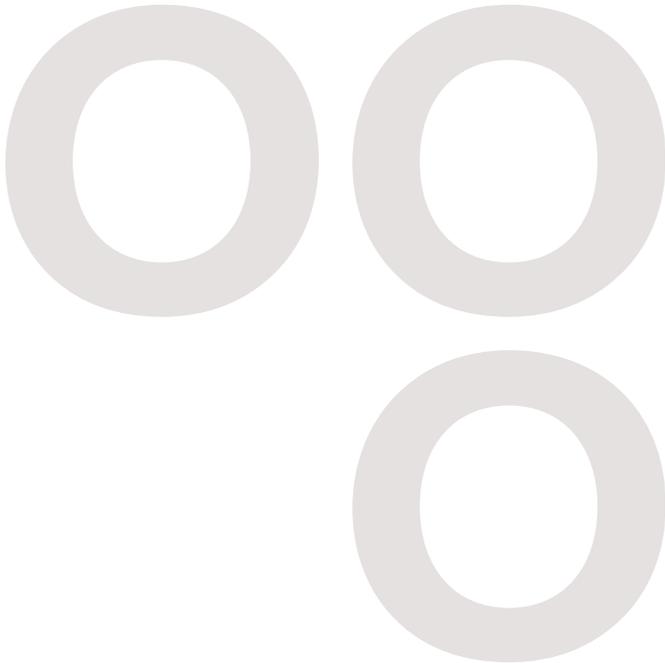

Annual Report 2020



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Alternative performance measures

In its annual reports, interim reports and notices to investors and analysts, the Bell Food Group uses alternative performance measures that are not defined by the Accounting and Reporting Recommendations (Swiss GAAP FER). The alternative performance measures used by the Bell Food Group are explained in the separate publication "Alternative performance measures" and are adjusted to the Swiss GAAP FER key figures.

www.bellfoodgroup.com/report-en



Online
www.bellfoodgroup.com/report-en

Who we are and what we do

The Bell Food Group is one of the leading processors of meat and convenience products in Europe and the market leader in Switzerland. This company steeped in tradition was established in 1869 when Samuel Bell opened his first butcher's shop in the inner city of Basel.

Today, the product range includes fresh meat, poultry, charcuterie and seafood as well as ultra-fresh, fresh and non-perishable convenience products such as salads, sandwiches, pasta, sauces and spices. With the brands Bell, Eisberg, Hilcona and Hügli, the Group meets a diversity of customer needs. More than 12 000 employees in 15 countries work hard every day to prepare top-quality products that give great pleasure to millions of consumers.

Bell Food Group

Sales in CHF billion

4.1

Locations

63

Employees

12 043



Business areas

Bell Switzerland

Switzerland

Sales in CHF billion

2.1

Locations

13

Employees

3 504

Product ranges

Fresh meat, poultry, charcuterie, seafood

Bell International

Austria, Belgium, France, Germany, Hungary, Netherlands, Poland, Spain

Sales in CHF billion

1.0

Locations

23

Employees

3 469

Product ranges

Poultry, charcuterie

Convenience

Austria, Belgium, Czech Republic, Germany, Hungary, Italy, Netherlands, Poland, Principality of Liechtenstein, Romania, Spain, Switzerland, United Kingdom

Sales in CHF billion

1.1

Locations

27

Employees

5 070

Product ranges

Ultra-fresh, fresh and non-perishable convenience products

Important events 2020



Successful financial year for the Bell Food Group

Thanks to its broadly supported business model, the Bell Food Group can look back on a successful 2020 financial year overall. The coronavirus pandemic impacted us negatively and led to a sharp slump in sales in the food service market and the previously fast-growing to-go and fresh convenience ranges. However, this loss was more than adequately compensated by the very encouraging growth posted for the retail channel that boosted our core business with meat and meat products throughout Europe and in particular in our home market Switzerland. Bell Switzerland reported substantial year-on-year growth for practically all product groups. In 2020, Bell International consistently pursued the strategy of focusing on air-dried ham and sustainable poultry products introduced during the previous year following the sale of the German sausage plants and also had a successful financial year.



In the shadow of the coronavirus pandemic

The coronavirus pandemic had a material impact on the Bell Food Group in many different areas. The Bell Food Group was primarily concerned with protecting the health of its employees and adapting its work and production processes to the rapidly changing external framework conditions. Measures to stop the spread of the coronavirus led to a sharp slump in food service sales. This was offset by considerable growth for almost all product groups in the retail channel. All of this made significant demands on the company and all employees. Thanks to the flexibility and commitment of our employees, however, we successfully mastered this challenge and managed to guarantee delivery readiness at all times.



Focusing on core competencies

The business area Bell International is still successfully pursuing its strategy of focusing on its core competencies in air-dried ham and sustainable poultry products. This has allowed Bell International to establish itself as a specialist with a great deal of expertise in processing and sales among customers in these segments. The international market for charcuterie and poultry products was similarly affected by the coronavirus pandemic, but owing to its comparatively small exposure to the food service channel, the negative impact on the Bell International business area was less severe.



Temporary brake on convenience growth

Growth in the international convenience market was held back by the coronavirus pandemic. In contrast to meat and charcuterie, the loss of earnings in the food service and to-go segments could not be compensated to an equal extent via the retail channel. Vegetarian and vegan products did very well in the reporting year. The rapid recovery between the first two waves of the pandemic has confirmed the long-term strategic focus and indicated that the Convenience business area will become a growth driver again.

+7.6%

Operating EBIT progress 2020



The **share of vegetarian and vegan products** of the Bell Food Group's total sales revenue was around 21 percent in 2020. The Group's leading position in the market for plant-based meat alternatives was also expanded further.

-352

New packaging solutions saved 352 tonnes of plastic in 2020.



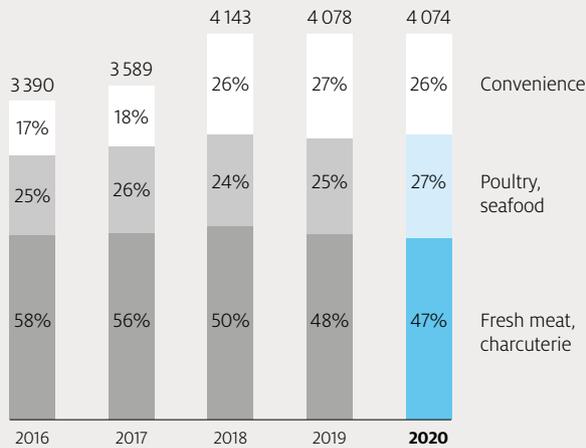
Successful financial year

for Bell Switzerland with strong growth in all product groups. The international business with charcuterie and poultry made further progress thanks to the strategy of focusing on core competencies.

Key figures

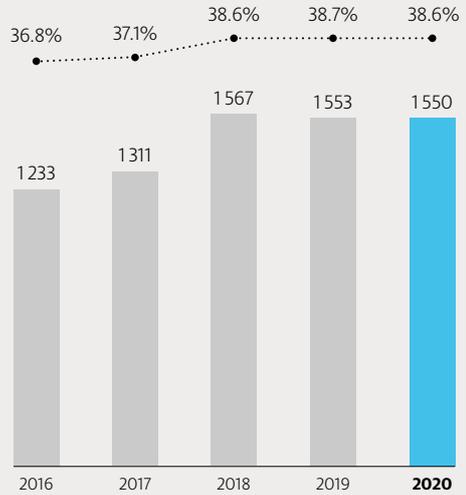
Sales by main product groups

Sales revenue in CHF million



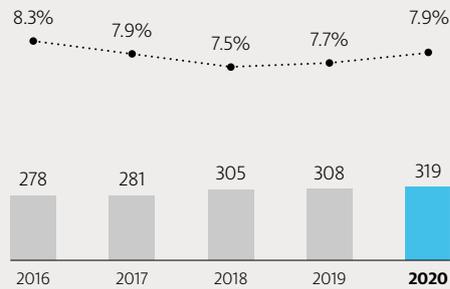
Gross operating income

in CHF million & in % of net revenue



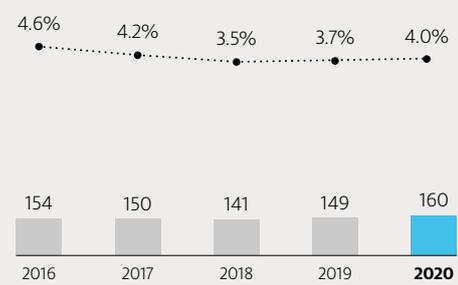
EBITDA adjusted¹

in CHF million & in % of net revenue



EBIT adjusted¹

in CHF million & in % of net revenue



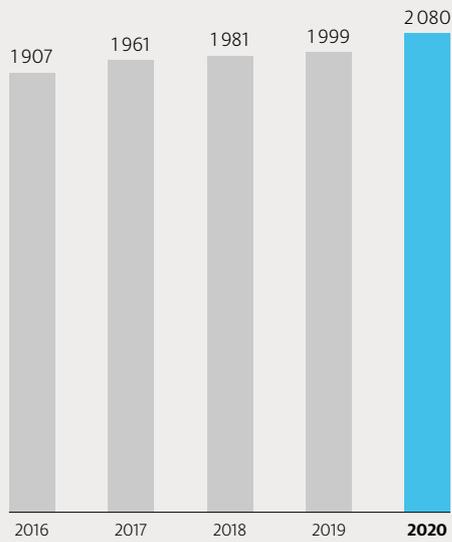
Annual profit adjusted¹

in CHF million & in % of net revenue



¹ Adjusted figures according to separate publication "Alternative performance measures".

Sales revenue Bell Switzerland
in CHF million



Sales volume by main product groups
in million kg



Fresh meat

54

↓ 2.2%



Charcuterie

95

↓ 11.6%¹



Poultry

171

↑ 5.7%

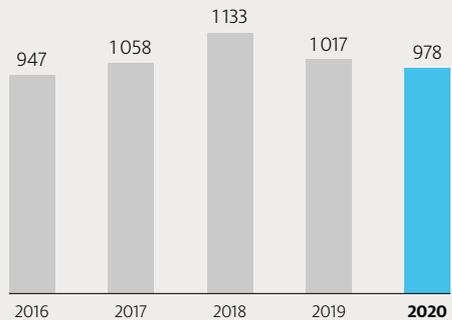


Seafood

8

↑ 11.9%

Sales revenue Bell International¹
in CHF million



Convenience

198

↓ 1.2%

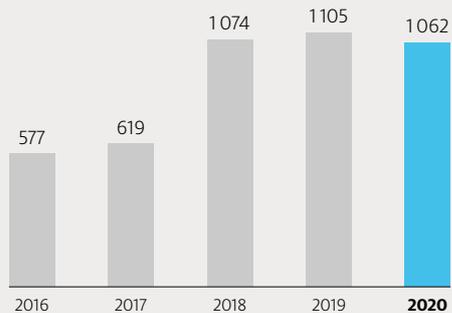
Total

527

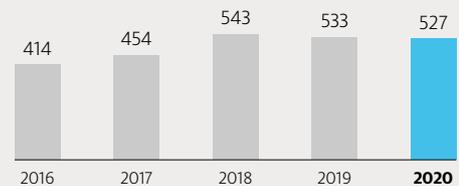
↓ 1.1%

¹ Including sales shortfall due to sale of Bell Germany's sausage business in 2019 and sale of the Perbál production facility in Hungary in October 2020.

Sales revenue Convenience
in CHF million



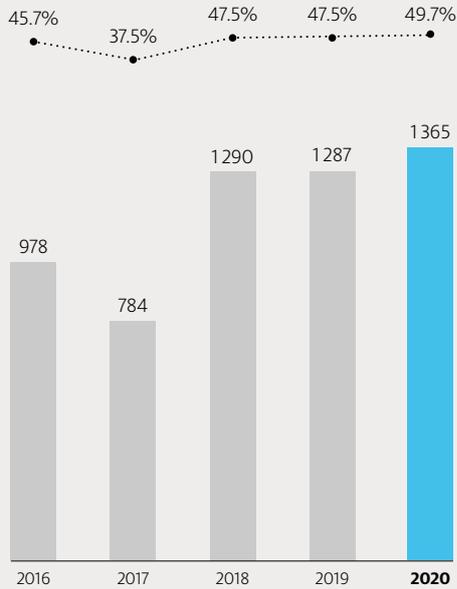
Sales volume for Bell Food Group
in million kg



Key figures

Equity

in CHF million & in % of total assets



Net debt ratio

Net financial liabilities/EBITDA



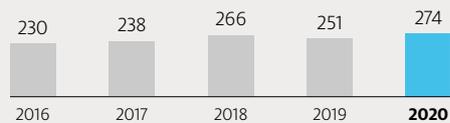
Net financial liabilities¹

in CHF million



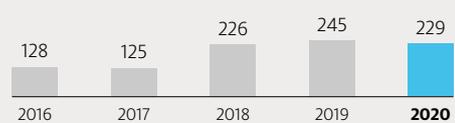
Operating cash flow before change in net current assets¹

in CHF million



Investments in tangible assets and software

in CHF million



Innovations
New products

> 2 000



Innovation management
Employees in development and product management

> 150



Workforce
Number of employees (FTE)

12 043



Proportion of women

39%

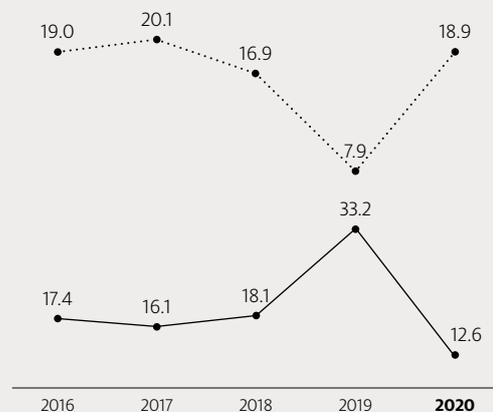
¹ Adjusted figures according to separate publication "Alternative performance measures".

Market capitalisation & share price in CHF



■ Market capitalisation as of 31.12. in CHF million
 Share price as of 31.12.

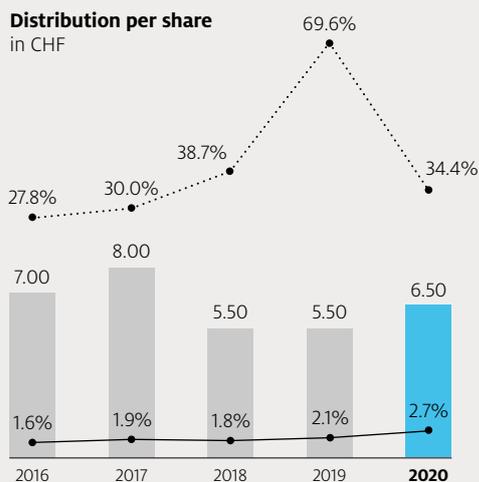
Key figures per share in CHF



..... Net profit per share
 — Price/earnings ratio

The net profit per share for the previous years were adjusted by the effect of the capital increase in 2018 to improve comparability.

Distribution per share in CHF



■ Dividend per share
 Distribution ratio
 — Dividend yield

In view of the good annual results, the Annual General Meeting will be requested to approve a dividend increase from CHF 5.50 to CHF 6.50 per share, which equals a distribution ratio of 34.4 percent. As announced the previous year, the Bell Food Group is thereby returning to its policy of distributing around 30 percent of the Group profit every year.

50 percent of the dividend for 2020 will be paid from the reserves from capital contributions. As distributions from reserves from capital contributions are not subject to withholding tax, Swiss private investors will benefit from a tax-free payment.

Capital structure as of 31.12.

	2016	2017	2018	2019	2020
Share capital	2.00	2.00	3.14	3.14	3.14
Divided into number of registered shares	4 000	4 000	6 286	6 286	6 286
Nominal value per registered share	0.50	0.50	0.50	0.50	0.50

Share details

Securities number	31 596 632
ISIN	CH0315966322
Legal entity identifier (LEI)	50670090YSFJ2732TD58
Trade	SIX Swiss Exchange
Symbol SIX	BELL; Bell N; Bell.SW
Current share price	www.bellfoodgroup.com

Editorial

Successful financial year for the Bell Food Group



Hansueli Loosli
Chairman of the Board of Directors



Lorenz Wyss
Chairman of the Group Executive Board

Dear shareholders

We will remember the 2020 financial year for a very long time. The outbreak of the coronavirus pandemic shook three central pillars of our society to their foundations: health, social interaction and our economic welfare. Our most valuable asset, our health, became the dominant topic everywhere in the world and the focus suddenly fell on the entire health system. Restrictions to public life meant that existing habits and behaviour patterns had to be put aside temporarily. Social contact, travel and bigger events were impossible or only possible to a very limited extent throughout most of the year. Measures to stop the spread of the pandemic, in particular during the lockdowns in spring and autumn/winter, brought many companies and even entire business segments face to face with an uncertain economic future.

Challenges mastered

The coronavirus pandemic also presented the Bell Food Group with enormous challenges. Our most important task was to protect the health of our employees as much as possible. Crisis management kicked into gear immediately upon the outbreak of the pandemic. Crisis teams were set up and safety plans were implemented at all locations. In retrospect, we are delighted we can say that our protection measures worked well and we were successful in providing our employees with a safe workplace.

But the implementation of protection and hygiene measures demanded a great deal from us. Established processes and routines had to be reviewed and adapted to the changed circumstances. As a company that is relevant in supplying the population with food, we were also tasked with providing fresh food to our customers in the retail and food service segments. This was anything but easy in the face of constantly changing external circumstances and severe fluctuations in daily order volumes. This makes it even more laudable that we managed to guarantee delivery readiness at all times. All the credit goes to our employees.

This would not have been possible without their flexibility and unflagging commitment under very difficult conditions.

Opposite effects of the coronavirus pandemic

In the food segment, the coronavirus pandemic brought about a change in consumer habits in two regards: the severely restricted mobility of the population and the temporary closure of catering establishments meant that food service and food for out-of-home consumption, which has enjoyed good growth in the past years, had to battle with a substantial drop in sales. At the same time, the retail business profited from the fact that consumers increasingly ate their meals at home. These superordinate developments had different effects on the Bell Food Group. Thanks to its strong mainstay in the retail business, the core business with meat and meat products throughout Europe benefited from this development. The increase in retail sales revenue more than made up for the slump in the food service channel. This applies in particular to the business area Bell Switzerland and also to the business area Bell International to some extent. In contrast, its comparatively stronger focus on the food service channel and substantial exposure in the to-go segment meant that the business area Convenience was negatively affected by the coronavirus pandemic.

In a difficult financial year, the Bell Food Group proved its extreme resilience to crisis. Thanks to its broadly supported business model, the Bell Food Group was able to absorb the unforeseen and opposing developments in the food sector and post a positive result for 2020. This success was founded on its solid strategic basis.

Strengthening of its leading position in the core business

We earn three-quarters of our revenue in our traditional core business with meat, poultry, charcuterie, seafood and meat products. As a full-range supplier, we are the market leader

in Switzerland and wish to sustainably strengthen this position with an innovative product range, among other things. Compared to our core market Switzerland, our strategic focus in our European sales markets falls on our core competencies in the manufacture of regional air-dried ham specialities and sustainable poultry production. With this specialisation, we intend to expand our leading position in the European market for air-dried ham as well as in the production of sustainable poultry products and establish ourselves among our customers as a reliable partner with great expertise in these product groups. This focus was introduced in 2019 after the sale of the German sausage business and was finalised with the realignment of the location portfolio in 2020. It has already brought considerable operational progress.

Expansion of convenience and vegetarian products

In contrast to the more or less saturated market for meat, the convenience and vegetarian product segments offer high margins and high potential for growth. We therefore wish to further expand our market share in these segments, in particular in the DACH region. With the conversion of the production facility in Bad Wünnenberg (DE) and the commissioning of the most modern convenience facility in Europe in Marchtrenk (AT), we have many opportunities to develop innovative and customer-specific product concepts for our customers in the to-go and fresh convenience segments. The coronavirus pandemic temporarily hampered growth in these two segments in the reporting year. The rapid recovery in the summer months between the two waves of the pandemic has, however, shown that we are correct in our strategic focus. We can make the difference for vegetarian products with our innovative power and our technological know-how. The same is true for the food service segment, where our "Smart Cuisine" programme focuses on developing new food solutions that will meet the future requirements of this important sales market.



Productivity progress through superior fresh chain logistics and growing efficiency

To remain productive in future, our overall concept focuses on investments in the renovation of our production infrastructure in Oensingen (CH) and Schaan (LI). This allows us to increase the degree of automation, enjoy logistical benefits, improve process efficiency and increase productivity. With these large investment projects, we are securing the earning power of the Swiss meat and convenience business.

Higher distribution

Given the successful financial year and solid balance sheet, the Board of Directors of the Bell Food Group has decided to propose a dividend increase from CHF 5.50 to CHF 6.50 per share to the Annual General Meeting, which equals a distribution ratio of 34.4 percent and is in line with the prevailing dividend policy. 50 percent of the distribution will be paid from the reserves from capital contributions and 50 percent from the annual profit of Bell Food Group Ltd.

Outlook

At present, there seems to be little hope that the coronavirus pandemic will come to an end any time soon. It therefore has to be assumed that the pandemic will also have a substantial impact on the performance of the Bell Food Group in the current year. In 2021, it will be important to the Bell Food Group to continue to react quickly and flexibly to the coronavirus pandemic and the related measures to stop its spread, and to rapidly adjust itself to changing circumstances. Based on the experiences made in the reporting year, we are confident that we will also be successful in this endeavour in 2021. At the same time, we want to consistently pursue our medium to long-term strategic objectives to ensure that the company is still successful after the end of the pandemic.

The coronavirus pandemic has shown us that an extraordinary global crisis can only be overcome if everybody pulls together. Dear shareholders, we would like to thank you for your continued trust in us in these turbulent times. We will continue to do everything in our power to earn this trust by managing our company in a sustainable, forward-looking and innovative manner. We would also like to thank our customers and business partners for the good and respectful cooperation and the institutions and authorities for their constructive support. And finally, we owe a very special thank you to our employees. It is only through their unflagging efforts that we managed to guarantee production and delivery readiness at all times during this extraordinary year and present a good result.

Hansueli Loosli
Chairman of the Board of Directors



Lorenz Wyss
Chairman of the Group Executive Board



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Situation report

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Business activities

Broadly supported business model

The Bell Food Group is one of the leading meat processors and convenience specialists in Europe. The company domiciled in Basel in Switzerland is the market leader in Switzerland as well as the leader in some product segments in several European countries. Its range of products includes meat, poultry, charcuterie, seafood as well as ultra-fresh, fresh and non-perishable convenience products. These include salads, sandwiches, fresh meals, pasta, sauces and dressings, menu components and spices. The Bell Food Group has 63 locations in 15 European countries. With the brands Bell, Eisberg, Hilcona and Hügli and other speciality brands, the Bell Food Group meets the needs of its diverse customers in the retail, food service and food processing industry.

Products and core markets – comprehensive meat and convenience supplier

Fresh meat, poultry, charcuterie and seafood

In our core market of Switzerland, Bell produces and processes fresh beef, veal, pork and lamb. Our own meat production is supported with targeted purchases of meat and game ready for processing from suppliers inside and outside Switzerland. We offer a complete range of self-service and over-the-counter products to the retail trade as well as special product ranges specifically developed for the food service and food processing industry. In Switzerland, Bell is the market leader or holds a leading position in most product groups.

In Switzerland and Austria, we have an integrated production process for poultry and control the entire value chain, from the egg to the final, ready-to-serve poultry product. We are an important provider of chicken products with market leader Hubers Landhendl in Austria and Bell in Switzerland. Süddeutsche Truthahn AG is a significant provider of top-quality regional turkey products in Bavaria. We are one of the leading manufacturers of poultry products from programmes with higher animal welfare standards in the DACH countries. Bell is thus one of the most important producers of organic poultry in Europe.

Bell is one of the most important producers of organic poultry in Europe.

In Switzerland, we cover virtually all charcuterie segments, including scalded sausages, cured sausages, cured meat products and dried meat. Internationally, Bell has regional facilities in a number of countries and can offer a specialised range of charcuterie from its own production. The focus falls on regional air-dried ham and cured sausage specialities, including many specialities with protected geographical status such as Black Forest ham, Bündnerfleisch and Saucisson d'Auvergne. Bell Germany is the market leader in the air-dried ham segment in its home country. In France and Spain, Bell is one of the leading providers of regional cured sausage and air-dried ham specialities. And in Poland, we are an important provider of cured and scalded sausages.

Bell Seafood is the leading provider of seafood in Switzerland. This experienced unit very successfully markets fresh domestic and imported fish, crustaceans, seafood and frozen products. The product range mostly comes from sustainable sources and is aimed at self-service and over-the-counter sales by Swiss retailers as well as the food service sector.

Sales by product group

Fresh meat	22 %
Charcuterie	25 %
Poultry	22 %
Seafood	5 %
Convenience	26 %

Sales for meat-based and vegetarian products

Meat-based products	79 %
Vegetarian products	21 %

Sales for retail and food service/industry

Retail	75 %
Food service/industry	25 %



100 % burger – 0 % meat

“The Green Mountain Burger” based on pea protein that was launched in the food service segment in 2019 has also been available in the retail segment since 2020 and has grown to be the most successful plant-based product in Switzerland. The range has since been expanded with other meat alternatives such as meatloaf and mince.

→

[www.bellfoodgroup.com/
greenmountain-en](http://www.bellfoodgroup.com/greenmountain-en)

Convenience

The Bell Food Group is a pioneer in the production and marketing of contemporary convenience products. Thanks to their performance capacity, the convenience divisions are competent category partners to many retail and food service customers. The product portfolio comprises ultra-fresh products such as salad meals, sandwiches, wraps, etc., for the to-go segment. Other fresh products include fresh meals, cut salads, pasta, sauces and menu components. The product range is expanded by non-perishable convenience products and spices.

Eisberg specialises in the production of freshly cut salads and also offers a wide range of cut vegetable and fruit selections. The range is expanded by innovative products such as smoothie mixes, fruit juices and salad dressings. With eight production plants in Switzerland, Hungary, Poland, Romania and Austria, we are close to our customers and can guarantee perfectly fresh products. Eisberg is the leading provider in the production of freshly cut salads in Switzerland and Eastern Europe.

Hilcona produces fresh, frozen and non-perishable convenience products, such as fresh meals, various pasta creations, sandwiches, tinned food and many other products in its Schaan (LI) and Orbe (CH) facilities. The Landquart (CH) facility houses is the competence centre for vegetarian and vegan products. This agile facility manufactures innovative products such as tofu made from organic Swiss soya and plant-based meat alternatives for burgers, meatloaf, mince and tartare. At Bad Wünnenberg in Germany, Hilcona produces and markets convenience products for the German market. Hilcona is the market leader in its segment in Switzerland and a significant provider of fresh pasta in Germany and Austria. It also operates in France and the Benelux countries.

Hügli is the specialist for non-perishable convenience products. These include soup, sauces, bouillons, seasoning mixes, dressings and dips, desserts, functional foods, chilled herb products, menu components and vegetarian and vegan

products. Most ranges are available as dry or liquid products. Hügli provides deliveries to the food service sector, manufactures products for brand companies, the retail sector as well as the food processing industry, and distributes its own brand products, primarily products certified to be organic. In its home markets of Switzerland and Germany, Hügli is a leading provider of non-perishable convenience products. It also has production plants in Italy, Spain, the UK, the Netherlands and the Czech Republic. The international network of production facilities is supplemented by its own sales organisations in Austria, Hungary, Slovakia and Poland.

Customers and sales channels – from supermarkets to takeaways

We service countless customers in the retail channel, food service sector and food processing industry. We deliver our products to retailers of varying sizes, from large supermarkets to regional markets and speciality and convenience shops. Our customers in the food service sector include system caterers, institutional caterers (canteens, hospitals, nursing homes, etc.), hotels, takeaways and traditional restaurants. As a rule, these customers are supplied through the wholesale cash and carry and delivery channels. The convenience sector is partly serviced by specialised sales organisations and internal logistics solutions. For the food processing industry, we deliver specific food components to other manufacturers of food products.

Customer satisfaction

To ensure the sustainable success of our products and services, it is crucial for us to assess the quality of our services and identify the requirements of the market. The Bell Food Group systematically measures customer satisfaction every year by way of a standardised online questionnaire. This allows a better comparison and structuring of the results. According to the 2019/2020 surveys, customers rate the Bell Food Group's services as good to very good.

Procurement and suppliers – quality starts with the raw materials

For the Bell Food Group, quality management starts with the selection of the best raw materials. We prefer suppliers who meet our requirements for sustainable business practices, fulfil our quality criteria and can guarantee the availability of processed raw materials. Sustainability is an explicit component of our procurement strategy, from the selection of our suppliers to the consumption of materials. Framework agreements are concluded with all important suppliers. As part of a comprehensive approach to supplier management, all suppliers are audited once a year. The Bell Food Group strives to build up a close relationship with its long-standing and productive suppliers.

Elements such as animal husbandry and feeding methods are important criteria in meat production. The Bell Food Group has defined clear basic rules for the purchase of slaughter animals, meat and fish in corresponding guidelines. Domestic sources are preferred, taking into account our own quality standards and availability. The route taken by the meat is fully documented and can be traced all the way from receipt of the raw materials to the individual consumer units.

Whenever possible, the raw materials for salads are procured from regional producers in the catchment area of the production plants. The Eisberg production plant that opened in Marchtrenk in Austria in 2019 contracted some 20 local producers to deliver its raw materials. A team of Eisberg specialists assists all suppliers with on-site advice and support. Eisberg operates its own purchasing office in Spain, one of Europe's biggest production countries. Thanks to a strong procurement network covering a number of countries, Eisberg can meet demand in its usual top quality even in adverse weather conditions.

Hilcona grows its own raw materials through its subsidiary Hilcona Agrar. Where this is impossible, Hilcona works together with long-standing suppliers. Sixty percent of its vegetables come from around 350 contract farmers in Switzerland and Liechtenstein. Only certified Swiss organic soya is used for the production of its tofu products.

The Marchtrenk (AT) facility obtains the lion's share of its raw materials from **regional producers.**



Our employees make the difference

Employees from all divisions of the Bell Food Group provide interesting insights into their daily work.

→

www.bellfoodgroup.com/employees

Employees – people are of central importance

At the Bell Food Group, more than 12 000 employees of around 100 nationalities make sure that the wide range of products is distributed to the market fresh each day. The Bell Food Group offers jobs of many different descriptions, from food specialist to commercial specialist, from IT specialist to operational staff member.

The Bell Food Group defines itself as a dynamic international food producer with regional roots. As a responsible employer, we promote the personal development of our employees. The HR strategy has been drawn up for the entire Group and sets out uniform processes, including staff acquisition and development. Other focal threads are occupational health management and talent management. Our performance as an employer is measured by a number of key indicators as well as regular employee surveys.

Bell Food Group employees	2019	2020
Number of employees		
Average number of employees expressed as full-time equivalents ¹	12 195	12 043
Number of employees as of 31 December in persons	11 960	11 744
Number of employees as of 31 December		
Bell Switzerland	3 383	3 504
Bell International	3 775	3 469
Convenience	5 037	5 070
Proportion of full-time employees	74%	75%
Proportion of part-time employees	26%	25%
Proportion of men	60%	61%
Proportion of women	40%	39%
Proportion of women in management	24%	26%
Number of nationalities	100	98
Age structure		
Up to 30 years	20%	20%
31–50 years	53%	52%
51 and above	27%	28%
Education and training		
Trainees	155	157
Number of training days	12 689	13 385

¹ Including temporary staff from third-party companies.



Professional training that supports competitive athletes

The Bell Food Group offers tailor-made solutions that make it possible to combine competitive sport and a professional career.

→

www.bellfoodgroup.com/performance-en

The Bell Food Group as employer – people take central stage

At the Bell Food Group, people take central stage: with their individual skills, their needs and our joint objectives. We want our employees to enjoy coming to work and to make a contribution to our mutual success. We provide an open and people-friendly working environment that is marked by mutual recognition.

The company and the employees pursue the following performance characteristics:

People like to eat well, and sharing a meal is an important part of our culture. It is our passion to give pleasure to people with top-class food. This is how we make an important contribution to their quality of life.

Those who work for the Bell Food Group are masters in their field. Making an active contribution, tackling new tasks and setting things in motion is not only allowed here, it is expected. Everybody joins forces to bring in the new and allow us to achieve our objectives.

This is how we set an example in the food industry – as a company, as a team, as professionals.

We appreciate our employees, their personal commitment and their different strengths and skills. And we want to accompany, support and promote each of them individually – at all levels, in all areas. Because those who can make the best of themselves also do their best for the Bell Food Group. This is how we become better, together.

Everything we do is good and has been a guarantee for the best quality for more than 150 years. We accompany, support and inspire our customers, partners and consumers with our broad-based skill set, finely-honed craftsmanship and solid financial foundation. This is why you can count on us – now as well as in the future.

Organisation – effective and efficient

Bell Food Group Ltd is the umbrella organisation of the company. The Group is headquartered in Basel (CH), where the company was founded in 1869. The Bell Food Group is organised into three operational business areas and the service business area Finance/Services. Cross-Group functions such as HR, IT and Corporate Services are organised into central units. The operating activities are primarily organised decentrally in close proximity to the customers and markets. The Bell Food Group's organisation is supplemented by a number of competence centres. Specialists from the different divisions are involved in these topic-specific competence centres where they are responsible for know-how transfer, synergy identification and exploitation, and the optimisation of cross-organisational processes.

The Bell Food Group is present in 15 European countries with its production facilities, logistics platforms and sales offices. The individual production facilities are specialised and focus on a defined range of products. The Bell Food Group also has regional facilities for the manufacture of local charcuterie specialities for important designations of origin. During the reporting year, the production facilities Perbál in Hungary, Saint-André in France and Recogne in Belgium and the Zellik logistics platform in Belgium were sold to various buyers in asset deals. The employees were taken over by the buyers in all cases. This allowed the Bell International business area to further consolidate its focus on international air-dried ham specialities and streamline its portfolio in 2020.

The Bell Food Group comprises the business areas Bell Switzerland, Bell International, Convenience and Finance/Services.

The **business area Bell Switzerland** with its production plants offers a complete range of meat, poultry, charcuterie and seafood. Meat production and maturation are centralised in Basel for pork and in Oensingen for beef. Poultry and seafood are each processed in an individual plant. National charcuterie production is located in Basel, while regional specialities are mainly prepared in Churwalden, Gossau, Chermignon and Chesaux. These include a large number of specialities with protected geographical status. The facilities in Schlieren and Geneva focus on food service product ranges.

The **business area Bell International** consists of the Bell Germany, Bell Western/Eastern Europe and Hubers/Süttag divisions. The Bell Germany division focuses on its strong position in the segment for German and international air-dried ham products. Organisationally, the production plants in Spain specialising in Spanish charcuterie belong to the Bell Germany division. Production plants for regional air-dried ham specialities are located in Seevetal (DE), Edewecht (DE) and Schiltach (DE). In Spain, Bell International has two production plants for Serrano ham in Fuensalida and Casarrubios del Monte as well as a plant specialising in Iberian charcuterie products in Azuaga.



Hilcona's innovation hotbed
Interdisciplinary teams work together in the "iBox" to develop interesting new products.

→ www.bellfoodgroup.com/ibox-en

The Bell Western/Eastern Europe division is responsible for the activities in France and Poland as well as the trading business in Belgium, Hungary and Romania.

In France, Bell produces various regional cured sausage and air-dried ham specialities at its plants in Teilhède, Riom, Saint-Symphorien-sur-Coise, Virieu-le-Grand and Aime. In Poland, local charcuterie specialities such as kielbasa and cabanossi are manufactured in Niepolomice for the Polish and Hungarian markets. This division also incorporates the worldwide export business, which focuses on marketing various product ranges from all business areas outside of Europe.

The Hubers/Süttag division comprises the poultry business in Austria and Germany. The Pfaffstätt (AT) facility specialises in the slaughtering and cutting of chickens. Hubers is the market leader in organic and maize-fed chicken in Austria. Turkeys are slaughtered and cut at the Ampfing facility in Germany.

The **business area Convenience** comprises the Eisberg, Hilcona and Hügli divisions. Eisberg is a company specialising in the production of convenience salads; it has production plants in Switzerland and in Austria, Hungary, Poland and Romania. Some of the raw materials are procured through a purchasing office in Spain. Hilcona manufactures a broad range of fresh convenience products in its production facilities in Schaan (LI), Orbe (CH), Landquart (CH) and Bad Wünnenberg (DE). It markets these products primarily in Switzerland and Germany as well as other European countries. Hügli has over ten production plants in Switzerland, Germany, Italy, the Czech Republic, Spain, the UK and the Netherlands and is the biggest provider of non-perishable convenience products in Europe. The international network of production facilities is supplemented by its own sales organisations in Austria, Hungary, Slovakia and Poland.

The **business area Finance/Services** is the matrix organisation for the whole Bell Food Group. The finance officers of the individual divisions and countries cover the local remit and requirements and report directly to the central organisations at headquarters.

More information about the organisation as well as the organisational chart of the Bell Food Group can be found in the "Corporate governance" chapter on pages 40 to 41.

Innovation management – culinary competence with ideas

The Bell Food Group offers a range of more than 20 000 products across all product groups. In addition to the standard product range, new developments and innovations play an important role. The Bell Food Group launches well over 2 000 new products every year, ranging from simple recipe adjustments such as a new marinade, a new pizza topping or a seasonal pasta filling to totally new product concepts that take longer to develop. In the reporting year, for example, the "Green Mountain" product range was expanded with vegan meatloaf and vegan mince. Trends and consumer needs are identified using tools such as food scouting and are systematically integrated into the innovation process. Seasonal specialities also play an important role. Entire product lines are only sold during the barbecue season, for example.

As a rule, the individual divisions are responsible for the innovation process. Specialists from different divisions work together on certain product developments, such as the "Smart Cuisine" initiative for food service, thus pooling their subject expertise.

Packaging is an important element in the innovation process, especially in the food sector. Factors such as product protection, shelf life, material usage and sustainability play an important role and are constantly monitored and adapted to customer requirements. New technologies are incorporated into this process as much as possible. Successful packaging concepts from the different countries are introduced in other countries whenever possible. For example, Bell Switzerland successfully introduced the very successful German folding box concept in Switzerland at the beginning of 2021.



Barbecuing like a professional

Philipp Glauser, the runner-up world BBQ champion explains what hobby pitmasters can do to present the best possible food on a plate.



www.bellfoodgroup.com/BBQ-en

Brand management

The Bell Food Group's brand strategy was almost completely overhauled in the reporting year. The corporate brand was strengthened and the positioning of the product brands took account of the latest international brand management trends. The Bell Food Group has a wide-ranging brand portfolio. We structure our brands into strategic brands and speciality brands. Brand management is aligned to the super-ordinate brand strategy as well as the needs and benefits relevant to the end consumer, and implements the defined strategies and

measures. All brands are clearly positioned with regard to brand values, and product groups and distribution channels are clearly differentiated. The Bell Food Group also has great expertise in the manufacture of many different trade brands.

Depending on the relevance of a brand in the respective country, the full range of marketing instruments are used for brand management, from media advertising (TV, print, OOH), point-of-sale activities and sales promotions to trade fairs, sponsoring/events, online marketing and social media.

Meat brands



Convenience brands



Strategy



A glimpse behind the scenes

Our website offers an interesting insight into the world of the Bell Food Group.

→

www.bellfoodgroup.com/stories-en

Vision and missions

In a world in which everything is in flux, we interpret change as an opportunity. We want to develop so that, together with our customers and partners, we can make our food manufacturing processes more responsible and sustainable. In doing so, we are constantly on the lookout for convincing products and solutions that offer added value – open, curious and with a fine understanding of future needs and requirements. We love trying out new things and we take the lead – with great entrepreneurial daring on the strength of a solid business foundation. We combine experience, finely-honed craftsmanship and a diverse skill set to turn both big and small ideas into reality. We make a difference everywhere we are engaged, further our customers as reliable partners and shape the future of our industry. Step by step, we are working to achieve our vision: together to the top.

Three missions designed to differentiate our company were defined for the Bell Food Group:

We love the good things.

Everything we do is good and has been a guarantee for the best quality for more than 150 years. We accompany, support and inspire our customers, partners and consumers with our broad-based skill set, finely-honed craftsmanship and solid financial foundation. This is why you can count on us – now as well as in the future.

We shape the future.

We do not simply accept things the way they are, but constantly challenge ourselves and our customers to make things better and to find solutions for known as well as new challenges. This is how we anticipate and energetically shape the future.

We take responsibility.

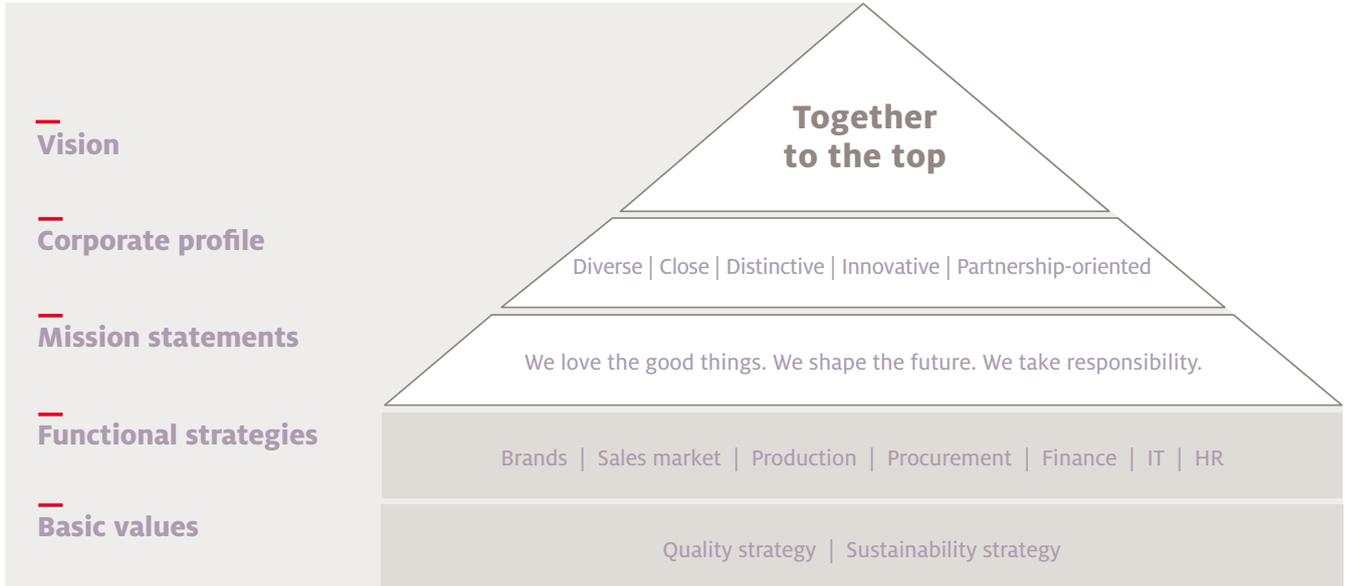
It is our responsibility to think and act sustainably. We know that there is much to do still, and we do everything we can to improve a little bit every day. We want to set a good example and contribute to a life in harmony with our environment.

Functional strategies

Our functional strategies (superordinate corporate strategies) are derived from our vision, corporate guiding principles and missions. The missions apply to the entire Bell Food Group. In addition, every division formulates individual, company-specific missions based on its performance characteristics, thus making its own contribution to the achievement of the superordinate vision.

The functional strategies serve as Group-wide guidelines when it comes to our sales markets, brands, production, procurement, finances, information technologies and employees while still providing sufficient leeway to accommodate company-specific and regional differences. As the basis of our corporate conduct, sustainability and quality form an integral part of all strategic considerations.

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Corporate profile

When it comes to achieving our vision, we are guided by the collected rules of conduct that define our binding corporate philosophy. The corporate guiding principles are rounded out by our Code of Conduct, the framework for our detailed internal compliance guidelines.



Diverse

We appreciate and consistently promote a diversity of cultures and skill sets. This diversity continues to inspire us and help us think outside the box.



Innovative

We do our work every day with much curiosity and entrepreneurial foresight. We recognise opportunities and tackle new things with courage, consistency and passion. This is how we inspire our customers and break new paths.



Close

We keep up with the times. We are familiar with the needs of our employees, customers and society, cultivate an open exchange of views and get involved. This is how we move forward, together.



Partnership-oriented

We invest in long-term, eye-to-eye relationships that challenge and promote us all. Trust, reliability and fairness are the key success factors in this respect, allowing us to make a difference, together.



Distinctive

We convince our customers with our competence and great ability to perform. In doing so, we always strive to provide the best quality while remaining sustainable. We set benchmarks in the production of food and guarantee a host of pleasurable experiences.

Strategic thrusts

Joyful, competent and responsible, the Bell Food Group wants to be one of the best food companies in Europe.

In a number of strategic projects, the former strategic thrusts were reviewed and developed further. The Bell Food Group has defined three strategic thrusts for its future activities.

Strengthening of its leading position in the traditional meat segments in the retail and food service channels

Over more than 150 years, the Bell Food Group has established a leading position in the traditional meat, poultry, charcuterie and seafood business segment in Switzerland. We will sustainably expand this position in the Swiss retail and food service market. We want to achieve this with the further differentiation of our product ranges and services. For example, by increasing the degree of convenience, expanding the regional product ranges or launching product and packaging innovations. The product portfolio is supported by strong brand management and attractive marketing ideas.

In the international area, we are strengthening our market position and profitability in the European market for air-dried ham. Our plant in Fuensalida, which was completed in 2019, is giving us more options for selling Spanish specialities. Additional plants in Spain, France, Germany and Poland support our strategically excellent position with intact perspectives. We use selected investments and ongoing process optimisation to focus on improving productivity, adding value and efficiency. Operational improvements in the procurement of raw materials and the expansion of our trading and export business round off our initiatives.

In the poultry segment, we strive for above-average growth for our sustainable product ranges and poultry convenience products. To achieve this, we are increasing the number of fatteners for production programmes that meet higher animal welfare standards. Securing the profitability of our entire value chain is another focal point. The planned commissioning of the poultry convenience plant in Marchtrenk (AT) is a step in this direction.

Expansion of the share of high-growth and high-margin convenience and vegetarian markets

The Bell Food Group primarily intends to exploit the opportunities for expansion offered by the high-growth and high added-value convenience and vegetarian segments. The focus falls on the DACH region and the strengthening of our position as category leader in the retail channel. Organic growth is achieved, among other things, by increasing the utilisation of the new plants in Marchtrenk (AT) and Bad Wünnenberg (DE). We generate new application possibilities for customers by developing new product solutions, increasing the degree of convenience and developing additional offers. For example, in the area of meat alternatives and vegetarian product ranges.

We also see opportunities for growth in the upcoming reverse integration in the food service segment. This development is driven by changed customer needs, growing cost pressure and an acute shortage of qualified staff. The "Smart Cuisine" project has been set up to develop new food solutions for the food service segment. We drive organic growth by introducing new production technologies and combining them with the culinary skill set of the Group. Inorganic growth is supported by targeted cooperation programmes that also help us to expand our customer portfolio. The care sector in particular offers new opportunities.

Productivity progress through progressive fresh chain logistics and growing efficiency

Secure and long-term performance capacity in its core business with meat products in the main market Switzerland is of high relevance to the Bell Food Group. We have therefore implemented an investment programme in Oensingen (CH) for some CHF 400 million that is of crucial importance to the company's future operating success. The planned new facilities for the cutting, packaging and picking of products in Oensingen will allow increased automation of production processes, more efficient logistics services and improved sustainability with regard to resource consumption and food waste. Construction work on the new deep-freeze store in Oensingen has started. For some CHF 80 million, we are building a modern, fully automated store that will allow us to centralise various logistics processes and improve their efficiency. Thanks to the latest technology, consumption of energy resources will also be cut by around 50 %, thus making an important contribution to sustainability.

The plans for further fresh convenience facilities in Schaan (LI) follow the same direction, also focusing on increased automation of production and logistics processes and thus securing long-term satisfaction of customer needs. Hilcona's good performance and the growing fresh convenience and vegetarian segments offer opportunities that we wish to exploit through the progressive expansion of the Schaan location. Investments for some CHF 120 million over several years are planned. Together with the Oensingen projects, these substantial investments will make a sustainable contribution to ensuring our stable earning power in our core market in Switzerland.

The synergies and revenue potential within the Group have not yet been exhausted. Plans are afoot to supply Group companies with compounds and seasoning mixes and to launch more products in the retail and cash and carry segments.

Corporate responsibility

Handling of resources at the Bell Food Group

These figures apply for all companies that belonged to the Bell Food Group on the dates in question.



Energy procurement¹

in kWh/tonne of sales

2018	1 032
2019	960
2020	1 057 ²



Greenhouse gas emissions¹

in kg CO₂ equiv./tonne of sales

2018	144
2019	133
2020	158 ³



Waste

in kg/tonne of sales

2018	136
2019	162
2020	174 ⁴



Water consumption

in m³/tonne of sales

2018	12
2019	11
2020	12

¹ Electricity/heat procurement and fuel consumption.

² The new air-dried ham facility in Fuensalida led to the insourcing of substantial drying volumes, which has an impact on energy procurement and emissions.

³ Includes Scope 1 and 2 greenhouse gas emissions.

⁴ Full-year effect of the commissioning of the new production facilities in Marchtrenk (AT) and Fuensalida (ES).

It is our corporate responsibility to secure the long-term success of the Bell Food Group. As one of the leading processors and suppliers of meat, seafood and convenience products in Europe, the quality of our products is not our only concern. Our corporate responsibility is the foundation for our business success and naturally also a prerequisite for the satisfaction of our customers. This means that we have to responsibly design the entire value chain. We take responsibility for society by continuously optimising our consumption of resources.

It is our corporate responsibility to secure the **long-term success** of the Bell Food Group.

Our corporate responsibility is based on our sustainability strategy, which supports all our actions. The sustainability strategy applies to all business areas of the Bell Food Group. It covers all the relevant fields of action and topics as well as the organisational framework conditions for implementation and control. Our sustainability strategy uses three pillars to classify our responsibilities: “products and procurement”, “environment and resources” and “employees and society”.

Sustainability organisation

The sustainability strategy is adopted by the Board of Directors. The Group Executive Board and division management teams are responsible for its implementation. The Sustainability Competence Centre plays a functional and advisory role. A sustainability officer who is responsible for objective achievement and the implementation of measures has been appointed for each division. Internally for each division, responsibilities are divided by pillar and subordinate objectives.

Sustainability communication

Sustainability as a topic is systematically approached on different levels in line with the three pillars and integrated as a key component into the internal and external corporate communication processes. Communication is at the same time an integral component of the sustainability strategy. We also have to establish a regular dialogue with the important stakeholders in all our markets. In the final instance, we want to integrate the value added to our products by our sustainability projects into our brand communication.

In summer 2021, the Bell Food Group will again publish a sustainability report with detailed information about its commitment to sustainability and individual sustainability projects. With this report, the Bell Food Group will lay the foundation for transparent sustainability reporting in compliance with the criteria of the Global Reporting Initiative (GRI). The sustainability report is updated every year as part of the Bell Food Group's annual reporting. This report will in future provide detailed information about the Bell Food Group's commitment to sustainability and its individual sustainability projects.



We are committed
to manufacturing
ecological, animal-
friendly and socially
responsible products.

You can find more information
about corporate responsibility in
the Bell Food Group's Sustainability
Report and on our website at:

→
www.bellfoodgroup.com/cr-en

Products and procurement

Our strategic focus on sustainability in the area of "products and procurement" allows us to occupy areas of differentiation in advance and to generate competitive advantages. Particular attention in this regard is placed on the four focal areas of animal and vegetable raw materials, packaging, and materials and supplies.

Animal welfare is very important in view of our reputation as a manufacturer of meat products. In Switzerland, Austria and Germany, where we slaughter and butcher our own animals, the Bell Food Group sells a high proportion of meat certified to be from particularly animal-friendly farms. In Switzerland, around half of the slaughter animals come from farms that maintain a higher standard of animal welfare. Consumers outside Switzerland are also becoming more sensitive about animal welfare on farms. We are the largest provider of organic chicken in Austria and a leading provider of organic turkey in Germany. We promote sustainable fishing methods as the biggest provider of seafood in Switzerland. Bell Switzerland is a founder member of the WWF Seafood Group and 99 percent of our fish and seafood come from highly recommended, recommended or acceptable sources that meet the criteria of the WWF.

We also use regional and sustainably grown ingredients in accordance with defined sustainability criteria for our convenience products. At Hilcona, most of our vegetable raw materials are grown under contract in accordance with defined sustainability criteria. The sustainability strategy that entered into force in 2017 defines minimum standards for specific raw materials that have to meet social as well as environmental requirements.

Environment and resources

The sustainable and optimised use of resources such as water and energy is a relevant driver of our efforts to improve the Bell Food Group's environmental record. Various measures have been implemented to avoid or reduce the excessive use of these resources. We also want to increase the share of renewable energies.

We aim to reduce the use of packaging material with different initiatives in the areas of recycling and packaging. Thanks to a standard monitoring concept, we can identify and continuously reduce large volumes of waste.



We respect the
environment and
handle **resources**
carefully.



We are an **attractive employer** and are committed to our employees and our role in society.

Employees and society

Sustainability begins with the recognition and development of employees. As an international corporation, the Bell Food Group is aware of its responsibility towards its employees and society as a whole. Active and sustainable involvement in societal issues is also an essential contributing factor towards the company's success.

For the Bell Food Group, education and training are important aspects of a responsible staff policy. We offer basic training in 20 professions and three dual study programmes within our companies. The Bell Food Group also continuously reviews the possibilities of introducing training courses for additional professions and upgrading our existing training courses.

The health and safety of our employees are given the highest priority. Safety concepts with regular training courses and safety officers at every plant ensure that these concerns are met, always and everywhere.

Sustainable corporate governance

The Bell Food Group manages corporate governance in the best interests of the shareholders and stakeholders. In addition to the Articles of Associations, various guidelines such as the organisational regulations and the Code of Conduct contain binding principles for the management and organisation of the company. More detailed information is provided in the "Corporate governance" chapter.

Responsible fiscal policy

The Bell Food Group applies sensible and appropriate tax planning. The company accepts the basic premise that tax optimisation is perfectly legitimate while aggressive tactics of tax optimisation should be questioned.

General principles governing our tax responsibility are outlined in the Code of Conduct. The topic of tax is part of the financial strategy. The financial strategy is the responsibility of the Board of Directors. The Bell Food Group executes Group-internal transactions at market conditions. We have developed our own transfer pricing model that complies in full with international legislation. The Bell Food Group pays its taxes to the country where the economic substance is created. The Bell Food Group does not have any legal entities that were established for the purpose of aggressive tax optimisation.

Business development

The Bell Food Group can look back on a successful 2020 financial year. The strategic and operational measures introduced in the past few years have mostly taken effect. The coronavirus pandemic has caused major changes for us as well as our business partners and customers and challenged us with respect to our production processes and product range selection. The business areas of the Bell Food Group were affected very differently. In the business areas Bell International and particularly Bell Switzerland, strong retail performance compensated for the losses incurred in the food service market. The business area Convenience on the other hand suffered from the effects of the lockdowns, which put a temporary brake on its development. Thanks to its high productive capacity and the commitment of our employees, the Bell Food Group managed this extraordinary challenge very well. The broadly supported, robust and sustainable business model has proved its mettle in this difficult time of crisis.

Health of the employees

When the coronavirus pandemic broke out, the health of our employees took centre stage. To protect their health, the Bell Food Group developed safety plans and implemented far-reaching hygiene and safety measures at all its locations. This made it possible for the Bell Food Group to prevent the uncontrolled spread of the coronavirus in its facilities.

Reliable partner

In spite of strong fluctuations in daily production volumes due to the constantly changing framework conditions, the Bell Food Group managed to guarantee production and delivery readiness at all times. This extraordinary performance under very difficult conditions was entirely due to the flexibility and great commitment of the employees. At the same time, the coronavirus pandemic made it clear that an unprecedented global crisis can only be overcome with mutual solidarity and cooperativeness. The Bell Food Group was a reliable partner for all its stakeholders throughout the crisis.

Opposite effects of the coronavirus pandemic

In the first half of 2020, it already became clear that the coronavirus pandemic would have opposite effects within the Bell Food Group. The lockdown in spring during the first wave of the pandemic led to many weeks of closure of many catering establishments throughout Europe. The food service channel consequently suffered a pronounced slump in sales. Reduced mobility and new forms of working such as home office also led to changes in the eating and consumer habits of the population. Demand for to-go products for out-of-home consumption contracted drastically.

Sales recovered temporarily during the easing of the restrictions in the summer months. The renewed increase in the number of coronavirus cases in autumn and the tightening of the pandemic measures put a noticeable brake on the recovery. Under these circumstances, sales revenue for the food service and to-go segments lagged well behind the previous year. Throughout Europe, the retail channel was impacted less severely by the effects of the coronavirus pandemic. People cooked and ate at home more often again, causing the loss of important growth drivers for the Convenience business area. On the other hand, this development benefited the core business with meat, poultry, charcuterie and seafood, in particular for Bell Switzerland. Bell International also posted a convincing result for the reporting year thanks to its relatively small exposure to the food service segment, the strategy of focusing on air-dried ham and poultry introduced in the previous year and the measures to increase efficiency.

The broadly supported business model and high productive capacity of the Bell Food Group have proved their mettle in this extraordinary situation. Even though the past financial year was difficult for the Convenience business area, we are standing by our decision to strategically expand this business segment as its market potential remains high. When some of the official restrictions and lockdown measures were eased after the first wave of the coronavirus pandemic, convenience sales immediately improved. We are convinced that the convenience segment will soon be one of the most important growth drivers of the Bell Food Group again.

Overview of the 2020 financial year

The Bell Food Group's net revenue was CHF 4.0 billion in the 2020 financial year, up CHF 114.1 million on the previous year. The retail channel made up for the losses incurred in the food service segment. The product range selection changed as a result of this shift. In addition, the share of convenience products declined and led to a slight decrease in the gross operating income margin. Personnel and overhead costs were up CHF 14.4 million on the previous year. This increase is explained by the growth in sales revenue, the full commissioning of our new production facilities and the effects of inflation. On the other hand, additional measures related to the coronavirus pandemic (e.g. protective and hygiene measures, process adjustments, etc.) generated additional costs. All divisions immediately adjusted their costs to the new sales structures and implemented temporary measures wherever possible.

in CHF million				of which:		
	2019	2020	Δ	Exchange rate effect	Inorganic	Organic
Sales revenue	4 078.2	4 074.3	-3.9	-61.8	-54.2	112.1
in % to 2019			-0.1 %			2.7 %
Net revenue	4 013.0	4 019.4	6.4	-59.5	-48.2	114.1
in % to 2019			0.2 %			2.8 %

The higher gross operating income and below-average increase in personnel and overhead expenses resulted in a year-on-year increase in EBITDA of CHF 10.4 million (+3.4 %) to CHF 318.7 million. Depreciation for the 2020 financial year for the first time includes the higher depreciation for the new production facilities in Marchtrenk (AT), Bad Wünnenberg (DE) and Fuensalida (ES). Depreciation thus increased by some CHF 3 million year-on-year. Taking account of the increase in depreciation, EBIT rose by CHF 11.3 million (+7.6 %) to CHF 160.4 million. Given the circumstances, this result is very encouraging as regards the operational progress made by all business areas.

The financial result was up CHF 7.5 million on the previous year. Foreign currency effects were lower by CHF 6.3 million in the 2020 financial year. Because of lower financial liabilities, interest expenses were CHF 1.2 million less. At CHF 3.0 million, net income from associated companies was thus on par with the previous year. Because of the improved result, tax expenses increased by CHF 3.2 million to CHF 34.1 million. This resulted in an annual profit of CHF 117.7 million, which is 12.1 percent or CHF 12.7 million more than in the previous year.

The key figures mentioned are adjusted values. The detailed reconciliation is explained in the separate publication "Alternative performance measures".

Operational progress and once-off effects in 2020

in CHF million	Impact on:		
	EBITDA	EBIT	Annual profit
Reported	315.7	155.6	118.6
Exceptional costs for legal cases	3.0	3.0	3.0
Valuation adjustment of tangible assets	-	1.8	1.8
Release of deferred taxes	-	-	-5.8
Once-off effects	3.0	4.8	-1.0
Adjusted	318.7	160.4	117.7
Previous year, adjusted	308.3	149.1	105.0
Operational progress		11.3	
Operational progress in %		7.6 %	

229.4 CHF million

In the reporting year, the Bell Food Group invested CHF 229.4 million in tangible assets and software.

6.50 CHF

Given the good result, the Board of Directors will ask the General Meeting to increase the distribution from CHF 5.50 to CHF 6.50.

Once-off effects

The reported EBIT of CHF 155.6 million includes once-off effects of CHF 4.8 million. These once-off effects mainly include exceptional costs for legal cases in France of CHF 3.0 million and additional valuation adjustments of tangible assets for CHF 1.8 million. Both items were included in the consolidated financial statements for reasons of risk management.

An intra-group refinancing transaction resulted in the release of deferred tax provisions of CHF 5.8 million. The reported annual profit of CHF 118.6 million therefore includes once-off effects of CHF 1.0 million in total.

Consolidated balance sheet

The balance sheet shows that the Bell Food Group remains on a solid financial footing. The equity ratio was 49.7 percent (+2.2 percentage points). Net financial liabilities amounted to CHF 688.1 million. Thanks to the increase in EBITDA in the reporting year, the net debt ratio was reduced by 2.4 to 2.2. At CHF 178.5 million, cash and cash equivalents were very solid as at 31 December 2020.

Financial statements of Bell Food Group Ltd and dividend distribution

Bell Food Group Ltd reported a result of CHF 83.0 million in accordance with the Swiss Code of Obligations. Due to the good result, the Annual General Meeting will be asked to approve a higher distribution of CHF 6.50 per share. This represents a distribution ratio of 34.4 percent of the Group result. 50 percent of the total distribution of CHF 40.9 million will be paid from the reserves from capital contributions. The remaining 50 percent will be distributed from the annual profit of Bell Food Group Ltd.

Investments in 2020

In 2020, the Bell Food Group invested CHF 229.4 million in tangible assets and software, which falls within the budget of CHF 200 to 250 million. CHF 135.1 million was spent on regular renovations and replacements. The remaining CHF 94.3 million was invested in new projects, such as the new production facilities in Fuensalida (ES) and Marchtrenk (AT) and the new deep-freeze warehouse in Oensingen (CH).

As part of the Bell Food Group's strategic development, total investments of up to CHF 290 million are planned for 2021.



Challenge mastered

Employees of the Bell Food Group explain how they coped with the challenges of the coronavirus pandemic.

→

www.bellfoodgroup.com/corona-en

Bell Switzerland – good financial year thanks to high productive capacity

Sales volume of meat and charcuterie products in the retail channel rose strongly from March 2020 and remained at a high level until the end of the year. Changes in the population's consumer habits and the closure of the borders leading to the temporary paralysis of shopping tourism as a result of the coronavirus pandemic played a material role in this development. According to our estimates, shopping tourism did not return to its pre-pandemic high levels even after the borders were opened in summer until the end of the year. Food service sales volume in 2020 lagged substantially behind the previous year due to the pandemic. However, these losses were more than compensated by the substantial growth posted in the retail segment.

After a good beginning to the year, the food service market collapsed during the two waves of the pandemic in spring and in autumn/winter. The commercial kitchen and industrial catering segments were particularly affected. The temporary recovery during the summer months only partly buffered the collapse. System caterers as well as small and medium-sized catering establishments adapted their operational concepts more quickly to the changed circumstances (reduction in product ranges, delivery service, takeaways, etc.) and thereby compensated for some of their losses.

At 126.6 million kilograms, sales volume was up 2.0 percent on the previous year (+2.5 million kg). Sales revenue improved by CHF 80.3 million or 4.0 percent to CHF 2.1 billion. Particular contributors to growth included the product groups poultry, charcuterie and seafood, which were up considerably on the previous year in terms of sales volume as well as sales revenue.

The seasonal business also did well. The barbecue season as well as the Christmas season performed above average in the reporting year. Bell Switzerland always managed to react quickly to the rapid changes in demand. Thanks to its extraordinary productive capacity and agile product range selection, delivery readiness was always guaranteed in spite of extreme fluctuations.

Given the special and uncertain background, particular attention was paid to the expenses situation. In spite of the need for comprehensive protective and hygiene measures and substantially higher retail production volumes, personnel and overhead costs were only slightly higher than in the previous year. Investments and projects were reprioritised in order to retain additional flexibility.

Bell Switzerland announced a comprehensive investment programme intended to strengthen its leading position in its home market of Switzerland. Plans have been finalised to the point where implementation can begin. By 2025, the company is investing in the modernisation, centralisation and automation of production infrastructure at the Holinden site in Oensingen. The objective is to centralise downstream processes such as the cutting, packaging and commissioning of charcuterie products, thus making them more efficient, customer friendly and sustainable. In this way, Bell Switzerland is setting a new benchmark for fresh chain logistics to secure its long-term position as leader in the Swiss market. Construction work was started in summer 2020 on a state-of-the-art deep-freeze warehouse in Oensingen, which will replace several decentrally located internal and external warehouses. This warehouse will be equipped with modern deep-freezing and defrosting technologies that will far surpass current standards for efficiency, sustainability and functionality.

Business area	2019	2020	+/-	of which:		
				Exchange rate effect	Inorganic	Organic
Bell Switzerland						
Sales volume in million kg	124.0	126.6	2.5	-	-	2.5
in % to 2019			2.0%			2.0%
Sales revenue in CHF million	1 999.4	2 079.7	80.3	-	-	80.3
in % to 2019			4.0%			4.0%

Bell International – improvement in result thanks to focus on core competencies

The European market for charcuterie and poultry was similarly affected by the coronavirus pandemic. Because of its smaller exposure to the food service channel, the Bell International business area was not hit quite as hard. Shopping behaviour reflected consumer uncertainty. Demand for more expensive articles trended downwards, while sales volume of daily staples increased strongly.

Under these volatile conditions, the Bell International business area made considerable progress in 2020. At 206.8 million kilograms, sales volume was up 2.0 percent (+4.2 million kg) on the previous year. Sales revenue improved by CHF 57.4 million or 5.6 percent to CHF 977.6 million. The good news is that all divisions contributed to the improved result. The upswing was primarily boosted by consistent pursuit of the strategy introduced after the sale of the German sausage business of focusing on our core competency in air-dried ham and further expanding poultry programmes that meet higher animal welfare standards. This specialisation has allowed Bell International to increasingly establish itself among customers in the European market as an efficient and reliable partner with great production and sales expertise.

The situation regarding raw material prices remained difficult in 2020. While prices for pork dropped over the course of the year, this was not consistent for all cuts. Prices remained high for prime pork cuts, which are important for the production of air-dried ham. This development was driven by the effects of the coronavirus pandemic, which limited slaughter-

ing and cutting capacity, and also the outbreak of African swine flu in Germany, which hampered exports to Asia and made it difficult to process the entire carcass.

The Bell Germany division achieved targeted operational improvements through its focus on air-dried ham, such as efficiency gains through optimisations in packaging technology and a higher level of automation. The Spanish charcuterie segment was vulnerable to the contraction of the food service channel and consumers' reluctance to buy expensive Iberico ham products. Under the circumstances, the new production facility for Serrano ham in Fuensalida (ES) started on a good note and achieved the objectives for the insourcing of ham drying capacities and improvements in the cutting process.

The Western/Eastern Europe division reviewed its production and logistics structures. The facilities in Perbál (HU), Saint-André (FR) as well as Zellik and Recogne in Belgium (organisationally part of Bell Germany) were sold to local buyers in asset deals. The good news is that the buyers took over all employees. The markets in France and Poland have good prospects, and Bell has established itself as a provider of high-quality regional charcuterie specialities in these markets. Both country units reached their objectives. The restructuring measures implemented in France in the previous year took effect. Important price increases could also be implemented in the reporting year. Product range adjustments in favour of products with higher added value have proved their effect in Poland. The division's exports of regional specialities continued to develop well with the opening of new markets in Southeast Asia, North America and Japan.

The Hubers/Süttag division performed well in the reporting year. The measures implemented in the previous year to enhance efficiency in the slaughtering and cutting process have paid off and Hubers managed to grow noticeably and gain market share in the Austrian market. Demand was particularly strong for high-quality product ranges such as maize-fed poultry and products that meet higher animal welfare standards such as organic or PAS (particularly animal-friendly stabling systems). Business was more difficult in the German market for turkey as a relatively high percentage of sales volume relates to the food service and industry channels. Sales prices dropped strongly in 2020 because of a slump in demand and oversupply by foreign providers. To counter the price war, we focus on domestic turkey from Germany, for which demand remains strong while raw materials are scarce. The expansion of the network of regional fatteners was pursued further in the reporting year.

Business area Bell International	2019	2020	+/-	of which:		
				Exchange rate effect	Inorganic	Organic
Sales volume in million kg	213.0	206.8	-6.2	-	-10.4	4.2
in % to 2019			-2.9%			2.0%
Sales revenue in CHF million	1 017.1	977.6	-39.5	-42.6	-54.4	57.4
in % to 2019			-3.9%			5.6%

Convenience – temporary brake on growth

Because of its strong focus on out-of-home consumption and in the retail sector on the to-go segment, the business area Convenience was most strongly hit by the negative effects of the coronavirus pandemic. In contrast to the other business areas, this loss of earnings could only be partially compensated by the retail channel.

The business area Convenience posted sales revenue of CHF 1 062.0 million, which was CHF 23.2 million (–2.1%) less than in 2019. Sales volume dropped by 1.0 percent to 197.9 million kilograms (–2.0 million kg). The Convenience divisions immediately adjusted their costs to the new sales structures. Units focused on food service and to-go product ranges implemented temporary measures wherever possible (e.g. short-time work).

The new production facilities for convenience products in Marchtrenk (AT) and Bad Wünnenberg (DE) commissioned last year also did not escape the effects of the coronavirus pandemic. These facilities are geared to the previously high-growth fresh convenience and to-go segments. The Austrian and German markets were noticeably cautious in view of the uncertain situation and it was difficult for the Bell Food Group to launch new product ranges in these markets. Some retail customers postponed new product listings until a later date as their priorities focused on other ranges. This put a brake on the operations of the two new plants, which did not reach the planned volumes for the 2020 financial year.

Because of its comparatively strong focus on product groups that were affected by the coronavirus pandemic, the Eisberg division could not repeat the previous year's success. In Switzerland, the negative impact of the pandemic slightly dampened the performance of Sylvain & CO, which was acquired in 2018. While the relatively high share of food service in Poland meant that the result was well below the previous year, the retail-heavy facilities in Hungary and Romania posted balanced results for the year.

Thanks to its broad product range, the pandemic's negative impact on the Hilcona division was limited. Business was good in the Swiss retail market in particular. Contractions for the classic to-go product groups (sandwiches and salad meals) were compensated by high growth rates for vegetarian products and tinned food. Plant-based meat alternatives did particularly well. The products launched under "The Green Mountain" brand established themselves very well in this segment, in spite of growing competition.

As the food service segment accounts for around half of the Hügli division's sales revenue, the lockdowns had a strong effect on the company. The situation was exacerbated by the fact that the food service segment in the largest market of Germany recovered less well than other countries after the easing of the coronavirus measures in summer. The immediate implementation of cost reduction measures and strong growth in the B2C segment relieved the situation somewhat, but the losses could not be compensated in full. Various initiatives were started during the year to align structures and product ranges to the emerging medium and long-term market changes.

Business area Convenience	2019	2020	+/-	of which:		
				Exchange rate effect	Inorganic	Organic
Sales volume in million kg	199.9	197.9	-2.0	-	-	-2.0
in % to 2019			-1.0%			-1.0%
Sales revenue in CHF million	1 105.0	1 062.0	-43.0	-19.8	-	-23.2
in % to 2019			-3.9%			-2.1%

Risk report

The Bell Food Group's business results and development are shaped by important external factors that can only be influenced by the company to a limited extent and therefore also harbour certain risks. Two of these important factors are the prices for raw materials and consumer behaviour.

Raw material prices

The cost of raw materials and supplies accounts for more than 60 percent of net revenue. Raw materials make up the biggest share by far. For animal raw materials, Bell's success is determined by the prices for cattle products and pork in Switzerland, and by the prices for pork and poultry in Europe. Market prices are highly volatile and can change at short notice due to availability, regulatory market intervention, speculation, animal epidemics or short-term changes in consumer habits.

The inclusion of inflation in sales prices is difficult, in particular for charcuterie and poultry. Fierce competition in the processing and retail segments makes it difficult to increase sales prices quickly, while competitive pressure usually kicks in faster when raw material prices fall. For plant raw materials, the effects of weather conditions on the harvest play an important role. Extremely hot and dry periods such as in summer 2019 have a huge impact on the availability, price and quality of plant raw materials such as salads. To secure the procurement of the high-quality raw materials needed for our products, the Bell Food Group is constantly testing options for binding upstream services to the company more strongly.

Consumer behaviour

In our markets, consumption largely depends on consumer sentiment and the development of purchasing power. In our core market Switzerland, the euro-Swiss franc exchange rate not only has a direct impact on the already pronounced shopping tourism, but also on the development of the economy and consumer sentiment. Reports about animal epidemics or food scandals can also have a strong impact on short-term consumption. These fluctuations differ according to country and cultural circles and are difficult to predict. In some markets, regulatory interference also causes noticeable changes in consumer behaviour. We defend ourselves against such risks by constantly adjusting our product ranges to market needs and placing the greatest emphasis on sustainability and the quality of our raw materials.

In the context of the climate debate, the consumption of meat is increasingly discussed in critical terms in some sectors of the media and the public. In this regard, public attention is increasingly turning towards the topics of sustainability and animal welfare. This trend accelerated further in the reporting year and also has an impact on the Bell Food Group. We counter these risks by consistently implementing the objectives of our sustainability strategy and actively accepting our responsibility for people, animals and the environment along the entire value chain.

In the reporting year, the outbreak of the pandemic affected the people's consumption habits. Reduced mobility, food service restrictions and the cancellation of events and exhibitions meant that people shopped for food in supermarkets more often and cooked at home. Apart from the restrictions, this shift also led to a substantial decline in demand for out-of-home food products.

Engagement in Mosa Meat stocked up

In the reporting year, the Bell Food Group invested an additional EUR 5 million in the next financing round of the Dutch start-up Mosa Meat. This global leader in the area of cultivated beef wants to use these financial resources to build an industrial production facility and to further develop its production technology. The objective is to receive approval for Europe by 2022.

Outlook

We assume that the coronavirus pandemic will also affect the performance of the Bell Food Group in the coming year. The further course of the pandemic cannot be predicted at present. For 2021, the challenge will be to continue to pursue the long-term strategic objectives while reacting as well as possible to short-term and difficult to foresee changes in the framework conditions triggered by the coronavirus pandemic. The Bell Food Group has proved the resilience of its broad-based business model to crisis during the past and extremely challenging financial year. We are therefore confident that we will successfully master the upcoming challenges.

The business area Bell Switzerland is focusing on expanding its leading position in the market and securing its earnings situation. All organisational units are contributing to this objective.

The business area Bell International has been successful with its strategy of focusing on its core competencies in the fields of air-dried ham, regional charcuterie and poultry, and will consistently pursue this strategy in future.

Its rapid recovery during the easing of the coronavirus measures in summer before the arrival of the second wave of the pandemic has shown that the business area Convenience is well equipped to become a driver of growth within the Bell Food Group again in the medium term with innovative product concepts.

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Corporate governance

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Corporate governance

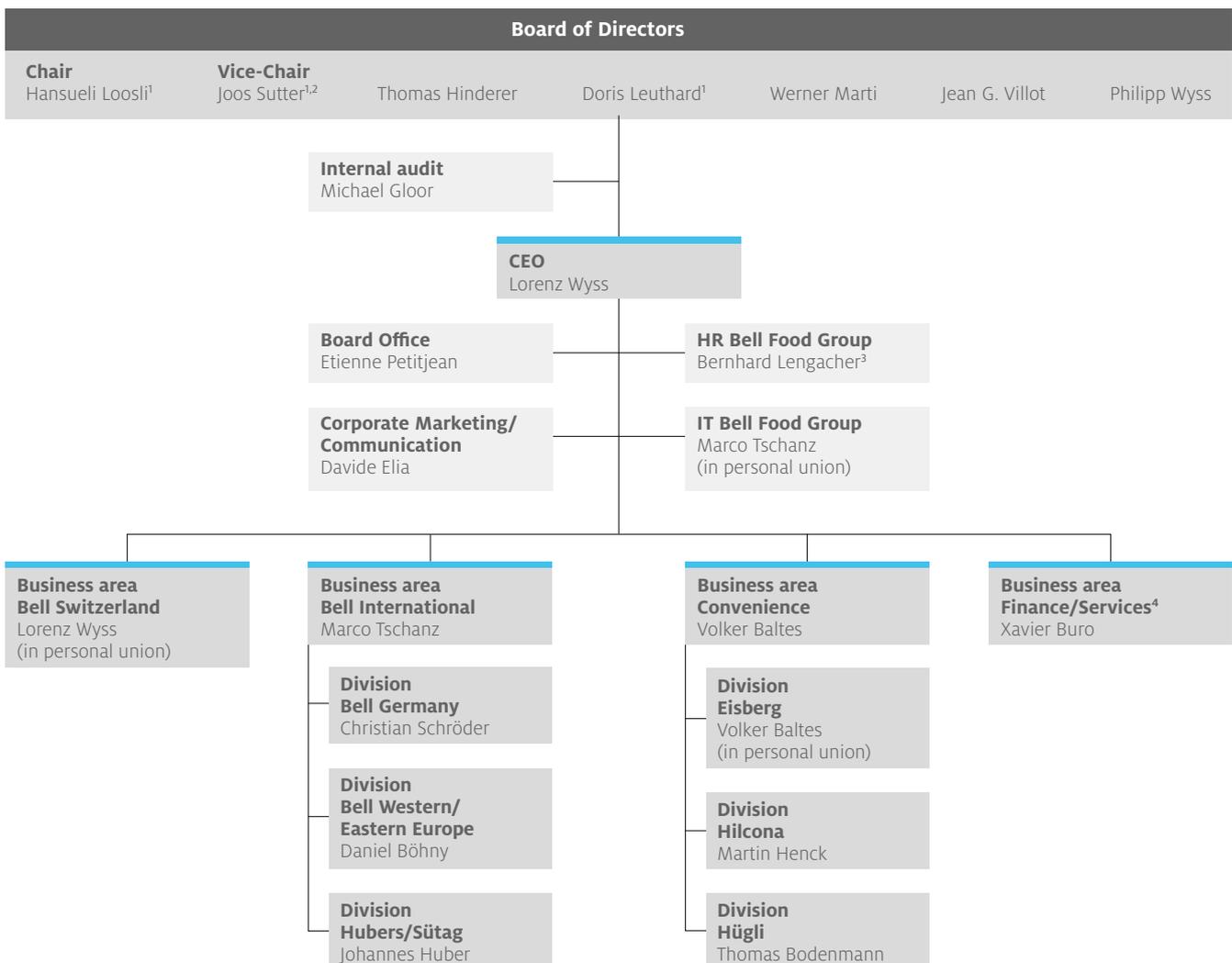
Corporate governance is a central management component at the Bell Food Group and serves as guideline for the strategic and business decisions taken by the Board of Directors and the Group Executive Board. The Bell Food Group follows the Swiss Code of Best Practice for Corporate Governance issued by economie-suisse, the umbrella organisation representing the Swiss economy, and complies with the guidelines of SIX Exchange Regulation AG on Information relating to Corporate Government (SER).

Group structure and shareholders

Group structure

Bell Food Group Ltd is the parent company of the Bell Food Group and has its registered office in Basel (CH). It is listed on the SIX Swiss Exchange (securities number 31 596 632; ISIN CH0315966322; ticker symbol BELL). The shares were listed on the stock exchange mainly to access a broader capital market and to pay tribute to the broad customer base of the Bell Food Group. Market capitalisation as at 31 December 2020 was CHF 1 499 million.

Organisational chart as at 31 December 2020



Group Executive Board

1 Hansueli Loosli will not stand for re-election in 2021 and will leave the Board of Directors of the Bell Food Group. The Annual General Meeting will be asked to elect Joos Sutter as the new Chair and Philipp Dautzenberg as a new Board member. Doris Leuthard will be proposed as the new Vice-Chair.

2 Appointed as Vice-Chair on 12 May 2020.

3 Until 28 February 2021; Endrik Dallmann has been appointed his successor.

4 The business area Finance/Services is responsible for the whole Bell Food Group.

The major shareholdings included in the scope of consolidation of the Bell Food Group are listed in the notes to the consolidated financial statements on pages 85 and 86 by company name, domicile, sphere of activity, method of consolidation, capital stock and participation quota. Bell Food Group Ltd is the only listed company among the companies included in the consolidated financial statements.

Bell Food Group Ltd is a holding company. It is responsible for the management of the Bell Food Group, which consists of the business areas Bell Switzerland, Bell International, Convenience and Finance/Services. The latter exercises its function for the whole Group. The Board of Directors has delegated the operational management to the Group Executive Board, which consists of the CEO and the heads of the business areas.

Shareholders

The Coop Group Cooperative in Basel is the principal shareholder of the Bell Food Group and owns around 66 percent of the shares. This cooperation dates back to 1913 when the public limited company Samuel Bell Söhne entered into an alliance with the Union of Swiss Consumer Associations, today's Coop. Coop listed a first and second tranche of 20 percent each of the shares on the stock exchange in 1995 and 1997, respectively.

As at 31 December 2020, the Bell Food Group had 6 474 shareholders entered in its share register, of which 6 080 are natural persons and 394 legal entities. Measured by the number of shares held, the shares recorded in the share register represent the shareholders as follows:

Number of shares	Number of registered shareholders	Number of shares recorded in share register
1–10	1 244	7 480
11–100	3 475	169 088
101–1 000	1 594	437 742
1 001–10 000	144	362 334
10 001–100 000	15	395 131
> 100 001	2	4 312 826
Total	6 474	5 684 601

On 31 December 2020, Bell Food Group Ltd held 7 637 treasury shares (0.12 %). Shares pending registration as at 31 December 2020 amounted to 655 720 (10.43 %).

Significant shareholders

According to Art. 120 of the Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (FinMIA), Bell Food Group Ltd has to disclose shareholdings in the company by a reportable person or group that reach, fall below or exceed the thresholds of 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 33½ %, 50 % or 66⅔ % of the voting

rights of Bell Food Group Ltd. The company did not receive any disclosure notifications from significant shareholders or groups of shareholders during the reporting year. On 31 December 2020, Bell Food Group Ltd was aware of the following significant shareholders holding at least three percent of the share capital:

	Number of shares	Share
Coop Group Cooperative, Basel	4 166 796	66.29 %

Cross-shareholdings

There are no cross-shareholdings between Bell Food Group Ltd and other stock companies.



The Articles of Association of Bell Food Group Ltd can be found at www.bellfoodgroup.com/statutes-en

The organisational regulations are available at www.bellfoodgroup.com/organisation-en

Unless stated otherwise, status as at 31 December 2020.

Capital structure

Share capital

The company's share capital is fully paid up and equates to CHF 3 142 856. It is divided into 6 285 712 registered shares with a nominal value of CHF 0.50 each. There is neither conditional nor authorised share capital.

Changes in capital

There were no changes in capital in the reporting year. On 10 April 2018, the Annual General Meeting of Bell Food Group Ltd approved an ordinary capital increase by way of a rights offer. As part of the ordinary share capital increase executed on 7 June 2018, 2 285 712 new registered shares were issued and the share capital was increased from CHF 2.0 million (4 000 000 registered shares with a nominal value of CHF 0.50 each) to CHF 3 142 856.

Shares, participation and dividend-right certificates

All registered shares issued by Bell Food Group Ltd have a nominal value of CHF 0.50 each and are fully paid up. Each share has one vote. However, shareholders can only exercise their voting rights if they are entered in the share register of Bell Food Group Ltd with voting rights. All registered shares are entitled to a dividend, except the treasury shares held by the company. Shareholders are not entitled to have certificates for registered shares printed out and delivered.

Bell Food Group Ltd has no outstanding participation certificates or dividend-right certificates.

Information about the shares can be found on page 9.

Restriction of transferability and nominee entries

According to the Articles of Association, the transfer of registered shares as property or usufruct requires the permission of the Board of Directors. The Board of Directors may delegate all or some of its powers in this regard. The Board of Directors can refuse to register a buyer as a shareholder if the buyer does not expressly confirm that they have acquired the shares in their own name and on their own behalf, or if the entry of a buyer in the share register would lead to a natural person or legal entity directly or indirectly holding more than 5 percent of the share capital.

Convertible bonds, bonds and options

Bell Food Group Ltd has no outstanding convertible bonds or options. Information about the bonds is provided on page 75 of the notes to the consolidated financial statements.

Board of Directors

The Board of Directors is the highest governing body of Bell Food Group Ltd. It regularly reviews the composition of the Board and makes sure that the experience, skills and know-how required to carry out its tasks are available. The material competencies that have to be available to the Board of Directors include, among others, industry experience, experience in management and international business matters, and in-depth subject expertise in finance, law and M&A.

The Annual General Meeting elects the members of the Board of Directors, its Chair and the members of the Compensation Committee individually for a term of office up to the end of the next Annual General Meeting. Natural persons who have not yet reached 70 years of age are eligible for election. The members of the Board of Directors and the Compensation Committee are nominated by the Board of Directors as recommended by the Chair. According to the Articles of Association, the Board of Directors must consist of a minimum of three members, and the Compensation Committee of at least two members. Re-election is possible.

Members of the Board of Directors

The Board of Directors of the Bell Food Group currently consists of seven members. There were two changes in the reporting year. After eleven years on the Board of Directors, three of them as Vice-Chair and member of the Compensation Committee, Irene Kaufmann did not stand for re-election and left the Board of Directors after the Annual General Meeting on 12 May 2020. Andreas Land, member of the Board of Directors for seven years and Chair of the Compensation Committee also did not stand for re-election and left the Board of Directors on 12 May 2020. Joos Sutter and Thomas Hinderer were elected to the Board of Directors

for the first time at the same Annual General Meeting. Joos Sutter also took over as Vice-Chair from Irene Kaufmann.

A change in the Board of Directors is planned for 2021. At the end of October 2020, the Bell Food Group announced that Hansueli Loosli will not stand for re-election and will leave the Board of Directors of Bell Food Group Ltd after the 2021 Annual General Meeting. The Board of Directors has nominated Joos Sutter as the new Chair and Philipp Dautzenberg as a new Board member. They will be proposed for election to the Annual General Meeting on 23 March 2021.

Composition of the Board of Directors

as at 31 December 2020

	Nationality	Year of birth	Function	Compensation Committee	Assumption of office
Hansueli Loosli	CH	1955	Chair	–	AGM 2009
Joos Sutter	CH	1964	Vice-Chair	–	AGM 2020
Thomas Hinderer	DE	1958	Member	Chair	AGM 2020
Doris Leuthard	CH	1963	Member	–	AGM 2019
Werner Marti	CH	1957	Member	–	AGM 2009
Jean G. Villot	CH, FR	1952	Member	–	AGM 2018
Philipp Wyss	CH	1966	Member	Member	AGM 2018

Other activities and interests

None of the Board members worked for a company of the Bell Food Group in an executive capacity during the reporting period, or did so in the previous three financial years. The Coop Group Cooperative, Basel, owns the majority of the shares and voting rights of Bell Food Group Ltd and is represented by four members on the Board of Directors. Hansueli Loosli and Doris Leuthard sit on the Board of Directors of the Coop Group Cooperative, while Joos Sutter and Philipp Wyss are on its Executive Board. From 2011 to June 2018, Jean G. Villot served as Chair of the Board of Directors of Hügli Holding Aktiengesellschaft that was acquired by Bell Food Group Ltd in 2018.

The members of the Board of Directors do not have any material business relationships with Bell Food Group Ltd or other companies of the Bell Food Group. There are customer and supplier relationships as well as other business relationships between the companies of the Coop Group and the Bell Food Group.

Regulations regarding the number of permitted activities

Outside of Bell Food Group Ltd, members of the Board of Directors may be engaged in the highest governing and executive bodies of no more than twelve legal entities. Of these, a maximum of three may be listed on the stock exchange and registered with the Commercial Register or a corresponding foreign register. Only positions in companies that neither control nor are controlled by Bell Food Group Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate.

Members of the Board of Directors



Hansueli Loosli

Education and training

Certified public accountant (federal diploma)

Current position

Chairman of the Board of Directors of Coop Group Cooperative; since 2011

Other board member mandates

- Coop Mineraloel AG, Allschwil; Chairman¹
- Pilatus Flugzeugwerke AG, Stans
- Swisscom AG, Bern; Chairman
- Transgourmet Holding AG, Basel; Chairman¹

Other functions and offices

- Deichmann SE, Essen, Germany; Advisory Board

Professional career

- Chairman of the Executive Board, Coop Cooperative, Basel; 2001–2011
- Chairman of the Executive Board and the Group Executive Board, Coop Switzerland, Basel; 1997–2000
- Managing Director, Coop Zurich, Zurich; 1992–1997
- Director of Non-Food Procurement, Coop Switzerland, Wangen; 1992–1996
- Most recently Managing Director, Waro AG, Volketswil; 1985–1992
- Controller, Deputy Director, Mövenpick Produktions AG, Adliswil; 1982–1985
- Head of the Fiduciary Department, BBC AG, Baden; 1979–1982
- Audit Assistant, Intertest AG, Baden; 1978–1979
- Chief Accountant, Huba-Control AG, Würenlos; 1974–1978



Joos Sutter

Education and training

Lic. oec. HSG, University of St. Gallen; Swiss diploma in auditing, “Kammerschule” of the Schweizerische Treuhandkammer (Swiss Institute of Certified Accountants and Tax Consultants), Zurich

Current position

Chairman of the Executive Committee, Coop Group Cooperative, Basel, and Head of the Retail Business Unit of Coop Cooperative, Basel; since 2011

Other board member mandates

- AgeCore Ltd, Geneva
- Transgourmet Holding AG, Basel¹
- Two Spice Ltd, Zurich¹

Other functions and offices

- IG DHS (Swiss retailers' organisation), Bern

Professional career

- Member of the Executive Committee, Coop Group Cooperative, and Head of the Trading Business Unit, Coop Cooperative, Basel; 2010–2011
- Head of the Interdiscount Division, Coop Group Cooperative, Basel; 2005–2009
- Various management positions, Interdiscount, Jegenstorf; 1999–2005
- Head of Finance/Personnel, Import Parfümerien AG, Zurich; 1996–1999
- Auditor, PricewaterhouseCoopers, Zurich; 1991–1996



Thomas Hinderer

Education and training

Training as an industrial clerk, certified business administrator (with a diploma from a university of applied sciences)

Current position

Various mandates

Other board member mandates

- Apetito AG, Rheine, Germany; Chairman of the Supervisory Board
- Hochland SE, Heimenkirch, Germany

Other functions and offices

- Apetito Catering BV & Co KG, Rheine, Germany; Chairman of the Advisory Board
- Erco GmbH, Lüdenscheid, Germany; Chairman of the Advisory Board

Professional career

- Chairman of the Executive Board, Eckes AG, Nieder-Olm, Germany; 2005–2020
- President and CEO, Eckes Granini Group, Nieder-Olm, Germany; 2005–2020
- Chairman and CEO of the Central Management Board, Unternehmensgruppe Theo Müller, Aretsreid, Germany; 2001–2005
- Various management positions, Bestfoods Germany, Heilbronn, Germany; 1992–2001
- Various positions, B. Birkel & Söhne, Weinstadt, Germany:
 - Marketing Manager; 1988–1990
 - Head of Marketing Pasta; 1990–1992
- Product Manager, Vileda GmbH, Weinheim, Germany; 1986–1988
- Assistant Brand Manager and Junior Product Manager, Ritter Sport GmbH, Waldenbuch, Germany; 1984–1986



Doris Leuthard

Education and training

Attorney

Current position

Various board member mandates

Other board member mandates

- Coop Group Cooperative, Basel¹
- Coop Mineraloel AG, Allschwil¹
- Stadler Rail AG, Bussnang
- Transgourmet Holding AG, Basel¹

Other functions and offices

- ETH Foundation, Zurich; member of the Board of Trustees
- Europa Forum Luzern, Lucerne; Co-Chair
- Swiss Digital Initiative Foundation, Geneva; Chair of the Board of Trustees
- Ulrico Hoeppli Fondation, Zurich; Chair of the Board of Trustees
- Umweltpreis der Wirtschaft, Lucerne; Jury Chair

Professional career

- Federal Councillor; 2006–2018; in this position, Head of the Federal Department of Economic Affairs (2006–2010) and the Federal Department of Environment, Transport, Energy and Communications (2010–2018), Vice-President of the Swiss Confederation (2009 and 2016), President of the Swiss Confederation (2010 and 2017)
- Leader of the Swiss Christian Democratic People's Party (CVP); 2004–2006
- National Councillor of the canton of Aargau; 1999–2006
- Grand Councillor of the canton of Aargau; 1997–2000
- Partner at Fricker Attorneys-at-Law, Wohlen; 1991–2006



Werner Marti

Education and training
 Attorney

Current position
 Law office; since 1988

Other board member mandates

- Alp Transit Gotthard AG, Lucerne; Chairman
- Other board member mandates with various SMEs

Other functions and offices

- None

Professional career

- Proprietary law office in Glarus; since 1988
- National Councillor of the canton of Glarus; 1991–2008; in this position member of the Finance Commission (Chairman 2004/2005), the Commission for Communication, Transport and Telecommunications as well as various ad-hoc commissions
- Price controller; 1996–2004
- Councillor of the canton of Glarus, Directorate of Internal Affairs (Directorate of the Economy); 1990–1998
- Associate/partner in a law office; 1983–1987



Jean G. Villot

Education and training
 Dr. oec.

Current position
 None

Other board member mandates

- None

Other functions and offices

- None

Professional career

- Chairman of the Board of Directors, Hügli Holding Aktiengesellschaft, Steinach; 2010–2018
- CEO and Delegate of the Board of Directors, Hügli Holding AG, Steinach; 2003–2010
- Managing Director, Hügli Nahrungsmittel GmbH, Radolfzell, Germany; 1997–2002
- Managing Director, Hügli Nahrungsmittel AG, Steinach; 1990–1997
- Independent management consultant; 1990
- Various functions for Prognos AG, Basel; 1980–1990, last position as member of the Management Board
- Various functions for Michelin Reifenwerke AG, Karlsruhe, Germany; 1972–1974



Philipp Wyss

Education and training
 Business diploma, butcher

Current position
 Vice-Chairman of the Executive Committee, Coop Group Cooperative, Basel, and Head of the Marketing/Purchasing Business Unit, Coop Cooperative, Basel; since 2012

Other board member mandates

- AgeCore Ltd, Geneva
- Alifresca Ltd, Basel; Chairman
- Betty Bossi AG, Zurich; Chairman¹
- Casa del Vino SA, Dietikon¹
- Eurogroup Far East Ltd., Hong Kong, China; Chairman¹
- Marché Restaurants Schweiz AG, Dietlikon, Chairman¹
- Transgourmet Holding AG, Basel¹
- Two Spice Ltd, Zürich¹

Other functions and offices

- GfM Schweizerische Gesellschaft für Marketing; Board Member
- Biore Foundation, Risch; Member of the Board of Trustees

Professional career

- Head of the Retail Business Unit and Head of the Central Switzerland-Zurich Sales Region, Coop Cooperative, Basel, and Member of the Executive Committee, Coop Group Cooperative, Basel; 2009–2011
- Coop Sales Head of the Central Switzerland-Zurich Region, Dietikon; 2008–2009
- Head of the Fresh Produce Category, Deputy Head of the Marketing/Purchasing Business Unit, Coop Cooperative, Basel; 2004–2008
- Category Manager for Meat, Fish, Fresh Convenience, Coop Cooperative, Basel; 1997–2003
- Senior Product Manager and Proxy, Federation of Migros Cooperatives, Zurich; 1993–1997
- Sales Manager, Sempione Gehrig AG, Klus; 1990–1992

1 Part of the Coop Group.

Internal organisation and areas of responsibility

The Board of Directors is responsible for the strategic and financial management of the Bell Food Group and supervises the persons entrusted with the conduct of business. It may pass resolutions on all matters that are not reserved by law or the Articles of Association to the Annual General Meeting.

The Board of Directors defines the corporate strategy, issues the required instructions and oversees all the activities of the Bell Food Group, while the Group Executive Board is responsible for the operating business. The Board of Directors reviews business planning, in particular the annual, multi-year and investment plans as well as the corporate objectives. The Board also identifies opportunities and risks and initiates any measures that are required. The areas of responsibility of the Board of Directors and the Group Executive Board are set forth in detail in the organisational regulations. The organisational regulations were revised most recently on 1 April 2020. These are available on the Bell Food Group's website at www.bellfoodgroup.com/organisation-en.

In addition to its non-transferable responsibilities and powers, the Board of Directors decides on mergers, litigation and contracts of special importance, capital investments in excess of CHF 5 million and acquisitions and sales of real estate and companies. The Board determines the Bell Food Group's corporate structure and is responsible for hiring, discharging and overseeing company managers and executives. It adopts the corporate policy and associated objectives and strategies and monitors their implementation. The Board also decides about the acceptance of board member mandates outside of the Bell Food Group by members of the Group Executive Board as well as the granting of loans, surety and guarantees to third parties from CHF 1 million and derivative transactions from CHF 10 million.

The Board of Directors usually meets seven times a year, every second month. Special meetings to discuss strategic transactions and other transactions that might have a considerable impact are held as and when needed. The meetings are regularly attended by the CEO and the CFO. The heads of the business areas Bell International and Convenience and other members of management are invited to attend discussions on specific topics as needed. No external advisors were engaged in the reporting year.

In 2020, the Board of Directors held six ordinary meetings and passed five resolutions by circular letter. Because of the coronavirus pandemic, one ordinary meeting was held via video conference and the constitutive meeting was conducted in writing. The ordinary meetings lasted 8 hours on average in the reporting year. The attendance rate was 100 percent.

In addition to the usual day-to-day business, the Board of Directors concentrated on the following subjects and projects in the reporting year:

- Impact and effects of the coronavirus pandemic; in-depth discussion of earning trends, in particular in the convenience and food service segments.
- Business development and further expansion of Eisberg Austria's Marchtrenk (AT) location and commissioning of Hilcona's location in Bad Wünnenberg (DE).
- Investment programme at Hilcona's location in Schaan (LI) and Bell's locations in Switzerland; approval of the budget for Bell Switzerland's construction projects in Oensingen (CH).
- Second investment during the series B financing round in the Dutch start-up Mosa Meat, which specialises in cultured meat.
- Various investments in third-party companies by the business area Convenience.
- Asset deals by the business area Bell International in Saint-André (FR), Perbál (HU) and in Recogne and Zellik (BE).
- Conclusion of collective labour agreements for all locations of the Bell Food Group in Switzerland.
- Adoption of a new IT strategy for the Bell Food Group.
- First-time publication of a comprehensive sustainability report in compliance with an internationally recognised standard.

The Board of Directors undergoes a self-evaluation every two years, during which the individual Board members have to complete questionnaires about the strategy, culture, competencies, organisational structure and governance. The last self-evaluation took place in December 2020 and confirmed the Board's functionality.

Board committees

The Board of Directors has delegated some tasks to the Compensation Committee. It is responsible for observing the recommendations outlined in the *economiesuisse* guidelines regarding the function and remit of any other committees. This makes it easier to retain an overview and takes account of majority shareholder structures.

Compensation Committee

The Compensation Committee comprises at least two members who are elected individually for a term of one year by the Annual General Meeting. The Compensation Committee constitutes itself. Only members of the Board of Directors are eligible. The Compensation Committee submits proposals on the type and amount of compensation to be paid to the members of the Board of Directors and the Group Executive Board for approval to the Board of Directors. These amounts must fall within the limits of the maximum amount approved by the Annual General Meeting. The Group Executive Board may not participate in the discussion about the compensation for its members. The Compensation Committee annually revises and assesses the company's compensation system. The Board of Directors has adopted regulations governing the composition, organisational structure and powers of the Board committee.

Irene Kaufmann and Andreas Land left the Board of Directors and the Compensation Committee during the reporting year. On 12 May 2020, the General Meeting elected Thomas Hinderer and Philipp Wyss to serve as members of the Compensation Committee for the first time until the next Annual General Meeting. At the constitutive meeting, Thomas Hinderer was appointed Chair of the Compensation Committee by the Board of Directors.

The Compensation Committee meets upon invitation of the Chair as often as business requires, but at least once a year. Meetings last one to two hours on average. One meeting attended by all members of the Committee was held in the reporting year.

Members of the Compensation Committee do not receive any separate fee as their payment is included in the normal Board member fee.

No external advisors were consulted.

Information channels and control instruments of the Group Executive Board

The CEO and CFO regularly report about the course of business to the Board of Directors. The Chair of the Board of Directors is in close contact with the Group Executive Board and usually meets with the CEO once a month.

The CFO submits a management report (MIS) to the Board every month and prepares a report consisting of a consolidated and a division income statement, key indicators and analyses. Financial reporting is a permanent component of the Board meetings. Deviations are discussed and the measures that may be required are implemented.

Internal control system

The Bell Food Group operates a comprehensive internal control system (ICS) on the basis of the internationally acknowledged COSO framework. This was restructured and standardised in 2018, and implemented step by step at all units of the Bell Food Group in 2019 and 2020. Controls focus even more sharply on asset protection and financial reporting. Institutionalised assessments measure the quality of the internal control system. Every year, the results of these assessments are compiled in a report and binding measures are defined for areas where potential for improvement has been identified.



The Code of Conduct can be found at www.bellfoodgroup.com/code-en

The data privacy statement is available at www.bellfoodgroup.com/privacy-en

Internal audit

In addition to the statutory auditors, internal audit as an independent institution monitors compliance with the guidelines and regulations as an independent instance on behalf of the Board of Directors and checks the expedience of control instruments and the organisational structure and procedures as well as the effectiveness of the internal control system. It accompanies the development of new business processes and modifications to existing business processes in a controlling or advisory function and supports the Group Executive Board in the achievement of its objectives by making recommendations for improvements to business processes. Internal audit pursues a risk-oriented approach to auditing. Findings are documented and communicated to the Chair of the Board of Directors. The implementation of measures is monitored.

Internal audit coordinates its auditing activities and maintains a close exchange of information with the statutory auditors.

Compliance

Bell Food Group Ltd has adopted the concept of all-inclusive integrity and compliance with the laws as a central tenet of its corporate culture. Management does not condone corruption or breaches of competition laws in any form. A central compliance system for the whole Group designed to prevent, identify and react to breaches is in place. The focus falls on anti-trust law and the Bell Food Group's preventive measures in this area. Employees at all relevant levels are regularly trained in order to improve their understanding of the topic of compliance. Awareness and knowledge of this topic should exclude the potential for misconduct early on. The topic of integrity is constantly highlighted as part of an ongoing dialogue.

The Bell Food Group has its own Code of Conduct. This framework condenses many existing guidelines and describes the rules that are binding for the company and all its employees in their interaction with one another as well as with their business partners. During the reporting year, a code of conduct for members of the Board of Directors of Bell Food Group Ltd was adopted that sets out their duties in the execution of their mandate.

Data privacy is part of compliance and this topic was restructured in terms of content and personnel in 2018 in line with changed statutory framework conditions in the European Union. Data privacy guidelines were adopted, a white paper with standards, organisational charts, processes and recommendations was drawn up and intensive training courses to raise awareness of the topic were held. The data privacy guidelines and software tools were implemented and introduced throughout the Group. The companies of the Bell Food Group carried out self-audits and Group-wide stress tests in preparation for information requests under the EU's General Data Protection Regulation.

Risk management

The Bell Food Group applies structured risk management. As a food manufacturing company, it can describe its risk situation as stable overall. As part of the risk management process, the Board of Directors, Group Executive Board and Executive Boards of the individual areas assess the major risks every year.

The Bell Food Group generally defines risk as possible events or actions that could lead to a deviation from the defined objectives or strategy implementation. Positive deviations are seen as opportunities and negative deviations are deemed to be risks. Opportunities are integrated into the strategy process, while negative deviations are analysed during the risk management process. The risks are assessed for probability of occurrence and quantitative impact in the event of occurrence.

A full survey of the possible risks is carried out every three years. The risks that are relevant for the Bell Food Group are identified and measures are formulated to reduce the probability of occurrence and/or the impact of the potential risks as far as possible. Every measure is given a responsible owner. In the years between the full surveys, the Board of Directors and the Group Executive Board monitor the status of the measures and carry out current assessments. As part of the risk management process of the Bell Food Group, risks that could potentially cause a loss of more than a specified amount at EBIT level within three years are

actively managed. The relevant amount of loss for these large risks is CHF 5 million for the business area Bell Switzerland and CHF 1 million for the other divisions. Safeguards and measures are implemented to protect the company against risks that cannot be influenced or that can only be influenced to a limited extent.

In 2020, a new risk assessment was performed at Eisberg and risk management controlling was carried out at Bell Switzerland, Bell International, Hügli and Hilcona. Management has

identified a sudden increase in raw material prices, shifts in agricultural policies and changed consumer needs as major risks.

The financial market risks are limited to foreign currency exposure, in particular in the eurozone.

Internal audit carried out general health checks to identify the operational risks associated with new acquisitions, and management defined and implemented the required measures.

More information about risk assessment is provided on page 37.

Group Executive Board

Members of the Group Executive Board

The Group Executive Board consists of the CEO and the heads of the business areas Bell International, Convenience and Finance/Services.

Information about the organisational structure of the Bell Food Group can be found on pages 19 and 20.

Composition of the Group Executive Board as at 31 December 2020

	Nationality	Year of birth	Function	Appointment to Group Executive Board
Lorenz Wyss	CH	1959	Chair (CEO)	April 2011
Volker Baltes	DE	1963	Member	July 2019
Xavier Buro	CH	1969	Member (CFO)	July 2019
Marco Tschanz	CH	1975	Member	March 2015

Regulations regarding the number of permitted activities

Members of the Group Executive Board may take part in the supreme management or administrative bodies of no more than two legal entities that are legally obliged to be registered with the Commercial Register or a corresponding foreign register. Of these, no more than one may be a listed company. Only positions in companies that neither control nor are controlled by Bell Food Group Ltd are relevant. Mandates in different companies belonging to one and the same corporate group count as one mandate.

Board member mandates within the Bell Food Group are not disclosed in the annual report for companies that are fully consolidated by Bell Food Group Ltd.

Compensation, shareholdings and loans

All information about the compensation paid to members of the Board of Directors and the Group Executive Board of Bell Food Group Ltd is provided in the compensation report that starts on page 53.

Members of the Group Executive Board



Lorenz Wyss

Education and training

Butcher; business diploma;
certified meat industry technician;
Master of Business Administration ZFH

Current position

Chairman of the Group Executive Board (CEO) and Head of the Bell Switzerland Division; with the Bell Food Group since 2011; in this position since 2011

Board member mandates

- GVFI International Ltd, Basel
- Proviande Cooperative, Bern

Other functions and offices

- Hermann Herzer Foundation, Basel

Professional career

- Managerial positions at Coop Cooperative, Basel:
 - Head of Category Management Fresh Products/Gastronomy; 2008–2011
 - Head of Food Procurement/Scheduling; 2004–2008
 - Head of the Purchasing Pool for Fresh Products; 1998–2004
 - Market Group Head of Meat/Catering and Frozen Products; 1995–1998
- Managerial positions at Gehrig AG, Klus:
 - Head of Sales/Operations (Deputy Managing Director); 1992–1995
 - Technical Director; 1987–1991
 - Head of Operations/HR; 1983–1984
- Department Head at Jenzer AG, Arlesheim; 1978–1981



Volker Baltes

Education and training

Commercial specialist

Current position

Head of the business area Convenience and Head of the Eisberg Division; with the Bell Food Group since 2019; in this position since 2019

Board member mandates

- None

Other functions and offices

- Bundesvereinigung der deutschen Ernährungsindustrie, Berlin, Germany;
Member of the Executive Board

Professional career

- Business Executive Officer Chilled Culinary, Nestlé Deutschland AG, and Chairman of the Executive Board of Herta GmbH, Germany; 2013–2019
- Managerial functions with Campofrio Food Group, Germany; 2011–2013
 - Managing Director Germany, Austria and Scandinavia and Member of the international leadership team; 2012–2013
 - Managing Director Germany and Austria; 2011–2012
- Managing Director Yakult Honsha Co, Germany; 2003–2011
- Managerial functions with Campbell Soup Company, Germany; 1999–2003
- Several managerial positions with Dr. Oetker, Germany; 1990–1998



Xavier Buro

Education and training

Certified business economist
(university of applied sciences)

Current position

Head of the business area Finance/Services; with the Bell Food Group since 2019; in this position since 2019

Board member mandates

- None

Other functions and offices

- None

Professional career

- Member of the Executive Board, Finances, Transgourmet Central and Eastern Europe, Transgourmet/Selgros, Riedstadt, Germany; 2014–2019
- Member of the Executive Board, Finances, Fegro/Selgros, Neu-Isenburg, Germany; 2012–2013
- Member of Finances/Services Organisational Area Projects, Coop Cooperative, Basel; 2008–2012
- Project Manager of Organisational Area Projects Finance/Services, Coop Cooperative, Basel; 2003–2008
- Senior Consultant, eBusiness and Operational Transformation Consultant, BearingPoint Zurich; 2000–2003
- Associate Director, Corporate Sourcing Business Analyst, UBS AG, Basel; 1999–2000
- Corporate Sourcing Analyst International Mobility Program UBS AG, New York and Stamford, United States; 1997–1999
- Customer advisors Retail Banking, UBS AG, Sion; 1995–1997
- Project agreement, Control and Business Information, Zyma SA, Nyon; 1994–1995



Marco Tschanz

Education and training

Certified business economist
(university of applied sciences),
Rochester-Bern Executive MBA

Current position

Head of the business area Bell International and Head of IT Bell Food Group; with the Bell Food Group since 2014; in this position since 2019

Board member mandates

- Centravo Holding AG, Zurich
- Mosa Meat B.V., Maastricht, Netherlands

Other functions and offices

- CPV/CAP Coop Pension Fund, Basel;
member of the Board of Trustees and Chair of the Investment Committee

Professional career

- Head of Finance/Services (CFO) Bell Food Group Ltd, Basel, 2014–2019
- Managerial positions with Swisscom:
 - Head of the IT Cloud Programme Swisscom; 2014
 - Chief Financial Officer Swisscom Switzerland; 2013–2014
 - Head of Controlling/CFO Network/IT and Wholesale; 2009–2013
 - Head of Controlling/CFO Private Customers; 2007–2009
 - Head of Controlling/CFO SMEs; 2006–2007
- Various managerial positions in the financial field; 2000–2006
- Auditing/project controlling at various companies; 1998–1999
- Head of HR and Finance at Marex AG, Bienne; 1995–1997



The minutes and voting results of the Annual General Meeting can be consulted on the Bell Food Group's website at www.bellfoodgroup.com/assembly-en

Co-determination rights of shareholders

Restrictions on voting rights and proxies

Each share has one vote, whereby the right to vote is suspended for the treasury shares held by Bell Food Group Ltd. The voting right can only be exercised if the shareholder is registered as a shareholder with voting rights in the share register of Bell Food Group Ltd.

According to the Articles of Association, shareholders may be represented by another shareholder at the Annual General Meeting. Shareholders may also be represented by the independent proxy elected by the Annual General Meeting every year. The independent proxy exercises the proxy voting rights assigned to him by shareholders in accordance with instructions. If he has not received any instructions, he abstains from the vote. The independent proxy can also be appointed and given instructions electronically.

Because of the extraordinary situation caused by the spread of the coronavirus, the 2020 Annual General Meeting took place without the personal attendance of the shareholders. Voting rights could only be exercised by giving instructions to the independent proxy. At the Annual General Meeting on 12 May 2020, the independent proxy represented 4 582 192 votes or 72.9 percent of the share capital. The minutes and voting results of the Annual General Meeting can be consulted on the Bell Food Group's website at www.bellfoodgroup.com/assembly-en.

Quorum

The Annual General Meeting constitutes a quorum regardless of the number of shares represented. Insofar as nothing to the contrary is prescribed by the law, the Annual General Meeting passes its resolutions and holds its elections by a relative majority of the share votes cast, with abstentions not counting as votes cast.

Invitation to the Annual General Meeting and minutes

The Board of Directors convenes the Annual General Meeting at least 20 calendar days before the date of the meeting by publishing an invitation in the *Schweizerisches Handelsamtsblatt*. Invitations can also be sent out by letter to all registered shareholders entered in the share register.

Shareholders or groups of shareholders who represent shares with a nominal value of ten percent of the share capital may request that an item be added to the agenda. A request to add an item to the agenda must be submitted in writing at least 45 days prior to the meeting, specifying the subject to be discussed and the proposals.

Entries in share register

The shares with voting rights entered in the share register are entitled to vote at the Annual General Meeting. To ensure a proper procedure, the Board of Directors at its discretion defines a reference date for determining the voting rights, which is usually a few days prior to the Annual General Meeting. This date is published on the Bell Food Group's website at www.bellfoodgroup.com/agenda-en and is also mentioned in the invitation to the Annual General Meeting.

Change of control clause and defensive measures

There are no statutory restrictions and regulations.

Statutory auditor

KPMG AG, Basel; since 2019

Auditor in charge:

Jürg Meisterhans, auditor in charge since 2020

At the recommendation of the Board of Directors, the statutory auditor is elected by the Annual General Meeting every year. Re-election is possible.

The Board of Directors oversees the activities of the statutory auditor. The auditors brief the Chair of the Board of Directors on the results of their audit three times every year. They also report to all members of the Board once every year.

The performance of the auditors is assessed by the Chair of the Board of Directors, the CEO and the CFO on the basis of comprehensive assessment criteria. The focus falls on the audit team's technical competence, assertiveness, independence and interaction with our internal units. Other external factors also affect the assessment.

The activities of the statutory auditor comprise its legal and statutory obligations, including an evaluation of the existence of the internal control system (ICS).

Auditors' and other fees in CHF thousand	2020	2019
Auditing services	862	850
Audit-related fees	67	115
Tax services	59	68
Total	988	1033

Information policy

Every year in February, Bell Food Group Ltd publishes an annual report on the results for the previous year. In August, it publishes an interim report on the results for the first half of the current year. Both reports provide information on the business operations and results of the Bell Food Group. Current developments are announced in media releases and notices published on the company's website.

The Bell Food Group website contains an archive with all annual reports, interim reports and ad hoc press releases.

Annual reports and interim reports:
www.bellfoodgroup.com/report-en

Press releases:
www.bellfoodgroup.com/mediarelease-en

Code of Conduct:
www.bellfoodgroup.com/code-en

Registration with distribution list for press releases:
www.bellfoodgroup.com/maillinglist-en

Sustainability report of the Bell Food Group:
www.bellfoodgroup.com/cr-en

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Compensation report

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Compensation report



Articles of Association:
www.bellfoodgroup.com/statutes-en

Organisational regulations:
www.bellfoodgroup.com/organisation-en

Introduction

The compensation report sets out the discretionary competence and describes the compensation paid to the members of the Board of Directors and the Group Executive Board and provides information on the shares they hold in Bell Food Group Ltd.

The report complies with the provisions of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) and the related provisions of the Swiss Code of Obligations. The compensation report essentially follows the recommendations of the Swiss Code of Best Practice for Corporate Governance issued by *economiesuisse*, the umbrella organisation representing the Swiss economy, and the SIX Exchange Regulation AG on Information relating to Corporate Governance (SER), and also takes account of the Articles of Association, the organisational regulations and the regulations of the Compensation Committee of Bell Food Group Ltd.

Unless stated otherwise, the compensation report refers to the 2020 financial year. Compensation payments are recognised when they occur.

Compensation policy and process

The compensation system of the Bell Food Group has been designed to attract and retain qualified and motivated specialists and managers. Compensation is determined by taking the legitimate interests of the employees, the Group and the shareholders into account.

The Board of Directors is responsible for approving the general employment conditions, the salary systems and profit-sharing schemes. On application by the Compensation Committee, the Board of Directors also approves the compensation for the members of the Board of Directors and the Group Executive Board. In doing so, it takes account of the maximum total amounts in compensation to the Board of Directors and the Group Executive Board approved in advance by the Annual General Meeting for the next financial year. The Annual General Meeting also votes in an advisory capacity on the compensation report for the past financial year.

The principles that apply to the compensation of the members of the Board of Directors and the Group Executive Board are set out in the Articles of Association 27 and 28. Under these provisions, the members of the Board of Directors receive a fixed fee without any variable components. This fee is at the lower end of the scale compared to other listed companies in Switzerland.

The compensation paid to the members of the Group Executive Board consists of a fixed basic salary and a variable component (profit share) that depends on the achievement of earnings and individual objectives. In addition, the Group Executive Board members receive a fixed expenses allowance and a company car. The basic salary is paid in cash, and the variable component is paid 50 percent in cash and 50 percent in shares of Bell Food Group Ltd. The shares are issued with a discount of 20 percent and may not be sold for a period of four years. The shares cannot be sold, pledged or otherwise encumbered by third-party rights during the vesting period.

The members of the Board of Directors and the Group Executive Board are not obliged to hold a minimum number of shares of Bell Food Group Ltd.

The Annual General Meeting approved the following maximum compensation for the reporting and following year:

in CHF	2020 (reporting year)	2021
Board of Directors	800 000	800 000
Group Executive Board	3 000 000	3 500 000

The compensation to be paid is based on seven Board members and four Group Executive Board members.

Compensation for the Board of Directors

Members of the Board of Directors only receive a fixed fee for their activities. This fee depends on their function (Chair, Vice-Chair, member) and is approved at its discretion by the Board of Directors as recommended by the Compensation Committee.

The fee is paid in cash and includes a flat rate of 10 percent for expenses. The statutory social contributions (employee's share) are deducted from 90 percent of the basic fee.

Basic fee

The gross annual fee payable to the members of the Board of Directors is:

Chair	CHF 150 000
Vice-Chair	CHF 130 000
Members	CHF 100 000

The basic fee is paid pro rata when a member leaves the Board of Directors. In the event of sickness or accident, the full basic fee is paid.

The Coop Group Cooperative's representatives on the Board of Directors of Bell Food Group Ltd work on a mandate basis. Their fees are paid directly to Coop.

Variable compensation

The members of the Board of Directors do not receive any variable compensation.



Employees of the Bell Food Group and the members of the Board of Directors can buy shares of Bell Food Group Ltd at preferential conditions once a year as part of the employee share participation plan and acquire a stake in the company. Employee shares are issued with a discount of 20 percent and may not be sold for a period of four years.

Payments to the Board of Directors (audited) 2020 in CHF thousand	Basic fee in cash (gross)	Employer contributions to social insurance	Total
Hansueli Loosli, Chair ¹	150	–	150
Irene Kaufmann, Vice-Chair ^{1,2}	47	–	47
Joos Sutter, Vice-Chair ^{1,3}	83	–	83
Thomas Hinderer, member ³	64	–	64
Andreas Land, member ²	36	–	36
Doris Leuthard, member ¹	100	–	100
Werner Marti, member	100	6	106
Jean G. Villot, member	100	4	104
Philipp Wyss, member ¹	100	–	100
Total to the Board of Directors 2020	780	10	790

1 Fee is paid to the mandate owner, Coop Group Cooperative.

2 Left the Board of Directors on 12 May 2020.

3 Elected to the Board of Directors on 12 May 2020.

Payments to the Board of Directors (audited) 2019 in CHF thousand	Basic fee in cash (gross)	Employer contributions to social insurance	Total
Hansueli Loosli, Chair ¹	150	–	150
Irene Kaufmann, Vice-Chair ¹	130	–	130
Reto Conrad, member ^{1,2}	29	–	29
Andreas Land, member	100	–	100
Doris Leuthard, member ^{1,3}	71	–	71
Werner Marti, member	100	6	106
Jean G. Villot, member	100	4	104
Philipp Wyss, member ¹	100	–	100
Total to the Board of Directors 2019	780	10	789

1 Fee is paid to the mandate owner, Coop Group Cooperative.

2 Resigned from the Board of Directors on 16 April 2019.

3 Elected to the Board of Directors on 16 April 2019.

Share ownership

The members of the Board of Directors are not obliged to hold shares of Bell Food Group Ltd. They are, however, free at all times to buy shares on the open market. They can also participate in the employee share participation

plan of the Bell Food Group and buy shares at the same conditions as the employees.

On 31 December 2019 and 2020, the members of the Board of Directors held the following shares of Bell Food Group Ltd:

Shares held by the Board of Directors as at 31.12. (number)	2020			2019		
	Number of unvested shares	Number of vested shares	Number of shares total	Number of unvested shares	Number of vested shares	Number of shares total
Hansueli Loosli, Chair	1 040	280	1 320	920	300	1 220
Irene Kaufmann, Vice-Chair ¹	N/A	N/A	N/A	812	400	1 212
Joos Sutter, Vice-Chair ²	0	0	0	N/A	N/A	N/A
Thomas Hinderer, member ²	0	100	100	N/A	N/A	N/A
Andreas Land, member ¹	N/A	N/A	N/A	200	500	700
Doris Leuthard, member	0	20	20	0	0	0
Werner Marti, member	770	200	970	670	300	970
Jean G. Villot, member	234	0	234	234	0	234
Philipp Wyss, member	0	0	0	0	0	0

1 Left the Board of Directors on 12 May 2020.

2 Elected to the Board of Directors on 12 May 2020.

Compensation for the Group Executive Board

The members of the Group Executive Board receive a fixed basic salary and a variable compensation (profit share) for their work. If additional members are appointed to the Group Executive Board after the approval of the budgeted amount, the total amount approved by the Annual General Meeting may be exceeded by a maximum of 50 percent pro rata until the next Annual General Meeting.

Basic salary

The basic salary takes account of the individual's experience and skills and is based on an employment contract that is reviewed every year and amended if necessary. Taking account of the remuneration paid by comparable companies, the Board of Directors determines this at its own discretion and within the limits of the maximum compensation approved by the Annual General Meeting. Comparable companies are companies in the food sector that are listed

in Switzerland (small caps) as well as the companies of the Coop Group. In addition, the members of the Group Executive Board receive a fixed expenses allowance and a company car.

Variable compensation (profit share)

The members of the Group Executive Board receive a performance-related profit share. The variable component depends on the achievement of the internal budget objectives, the Group result before non-controlling interests and individual objectives. Achievement of the budget objectives counts 90 percent and the individual objectives 10 percent for the calculation of the profit share. The variable compensation may not be more than 24 percent of the basic salary and at least 50 percent of the profit share is paid out in the form of shares. The shares are issued with a discount of 20 percent and may not be sold for a period of four years. The variable compensation for the past financial year (cash payment and transfer of shares) is usually paid in April of the following year.

Variable compensation as a percentage of the basic salary upon 100 % objective achievement	20 %
Maximum percentage of the basic salary	24 %
Basis for assessment	90 %: group result meets target before non-controlling interests 10 %: individual objective achievement
Payment	50 % in cash 50 % in shares of Bell Food Group Ltd with a discount of 20 %
Decision	Board of Directors

Contractual relationships

The employment contracts of the members of the Group Executive Board are concluded for an indefinite period. The notice period for Group Executive Board employment contracts con-

cluded for an indefinite period is twelve months, effective as of the end of a calendar month. No restraint on competition applies after the termination of the employment relationship.

Payments to the Group Executive Board (audited) 2020 in CHF thousand	Cash payment (gross) basic salary	Variable compensation (gross)	Variable compensation in shares	Employer contributions to social insurance	Total
Lorenz Wyss	617	56	50	159	882
Other members of the Group Executive Board	1 478	135	119	377	2 110
Total to the Group Executive Board in 2020	2 095	191	169	536	2 991

Payments to the Group Executive Board (audited) 2019 in CHF thousand	Cash payment (gross) basic salary	Variable compensation (gross)	Variable compensation in shares	Employer contributions to social insurance	Total
Lorenz Wyss	617	0	0	182	798
Other members of the Group Executive Board ¹	1 485	0	0	400	1 885
Total to the Group Executive Board in 2019	2 102	0	0	581	2 683

¹ Volker Baltes and Xavier Buro joined the Group Executive Board on 1 July 2019. Daniel Böhny and Christian Schröder left the Group Executive Board on the same date.

Share ownership

The members of the Group Executive Board are not obliged to hold shares of Bell Food Group Ltd. They are, however, free at all times to buy shares on the open market. They can

also participate in the employee share participation plan of the Bell Food Group.

On 31 December 2019 and 2020, the members of the Group Executive Board held the following shares of Bell Food Group Ltd:

Shares held by the Group Executive Board as at 31.12. (number)	2020			2019		
	Number of unvested shares	Number of vested shares	Number of shares total	Number of unvested shares	Number of vested shares	Number of shares total
Lorenz Wyss	1 201	605	1 806	1 031	369	1 400
Volker Baltes ¹	0	274	274	0	100	100
Xavier Buro ¹	0	320	320	0	100	100
Marco Tschanz	758	623	1 381	488	570	1 058

¹ Volker Baltes and Xavier Buro joined the Group Executive Board on 1 July 2019.

Loans, credits and pensions to members of the Board of Directors, the Group Executive Board and their related parties

The Articles of Association make no provision for the granting of loans and credits to the members of the Board of Directors and/or the Group Executive Board. No such loans or credits are outstanding.

No loans, credits or payments were granted to related parties in 2020 and no payments were made to any former members of the Board of Directors, the Group Executive Board and their related parties.

Report of the statutory auditor on the compensation report

Report of the Statutory Auditor to the General Meeting of Bell Food Group Ltd, Basel

We have audited the accompanying remuneration report of Bell Food Group Ltd for the year ended 31 December 2020. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled "audited" on page 56 and 58 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of Bell Food Group Ltd complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Carolin Widenmayer
Licensed Audit Expert

Basel, 2 February 2021

Important dates

Financial year end
December 2021

Annual General Meeting of
Bell Food Group Ltd
23 March 2021

Publication of the results for
the first half of 2021
12 August 2021

Publication of the 2021 results
February 2022

Other dates are published on the
website of the Bell Food Group at
www.bellfoodgroup.com/agenda-en

Contacts

Contact partners and contact options for obtaining further information about the Bell Food Group are provided on page 102 as well as on the website.

Corporate communication:
www.bellfoodgroup.com/contact-en

Share register:
www.bellfoodgroup.com/shareregistry-en

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Consolidated financial statements of the Bell Food Group

Consolidated balance sheet

in CHF million	Note	31.12.2020	Share	31.12.2019	Share
Cash and cash equivalents	1	178.5		202.0	
Securities		2.0		1.9	
Trade accounts receivable	2	383.9		403.1	
Other current receivables	3	63.0		55.0	
Inventories	4	425.2		426.3	
Accrued income and prepaid expenses	5	19.4		15.6	
Current assets		1 072.0	39.1 %	1 103.9	40.7 %
Financial assets	8	66.6		57.0	
Intangible assets	9	233.5		248.5	
Tangible assets	10	1 372.8		1 302.6	
Non-current assets		1 672.9	60.9 %	1 608.2	59.3 %
Assets		2 744.9	100.0 %	2 712.0	100.0 %
Current financial liabilities	11	5.8		13.3	
Trade accounts payable		214.8		264.2	
Other current liabilities	6	30.9		18.4	
Current provisions	12	17.2		6.4	
Accrued expenses and deferred income	7	158.2		153.9	
Current liabilities		426.9	15.6 %	456.2	16.8 %
Non-current financial liabilities	11	862.8		864.2	
Non-current provisions	12	90.1		104.4	
Non-current liabilities		952.9	34.7 %	968.6	35.7 %
Liabilities		1 379.8	50.3 %	1 424.7	52.5 %
Share capital		3.1		3.1	
Capital reserves		197.8		216.0	
Retained earnings		1 177.0		1 144.6	
Translation differences		-129.5		-123.0	
Treasury shares	19	-2.2		-3.3	
Annual profit		118.6		49.6	
Equity excl. minority interests		1 364.9	49.7 %	1 287.1	47.5 %
Minority interests		0.2		0.2	
Equity		1 365.1	49.7 %	1 287.3	47.5 %
Liabilities and equity		2 744.9	100.0 %	2 712.0	100.0 %

Consolidated income statement

in CHF million	Note	2020	Share	2019	Share
Net revenue	14/15	4 019.4	100.0 %	4 013.0	100.0 %
Cost of goods sold		2 469.4	61.4 %	2 460.5	61.3 %
Gross operating income		1 550.0	38.6 %	1 552.5	38.7 %
Personnel expenses	16	799.1	19.9 %	818.5	20.4 %
Rents		41.6		42.3	
Energy, auxiliary materials		77.2		76.0	
Repair and maintenance		100.6		98.8	
Transport		119.4		126.4	
Advertising		31.5		39.6	
Other operating expenses		64.9		69.0	
Total operating expenses		1 234.3	30.7 %	1 270.7	31.7 %
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		315.7	7.9 %	281.8	7.0 %
Amortisation of intangible assets	9	8.3		8.3	
Amortisation of goodwill	9	26.6		27.4	
Depreciation of tangible assets	10	125.3		150.9	
Earnings before interest and taxes (EBIT)		155.6	3.9 %	95.3	2.4 %
Financial result	17	-11.6		-19.1	
Net income from associated companies		3.0		3.0	
Net profit before taxes (EBT)		147.0	3.7 %	79.2	2.0 %
Taxes	18	28.3		29.7	
Net profit after taxes		118.6	3.0 %	49.5	1.2 %
Third-party interest in profit		0.0		-0.1	
Annual profit		118.6	3.0 %	49.6	1.2 %
Net profit per share (in CHF, diluted and undiluted)	20	18.91		7.90	

Consolidated cash flow statement

in CHF million	Note	2020	2019
Net profit after taxes		118.6	49.5
Depreciation of tangible assets		123.4	123.5
Amortisation of intangible assets		34.9	35.6
Extraordinary depreciation		1.8	27.4
Other non-cash income (-)/expenses (+)		5.5	14.4
Income (-)/loss (+) from sale of tangible assets		-4.7	-0.2
Dividends from associated companies		0.4	0.4
Net income from associated companies		-3.0	-3.0
Income (-)/loss (+) from sale of investments		-	-
Increase (+)/decrease (-) in provisions		-3.0	3.2
Increase (-)/decrease (+) in receivables		8.9	7.9
Increase (-)/decrease (+) in inventory		-2.6	-24.1
Increase (-)/decrease (+) in accrued income and prepaid expenses		-3.9	2.1
Increase (+)/decrease (-) in liabilities		-50.9	17.0
Increase (+)/decrease (-) in accrued expenses and deferred income		20.6	-2.1
Operating cash flow		246.0	251.6
Investment (-)/divestment (+) of securities		-	-0.7
Investment in other companies and financial assets		-8.2	-4.7
Acquisition (+)/sale (-) of cash and cash equivalents		0.3	-
Divestment of other companies and financial assets		0.4	0.5
Investment in intangible assets		-18.4	-10.2
Divestment of intangible assets		0.5	0.1
Investment in tangible assets		-214.3	-215.9
Divestment of tangible assets		14.0	3.5
Cash flow from investing activities		-225.7	-227.5
Proceeds from (+)/repayment of (-) current financial liabilities		-8.9	0.2
Proceeds from (+)/repayment of (-) non-current financial liabilities		-	-26.2
Proceeds from (+) bonds		-	-
Repayment of (-) bonds		-	-
Proceeds from (+) capital increases		-	-
Acquisition (-)/sale (+) of minorities		-0.2	-0.2
Investment in (-)/divestment of (+) treasury shares		0.3	-1.4
Dividend		-34.5	-34.7
Cash flow from financing activities		-43.2	-62.2
Cash flow balance		-22.8	-38.1
Cash and cash equivalents as of 01.01.		202.0	242.8
Effect of currency translation on cash and cash equivalents		-0.6	-2.7
Changes in cash and cash equivalents		-22.8	-38.1
Cash and cash equivalents as of 31.12.		178.5	202.0

Consolidated statement of changes in equity

in CHF million	Share capital	Capital reserves	Retained earnings	Translation differences	Treasury shares	Annual profit	Equity excl. minority interests	Minority interests	Equity
Equity as of 01.01.2020	3.1	216.0	1 144.6	-123.0	-3.3	49.6	1 287.1	0.2	1 287.3
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Acquisition minorities	-	-0.2	-	-	-	-	-0.2	0.0	-0.2
Appropriation of earnings	-	-	49.6	-	-	-49.6	-	-	-
Dividend	-	-17.3	-17.3	-	-	-	-34.5	-	-34.5
Additions/disposals of treasury shares	-	-0.8	-	-	1.2	-	0.3	-	0.3
Annual profit	-	-	-	-	-	118.6	118.6	0.0	118.6
Currency translation differences	-	-	-	-6.5	-	-	-6.5	-0.0	-6.5
Equity as of 31.12.2020	3.1	197.8	1 177.0	-129.5	-2.2	118.6	1 364.9	0.2	1 365.1
Equity as of 01.01.2019	3.1	251.0	1 055.3	-107.0	-2.3	89.3	1 289.4	0.5	1 290.0
Changes in scope of consolidation	-	-	-	-	-	-	-	-	-
Acquisition minorities	-	-	-	-	-	-	-	-0.2	-0.2
Appropriation of earnings	-	-	89.3	-	-	-89.3	-	-	-
Dividend	-	-34.5	-	-	-	-	-34.5	-0.1	-34.7
Additions/disposals of treasury shares	-	-0.5	-	-	-1.0	-	-1.4	-	-1.4
Annual profit	-	-	-	-	-	49.6	49.6	-0.1	49.5
Currency translation differences	-	-	-	-16.0	-	-	-16.0	-0.0	-16.0
Equity as of 31.12.2019	3.1	216.0	1 144.6	-123.0	-3.3	49.6	1 287.1	0.2	1 287.3

The non-distributable reserves of Bell Food Group Ltd amount to CHF 1.6 million (previous year: CHF 1.6 million).

Notes to the consolidated financial statements

Consolidation principles

Basis of accounting

The principles governing consolidation, valuation, structure and presentation comply with the entire Accounting and Reporting Recommendations (Swiss GAAP FER). They apply to all companies included in the scope of consolidation.

Scope of consolidation

All companies of which Bell Food Group Ltd directly or indirectly owns more than 50 percent of the votes or exercises control under a contractual agreement are fully integrated into these consolidated financial statements. Investments where Bell Food Group owns more than 20 percent but less than 50 percent of the votes are measured and recognised in the balance sheet at the share of equity held. Investments equalling less than 20 percent are included as financial assets in the balance sheet at the share price as of 31 December. If no share price is available, the investment is measured at acquisition cost minus a value adjustment if there was any impairment. An overview of the companies in which Bell Food Group has a stake and a description of the treatment of these associates in the consolidated financial statements are provided on pages 85 and 86 of the annual report.

Foreign currency translation

All company balance sheets in foreign currency are translated into Swiss francs at the year-end exchange rate as of 31 December. The income statements of these companies are translated at the average annual exchange rate. Translation differences between the opening and closing balance sheets and the differences arising from the use of different exchange rates in the balance sheet and the income statement are recognised without affecting profit and loss. On disposal of foreign subsidiaries or associates, the cumulative currency differences relating to them remain in equity and are not transferred to the income statement.

Exchange rates

		2020	2019
Balance sheet	EUR 1	= CHF 1.0802	= CHF 1.0854
	CZK 1	= CHF 0.0412	= CHF 0.0427
	HUF 100	= CHF 0.2969	= CHF 0.3284
	PLN 1	= CHF 0.2369	= CHF 0.2550
	USD 1	= CHF 0.8803	= CHF 0.9662
	GBP 1	= CHF 1.2015	= CHF 1.2757
	RON 1	= CHF 0.2219	= CHF 0.2269
	Income statement	EUR 1	= CHF 1.0703
CZK 1		= CHF 0.0405	= CHF 0.0433
HUF 100		= CHF 0.3047	= CHF 0.3421
PLN 1		= CHF 0.2409	= CHF 0.2589
USD 1		= CHF 0.9373	= CHF 0.9939
GBP 1		= CHF 1.2033	= CHF 1.2678
RON 1		= CHF 0.2212	= CHF 0.2345

Method of consolidation

Consolidation of assets and liabilities, intra-group sales and intra-group profits

All intra-group assets and liabilities are set off and eliminated as part of the consolidation process. Differences arising from the use of different exchange rates in translating the financial statements of subsidiaries denominated in foreign currencies are recognised in equity without affecting profit or loss. All intra-group payables and receivables are set off and eliminated as part of the consolidation process.

Capital consolidation

Capital consolidation is performed using the “purchase method”. This means that assets and liabilities are valued at their current values at the time of acquisition. The revalued net assets are offset against the purchase price, whereby the acquisition costs are added to the purchase price. Purchase price adjustments that depend on future results are estimated. If the final purchase price deviates from the estimate, the goodwill is adjusted correspondingly. The resulting goodwill is capitalised and amortised on a straight-line basis via the income statement. The depreciation period depends on the useful life that is assumed for the market potentials and synergies that gave rise to the goodwill. The maximum depreciation period is 15 years in justified cases. Any negative goodwill is recognised in the income statement at the time of the initial consolidation.

Transactions with minorities

Transactions with minorities, that have no impact on the consolidation method, are recorded in equity with no impact on profit or loss. The difference between the transaction price and the corresponding minority share value is recognised in the capital reserves. Transaction related costs are added to the transaction price.

Valuation principles

General valuation principles

As a general rule, the historical cost method is used. Current assets are measured at the lower of acquisition cost or market value. Non-current assets are recognised at acquisition cost minus required depreciation. The same valuation principles apply to all consolidated companies.

Cash and cash equivalents

The cash and cash equivalents comprise fixed deposits and money market placements with a remaining term to maturity of less than 90 days.

Securities

The securities comprise marketable securities that are recognised in the balance sheet at the stock price as of 31 December.

Receivables

Identifiable and actual losses are charged to the income statement in the year in which they occur. Based on previous experience, the impairment for doubtful debts equals 1 percent of the accounts receivable. The total impairment amount is disclosed in the notes.

Inventories

The inventories are valued at production cost according to the first-in first-out (FIFO) method. Inventories with a very long maturation period are measured at the moving average cost for procurement. Any impairment loss on the purchase cost is taken into account. Warehousing risks that can be identified are also taken into account.

Other financial assets

Other financial assets comprise non-listed securities that are recognised in the balance sheet at the lower of acquisition cost or market value.

Tangible assets

Tangible assets are measured at acquisition cost less rebates, refunds and discounts received. Depreciation is calculated using the straight-line method over the useful life of the asset. Impairments are recognised in the corresponding period.

Useful life of tangible assets	in years
Production and administration buildings	30–40
Machines and equipment	8–10
Installations	10–15
Vehicles	3–7
Furniture	5–10
IT hardware	4

Assets under finance leases are capitalised and depreciated over their regular useful lives. The corresponding liabilities are listed under “Financial liabilities”. As part of major projects self-produced tangible assets can be capitalised if the expenses incurred can be separately recorded and measured and the fixed assets can be used for several years.

Within the framework of mergers and acquisitions the non-current assets are revalued at their current values. In this the cumulative purchase price and the cumulative depreciation of the acquired assets are determined. In a next step, significant revaluations and devaluations of the individual assets are made to their current value. In a final step the cumulative depreciations are adjusted in a way that the acquired assets are valued from a net perspective at the current value on the transfer date. Taking into account the remaining useful life, the depreciation period is adjusted to the Bell Food Group valuation principles. The acquired assets are disclosed on a gross basis in the corresponding notes.

Intangible assets

Intangible assets comprise software, accrued costs and prepayments, acquired trademarks and goodwill. They are capitalised if they are clearly identifiable, their costs can be reliably measured and they yield a measurable profit for Bell Food Group over several years. Intangible assets are measured at acquisition cost less rebates, refunds and discounts received. Amortisation is calculated using the straight-line method over the useful life of the asset. Goodwill positions are amortised over a maximum of 15 years in justified cases. Fully amortised goodwill is derecognised in the subsequent period.

Useful life of intangible assets	in years
Software	4
Trademarks	8
Goodwill	8–15

Impairment

The recoverability of non-current assets is subject to an annual assessment if there are indications of impairment. The recoverable amount is calculated using a discounted cash flow (DCF) model and taking into account updated assumptions from the multi-year plan regarding the expected business trend. If the carrying amount exceeds the recoverable amount, an impairment is recognised in the income statement.

Liabilities and accruals

Trade payables, other liabilities and accruals are recognised at nominal value.

Financial liabilities

Financial liabilities are recognised at nominal value. Any financing costs are capitalised and reversed through the income statement over the term of the financial liability.

Provisions

A provision is recognised if the obligation is a present legal or constructive obligation that relates to a past event and will probably result in an outflow of resources. The amount of the obligation must be reliably estimable. If the occurrence of a present obligation is unlikely, the obligation is reported as a contingent liability in the notes to the consolidated financial statements.

Deferred income taxes

Deferred income taxes are based on a balance sheet point of view, taking into account all future income tax effects. They are recognised according to the "liability method" on all differences between Swiss GAAP FER values and the book values for taxation purposes. Deferred income tax assets and liabilities are offset if they relate to the same taxable entity. The change in deferred taxes is recognised in the income statement. No deferred tax assets are recognised for loss carry forwards. The amount to be accrued annually is calculated on the basis of the future tax rate applicable to the respective taxable entity on the balance sheet date. The applicable tax rates for the Bell Food Group are as follows:

	2020	2019
Switzerland	14.00 %	14.50 %
Liechtenstein	12.50 %	12.50 %
Germany	30.00 %	28.00 %
France	28.00 %	33.00 %
Austria	25.00 %	25.00 %
Other countries	25.00 %	25.00 %

Pension liabilities

Bell Food Group provides pension plans for the majority of its personnel in compliance with the respective country-specific legal provisions. The plans cover the economic consequences of old age, death or disability. Most pension plans are financed through employer and employee contributions. Pension contributions are calculated as a percentage of the insured salary. Changes in the employer's contribution reserves as well as any economic impact of surpluses or deficits of pension schemes are recorded as personnel expenses. An economic benefit is not capitalised.

Capital reserves

Capital reserves are disclosed separately in equity. Transaction results, dividends on treasury shares, transactions with minorities and distribution from reserves from capital contributions of the Bell Food Group Ltd are allocated to this equity position. In addition, share premium and the costs associated with the capital increases are shown in the capital reserves.

Net revenue and realisation of income

Net revenue includes all income from the sale of meat, fish, poultry and convenience products (sale of goods) as well as income from the sale of slaughter products and by-products, logistics services for closely related parties and other income. Sales deductions, rebates, cash discounts and refunds to customers are deducted from the gross income. The income is recognised with the transfer of ownership rights and risks to the purchaser. In the case of logistics services, these are intermediary services for which only the value of the services actually rendered is reported as net revenue.

Adjustment of valuation principles

Differences arising from the translation of financial statements into the Group's functional currency are recognised directly in equity. According to the previously applicable consolidation and valuation principles, the accumulated foreign currency differences were transferred from equity to the income statement upon disposal of subsidiaries or associated organisations. Now, the cumulative translation differences are not transferred to the income statement, as this is preferable from an accrual perspective. No subsidiary was sold in the 2019 reporting period, therefore no adjustment of prior-year figures is made.

Adjustment of previous year's values

Goodwill that has been fully amortised is now derecognised in the subsequent period. The "Intangible assets" column in the notes to the consolidated financial statements has therefore been adjusted accordingly for the 2019 period.

Events after the reporting period

There were no events after the balance sheet date requiring disclosures.

Notes to the consolidated financial statements

1. Cash and cash equivalents

in CHF million	31.12.2020	Share	31.12.2019	Share
Cash	0.2	0.1 %	0.4	0.2 %
Cash in banks	178.3	99.9 %	201.2	99.6 %
Fixed deposits	–	0.0 %	0.4	0.2 %
Cash and cash equivalents	178.5	100.0 %	202.0	100.0 %

Cash and cash equivalents by currency

	31.12.2020	Share	31.12.2019	Share
CHF	118.8	66.5 %	133.9	66.3 %
EUR	52.6	29.4 %	60.1	29.8 %
Other currencies	7.2	4.0 %	8.0	3.9 %
Cash and cash equivalents by currency	178.5	100.0 %	202.0	100.0 %

2. Trade accounts receivable

in CHF million	31.12.2020	Share	31.12.2019	Share
Trade accounts receivable	390.5	101.7 %	408.4	101.3 %
Valuation adjustment	–6.6	–1.7 %	–5.2	–1.3 %
Trade accounts receivable	383.9	100.0 %	403.1	100.0 %

3. Other current receivables

in CHF million	31.12.2020	Share	31.12.2019	Share
Income taxes	0.7	1.1 %	1.0	1.8 %
Others	62.3	98.9 %	54.0	98.2 %
Other current receivables	63.0	100.0 %	55.0	100.0 %

4. Inventories

in CHF million	31.12.2020	Share	31.12.2019	Share
Raw materials and finished goods	357.3	84.0 %	365.2	85.7 %
Auxiliary materials	81.1	19.1 %	72.9	17.1 %
Valuation adjustment	–13.3	–3.1 %	–11.8	–2.8 %
Inventories	425.2	100.0 %	426.3	100.0 %

5. Accrued income and prepaid expenses

in CHF million	31.12.2020	Share	31.12.2019	Share
Income taxes	0.1	0.6 %	0.1	0.6 %
Employees	3.0	15.3 %	2.0	12.9 %
Others	16.3	84.1 %	13.5	86.5 %
Accrued income and prepaid expenses	19.4	100.0 %	15.6	100.0 %

6. Other current liabilities

in CHF million	31.12.2020	Share	31.12.2019	Share
Income taxes	12.7	41.2 %	8.1	44.0 %
Dividend	0.0	0.0 %	0.0	0.0 %
Others	18.1	58.8 %	10.3	56.0 %
Other current liabilities	30.9	100.0 %	18.4	100.0 %

7. Accrued expenses and deferred income

in CHF million	31.12.2020	Share	31.12.2019	Share
Income taxes	15.9	10.0 %	12.0	7.8 %
Employees	48.1	30.4 %	44.2	28.7 %
Others	94.2	59.5 %	97.6	63.5 %
Accrued expenses and deferred income	158.2	100.0 %	153.9	100.0 %

8. Financial assets

in CHF million	Investments in associated companies	Loans	Assets from pension funds	Deferred tax assets	Other financial assets	Total
Net carrying amount as of 01.01.2020	51.6	2.9	–	–	2.5	57.0
Changes in scope of consolidation	–	–	–	–	–	–
Investments	0.3	–	–	–	7.2	7.5
Divestments/dividends from associated companies	–0.4	–0.4	–	–	–0.0	–0.8
Revaluation	3.0	–0.1	–	–	–	3.0
Reclassification	–	–	–	–	–	–
Currency translation differences	0.0	–0.0	–	–	–0.0	0.0
Net carrying amount as of 31.12.2020	54.5	2.4	–	–	9.7	66.6
Net carrying amount as of 01.01.2019	49.0	2.9	–	–	1.6	53.4
Changes in scope of consolidation	–	–	–	–	–	–
Investments	–	0.5	–	–	1.1	1.6
Divestments/dividends from associated companies	–0.4	–0.3	–	–	–0.2	–0.8
Revaluation	3.0	–0.0	–	–	–	3.0
Reclassification	–	–0.2	–	–	–	–0.2
Currency translation differences	–0.0	–0.0	–	–	–0.0	–0.0
Net carrying amount as of 31.12.2019	51.6	2.9	–	–	2.5	57.0

Notes to the consolidated financial statements

9. Intangible assets

in CHF million	Goodwill	Trademarks, patents and licences	Software	Prepayments and accumu- lated costs	Other intangible assets	Total
Net carrying amount as of 01.01.2020	216.7	3.5	23.9	3.6	0.7	248.5
Acquisition value as of 01.01.2020	301.7	14.6	85.6	3.6	2.0	407.6
Changes in scope of consolidation ¹	0.6	–	–	–	–	0.6
Investments	–	0.0	4.1	13.6	0.7	18.4
Divestment/discontinuation	–	–0.0	–4.0	–0.1	–0.0	–4.2
Reclassification	–	0.0	2.0	1.8	–0.1	3.7
Currency translation differences	–0.6	–0.1	–0.2	0.1	–0.0	–0.8
Acquisition value as of 31.12.2020	301.7	14.5	87.6	18.9	2.6	425.2
Cumulative depreciation as of 01.01.2020	84.9	11.1	61.7	–	1.3	159.0
Changes in scope of consolidation	–	–	–	–	–	–
Depreciation	26.6	0.4	7.8	–	0.0	34.9
Extraordinary depreciation	–	–	–	–	–	–
Cumulative depreciation on divestment/discontinuation	–	–0.0	–3.7	–	–0.0	–3.7
Reclassification	–	–0.0	1.9	–	–0.0	1.9
Currency translation differences	–0.1	–0.1	–0.2	–	–0.0	–0.4
Cumulative depreciation as of 31.12.2020	111.5	11.3	67.6	–	1.3	191.7
Net carrying amount as of 31.12.2020	190.3	3.1	20.0	18.9	1.2	233.5
Net carrying amount as of 01.01.2019	247.3	0.1	21.3	3.4	0.0	272.1
Reported acquisition value as of 01.01.2019	471.6	11.0	76.9	3.4	1.4	564.2
Change due to adjustment of valuation principle	–137.3	–	–	–	–	–137.3
Adjusted acquisition value as of 01.01.2019	334.3	11.0	76.9	3.4	1.4	426.9
Changes in scope of consolidation	–	3.7	–	–	–	3.7
Investments	–	0.2	5.8	3.5	0.7	10.2
Divestment/discontinuation	–28.1	–0.0	–0.9	–0.0	–0.0	–29.1
Reclassification	–	–	5.0	–3.2	–	1.9
Currency translation differences	–4.5	–0.3	–1.1	–0.0	–0.1	–6.0
Acquisition value as of 31.12.2019	301.7	14.6	85.6	3.6	2.0	407.6
Reported cumulative depreciation as of 01.01.2019	224.3	10.9	55.5	–	1.4	292.0
Change due to adjustment of valuation principle	–137.3	–	–	–	–	–137.3
Adjusted cumulative depreciation as of 01.01.2019	87.0	10.9	55.5	–	1.4	154.8
Changes in scope of consolidation	–	0.4	–	–	–	0.4
Depreciation	27.4	0.2	8.0	–	0.0	35.6
Extraordinary depreciation	–	–	0.0	–	–	0.0
Cumulative depreciation on divestment/discontinuation	–28.1	–0.0	–0.9	–	–0.0	–29.0
Reclassification	–	–	–	–	–	–
Currency translation differences	–1.3	–0.4	–0.9	–	–0.0	–2.7
Cumulative depreciation as of 31.12.2019	84.9	11.1	61.7	–	1.3	159.0
Net carrying amount as of 31.12.2019	216.7	3.5	23.9	3.6	0.7	248.5

¹ In 2020, Pulyka GmbH was acquired. The acquisition resulted in a goodwill of CHF 0.6 million.

Starting in financial year 2020 fully amortised goodwill is derecognised in the subsequent period. The intangible asset table has therefore been adjusted accordingly for the period 2019.

10. Tangible assets

in CHF million	Undeveloped land	Land and buildings	Installations	Machinery and equipment	Prepayments/assets under construction	Other tangible assets	Total
Net carrying amount as of 01.01.2020	17.0	674.4	110.7	312.0	129.9	58.7	1 302.6
Acquisition value as of 01.01.2020	17.0	1 255.3	348.4	978.7	129.9	210.1	2 939.2
Changes in scope of consolidation	–	–	–	0.0	–	0.1	0.2
Investments	–	18.1	14.8	41.2	121.5	16.0	211.7
Divestment/discontinuation	–	–25.1	–4.4	–37.0	–1.2	–9.8	–77.5
Reclassification	0.2	4.9	10.6	28.1	–51.5	4.1	–3.7
Currency translation differences	–0.1	–4.2	–0.0	–4.5	–0.6	–0.7	–10.1
Acquisition value as of 31.12.2020	17.1	1 248.9	369.3	1 006.5	198.1	219.8	3 059.8
Cumulative depreciation as of 01.01.2020	–	580.8	237.7	666.7	–	151.4	1 636.6
Changes in scope of consolidation	–	–	–	0.0	–	0.1	0.1
Depreciation	–	30.3	18.7	55.3	–	19.1	123.4
Extraordinary depreciation	–	1.4	–	0.5	–	–	1.8
Cumulative depreciation on divestment/discontinuation	–	–19.5	–4.4	–34.4	–	–9.9	–68.2
Reclassification	–	0.3	–3.3	0.7	–	0.4	–1.9
Currency translation differences	–	–1.4	–0.1	–2.8	–	–0.6	–4.9
Cumulative depreciation as of 31.12.2020	–	591.9	248.7	685.9	–	160.5	1 687.0
Net carrying amount as of 31.12.2020	17.1	657.0	120.7	320.6	198.1	59.3	1 372.8
Finance lease included in the net carrying amount	–	–	–	0.4	–	0.0	0.5
Net carrying amount as of 01.01.2019	17.8	645.3	110.2	283.6	135.3	51.3	1 243.5
Acquisition value as of 01.01.2019	17.8	1 234.7	334.5	959.0	135.3	202.1	2 883.2
Changes in scope of consolidation	–	–	–	–	–	–	–
Investments	–	28.1	12.2	50.6	124.3	20.6	235.8
Divestment/discontinuation	–	–51.6	–4.6	–66.8	–0.2	–17.6	–140.8
Reclassification	–0.1	59.3	6.9	50.5	–126.4	7.9	–1.9
Currency translation differences	–0.7	–15.3	–0.6	–14.6	–3.1	–3.0	–37.1
Acquisition value as of 31.12.2019	17.0	1 255.3	348.4	978.7	129.9	210.1	2 939.2
Cumulative depreciation as of 01.01.2019	–	589.3	224.2	675.4	–	150.8	1 639.8
Changes in scope of consolidation	–	–	–	–	–	–	–
Depreciation	–	33.1	18.6	53.5	–	18.4	123.5
Extraordinary depreciation	–	14.6	–	11.9	–	0.9	27.4
Cumulative depreciation on divestment/discontinuation	–	–50.8	–4.6	–65.5	–	–16.6	–137.5
Reclassification	–	–	–0.1	0.1	–	–0.0	–0.0
Currency translation differences	–	–5.4	–0.4	–8.7	–	–2.1	–16.6
Cumulative depreciation as of 31.12.2019	–	580.8	237.7	666.7	–	151.4	1 636.6
Net carrying amount as of 31.12.2019	17.0	674.4	110.7	312.0	129.9	58.7	1 302.6
Finance lease included in the net carrying amount	–	–	–	0.5	–	0.1	0.6

Notes to the consolidated financial statements

11. Financial liabilities

in CHF million	31.12.2020	Share	31.12.2019	Share
Current accounts	4.7	0.5 %	4.0	0.5 %
Current bank loans	1.0	0.1 %	9.4	1.1 %
Leasing liabilities	0.1	0.0 %	0.0	0.0 %
Bonds	–	–	–	–
Current financial liabilities	5.8	0.7 %	13.3	1.5 %
Non-current bank loans	37.8	4.3 %	39.0	4.4 %
Leasing liabilities	0.1	0.0 %	0.2	0.0 %
Bonds	825.0	95.0 %	825.0	94.0 %
Non-current financial liabilities	862.8	99.3 %	864.2	98.5 %
Financial liabilities	868.7	100.0 %	877.5	100.0 %
Maturity structure of financial liabilities				
Due within one year	5.8	0.7 %	13.3	1.5 %
Due within two years	190.1	21.9 %	0.8	0.1 %
Due within three years or later	672.7	77.4 %	863.4	98.4 %
Financial liabilities	868.7	100.0 %	877.5	100.0 %
Financial liabilities by currency				
CHF	867.5	99.9 %	876.4	99.9 %
EUR	1.1	0.1 %	1.1	0.1 %
Other currencies	0.0	0.0 %	0.1	0.0 %
Financial liabilities	868.7	100.0 %	877.5	100.0 %
Interest rates				
Bank loans	0.53 %–3.10 %		0.53 %–5.00 %	
Leasing liabilities	1.75 %–5.00 %		1.75 %–5.00 %	

Bonds

Bond type	Bond with reopening option
Nominal amount	CHF 175 million
Securities number	21 226 733 / ISIN CH0212267337
Interest rate	1.75 percent
Term	9 years
Maturity	16 May 2022 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	39 867 890 / ISIN CH0398678901
Interest rate	0.375 percent
Term	6 years
Maturity	1 February 2024 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 300 million
Securities number	31 251 268 / ISIN CH0312512681
Interest rate	0.625 percent
Term	9 years
Maturity	24 March 2025 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 150 million
Securities number	39 867 891 / ISIN CH0398678919
Interest rate	0.75 percent
Term	10 years
Maturity	1 February 2028 at nominal value

Notes to the consolidated financial statements

12. Provisions

in CHF million	Employee benefits	Deferred taxes	Contingent purchase price payments	Restructuring	Other provisions	Total
Provisions as of 01.01.2020	20.8	59.4	10.3	1.6	18.6	110.8
Changes in scope of consolidation	–	–	–	–	–	–
Creation	2.4	1.0	0.2	–	6.7	10.2
Release/utilisation	–1.9	–7.3	–0.3	–1.6	–2.4	–13.6
Reclassification	–	–	–	–	–	–
Currency translation differences	–0.0	–0.0	0.0	–0.0	–0.0	–0.2
Provisions as of 31.12.2020	21.2	53.0	10.2	–	22.8	107.3
Current	1.0	–	10.0	–	6.2	17.2
Non-current	20.2	53.0	0.2	–	16.6	90.1
Provisions as of 01.01.2019	23.2	67.0	10.0	–	16.5	116.7
Changes in scope of consolidation	–	–	–	–	–	–
Creation	0.6	11.4	0.3	1.7	5.4	19.4
Release/utilisation	–2.7	–9.6	–	–	–3.6	–15.9
Reclassification	–	–	–	–	0.4	0.4
Currency translation differences	–0.3	–9.4	–	–0.0	–0.2	–9.9
Provisions as of 31.12.2019	20.8	59.4	10.3	1.6	18.6	110.8
Current	1.3	–	–	1.6	3.5	6.4
Non-current	19.4	59.4	10.3	–	15.1	104.4

Employee benefits

The provisions for employee benefits correspond to the economic share (liability) of the Bell Food Group on the corresponding balance sheet date in accordance with note 16 – Employee benefits.

Contingent purchase price payments

Contingent purchase price payments are related to acquisitions.

Other provisions

Provisions for seniority gifts represent the majority of the other provisions. The calculation is company-specific and takes into account various uncertainty factors.

13. Acquisition/disposal of companies and parts of companies

2020

The following significant transactions were carried out in the financial year:

Asset deals Bell International

In the 2020 financial year, various asset deals took place in the Bell International business area for the purpose of reorganization. These include the sale of the production plant in Saint-André (FR) as of 30 June 2020, the sale of the logistics activities of Bell Benelux (BE) as of 31 August 2020, the sale of the production activities of Abraham Benelux (BE) as of 30 October 2020, and the sale of the plant in Perbál (HU) as of 28 October 2020. In total, assets with a residual carrying amount of approximately CHF 8.7 million were derecognised and a gain on sale of fixed assets of CHF 4.7 million was realised. However, this gain is offset by costs and warranty provisions in connection with the asset deals, so the net effect on the result is immaterial. Until 31 December 2020, a total of approximately 210 employees have been taken over by the purchasing parties. A further 70 employees will be transferred from Saint-André to Isla Délice as of 28 February 2021.

in CHF million	
2019	MicroPast International AG
Type of transaction	Takeover
Effective date of transaction	05.2019
Participation quota	100%
Cash and cash equivalents	–
Trade accounts receivable	0.1
Inventories	–
Patents	3.3
Tangible assets	–
Trade accounts payable	–
Financial liabilities	–

Sale of the German sausage business

On 24 June 2019 Bell Food Group announced the sale of its German sausage business. The German plants in Suhl and Börger were sold to the Zur Mühlen Group at the end of July 2019 in the form of a transfer of operations following approval by the relevant competition authorities. The parties have agreed not to disclose the purchase terms. The German sausage business was part of the business area Bell International and generated net revenues amounting to CHF 46.4 million in 2019.

Notes to the consolidated financial statements

14. Net revenue

in CHF million	2020	Share	2019	Share
Sales by country				
Switzerland, Liechtenstein	2 643.7	65 %	2 562.2	63 %
Germany	735.1	18 %	810.8	20 %
Austria	234.0	6 %	217.7	5 %
France	139.0	3 %	135.8	3 %
Poland	69.9	2 %	79.9	2 %
Benelux	60.6	1 %	57.7	1 %
Hungary	43.6	1 %	52.2	1 %
Great Britain	39.5	1 %	38.2	1 %
Spain	33.8	1 %	33.8	1 %
Czech Republic	18.2	0 %	22.6	1 %
Romania	15.9	0 %	16.5	0 %
Italy	7.7	0 %	10.7	0 %
Other countries	33.2	1 %	40.0	1 %
Sales by country	4 074.3	100 %	4 078.2	100 %
Sales by product group				
Fresh meat	898.2	22 %	886.8	22 %
Charcuterie	1 001.5	25 %	1 024.2	25 %
Poultry	882.3	22 %	840.8	21 %
Seafood	209.2	5 %	182.9	4 %
Convenience	1 066.9	26 %	1 113.5	27 %
Other sales	16.2	0 %	30.0	1 %
Sales by product group	4 074.3	100 %	4 078.2	100 %
Reconciliation to net revenue				
Other revenue	55.6		59.8	
Sales deductions	-110.4		-125.0	
Net revenue	4 019.4		4 013.0	

15. Segment reporting

		Bell Switzerland	Bell International	Convenience	Consolidation	Bell Food Group
2020						
Volume	in million kg	126.6	206.8	197.9	-4.6	526.7
Sales	in CHF million	2 079.7	977.6	1 062.0	-45.1	4 074.3
Investment in PP&E/Software	in CHF million	78.1	38.6	112.7	-	229.4
Headcount	FTE	3 504	3 469	5 070	-	12 043
2019						
Volume	in million kg	124.0	213.0	199.9	-4.2	532.7
Sales	in CHF million	1 999.4	1 017.1	1 105.0	-43.3	4 078.2
Investment in PP&E/Software	in CHF million	63.6	51.4	130.1	-	245.0
Headcount	FTE	3 383	3 775	5 037	-	12 195

Notwithstanding the complementary recommendation for listed companies (Swiss GAAP ARR 31), the Board of Directors of Bell Food Group Ltd will not publish any detailed segment results in the interest of the company for the following reasons:

1. Conclusions about price structure

The product range of the Bell Food Group is differentiated according to segment. Whilst in the Bell Switzerland segment a broad range of fresh meat, poultry, seafood and charcuterie is marketed, the range in the other segments is restricted to the following specific groups of goods: charcuterie, poultry and convenience. It would be easy to draw conclusions about the price structure in these groups of goods if segment results were published. This would be a considerable competitive disadvantage for the Bell Food Group.

2. Damage to negotiating position

The European market is characterised by a small number of market players in the procurement and sales market. At the same time there are a number of processors/producers. The Bell Food Group is one of the few companies in the sector that publish their results and financial figures. The disclosure of detailed segment results would result in a clear weakening of the Bell Food Group's negotiating position with buyers and suppliers in comparison with the competitors.

Notes to the consolidated financial statements

16. Personnel expenses

in CHF million	2020	2019
Wages and salaries	526.0	540.3
Social contribution	87.0	85.2
Pension expenses	37.8	33.9
Third-party wages	133.3	136.3
Other personnel expenses	15.1	22.8
Personnel expenses	799.1	818.5

Employee benefits

in CHF million	Excess/ insufficient cover		Economic share of the Bell Food Group		Change from previous year		Contributions related to the period 2020	Pension expenses in personnel expenses	
	31.12.2020	31.12.2020	31.12.2019	not affecting profit ² 2020	affecting profit 2020	2020		2020	2019
Company's pension fund foundation	–	–	–	–	–	–	–	–	–
Pension schemes w/o excess/insufficient cover	–	–	–	–	–	10.6	10.6	11.5	
Pension schemes with excess cover ¹	20.3	–	–	–	–	25.7	25.7	23.3	
Pension schemes with insufficient cover	–	–	–	–	–	–	–	–	
Pension schemes w/o assets	–	–21.2	–20.8	–1.0	1.5	–	1.5	–0.9	
Employee benefits	20.3	–21.2	–20.8	–1.0	1.5	36.3	37.8	33.9	

1 As the annual financial statements of the pension funds according to Swiss GAAP ARR 26 as at 31 December 2020 were not yet available at the time of preparation of this annual report, the excess cover was either derived from the last available financial statements or an estimate of the excess cover was made together with the pension fund. An economic benefit is not capitalised.

2 Payments, currency conversions and changes in scope of consolidation.

In the reporting year 2020, the employees of the Swiss Hügli companies switched to the CPV/CAP Pension Fund Coop. This results in a shift from a pension plan without excess/insufficient cover to a pension plan with excess cover.

17. Financial result

in CHF million	2020	2019
Interest income	0.4	0.3
Income (+)/loss (-) from securities	0.2	0.0
Income (+)/loss (-) from foreign currency transactions	-3.4	-9.6
Income (+)/loss (-) from sale of investments	-	-
Other financial expenses	-1.2	-1.1
Interest expenses	-7.6	-8.7
Financial result	-11.6	-19.1

18. Taxes

in CHF million	2020	2019
Paid taxes and changes in tax liabilities	34.7	27.9
Changes in deferred taxes with impact on profit or loss	-6.4	1.8
Income tax expense	28.3	29.7
Reported earnings before taxes (EBT)	147.0	79.2
Weighted Group tax rate	17.9%	19.7%
Expected tax expense	26.2	15.6
Non-tax-deductible expenses	4.6	5.3
Effect of non-capitalisation of loss carryforwards	12.3	22.4
Utilisation of non-capitalised loss carryforwards	-0.7	-
Influence of different tax rates	-10.7	-15.3
Adjustment deferred taxes	-5.5	1.5
Income taxes relating to other periods and other income taxes	2.1	0.2
Reported income tax expense	28.3	29.7

In the 2020 financial year, the tax rate reconciliation was comprehensively revised to increase transparency and comprehensibility. The comparative figures for 2019 have been adjusted accordingly.

Tax assets from losses carried forward are not capitalised in the Bell Food Group. The deferred tax assets for unused tax losses carried forward amount to CHF 66.2 million as of 31 December 2020 (previous year: CHF 60.2 million).

Adjustment deferred taxes

Due to the implementation of the "Tax Reform and AHV Financing" (STAF), income taxes in 2019 were additionally burdened by CHF 1.5 million. In 2020, an intra-group refinancing took place, therefore deferred taxes in the amount of CHF 5.8 million on intercompany loans became redundant and were reversed.

Notes to the consolidated financial statements

19. Treasury shares

in CHF million	2020		2019	
	Number in pieces	Value	Number in pieces	Value
Balance as of 01.01.	11 037	3.3	6 424	2.3
Acquisitions	5 000	1.2	10 000	2.6
Disposals	-8 400	-2.4	-5 387	-1.6
Balance as of 31.12.	7 637	2.2	11 037	3.3

The purchases of treasury shares were settled at an average transaction price of CHF 249.97 (previous year: CHF 257.45). The average transaction price of the disposals amounted to CHF 286.06 (previous year: CHF 299.39).

20. Earnings per share

	2020	2019
Number of shares as of 31.12.	6 285 712	6 285 712
Average time-weighted number of outstanding shares	6 274 889	6 276 570
Annual profit	118 640	49 612
Earnings per share	18.91	7.90

in CHF thousands

in CHF, diluted and undiluted

For the calculation of the earnings per share the treasury shares are not considered. No options, convertible bonds or similar are outstanding. Therefore there is no difference between the diluted and undiluted ratio.

21. Transactions with related parties

Transactions with:	Related companies of Coop Group		Other related companies		Total	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019	31.12.2020	31.12.2019
in CHF million						
Balance sheet						
Trade accounts receivable	140.1	143.8	0.2	0.8	140.3	144.5
Other current receivables	-	-	-	-	-	-
Accrued income and prepaid expenses	-	0.1	-	-	-	0.1
Financial assets	-	-	-	-	-	-
Trade accounts payable	6.4	13.1	2.8	6.5	9.2	19.6
Other current liabilities	-	-	-	-	-	-
Accrued expenses and deferred income	14.6	6.4	-	-	14.6	6.4
Financial liabilities	-	-	-	-	-	-
Income statement	2020	2019	2020	2019	2020	2019
Net revenue	2 060.2	1 988.4	8.7	12.3	2 068.9	2 000.8
Cost of goods sold	30.7	28.3	7.7	8.7	38.4	36.9
Personnel expenses	1.7	1.9	-	-	1.7	1.9
Rents	8.1	7.7	-	-	8.1	7.7
Energy, auxiliary materials	2.2	2.8	-	-	2.2	2.8
Repair and maintenance	2.8	2.4	-	-	2.8	2.4
Transport	0.7	0.5	-	-	0.7	0.5
Advertising	5.9	5.8	-	-	5.9	5.8
Other operating expenses	3.1	3.8	-0.1	-0.1	3.0	3.7
Financial result	-0.0	-0.0	-	-	-0.0	-0.0
Dividends	2020	2019	2020	2019	2020	2019
Dividends received	-	-	0.4	0.4	0.4	0.4
Dividends paid	-22.9	-22.9	-	-	-22.9	-22.9

Description of transactions with companies of the Coop Group

There is a supply and purchase agreement with Coop. The contract is valid for an indefinite period and can be terminated at the end of any year by giving twelve months' notice. The supply of products to Coop is carried out at market conditions in consideration of Coop's purchase volume. Sales reductions include a bonus based on volume and sales figures, which is agreed annually in advance by means of a business plan.

Description of transactions with other related companies

In the column "Other related companies" all transactions with companies are disclosed for which either Bell Food Group or Coop Group have a participation between 20 and 50 percent and therefore a significant influence.

Notes to the consolidated financial statements

22. Non-current and contingent liabilities

in CHF million	31.12.2020	31.12.2019
Unrecognised leasing liabilities	3.0	3.1
Due within one year	1.5	1.9
Due within two years	0.9	0.9
Due within three years or later	0.6	0.3
Obligations from long-term contracts with third parties	59.0	55.8
Due within one year	8.6	8.9
Due within two years	8.4	7.6
Due within three years or later	42.1	39.3
Obligations from long-term contracts with related companies	4.7	4.7
Due within one year	0.5	0.5
Due within two years	0.5	0.5
Due within three years or later	3.8	3.8
Total amount of guarantees, warranties and pledges in favour of third parties	0.2	0.2
Total amount of mortgaged assets at book values	15.6	8.7
Contingent liabilities¹	7.0	10.0

¹ The Bell Food Group is involved in legal proceedings and investigations related to the business operations. As of the balance sheet date, the Bell Food Group assumes that significant negative financial implications for the company are unlikely. Therefore no provisions were recognised.

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23. Significant shareholdings of the Bell Food Group

Below, all significant shareholdings of the Bell Food Group are listed. Inactive companies or certain companies with insignificant impact on the consolidated balance sheet (share of the assets smaller than 2%) or consolidated income statement (share of the annual profit smaller than 2%) are not listed.

in million						Group share in % as of 31.12.	
Company	Domicile	Sphere of activity		Capital stock as of 31.12.2020		2020	2019
Bell Switzerland							
Bell Schweiz AG	Basel (CH)	Fresh meat, charcuterie, poultry, seafood	■	CHF 20.0		100.0%	100.0%
Geiser AG	Schlieren (CH)	Fresh meat, charcuterie	■	CHF 0.5		100.0%	100.0%
Bell International							
Bell Deutschland Holding GmbH	Seevetal (DE)	Management	■	EUR 0.0		100.0%	100.0%
Bell Deutschland GmbH & Co. KG	Seevetal (DE)	Charcuterie	■	EUR 1.0		100.0%	100.0%
Bell Production Services GmbH & Co. KG	Seevetal (DE)	Charcuterie	■	EUR 0.5		100.0%	100.0%
Bell Schwarzwälder Schinken GmbH	Schiltach (DE)	Charcuterie	■	EUR 0.0		100.0%	100.0%
Bell España Alimentación S.L.U.	Casarrubios del Monte (ES)	Charcuterie	■	EUR 0.6		100.0%	100.0%
Abraham Benelux S.A.	Libramont-Chevigny (BE)	Charcuterie	■	EUR 1.3		100.0%	100.0%
Bell Verwaltungs GmbH	Seevetal (DE)	Management	■	EUR 0.0		100.0%	100.0%
Interfresh Food GmbH	Seevetal (DE)	Management	■	EUR 0.1		100.0%	100.0%
Bell Benelux Holding N.V.	Zellik (BE)	Management	■	EUR 5.3		100.0%	100.0%
Bell Benelux N.V.	Zellik (BE)	Trade	■	EUR 0.6		100.0%	100.0%
Bell Nederland B.V.	Breda (NL)	Trade	■	EUR 2.7		100.0%	100.0%
Bell Logistics N.V.	Zellik (BE)	Logistics	■	EUR 2.4		100.0%	100.0%
Bell France Holding SAS	Teilhède (FR)	Management	■	EUR 20.0		100.0%	100.0%
Bell France SAS	St-André-sur-Vieux-Jonc (FR)	Charcuterie	■	EUR 1.2		100.0%	100.0%
Salaison Polette & Cie SAS	Teilhède (FR)	Charcuterie	■	EUR 2.6		100.0%	100.0%
Maison de Savoie SAS	Aime (FR)	Charcuterie	■	EUR 1.6		100.0%	100.0%
Le Saloir de Mirabel SARL	Riom (FR)	Charcuterie	■	EUR 0.2		100.0%	100.0%
Le Saloir de Virieu SAS	Virieu-le-Grand (FR)	Charcuterie	■	EUR 1.2		100.0%	100.0%
Val de Lyon SAS	St-Symphorien-sur-Coise (FR)	Charcuterie	■	EUR 1.0		100.0%	100.0%
H.L. Verwaltungs-GmbH	Pfaffstätt (AT)	Management	■	EUR 0.3		100.0%	100.0%
Hubers Landhendl GmbH	Pfaffstätt (AT)	Poultry	■	EUR 0.1		100.0%	100.0%
Süddeutsche Truthahn AG	Ampfing (DE)	Poultry	■	EUR 6.2		100.0%	100.0%
Brütere Schlierbach GmbH	Pettenbach (AT)	Poultry	■	EUR 0.6		95.0%	95.0%
Frisch Express GmbH	Pfaffstätt (AT)	Logistics	■	EUR 0.0		100.0%	100.0%
VTE-Beteiligungs GmbH + Co. KG	Ampfing (DE)	Management	■	EUR 3.3		100.0%	100.0%
Bell Polska Sp. z o.o.	Niepołomice (PL)	Charcuterie	■	PLN 10.0		100.0%	100.0%
ZIMBO Perbál Húsipari Termelő Kft. ¹	Perbál (HU)	Charcuterie	■	HUF 400.0		100.0%	99.8%

- Fully consolidated
- Consolidation at equity

¹ In March 2020, the Bell Food Group acquired the remaining 0.25% minority interest in ZIMBO Perbál Húsipari Termelő Kft.

Notes to the consolidated financial statements

23. Significant shareholdings of the Bell Food Group (continuation)

in million						Group share in % as of 31.12.	
Company	Domicile	Sphere of activity		Capital stock as of 31.12.2020	2020	2019	
Convenience							
Hilcona AG	Schaan (LI)	Convenience	■	CHF 1.0	100.0%	100.0%	
Hilcona Gourmet SA	Orbe (CH)	Convenience	■	CHF 0.6	100.0%	100.0%	
Hilcona Feinkost GmbH	Leinfelden-Echterdingen (DE)	Convenience	■	EUR 0.0	100.0%	100.0%	
Hilcona Holding AG	Zug (CH)	Management	■	CHF 10.0	100.0%	100.0%	
Eisberg Holding AG	Dänikon (CH)	Management	■	CHF 0.7	100.0%	100.0%	
Eisberg AG	Dällikon (CH)	Convenience	■	CHF 0.1	100.0%	100.0%	
Eisberg Österreich GmbH	Marchtrenk (AT)	Convenience	■	EUR 0.1	100.0%	100.0%	
Eisberg Hungary Kft.	Gyál (HU)	Convenience	■	HUF 167.0	100.0%	100.0%	
Eisberg Spolka z o.o.	Legnica (PL)	Convenience	■	PLN 3.5	100.0%	100.0%	
Eisberg srl	Pantelimon (RO)	Convenience	■	RON 0.4	100.0%	100.0%	
E.S.S.P. España 2000 SL	Aguilas (ES)	Convenience	■	EUR 0.0	100.0%	100.0%	
Sylvain & CO SA	Champvent (CH)	Convenience	■	CHF 0.1	100.0%	100.0%	
Hügli Holding AG	Steinach (CH)	Management	■	CHF 0.5	100.0%	100.0%	
Hügli Nahrungsmittel AG	Steinach (CH)	Convenience	■	CHF 1.1	100.0%	100.0%	
Hügli Nahrungsmittel Erzeugung Ges.mbH	Hard (AT)	Convenience	■	EUR 0.8	100.0%	100.0%	
Hügli Nahrungsmittel GmbH	Radolfzell (DE)	Convenience	■	EUR 25.5	100.0%	100.0%	
Granovita S.A.	La Vall d'Uixó (ES)	Convenience	■	EUR 0.5	100.0%	100.0%	
Hügli UK Ltd.	Redditch (UK)	Convenience	■	GBP 0.0	100.0%	100.0%	
Bresc B.V.	Sleeuwijk (NL)	Convenience	■	EUR 0.0	100.0%	100.0%	
Ali-Big Industria Alimentare s.r.l.	Brivio (IT)	Convenience	■	EUR 0.1	100.0%	100.0%	
Hügli Food s.r.o.	Zásmuky u Kolína (CZ)	Convenience	■	CZK 80.0	100.0%	100.0%	
Hügli Food Élelmiszeripari Kft.	Budapest (HU)	Convenience	■	HUF 3.0	100.0%	100.0%	
Hügli Food Polska sp. z o.o.	Lódz (PL)	Convenience	■	PLN 0.1	100.0%	100.0%	
Hügli Food Slovakia s.r.o.	Trnava (SK)	Convenience	■	EUR 0.0	100.0%	100.0%	
Investments in associated companies							
Centravo Holding AG	Zürich (CH)	By-products	○	CHF 2.0	29.7%	29.7%	
GVFI International AG	Basel (CH)	Meat trade	○	CHF 3.0	26.0%	24.8%	
Baltic Vianco OÜ	Sänna, Rõuge vald (EE)	Livestock trading	○	EUR 0.8	33.3%	33.3%	

■ Fully consolidated

○ Consolidation at equity

Report on the Audit of the Consolidated Financial Statements

Statutory Auditor's Report to the General Meeting of Bell Food Group Ltd, Basel

Opinion

We have audited the consolidated financial statements of Bell Food Group Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated statement of income, 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 62 to 86) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

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 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 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Revenue recognition

Key audit matters are those matters that, in our professional judgment, 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.

Revenue recognition

Key Audit Matter	Our response
<p>Revenue is recognized when the risks and rewards resulting from the sale of the products have been transferred to the buyer. Revenue is presented net after deduction of sales reductions, which primarily include customer bonuses based on volume and price.</p> <p>Net sales from goods and services form a significant basis for the valuation of the Group's business performance. Consequently, they are at the center of internal targets and of the expectations of the public, financial analysts, institutional investors, major creditors and other interested parties regarding the evolution of the business. Net sales from goods and services represent a significant position in the income statement, which is why they are of great relevance for the Group.</p> <p>Consequently, we have focused our audit in this area on the existence of revenue transactions as well as on the correct recording of customer bonuses.</p>	<p>In the context of our audit, we have evaluated the appropriateness of the accounting principles in relation with the Group's revenue recognition. Among other things, we have performed the following audit procedures in order to evaluate the appropriateness of the revenue recognition:</p> <ul style="list-style-type: none"> - Analysis of the revenue recognition process and the accounting on an accrual basis, and assessment of whether the value flows are completely and properly reflected in the books. In this regard, we have identified the key controls concerning revenue recognition and subsequently examined their effectiveness based on samples. We have involved our IT specialists in order to support our audit procedures. - Reconciliation of revenues and sales reductions with the Coop Group's companies with the counterparty. - Examination, based on samples, whether the customer bonuses based on volume and price are presented completely and properly. In this regard, we have reconciled the agreements with key customers with the calculations of the bonuses and the actual values recognized. - Examination of the existence of the revenues by comparing, based on samples, the invoices, corresponding orders and evidence of the transfer of risks to the customers. In this regard, we have also examined whether the sales transactions shortly before the balance sheet date are recognized in the appropriate period. <p>Moreover, we have examined whether the accounting principles regarding revenue recognition have been described and disclosed appropriately.</p>

For further information on revenue recognition, refer to the following:

- Valuation principles, p. 67
- 14. Net revenue, p. 78

Responsibility 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 Swiss GAAP FER 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 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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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.

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Carolin Widenmayer
Licensed Audit Expert

Basel, 2 February 2021

Financial statements of Bell Food Group Ltd

Balance sheet

in CHF million		31.12.2020	Share	31.12.2019	Share
Cash and cash equivalents		47.8		50.9	
Securities		2.0		1.8	
Other current receivables		0.1		0.0	
Other current receivables from Group companies		97.9		54.2	
Accrued income and prepaid expenses		4.9		1.6	
Current assets		152.6	6.6 %	108.6	4.9 %
Financial assets	Loans to Group companies	698.1		896.0	
	Other financial assets	7.8		2.4	
Investments	Controlling interests	1 428.1		1 206.7	
	Non-controlling interests	10.5		10.2	
Non-current assets		2 144.4	93.4 %	2 115.3	95.1 %
Assets		2 297.0	100.0 %	2 223.9	100.0 %
Current financial liabilities		0.0		7.0	
Trade accounts payable		0.0		0.1	
Other current liabilities		6.6		0.1	
Other current payables to Group companies		63.2		36.3	
Accrued expenses and deferred income		17.6		9.5	
Current liabilities		87.4	3.8 %	53.0	2.4 %
Non-current financial liabilities		855.0		865.0	
Non-current liabilities		855.0	37.2 %	865.0	38.9 %
Liabilities		942.3	41.0 %	918.0	41.3 %
Share capital		3.1		3.1	
Statutory capital reserves					
	Reserves from capital contributions	550.8		568.1	
	Other capital reserves	7.5		8.3	
Legally required retained earnings		10.0		10.0	
Voluntary retained earnings		702.4		710.0	
Treasury shares		-2.2		-3.3	
Annual profit		83.0		9.7	
Equity		1 354.7	59.0 %	1 305.9	58.7 %
Liabilities and equity		2 297.0	100.0 %	2 223.9	100.0 %

Income statement

in CHF million	2020	2019
Income from investments	154.2	97.5
Other financial income	23.8	21.1
Other income	3.1	3.0
Total income	181.1	121.5
Administrative expenses	1.9	2.5
Other operating expenses	3.7	0.7
Value adjustment expense	80.0	98.0
Financial expenses	11.7	9.7
Expenses	97.3	110.9
Annual profit before taxes	83.8	10.6
Taxes	0.9	0.9
Annual profit after taxes	83.0	9.7

Notes

Applied principles

The financial statements are based on the principles of commercial bookkeeping and accounting in accordance with the Swiss Code of Obligations. The principles prescribed by law are applied. Assets and liabilities in foreign currencies are valued in Swiss francs at the closing rate on the balance sheet date.

Participations and loans are stated at cost less value adjustments. Marketable securities are valued at market prices on the balance sheet date.

All values are rounded individually.

Notes and explanations to the financial statements

1. Number of full-time employees

The number of full-time equivalents is below 10.

2. Direct taxes

Capital taxes are included in the income statement under "Other operating expenses". Income taxes are reported under the item "Taxes".

3. Supplementary notes to the income statement

As part of the reorganisation of the legal group structure, the carrying amounts of the investments of Bell Food Group Ltd were reallocated. The resulting income from investments and the value adjustment expense each amount to CHF 80.0 million and therefore offset each other. The adjustment was carried out without any tax effect.

in CHF million	2020	2019
4. Total amount of pledged assets at commercial book values	-	-
5. Total amount of guarantees, warranties and pledges in favour of third parties¹	1.2	1.2
6. Unrecognised leasing liabilities	-	-
7. Obligations from long-term contracts with third parties	-	-
due within one year	-	-
due within two years	-	-
due within three years or later	-	-
8. Liabilities to employee benefit plans	-	-
9. Net release of hidden reserves	-	-
10. Principal shareholders		
Coop Group Cooperative, Basel	66.29%	66.29%

¹ The company is jointly and without limitation liable for all obligations arising from the VAT group (taxes, interest, any fines) as well as for cash pooling within the Bell Food Group.

11. Own shares

	2020			2019		
	number	Ø price CHF	in CHF million	number	Ø price CHF	in CHF million
Stock on 01.01.	11 037	299	3.3	6 424	365	2.3
Addition of treasury shares	5 000	250	1.2	10 000	257	2.6
Disposal of treasury shares	-8 400	286	-2.4	-5 387	299	-1.6
Treasury shares at 31.12.	7 637	282	2.2	11 037	299	3.3

Each calendar year, all Bell Food Group employees can purchase 100 Bell Food Group Ltd shares at a price of 80 per cent of the value corresponding to the previous calendar month. For this purpose, half of the profit-sharing bonus for the Executive Board and the members of senior management may be paid in shares of Bell Food Group Ltd. The shares issued in this context are recognised as personnel expenses in the employer's company at the price charged at the time of allocation. The shares issued under the employee share ownership plan are subject to a four-year lock-up period.

A total of 8 400 (previous year: 5 387) treasury shares were sold in connection with the employee and profit sharing scheme.

12. Bonds as of 31.12.2020

Bond type	Bond with reopening option
Nominal amount	CHF 175 million
Securities number	21 226 733 / ISIN CH0212267337
Interest rate	1.75 percent
Term	9 years
Maturity	16 May 2022 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 200 million
Securities number	39 867 890 / ISIN CH0398678901
Interest rate	0.375 percent
Term	6 years
Maturity	1 February 2024 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 300 million
Securities number	31 251 268 / ISIN CH0312512681
Interest rate	0.625 percent
Term	9 years
Maturity	24 March 2025 at nominal value

Bond type	Bond with reopening option
Nominal amount	CHF 150 million
Securities number	39 867 891 / ISIN CH0398678919
Interest rate	0.75 percent
Term	10 years
Maturity	1 February 2028 at nominal value

13. Participation rights

As of the respective balance sheet date, the members of the Board of Directors and the Group Executive Board held the following number of shares in Bell Food Group Ltd:

	2020	2019
	number	number
Shareholdings of members of the Board of Directors on 31.12.		
Hansueli Loosli, Chairman of the Board of Directors	1 320	1 220
Irene Kaufmann, Vice-President ¹	N/A	1 212
Joos Sutter, Vice-President ²	0	N/A
Thomas Hinderer, Member ²	100	N/A
Andreas Land, Member ¹	N/A	700
Doris Leuthard, Member	20	0
Werner Marti, Member	970	970
Jean G. Villot, Member	234	234
Philipp Wyss, Member	0	0
	number	number
Shareholdings of members of the Group Executive Board on 31.12.		
Lorenz Wyss	1 806	1 400
Volker Baltes ¹	274	100
Xavier Buro ¹	320	100
Marco Tschanz	1 381	1 058

¹ Retired from the Board of Directors as of 12 May 2020.

² Elected to the Board of Directors as of 12 May 2020.

¹ Volker Baltes and Xavier Buro joined the Group Executive Board as of 1 July 2019.

14. Significant shareholdings

The significant shareholdings of Bell Food Group Ltd can be found on pages 85 and 86 of the annual report.

15. Events after the balance sheet date

None

Appropriation of available earnings and reserves

Proposal of the Board of Directors for the appropriation of available earnings and reserves

The Board of Directors proposes to the Annual General Meeting a distribution of CHF 6.50 per share for the financial year 2020. The distribution is to be made 50 percent from the annual profit and 50 percent from the "Reserves from capital contributions".

in CHF	Before use	Distribution to shareholders	Allocation of reserves	After use
Annual profit	82 965 398	-20 428 564	-62 536 834	-
Reserves from capital contributions	550 812 627	-20 428 564	-	530 384 063
Statutory retained earnings	10 000 000	-	-	10 000 000
Voluntary retained earnings	702 384 455	-	62 536 834	764 921 289
Dividend distribution to shareholders		40 857 128		
Distribution per share		6.50		

Notes to the distribution

The distribution from the reserves from capital contributions will be made after reclassification to voluntary retained earnings (CHF 3.25 per share). The amount of the dividend payment depends on the number of shares entitled to dividend at the date of the distribution. No dividend is paid on treasury shares.

Report on the Audit of the Financial Statements

Statutory Auditor's Report to the General Meeting of Bell Food Group Ltd, Basel

Opinion

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

In our opinion the financial statements (pages 92 to 97) for the year ended 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.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Valuation of investments and loans to group companies

Key audit matters are those matters that, in our professional judgment, 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 and loans to group companies

Key Audit Matter	Our response
<p>As at 31 December 2020, Bell Food Group Ltd reported investments of CHF 1 428.1 million (previous year: CHF 1 216.9 million) and loans to group companies of CHF 698.1 million (previous year: CHF 896 million). Both captions thus represent a significant part of the assets.</p> <p>The investments and loans are stated at the lower of cost or market value. Management annually assesses whether there is any indication of impairment regarding the investments and the loans to group companies. If there are no indications, no further reviews are carried out.</p> <p>If there is any indication of impairment, Management examines, among other things, based on a Discounted-Cash-Flow ("DCF") model, whether there is a need for value adjustments regarding the investments and potentially the loans to group companies. In this regard, it compares the carrying values with the recoverable amounts.</p> <p>The assessment of the valuation involves significant judgment, in particular regarding estimated future cash flows, long-term growth rates and discount rates. Consequently, the assessment of the valuation was a focus area of our audit.</p>	<p>In the context of our audit, we have, among other things, critically evaluated Group Management's assessment whether there is any indication of impairment, in particular by means of discussions with Group Management and by reviewing the minutes of the meetings of the Board of Directors, the annual financial statements and business plans. In this regard, we have also obtained an understanding of the budgeting process.</p> <p>In case of indications of impairment, we have assessed the valuations made and performed the following audit procedures:</p> <ul style="list-style-type: none"> – We have assessed whether the DCF model was correctly applied and whether the calculations are understandable and mathematically correct. – We have assessed the accuracy of the forecast figures by performing a retrospective comparison of the forecast and actual figures and reconciled the forecast figures applied with the multiannual plans that have been approved by the Board of Directors. – We have critically examined the key assumptions, including the growth rate and the discount rate, by comparison with publicly available information as well as on the basis of our assessment of the economic outlook. <p>When using the DCF model, we have involved our valuation specialists in order to support our audit procedures. If the recoverable amount was lower than the carrying value, we verified that a corresponding value adjustment was recognized.</p>

For further information on investments and loans to group companies, refer to the following:

- Applied principles, p. 94
- 14. Significant shareholdings, p. 96

Responsibility 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.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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.

KPMG AG

Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge

Carolin Widenmayer
Licensed Audit Expert

Basel, 2 February 2021

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Online
www.bellfoodgroup.com/report-en

Latest news

Additional up-to-date information on the Bell Food Group is available on the internet at www.bellfoodgroup.com.

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Publishing details

General information

The language in this report is as far as possible gender neutral, but in the interest of readability only the masculine form may have been used. All terms used refer to people of both genders.

All amounts have been rounded individually.

Print deadline

2 February 2021

Forward-looking statements

The annual report includes certain forward-looking statements. These statements are based on assumptions and estimates as well as information available to the Bell Food Group at the editorial deadline, which means that actual results and events could deviate substantially from the expectations included or implied in the forward-looking statements.

Our annual report is published in German, together with French and English translations. The printed German version shall prevail at all times. Additional printed copies of the annual report are available at our head office or can be ordered via the Internet. The annual report can also be downloaded at www.bellfoodgroup.com/report-en.

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Alternative performance measures

In its annual reports, interim reports and notices to investors and analysts, the Bell Food Group uses alternative performance measures that are not defined by the Accounting and Reporting Recommendations (Swiss GAAP FER). The alternative performance measures used by the Bell Food Group are explained in the separate publication "Alternative Performance Measures" and reconciled to Swiss GAAP FER measures.

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