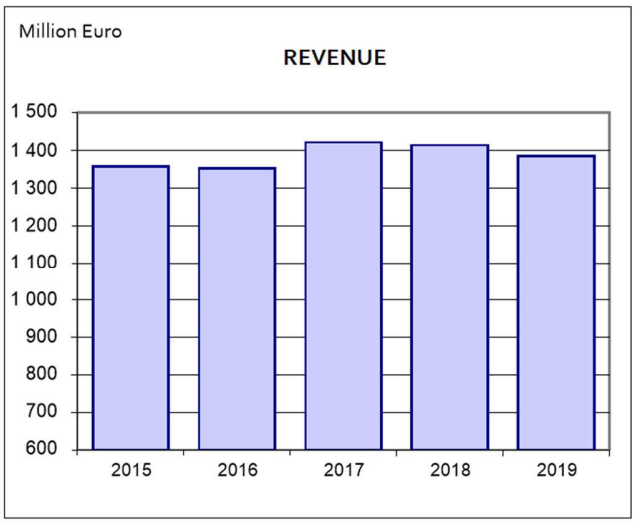
Vandemoortele
shaping a tasty future

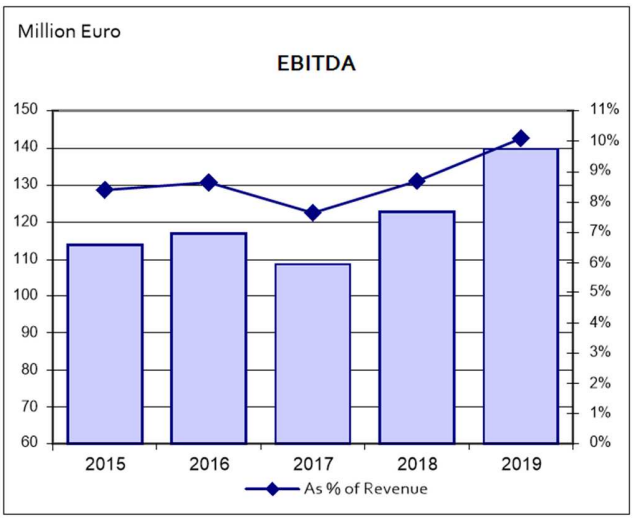
FINANCIAL RESULTS 2019

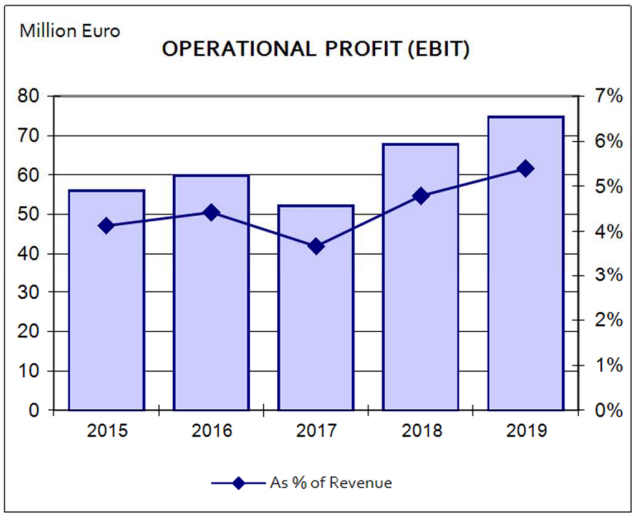
KEY FINANCIAL FIGURES

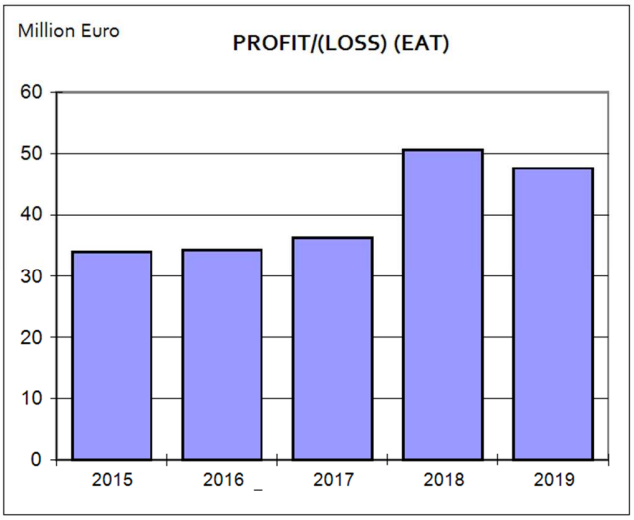
Million Euro KEY FINANCIAL FIGURES (*)	2015	2016	2017	2018	2019 Excl IFRS16	2019 Incl IFRS16
REVENUE	**1 357**	**1 353**	**1 422**	**1 414**	**1 384**	**1 384**
Adjusted EBITDA	**123**	**126**	**119**	**130**	**143**	**152**
Recurring depreciations & amortisations	-55	-55	-55	-55	-54	-62
Adjusted EBIT	**68**	**71**	**63**	**75**	**90**	**90**
Non-recurring items	-12	-11	-11	-7	-15	-15
EBIT (profit from operations)	**56**	**60**	**52**	**68**	**75**	**75**
Depreciations, amortisations & impairments	58	57	57	55	57	65
EBITDA	**114**	**117**	**109**	**123**	**131**	**140**
Net financial income / (expense)	-21	-21	-16	-9	-14	-14
Result according to the equity method	2	5	3	3	5	5
PRE-TAX CURRENT PROFIT/(LOSS)	**37**	**44**	**39**	**62**	**66**	**66**
Income tax expense	-3	-10	-3	-11	-18	-18
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**34**	**34**	**36**	**51**	**48**	**48**
PROFIT/(LOSS) (EAT)	**34**	**34**	**36**	**51**	**48**	**48**
Net fixed assets (NFA)	580	602	606	608	588	622
Working capital need (WCN)	12	14	33	40	15	15
Assets held for sale	0	0	0	0	25	25
CAPITAL EMPLOYED	**592**	**616**	**640**	**648**	**627**	**661**
Equity	379	324	351	380	403	403
Provisions and others	22	20	11	3	13	13
Subordinated debt	69	75	75	75	75	75
Senior net financial debt (NFD)	122	196	202	190	136	170
CAPITAL PROVIDED	**592**	**616**	**640**	**648**	**627**	**661**
RATIO'S						
Adjusted EBITDA / Revenue	9,1%	9,3%	8,3%	9,2%	10,4%	11,0%
Adjusted EBIT / Revenue	5,0%	5,2%	4,5%	5,3%	6,5%	6,5%
Net profit (loss) / Revenue	2,5%	2,5%	2,6%	3,6%	3,4%	3,4%
Senior NFD / Equity	32%	61%	58%	50%	34%	42%
Senior NFD / Adjusted EBITDA	1,0	1,6	1,7	1,5	0,9	1,1
Adjusted EBIT / capital employed	11,5%	11,5%	9,9%	11,6%	14,3%	13,6%
Capital Expenditures	86	77	57	57	57	79

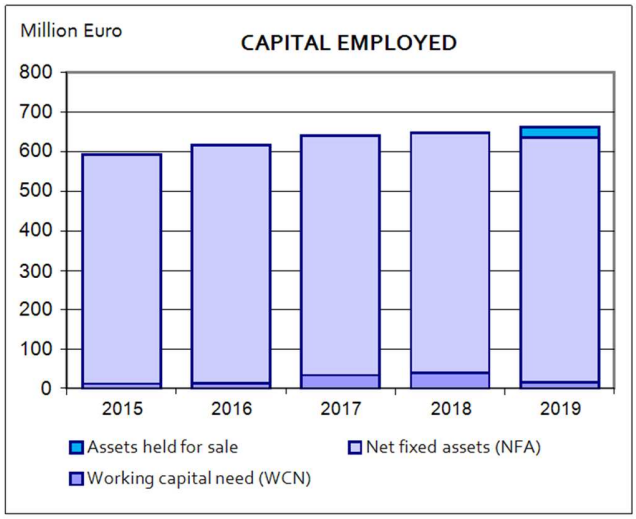
(1) The definitions of the used key financials are specified in the Glossary, note 37

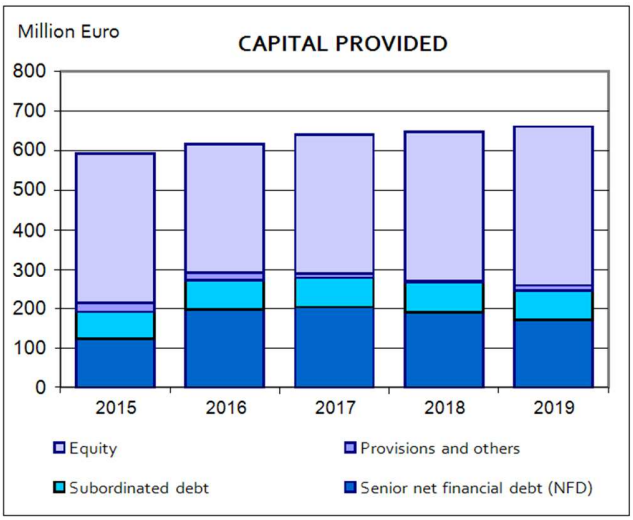












As of 2019 IFRS 16 was adopted and impacts EBITDA, Capital Employed and Capital Provided.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December Thousand Euro		2019	2018
Revenue		1 384 070	**1 413 799**
Raw materials and consumables used and goods for resale		(711 119)	(772 419)
Changes in inventories of finished goods and goods purchased for resale		(4 617)	2 042
Services	6	(267 831)	(264 617)
Employee benefit expenses	7	(268 893)	(266 780)
Depreciation, amortisation and write down	8	(64 854)	(55 624)
Impairment	8	(410)	0
Change in provisions	9	1 247	4 286
Other operating income	10	25 392	20 411
Other operating expenses	11	(18 302)	(13 367)
Profit/ (loss) from operations		**74 684**	**67 730**
Financial Income	12	2 921	3 431
Financial Expense	13	(17 081)	(12 159)
Share of profit (loss) from equity accounted investments		5 445	3 072
Profit/ (loss) before tax		**65 968**	**62 074**
Income tax (expense)	14	(18 354)	(11 477)
Profit/ (loss) from continuing operations		**47 614**	**50 597**
Profit/loss		**47 614**	**50 597**
Profit/loss attributable to the owners of the parent		47 614	50 597

As the shares are not traded in a public market, the standard IAS 33, § 66/70 relating the presentation of the ordinary or diluted profit per share, the number of shares and the average weighted number of ordinary shares is not applicable.

OTHER COMPREHENSIVE INCOME

For the year ended 31 December Thousand Euro	Note	2019	2018
Profit/(loss) of the year		**47 614**	**50 597**
Other Comprehensive income		**(1 130)**	**(1 628)**
Items that may be reclassified subsequently to profit or loss:		**1 175**	**(1 746)**
Currency translation differences	24.3	1 175	(1 746)
Items that will not be reclassified subsequently to profit or loss:		**(2 305)**	**118**
Change in actuarial gains / (losses) of defined benefit obligations, net of tax	29	(2 305)	118
Total comprehensive income for the year		**46 485**	**48 968**
- attributable to the owners of the parent		46 485	48 968

CONSOLIDATED BALANCE SHEET

For the year ended 31 December Thousand Euro		2019	2018
Assets			
Goodwill	15	199 329	199 329
Other intangible assets	16	10 971	12 519
Property, plant & equipment	17	411 319	376 166
Investments in associates *	18	0	20 005
Trade and other receivables	19	0	0
Deferred tax assets	20	45 204	46 080
Other Financial assets		30	30
Other assets	21	2 797	2 971
Non-current assets		**669 650**	**657 100**
Inventories	22	129 058	133 558
Trade and other receivables	19	201 879	217 058
Derivatives	28	313	2 055
Other Financial assets	23	10 541	9 638
Cash and cash equivalents	23	24 559	10 727
Other assets	21	4 625	6 021
Assets held for sale *	18	24 500	0
Current assets		**395 474**	**379 056**
Total Assets		**1 065 124**	**1 036 157**
Equity and liabilities			
Share capital	24	79 365	79 365
Retained earnings & reserves	24	323 813	300 487
Non-controlling interests	24	0	0
Equity		**403 179**	**379 852**
Borrowings	25	266 386	279 006
Deferred tax liabilities	20	21 359	20 356
Derivatives	28	4 692	2 253
Employee benefits	29	26 490	22 758
Provisions	30	5 721	6 969
Other non-current liabilities	31	3 123	3 119
Non-current liabilities		**327 770**	**334 461**
Borrowings	25	12 368	4 754
Current tax		2 765	2 849
Derivatives	28	1 376	529
Employee benefits	29	40 502	40 621
Provisions	30	0	0
Trade payables and other liabilities	31	277 164	273 090
Current liabilities		**334 175**	**321 844**
Total equity and liabilities		**1 065 124**	**1 036 157**

** Investments in associates reclassified to assets held for sale per 31/12/2019*

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December Thousand Euro	Note	2019	2018
Profit/ (loss) from operations *		**74 684**	**67 730**
Amortisations	8	2 709	2 942
Depreciations	8	61 940	52 217
Impairments on intangible & tangible fixed assets	8	410	0
Ebitda from continuing operations	5	**139 742**	**122 889**
Depreciations on government grants	10	(681)	(437)
Fair value adjustments on commodity contracts	10	(24)	(13)
Change in provisions	9	(1 247)	(4 286)
Change in long-term employee benefits		642	(1 471)
Loss / (gain) on disposals of intangible assets and PPE	10 / 11	(477)	898
Other		972	911
Cash flow from operating activities before changes in working capital		**138 928**	**118 493**
Decrease / (increase) in inventories		4 152	1 278
Decrease / (increase) in trade receivables		10 743	6 786
Increase / (decrease) in trade payables		3 129	(1 021)
Increase / (decrease) in other working capital		3 046	(8 126)
Net cash generated from operating activities		**159 997**	**117 410**
Interest received		53	195
Net interest paid		(8 662)	(11 414)
Income taxes paid		(12 150)	(16 245)
Other financial fees		(720)	(1 425)
Cash flow from operating activities in continuing operations		**138 517**	**88 522**
Acquisition of intangible assets	16	(774)	(707)
Acquisition of property, plant and equipment	17	(56 497)	(56 092)
Proceeds from sale of intangible assets		117	24
Proceeds from sale of property, plant and equipment		2 097	121
Proceeds from sale of other shares and securities other than shares		0	4
Government grants		685	270
Cash flow from investing activities in continuing operations		**(54 373)**	**(56 380)**
Proceeds from borrowings		14 267	0
Repayment of borrowings		(51 380)	(15 677)
Repayment of lease liabilities **		(10 152)	(1 977)
Dividends paid	24.4	(20 321)	(15 572)
Dividends received	24.4	2 836	2 156
Acquisition of treasury shares	24.2	(4 720)	(5 811)
Other		(50)	0
Cash flow from financing activities in continuing operations		**(69 520)**	**(36 881)**
Net increase / (decrease) in cash & cash equivalents		**14 624**	**(4 740)**
Cash and cash equivalents less bank overdrafts at January 1	23	9 931	14 693
Effect of exchange rate fluctuations		3	(22)
Cash and cash equivalents less bank overdrafts at December 31	23	24 558	**9 931**

** Includes interests on leases and rent payments for low value assets, short term leases, variable lease payments and non-lease components*

*** See note 17 - movements of lease liabilities*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2019								
	Attributable to owners of the parent								
Thousand Euro	**Share Capital**	**Treasury Shares**	**Currency Translation Adjustment**	**Retained Earnings and Reserves**	**Hedging reserves**	**Employee benefits**	**Total**	**Non control. interest**	**Total Equity**
At January 1	**79 365**	**(59 279)**	**4 933**	**353 802**	**0**	**1 031**	**379 852**	**0**	**379 852**
Comprehensive income									
Profit/(loss) of the year	0	0	0	47 614	0	0	47 614	0	47 614
Other comprehensive income	0	0	1 175	0	0	(2 305)	(1 130)	0	(1 130)
Total comprehensive income	**0**	**0**	**1 175**	**47 614**	**0**	**(2 305)**	**46 484**	**0**	**46 484**
Transactions with owners									
Movement treasury shares	0	(4 720)	0	0	0	0	(4 720)	0	(4 720)
Dividends paid	0	0	0	(20 321)	0	0	(20 321)	0	(20 321)
Dividends received	0	0	0	1 885	0	0	1 885	0	1 885
Total transactions with owners	**0**	**(4 720)**	**0**	**(18 436)**	**0**	**0**	**(23 157)**	**0**	**(23 157)**
At December 31	**79 365**	**(64 000)**	**6 108**	**382 979**	**0**	**(1 274)**	**403 179**	**0**	**403 179**

	2018								
	Attributable to owners of the parent								
Thousand Euro	**Share Capital**	**Treasury Shares**	**Currency Translation Adjustment**	**Retained Earnings and Reserves**	**Hedging reserves**	**Employee benefits**	**Total**	**Non control. interest**	**Total Equity**
At January 1	**79 365**	**(53 468)**	**6 679**	**317 214**	**0**	**913**	**350 704**	**0**	**350 704**
Comprehensive income									
Profit/(loss) of the year	0	0	0	50 597	0	0	50 597	0	50 597
Other comprehensive income	0	0	(1 746)	0	0	118	(1 628)	0	(1 628)
Total comprehensive income	**0**	**0**	**(1 746)**	**50 597**	**0**	**118**	**48 968**	**0**	**48 968**
Transactions with owners									
Movement treasury shares	0	(5 811)	0	0	0	0	(5 811)	0	(5 811)
Dividends paid	0	0	0	(15 572)	0	0	(15 572)	0	(15 572)
Dividends received	0	0	0	1 563	0	0	1 563	0	1 563
Total transactions with owners	**0**	**(5 811)**	**0**	**(14 009)**	**0**	**0**	**(19 821)**	**0**	**(19 821)**
At December 31	**79 365**	**(59 279)**	**4 933**	**353 802**	**0**	**1 031**	**379 852**	**0**	**379 852**

1. GENERAL INFORMATION

Vandemoortele NV ("Vandemoortele" or "the Company") and its subsidiaries (together "the Group") are a Belgian family business that has grown into a leading food group on a European scale. The Group focuses on two business segments: Bakery Products and Margarines, Culinary Oils and Fats (hereafter MCOF). The 2019 consolidated financial statements of the Group include the Company, 37 consolidated subsidiaries controlled by the Company and 1 associated company. Investments in subsidiaries and associates are listed in note 36.

Safinco NV, the parent company, is a limited liability company incorporated and domiciled in Belgium. The registered office of Vandemoortele NV and Safinco NV is Ottergemsesteenweg-Zuid 816, 9000 Gent.

The consolidated financial statements and the statutory financial statements of Vandemoortele NV have been approved for issue by the Board of Directors on March 19, 2020. The shareholders will be requested to approve the consolidated financial statements and the statutory financial statements of Vandemoortele NV at the annual meeting on May 12, 2020.

2. APPLICATION OF NEW AND REVISED IFRSs

2.1 NEW AND REVISED IFRSS AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURES IN THE FINANCIAL STATEMENTS

In the current year, the Group has considered the new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2019. It concerns:

- IFRS16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Annual improvements to IFRS Standards 2015-2017 Cycle

Except for the application of IFRS16 an assessment made by the Group showed that these improvements and amendments didn't materially impact the amounts included in the 2019 financial statements.

TRANSITION TO IFRS 16

The Group applied the new guidelines for lease accounting retrospectively with the cumulative effect of initially applying the standard recognized on January 1, 2019 (modified retrospective approach B) in accordance with the transition requirements of IFRS 16. The comparative statements have not been restated.

Following the adoption of IFRS 16, the Group has changed its accounting policy for leases. The new policy is described below.

The impact of the changes in accounting policies impacts only the opening balance of the statement of financial position. As a result of the application of the revised accounting policies due to the application of IFRS 16 on a modified retrospective basis, the Group recognized lease liabilities for an amount of 20.280 k euro relating to leases previously classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of January 1, 2019. The weighted average incremental borrowing rate used at transition date is 2,06%.

Upon transition, the Group used following practical expedients authorized by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Excluding initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- Using hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease;
- Not reassessing whether a contract is, or contains, a lease at the date of initial application, for contracts entered into before January 1, 2019;
- Short term leases and low value assets.

The related right-of-use assets were measured at the amount equal to the lease liability.
Leases classified under IAS 17 as finance leases were previously presented as a part of property, plant and equipment (2018: 24.848 k euro) and are, as from 2019, presented as part of the new nature "Right-of-use assets" under Property, plant and equipment in the statement of financial position. No contracts have been assessed to be onerous at transition date.

Following table presents a reconciliation between the note disclosing the non-cancellable lease commitments as reported in the 2018 consolidated financial statements and the lease liabilities recognized at transition date:

Thousand Euro	2019
Operating lease commitments at year-end 2018	*30 443*
Recognition exemption	
Short term leases	(2 005)
Leases of low value assets	(315)
Variable leases not depending on an index or a rate	(3 403)
Extension and termination options reasonably certain to be exercised	(1 938)
Total lease commitments in scope of IFRS 16 per December 31, 2018	**22 782**
Discounted using the incremental borrowing rate at January 1, 2019	(2 503)
Lease liabilities recognized at January 1, 2019	**20 280**

IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENTS

Following the adoption of IFRIC 23, the Group has considered possible uncertainty over income tax treatments. Currently there are tax audits ongoing at some of the Group's entities. However based on the current status of this tax audits, Group management is of the opinion that the completion of these tax audits will have no material impact on the Financial Statements of the Group.

2.2 NEW AND REVISED IFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and which are relevant to the Group:

- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2020)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)
- Amendments to IAS 1 clarification of liabilities as current or non-current (the amendments are effective for annual reporting periods beginning on or after 1 January 2020 and are to be applied retrospectively, earlier application is permitted.)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

The consolidated financial statements over the year 2019 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union and effective on January 1, 2019.

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

Depending on the applicable IFRS requirements, the measurement basis used in preparing the consolidated financial statements is the historical cost except for certain financial instruments that are measured at fair value at the end of each reporting period as explained in note 27 and 28.

Recognition and measurement alternatives allowed by IFRSs:

Standard	Alternative used
IAS 2 Inventories	Measurement of the cost of inventories on a first in, first out basis (FIFO)
IAS 16 Property, plant and equipment	Historical cost
IAS 38 Intangible assets	Historical cost
IAS 40 Investment property	Historical cost

The available exemptions regarding the retrospective application of IFRSs at the transition date (January 1, 2005 for the Group):

Standard	IFRS 1 alternative used
IFRS 3 Business Combinations	Non-application of the IFRS 3 provisions to any business combinations prior to the transition date. Additional ownership interest purchase accounted for as goodwill for the difference between the acquisition cost and the non-controlling interests' share in net equity, with no remeasurement of the assets acquired and liabilities assumed.
IAS 16 Property, plant and equipment	The Group has opted to measure the land at the date of transition at fair value and to consider it as deemed cost at the date of transition.
IAS 19 Employee benefits	All non-recognised actuarial differences with respect to defined benefit plans at 31 December 2004 were recognised in equity at the date of transition to IFRS.
IAS 21 Effects of changes in foreign exchange rates	Transfer into retained earnings of all cumulative translation differences for all foreign operations at January 1, 2005.

Specific accounting policies with respect to presentation applied:

Standard	IFRS 1 alternative used
IAS 1 Presentation of financial statements	Income statement by cost nature Indirect method applied in preparing cash flow statement
IAS 7 Cash flow statements	Interest paid and received presented as part of cash flows from operations Dividends received/paid presented as cash flows from financing activities
IAS 16 Property, plant and equipment	The gain or loss on disposal of items of property, plant and equipment is presented as other operating income/expense
IAS 19 Employee benefits	The net interest expense with respect to defined benefits plans, other long term employee benefits and termination benefits is presented as part of employee benefits in the income statement
IAS 20 Accounting for government grants and disclosure of government assistance	Capital grants are presented as deferred revenue and are recognised in other operating income in the income statement Grants related to income are recognised in the income statement as other operating income
IAS 21 Effects of changes in foreign exchange rates	Exchange differences on loans and receivables, trade payables and other liabilities and borrowings are classified as financial income or expense
IAS 28 Investments in Associates and Joint Ventures	The share of profit/loss from investments in associates and joint ventures is excluded from profit/loss from operations but included in profit/loss before tax
IAS 38 Intangible assets	The gain or loss on disposal of intangible assets is presented as other operating income/expense
IFRS 9 Financial Instruments	Fair value movements on currency and interest derivatives linked with loans and receivables, trade payables and other liabilities and borrowings are classified as part of financial income or expense when recognised in the income statement Fair value movements with respect to commodity derivatives are presented in other operating income/expense

3.2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions which form the basis of presentation, recognition and measurement of Vandemoortele's assets and liabilities. These estimates and assumptions may have to be revised over time and unexpected events or circumstances may arise.

There are no major sources of estimation uncertainty at the end of 2019 having a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The recent events on Covid-19 will undoubtedly impact the turnover and the results of our business lines, in particular because of quarantine measures in some countries. When drafting the consolidated financial statements, the potential impact of Covid-19 has not been considered as these are difficult to estimate as of today.

3.3 OVERALL ACCOUNTING POLICIES APPLIED TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.3.1 CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. Subsidiaries are fully consolidated from the date of acquisition, being the date on which Vandemoortele obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies (for like transactions and other events in similar circumstances).

Following accounting procedures are followed:
- The like items of assets, liabilities, equity, income, expenses and cash flows of the Parent Company are combined with those of its subsidiaries.
- The carrying amount of the Parent Company's investment in each subsidiary and its portion of equity of each subsidiary is offset.
- All intercompany balances, income and expenses, unrealised gains and losses and dividends resulting from intercompany transactions are eliminated in full (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full).

Subsidiaries

An investor determines whether it is a parent by assessing whether it controls one or more investees. An investor considers all relevant facts and circumstances when assessing whether it controls an investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The income and expenses of the subsidiaries are included in the consolidated financial statements from the date it gains control until the date control ceases. Income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

The Group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity issued and liabilities incurred or assumed at the date of acquisition. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the remaining difference is recognised directly in the income statement.

A parent presents non-controlling interests in its consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Non-controlling interest consists of the amount of this interest at the date of the original business combination and the non-controlling share of changes in equity since the date of the business combination. A reporting entity attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The proportion allocated to the parent and non-controlling interests are determined on the basis of present ownership interests. The reporting entity also attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Transactions with non-controlling interest that do not result in loss of control are accounted for as equity transactions. That is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of the net asset of the subsidiary is recorded in net equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The equity and net result attributable to non-controlling shareholders' interests are shown separately in the balance sheet and income statement.

Associates

Associates are companies in which the Vandemoortele Group has, directly or indirectly, a significant influence but not the control to govern the financial and operating policies. This is generally evidenced when the Group holds between 20 and 50 per cent of the voting rights.

The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IFRS 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3.3.2 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

3.3.3 FOREIGN CURRENCIES

The consolidated financial statements are presented in EURO, which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency, and items included in the financial statements of each entity are measured using that functional currency. There are currently no subsidiaries for which the functional currency is different from the local currency of the foreign entity.

Foreign currency transactions

Transactions in foreign currencies are recognised initially at the exchange rate prevailing at the date of the transactions. Subsequently, at period closing, monetary assets and liabilities denominated in foreign currencies are translated at balance sheet date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences arising on the retranslation of non-monetary items carried at fair value are recognised in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

Foreign operations

In consolidation, the assets and liabilities of the Group's Companies, using a different functional currency than the euro, are translated to euro using exchange rates prevailing on the balance sheet date. Income and expense items of foreign operations are translated to euro at the average exchange rates for the year. The components of shareholders' equity of foreign operations are translated at historical rates. Exchange differences arising from the translation of shareholder's equity to euro at year-end exchange rates are classified as part of equity under Cumulative Translation Adjustments.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

Exchange rates

The following exchange rates have been used in preparing the financial statements

1 euro = x foreign currency	Closing Rate		Average Rate	
	2019	2018	2019	2018
US Dollar	1,1234	1,1450	1,1496	1,2005
GB Pound	0,8508	0,8945	0,8900	0,8897
Swiss Franc	1,0854	1,1269	1,1136	1,1571
Czech Kroner	25,4080	25,7240	25,9331	25,7855
Hungarian Forint	330,5300	320,9800	324,5794	315,2845
Polish Zloty	4,2568	4,3014	4,3384	4,2578

3.3.4 GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net value on the date of acquisition of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net value on the date of acquisition of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

The group performs an impairment analysis on a yearly basis, in accordance with the group's accounting policy. The recoverable amounts of the cash-generating units have been determined based on value-in-use calculations. The value in use is calculated on the basis of estimates and judgements of the expected cash flows which are discounted on a WACC basis. For a description of the main estimates, valuation assumptions and a sensitivity analysis of the applied assumptions see Note 15.

3.3.5 INTANGIBLE ASSETS

Acquired intangible assets

Patents, licenses (e.g. computer software), trademarks, brands, and similar rights are measured at cost less accumulated amortisation and impairment losses. When these assets have been acquired in a business combination, the cost is the fair value allocated in the purchase accounting. In other cases the cost is equal to the purchase price.

Intangible assets are amortised using the straight-line method over their estimated useful lives as from the moment they are available for use. Currently the estimated useful lives range between three and five years.

Internally generated intangible assets

Costs associated with the development or maintenance of computer software programs are in general recognised as an expense as incurred. However (internal or external) costs directly associated with the production of unique software products controlled by the Group and that will probably generate future economic benefits are recognised as intangible assets, and amortised over their estimated useful life. Currently the estimated useful lives range between three and five years.

Expenditure on research activities is expensed in the income statement as incurred. Expenditure on development activities in general does not meet the capitalisation criteria of IAS 38 and is expensed as incurred (unless the strict criteria of IAS 38 would be met).

3.3.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant & equipment is carried at cost less accumulated depreciations and impairment losses. Cost includes all direct costs and all expenditure to bring the asset to its working condition and location for its intended use. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. The estimated cost of dismantling an asset and restoring a site to its original location at the end of its useful life are included in the cost of the asset. Major components of property, plant & equipment are accounted for as separate assets, when they have useful lives different from those of the other assets to which they relate.

Subsequent costs are recognised in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repair and maintenance costs are expensed as incurred.

Depreciation of property, plant & equipment is calculated from the date the asset is available for use, using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	20 – 40 years
Equipment	3 – 10 years
Furniture and Fittings	3 – 10 years
Vehicles	4 – 8 years

Property, plant & equipment under construction and land are not depreciated.

The asset's residual value and useful lives are adjusted, if material, annually.

Improvements to leased buildings are capitalised and depreciated over the remaining term of the lease or their expected useful life if shorter.

Gains and losses on disposals, determined by comparing proceeds with the carrying amount, are included in the income statement.

3.3.7 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (less any lease incentives),
- variable lease payments that are based on an index or rate,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or the Group's incremental borrowing rate, i.e. the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- an estimate of the costs related to the dismantling and removal of the underlying asset.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

If it is reasonably certain that the Group will exercise a purchase option, the asset shall be depreciated on a straight-line basis over its useful life (see property, plant and equipment above). In all other circumstances the asset is depreciated on a straight-line basis over the shorter of the useful life of the asset or the lease term.

For short-term leases (lease term of 12 months or less) or leases of low-value items (mainly IT equipment and small office furniture) to which the Group applies the recognition exemptions available in IFRS 16, lease payments are recognised as an operating expense.

Some property leases contain variable payment terms that are linked to the use of the property (mainly warehouses). Variable lease payments that depend on the use are recognised as an operating expense in profit or loss in the period in which the condition that triggers those payments occurs.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the next paragraph.

Accounting policies for lessee accounting under IAS 17 applicable up to 31.12.2018 were as follows:

- Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership to the Group. All other leases are classified as operating leases.
- Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.
- Lease payments are apportioned between the finance expense and the reduction of the lease obligations as to achieve a constant rate of interest on the remaining balance of the liability. A finance lease gives rise to a depreciation charge for the asset as well as an interest expense for each accounting period. The depreciation policy for leased assets is consistent with that for depreciable assets that are owned.
- Payments made under operating leases (net of any incentives received from the lessor) are expensed to income on a straight-line basis over the term of the relevant lease.

3.3.8 IMPAIRMENTS OF ASSETS

The Group regularly reviews the carrying amounts of property, plant and equipment, goodwill and intangible assets to determine whether there is an indication for impairment. In addition, goodwill is reviewed for impairment at least annually. If an indication for impairment exists, the assets recoverable amount is estimated. An impairment loss is recognised in income for the amount by which the asset's carrying amount exceeds its recoverable amount (the higher of an assets net selling price less costs to sell and value in use).
The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.
For assessing impairment, assets are grouped together at the lowest levels for which there are separately identifiable cash flows (cash generating unit). In exceptional circumstances impairment losses recognised in prior years are reversed in income when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. As an exception, an impairment loss recognised for goodwill is never reversed in a subsequent period.

3.3.9 INVENTORIES

Inventories are carried at the lower of cost and net realisable value. Cost is determined by the first in, first out (FIFO) method. Cost includes direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition (based on normal operating capacity).

3.3.10 FINANCIAL ASSETS

The classification of the non-derivative financial assets is based on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. The classifications used are loans and receivables, financial assets available-for-sale and financial assets held-for-trading.

The loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides cash to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are included in trade and other receivables in the balance sheet.

Investments in equity securities are investments in the share of companies in which Vandemoortele does not have significant influence or control (usually evidenced by ownership of less than 20 % of the voting rights). Such investments are designated as financial assets available-for-sale and are measured at fair value unless the fair value cannot be reliably determined in which case they are measured at cost. Changes in fair value, except those related to impairment losses, are recognised directly in equity. These investments are classified as non-current assets (other financial assets), unless Management intends to dispose of the investment within 12 months of the balance sheet date.

Investments in debt securities, such as mutual funds, are designated as financial assets held-for-trading and are measured at fair value, which is the published price at balance sheet date. Changes in fair value are recognised in the income statement. Such investments are typically classified as current assets (other financial assets).

Purchases and sales of investments are accounted for at trade date, the date on which the Group commits to purchase or sell the asset.

An impairment loss is recognised when the carrying amount of the investment exceeds the estimated recoverable amount.

3.3.11 TRADE AND OTHER RECEIVABLES

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and therefore are classified as loans and receivables. After initial measurement at fair value at inception which is generally the nominal amount, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less impairment. The losses arising from impairment are recognised in the income statement under the line depreciation, amortization and write down.

3.3.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand and cash with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, have maturities at original recognition of three months or less and are subject to an insignificant risk of change in value.
Cash and Cash equivalents are carried in the balance sheet at nominal value. Bank overdrafts are shown within borrowings as a current liability on the balance sheet.

3.3.13 ASSETS HELD FOR SALE

The Group classifies a non-current asset (or disposal group) as held for sale if it's carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- Management is committed to a plan to sell;
- The asset is available for immediate sale;
- An active program to locate a buyer is initiated;
- The sale is highly probable, within 12 months of classification as held for sale;
- The asset is being actively marketed or the sale is at a sales price reasonable in relation to its fair value;
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale. Immediately before classification as held for sale, the Group measures the carrying amount of the asset (or all the assets and liabilities in the disposal group) in accordance with applicable IFRSs. Then, on initial classification as held for sale, non-current assets (or disposal groups) are recognized at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell.

3.3.14 SHARE CAPITAL

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

When the Group purchases its own shares the amount of the consideration paid (including directly attributable expenses) is recognised as a deduction from equity under treasury shares. The proceeds from sales of treasury shares are directly included in net equity with no impact on the income statement.

3.3.15 RESERVES

The reserves are shown before the proposed dividend. Dividends are recognised as a liability in the period in which they have been approved by the shareholders of the Company.

3.3.16 COMPOUND FINANCIAL INSTRUMENTS

Compound financial instruments are instruments that contain both a debt component and an equity component (such as equity conversion options that meet certain conditions).

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

3.3.17 GOVERNMENT GRANTS

Government grants are initially recognised as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions attached to them. Grants that compensate for expenses incurred are recognised as other operating income on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are recognised as other operating income on a systematic basis over the useful life of the asset.

3.3.18 BORROWINGS

Interest-bearing loans and borrowings are recognised initially at the proceeds received, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs.

The liability component of a compound financial instrument is further described in note 3.3.15.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3.3.19 EMPLOYEE BENEFIT OBLIGATIONS

Pension Obligations

The Vandemoortele Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans.

A defined benefit plan is a post-employment benefit plan that defines an amount of pension benefit that an employee will receive on retirement. The liability recognised in the balance sheet for a defined benefit retirement plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. Annually, the projected unit credit method is used for the calculation of the defined benefit obligation. Remeasurements comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in equity with a charge or credit to 'Other Comprehensive Income' in the period in which they occur.

Past service cost is the increase in the present value of the defined benefit obligation for employee service in prior periods as the consequence of the introduction or change to post-employment benefits or other long-term employee benefits.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity (a fund or insurance company) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees service in the current and prior periods. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. However, if under a defined contributions plan, there remains a legal or constructive obligation for the Vandemoortele Group the plan is treated as a defined benefit plan.

Other long-term employee benefits

Some Group companies provide other long-term benefit schemes to their employees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment.

3.3.20 PROVISIONS

Provisions are recognised in the balance sheet (1) when the Group has a present obligation (legal or constructive) as a result of a past event and (2) it is more likely than not that, an outflow of resources will be required to settle the obligation and (3) the amount can be reliably measured.

The amount recognised as a provision is the best estimate of the expenditure to settle the present obligation at the balance sheet date.

3.3.21 TRADE AND OTHER PAYABLES

Trade and other payables are measured at cost, which is the fair value of the consideration paid or payable.

3.3.22 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to manage the impact of foreign currencies, interest rates and commodity prices on the Group's financial performance. The Group's risk management policies prohibit the use of derivative financial instruments for speculative transactions.

Derivative financial instruments are recognised initially at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Subsequent to initial recognition, derivative financial instruments are measured to their fair value at balance sheet date. The method of recognising the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument and if so, on the nature of the item being hedged.

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

More specifically to commodity contracts, following distinction is made:
- Commodity purchase and sale contracts that can be settled net in cash, but that do not meet the "own use" exception (see below) are accounted for in accordance with IFRS 9, as if they were financial instruments.
- Commodity purchase and sale contracts that can be settled net in cash, but were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements are excluded from the scope of IFRS 9. This is commonly referred to as own use contracts. Own use contracts are accounted for as normal purchase or sale contracts (executory contracts).

Derivative financial instruments that are economic hedges, but that do not meet the strict IFRS 9 criteria for hedge accounting, are designated as financial assets and liabilities at fair value through profit or loss. When the criteria for hedge accounting can be met, the Group designates derivative financial instruments as hedging instruments either cash flow hedges or fair value hedges.

Fair value through profit or loss

The change in fair value of derivative financial instruments not designated as financial hedges are recognised in the income statement.

Cash Flow Hedge Accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised in the income statement within net finance expense for interest rate swaps hedging variable rate borrowings and within other operating income / expense for hedges of commodity prices. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity remains in equity until the moment that the forecast transaction is ultimately recognised in the income statement.

Fair Value Hedge Accounting

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps and the changes in the fair value of the hedged borrowings attributable to interest rate risk are recognised in the income statement within net finance expense.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item is amortised to profit or loss over the period to maturity (within net finance expense).

3.3.23 REVENUE RECOGNITION

Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods to the customers. The five-step model is applied to account for revenue arising from contracts with customers.

The Group recognises revenue from contracts with customers and revenue from other sources.

Revenue from contracts with customers relates to a general agreement with a customer about the sale of goods.

- Revenue is recognised at a point in time when control of the goods is transferred to the customer. There are no contracts where goods are transferred over time
- Contracts with customers have mainly a short-term duration
- The performance obligation in contracts with customers is satisfied upon delivery of the goods. Payment terms are fixed in the contracts and are linked to the satisfaction of the performance obligation
- Contracts with customers include only one performance obligation; no allocation of the transaction to different performance obligations is needed.
- No warranties outside the legal warranties or specific related obligations (obligation for returns and refunds) are included in contracts with customers.

Gross sales are recognised as the volume sold valued at list or contract price. The gross sales are compensated by two types of discounts:

-Invoiced discounts, which immediately affect the sales price of the products on the invoice. These are all allowances deducted from the invoice when specific conditions have been met.
-Non-invoice discounts, which are allowances paid or payable to the customer when reaching specific targets over a time horizon. These are materialized through a credit note of the company or an invoice from the customers. These non-invoice discounts are deducted from the gross sales. Most frequently used non-invoice discounts concern volume discounts, trade marketing allowances, cash discounts, coupons and variable commissions. The recognition of some of these discounts include an element of judgement for which management relies on historical statistics about redemption rates.

3.3.24 TAXES

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax effect is also recognised directly in equity.

Current income tax is the expected tax payable, using tax rates enacted, on the taxable profit of the current year and adjustments to tax expenses of previous periods.

Deferred income tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Under the balance sheet liability method, a deferred income tax liability or asset is recognised for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amount in the balance sheet. Under this method a provision for deferred taxes is booked for differences between the fair value of assets and liabilities acquired in a business combination and their tax base. No deferred taxes are recognised on goodwill that is not deductible for tax purposes.

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred income tax assets and liabilities are off-set when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4 OPERATING SEGMENT INFORMATION

The Executive Committee (ExCo) is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the ExCo for the purposes of allocating resources and assessing performance. The Executive Committee considers the business from a product family perspective.

The Group operates with four performance measures, all measured on business performance. The primary performance measure is adjusted EBITDA, the secondary EBITDA, the third adjusted EBIT and the fourth EBIT.

For its strategic decision making process Vandemoortele distinguishes between the Bakery Products operating segment and the MCOF operating segment. The Bakery Products operating segment comprises the development, production and sale of frozen bakery products. The MCOF operating segment comprises the development, production and sale of margarines, culinary oils & fats.

Sales between operating segments are carried out at arm's length. Sales from the MCOF to the Bakery Products operating segment amount to 15.456 k euro in 2019 (15.434 k euro in 2018). The revenue from external parties reported to the Executive Committee (ExCo) is measured in a manner consistent with that in the income statement.

The following tables present key financials regarding the groups operating segments for years ended 31/12/2019 and 31/12/2018 respectively.

4.1 FINANCIAL SEGMENT INFORMATION

	Bakery Products		MCOF		Unallocated [1]		Total	
Thousand Euro	2019	2018	2019	2018	2019	2018	2019	2018
P&L Information								
External Revenue	885 532	889 190	481 001	505 477	17 537	19 132	1 384 070	1 413 799
Internal Revenue	0	0	15 456	15 434	(15 456)	(15 434)	0	0
Revenue	885 532	889 190	496 457	520 911	2 081	3 698	1 384 070	1 413 799
Adjusted EBITDA [4]	95 813	79 094	56 053	51 271	(202)	(134)	151 663	130 231
Non-recurring items (excl.deprec., amort & impairments) [3]	(10 591)	(6 258)	(1 466)	(1 084)	136	0	(11 921)	(7 342)
EBITDA [4]	85 222	72 836	54 587	50 187	(67)	(134)	139 742	122 889
Deprec., Amort. & Impairments [2]	53 311	44 189	11 747	10 971	0	0	65 058	55 160
EBIT	**31 911**	**28 648**	**42 840**	**39 216**	**(67)**	**(134)**	**74 684**	**67 730**
Non-recurring items (incl.deprec., amort & impairments)	13 617	6 349	1 466	1 084	(136)	0	14 947	7 433
Adjusted EBIT	45 528	34 997	44 306	40 300	(202)	(134)	89 631	75 163
Financial income							2 921	3 431
Financial expense							(17 081)	(12 159)
Associates							5 445	3 072
Income tax (expense)							(18 354)	(11 477)
EAT (Earnings after Tax)							**47 614**	**50 597**

[1] Unallocated includes intersegment eliminations / external revenu (mainly transport), EBIT and Adjusted EBIT that do not belong to the Bakery Products respectively MCOF segments.

[2] Includes 3.026 k euro (2018: 92 k euro) non-recurring depreciations, amortisations & impairments in the Bakery Products segment

[3] Includes mainly consultancy costs regarding an optimization project and restructuring in France

[4] Impact of applying IFRS 16 on (Adjusted) EBITDA amounts to 5.780 k euro for Bakery Products and to 2.497 k euro for MCOF

Thousand Euro	Bakery Products 2019	Bakery Products 2018	MCOF 2019	MCOF 2018	Unallocated 2019	Unallocated 2018	Total 2019	Total 2018
Total Assets per Segment								
Net Fixed Assets *	467 700	455 820	153 949	132 224	0	20 005	621 649	608 049
Other non-current assets					2 797	2 971	2 797	2 971
Total non-current Assets (excl def tax assets)	**467 700**	**455 820**	**153 949**	**132 224**	**2 797**	**22 976**	**624 446**	**611 020**
Assets Working Capital Need	235 888	236 879	128 854	136 499	(81 855)	(75 342)	282 887	298 036
Other current assets **	0	0	0	0	112 587	81 020	112 587	81 020
Total Current Assets	**235 888**	**236 879**	**128 854**	**136 499**	**30 732**	**5 678**	**395 474**	**379 056**
Total Assets (excl def tax assets)	**703 588**	**692 699**	**282 803**	**268 723**	**33 529**	**28 655**	**1 019 919**	**990 077**
Assets Working Capital Need	235 888	236 879	128 854	136 499	(81 855)	(75 342)	282 887	298 036
Liabilities Working Capital Need	(150 750)	(151 945)	(104 599)	(100 275)	0	0	(255 349)	(252 220)
Total Operational Working Capital Need	**85 138**	**84 934**	**24 255**	**36 224**	**(81 855)**	**(75 342)**	**27 538**	**45 816**

** In 2019 the investment in the associate Lipidos Santiga (24,5 Mio) was reclassified to the assets held for sale (other current assets)*
*** Other current assets are not allocated to Bakery Products or MCOF and include other receivables, other financial assets, cash & cash equivalents and assets held for sale (only in 2019).*

4.2 GEOGRAPHICAL SEGMENT INFORMATION

Thousand Euro	2019	2018
Revenue per country (customer based)		
France	410 248	403 442
Germany	194 518	218 607
Belgium	183 301	187 098
Italy	129 760	125 531
The Netherlands	112 658	124 842
Spain	76 269	80 984
UK	75 147	77 045
Czech Rep & Slovakia	34 561	28 653
Rest of Europe	109 996	105 490
Outside Europe	57 611	62 107
Total	**1 384 070**	**1 413 799**

Thousand Euro	2019	2018
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199 329	199 329
France	163 160	162 729
Belgium	102 819	86 714
Italy	45 718	50 420
Poland	39 868	41 830
Spain *	14 551	33 239
The Netherlands **	33 463	15 934
Germany	19 918	16 144
UK	5 071	4 492
Other	547	190
Total (see consolidated balance sheet)	**624 446**	**611 020**

** The investment in the associate Lipidos Santiga (24,5 Mio) was reclassified to the assets held for sale*
*** The 2019 non-current assets in the Netherlands include 17 Mio right of use assets for IFRS16*

4.3 Major customers

The Group's Bakery Products and MCOF businesses are predominantly business-to-business activities in which products are sold into following distribution channels: Retail, Artisan Bakery, Food Service and Food Industry. Overall, the Retail distribution channel, which represents approximately 64% and 33%, respectively, of the Bakery Products and MCOF business lines' volumes, has become increasingly concentrated with three top retailers controlling half or more of the market share in France, Germany, The Netherlands, the United-Kingdom and Belgium.

There are no individual customers that represent more than 10% of the Group revenue. The revenue of the top 5 represents 18,1% of the total group revenue in 2019 (2018: 18,7%). For the Bakery Products respectively the MCOF business line, the top 5 customers have a share of 24,3% (2018: 25,4%) and 19,6% (2018: 19,9%) in the total revenue of the business line in 2019. When we consider the top 10 customers, the share increases to approximately 33,5% for Bakery Products, 27,0% for MCOF and 26,3% for the total Group.

5 EBITDA FROM CONTINUING OPERATIONS

For the year ended 31 December Thousand Euro	2019	2018
Profit/ (loss) from operations	74 684	67 730
Amortisations	2 709	2 942
Depreciations	61 940	52 217
Impairment losses on property, plant and equipment	410	0
Ebitda from continuing operations *	**139 742**	**122 889**

** According to the definition in the Glossary (note 37)*

By adding the non-recurring items (see definition in the Glossary) of 11.921 k euro an adjusted EBITDA of 151.663 k euro is reached. Adjusted EBITDA minus recurring depreciations and amortisations of 62.032 k euro result in an adjusted EBIT of 89.631 k euro.

6 SERVICES

For the year ended 31 December Thousand Euro	2019	2018
Rent & Lease expenses *	9 873	17 628
Repairs and Maintenance	40 419	42 302
Utilities	33 190	31 168
Communication expenses	4 001	4 281
Office Supplies, Subscriptions and Documentation	1 596	1 411
Fees, Consultancy and Memberships **	26 392	20 392
Safety & Environmental Expenses	2 424	2 551
Insurance Premiums	3 519	3 394
Warehousing & Transport	115 184	113 022
Travel & Representation Expenses	8 160	7 542
Advertising & Marketing Expenses	15 934	13 649
Analyses	972	1 162
Agency fees	751	535
Service fees	283	403
Manufacturing fees	3 413	2 462
Other	1 720	2 715
Services	**267 831**	**264 617**

** Under IFRS16 a part of the rent expenses is reclassified to the depreciations and interests. A summary of the remaining rent expenses can be found in note 17.*

*** The consultancy costs have risen due to different projects in the Group.*

7 EMPLOYEE BENEFIT EXPENSE

For the year ended 31 December Thousand Euro	2019	2018
Salaries and wages	163 372	159 233
Termination benefits	4 014	7 207
Social security contributions	48 466	48 167
Extra statutory insurances	1 350	1 490
Pension expense for defined benefit plans	3 423	3 335
Contributions to pension plans (defined contribution)	2 611	2 465
Interim personnel	33 162	35 661
Training and education	2 852	2 694
Recruitment expenses	2 079	1 452
Director's renumerations	2 496	2 159
Share based compensation plans	1 592	(469)
Other personnel expenses	3 476	3 387
Employee benefit expenses	**268 893**	**266 780**

For more information on the compensation of key management personnel we refer to note 32.

The average number of full time equivalents can be split as follows:

For the year ended 31 December Number of FTE'S	2019	2018
Blue collars	2 575	2 744
White collars	992	999
Managers	608	597
Interims	667	739
Average number of full time equivalents	**4 842**	**5 079**

8 DEPRECIATION, IMPAIRMENT, AMORTISATION AND WRITE DOWN

For the year ended 31 December Thousand Euro	2019	2018
Amortisations	2 709	2 942
Impairments	410	0
Depreciations	61 940	52 217
Write down of inventories	348	(227)
Write down of receivables	(142)	692
Depreciation, impairment, amortisation and write downs	**65 264**	**55 624**

The depreciation expenses disclosed above includes depreciation expenses related to property, plant and equipment for 51.748 k euro and depreciation expenses related to leased assets for 10.191 k euro.

9 CHANGE IN PROVISIONS

For the year ended 31 December Thousand Euro	2019	2018
Restructuring	(1 118)	(4 574)
Litigations & Tax	(67)	244
Environmental	(136)	0
Other	73	44
Change in provisions	**(1 247)**	**(4 286)**

The classification of the used provisions (3.698 k euro in 2019, 6.333 k euro in 2018) is as follows:

For the year ended 31 December Thousand Euro	2019	2018
Employee expenses	3 631	6 327
Services	67	6
Used provisions	**3 698**	**6 333**

10 OTHER OPERATING INCOME

For the year ended 31 December Thousand Euro	2019	2018
Gains on disposals of tangible and intangible fixed assets	1 918	87
Fair value gain on forward purchase contracts crude vegetable oil	24	13
Government Grants	2 357	1 867
Capitalised engineering	1 546	1 347
Sales waste	2 612	2 855
Exemption payroll tax	3 696	3 649
Benefit in kind	1 178	1 105
Site revenues	1 274	1 264
Sales promotional materials	1 369	1 259
Tax recuperation (non-income tax related)	111	1 140
Rental Fleet	101	96
Palettes	1 142	754
Recuperation damage/insurance *	3 630	1 579
Compensation from third parties for investments in energy/formation/safety	700	838
Realised Exchange Gains Relating to Trade Business	2 234	1 078
Other	1 502	1 479
Other operating income	**25 392**	**20 411**

** Contains 2.146 keur recuperated from insurance for the foreign objects product liability claim dd 07/11/2016*

11. OTHER OPERATING EXPENSE

For the year ended 31 December Thousand Euro	2019	2018
Loss on disposals of tangible and intangible fixed assets	1 441	986
Loss on Realisation of trade receivables	541	596
Non income tax levies and penalties	496	0
Other **	3 960	699
Realised exchange losses relating to trade business	2 509	1 530
Other Operating Taxes *	9 355	9 555
Other operating expense	**18 302**	**13 367**

** Of which Taxe foncière (4.011 KEUR), property tax (913 KEUR) and packaging tax (1.176 KEUR)*

*** Contains 2.365 k euro settlement for the foreign objects product liability claim dd 07/11/2016*

12 FINANCIAL INCOME

For the year ended 31 December Thousand Euro	2019	2018
Interest income	10	67
Exchange gains	2 008	665
Fair value gains on FX hedging instruments not part of a hedge accounting relationship	0	2 697
Fair value gains on financial assets measured at fair value through profit	903	0
Other financial income	0	1
Financial Income	**2 921**	**3 431**

13 FINANCIAL EXPENSE

For the year ended 31 December Thousand Euro	2019	2018
Interest expense	9 027	10 194
Exchange losses	1 780	50
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	2 613	0
Fair value losses on interest hedging instruments not part of a hedge accounting relationship	2 438	451
Bank and legal fees	441	427
Other financial expense	781	1 036
Financial Expense	**17 081**	**12 159**

14 INCOME TAX EXPENSE

14.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

Income taxes recognised in the income statement can be detailed as follows:

For the year ended 31 December Thousand Euro	2019	2018
Current taxes for the year	(15 930)	(12 089)
Adjustment to current taxes on prior years	299	500
Deferred taxes	(2 723)	111
Income tax (expense)	**(18 354)**	**(11 477)**

The income tax expense of the year is higher than last year because more accounting profit before taxes of this year has been subject to effective taxation or has been offset against available deferred tax assets in comparison to last year.
The deferred taxes are further described in note 20.

The relationship between the income tax and the profit before income tax has been summarised in the table below:

For the year ended 31 December Thousand Euro	2019	2018
Accounting profit before taxes	65 968	62 074
Share of result of associates	(5 445)	(3 072)
Profit before tax and before share of result of associates	**60 524**	**59 002**
Tax at Belgian corporate taxe rate (29,58%)	17 903	17 453
Adjustment to current taxes on prior years		
- over/underprovided prior years	(299)	(501)
Tax effect of		
- special tax regimes	(1 736)	(2 103)
- other domestic tax rates	(1 062)	(633)
- expenses not deductible for tax purposes	1 441	1 236
- losses/timings for which no deferred tax was recognised	704	86
- utilisation of unrecognised tax attributes	0	(3)
- reversal of previously recognised deferred taxes (asset + / liability -)	751	(345)
- deferred tax assets previously not recognised	(1 421)	(5 786)
- changed tax rate	0	(41)
Other domestic taxes (*)	2 260	2 308
Other	(187)	(194)
Total income tax	**18 354**	**11 477**

(*) mainly CVAE France

The contribution for value added by businesses (cotisation sur la valeur ajoutée des entreprises, CVAE) is a French tax assessed on the value added companies realized during the previous calendar year. The CVAE rate is 1,5% for companies with an annual pre-tax turnover of +50 Mio euro. If the company is part of a tax group, the CVAE rate is 1,5% if the total annual pre-tax turnover of the group exceed 50 Mio euro. Companies with a turnover below this amount are subject to a reduced CVAE rate (depending on turnover). Minimum annual pre-tax turnover to be subject to CVAE is 500 K euro.

14.2 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

For the year ended 31 December Thousand Euro	2019	2018
Deferred tax		
- arising on income and expense recognised in other comprehensive income:		
* on remeasurements of defined benefit obligation	787	(30)
Total income tax recognised in other comprehensive income	**787**	**(30)**

15. GOODWILL

For the year ended 31 December Thousand Euro	MCOF	Bakery	2019	2018
Goodwill at January 1	62 723	136 606	199 329	199 329
Goodwill at December 31	**62 723**	**136 606**	**199 329**	**199 329**

There were no changes in goodwill in 2019.

The Group identified following two cash-generating units (CGU's) to which goodwill is allocated: Bakery Products and MCOF, corresponding with the two operating segments.
The CGU's to which goodwill is allocated are tested for impairment at least annually.

In these tests the recoverable amount of each CGU is determined using a value-in-use method. More specifically a discounted free cash flow approach is followed. The main assumptions used are derived from the most recent business plans for 2020 till 2024, extended to the next three years based on managements' expected developments, using an average growth rate on EBITDA of 2,1% (2018: 1,7%) for Bakery Products and 2,8% (2018: 0,3%) for MCOF. After the time horizon of 8 years, a terminal value is calculated based on an estimated perpetual growth of 0,5 % (2018: 0,5%) for Bakery Products and 0,0% (2018: 0,5%) for MCOF.

The post-tax discount rate is based on benchmark interest rates, the financing structure and the costs of equity of the Group. A specific risk premium is considered when the specific business context makes it necessary.
This results in a post tax discount rate of:
- 8,0% for the CGU Bakery Products, including a specific risk premium of 1,5%. This risk premium is applied because the CGU's sensitivity to specific business risks such as high (and fluctuating) raw material prices and the impacts of the Brexit. This makes projections subject to more uncertain and volatile assumptions.
- 6,5% for the CGU MCOF. No specific risk premium is applicable for MCOF as it is operating in a stable business context.
For neither of the two identified cash-generating units, the test based on the above parameters detected a need for impairment.

CGU	Impairment test Excess of recoverable amount above carrying amount CGU's
MCOF	211,6%
Bakery Products	61,4%

A sensitivity analysis was performed on reasonable changes in the key assumptions used in the yearly projections, notably:
- An increase of the discount rate with 1%
- A decrease in absolute value of EBIT / EBITDA based on occasional negative deviations in the past.

The results of the sensitivity analysis can be summarised as follows:

CGU	If EBIT decreases with:	% Change recoverable amount	If discount rate increases with:	% Change recoverable amount
MCOF	-1,5%	-1,6%	1,0%	-14,7%
Bakery Products	-5,0%	-5,3%	1,0%	-12,9%

No impairment need has been identified in the sensitivity analysis.

16. OTHER INTANGIBLE ASSETS

For the year ended 31 December Thousand Euro	2019 Development	Patents, Trademarks	Software	Other	Total
Gross amount at January 1	**375**	**5 451**	**12 088**	**21 065**	**38 979**
Other acquisitions	0	326	448	0	774
Disposals	0	(528)	(2 008)	(348)	(2 884)
Transfers from one heading to another	0	0	422	0	422
Currency translation adjustments	0	0	6	0	6
Gross amount at December 31	**375**	**5 248**	**10 956**	**20 717**	**37 297**
Accumulated amortisation at January 1	**375**	**4 400**	**10 991**	**10 694**	**26 460**
Amortisation for the year	0	287	715	1 707	2 709
Disposals	0	(506)	(2 008)	(335)	(2 850)
Currency translation adjustments	0	0	6	0	6
Accumulated amortisation at December 31	**375**	**4 180**	**9 704**	**12 066**	**26 325**
NET BALANCE AT DECEMBER 31	**0**	**1 068**	**1 253**	**8 651**	**10 971**

For the year ended 31 December Thousand Euro	2018 Development	Patents, Trademarks	Software	Other	Total
Gross amount at January 1	**375**	**5 163**	**13 145**	**20 814**	**39 497**
Other acquisitions	0	319	388	0	707
Disposals	0	(32)	(1 331)	0	(1 363)
Transfers from one heading to another	0	0	(111)	251	140
Currency translation adjustments	0	0	(2)	0	(2)
Gross amount at December 31	**375**	**5 451**	**12 088**	**21 065**	**38 979**
Accumulated amortisation at January 1	**375**	**4 180**	**11 719**	**8 585**	**24 859**
Amortisation for the year	0	231	853	1 858	2 942
Disposals	0	(11)	(1 328)	0	(1 339)
Transfers from one heading to another	0	0	(251)	251	0
Currency translation adjustments	0	0	(2)	0	(2)
Accumulated amortisation at December 31	**375**	**4 400**	**10 991**	**10 694**	**26 460**
NET BALANCE AT DECEMBER 31	**0**	**1 051**	**1 097**	**10 371**	**12 519**

There are no liabilities secured on intangible assets. The research & development expenses that do not meet the capitalisation criteria of IAS 38 and therefore have been included in the income statement amount to 6.731 k euro (6.459 k euro in 2018). The other intangible assets contain the net book value of the customer portfolio of LAG for an amount of 7.509 k euro, which has a remaining useful life of 5 years.

17. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December Thousand Euro	2019 Land & buildings	Plant & machinery	Assets under construction	Other *	Leased property	Total
Gross amount at January 1	**285 692**	**653 202**	**20 179**	**41 789**	**92 075**	**1 092 937**
Opening balance IFRS16	0	0	0	0	20 280	20 280
Other acquisitions	15 468	21 399	16 293	3 269	6 373	62 801
Remeasurement IFRS16	0	0	0	0	15 728	15 728
Disposals	(1 740)	(37 561)	(448)	(4 156)	(1 877)	(45 782)
Transfers from one heading to another	5 437	10 084	(16 685)	742	0	(422)
Currency translation adjustments	378	1 044	23	50	78	1 573
Gross amount at December 31	**305 235**	**648 168**	**19 361**	**41 694**	**132 657**	**1 147 115**
Accumulated depreciation at January 1	**150 764**	**464 661**	**0**	**34 118**	**67 227**	**716 770**
Depreciation for the year	13 525	35 345	0	2 878	10 191	61 940
Disposals	(1 608)	(36 233)	0	(4 034)	(1 875)	(43 750)
Impairment losses	0	410	0	0	0	410
Reversal of impairment losses	0	(488)	0	(10)	0	(499)
Currency translation adjustments	166	696	0	39	24	926
Accumulated depreciation at December 31	**162 847**	**464 391**	**0**	**32 991**	**75 567**	**735 796**
NET BALANCE AT DECEMBER 31	**142 388**	**183 777**	**19 361**	**8 703**	**57 090**	**411 319**

** Consists mainly out of furniture, office equipment and motor vehicles*

For the year ended 31 December Thousand Euro	2018 Land & buildings	Plant & machinery	Assets under construction	Other	Leased property	Total
Gross amount at January 1	**273 219**	**620 181**	**30 227**	**41 335**	**93 664**	**1 058 627**
Other acquisitions	5 858	28 596	19 472	2 166	0	56 092
Disposals	(1 893)	(14 602)	0	(1 809)	(1 581)	(19 884)
Transfers from one heading to another	9 004	20 233	(29 496)	119	0	(140)
Currency translation adjustments	(497)	(1 207)	(24)	(22)	(9)	(1 758)
Gross amount at December 31	**285 692**	**653 202**	**20 179**	**41 789**	**92 075**	**1 092 937**
Accumulated amortisation at January 1	**141 574**	**443 037**	**0**	**33 079**	**66 135**	**683 825**
Depreciation for the year	10 615	36 078	0	2 850	2 674	52 217
Disposals	(1 342)	(14 145)	0	(1 798)	(1 581)	(18 865)
Currency translation adjustments	(83)	(309)	0	(13)	(1)	(406)
Accumulated amortisation at December 31	**150 764**	**464 661**	**0**	**34 118**	**67 227**	**716 770**
NET BALANCE AT DECEMBER 31	**134 928**	**188 540**	**20 179**	**7 671**	**24 848**	**376 166**

The property, plant and equipment contains assets which are no longer in use for an amount of 6,5 Mio euro. These assets relate to buildings and equipment in two French sites on which impairments have been booked in the previous years to bring the net book value close to the fair value.

Except for the financial lease liabilities, there are no liabilities secured on tangible fixed assets.

Leases

The following note provides information regarding leases where the group acts as a lessee.

As a result of the initial application of IFRS 16 *Leases*, the Company opted to disclose the right-of-use assets as a separate nature of assets to be detailed below.

At year-end 2018, the Group recognized assets under finance lease agreements for a total net carrying amount of 24.848 k euro consisting of buildings for 20.706 k euro and plant and machinery for 4.142 k euro. The net carrying amount of 24.848 k euro has been transferred to right-of-use assets upon initial adoption of IFRS 16.

For the year ended 31 December Thousand Euro	2019 Land & buildings	Plant & machinery	Furniture and equipment	Vehicles	Total
Gross amount at January 1	**52 457**	**36 673**	**355**	**2 590**	**92 075**
Opening balance IFRS16	7 392	421	406	12 061	20 280
Other acquisitions	398	193	32	5 750	6 373
Remeasurement IFRS16	15 725	0	0	3	15 728
Disposals	(797)	(297)	0	(782)	(1 877)
Currency translation adjustments	52	7	2	17	78
Gross amount at December 31	**75 228**	**36 996**	**795**	**19 638**	**132 657**
Accumulated depreciation at January 1	**31 752**	**32 531**	**355**	**2 590**	**67 227**
Depreciation for the year	3 492	780	134	5 785	10 191
Disposals	(797)	(296)	0	(782)	(1 875)
Currency translation adjustments	12	5	0	7	24
Accumulated depreciation at December 31	**34 459**	**33 020**	**490**	**7 599**	**75 567**
NET BALANCE AT DECEMBER 31	**40 770**	**3 976**	**305**	**12 039**	**57 090**

For the year ended 31 December Thousand Euro	2018 Land & buildings	Plant & machinery	Furniture and equipment	Other	Total
Gross amount at January 1	**52 465**	**37 987**	**355**	**2 858**	**93 664**
Disposals	0	(1 313)	0	(268)	(1 581)
Currency translation adjustments	(7)	(1)	0	0	(9)
Gross amount at December 31	**52 457**	**36 673**	**355**	**2 590**	**92 075**
Accumulated amortisation at January 1	**29 784**	**33 139**	**355**	**2 858**	**66 135**
Depreciation for the year	1 969	705	0	0	2 674
Disposals	0	(1 313)	0	(268)	(1 581)
Currency translation adjustments	(1)	(1)	0	0	(1)
Accumulated amortisation at December 31	**31 752**	**32 531**	**355**	**2 590**	**67 227**
NET BALANCE AT DECEMBER 31	**20 706**	**4 142**	**0**	**0**	**24 848**

The Group mainly leases vehicles (company cars, forklifts) and buildings. The lease term for vehicles vary from 4 to 5 years and for buildings from 2 to 24 years.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The Group also has certain leases of plant and equipment with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The statement of profit or loss shows the following amounts relating to leases:

For the year ended 31 December Thousand Euro	2019	2018
Expense relating to short-term leases	2 005	0
Expense relating to leases of low-value assets	315	0
Expense relating to variable lease payments	3 403	0
Non-lease components	3 493	0
Interest expenses	657	165
Operating lease expenses	0	17 463
Services (note 6)	**9 873**	**17 628**
Depreciation expense (note 8)	10 191	2 674

The total cash outflow for leases in 2019 was 8.479 k euro.

At closing 2019, the Group is committed to 2.005 k euro for short-term leases.

For the lease of land and buildings, the Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Some limited property leases contain variable payment terms that are linked to the space used in the buildings. Considering the limited impact of these lease contracts, the Company judges that a sensitivity analysis is not relevant.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor. As at December 31, 2019, potential future cash outflows of 2.605 k euro (undiscounted) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

Set out below are the carrying amounts of lease liabilities (included under Borrowings) and the movements during the period:

For the year ended 31 December Thousand Euro	2019	2018
Opening balance at January 1	**18 842**	**20 827**
Initial application of IFRS16	20 280	0
Restated opening balance at January 1	**39 121**	**20 827**
New leases	6 373	0
Remeasurement IFRS16	15 728	0
Reïmbursements	(10 152)	(1 977)
Currency translation adjustments	57	(8)
Closing balance at December 31	**51 127**	**18 842**

The maturity analysis of lease liabilities are disclosed in note 26.4.

18. ASSOCIATES AND ASSETS HELD FOR SALE

As of December 31, 2019, the conditions, as outlined in IFRS 5, are met to classify the Group's associate Lipidos Santiga SA as held for sale. The full year 2019 result of Lipidos Santiga SA is still presented in the consolidated income statement of the Group.

The following table shows summarised information of the associate Lipidos Santiga SA:

For the year ended 31 December Thousand Euro	2019	2018
Non-current assets	101 260	96 150
Current assets	94 493	112 422
Non-current liabilities	(51 170)	(47 251)
Current liabilites	(41 426)	(77 088)
Net Assets	**103 157**	**84 233**
Group's share of net assets of associates	**24 500**	**20 005**
Reclassification to assets held for sale	(24 500)	0
Investment in associates	**0**	**20 005**
Total Revenue	550 952	537 054
Total profit / (loss) for the year	22 924	12 934
Group's share of profits of associates	**5 445**	**3 072**

The evolution of het carrying amount of Lipidos Santiga SA is detailed in the table below:

For the year ended 31 December Thousand Euro	2019	2018
Investments in Associates at January 1	**20 005**	**17 527**
Share of result of the year	5 445	3 072
Dividend received	(950)	(594)
Reclassification to assets held for sale	(24 500)	0
Investments in Associates at December 31	**0**	**20 005**

In 2019, the result of the associate Lipidos Santiga SA showed a record year both in volumes as well as in EBITDA. The better EBITDA originated from better margins on the core business, while the higher volumes resulted from higher tolling volumes for the Biofuel industry.

Beside the general legal Spanish restrictions (dividends can only be distributed out of the result of the year and the freely distributable reserves), there are no dividend restrictions for Lipidos Santiga SA.

RECLASSIFICATION TO ASSETS HELD FOR SALE

In the 2019 Consolidated Balance Sheet, the value of the Group's associate, Lipidos Santiga SA, is reclassified to "Assets held for sale".

On 30/01/2020, the Group accepted an offer from Agrindus international Sarl (the reference-shareholder of Lipidos Santiga SA) resulting in the sale of its minority shareholding in the Spanish refinery company Lipidos Santiga SA . Lipidos Santiga is a company active in the refinery business. However, refinery was since long no core activity anymore of the Group which brought the Group to the decision to sell its minority shareholding. Lipidos is the supplier of the refined oil needed in our MCOF plant in Barcelona. The supplier-customer relationship between Lipidos Santiga SA and Vandemoortele Iberica SA in Barcelona was updated in this context and secured for the long term so that this sale does not negatively impact the Vandemoortele MCOF business in Spain and Portugal.

The minority shareholding Lipidos Santiga was not part of one of the Group's Business Lines, neither from Bakery Products nor from MCOF. The minority shareholding was incorporated in the Group's Financial Statements using the equity method. In the operating segment information (disclosure 4), the result of the Group's associate Lipidos Santiga SA is shown separately on the level of the P&L information (disclosure 4.1) and under the unallocated other current assets (disclosure 4.2).

No impairment losses nor reversals of impairment losses have been booked on Lipidos Santiga SA during the period that the Group owned it's minority shareholding in the Spanish company. No results out of the minority shareholding have been recognized under the other comprehensive income

Closing of the sale is expected in May 2020. The sale is expected to generate for the Group a gain of approximately 26 Mio euro.

19. TRADE AND OTHER RECEIVABLES

The balance of the trade and other receivables can be detailed as follows:

For the year ended 31 December Thousand Euro	2019	2018
Trade receivables	158 973	169 742
Provision for doubtful debt	(5 143)	(5 264)
VAT receivable	31 094	32 477
Income tax receivable	3 528	2 995
Other taxes receivable	7 725	10 337
Prepayments	2 200	2 200
Other	3 502	4 570
Current trade and other receivables	**201 879**	**217 058**
Trade and other receivables	**201 879**	**217 058**

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of dispersed customers. The Group's exposure to credit risks is further described in Note 26.5.

The ageing of our trade receivables, interest receivables and loans to customers can be detailed as follows:

For the year ended 31 December Thousand Euro	2019 Net carrying amount as per reporting date	Of which not past due	Of which past due Less than 31 days	31 to 60 days	61 to 120 days	More than 120 days
Trade receivable	153 830	131 317	19 741	1 538	844	390
Other	48 049	48 049	0	0	0	0
Trade & other receivables	**201 879**	**179 366**	**19 741**	**1 538**	**844**	**390**

For the year ended 31 December Thousand Euro	2018 Net carrying amount as per reporting date	Of which not past due	Of which past due Less than 31 days	31 to 60 days	61 to 120 days	More than 120 days
Trade receivable	164 479	140 560	18 450	2 893	1 763	814
Other	52 579	52 579	0	0	0	0
Trade & other receivables	**217 058**	**193 139**	**18 450**	**2 893**	**1 763**	**814**

In 2019, total overdue amounts decreased to a total amount of 22,5 Mio € compared to 23,9 Mio € in 2018. The bad debt reserve in 2019 amounts to 65 % of the trade receivables overdue more than 30 days (2018: 51 %). The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The Group also assessed whether the historic pattern would change materially in the future and expects no significant impact.

The roll-forward of provisions for doubtful debtors is as follows:

For the year ended 31 December Thousand Euro	2019	2018
Balance at January, 1	**5 264**	**4 595**
Impairment losses recognised on receivables	(203)	(322)
Amounts written off during the year as uncollectible	1 054	1 622
Amounts recovered during the year	(977)	(624)
Foreign exchange translation gains and losses	6	(8)
Balance at December, 31	**5 143**	**5 264**

In accordance with IFRS 7, 'Financial Instruments: Disclosures' the above analysis of the ageing of financial assets that are past due as at the reporting date but not impaired includes the non-current part of these classes of financial assets. Past due amounts were not impaired when collection is still considered probable.

The maximum exposure to credit risk at the reporting date is the fair value of the trade receivables, which approximates the carrying value of the investments. In the past, the Group has not suffered significant losses due to unrecoverable trade receivables.

The Group has entered (for the companies VDM Lipids NV and Vamix NV in 2012, for VDM Bakery Products France SAS in 2013, for VDM Nederland BV in 2015 and VDM Lipids France in 2016) into a non-recourse factoring agreement whereby the Group immediately and definitively receives 95 % of the value of the sold trade receivables. The net amount of the sold receivables is derecognised from the balance sheet. Consequently, at December 31st 2019, an amount of 81,9 million euro has been received in cash. (75,3 million euro in 2018)

The continuing involvement of the Group in the transferred receivables is limited to the continuing involvement guarantee (345 k euro) and the continuing involvement interests for late payment risk (160 k euro). The corresponding financial obligation (505 k euro) is recognised on the balance sheet under the short term borrowings.

20. DEFERRED TAXES

Deferred tax assets and liabilities are attributable as follows:

For the year ended 31 December	Assets		Liabilities		Net	
Thousand Euro	2019	2018	2019	2018	2019	2018
Intangibles	4 269	5 937	(4 233)	(4 620)	36	1 317
Property, plant & equipment	4 076	1 862	(10 592)	(10 677)	(6 516)	(8 815)
Financial Assets	0	0	(243)	(90)	(243)	(90)
Inventories	525	917	(15)	0	510	917
Derivative financial instruments	1 406	194	(112)	(11)	1 294	183
Other assets	262	206	(1 463)	(299)	(1 201)	(93)
Employee benefits	5 602	3 229	(1)	(267)	5 601	2 962
Provisions	463	939	(5 509)	(4 475)	(5 046)	(3 536)
Other liabilities	827	458	(243)	(139)	584	319
Tax free reserves	0	0	(4 678)	(4 669)	(4 678)	(4 669)
Tax losses and tax liabilities	38 786	42 128	(5 281)	(4 898)	33 505	37 229
Gross deferred tax assets/liabilities	**56 216**	**55 871**	**(32 370)**	**(30 147)**	**23 845**	**25 724**
Compensation of assets and liabilities within same jurisdiction	(11 011)	(9 791)	11 011	9 791		
Net deferred tax assets/liabilities	**45 204**	**46 080**	**(21 359)**	**(20 356)**	**23 845**	**25 724**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As a consequence the Group did not recognise deferred income tax assets for an amount of 5,8 million euro (2018: 6,9 mio) related to tax attributes of 26 million euro (2018: 32 mio). The not recognised deferred income tax assets relates for 3,5 million euro to Belgium and for 2,3 million euro to Poland.

Judgement is required to determine the probability of the future taxable results and the future income tax rates of those legal entities which have tax loss carry-forwards. Based on this judgement, the time horizon over which the tax benefits will be realised varies between 4 and 10 years. The majority of the tax attributes for which a deferred tax asset is recognised can be transferred without limitation in time. For the tax attributes that can only be transferred limited in time a deferred tax is only recognised to the extent the tax attributes is expected to be used within the time limitation. Management of the Group remains conservative in determining the future taxable results and believes that it is not likely that changes in judgements can have a material adverse effect on the financial condition of the Group.

The change in the net position of deferred taxes can be explained as follows:

For the year ended 31 December	Assets		Liabilities	
Thousand Euro	2019	2018	2019	2018
Deferred tax at January 1	**46 080**	**47 433**	**(20 356)**	**(21 596)**
Increase / (decrease) through the income statement	(864)	(1 411)	(1 859)	1 522
Increase / (decrease) through equity	433	(14)	354	(16)
Currency translation adjustment	83	(197)	(26)	3
Compensation of assets and liabilities within same jurisdiction	(528)	269	528	(269)
Deferred tax at December 31	**45 204**	**46 080**	**(21 359)**	**(20 356)**

21. OTHER ASSETS

For the year ended 31 December Thousand Euro	2019	2018
Guarantees	736	1 075
Non-qualifying insurance premiums	2 060	1 853
Accrued income	0	43
Non-current other assets	**2 797**	**2 971**
Guarantees	260	235
Deferred expenses	2 807	4 674
Accrued income	1 288	687
Other	270	424
Current other assets	**4 625**	**6 021**

22. INVENTORIES

For the year ended 31 December Thousand Euro	2019	2018
Raw materials and consumables	45 523	47 345
Work in progress	34	35
Finished goods	75 597	78 719
Goods purchased for resale	7 904	7 459
Inventories at December 31	**129 058**	**133 558**

The write-downs on inventories have increased by 348 k euro in 2019 (a decrease of write-downs of 227 k euro in 2018).

23. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

For the year ended 31 December Thousand Euro	2019	2018
Cash	67	52
Bank current accounts	24 492	10 674
Cash and cash equivalents	**24 559**	**10 727**
Bank overdrafts	0	(796)
Cash and cash equivalents less bank overdrafts	**24 558**	**9 931**

24. EQUITY

24.1 SHARE CAPITAL

The issued capital of the Company amounts to 79.365 k euro at December 31, 2019 (79.365 k euro at December 31, 2018), represented by 547.208 shares (547.208 shares at December 31,2019), of which 3.781 are owned by the Company itself. These shares are not entitled to a dividend. The Company's shares are without par value. The holders of shares are entitled to receive dividends as declared and to one vote per share at the Shareholder's meeting of the Company. There is no authorised, un-issued capital.

24.2 TREASURY SHARES

The Company's own shares and the Safinco certificates held by Vandemoortele NV or one of its subsidiaries are recognised as treasury shares. At December 31, 2019 Vandemoortele NV or one of its subsidiaries held 45.004 Safinco certificates recognised as treasury shares.
During 2019 the Vandemoortele Group received 1.885 k euro dividend on the Safinco shares. This dividend was recognised in equity.

24.3 CUMULATIVE TRANSLATION ADJUSTMENTS

The cumulative translation adjustments reserve represents the cumulative currency translation differences arising from the translation of the financial statements of subsidiaries that operate in functional currencies other than the euro. At December 31, 2019 no deferred tax has been booked in cumulative translation adjustments which keeps the balance of deferred taxes recognised in the cumulative translation adjustments to -49 k euro.

24.4 RETAINED EARNINGS & RESERVES

The retained earnings consist of the reserves of the parent company (including the legal reserve of 3.326 k euro) and the undistributed profits of the subsidiaries. The change in retained earnings and reserves during 2019 is explained by the net gain of the year and the payment of an intermediate dividend.

A summary of the change in the equity position of the Group can be found in the consolidated statement of changes in equity.

24.5 DIVIDENDS

On August 30, 2019 an interim dividend of 2.255 k euro has been paid. On March 19, 2020 the Board of Directors proposed to pay a dividend on the result of 2019 of 22.889 k euro bringing the total dividend to 25.144 k euro. The dividend proposal is subject to approval by the shareholders on their annual meeting on May 12, 2020.

25. BORROWINGS

This note provides information about the Group's borrowings and net financial debt. Additional information about the exposure to interest rate and foreign currency risk on the borrowings can be found in note 26.

For the year ended 31 December Thousand Euro	2019	2018
Subordinated Loan	75 000	75 000
Retail Bond	100 000	100 000
Unsecured borrowings	53 233	90 175
Lease liabilities *	51 127	18 842
Bank overdrafts	0	796
Continuing involvement factoring	505	510
Issuance costs	(1 112)	(1 564)
Borrowings	**278 754**	**283 760**
Of which		
Current (portion becoming due within one year)	12 368	4 754
Non-current	266 386	279 006

* 2019 includes 34.139 KEUR IFRS16 leases

All borrowings of the Group are in euro. The fair value of current borrowings equal their carrying amount, as the impact of discounting is not significant.

For the calculation of the bank covenant, the senior net financial debt of 170 mio euro is calculated as the borrowings excluding the subordinated loan and the issuance costs (278.754 k euro– 75.000 k euro + 1.112 k euro = 204.866 k euro) minus cash and cash equivalents (24.559 k euro) and current other financial assets (10.541 k euro).

All bank borrowings are subject to bank covenants. A senior leverage ratio of 1,1:1 (max. 3,5:1) is well within the agreed boundaries. No defaults breaches on debt payments occurred. Note that for the covenant reporting to the banks, frozen GAAP approach should be used resulting in a senior net financial debt of 136 Mio euro (2018: 190 Mio euro) with an even lower debt ratio SNFD/Adjusted EBITDA of 0,9:1 (2018: debt ratio of 1,4:1).

The available credit line as at December 31, 2019 amounts to 200 million euro (2018: 200 million euro) of which 35 million euro is used on December 31, 2019.

SUBORDINATED LOAN

On November 7, 2016 the Group has issued new subordinated bonds for an amount of 75 Mio euro though private placement. These bonds mature on November 7, 2023 and have a coupon rate of 3,50%.

RETAIL BOND

On 20 May 2015, Vandemoortele NV announced the public offer of 7 year bonds in Belgium for a minimum amount of EUR 75 million and a maximum amount of EUR 100 million. Since the maximum amount of EUR 100 million was reached on May 22 2015, the subscription period has been closed early on 22 May 2015. The bond, due 10 June 2022, is issued with a coupon rate of 3.06%.

UNSECURED BANK BORROWINGS

On May 14, 2018 Vandemoortele signed an amended and restated revolving facility agreement, which replaced the existing facility. The agreement matures on May 14, 2024 and has an option for a one year extension.

Vandemoortele has a margin over EURIBOR on the loans taken. This margin depends on the senior leverage of the Group described above.

LEASE LIABILITIES

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

For the year ended 31 December Thousand Euro	2019	2018
Gross lease liabilities - minimum lease payments	**61 247**	**20 832**
No later than 1 year	10 575	2 408
Later than 1 year and no later than 5 years	28 251	8 463
Later than 5 years	22 420	9 961
Future interest expenses on leases *	(10 119)	(1 990)
Lease liabilities	**51 127**	**18 842**

26. FINANCIAL RISK MANAGEMENT

Exposure to interest rate, foreign exchange rate, liquidity, commodity, and credit risk arises in the normal course of the Group's business. The Group uses derivative financial instruments to cover interest rate, currency rate and commodity price risks.

The Group's policies prohibit the use of derivatives for speculation. The main principles in terms of hedging exposure are at this moment to hedge only clearly identifiable transactional risks (no hedging of net investments in foreign entities).

Based on this policy the Group only uses derivatives to cover clearly identified economic risks. Even though all derivatives are from an economic perspective hedging instruments the criteria to apply hedge accounting according to IFRS can not always be met. Consequently hedge accounting is not applied on all economic hedges.

The interest rate, currency rate and liquidity exposure of the Group are centrally managed by "Group Treasury" inclusive the counterparty credit risk. As a consequence entities other than Vandemoortele Coördination Center aren't allowed to loan from external parties. The divisions of the Group manage the commodity price exposure and credit risk.

26.1 FOREIGN CURRENCY RISK

The Group companies incur foreign exchange risk on sales, purchases and other transactions in a currency other than their functional currency and on sales and purchases in euro where the euro price is affected by a foreign exchange rate.

The subsidiaries of the Group are required to transfer the identified foreign exchange risk on their current and future business commitments in foreign currency and on forecasted foreign currency flows (from 2 to 12 months) to the central financing company of the Group. This systematic hedging relieves the operating entities of the foreign exchange risk and centralises the Group's foreign exchange exposure. "Group Treasury" then manages the remaining net exchange exposure under the rules and specific limits set by the Group Treasury policy and procedures.

Group Treasury has to hedge the foreign exchange risks via the most optimal and agreed upon financial instruments, i.e. spot and forward exchange contracts, currency swaps and buying currency options. Currency options are only allowed if the total current and future cost is known at the start and there is a budget available. The maturity of financial instruments may not exceed one year. The use of other instruments has to be approved by the Executive Committee.

The net equity risk (i.e. risks arising from the consolidation of equity investments in foreign currency subsidiaries) is not hedged, as none of the subsidiaries in foreign currency are (i) having a value exceeding 30% of the Group's consolidated equity or (ii) are considered as strategic or (iii) are in a country with high inflation in comparison to Europe.

Foreign currency denominated assets are as much as possible financed by cash flows or borrowings in the same currency as the assets (natural hedge).

The fair values of foreign currency derivative contracts are calculated using a valuation model taking into account available current market exchange rate and interest rate information.

The outstanding forward foreign exchange contracts the Group has committed have all maturity dates within one year. The notional amount of these contracts per December 31, 2019 is detailed in the table below:

For the year ended 31 December	Purchases		Sales	
Thousand Euro	2019	2018	2019	2018
USD	62 382	68 062	52 986	41 221
GBP	293	3 170	27 626	27 606
Other	16 526	12 127	7 233	4 009
Notional amount FX instruments	**79 201**	**83 359**	**87 845**	**72 836**

During 2019, the changes in the fair value of the FX derivatives, are accounted for as financial income or expense. At December 31, 2019 the net fair value of those forward exchange contracts was a liability of 1.015 k euro (per December 31, 2018 an asset of 1.598 k euro). The fair value loss of 2.613 k euro has been recognised as a finance result (2018 fair value gain of 2.697 k euro).

Currency sensitivity analysis

Around 9% (2018: 8%) of the revenue of Vandemoortele is generated by subsidiaries of which the activities are operated in a currency other than the euro. A currency translation risk arises when the financial statements of these foreign operations are translated into the presentation currency of the Vandemoortele consolidated financial statements.
The Pound Sterling and the US Dollar are the only foreign currencies for which a change in exchange rate could have a material impact on the Vandemoortele consolidated accounts.

The currency sensitivity analysis is prepared assuming that the euro would have weakened / strengthened during 2019 by 10 %, against the important foreign currencies (GBP/USD), which is estimated to be a reasonably possible change of the exchange rate.

If the euro would have weakened / strengthened with 10 % versus the GBP with all other variables held the same, the impact on the 2019 profit of operations is not material, while the translation reserves in equity would have been 0,9 Mio euro higher / lower (less than 1 % of total equity). No significant impact from change in USD on profit from operations.

If the euro would have weakened / strengthened with 10 % versus the USD, the financial result would have been 1,0 Mio euro higher / 0,8 Mio euro lower as result of the change in fair value of the FX instruments. If the euro would have weakened / strengthened with 10 % versus GBP, the financial result would have been 3,1 Mio euro lower / 2,6 Mio euro higher.

Currency transactional risk

Most of Vandemoortele's non-derivative monetary financial instruments are either denominated in the functional currency of the Group or are converted into the functional currency through the use of derivatives. The open positions for which no hedging is performed are therefore not material and a change in currency rate would not have a material impact on the profit of Vandemoortele.

26.2 INTEREST RATE RISK

The interest rate risk is managed at Group level, taking into account average lifetime, interest cover ratios and the balance with the asset portfolio. The objective is to have a fixed interest rate for an average period for all consolidated outstanding net financial debt between 3 and 6 years. This allows Group Treasury to "tactically" manage the interest rate

risk based on their view of interest rates. A fundamental change of the average interest rate coverage period, within the abovementioned limits, needs prior approval of the Executive Committee.

In accordance with the Group Treasury policy and procedures Group Treasury can enter into agreements to hedge against a potential change in interest rates through basic instruments (interest rate swaps, cross currency interest rate swaps and forward rate agreements). The use of other instruments (such as interest rate options, caps, floors, collars and futures) requires the prior approval by the Executive Committee.

The Group entered into several interest rate swaps to hedge the floating interest rate on borrowings. The notional amount of the IRS contracts equals 150.000 k euro per December 31, 2019 (150.000 k euro per December 31, 2018).

The table below indicates the maturity of the interest bearing financial liabilities but before hedging instruments.

For the year ended 31 December	2019			
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	2 039	182 076	10 504	194 618
Floating rate	10 329	58 827	16 091	85 247
Total amount interest bearing financial liabilities	**12 368**	**240 902**	**26 596**	**279 865**

For the year ended 31 December	2018			
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	1 644	178 379	1 786	181 809
Floating rate	3 110	92 623	7 781	103 514
Total amount interest bearing financial liabilities	**4 754**	**271 002**	**9 567**	**285 323**

Taken into account the impact of interest rate hedging, the analysis is as follows:

For the year ended 31 December	2019			
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	37 917	286 542	20 159	344 619
Floating rate	(25 549)	(45 640)	6436	(64 753)
Total amount interest bearing financial liabilities	**12 368**	**240 902**	**26 596**	**279 865**

For the year ended 31 December	2018			
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	14 144	294 747	22 918	331 809
Floating rate	(9 390)	(23 745)	(13 351)	(46 486)
Total amount interest bearing financial liabilities	**4 754**	**271 002**	**9 567**	**285 323**

There is a discrepancy between the maturity of the financing and the IRS-contracts.

Although all these hedges are economic hedges, not all conditions were met to apply hedge accounting. As such, they are all accounted for as held-for-trading and the change in fair value is recognised in the income statement.

All fair values are calculated using a valuation model taking into account available market information about current and projected interest rates.

The change in fair value of the interest derivatives has been detailed below:

For the year ended 31 December Thousand Euro	2019 Held-for-trading	Fair Value hedges	Cash Flow Hedges	Total
January 1	**(2 253)**	**0**	**0**	**(2 253)**
Fair value gain / (loss) of the year	(2 438)	0	0	(2 438)
December 31	**(4 692)**	**0**	**0**	**(4 692)**

For the year ended 31 December Thousand Euro	2 018 Held-for-trading	Fair Value hedges	Cash Flow Hedges	Total
January 1	**(1 802)**	**0**	**0**	**(1 802)**
Fair value gain / (loss) of the year	(451)	0	0	(451)
December 31	**(2 253)**	**0**	**0**	**(2 253)**

Interest rate sensitivity analysis

As disclosed above, most of the Group's interest bearing financial liabilities bear a fixed interest rate.
The total interest expense recognised in the 2019 income statement on the Company's variable rate debt portion (excluding IFRS 16 lease debt) net of the effect of interest rate derivative instruments amounts to 1,7 million euro (before tax).

When a reasonable possible increase / decrease in the euro – market interest rates with 0,50% on the Group's floating rate debt at December 31, 2019 is applied, with all other variables held constant, 2019 profit would have been around 315 k euro higher/ 419 k euro lower.

In addition this interest rate increase would cause a change in the fair values of the hedging instruments, which is estimated to have a positive impact on the profit before tax of 2,6 Mio euro.

26.3 MATERIAL PRICE RISK

The Group companies incur the risk of changing market prices of materials.

To minimise the risk to unfavourable purchase price changes, the Group utilises fixed price contracts for major materials such as flour, packaging, etc.

To manage the risk on changing refined vegetable oil prices, the Raw Material Department of the MCOF operating segment is entering into forward purchase and sale agreements of crude vegetable oil. These commodity contracts are in accordance with the entity's expected purchase, sale or usage requirements and are as such excluded from the scope of financial instruments. This is commonly referred to as own use contracts. Own use contracts are accounted for as normal purchase or sale contracts (executory contracts).

26.4 Liquidity Risk

Liquidity risk management is associated with ensuring that the Group has enough funding facilities available now and in the future so it can meet all its financial obligations through any economic or business cycle and has sufficient borrowing capacity for the implementation of its strategic view and for tactical acquisitions.

The liquidity risk is managed at Group level based on the consolidated budgeted and projected balance sheets and cash flows and implies:

(i) a monitoring of the mix of short term and long term funding versus total debt;
(ii) the overall composition of total debt;
(iii) the availability of used long term and unused but committed credit facilities in relation to the fixed assets and working capital needs of the Group;
(iv) the compliance with borrowing facilities covenants and undertakings;
(v) capital structure of the Group.

The table below analyses the Group's borrowings into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (capital and interest). Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

For the year ended 31 December Thousand Euro	1 year or less	1 - 5 years	More than 5 years	Total
Retail Bond	3 060	106 120	0	109 180
Subordinated loan	2 625	82 875	0	85 500
Bank borrowings	2 641	51 894	167	54 702
Lease liabilities	10 575	28 370	22 301	61 247
Continuing involvement factoring	505	0	0	505
December 31, 2019 *	**19 406**	**269 259**	**22 468**	**311 133**

* Issuance costs are not included (see note 25)

26.5 Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The Group companies are monitoring the credit risk on an ongoing basis and are using trade finance instruments (i.e. letter of credit) when appropriate. Furthermore, companies of the Group are covering part of the credit risk exposure by credit insurance policies considering cost and benefit of the insurance.

Each year a Group credit risk analysis is being performed. In this analysis the turnover of all clients of the Group, as well as outstanding and overdue amounts are checked. For the financial losses due to bankruptcy, the Group has subscribed a credit insurance contract "Excess loss". If the total losses are above 400 k euro the financial losses due to bankruptcy are covered by the insurer. Below this amount the risk is carried by the Group.

The Group started applying factoring to the two major Belgian companies in 2012. As of 2013 it was also applied in France and as of 2015 in the Netherlands. We also refer to Note 19 on trade and other receivables for further information on the factoring agreements.

Vandemoortele NV, an external bank and a major supplier of Vandemoortele NV have entered into an agreement pursuant to which the supplier has the right to submit its invoices to the bank which accepts to pay the supplier (without recourse) pursuant to an irrevocable and revolving letter of credit issued by the bank. The Irrevocable and Revolving Letter of Credit had an initial term from April 30, 2015 until March 31, 2016, subject to tacit renewal for one-year periods. The bank accepts deferred repayment of these invoices by Vandemoortele NV.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Finance related counterparty credit risk is defined as the risk of sustaining a loss as a result of the default by a counterparty that has:
(i) given credit lines or borrowings to the Group;
(ii) accepted a deposit from the Group;
(iii) entered into a hedging transaction with the Group.

The purpose of establishing counterparty credit risk limits is to ensure that the Group deals with creditworthy counterparties and that counterparty concentration risk is addressed.

The core financial institutions for the Group are those that give Long Term Committed Credit Facilities and should comprise at least 3 parties.

Group Treasury will make sure that all risks are spread over several counterparties according to internal procedures determining limits and maximum exposures per counterparty.

Counterparties which the Group is allowed to work with should have a minimum Credit Rating of A-.

27. FAIR VALUE FINANCIAL INSTRUMENTS

FAIR VALUE OF THE GROUP'S FINANCIAL ASSETS AND LIABILITIES

Except as detailed in the following table, the directors consider that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

For the year ended 31 December Thousand Euro	2019 Carrying amount	2019 Fair value	2018 Carrying amount	2018 Fair value
Financial assets				
Trade and other receivables	201 879	201 879	217 058	217 058
Financial liabilities				
Financial liabilities at amortised cost				
Subordinated loan *	75 000	75 480	75 000	73 185
Retail bond *	100 000	102 390	100 000	103 750
Unsecured borrowings	53 233	53 233	90 175	90 175
Finance lease liabilities	51 127	51 127	18 842	18 842
Bank overdrafts	0	0	796	796
Continuing involvement factoring	505	505	510	510
Trade and other liabilities	277 164	277 164	273 090	273 090

** "Level 1" fair value measurement: fair value of financial liabilities is determined with reference to quoted market prices in active markets for identical liabilities*

28. DERIVATIVES

Below you will find a summary of the fair values of the derivatives at the end of December:

For the year ended 31 December Thousand Euro	2019 Assets	2019 Liabilities	2018 Assets	2018 Liabilities
Interest rate swaps				
- Held-for-trading (*)	0	4 692	0	2 253
Non-current derivatives	**0**	**4 692**	**0**	**2 253**
Commodity contracts				
- Held-for-trading	0	48	0	72
Foreign currency contracts				
- Held-for-trading (**)	313	1 328	2 055	457
Current derivatives	**313**	**1 376**	**2 055**	**529**

* Details see note 26.2

** Details see note 26.1

29. EMPLOYEE BENEFITS

29.1 LONG TERM EMPLOYEE BENEFITS

The amount recognised in the consolidated balance sheet arising from the Group's obligation in respect of its long-term employee benefits is detailed below:

For the year ended 31 December Thousand Euro	2019	2018
Defined benefit plans	19 821	16 190
Other post-employment benefits	1 476	1 617
Post - employment benefits	**21 297**	**17 806**
Other long-term employee benefits	5 193	4 952
Total employee benefits	**26 490**	**22 758**

POST / OTHER LONG-TERM EMPLOYMENT BENEFITS

The Group operates various post-employment schemes that provide benefits which are related to salary and length of service. These post-employment benefit plans are classified as either defined contribution plans or defined benefit plans. The contributions for defined contribution plans amount to 2.163 k euro (2.465 k euro in 2018).

The other post-employment benefits include the liabilities in relation to supplemental early retirement benefits.

The other long-term employee benefits consist mainly of liabilities for the stock option plan for 3,0 mio (2,8 mio in 2018), a leave of absence arrangement in VDM Nederland BV for 1,4 mio (1,2 mio in 2018) and jubilee benefits in Germany and The Netherlands for 0,4 mio (0,3 mio in 2018).

DEFINED BENEFIT PLANS

The Group operates several defined benefit plans in Belgium, The Netherlands, France, Germany, Italy and Spain. These plans are either funded of unfunded via outside pension funds or insurance companies. Where a plan is unfunded, a liability for the obligation is recorded in the Group balance sheet. For funded plans, the Group is liable for the deficits between the fair value of the plan assets and the present value of the defined obligation. Accordingly a liability (or an asset when the plan is over-funded) is recorded in the Group consolidated balance sheet. Independent actuaries assess all main plans annually.

The Group's largest defined benefit obligations exist in Belgium. They account for 73,3% (72,5% in 2018) of the Group's defined benefit obligations and 92,6% (92,7% in 2018) of the Group's plan assets.

The main pension plan is a defined benefit pension plan in Belgium, which was closed for new entrants at 31 December 2012. Employees hired as from 1 January 2013 are covered by a defined contribution plan. Due to Belgian legislation, the employer is obliged to guarantee a minimum rate of return on the contributions. Therefore, the defined contribution plan is classified and accounted for as a defined benefit plan.

The amounts recognised in the balance sheet are determined as follows:

As per December 31 Thousand Euro	2019	2018
Present value of defined benefit obligation	57 300	52 171
Fair value of plan assets	(37 480)	(35 981)
Net (asset) / Liability	**19 821**	**16 190**

The principal weighted average actuarial assumptions used for the purposes of the actuarial valuations were as follows:

As per December 31 Thousand Euro	2019	2018
Discount rate	0,93%	1,86%
Inflation	1,0% - 2%	1,7% - 2%
Future salary increase	0,6% - 2,5%	0,6% - 2,5%
Pension increase	2,00%	2,00%

Assumptions regarding future mortality are based on recent published statistics in each country. The assumptions regarding the turnover of employees are based on recent experience and expectations for the future.

The weighted average duration of the defined benefit obligation is 11,1 years.

The changes in the present value of the defined benefit obligation in the current year were as follows:

As per December 31 Thousand Euro	2019	2018
Defined benefit obligation at January 1	**52 171**	**50 527**
Current service cost	3 165	3 089
Interest expense	908	819
Employee contributions	38	41
Benefits paid	(4 423)	(1 026)
Administrative expenses paid	(99)	(83)
Remeasurements		
- effect of changes in demographic assumptions	0	80
- effect of changes in financial assumptions	6 025	(581)
- effect of experience adjustments	(484)	(696)
Defined benefit obligation at December 31	**57 300**	**52 171**

The changes in the fair value of plan assets in the current year were as follows:

As per December 31 Thousand Euro	2019	2018
Fair value of plan assets at January 1	**35 981**	**34 894**
Interest income	649	573
Employer contributions	2 111	1 991
Employee contributions	38	41
Benefits paid	(3 650)	(387)
Administrative expenses paid	(99)	(83)
Remeasurements		
- Return on plan assets (excluding interest income)	2 449	(1 050)
Fair value of plan assets at December 31	**37 480**	**35 981**

The fair value of the assets is split in the following major asset classes:

As per December 31 Thousand Euro	2019	2018
Equities	10 489	9 244
Bonds	18 560	17 226
Real estate property	2 043	1 642
Cash, cash equivalents and other	3 632	5 249
Qualifying insurance policies	2 757	2 618
Total	**37 480**	**35 981**

The assets comprise assets held by a separate pension fund in Belgium and qualifying insurance policies in the other countries. A large portion of assets in 2019 consists of equities and bonds, although the Group also invests in property, cash and investment funds. The plans are not exposed to significant foreign currency risk.

The assets of the pension fund in Belgium and of qualifying insurance policies in other countries are built up by the monthly contributions paid by the entities of the Group to the pension fund / insurance company. These contributions are based on a plan (calculation) delivered by an actuary.

Defined benefit obligation and plan assets per country are as follows:

As per December 31	2019		2018	
Thousand Euro	DBO	Plan Assets	DBO	Plan Assets
Belgium	41 986	34 723	37 842	33 362
Germany	9 001	1 740	8 529	1 626
France	3 861	572	3 316	564
Italy	1 828	0	1 890	0
The Netherlands	488	445	471	428
Spain	136	0	122	0
Total	**57 300**	**37 480**	**52 171**	**35 981**

The amounts recognised in the consolidated income statement and in the consolidated statement of comprehensive income in respect of those defined benefit plans are as follows:

As per December 31 Thousand Euro	2019	2018
Current service cost	3 165	3 089
Net interest cost	259	246
Components of defined benefit costs recorded in income statement	**3 423**	**3 335**
Remeasurements		
- Effect of changes in demographic assumptions	0	80
- Effect of changes in financial assumptions	6 025	(581)
- Effect of experience adjustments	(484)	(696)
- Return on plan assets (excluding interest income)	(2 449)	1 050
Components of defined benefit costs recorded in OCI	**3 091**	**(147)**
Total components of defined benefit cost	**6 515**	**3 187**

Estimated employer contributions for defined benefit plans in 2019 amount to 1.970 k euro.

The sensitivity of the defined benefit obligation to changes in assumptions is set out below. The effects on each plan of change in assumption are weighted proportionately to the total plan obligations to determine the total impact of each assumption presented:

As per December 31		2018	
%	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0,50%	-5,51%	5,69%
Inflation rate	0,50%	2,51%	-2,68%
Salary growth rate	0,50%	4,74%	-3,57%
Life expectancy	1 year	0,10%	-0,05%
Pension increase (only in Germany & The Netherlands)	0,50%	2,52%	-2,34%

Each sensitivity analysis disclosed above is based on changing one assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to variations in significant actuarial assumptions, the same method has been applied as for calculating the liability recognised in the consolidated balance sheet.

Through its defined benefit plans, the Group is exposed to a number of risks, of which the most significant ones are detailed below:

ASSET VOLATILITY

The plan liabilities are calculated using a discount rate set with reference to high quality corporate yields; if plan assets underperform this yield, the company's net defined benefit obligation may increase. Most of the company's funded plans hold a significant portion of equities which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term. As the plans mature, the company usually reduces the level of investment risk by investing more in assets that better match the liabilities.

However, the company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the company's long-term strategy to manage the plans efficiently.

CHANGES IN BOND YIELDS
A decrease in corporate bond yields will increase plan liabilities, although this will partially offset by any increase in the value of the plans' bond holdings.

INFLATION RISK
The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. The majority of the plan's assets are either unaffected by or loosely correlated with inflation, meaning that an increase in inflation could potentially increase the company's net defined benefit obligation.

LIFE EXPECTANCY
Some of the plans' obligations (Germany and The Netherlands) are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

In case of funded plans, the Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

29.2 SHORT TERM EMPLOYEE BENEFITS

For the year ended 31 December Thousand Euro	2019	2018
Social security	12 737	13 087
Remunerations	12 290	11 298
Holiday pay	13 014	13 084
Other payroll liabilities	2 461	3 153
Short term employee benefits	**40 502**	**40 621**

30. PROVISIONS

For the year ended 31 December Thousand Euro	Restructuring	Litigations & tax risks	2019 Environmental	Other *	Total
Provisions at January 1	**4 978**	**637**	**136**	**1 218**	**6 969**
Additional provisions during the year	2 819	0	0	95	2 914
Provisions used during the year	(3 609)	(67)	0	(22)	(3 698)
Provisions reversed during the year	(329)	0	(136)	0	(464)
Provisions at december 31	**3 861**	**571**	**0**	**1 289**	**5 721**

** Consists mainly out of provisions for severance payments to agents in Italy*

For the year ended 31 December Thousand Euro	Restructuring	Litigations & tax risks	2018 Environmental	Other	Total
Provisions at January 1	**9 553**	**393**	**136**	**1 173**	**11 255**
Additional provisions during the year	3 186	250	0	58	3 494
Provisions used during the year	(6 323)	(6)	0	(4)	(6 333)
Provisions reversed during the year	(1 438)	0	0	(9)	(1 447)
Provisions at december 31	**4 978**	**637**	**136**	**1 218**	**6 969**

Restructuring provisions

Provisions for restructuring costs (including termination benefits) are recognised when the Group has a detailed formal plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. Costs relating to the ongoing activities of the Company are not provided for.

The new provisions for restructuring set up in 2019 mainly relate to the reorganisation in France and to the update of provisions for former reorganisations in France. The restructuring provisions include the estimated cost for different plans linked to the related reorganisation.

Restructuring provisions are expected to be settled for the biggest part within one year and consequently no discounted value of the expenditure has been calculated.

Litigations and tax risks

Provisions for other than corporate tax risks are recorded if the Group considers that the tax authorities might challenge the position taken by the Group. Provisions for litigation are booked for those litigations where the Group is or might be a defendant against claims of customers, suppliers or employees. An assessment is performed with respect to the above-mentioned risks together with the Group's tax, HR and legal advisers. The Group books a provision for those litigations and tax risks that can be clearly identified and for which a reliable estimate can be made of the potential cost.

No discounted value has been calculated for litigations and tax risks, as the impact is immaterial and the settlement will occur in the near future.

Environmental provisions

The Group books a provision for those environmental risks that are clearly defined and for which there exists a legal obligation to restore the environment and for which a reliable estimate can be made of the potential cost.

Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits from a contract are lower than the unavoidable costs of meeting the obligations under the contract.

Other provisions

Other provisions are booked for all other identifiable risks.

31. TRADE PAYABLES AND OTHER LIABILITIES

For the year ended 31 December Thousand Euro	2019	2018
Government grants - deferred income	3 121	3 117
Other	1	2
Non-current trade and other liabilities	**3 123**	**3 119**
Trade payables	255 348	252 220
VAT payable	9 736	10 574
Other taxes	1 984	543
Payroll tax	4 069	3 533
Interest accruals	2 523	2 159
Accrued expenses	1 274	702
Deferred income	236	980
Other	1 993	2 378
Current trade and other liabilities	**277 164**	**273 090**

32. RELATED PARTIES

The Group is controlled by Safinco NV which owns 99,31 % of the Company's shares. The remaining 0,69% of the company's shares are owned by the company itself (own shares).

32.1 TRADING TRANSACTIONS WITH ASSOCIATES

The Group purchases refined oil from one of its associates, Lipidos (in 2019 reclassified as asset held for sale). The conditions for these purchases are negotiated periodically between both parties and are at arm's length.
-Purchases Raw Materials from Lipidos: 36,0 Mio € (2018: 45,0 Mio €).
-Services rendered by Lipidos (contract manufacturing): 6,5 Mio € (2018: 6,9 Mio €).
-Outstanding amount against Lipidos at December 31, 2019 is a receivable of 134 k euro (at December 31, 2018 a debt of 73 k euro).

32.2 COMPENSATION DIRECTORS AND KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management personnel during the year was as follows.

For the year ended 31 December Thousand Euro	2019	2018
Short-term benefits	10 413	9 080
Post-employment benefits	865	685
Other long-term benefits	0	210
Share-based payments *	1 390	1 120
Termination benefits	1 225	0
Total compensation key management	**13 893**	**11 095**

* Payments linked to the exercise of stock options in the respective year

Key management includes:
-Board of Directors, Audit Committee, Compensation Committee
-CEO, ExCo executives
-Other executives of the Group

32.3 SHARE BASED PAYMENTS

Since 2004, the Group Vandemoortele has offered stock options to the members of the Executive Committee. Since 2018 the Group also offers some stock options to some other executives. It is classified as a cash settled plan. Every stock option gives the holder the right to buy a share of the Company at a pre-defined price during the exercise period. The Company commits to buy the shares back at the last available share value at the moment of exercise. The options are offered free of charge. They carry neither rights to dividends nor voting rights. The stock options can be exercised as from the 4th calendar year after the offer date within the yearly set exercise window.
The share value is determined once per year by an external financial institution and reviewed by the Group's auditors.
In 2019, 2.162 new options were accepted and 1.572 options accepted in previous years have been exercised.

The following table gives an overview of all stock option movements during 2019:

Year of acceptance	Last exercise date	Number of outstanding options at 01/01/2019	Options exercised(-) / accepted (+) during 2019 **(a)**	Revoked options during 2019	Number of outstanding options at 31/12/2019	Value per share **(b)**	Exercise price **(c)**	Paid in 2019 to option holder **(c-b)*a**
2012	15/12/2020	100	-100		0	503,48	1.480	97.652
2013	15/06/2021	1.435	-1.332		103	579,53	1.480	1.199.426
2014	15/09/2022	1.503	-140		1.363	818,16	1.480	92.658
2015	15/09/2023	728			728	1201,01		
2016	15/09/2024	760			760	1.416,00		
2018	15/09/2026	3300		-67	3.233	1.284,00		
2019	15/09/2027	0	+2.162		2.162	1.480,00		
Total		**7.826**	**+590**	**-67**	**8.349**			**1.389.736**

The fair value of this stock option plan (3.013 k euro) has been calculated using a Black and Sholes formula based on a calculated share value and on assumptions on risk free interest rate (-0,30%), volatility (23,4%), time remaining until maturity (between 4 and 8 years) and dividend yield (2,25%).

33. COMMITMENTS AND CONTINGENCIES

33.1 OPERATING LEASE COMMITMENTS

The Group has entered into various operational leases. As from 2019 these commitments are expressed in the balance sheet following IFRS16. Short-term leases, low-value assets, variable lease payments and non-lease components (e.g. maintenance) are excluded from the application of IFRS 16 and are immediately expensed under the service costs (see note 17).

33.2 CONTINGENT LIABILITIES

We have investigated with the "Brexit team" the various possible deadlines of the Brexit and set up an action plan to manage the Brexit taking into account our production activities in Worcester (frozen bakery products) and our commercial activities (sale of bakery products and margarines and fats) in the United Kingdom. This action plan will continuously be updated to developments in trade relations between EU Member States and the United Kingdom as a result of the negotiations that started after the Brexit of 31 January 2020.

The Vandemoortele Group will, partly challenged by the Brexit but mainly responding to the demand from consumers and customers for local products, start an important investment this year in its existing factory in Worcester and set up the first production line for pre-proofed French pastry in the UK.

Further the Group is subject to a number of claims and legal proceedings in the normal conduct of its business. Management does believe that such claims and proceedings are not likely, on aggregate, to have a material adverse effect on the financial condition of the Group. There are no contingencies relating to government grants for which income was already recognised.

33.3 ENTITIES FOR WHICH VDM NV ASSUMES FULL LIABILITY

The company's UK subsidiary, Vandemoortele UK (Limited - Registered number 1107148) is exempt from the requirements to the audit of accounts under Section 479A of the Companies Act 2006. Under Section 479C of Companies Act 2006 related to subsidiary companies, Vandemoortele NV has given a statutory guarantee of all the outstanding liabilities (5,7 million euro) to which the company is subject at December 31, 2019. This guarantee has been filed at the Companies House.

The subsidiaries Safinco Nederland B.V., Vandemoortele Nederland B.V. and Vandemoortele Brunssum B.V are exempt from the requirements to the audit of accounts under article 403 of the civil law. The liabilities of Safinco Nederland B.V., Vandemoortele Nederland B.V. and Vandemoortele Brunssum B.V for a total amount of 30,9 million euro per December 31, 2019 are guaranteed by Vandemoortele NV.

34. AUDITORS' ASSIGNMENTS AND RELATED FEES

Deloitte Bedrijfsrevisoren CVBA, represented by Kurt Dehoorne, was appointed as the statutory auditor of the Vandemoortele Group by the shareholders meeting of May 9, 2017.

Audit fees for 2018 in relation to services provided by Deloitte amounted to 571 k euro. These fees have been detailed in the table below:

For the year ended 31 December Thousand Euro	2019	2018
Audit Services Vandemoortele NV	91	83
Audit Services Subsidiaries	521	488
Total	**612**	**571**

The audit services for the subsidiaries are services performed as statutory auditor in view of legal requirements.

Additional services for 2018 rendered by the auditor to the Group have been detailed in the table below:

For the year ended 31 December Thousand Euro	2019	2018
Other audit related services	33	9
Non-audit services	22	30
Total	**55**	**39**

Additional services for 2018 rendered by parties related to the auditor of the Group have been detailed in the table below:

For the year ended 31 December Thousand Euro	2019	2018
Non-audit services	25	25
Tax advisory services	3	3
Total	**28**	**28**

35 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors proposes to pay a dividend of 22.889 k euro on the result of 2019. This proposal is subject to approval by the shareholders on their annual meeting on May 12, 2020.

Our "Project Europe", which centralizes the most important commercial assets and activities in "Vandemoortele Europe NV" as of 01/07/2020, is being rolled out at full speed; this project is intended to simplify our internal processes and to strengthen our commercial performance, especially abroad.

The Vandemoortele Group concluded an agreement on 30/01/2020 to sell its minority shareholding in the Spanish refinery Lipidos Santiga. Closing of the deal is expected in May 2020. A gain between 20 and 25 Mio euro is expected from this deal.

The recent events on Covid-19 will undoubtedly impact the turnover and the results of our business lines, in particular because of quarantine measures in some countries ; however it is difficult to determine its impact today.

36. VANDEMOORTELE COMPANIES

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV and 37 subsidiaries which are fully consolidated and 1 associated company which is consolidated according the equity method. Participations in 8 companies are not consolidated as these do not meet the criteria of significance.

Except for the assets held under financial lease, there are no local restrictions on the free disposal of the assets of the subsidiaries.

Name and office	2019	2018
SUBSIDIARIES	%	%
BELGIUM		
Vandemoortele nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	Parent	Parent
Metro nv, Prins Albertlaan 12, 8870 Izegem	100	100
Vamix nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	100	100
Vandemoortele Ghislenghien sa, 47 Avenue des Artisans, 7822 Ghislenghien	100	100
Vandemoortele Coordination Center nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	100	100
Vandemoortele Izegem nv, Prins Albertlaan 12, 8870 Izegem	100	100
Vandemoortele Seneffe sa, Rue Jules Bordet, Parc Industriel de Seneffe Zone C (zonec), 7180	100	100
Vandemoortele Eeklo nv, Nieuwendorpe 16, 9900 Eeklo	100	100
Vandemoortele Lipids nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	100	100
Vandemoortele Europe nv, Ottergemsesteenweg-Zuid 816, 9000 Gent	100	0
GERMANY		
Vandemoortele Deutschland GmbH, Altensennerweg 68, 32052 Herford	100	100
Vandemoortele Dommitzsch GmbH, Rudolf-Breitscheid-Strasse 10, 04880 Dommitzsch	100	100
Vandemoortele Lipids Werke GmbH, Pirnaer Landstrasse 194, 01257 Dresden	100	100
FRANCE		
Vandemoortele Reims SAS, Le Haut Montigné, 35370 Torcé	0	100
Vandemoortele Lipids France SASU, Le Haut Montigné, 35370 Torcé	100	100
Cottes Action SA, Le Haut montigné, 35370 Torcé	100	100
Vandemoortele Bakery Products France SAS, Le Haut Montigné, 35370 Torcé	100	100
Panalog SAS, ZA La Chapellerie, F-35210 Chatillon en Vendelais	100	100
Paindor SAS, Zone industrielle, 1ère Avenue, 14ème Rue, 06513 Carros	100	100
Paindor Toulon SAS, 230 Avenue Jean Monnet, 83190 Ollioules	100	100
Paindor Côte d'Azur SAS, Zone industrielle, 1ère Avenue, 14ème Rue, 06510 Carros	100	100
Paindor VAR Sarl, Zone Industrielle Camp Colonel Dessert, 83480 Puget sur Argens	0	100
Paindor Provence Frais SAS, Zone Industrielle les Estroublans, Avenue de Bruxelles 14, 13127	100	100
Paindor Montpellier SAS, Zone Industrielle Sud, Rue Prade 5, 34880 Laverune	100	100
NETHERLANDS		
Safinco Nederland bv, Molenvaart 12, 6442 PL Brunssum	100	100
Vandemoortele Brunssum bv, Molenvaart 12, 6442 PL Brunssum	100	100
Vandemoortele Nederland BV, Handelsweg 1, 3899AA Zeewolde	100	100
LUXEMBOURG		
Vandemoortele International Finance sa, 412 F, Route d'Esch, 2086 Luxembourg	100	100

Name and office	2019	2018
SUBSIDIARIES	%	%
UNITED KINGDOM		
Vandemoortele UK Ltd., Charta House, 30-38 Church Street, Staines-upon-Thames, Surrey TW18 4EP	100	100
ITALY		
Vandemoortele Italia S.p.A., Via Fiorenzo Semini 12, 16163 Genova	100	100
AUSTRIA		
Vandemoortele GmbH, Leo-Neumayer-Strasse 10, 5600 Sankt-Johann-im-Pongau	100	100
SPAIN		
Vandemoortele Iberica sa, Calle Sant Martí de l'Erm n°1, planta 5a, 08960 San Just Desvern - Barcelona	100	100
Distribuidora de Confiteria Heladeria y Panaderia s.l., Calle Monterey Veracruz 45-47, 29006 Malaga	100	100
Panavi Ohayo SL, Ronda de les Conques 8, 08180 Moia	100	100
SWITZERLAND		
Vandemoortele Rückversicherung AG, Baarerstrasse 14 CH - 6300 Zug	100	100
SLOVAKIA		
Vandemoortele Slovenska Republika sro, Karadzicova 8/A, 821 08 Bratislava	100	100
HUNGARY		
Vandemoortele Magyarország Kft., Kápolna utca 12, H - 6000 Kecskemét	100	100
POLAND		
Vandemoortele Polska sp.z.o.o., Ul. Tokarzewskiego 7-12, 91-842 Lódz	100	100
Vandemoortele Bakery Products Polska sp.z.o.o., Ul. Tokarzewskiego 7-12, 91-842 Lódz	100	100
UNITED STATES OF AMERICA		
Vandemoortele USA Inc., Corporation Trust Center , 1209 Orange Street, Wilmington, De 19801	100	100
ASSOCIATES		
SPAIN		
Lipidos Santiga sa, Carretera Ripollet a Santiga, km. 4,300, 08130 Santa Perpetua de Mogoda, Barcelona	23,75	23,75

37 GLOSSARY

EBIT
Profit from operations

EBITDA
Profit from operations before depreciation, amortisation and impairments

Adjusted EBIT
Profit from operations before non-recurring items (incl. depreciation, amortization and impairments)

Adjusted EBITDA
Adjusted EBIT before recurring depreciation and amortisation

Non-recurring items
Items that are related to restructuring programmes and transformation costs: Lay-off costs that can not be associated with the future organisation, gains/losses on disposals, dismantling costs, impairment losses on assets (including goodwill) and fade out costs for production or logistic sites that are closed during the year.

Net fixed assets
Goodwill, other intangible assets, property, plant & equipment, investments in associates and financial assets (excluding mutual funds)

Working capital need
Operational working capital need plus other working capital need

Operational working capital need
Inventories, trade receivables and trade payables

Other working capital need
Other receivables (excluding current & non-current loans), other assets, current tax payables, other liabilities, current employee benefits and net commodity derivatives

Equity
For ratio calculations total equity includes equity attributable to owners of the parent and non-controlling interests

Provisions
Current and non-current provisions, non-current employee benefits, deferred tax liabilities minus deferred tax assets, derivatives (excluding commodity derivatives) and fair value adjustments on borrowings

Net deferred tax
Deferred tax liabilities less deferred tax assets

Net financial debt
Nominal amount of borrowings minus cash and cash equivalents, mutual funds, current and non-current loans

Senior net financial debt
Net financial debt minus subordinated loans

Capital employed
Net fixed assets plus working capital need

Capital provided
Equity, net financial debt and provisions

Return on capital employed (ROCE)
Recurring earnings after tax as a percentage of the capital employed per December 31

Deloitte.

Vandemoortele NV

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2019 - Consolidated financial statements

Statutory auditor's report to the shareholders' meeting of Vandemoortele NV for the year ended 31 December 2019 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Vandemoortele NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 9 May 2017, in accordance with the proposal of the board of directors ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2019. We have performed the statutory audit of the consolidated financial statements of Vandemoortele NV for 6 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 1 065 124 (000) EUR and the consolidated income statement shows a profit for the year then ended of 47 614 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2019 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

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

Key audit matters

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.

Key audit matters	How our audit addressed the key audit matters
Impairment risk on Goodwill and Property, Plant and Equipment related to the Bakery Products business Due to the nature of the Bakery Products business and the growth ambitions in this segment, significant capital expenditure is involved. Moreover, the business is subject to volatile raw material prices, which are often not directly translated into the end consumer market. Due to the unpredictability and the volatility of the raw material prices, there is a risk for impairment if the business would not generate sufficient cash flows. The Group reviews the carrying amount of these long-lived assets, including a goodwill of 136 606 (000) EUR, annually or more frequently when impairment indicators are present. Estimating the recoverable amount of the assets requires significant management judgement including estimates of future sales, future EBITDA, discount rate and the assumptions inherent in those estimates. The Group disclosed the nature and the value of the assumptions used in the impairment analyses in note 15 to the Consolidated Financial Statements.	We designed our audit procedures to be responsive to this key audit matter. We obtained an understanding of the impairment assessment process and evaluated the design and implementation of the relevant key controls in place. In addition, we obtained impairment tests prepared by management. We evaluated and challenged the reasonableness of estimates and judgments made by management. Special focus was given to the key drivers of projected future cash flows, being amongst others estimated EBITDA and the applied discount rate. We critically assessed the budget, taking into account the historical accuracy. Our internal valuation specialist was involved to review the reasonableness of the discount rate. Moreover, we examined sensitivity analyses performed over changes in discount rates and EBITDA. We also considered the adequacy of the Group's disclosures (note 15) relating to goodwill.
Recoverability of Deferred Tax Assets Per 31 December 2019, the group has recognised deferred tax assets, mainly on tax losses carried forward, amounting to 45 204 (000) EUR. The analysis of the recognition and recoverability of the deferred tax assets at the level of the business unit Bakery, more specifically at the level of Vamix NV, is important to our audit because the amounts are material, the assessment process is judgmental and is based on assumptions that might be affected by future market and economic conditions. Reference is made to note 20 and 14 to the Consolidated Financial Statements.	As a part of our audit, we discussed tax planning and potential issues relating to valuation and recognition of deferred tax assets with management. We obtained an understanding of the recognition and recoverability assessment process and evaluated the design and implementation of the relevant key controls in place. We performed substantive audit procedures on the analysis of the recoverability of the deferred tax assets based on the estimated future taxable income, principally by evaluating and testing the key assumptions used to determine the amounts recognized and by challenging them. We also considered the adequacy of the Group's disclosures (in note 20 and 14) in respect of deferred taxes.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium 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 to be considered for 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 other realistic alternative but to do so.

Responsibilities of the statutory auditor 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 a statutory 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 ISA 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.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, 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 an 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 by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors 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 statutory 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 statutory 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, 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 and 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 those charged with the audit committee regarding, amongst 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 those charged with the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to those charged with the audit 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 report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e. the "Key financial figures on page 3 and 4 of the annual report, are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in a separate report that is referred to in section 40 of the annual report. This statement on non-financial information includes all the information required by article 3:32, § 2 of the Code of companies and associations and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established by the company based on the GRI standards. In accordance with article 3:75, § 1, 6° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with the GRI standards mentioned in the directors' report on the consolidated financial statements.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Gent, 23 March 2020

The statutory auditor

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Deloitte Bedrijfsrevisoren / Réviseurs d'Entreprises CVBA / SCRL
Represented by Kurt Dehoorne

39. STATEMENT BY RESPONSIBLE PERSON

Vandemoortele

March 19, 2020

STATEMENT BY RESPONISIBLE PERSON

Mr. Jules Noten, Managing Director and Chief executive Officer confirms that to the best of his knowledge:

a) The consolidated financial statements and the annual accounts per 31.12.2019 of NV VANDEMOORTELE, prepared in conformity with applicable accounting standards, reflect a true and fair view of the net worth, the financial situation and results of VANDEMOORTELE NV and its subsidiaries consolidated in these financial statements.

b) The combined report of the Board of Directors on the financial statements and the annuals accounts per 31.12.2019 of NV VANDEMOORTELE, contains a faithful presentation of performance of the business, the results of the group VANDEMOORTELE and VANDEMOORTELE NV and its consolidated subsidiaries, together with a description of the main risks and uncertainties that they are facing.

Jules Noten Comm.V.,
Chief Executive Officer
Represented by Mr. Jules Noten

Vandemoortele
shaping a tasty future

COMBINED REPORT OF THE BOARD OF DIRECTORS
presented to the General Assembly of Shareholders of
NV VANDEMOORTELE, to be held on Tuesday 12 May 2020 at 3 pm
in its offices at Ottergemsesteenweg-Zuid n° 816, 9000 Gent

Ladies and Gentlemen,

VANDEMOORTELE NV

MAATSCHAPPELIJKE ZETEL
SIÈGE SOCIAL
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B-9000 Gent

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vandemoortele.com

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BIC KREDBEBB

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RPR Gent

We have the pleasure to submit our combined report on both the IFRS consolidated and statutory annual accounts of NV Vandemoortele, as at 31 December 2019, in accordance with Articles 3:6 and 3.32 of the new Company Code.

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV, 37 subsidiaries which are fully consolidated and 1 associated company which is consolidated according to the equity method. The consolidation includes Vandemoortele Europe NV and its branches.

This combined report includes both the financial reporting and the non-financial reporting in compliance with the currently applicable Company Code. As far as "gender diversity" at board level is concerned, we are in compliance with the legal requirements of the law of 28 July 2011.

The financial statements 2019 have been approved by the Audit Committee chaired by Cytifinance SA, duly represented by its permanent representative Mr. Michel Delloye, who is an independent director of NV Vandemoortele ; the independence of the Audit Committee as well as its expertise in accounting and audit are ensured by its members.

The details of the financial reporting of the group can be read in the document "Financial Results 2019" on the website "www.vandemoortele.com" under the heading "global, investors, financials".
http://www.vandemoortele.com/en/tags/investor-news/financials.

The non-financial reporting of our company in the form of its "Sustainability report 2019" can also be consulted on the website under the heading "global, investors, financials".
http://www.vandemoortele.com/en/tags/investor-news/financials.

I. FINANCIAL REPORTING: THE IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR 2019

1.1. THE RESULTS AND THE BALANCE SHEET STRUCTURE

General

Revenues in 2019 decreased slightly compared to the revenues of last year and amount to 1.384,1 million € (-2,10 %). This slight decrease applies to each of the two business lines.

The Adjusted EBITDA increased from 130 million € in 2018 to 152 million € (+16,9%) of which 8 million € IFRS 16 effect, bringing a Adjusted EBIT of 89,6 million € compared to 75,2 million € last year (+19,1 %) which is a very good result.

In 2019, the Bakery Products business line reaches revenues of 886 million €; the 2019 Adjusted EBITDA of this business line amounts to 95,8 million € of which 5,8 million € IFRS 16 effect, an improvement of 21,1 % on last year's 79 million € Adjusted EBITDA.

The Margarines, Culinary Oils & Fats ("MCOF") business line, despite lower revenues due to the declining price evolution of the raw materials market, reaches again a good result with a Adjusted EBITDA of 56,1 million € of which 2,5 million € IFRS 16 effect, 4,8 million € better than the 2018 result (+9,3 %).

In 2019 we have invested 79 million € (of which 22 million € IFRS 16 effect) in enhancing and improving our production capacity for Bakery Products, in further rationalizing and modernizing our MCOF production sites and in our Food Experience Center.

The results

Some key figures (IFRS):

	Exclusive IFRS 16			Inclusive IFRS 16	
(in mio €)	**2018**	**2019**	**Variance**	**2019**	**Impact**
Turnover	1.414	1.384	- 2,1 %	1.384	0
Adjusted EBITDA*	130	143	+ 10,1 %	152	8
EBITDA	123	131	+ 7,0 %	140	8
Adjusted EBIT*	75	90	+ 19,2 %	90	0
EBIT	68	75	+ 10,3 %	75	0
EAT* total	51	48	- 5,9 %	48	0
SNFD	190	136	-28.4%	170	34

*Adjusted Ebit: profit from operations before non-recurring items

*Adjusted Ebitda : Adjusted Ebit before recurring depreciation and amortization

*Eat : profit after tax

*SNFD: Senior Net Financial Debt

The non-recurring expenses mainly relate to the consultancy costs in respect of an optimization project as well as to restructuring costs, merely in France.

The decrease in profit after tax compared to 2018 is the result of :

- Negative valuation effects resulting from the revaluation of hedging instruments to cover currency exchange risks and interest rate risks at the exchange and interest rates at 31 December 2019 ; and
- Higher income taxes resulting from the fact that losses carry forward were fully used at some of the entities that have generated profits in 2019 or for which deferred tax assets were used in 2019.

The balance sheet structure

The balance sheet structure of the Vandemoortele Group is becoming stronger, despite high investments.

The Senior Net Financial Debt of the Group at 31.12.2019 amounts to 170 million € (of which 34 million € IFRS 16 effect) compared to 190 million € at the end of

the previous financial year, resulting in a very low debt ratio SNFD/Adjusted EBITDA of 1,1:1.

Note that for the covenant reporting to the banks, frozen GAAP approach should be used resulting in a lower debt ratio SNFD/Adjusted EBITDA of 0,9:1.

BAKERY PRODUCTS Business line

Despite a slight decrease in revenues, partly due to a deliberate reduction in the number of product references, the **Bakery Products** business line performed well in 2019. The Adjusted EBITDA amounted to 95,8 million €, of which 5,8 million IFRS 16 effect, 16,7 million € higher than the Adjusted EBITDA of the previous financial year.
This is largely thanks to the disciplined development and implementation of cost-saving measures in the area of production and logistic operations and in the area of the purchase of raw materials, ingredients and packaging; a favorable evolution of the raw materials prices also contributed to this result.

MARGARINES, CULINARY OILS & FATS Business line

In 2019, the **MCOF** business line was able to beat its good result of the financial year 2018 of 51 million € Adjusted EBITDA and closes with a Adjusted EBITDA result of € 56,1 million € of which 2,5 million € IFRS 16 effect. The main factors for the profitability of this business were: the favorable evolution of the prices of raw materials, the good plant results and margin monitoring by the commercial services.

LIPIDOS - SHAREHOLDING

Lipidos Santiga SA has realized a good result and has delivered a contribution of 5,4 million € to the 2019 consolidated result of Vandemoortele.

1.2. OUTLOOK FOR 2020

The ambition to strengthen the position of the MCOF business line through organic growth, especially with the retail brand "Vandemoortele" as well as through external growth is still valid. The Bakery Products business line wants

to realize again a significant improvement of its Adjusted EBITDA result by fully concentrating on the commercial presence in retail and food service markets in Europe and by innovating and optimizing its portfolio of products.

In 2020, we will continue our investments with the same efforts as those of the previous financial year in order to consolidate our leadership in our markets. We will further develop our innovation program and our category management in cooperation with the central and local marketing organizations to respond timely to new market trends both in MCOF and Bakery Products and to continuously improve our products: healthier, better quality and taste.

The new "Food Experience Center" ("FEC") in Ghent which we enthusiastically moved into in October 2019, places the professional kitchen and bakery at the center of our activities and creates a stronger dynamic between us and our customers and suppliers.

1.3. IMPORTANT EVENTS AFTER THE CLOSING DATE OF THE ACCOUNTS – CIRCUMSTANCES THAT COULD SIGNIFICANTLY IMPACT THE EVOLUTION OF THE CONSOLIDATED ENTERPRISE

Our "Project Europe", which centralizes the most important commercial assets and activities in "Vandemoortele Europe NV" as of 01/07/2020, is being rolled out at full speed; this project is intended to simplify our internal processes and to strengthen our commercial performance, especially abroad.

The Vandemoortele Group furthermore sold its minority shareholding in the Spanish refinery Lipidos Santiga to the refence-shareholder Agrindus International Sarl ; oil refining is since long not anymore a core activity for Vandemoortele and the supplier-customer relationship between Lipids Santiga SA and Vandemoortele Iberica SA in Barcelona was updated in this context and secured for the long term so that this sale does not negatively impact the Vandemoortele MCOF business in Spain and Portugal. The capital gain on the disposal of the minority shareholding , assuming receipt of a dividend of 5,5 mio € from Lipidos Santiga SA ,will be 26 mio €.

The recent events on Covid-19 will undoubtedly impact the turnover and the results of our business lines, in particular because of quarantine measures in some countries ; however it is difficult to determine its impact today.

Finally, Mr. Yvon Guérin, who has joined us beginning 2019 as Managing Director Bakery Products, will succeed to Mr. Jules Noten as CEO of the Vandemoortele company on July 1st 2020. We thank Jules for his leadership and his contribution to the company during his 8 years tenure. This transition is planned since some time and takes place in continuity: the implementation of the defined strategy is confirmed.

1.4. RESEARCH AND DEVELOPMENT

In 2019 the R&D organization has continued to work on the improvement of the production processes, the quality of the products and the development of new products for both business lines as well as on the further optimization of the composition of its products.

Important innovations are our bio/organic product range in Bakery Products and the improvement of the floor oven technology. In line with our sustainability goal on nutrition we actively pursue reduction in sugar and salt in our bakery products and propose portion size reductions to our customers. We have developed a variety of formulations in margarines and fats, from low-fat to e-free still offering the required functional performance.

These projects are based on consumer research, development requests from customers and technological and nutritional insights acquired through research projects conducted in conjunction with the universities of Ghent and Leuven.

1.5. RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

In 2019, the Audit Committee reviewed our risk management in the areas of cyber security, traceability of quality problems and strategic challenges in order to respond timely to market trends such as "bio" and "Nutri-Score".

We have investigated with the "Brexit team" the various possible deadlines of the Brexit and set up an action plan to manage the Brexit taking into account our production activities in Worcester (frozen bakery products) and our commercial activities (sale of bakery products and margarines and fats) in the United Kingdom. This action plan will continuously be updated to developments in trade relations between EU Member States and the United Kingdom as a result of the negotiations that started after the Brexit of 31 January 2020.

The Vandemoortele Group will, partly challenged by the Brexit but mainly responding to the demand from consumers and customers for local products, start an important investment this year in its existing factory in Worcester and set up the first production line for pre-proofed French pastry in the UK.

1.6. MAIN RISKS

Besides the food safety risks and the strategic risks to which the business lines are exposed, our main market and financial risks are the volatility, the adverse price developments of the raw materials, ingredients, packaging materials, the increase of the energy costs, the fluctuations of currencies and interest rates, the credit risk and the liquidity risk.

The Vandemoortele Group also takes the risk of a hostile cyberattack with extortion very seriously and takes the necessary steps to protect itself to a maximum extent against it.

1.7 FINANCIAL INSTRUMENTS

We use derivative financial instruments to cover our interest rate, currency rate and commodity price risks ; these risks are centrally managed at group level. The policy of the group prohibits the use of derivatives for purposes other than clearly identified transactional risks. For a detailed description of the financial risks and financial instruments used we refer to the sections 26, 27 and 28 of the Disclosures to the Financial Statements 2018.

II. NON-FINANCIAL REPORTING: CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY

Vandemoortele cares about the future and wants to shape a future with the leitmotiv of "Shaping a tasty future responsibly".

We have an improvement program that leads very broadly and deeply into the organization to defined actions and is highly appreciated by our employees.

The achievements of the company in 2019 in the various areas of sustainable and socially responsible business to which the company is committed can be read in the "Sustainability report 2019" published on the website of the company, http://www.vandemoortele.com/en/tags/investor-news/financials

III. THE STATUTORY ANNUAL ACCOUNTS AS AT 31.12.2019

The company closes the financial year 2019 with a profit after tax of 4,1 million € composed of profit before tax of 4,2 million € and a provision for income taxes of 0,1 million €.

The profit for the financial year 2019 together with the result carried forward amounting to 34,9 million € represents the result of 39,1 million € to be allocated.

We propose the following result allocation :

-	Gross dividends:	22.889.145,24 €
-	Retained results :	16.114.328,65 €
-	Total	39.003.473,89 €

If you accept this proposal, a dividend of 42,12 € per share will be paid out to the 543.427 shares, which are entitled to receive dividends.

An intermediate dividend in the amount of 2.255.222,05 € has been declared payable on 30 th August 2019.

After closing date, the company booked a capital gain on the sale of its minority shareholding in Lipidos Santiga SA. This capital gain, assuming the receipt of a dividend of 5,5 mio € , will be in the amount of 42,4 mio €.

On 19th of September 2019, the board of directors of the company has authorized an investment of NV Metro in the acquisition of 2.725 certificates Safinco, amongst others from directors, for a total amount of 6,7 million €. The conflicted directors did not participate in this deliberation; the purchase price of the certificates is based on a valuation of the Safinco certificates made by KPMG.

The financial risks of the company are managed in close co-operation with NV Vandemoortele Coordination Center. The company itself has made use of financial instruments in respect of the purchase of raw materials.

No work related to research and development has been carried out by the company during the financial year of 2019.

2.162 share options have been accepted in 2019. The share based payments and stock option movements in the course of the financial year 2019, including the acquisition of own shares for the purpose of the stock option plans, are described in detail in Disclosure 32.3 to the Financial Statements 2019.

The company does not have any foreign branches.

Pursuant to the law and the articles of association, you are requested to grant a discharge to the directors and the statutory auditor for the mandates they have exercised during the financial year of 2019.

This combined report will be deposited in accordance with the relevant legal provisions applicable and will be kept available at the registered office of the company.

ON BEHALF OF THE BOARD OF DIRECTORS

Gent, March 19th, 2020.

Baron Vandemoortele
Chairman of the Board of Directors

41. STATUTORY ANNUAL ACCOUNTS OF VANDEMOORTELE NV

41.1 CONDENSED BALANCE SHEET OF VANDEMOORTELE NV

The statutory annual accounts of the parent company Vandemoortele NV are shown below in condensed form. In June, 2019, the annual report and annual accounts of Vandemoortele NV and the auditor's report will be filed with the National Bank of Belgium in accordance with Articles 98-102 of the Companies Act.

The statutory auditor has issued an unqualified opinion.

For the year ended 31 December Thousand Euro	2019	2018
Assets		
Fixed assets	**456 578**	**458 650**
Formation expenses	612	970
Ingangible fixed assets	846	875
Tangible fixed assets	2 523	3 899
Financial fixed assets	452 596	452 905
Current assets	**81 411**	**125 443**
Inventories	4 919	7 791
Amounts receivable within one year	52 435	48 965
Current investments	5 043	7 062
Cash at bank and in hand	16 251	57 199
Deferred charges and accrued income	2 764	4 426
Total Assets	**537 989**	**584 093**
Equity and liabilities		
Equity	**176 161**	**197 163**
Capital	14 862	14 862
Issuance premiums	64 503	64 503
Reserves	80 681	82 936
Accumulated profits (losses)	16 114	34 861
Provisions and deferred taxes	**2 789**	**2 667**
Provisions for liabilities and charges	2 789	2 667
Amounts payable	**359 040**	**384 263**
Amounts payable after more than one year	235 000	235 000
Amounts payable within one year	120 997	146 914
Accruals and deferred income	3 043	2 349
Total liabilities	**537 989**	**584 093**

41.2 CONDENSED INCOME STATEMENT OF VANDEMOORTELE NV

For the year ended 31 December Thousand Euro	2019	2018
Operating income	**453 741**	**510 408**
Turnover	453 464	510 203
Other operating income	278	204
Operating charges	**(451 264)**	**(490 296)**
Raw materials and consumables used and goods for resale	(412 703)	(455 391)
Services and other goods	(26 675)	(25 802)
Remuneration, social security costs and pensions	(8 909)	(8 325)
Depreciation and amounts written off	(2 423)	(2 503)
Provisions for liabilities and charges - appropriations	(122)	1 787
Other operating charges	(433)	(62)
OPERATING PROFIT (LOSS)	**2 477**	**20 112**
Financial income	11 676	15 131
Financial charges	(9 994)	(11 267)
GAIN (LOSS) FOR THE PERIOD BEFORE TAXES	**4 159**	**23 976**
Income taxes	(16)	(1 710)
GAIN (LOSS) OF THE PERIOD	**4 142**	**22 266**
GAIN (LOSS) OF THE PERIOD AVAILABLE FOR APPROPRIATION	**4 142**	**22 266**

41.3 RESULT APPROPRIATION

The Board of Directors proposes to appropriate the profit available for appropriation as follows:

For the year ended 31 December Thousand Euro	2019	2018
Profit (loss) of the year to be appropriated	**4 142**	**22 266**
Retained profit (loss) of previous year	34 861	30 661
Profit (loss) to be appropriated	**39 003**	**52 927**
Withdrawals from reserves	2 255	15 572
Interim dividend	(2 255)	(15 572)
Dividend proposed	(22 889)	(18 065)
Profit (loss) to be carried forward	**16 114**	**34 861**