	21.8
Total financial assets	708.2	81.8	88.1	603.9	1,482.0	1,482.0

2019	Cash and cash equivalents CHF m	Marketable securities CHF m	Non-current financial assets CHF m	Receivables CHF m	Total book value CHF m	Total market value CHF m
Financial assets at amortized costs	396.5		113.7	736.8	1,247.0	1,247.0
Financial assets at fair value through profit or loss		73.9	27.5		101.4	101.4
Financial assets held for hedging		8.3	0.5		8.8	8.8
Financial assets at fair value through OCI			22.1		22.1	22.1
Total financial assets	396.5	82.2	163.8	736.8	1,379.3	1,379.3

2.2 Financial liabilities

Financial liabilities are initially recognized at fair value, net of transaction cost incurred. Subsequently, financial liabilities are measured at amortized cost using the effective interest method with any difference between net proceeds and the principal value due on redemption being recognized in the

income statement over the term of the borrowings. Financial liabilities are de-recognized when the contractual obligations are discharged, cancelled, or expired.

2020	Current financial liabilities CHF m	Non-current financial liabilities CHF m	Payables CHF m	Total book value CHF m	Total market value CHF m
Financial liabilities at amortized costs	33.4	552.8	403.4	989.6	995.8
Financial liabilities at fair value through profit or loss	3.4			3.4	3.4
Financial liabilities held for hedging	4.5	0.2		4.7	4.7
Total financial liabilities	41.3	553.0	403.4	997.7	1,003.9

2019	Current financial liabilities CHF m	Non-current financial liabilities CHF m	Payables CHF m	Total book value CHF m	Total market value CHF m
Financial liabilities at amortized costs	16.3	632.2	449.2	1,097.7	1,102.6
Financial liabilities at fair value through profit or loss	10.3			10.3	10.3
Financial liabilities held for hedging	5.7	0.4		6.1	6.1
Total financial liabilities	32.3	632.6	449.2	1,114.1	1,119.0

Corporate bonds

	Company	Term	Currency	Nominal value CHF m	Effective interest rate	2020 CHF m	2019 CHF m
Bond, Switzerland 0.1%	Bühler Holding AG	12/2017 – 12/2022	CHF	180.0	0.11%	180.0	179.9
Bond, Switzerland 0.6%	Bühler Holding AG	12/2017 – 12/2026	CHF	240.0	0.55%	240.6	240.8
Total corporate bonds						420.6	420.7

The corporate bonds are listed on the SIX Swiss Exchange.

Reconciliation of liabilities arising from financing activities

	2019 CHF m	Cash flows CHF m	Non-cash changes			2020 CHF m
			Others CHF m	FX move- ment CHF m	Reclassifi- cation CHF m	
Current financial liabilities	32.3	-0.1	8.9	0.0	0.2	41.3
Non-current financial liabilities	632.6	-15.0	-64.4	0.0	-0.2	553.0
Total liabilities from financing activities	664.9	-15.1	-55.5	0.0	0.0	594.3

	2018 CHF m	Cash flows CHF m	Non-cash changes			2019 CHF m
			Others CHF m	FX move- ment CHF m	Reclassifi- cation CHF m	
Current financial liabilities	34.9	0.0	-2.5	0.0	-0.1	32.3
Non-current financial liabilities	526.7	-11.0	116.8	0.0	0.1	632.6
Total liabilities from financing activities	561.6	-11.0	114.3	0.0	0.0	664.9

2.3 Marketable securities and derivative financial instruments

Derivative financial instruments and hedge accounting.

Derivative financial instruments with banks are mainly concluded to hedge foreign exchange risks. They are initially recognized at fair value and are subsequently measured at fair value (replacement cost). The method applied for recognizing the resulting profits or losses depends on whether a derivative was designated for hedging, and if so, on the type of position being hedged. Certain derivatives may be used to hedge foreign exchange risks in connection with a transaction that is highly likely to take place in future, or to hedge a fixed commitment (hedging of cash flows). When the hedge is implemented, the Group documents the relationship between the hedging instrument and the risk being hedged, as well as setting out risk management objectives and strategies. Furthermore, the Group records its assessment of the effectiveness of the hedging instrument with respect to the hedged cash flows, both when the hedging transaction is concluded and on an ongoing basis.

The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The hedging of cash flows is undertaken for certain anticipated Group-internal transactions as well as for the foreign exchange risk of firm commitments. For hedges with designated hedging relationships that meet the qualifying criteria, the effective portion of the change in fair value of derivatives used for the hedging of cash flows is recognized in other comprehensive income. The ineffective portion of the hedging instrument is immediately recognized in the income statement.

Amounts accumulated in other comprehensive income are recycled in the income statement in the periods when the hedged item affects profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was recorded in other comprehensive income is immediately transferred to the income statement.

Derivatives not designated as hedge accounting instruments are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments are recognized immediately in the income statement.

Futures and options were entered into with banks mainly to hedge foreign exchange risks. The following positions were open as of December 31, 2020:

	Contract or underlying principal amount		Positive fair values		Negative fair values	
2.3.1 Derivative financial instruments	2020 CHF m	2019 CHF m	2020 CHF m	2019 CHF m	2020 CHF m	2019 CHF m
Currency-related instruments						
Forward foreign exchange rate contracts	1,400.1	2,300.1	11.7	17.7	8.1	12.3
– held for trading	520.8	1,213.4	4.3	8.9	3.4	6.2
– cash flow hedges (effective part)	879.3	1,086.7	7.4	8.8	4.7	6.1
Over-the-counter currency options	0.0	68.1	0.0	0.9	0.0	0.6
Total of currency-related instruments	1,400.1	2,368.2	11.7	18.6	8.1	12.9
Options	0.0	68.1	0.0	0.9	0.0	0.6
Futures	1,400.1	2,300.1	11.7	17.7	8.1	12.3
Sum of derivative financial instruments	1,400.1	2,368.2	11.7	18.6	8.1	12.9
Thereof included in securities and in current financial liabilities	1,341.4	2,290.9	11.4	18.1	7.9	12.5
Thereof included in other non-current financial assets and financial liabilities	58.7	77.3	0.3	0.5	0.2	0.4

	USD CHF m	EUR CHF m	Other currencies CHF m	Total 2020 CHF m	Total 2019 CHF m
Currency-related instruments					
Forward foreign exchange rate contracts	265.8	963.1	171.2	1,400.1	2,300.1
– held for trading	136.8	343.6	40.4	520.8	1,213.4
– cash flow hedges	129.0	619.5	130.8	879.3	1,086.7
Over-the-counter currency options	0.0	0.0	0.0	0.0	68.1
Total of currency-related instruments	265.8	963.1	171.2	1,400.1	2,368.2
Options	0.0	0.0	0.0	0.0	68.1
Futures	265.8	963.1	171.2	1,400.1	2,300.1
Sum of derivative financial instruments	265.8	963.1	171.2	1,400.1	2,368.2

Positive replacement values are included in marketable securities or non-current financial assets and negative replacement values are included in current and non-current financial liabilities.

2.3.2 Marketable securities	2020 CHF m	2019 CHF m
Equity securities	4.2	4.2
Bonds	0.6	0.0
Derivative financial instruments	11.4	18.1
Other securities	65.6	59.9
Total marketable securities	81.8	82.2

2.4 Estimation of fair values

The fair values of financial instruments that are actively traded on markets are based on the relevant trading exchange prices (offer prices) on the balance sheet reference date. Instruments of this nature are classified as Level 1. The fair values of financial instruments that are not actively traded on markets (e.g. derivative OTC instruments) are determined using valuation models. If all the parameters required for the

valuation are based on observable market data, the instrument in question is classified as Level 2. If one or more parameters are based on unobservable market data, the instrument is classified as Level 3. In the period under review as well as in the prior year no transfer occurred within the levels.

2020	CHF m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss		70.4	4.3	23.2	97.9
Derivative financial assets held for hedging			7.4		7.4
Financial assets at fair value through OCI				21.8	21.8
Total financial assets		70.4	11.7	45.0	127.1
Financial liabilities at fair value through profit or loss			3.4		3.4
Financial liabilities held for hedging			4.7		4.7
Total financial liabilities		0.0	8.1	0.0	8.1

2019	CHF m	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss		64.1	9.8	27.5	101.4
Derivative financial assets held for hedging			8.8		8.8
Financial assets at fair value through OCI				22.1	22.1
Total financial assets		64.1	18.6	49.6	132.3
Financial liabilities at fair value through profit or loss			6.8	3.5	10.3
Financial liabilities held for hedging			6.1		6.1
Total financial liabilities		0.0	12.9	3.5	16.4

3. Detailed information on consolidated income statement

3.1 Revenue

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Depending on the specific contractual circumstances, the Group recognizes revenue over time or when it transfers control over a product or service to a customer, at a point in time.

The input method is used to measure progress for each performance obligation satisfied over time. Revenue recognition over time requires the use of estimates and forecasts concerning future costs that affects the stage of completion. Thus, there is a higher degree of uncertainty that actual costs in the next financial periods may differ from these estimates. The forecasts are reviewed on a regular basis and adjusted if necessary.

These adjustments affect costs, the stage of completion, and both realized and anticipated profits. Any changes in estimates are recognized in the period in which they occur. Losses can occur when the expected contract costs exceed the expected revenue. Losses are recognized as an expense immediately when identified.

Revenue recognized at a point in time also requires the use of estimates regarding the exact time when control transfers to a customer. Thus, there is an uncertainty that the point in time when control actually transfers deviates from these estimates.

The following is a description of the principal activities of the Group, segregated by business type:

Business type	Nature, timing of satisfaction of performance obligations, and significant payment terms
Project/Plant	Projects with a higher degree of complexity or customization usually have no alternative use. The general contract terms do not include a right of return and require a down payment upon contract signing with a letter of credit covering the remaining amount. This constitutes a right to payment. Revenue for these projects is recognized over time. Revenue for all other projects is recognized at a point in time.
Single Machines	The Group recognizes revenue when the customer takes possession of the goods. This is usually when the goods arrive at the customer site. The general contract terms do not include a right of return and require a down payment upon contract signing with a letter of credit covering the remaining amount in some cases.
Customer Service	The Group recognizes revenue for spare parts when the customer takes possession of the goods. This is usually when the goods are shipped. The general contract terms do not include a right of return. Revenue for service contracts is recognized over time.

In the following table, revenue is disaggregated by primary geographical market, major products / service lines, and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's three businesses, which are its reportable segments (see Note 5).

Disaggregation of revenue 2020	Grains & Food CHF m	Advanced Materials CHF m	Consumer Foods CHF m	Corporate Functions CHF m	Group CHF m
North America	228.2	78.5	122.3	0.6	429.6
South America	96.3	7.0	31.4	1.0	135.7
Europe	421.6	145.1	241.9	14.6	823.2
Middle East and Africa	195.0	11.0	83.7	0.4	290.1
South Asia	56.5	4.9	12.6	0.0	74.0
Asia	668.1	196.8	82.0	0.3	947.2
Total revenue by geography	1,665.7	443.3	573.9	16.9	2,699.8
Revenue recognized at a point in time	580.2	389.0	343.2	16.9	1,329.3
Revenue recognized over time	1,085.5	54.3	230.7	0.0	1,370.5
Total revenue by timing of revenue recognition	1,665.7	443.3	573.9	16.9	2,699.8
Revenue Project/Plant	1,085.5	306.0	416.1	9.8	1,817.4
Revenue Single Machines	227.6	9.3	5.8	1.8	244.5
Revenue Customer Service	352.6	128.0	152.0	5.3	637.9
Total revenue by product	1,665.7	443.3	573.9	16.9	2,699.8

Disaggregation of revenue 2019	Grains & Food CHF m	Advanced Materials CHF m	Consumer Foods CHF m	Corporate Functions CHF m	Group CHF m
North America	217.0	152.4	146.5	0.9	516.8
South America	121.5	9.8	47.0	0.6	178.9
Europe	417.8	260.1	283.0	25.4	986.3
Middle East and Africa	320.1	10.2	135.2	-0.8	464.7
South Asia	81.1	21.9	10.3	-0.6	112.7
Asia	636.9	194.2	151.6	12.3	995.0
Total revenue by geography	1,794.4	648.6	773.6	37.8	3,254.4
Revenue recognized at a point in time	632.5	580.4	491.1	37.8	1,741.8
Revenue recognized over time	1,161.9	68.2	282.5	0.0	1,512.6
Total revenue by timing of revenue recognition	1,794.4	648.6	773.6	37.8	3,254.4
Revenue Project/Plant	1,161.9	469.6	614.1	29.6	2,275.2
Revenue Single Machines	263.7	14.7	5.0	1.9	285.3
Revenue Customer Service	368.8	164.3	154.5	6.3	693.9
Total revenue by product	1,794.4	648.6	773.6	37.8	3,254.4

The following table provides the information about receivables, contract assets, and contract liabilities from contracts with customers.

	2020 CHF m	2019 CHF m
Contract balances		
Trade accounts receivable	560.2	688.6
Production orders in progress	743.2	725.2
Advance payments from customers	-360.2	-269.9
Contract assets relating to production orders in progress	383.0	455.3
Production orders in progress	12.4	11.3
Advance payments from customers	-564.3	-484.8
Contract liabilities relating to production orders in progress	-551.9	-473.5
Accumulated costs and recognized profits	2,489.0	2,326.1

The contract assets primarily relate to the Group's rights to consideration for work completed but not invoiced at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. The contract liabilities primarily relate to the advanced consideration received from customers, for which revenue is recognized on completion or if the advanced consideration received exceeds the work completed. The complete

prior-year contract liability balance of CHF 473.5 million was recognized in the income statement in the current year (prior year: CHF 576.3 million).

The following table includes revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

Performance obligation	2021 CHF m	2022 CHF m	2023 CHF m	2024 CHF m
Project/Plant	1,048.6	202.6	39.7	4.0
Single Machines	73.0	0.0	0.0	0.0
Customer Service	150.8	3.4	0.7	0.0

Management does not expect commission fees paid to intermediaries to be recoverable. The Group therefore recognizes the incremental costs of obtaining contracts as an expense when incurred.

3.2 Other operating income

	2020 CHF m	2019 CHF m
Dividend income	0.1	0.5
Earnings from coordination of consortium business	0.3	6.9
Gains from sale of fixed assets	1.0	2.7
Gains from sale of part of businesses	0.0	8.5
Gains from sale of scrap materials	3.5	3.2
Government grants	4.0	4.2
Interest income from trade finance	0.4	0.7
License revenue	3.1	0.0
Rental income	1.5	0.8
Supplier discounts	1.7	2.2
Other operating income related parties	0.9	0.6
Others	15.8	19.4
Total	32.3	49.7

Others comprises a number of individually immaterial items.

3.3 Employee benefit expenses

	2020 CHF m	2019 CHF m
Wages and salaries	704.5	791.5
Social security and employee benefit expenses	144.6	135.9
Other personnel expenses	63.5	71.1
Total	912.6	998.5

3.4 Other operating expenses

	2020 CHF m	2019 CHF m
Administration expenses	91.4	127.5
Rental and leasing expenses	21.0	19.9
Energy, maintenance and repairs	34.3	34.7
Travel expenses	50.0	90.6
Outbound freight costs	76.8	80.1
Consultancy fees	24.0	24.7
Marketing costs	9.8	15.4
Agency fees	26.2	24.8
Warranty costs, loss orders	16.3	5.9
Contributions and memberships	4.3	4.2
Fixed assets < 10 kCHF	2.6	3.4
Losses on accounts receivables	22.8	11.4
Losses on sales of fixed assets	6.3	6.0
Other operating expenses related parties (Note 6.2, Related parties)	12.3	13.0
Others	17.6	26.8
Total	415.7	488.4

3.5 Financial result

	2020 CHF m	2019 CHF m
Interest income	5.4	4.6
Interest income from related parties	0.3	1.0
Interest expenses	-4.3	-6.9
Interest expenses from related parties	-2.3	-2.4
Total interest income and expenses	-0.9	-3.7
Total other financial income	1.2	6.1
Total financial result	0.3	2.4

The interest expenses of CHF -4.3 million (previous year: CHF -6.9 million) include the interest payments to bond holders and interest components from leasing and pension fund obligations in accordance with IFRS 16 and IAS 19. Other financial income mainly includes gains from asset management.

3.6 Taxes

Income taxes comprise the tax expense in respect of all recognized profits for the reporting period. They include current and deferred income taxes. Current income taxes are calculated on taxable profit. Provisions for deferred taxes are calculated according to the liability method. Deferred taxes are recognized for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their tax base, taking into account actual or substantively enacted tax rates. Changes in deferred tax balances are recognized in the income statement, except when they relate to items recognized outside the income statement, in which case the deferred tax is treated accordingly.

Current income tax relating to items recognized directly in equity is recognized in equity.

Deferred tax assets are only recognized for temporary differences and unused tax loss carry-forwards to the extent that it is probable that future taxable profit will be available, against which temporary differences or unused tax losses can be utilized. This assessment is based on estimates, which could differ from actual results and require a valuation allowance.

3.6.1 Income taxes	2020 CHF m	2019 CHF m
Income taxes relating to the reporting period	-39.7	-65.9
Income taxes relating to prior periods	1.2	0.0
Deferred taxes due to temporary differences	0.8	0.1
Deferred taxes due to recognition of tax loss carry-forwards	-0.8	2.6
Deferred taxes due to changes in tax rates	2.1	14.4
Total	-36.4	-48.8
Deferred taxes recognized in other comprehensive income	0.9	-1.4

3.6.2 Reconciliation of income taxes	2020 CHF m	2019 CHF m
Profit before taxes	146.0	250.4
Components of tax expenses:		
Income taxes at anticipated tax rate	-39.6	-57.6
Income and expenses not subject to tax	5.1	2.9
Income taxes relating to prior periods	1.2	0.0
Deferred taxes due to changes in tax rates	2.1	14.4
Effect of tax loss carry-forwards	0.3	1.7
Effect of losses without recognition of deferred tax assets	-3.5	-1.8
Other impacts	-2.0	-8.4
Income taxes disclosed (current and deferred)	-36.4	-48.8
Total income taxes in % of profit before taxes	24.9%	19.5%

The anticipated tax rate was 27.1% (prior year 23.0%) and consisted of the weighted average of the applicable local tax rates for income taxes. The effective tax rate increased to 24.9% in 2020 from 19.5% in 2019. The main contributory factors for the resulting tax rate were the change in the geographic allocation of taxable profits as a result of the varying

impact of COVID-19 on turnover volumes as well as the one time positive impact in prior year resulting from changes in tax rates. The revaluation of deferred tax assets and liabilities had an impact on the income statement and on other comprehensive income.

3.6.3 Tax loss carry-forwards	2020 CHF m	2019 CHF m
Expiry		
Unlimited	88.7	104.0
In more than five years	43.1	22.8
In two to five years	13.0	13.6
Within one year	6.7	2.0
Total	151.5	142.4
Tax loss carry-forwards accounted for in deferred taxes	136.4	131.5
Tax loss carry-forwards not accounted for in deferred taxes	15.1	10.9
Tax effect on tax loss carry-forwards unaccounted for	3.7	2.7

The change in tax loss carry-forwards results from the use of tax losses in particular in Germany, China, and Brazil as

well as from the impact of additional tax loss carry-forwards in particular in Switzerland, Germany and Denmark.

3.6.4 Breakdown of deferred taxes per line item	2020 CHF m		2019 CHF m	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	5.7	32.6	6.0	32.8
Post-employment benefits	19.5	2.9	15.5	5.9
Provisions	16.7	13.0	8.6	11.2
Other items (mainly inventory, construction contracts and other current liabilities)	102.6	185.9	76.0	149.8
Tax loss carry-forwards	33.2	0.0	35.3	0.0
Total deferred taxes gross	177.7	234.4	141.4	199.7
Offset	-124.8	-124.8	-82.2	-82.2
Total deferred taxes net	52.9	109.6	59.2	117.5

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set them off and if the calculations of income taxes relate to the same taxation authority.

3.7 Research and development costs

Research costs are recognized in the income statement in the period in which they are incurred. Development costs are capitalized only if, and to the extent that, the IFRS criteria are met and it is probable that the present value of the expected returns will exceed the development costs. Capitalized development costs are amortized on a systematic basis over

the period in which the returns are expected to flow to the Group.

Research and development costs directly charged to the income statement in the reporting period amounted to CHF 139.0 million (prior year: CHF 149.2 million).

4. Detailed information on consolidated balance sheet

4.1 Property, plant and equipment

Property, plant, and equipment is valued at acquisition or construction cost less depreciation and write-downs for impairment. Items of property, plant, and equipment are depreciated on a straight-line basis over their estimated useful life, except for land, which is not depreciated. Estimated useful lives of major classes of depreciable assets are as follows:

→ Building shell:	40–80 years
→ Installations/extensions:	20–25 years
→ Machinery and technical equipment:	10 years
→ Other tangible fixed assets:	3–10 years

The estimated useful life of the assets is regularly reviewed and, if necessary, the future depreciation charge is accelerated.

Costs are only included in the asset's carrying amount when it is probable that economic benefits associated with the item will flow to the Group in future periods and the cost of the item can be measured reliably.

Borrowing costs. Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualified asset are capitalized as part of the cost of that asset.

Impairment of assets. At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest cash-generating unit to which the asset belongs. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognized immediately in the income statement.

Where an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. However, this increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for that asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the income statement.

	Land and buildings CHF m	Machinery and technical equipment CHF m	Other tangible assets CHF m	Assets under construction CHF m	Total CHF m
Acquisition cost					
January 1, 2019	429.9	311.8	163.1	78.0	982.8
Additions	145.7	15.9	15.6	54.2	231.4
Disposals	-7.0	-12.8	-16.9	-7.1	-43.8
Changes in the scope of consolidation	-8.9	-0.7	-0.3	0.0	-9.9
Reclassifications	56.4	24.0	7.2	-87.6	0.0
Translation differences	-10.6	-8.1	-3.1	-0.9	-22.7
December 31, 2019	605.5	330.1	165.6	36.6	1,137.8
Additions	6.0	13.2	6.7	31.6	57.5
Disposals	-1.5	-15.1	-25.4	-4.9	-46.9
Changes in the scope of consolidation	1.8	1.2	0.1	0.0	3.1
Reclassifications	28.6	11.3	1.4	-41.3	0.0
Translation differences	-13.8	-10.5	-4.0	-0.9	-29.2
December 31, 2020	626.6	330.2	144.4	21.1	1,122.3
Depreciation					
January 1, 2019	-112.7	-186.7	-118.0	-0.7	-418.1
Additions	-17.1	-22.9	-12.7	-0.1	-52.8
Disposals	4.2	10.6	15.5	0.0	30.3
Changes in the scope of consolidation	5.2	0.3	0.2	0.0	5.7
Impairment	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.0	-0.1	0.1	0.0	0.0
Translation differences	3.3	5.3	2.2	0.0	10.8
December 31, 2019	-117.1	-193.5	-112.7	-0.8	-424.1
Additions	-19.0	-24.0	-12.2	0.0	-55.2
Disposals	1.0	12.6	24.9	0.0	38.5
Changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0
Impairment	0.0	-0.3	-2.7	0.0	-3.0
Reclassifications	-3.1	0.1	2.2	0.8	0.0
Translation differences	3.2	6.6	3.0	0.0	12.8
December 31, 2020	-135.0	-198.5	-97.5	0.0	-431.0
Net book values					
January 1, 2020	488.4	136.6	52.9	35.8	713.7
December 31, 2020	491.6	131.7	46.9	21.1	691.3

Net loss on disposal of tangible fixed assets amounted to CHF -5.3 million (prior year: net loss CHF -3.3 million). Commitments relating to property, plant, and equipment, which

are not shown in the balance sheet, amounted to CHF 4.1 million (prior year: CHF 10.5 million) and are mainly related to machinery in the US.

4.2 Leases

General accounting policies. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease, if the contract conveys the right to use an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether it:

- obtains substantially all of the economic benefits from the use of the asset; and
- directs the use of the asset.

The Group leases various real estate buildings, vehicles, machinery, and other assets. Rental contracts typically run for a period of two to six years. Some leases include an option to renew, extend, and terminate the lease. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets are capitalized at the date of the commencement of the lease term at the present value of the minimum future lease payment or, if lower, at the amount equal to the fair value of the leased asset as determined at the inception of the lease. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The associated liabilities are recognized as either current or non-current lease liabilities, depending on their due dates. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

The present value calculation uses the countries and maturity range incremental borrowing rate. This rate is calculated based on the risk-free rate of the country plus a risk premium.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

In accordance with IFRS 16.5 the Group makes use of the recognition exemption for short-term leases and leases for which the underlying asset is of low value. Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss in accordance with IFRS 16.6. Short-term leases are leases with a lease term of 12 months or less.

Leases where substantially all the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Payments under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

	Real estate leasing CHF m	Vehicle leasing CHF m	Other assets CHF m	Total CHF m
Acquisition cost				
January 1, 2019	70.8	6.7	2.5	80.0
Additions	7.8	4.2	0.4	12.4
Disposals	-9.2	-0.8	-0.1	-10.1
Changes in the scope of consolidation	-0.3	-0.1	0.0	-0.4
Translation differences	-1.4	-0.2	-0.1	-1.7
December 31, 2019	67.7	9.8	2.7	80.2
Additions	17.0	3.7	0.3	21.0
Disposals	-4.2	-1.5	-0.1	-5.8
Changes in the scope of consolidation	0.0	0.0	0.0	0.0
Translation differences	-1.7	-0.4	-0.1	-2.2
December 31, 2020	78.8	11.6	2.8	93.2
Depreciation				
January 1, 2019	0.0	0.0	0.0	0.0
Additions	-21.3	-3.7	-0.8	-25.8
Disposals	7.1	0.5	0.1	7.7
Changes in the scope of consolidation	0.2	0.0	0.0	0.2
Impairment	0.0	0.0	0.0	0.0
Translation differences	0.3	0.1	0.0	0.4
December 31, 2019	-13.7	-3.1	-0.7	-17.5
Additions	-15.4	-3.6	-0.7	-19.7
Disposals	2.4	1.3	0.1	3.8
Changes in the scope of consolidation	0.0	0.0	0.0	0.0
Impairment				0.0
Translation differences	0.5	0.1	0.1	0.7
December 31, 2020	-26.2	-5.3	-1.2	-32.7
Net book values				
January 1, 2020	54.0	6.7	2.0	62.7
December 31, 2020	52.6	6.3	1.6	60.5

Lease liabilities

	Real estate leasing CHF m	Vehicle leasing CHF m	Other assets CHF m	2020 CHF m
Maturity analysis				
Less than one year	13.8	3.0	0.7	17.5
One to five years	32.9	3.3	0.9	37.1
More than five years	5.8	0.0	0.0	5.8
December 31, 2020	52.5	6.3	1.6	60.4

	Real estate leasing CHF m	Vehicle leasing CHF m	Other assets CHF m	2019 CHF m
Maturity analysis				
Less than one year	12.8	3.1	0.7	16.6
One to five years	31.1	3.6	1.3	36.0
More than five years	9.6	0.0	0.0	9.6
December 31, 2019	53.5	6.7	2.0	62.2

	2020 CHF m	2019 CHF m
Amounts recognized in profit and loss		
Depreciation expense on right-of-use assets	19.7	25.9
Interest expenses (included in finance costs)	1.0	1.2
Rental and leasing expenses including related parties		
Expense relating to short-term leases	4.9	6.5
Expense relating to low-value leases	0.4	0.5
Expense relating to service expenses	7.7	6.9
Expense relating to insurance	6.5	6.7
Expense relating to other	1.7	1.5
Total recognized in profit and loss	41.9	49.2
Amounts recognized in the statement of cash flows		
Cash outflow for leases	20.4	26.4

4.3 Intangible assets and goodwill

Goodwill represents the excess of the aggregate of the consideration transferred and the amount recognized for the non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates.

Goodwill and intangible assets with indefinite useful life are tested annually for impairment or whenever there are impairment indicators, and is carried at cost less accumulated impairment losses.

If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

On disposal of a subsidiary, associate, or joint venture, the related goodwill is included in the determination of profit or loss on disposal.

Goodwill on acquisitions of subsidiaries and interests in joint ventures is allocated to cash-generating units for the purpose of impairment testing. Impairment losses relating to goodwill cannot be reversed in future periods.

Acquired patents, licenses, and similar rights are initially recorded at cost and amortized on a straight-line basis over their estimated useful life or a period not exceeding 15 years. Acquired trademarks with a Group-wide purpose, well established umbrella trademarks, can have an indefinite useful life. All other trademarks are amortized as described above. Intangible assets acquired through business combinations are carried in the balance sheet at the fair value allocated in the acquisition accounting and amortized over their estimated useful life.

Other intangible assets mainly comprise customer relationships, technologies, patents, and software.

	Goodwill CHF m	Trademarks CHF m	Other intangible assets CHF m	Total CHF m
Acquisition cost				
January 1, 2019	602.7	110.6	140.9	854.2
Additions	0.0	0.0	7.5	7.5
Disposals	0.0	0.0	-4.0	-4.0
Changes in the scope of consolidation	-0.2	0.0	0.0	-0.2
Translation differences	-18.6	-3.7	-3.7	-26.0
December 31, 2019	583.9	106.9	140.7	831.5
Additions	0.0	0.0	5.2	5.2
Disposals	0.0	0.0	-2.5	-2.5
Changes in the scope of consolidation	6.7	0.0	0.0	6.7
Translation differences	-10.2	-0.7	-5.4	-16.3
December 31, 2020	580.4	106.2	138.0	824.6
Amortization				
January 1, 2019	-27.3	0.0	-111.2	-138.5
Additions	0.0	0.0	-10.2	-10.2
Disposals	0.0	0.0	4.0	4.0
Changes in the scope of consolidation	0.0	0.0	0.0	0.0
Translation differences	0.7	0.0	3.4	4.1
December 31, 2019	-26.6	0.0	-114.0	-140.6
Additions	0.0	0.0	-8.6	-8.6
Disposals	0.0	0.0	2.4	2.4
Changes in the scope of consolidation	0.0	0.0	0.0	0.0
Translation differences	1.0	0.0	4.5	5.5
December 31, 2020	-25.6	0.0	-115.7	-141.3
Net book values				
January 1, 2020	557.3	106.9	26.7	690.9
December 31, 2020	554.8	106.2	22.3	683.3

Impairment test

Goodwill and other intangible assets with an indefinite useful life are allocated to the identifiable cash-generating units of the Group, which were defined based on a business perspective. As of January 1, 2020 the Business Area Value Nutrition was reorganized and its management reporting structure changed accordingly. This change led to an aggregation of the former cash-generating units Feed, Pasta & Noodles, Nutrition and Aeroglide. The Business Area Value Nutrition newly represents the cash-generating unit.

The recoverable amounts have been determined based on a value-in-use calculation per cash-generating unit. This calculation uses cash flow projections based on financial budgets approved by management covering a five-year period.

Key assumptions used in value-in-use calculations. The calculations of values in use are most sensitive to the following assumptions:

- Discount rate
- Growth rate
- Revenue growth
- EBIT margin growth

Discount rate – The discount rates that are used to calculate the discounted present value of the future cash flows are derived from a capital asset pricing model using market data such as the yield on a 10-year government bond of the respective country or specific country risk premiums. The review of our peer group and other parameters resulted in overall higher discount rates in the reporting period.

Growth rate – The assumptions used in the calculation reflect the long-term expected growth rate of the operational business and are based on the growth strategy of the Group.

Revenue growth – The assumptions used in the calculation reflect the expected order backlog at year-end as well as the expected market development based on the strategic priorities set by the Group.

EBIT margin growth – The EBIT margin growth used in the calculation reflects the margin goal as defined in the Group's vision and is based on the margin improvement projects initiated.

Result of the impairment test. The impairment tests performed on an annual basis support the value of the carrying amount. No impairment arose on December 31, 2020.

Sensitivity to changes in assumptions. For Haas the following change in key assumptions would result in a value in use equal to the carrying amount:

Key assumptions	Haas
Discount rate	+0.8675%
Growth rate	-1.1151%
Revenue growth	-3.3057%
EBIT margin growth	-0.4180%

For all other cash-generating units, no reasonably possible changes in key assumptions would neutralize the headroom.

Goodwill and trademarks 2020	Base data used (goodwill / trademarks)					
	Goodwill CHF m	Trademarks CHF m	Discount rate	Long-term growth rate	Revenue growth	EBIT margin growth
Milling Solutions	18.0	0.0	7.0%	1.8%	4.6%	0.4%
Grain Quality & Supply	37.2	0.0	7.1%	2.2%	7.6%	1.5%
Digital Technologies	6.5	0.0	8.7%	2.4%	7.6%	1.5%
Value Nutrition	65.8	0.0	7.2%	2.0%	3.2%	0.7%
Die Casting	1.7	0.0	7.5%	1.3%	15.9%	2.3%
Grinding & Dispersing	0.6	0.0	8.1%	1.4%	17.0%	2.3%
Leybold Optics	94.6	3.1	8.1% / 7.3%	1.9% / 2.0%	6.3% / 11.1%	0.8% / -
Consumer Foods	46.1	11.5	5.9% / 5.8%	1.5% / 1.8%	7.6% / 5.8%	0.9% / -
Haas	284.3	91.6	6.1% / 6.1%	1.7% / 1.7%	9.9% / 8.7%	2.5% / -
Total at December 31, 2020	554.8	106.2				

Goodwill and trademarks 2019	Base data used (goodwill / trademarks)					
	Goodwill CHF m	Trademarks CHF m	Discount rate	Long-term growth rate	Revenue growth	EBIT margin growth
Milling Solutions	11.4	0.0	7.7%	2.2%	4.2%	0.3%
Grain Quality & Supply	37.3	0.0	8.2%	4.0%	5.7%	0.6%
Digital Technologies	6.6	0.0	9.4%	2.6%	3.4%	0.4%
Feed	3.1	0.0	8.1%	2.2%	1.5%	1.3%
Pasta & Noodles	2.3	0.0	6.4%	1.0%	8.9%	1.9%
Nutrition	5.7	0.0	7.9%	2.1%	3.6%	0.5%
Aeroglide	60.4	0.0	7.7%	2.0%	6.0%	1.7%
Die Casting	1.7	0.0	8.6%	1.2%	0.8%	0.4%
Grinding & Dispersing	0.7	0.0	9.2%	1.4%	4.7%	0.7%
Leybold Optics	96.4	3.4	9.1% / 9.5%	1.8% / 2.0%	3.9% / 3.9%	0.6% / -
Consumer Foods	46.3	11.5	6.5% / 7.0%	1.4% / 3.0%	4.6% / 5.0%	0.5% / -
Haas	285.4	92.0	7.0% / 7.0%	1.9% / 1.8%	5.8% / 6.0%	0.9% / -
Total at December 31, 2019	557.3	106.9				

4.4 Investments in associates

Net book values	Share in equity CHF m	Goodwill CHF m	2020 CHF m	2019 CHF m
January 1	19.2	8.2	27.4	27.6
Additions	1.2	0.0	1.2	0.0
Share of net profit	3.6	0.0	3.6	1.9
Dividends received	0.0	0.0	0.0	-1.1
Translation differences	-0.1	0.0	-0.1	-1.0
December 31	23.9	8.2	32.1	27.4

Translation differences are recognized in other comprehensive income. The Group purchased goods in the amount of CHF 7.8 million (prior year: CHF 7.1 million) and sold goods in the amounts of CHF 1.2 million (prior year: CHF 1.8 million) to

associated companies. Cumulative values of the associated companies are disclosed as only one of the associated companies is material to the Group.

Cumulative values of the associated companies	2020 CHF m	2019 CHF m
Share of revenue	26.7	25.4
Share of net profit	3.6	1.9
Balance sheet values:		
Non-current assets	9.3	19.5
Current assets	17.1	25.1
Non-current liabilities	0.0	2.0
Current liabilities	6.3	5.7
Shareholders' equity	20.1	36.8

The associated companies comprise two companies located in Southern Europe and two in East Asia. The Group has a shareholding of 26%, twice 49%, and 44%, respectively. The figures are based on available preview closing data as of December 31, 2020.

In 2020 the group recognized a gain from a transaction with one of its associated companies in the amount of CHF 1.6 million, which is included in the CHF 3.6 million Share of net profit. The accounting treatment is based on the amendment to IAS 28 (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture) and IFRS 10 published by the IASB in September 2014, which the group decided to early adopt in 2020.

4.5 Non-current financial and other assets

December 31, 2020	Due 1–5 years CHF m	> 5 years CHF m	Total CHF m
Securities	7.0	38.0	45.0
Other non-current financial assets	37.6	5.5	43.1
Overfunding of post-employment benefit plans	0.0	25.4	25.4
Total	44.6	68.9	113.5

December 31, 2019	Due 1–5 years CHF m	> 5 years CHF m	Total CHF m
Securities	0.0	38.4	38.4
Other non-current financial assets	113.6	11.9	125.5
Overfunding of post-employment benefit plans	0.0	21.3	21.3
Total	113.6	71.6	185.2

4.6 Inventories

Inventories are carried at the lower of cost or net realizable value. The cost of finished goods, semi-finished goods, and work in progress includes raw materials, direct labor, and other directly attributable costs and overheads based on the normal capacity of production facilities, excluding borrowing costs. Cost is determined using the standard cost method. Standard costs are regularly reviewed and, if necessary, revised in light of current conditions. Net realizable value is the estimated selling price less cost to completion and selling expenses. Obsolete inventories and goods with a low rate of inventory turnover are written down.

In the prior year, value adjustments deducted from inventories amounted to CHF –50.1 million. No material reversals of value adjustments of the prior year were recognized in the reporting year.

Advance payments to suppliers are also included in inventories.

	Gross value CHF m	Value adjustments CHF m	2020 CHF m	2019 CHF m
Raw materials and supplies	231.3	–37.9	193.4	218.9
Unfinished goods	60.1	–13.6	46.5	54.1
Finished goods and merchandise	71.4	–7.1	64.3	77.1
Work in progress	116.2	0.0	116.2	126.0
Advance payments to suppliers	41.3	0.0	41.3	60.2
Total	520.3	–58.6	461.7	536.3

4.7 Trade accounts and other receivables

Trade accounts and other receivables are carried at the original invoice amount less allowances made for doubtful accounts, trade discounts, volume rebates, and similar items. Financing of customer orders using the Group's own funds as part of its treasury strategy is included in this item.

Trade accounts receivable include supplier credits of CHF 84.8 million (prior year: CHF 66.4 million), which are financed in accordance with the treasury strategy.

	2020 CHF m	2019 CHF m
– from third parties	578.6	712.1
– from associates	0.0	0.1
Allowance for bad debts	–18.4	–23.6
Total trade accounts receivable	560.2	688.6

	2020 CHF m	2019 CHF m
Value added tax credits	27.3	46.8
Other receivables		
– from third parties	42.8	48.5
– from associates	0.3	0.0
– from related parties	2.0	0.0
Prepayments	31.0	33.0
Allowance for bad debts	–1.4	–0.3
Total other receivables	102.0	128.0

Receivables outstanding analysis

	Total book value Dec. 31, 2020 CHF m	Overdue					
		Not due CHF m	≤ 3 months CHF m	4–6 months CHF m	7–9 months CHF m	10–12 months CHF m	> 12 months CHF m
2020							
Accounts receivable trade and other	679.7	566.4	54.9	11.3	7.9	5.5	33.7
Allowance for bad debts	-19.8	-0.4	-1.8	-0.2	-0.2	-2.4	-14.8
Associated companies and other related parties	2.3	2.3					
Total accounts receivable, net	662.2	568.3	53.1	11.1	7.7	3.1	18.9

	Total book value Dec. 31, 2019 CHF m	Overdue					
		Not due CHF m	≤ 3 months CHF m	4–6 months CHF m	7–9 months CHF m	10–12 months CHF m	> 12 months CHF m
2019							
Accounts receivable trade and other	840.4	649.0	83.1	26.6	21.2	9.1	51.4
Allowance for bad debts	-23.9	0.0	-0.8	-0.1	-0.1	-0.1	-22.8
Associated companies and other related parties	0.1	0.1					
Total accounts receivable, net	816.6	649.1	82.3	26.5	21.1	9.0	28.6

Allowance for bad debts

	2020 CHF m	2019 CHF m
January 1	-23.9	-14.3
Additions	-11.1	-13.5
Consumption	5.9	1.0
Release	9.1	2.3
Changes in scope of consolidation	0.0	0.2
Translation differences	0.2	0.4
December 31	-19.8	-23.9

4.8 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other current highly liquid investments with original maturities of three months or less, and bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within current financial liabilities.

Cash and cash equivalents include bank accounts and time deposits with an original maturity of a maximum of three months.

4.9 Trade accounts payable

	2020 CHF m	2019 CHF m
– to third parties	325.5	385.9
– to associates	1.6	1.7
– to related parties	0.7	1.8
Total	327.8	389.4

4.10 Provisions and contingent liabilities

Provisions are recognized when the Group has a legal or constructive obligation arising from past events, an outflow of resources embodying economic benefits to settle the obligation is probable, and a reliable estimate can be made of this amount. Actual expenses may differ from the accrued amounts.

A contingent liability is disclosed when there is a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent liability is also disclosed when there is a present obligation that arises from past events but is not recognized, because an outflow of resources embodying economic benefits to settle the obligation is not probable, or the respective amount of the obligation cannot be measured with sufficient reliability.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

Warranty provisions are created with a view to meet potential guarantee obligations arising from the sale of machinery and technical equipment. The calculation is based on historic values as well as recognized claims. In 2020, the group introduced a change in estimate and included a forward looking element into the warranty provision calculation methodology. A significant portion of the warranty provision increase in 2020 is related to this change in estimate. The prior years were not restated since the updated methodology represents a change in estimate.

Provisions for personnel expenses mainly include long-term employee benefits, such as long-service benefits, partial retirement, jubilee benefits, and deferred compensation plans.

Among other things, the other provisions include provisions for pending legal cases, other project risks, as well as for restructuring.

Approximately 42% (prior year: 33%) of the cash outflows of the non-current provisions are expected to materialize within the next three years.

The Group recognizes a collective valuation allowance based on its past experience of warranty costs on projects with similar conditions. Other known risks and risks related to projects with special conditions are estimated on a case-by-case basis and measured individually. The actual warranty costs incurred may differ from the costs provided for.

	Provisions for warranties CHF m	Provisions for personnel expenses CHF m	Other provisions CHF m	2020 CHF m	2019 CHF m
January 1	40.5	69.5	14.4	124.4	124.0
Additions	28.6	10.2	23.4	62.2	43.9
Utilization	-12.7	-16.6	-13.2	-42.5	-28.7
Release	-5.7	-3.8	-0.4	-9.9	-12.8
Changes in the scope of consolidation	0.0	0.0	0.0	0.0	-0.1
Reclassification	0.0	-21.8	-0.7	-22.5	0.0
Translation differences	-1.3	-0.4	-0.7	-2.4	-1.9
December 31	49.4	37.1	22.8	109.3	124.4
Thereof current	45.8	8.7	15.3	69.8	85.5
Thereof non-current	3.6	28.4	7.5	39.5	38.9

Contingent liabilities

	2020 CHF m	2019 CHF m
Sureties, guarantees and other obligations	17.0	22.3
Total	17.0	22.3

4.11 Other current liabilities

	2020 CHF m	2019 CHF m
Value added tax owed	9.7	15.0
Other liabilities		
– to third parties	53.8	59.1
– to related parties	21.8	0.7
Personnel-related accruals	75.4	102.6
Other accruals	139.2	138.3
Total	299.9	315.7

4.12 Defined benefit obligations

The Group's main defined benefit pension plans are in Switzerland, Austria, and Germany. The defined benefit plans in Switzerland are funded through legally separate trustee-administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities. The defined benefit plans in Germany and Austria are partially unfunded.

Pension plans in Switzerland. The Group's Swiss pension plans contain a cash balance benefit formula, accounted for as a defined benefit plan. Employer and employee contributions are defined in the pension fund rules in terms of an age-related sliding scale of percentages of salary. Under Swiss law the pension fund guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. At retirement date members have the right to take their retirement benefit as a lump sum, an annuity, or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the fund rules. The Board of Trustees may change the annuity at their discretion subject to the plan's funded status, including sufficient free funds as determined according to Swiss statutory valuation rules.

Swiss pension law requires the Board of Trustees to take measures to resolve a statutory underfunding. The possible measures affect both employers and employees (risk sharing).

Pension plans in Austria. The Group's Austrian pension plans are based on individual pension commitments starting upon leaving the company or reaching a certain age. The employer promises to pay out lifelong pensions as contractually agreed that are adjusted annually based on changes in the consumer price index. The Group is furthermore required by Austrian law to pay a lump sum amount to its employees upon retirement or for other important reasons (e.g. invalidity). The lump sum amount increases with the length of service. All pension promises are funded via book reserve accruals.

Pension plans in Germany. The Group's German pension plans have defined benefit rights based on their length of service and/or final pensionable pay. The employer gives a direct promise to the employee to pay him a certain amount once he retires. At retirement date the value of the employee's benefits is paid as an annuity. The Group is required by German law to increase pensions all three years according to price inflation, as measured by the Consumer Price Index or according to comparable pay grades. Direct pension promises are usually funded via book reserve accruals. In 2008, the Group set up a trust fund to fund their pension liabilities for Bühler GmbH, Braunschweig. No material business combinations/curtailments/settlements occurred during the reported financial period.

Status of the Group's defined benefit plans. The status of the Group's defined benefit plans using actuarial assumptions determined in accordance with IAS 19 is summarized below.

Employee benefits – defined benefit plans. These plans are generally funded through payments to legally independent pension or insurance funds.

The aggregate of the present value of the defined benefit obligation and the fair value of plan assets for each plan is recorded in the balance sheet as net defined benefit liability or net defined benefit asset under non-current financial and other assets. The defined benefit obligation is determined annually by independent actuaries using the projected unit credit method. If the fair value of the plan assets exceeds the present value of the defined benefit obligation, only a net pension asset is recorded, taking account of the asset ceiling.

Pension costs consist of three elements: service costs, net interest, and remeasurements of employee benefits.

Service costs are part of personnel expenses and consist of current service costs, past service costs (including gains/losses from plan amendments or curtailments) and gains/losses from plan settlements.

Net interest is recorded as part of financial expenses and is determined by applying the discount rate to the net defined liability or net defined asset that exists at the beginning of the year.

The gains and losses resulting from the actuarial valuation are immediately recorded in other comprehensive income as

remeasurements of employee benefits. The return on plan assets (excluding interest based on the discount rate) and any change in the effect of an asset ceiling are also recorded in this item. Remeasurements of employee benefits are not recycled through the income statement at any later point in time.

Pension assets and pension liabilities in different defined benefit plans are not offset unless the Group has a legally enforceable right to use the surplus in one plan to settle obligations in the other plan.

Employee benefits – defined contribution plans. In addition to the defined benefit plans described above, some Group companies sponsor defined contribution plans based on local practices and regulations. The Group's contributions to defined contribution plans are charged to the income statement to which the contributions relate.

Employee benefits – other long-term employment benefits. Other long-term employment benefits include jubilee, early retirement, or other long-term service benefits, as well as deferred compensation, if not due to be settled within 12 months after the year-end.

The obligations for other long-term employment benefits are disclosed as provisions for personnel expenses. The measurement of these obligations differs from defined benefit plans in that all actuarial gains and losses are recognized immediately in the income statement.

4.12.1 Actuarial assumptions

	2020	2019
Discount rate (weighted)	0.2%	0.3%
Future salary increases	1.0%	1.0%
Future pension increases	0.2%	0.2%

The discount rates are determined by referencing market yields at the end of the reporting period on AA- and AAA-rated corporate bonds. In recent years, longevity has increased in all major countries in which the Group sponsors pension plans. The Group sets mortality assumptions after considering the most recent statistics available and uses generational mortality tables to estimate probable future mortality improvements.

Risk sharing. As in the prior year, the defined benefit obligation was valued using a risk-sharing approach. This approach reflects the shared burden among employer and employees to keep the pension fund balanced in case this is necessary. The assumptions remained mainly unchanged compared to the prior year.

Sensitivities of significant actuarial assumptions. The discount rate and the future increase in salaries were identified as significant actuarial assumptions. The following impacts on the defined benefit obligation are to be expected:

- 0.25% increase/decrease in the discount rate would lead to a decrease of 3.3% (prior year: 3.4%) / an increase of 3.6% (prior year: 3.6%) in the defined benefit obligation.
- 0.25% increase/decrease in the expected increase in salaries would lead to a decrease of 0.3% (prior year: 0.2%) / increase of 0.3% (prior year: 0.2%) in the defined benefit obligation.

The sensitivity analysis is based on realistically possible changes as of the end of the reporting year.

The average duration of the defined benefit plan obligation at the end of the reporting period is 13.8 years (prior year: 14.0 years).

The cost of defined benefit pension plans and other long-term employee benefits is determined using actuarial valuations. Actuarial valuations involve making assumptions about discount rates, future salary increases, mortality rates, and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Due to a plan amendment in Switzerland, past service costs in the prior year amount to CHF 13.9 million.

	2020 CHF m	2019 CHF m
4.12.2 Reconciliation of defined benefit obligation and fair value of plan assets		
Defined benefit obligation at January 1	1,485.5	1,388.8
Interest costs	4.9	14.0
Current service costs (employer)	27.7	24.5
Contributions by plan participants	18.3	18.5
Past service costs	0.0	-13.9
Benefits (paid) / deposited	-78.3	-70.3
Curtailment and settlements	0.0	-1.8
Other effects	0.7	0.9
Remeasurements on obligations	32.0	128.4
Currency translation adjustments	-2.4	-3.6
Defined benefit obligation at December 31	1,488.4	1,485.5
Reconciliation of the fair value of plan assets		
Fair value of plan assets at January 1	1,403.5	1,293.3
Interest	4.2	12.5
Contributions by the employer	28.3	28.9
Contributions by plan participants	18.3	18.5
Benefits (paid) / deposited	-76.3	-63.0
Return on plan assets (excluding interest)	25.3	114.0
Currency translation adjustments	-2.0	-0.7
Fair value of plan assets at December 31	1,401.3	1,403.5
Actual return on plan assets	29.5	126.5

4.12.3 Remeasurements of defined benefit plans	2020 CHF m	2019 CHF m
Return on plan assets excluding interest income	-25.3	-114.0
Current-year actuarial loss (gain) on benefit obligation:		
– change in demographic assumptions	-1.3	-0.3
– change in financial assumptions	22.0	115.3
– experience adjustments	11.3	13.4
Remeasurements recognized in other comprehensive income	6.7	14.4
Cumulative amount recognized in other comprehensive income	213.9	207.2

4.12.4 Reconciliation of the amount recognized in the balance sheet at year-end	2020 CHF m	2019 CHF m
Present value of funded defined benefit obligation	1,488.4	1,485.5
Fair value of plan assets	1,401.3	1,403.5
Deficit/(surplus)	87.1	82.0
Liability (asset) recognized in the balance sheet	87.1	82.0
Thereof recognized as separate asset	-25.4	-21.3
Thereof recognized as separate liability	112.5	103.3

4.12.5 Pension expenses recognized in the income statement	2020 CHF m	2019 CHF m
Current service costs (employer)	27.7	24.5
Net interest employee benefit	0.7	1.5
Past service costs	0.0	-13.9
Effect of curtailment and settlements	0.0	-1.8
Other effects	0.7	0.9
Expenses recognized in the income statement	29.1	11.2
Thereof service costs and administration costs	28.4	9.7
Thereof net interest on the net defined benefit liability (asset)	0.7	1.5

4.12.6 Best estimate of contributions	2021 CHF m
Contributions by the employer	30.2

4.12.7 Plan assets at fair value consist of	2020 CHF m	2019 CHF m
Equity instruments third parties	416.6	441.5
Debt instruments third parties	395.0	446.5
Real estate	474.1	413.9
Cash and cash equivalents	51.6	47.7
Others	64.0	53.9
Total plan assets at fair value	1,401.3	1,403.5
Thereof quoted	872.2	951.0
Thereof unquoted	529.1	452.5

4.12.8 Information about significant plans	2020 Switzerland	2020 Austria	2020 Germany	2019 Switzerland	2019 Austria	2019 Germany
Discount rate	0.1%	1.0%	1.1%	0.3%	0.9%	0.9%
Future salary increases	1.0%	2.5%	1.6%	1.0%	2.5%	1.5%
Costs of defined benefit plans	26.7	0.8	1.2	9.1	-0.5	1.8
Remeasurements employee benefits	7.3	-1.0	-0.5	-3.6	5.2	11.1

4.12.9 Defined contribution plan	2020 CHF m	2019 CHF m
Expenses for defined contribution plan	7.5	7.9

4.13 Share capital

As of December 31, 2020, share capital amounted to CHF 15.0 million (prior year: CHF 15.0 million) and consisted of 105,000 (prior year: 105,000) registered shares with nominal value of CHF 100 each and 112,500 (prior year: 112,500) with nominal value of CHF 40 each.

5. Segment reporting

Segment information. The Group consists of three reportable segments which are identified on the basis of internal business updates that are regularly reviewed by the Chief Executive Officer (CEO). The CEO, being the Chief Operating Decision Maker, regularly reviews the allocation of resources to the three reportable segments. The Group is managed under its businesses Grains & Food, Advanced Materials, and Consumer Foods.

Grains & Food: Engineering and sale of industrial process technologies and solutions for the food and feed industry, such as the processing of grains, rice, coffee, and other raw materials for intermediate and finished products.

Advanced Materials: Engineering and sale of solutions for die-casting, grinding and dispersion, and surface-coating technologies in high-volume application areas such as automotive, optics, inks, and batteries.

Consumer Foods: Engineering and sale of solutions for cocoa processing, chocolate mass production, moulding, and wafer equipment, with its portfolio ranging from weighing and mixing of raw materials to cooking and aerating of masses through extrusion, depositing, and forming up to baking and enrobing.

5.1 Segment reporting

	Grains & Food CHF m	Advanced Materials CHF m	Consumer Foods CHF m	Corporate Functions CHF m	Group CHF m
Segment reporting 2020					
Segment revenue	1,669.8	443.5	575.6	16.9	2,705.8
Less intersegment revenue	-4.1	-0.2	-1.7	0.0	-6.0
Total segment revenue third parties	1,665.7	443.3	573.9	16.9	2,699.8
EBIT	148.6	23.4	23.4	-49.7	145.7
in % of revenue	8.9%	5.3%	4.1%	-294.1%	5.4%
Non-current assets	425.0	207.9	586.4	248.0	1,467.3
Segment reporting 2019					
Segment revenue	1,802.0	648.9	775.3	37.8	3,264.0
Less intersegment revenue	-7.6	-0.3	-1.7	0.0	-9.6
Total segment revenue third parties	1,794.4	648.6	773.6	37.8	3,254.4
EBIT	150.1	42.1	71.6	-15.8	248.0
in % of revenue	8.4%	6.5%	9.3%	-41.8%	7.6%
Non-current assets	436.1	221.8	600.0	236.8	1,494.7

Internal and external reporting are both based on the same valuation and accounting principles, and there is therefore no need to provide a reconciliation.

The business results are carried over to the Group's consolidated figures by including the results of units with no market operations as well as consolidation effects.

5.2 Geographical information

Segment revenue	2020 CHF m	2019 CHF m
North America	429.6	516.8
South America	135.7	178.9
Europe	823.2	986.3
Middle East and Africa	290.1	464.7
South Asia	74.0	112.7
Asia	947.2	995.0
Total	2,699.8	3,254.4
- thereof Switzerland	55.4	82.5
- thereof US	287.7	342.1
- thereof China	573.9	542.2

Segment non-current assets	2020 CHF m	2019 CHF m
North America	135.8	143.5
South America	8.3	9.7
Europe	1,138.0	1,143.5
Middle East and Africa	14.1	16.5
South Asia	7.6	9.9
Asia	163.5	171.6
Total	1,467.3	1,494.7
- thereof Switzerland	355.0	346.7
- thereof US	132.1	139.5
- thereof China	151.5	157.1

The information about geographical areas is determined based on the Group's operations. The Group operates in six geographical areas: North America, South America, Europe,

Middle East and Africa, South Asia, and Asia. Revenues are shown based on the physical location of the equipment.

6. Other disclosures

6.1 Assets pledged or assigned to secure own liabilities

In connection with the long-term loan from related parties of CHF 13.0 million and open legal cases, assets of CHF 45.0 million and CHF 0.7 million, respectively (prior year: CHF 45.0 mil-

lion and CHF 1.1 million) serve as collateral for own liabilities where the right of disposal is limited.

6.2 Related parties

Related-party transactions. Total loans from the shareholders of CHF 130.0 million (prior year: CHF 211.5 million) are disclosed under non-current financial liabilities and of CHF 21.6 million (prior year: CHF 16.3 million) under current financial liabilities. A loan toward the shareholders in the amount of CHF 21.3 million (prior year: CHF 91.2 million) is disclosed under other non-current financial assets and of CHF 2.0 million (prior year: CHF 0 million) under current financial assets.

Expenses for rental, energy, and maintenance to related parties amounted to CHF 12.3 million (prior year: 13.0 million) and are included in other operating expenses. Other related-party positions are disclosed separately in the notes.

Liabilities to pension plans amounted to CHF 0.1 million as per 2020 (prior year: CHF 0.2 million). This amount is included in other current liabilities.

Key management compensation. Key management (defined as Group Management and Board of Directors) received a total current paid out compensation of CHF 9.1 million (prior year: CHF 9.3 million). In addition, pension and social security contributions of CHF 1.7 million (prior year: CHF 1.5 million) are recorded as expenses. The provisions and liabilities for other long-term benefits amount to CHF 23.2 million (prior year: CHF 35.7 million).

The Bühler Group operates deferred compensation plans for members of the management. The deferred compensation plans comprise a vesting period of three years and an execution period of 10 years from the grant date. The amounts are charged to the income statement over the relevant vesting periods and are adjusted to reflect actual and expected levels of vesting. The value of the deferred compensation is determined annually based on the Group's net profit for the three preceding years and equity at year-end.

6.3 Government grants

Government grants are offset with the items of expense which they finance. Government grants related to assets are deducted from the assets in deriving the carrying amount of

the asset. In 2020 the Group received government grants of CHF 4.0 million (prior year: CHF 4.2 million).

6.4 Proposal of the Board of Directors

At the General Meeting, the Board of Directors proposes a dividend of CHF 25.0 million (prior year: CHF 25.0 million) or CHF 166.6 (prior year: CHF 166.6) per registered share with a nominal value of CHF 100 and CHF 66.7 (prior year:

CHF 66.7) per registered share with a nominal value of CHF 40. The dividend payment to the shareholders of Bühler Holding AG amounted to CHF 25.0 million in the financial year 2020 (prior year: CHF 23.0 million).

6.5 Release for publication of the consolidated financial statements

The consolidated financial statements were released for publication by the Board of Directors of Bühler Holding AG on February 11, 2021.

6.6 Subsequent events

No material events have occurred after the balance sheet date.

Report of the statutory auditor

to the General Meeting of Bühler Holding AG

Uzwil

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Bühler Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the year ended 31 December 2020, the consolidated balance sheet as at 31 December 2020 and the consolidated statement of changes in equity and consolidated statement of cash flows 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 3 to 54) 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 the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss 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 9'850'000

We concluded full scope and specific accounts audit work at 19 reporting units in 10 countries. Our audit scope addressed over 73% of the Group's revenue.

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

Accounting for customer orders (Project/Plant)

Impairment testing of goodwill and intangible assets with indefinite useful life

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 9'850'000
How we determined it	0.37% of revenue
Rationale for the materiality benchmark applied	We chose total revenue as the benchmark because, in our view, this benchmark takes into account the volatility of the business environment and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 500'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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 audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the component auditors. As Group auditor, we performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements and of the impairment testing of goodwill and intangible assets with indefinite useful life. Where full scope audits or specific accounts audit work was performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit in order to assess whether sufficient appropriate audit evidence was obtained from the work of the component auditors to provide a basis for our opinion. Our involvement comprised communicating the risks identified at Group level, specifying the audit procedures relating to the accounting for customer orders (Project/Plant), specifying the materiality thresholds to be applied, participating in local closing meetings (virtual), conducting telephone calls with the component auditors during the interim audit and the year-end audit and reviewing the reporting.

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.

Accounting for customer orders (Project/Plant)

Key audit matter

The Bühler Group has customer orders, where the performance obligations are satisfied either over time or at a point in time in accordance with IFRS 15 'Revenue from contracts with customers'. In the year under review, revenue from customer orders in the amount of CHF 1'370.5 million were recorded over time using the input method to measure the satisfaction of the performance obligation.

Management measures the progress as of the balance sheet date based on relative costs incurred to the total costs expected to fulfil the performance obligation. An incorrect estimate of the expected costs could have a significant impact on the recorded revenue and the net profit of the Group.

Please refer to page 9 (Use of estimates) and pages 25 - 27 (Revenue) in the notes to the consolidated financial statements.

How our audit addressed the key audit matter

Our audit of revenue from customer orders where the performance obligations are satisfied over time mainly comprised the following procedures:

- We assessed the design and the existence of the key controls regarding the customer orders and tested the effectiveness of selected controls.
- We assessed whether the internal guidelines regarding the approval of the costs and margins had been adhered to.
- We selected a number of customer orders based on the contract volumes, the contribution margin and changes in the margin compared with prior year and the planning phase, and focused our testing on the following, in particular:
 - We assessed the contracts in respect of the classification of revenue recognition.
 - We assessed whether the contractual terms and the approved planned costs had been recorded appropriately in the project accounting system.
 - We discussed with the project controllers and project managers the progress of the projects based on the latest project reports and assessed the costs still to be incurred until their completion and changes in the margin.
- We obtained written information from the legal representatives of the Group. We inspected this written information with regard to indications of potential quality deficiencies or penalties for non-performance and if applicable assessed whether these matters were recorded appropriately in the consolidated financial statements.
- For the customer orders completed during the year under review, we compared various final parameters with the estimates made in the planning phase or those as of the previous balance sheet date in order to assess, with hindsight, the accuracy of the estimates made by Management.

We consider Management's process and assumptions to be reasonable for purposes of determining the accounting for customer orders (Project/Plant).

Impairment testing of goodwill and intangible assets with indefinite useful life

Key audit matter	How our audit addressed the key audit matter
<p>The impairment testing of goodwill and intangible assets with indefinite useful life was deemed a key audit matter for the following reasons:</p> <p>Goodwill and intangible assets with indefinite useful life are significant items on the consolidated balance sheet (CHF 661.0 million); they are not amortised but tested for impairment at least annually. In calculating the value-in-use of the assets for these tests, the Board of Directors and Management have significant scope for judgement in defining the cash-generating units (CGUs), in allocating the goodwill and net operating assets to the CGUs and in determining the underlying assumptions (discount rate, royalty rates, growth rates, revenue growth and EBIT margin growth).</p> <p>Management adopted an established process in order to forecast the cash flows. The Board of Directors monitored adherence to this process.</p> <p>Please refer to page 9 (Use of estimates) and pages 37 - 40 (Intangible assets) in the notes to the consolidated financial statements.</p>	<p>In our audit of the impairment testing of goodwill and intangible assets with indefinite useful life, we performed audit procedures including the following:</p> <ul style="list-style-type: none"> • We assessed the design and the existence of the key controls regarding the impairment testing of goodwill and intangible assets with indefinite useful life. Furthermore, we checked whether the Board of Directors reviewed the impairment tests. • We assessed how the CGUs were defined, taking into account the accounting standards and our knowledge of the organisation of the Group. • We assessed the appropriateness of Management's process for allocating goodwill and net operating assets to the CGUs. • We compared the revenue and the EBIT of the year under review with the budget (adjusted for COVID-19 impacts) in order to identify, in retrospect, any forecasts that were too optimistic and to assess the accuracy of the estimates that were made. • We performed plausibility checks on the key assumptions Management used for the impairment tests as well as on the changes in net working capital resulting from the application of these assumptions. To this end, we involved our internal valuation experts, who compared the assumptions with data from analogous companies and market data. Furthermore, we assessed the technical and mathematical correctness of the valuation model. • We assessed the sensitivity analyses carried out by Management. In addition, we performed our own sensitivity analyses using different discount rates, revenues and gross profit margins. • We assessed the appropriateness of the disclosures in the notes to the consolidated financial statements in accordance with IAS 36 'Impairment of Assets'. <p>We consider the valuation process and the assumptions applied by Management to be an appropriate and reasonable for purposes of the impairment testing of goodwill and intangible assets with indefinite useful life.</p>

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 of Bühler Holding 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://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



René Rausenberger
Audit expert
Auditor in charge



Oliver Illa
Audit expert

Zürich, 11 February 2021

Financial Statements Bühler Holding AG

Income statement Bühler Holding AG

	Notes	2020 CHF m	2019 CHF m
Investment income	11	92.1	111.3
Financial income	12	18.5	31.6
Exchange gains on foreign currency valuation	13	3.2	0.0
Other operating income	14	8.8	9.2
Total operating income		122.6	152.1
Investment expenses	15	-0.5	-6.8
Financial expenses	16	-5.0	-4.2
Exchange losses on foreign currency valuation	13	0.0	-12.1
Other operating expenses	17	-7.6	-8.6
Operating expenses		-13.1	-31.7
Profit before taxes		109.5	120.4
Taxes		-2.0	-2.2
Net profit		107.5	118.2

Balance sheet Bühler Holding AG

Assets	Notes	2020 CHF m	2019 CHF m
Cash and cash equivalents		141.5	24.1
Other accounts receivable third parties		0.1	0.2
Other accounts receivable Group	5	258.9	150.5
Current loans third parties		0.0	0.1
Current loans Group	5	0.6	17.3
Accrued income and prepaid expense		0.2	0.1
Current assets		401.3	192.3
Non-current securities		7.9	7.9
Other financial assets third parties		18.2	18.2
Other financial assets related parties	8	21.3	91.2
Other financial assets Group	6	669.7	715.7
Investments	18	881.0	872.6
Non-current assets		1,598.1	1,705.6
Total assets		1,999.4	1,897.9
Equity and liabilities			
Financial liabilities related parties	8	19.0	0.0
Accounts payables third parties		0.1	0.7
Accounts payables related parties		0.0	0.6
Accounts payables Group	7	145.7	70.4
Current provisions	10	12.0	21.5
Other liabilities third parties		0.4	0.0
Other liabilities Group	7	1.8	0.0
Deferred income and accrued expense		3.5	3.8
Current liabilities		182.5	97.0
Financial liabilities third parties	9	420.0	420.0
Financial liabilities related parties	8	117.0	183.5
Non-current liabilities		537.0	603.5
Total liabilities		719.5	700.5
Share capital		15.0	15.0
Legal reserves		7.5	7.5
Other free reserves		275.6	275.6
Available earnings brought forward from prior year		874.3	781.1
Net profit		107.5	118.2
Shareholders' equity		1,279.9	1,197.4
Total shareholders' equity and liabilities		1,999.4	1,897.9

Notes to the financial statements

Bühler Holding AG

1 General information

The financial statements of Bühler Holding AG, domiciled in Uzwil SG, were prepared in accordance with the regulations of Swiss financial reporting law.

Bühler Group prepares consolidated financial statements on a Group level according to International Financial Reporting Standards (IFRS). Therefore, Bühler Holding AG does not publish additional notes, a cash flow statement, and management reporting according to article 961d of the Swiss Code of Obligations.

2 Valuation principles

The financial statement accounting policies meet the requirements of Swiss financial reporting law. The main financial statement line items are accounted for as described below.

The balance sheet positions in foreign currency have been valued at the following closing rates:

	2020 CHF	2019 CHF
CNY	0.1356	0.1392
EUR	1.0850	1.0890
GBP	1.1990	1.2750
USD	0.8850	0.9730

Loans to Group subsidiaries are recorded at their nominal value. If necessary, value adjustments are made for potential impairment losses.

3 Number of full-time equivalents

The number of full-time equivalents is on average less than 10 employees (prior year: less than 10 employees).

4 Definition of related parties and Group companies

Related parties are companies that are directly or indirectly owned by the Bühler family. Also included are members of the Bühler family as well as the Board of Directors and companies owned by Members of the Board of Directors of the Bühler Group.

Group companies are companies in which the Bühler Group holds direct or indirect investments and are included in the consolidated Group financial statements.

5 Other accounts receivable and current loans Group

Accounts receivable and current loans Group mainly include current loans to Group companies for working capital financing purposes.

6 Other financial assets Group

Financial assets mainly include loans to Group companies, which are granted at market conditions and are non-current (more than one year).

7 Liabilities Group

Liabilities Group consist primarily of current liabilities related to cash pooling (mainly Bühler AG, Uzwil) as part of the Group's cash management.

8 Other financial assets/liabilities related parties

These loans are owed from and to the shareholders as well as from other related parties (associates).

9 Financial liabilities third parties

This position contains corporate bonds issued to third parties.

Nominal amount in CHF m	Valor	Interest rate	Period of validity	Expiration nominal value
180	38,960,607	0.10%	12/21/2017 – 12/21/2022	12/21/2022
240	38,960,608	0.60%	12/21/2017 – 12/21/2026	12/21/2026

10 Provisions

This item mainly includes provisions for currency risks relating to loans to Group companies and accounts receivable from Group companies.

11 Investment income

This position mainly contains dividend income from subsidiaries and other participations.

12 Financial income

Financial income mainly includes interest income on loans to Group companies.

13 Exchange gains/losses on foreign currency valuation

Exchange gains/losses on foreign currency valuation contains currency gains and losses.

14 Other operating income

Other operating income contains mainly licence fee income.

15 Investment expenses

Investment expenses include impairments on Group investments.

16 Financial expenses

Financial expenses primarily include interest on foreign expenses paid to Group companies and interest payments for corporate bonds issued to third parties.

17 Other operating expenses

Other operating expenses predominantly include service fee expenses and non-refundable withholding taxes.

18 Investments

Investments are recorded at cost less economically necessary adjustments. The principal investments that are held directly or indirectly by Bühler Holding AG are shown in the table on pages 13 to 15. The participation rate is equal to the voting rights and share in capital.

19 Contingent liabilities

	2020 CHF m	2019 CHF m
Sureties, guarantees and other obligations in favor of Group companies	466.6	579.5
Sureties, guarantees and other obligations in favor of third parties	125.9	102.0

Bühler Holding AG issued a letter of comfort for Bühler Barth GmbH, Germany, on August 17, 2017. With this letter of comfort, Bühler Holding AG commits itself to financially support Bühler Barth GmbH in order that Bühler Barth GmbH is able

to meet its current and future obligations at all times. The issued letter of comfort is valid as long as Bühler Barth GmbH belongs to the Bühler Group, at the latest until December 31, 2021.

20 Proposal of the Board of Directors for the appropriation of available earnings

	2020 CHF m	2019 CHF m
Balance brought forward from prior year	874.3	781.1
Net profit of the year	107.5	118.2
Available earnings at the disposal of the General Meeting	981.8	899.3
The Board of Directors proposes to the General Meeting:		
- The distribution of a dividend	25.0	25.0
- Allocation to other reserves	0.0	0.0
- Carry forward to new accounting period	956.8	874.3

The statutory obligation of appropriation to reserves is waived as the legal reserve amounts to 50% of the paid-in share capital.

22 Significant events after the balance sheet date

No material events have occurred after the balance sheet date.

21 Others

CHF 11 million hidden reserves were released in the reporting period (prior year: CHF 0 million).

Report of the statutory auditor

to the General Meeting of Bühler Holding AG

Uzwil

Report on the audit of the financial statements

Opinion

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

In our opinion, the accompanying financial statements (pages 61 to 64) 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 19'990'000



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 matter the following area of focus has been identified:

Valuation of Investments

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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 19'990'000
How we determined it	1% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant benchmark against which holding companies can be assessed, and it is a generally accepted benchmark with regard to materiality considerations in holding companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 990'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

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.

Valuation of Investments

Key audit matter	How our audit addressed the key audit matter
<p>Investments in subsidiaries represent a significant balance sheet line item (CHF 881.0 million).</p> <p>The Board of Directors uses business valuations in order to test these investments for impairment. The company valuations are prepared using the "practitioner's method". In cases where indications of impairment exist, the book values of the investments were compared with the impairment test prepared to assess the goodwill at the Group level. In calculating these company valuations, there is significant scope for judgement in determining the underlying assumptions, particularly with regard to the future business results and the discount rate to apply to the forecast cash flows. Management adopts a specified impairment testing process to identify the potential need for the impairment of investments.</p> <p>Please refer to pages 64 (Investments) in the notes to the financial statements.</p>	<p>In our audit of the investments in subsidiaries, we performed audit procedures including the following:</p> <ul style="list-style-type: none"> • We assessed the design and the existence of the key controls regarding the valuation of the investments. • We compared the book value of the investments in the year under review with the results from using the practitioner's method of valuation. If there were indications of impairment, the book values of the investments were compared with the impairment test applied to assess the goodwill at the Group level. • We performed plausibility checks on the key assumptions applied by Management used for the impairment tests. To this end, we involved our internal valuation experts, who compared the assumptions with data from analogous companies and market data. Furthermore, we assessed the technical and mathematical correctness of the valuation model. <p>We consider the valuation process and the assumptions used to be an appropriate and adequate basis for the impairment testing of investments in subsidiaries as at 31 December 2020.</p>

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 EXPERT-suisse: <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 earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



René Rausenberger
Audit expert
Auditor in charge



Oliver Illa
Audit expert

Zürich, 11 February 2021