FINANCIAL REPORT 2020

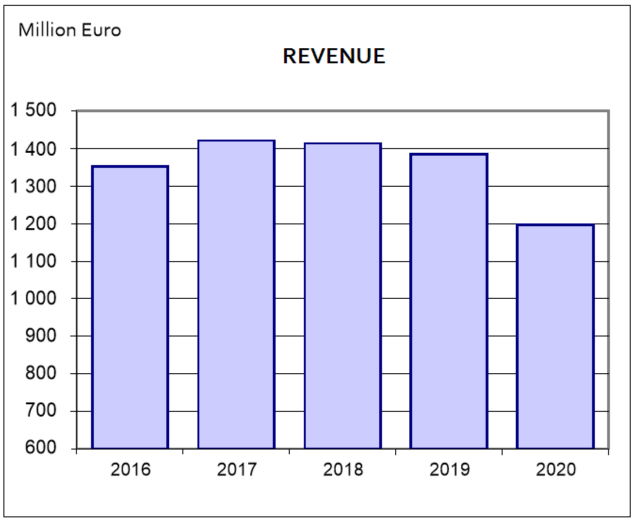
Vandemoortele
Year results
2020

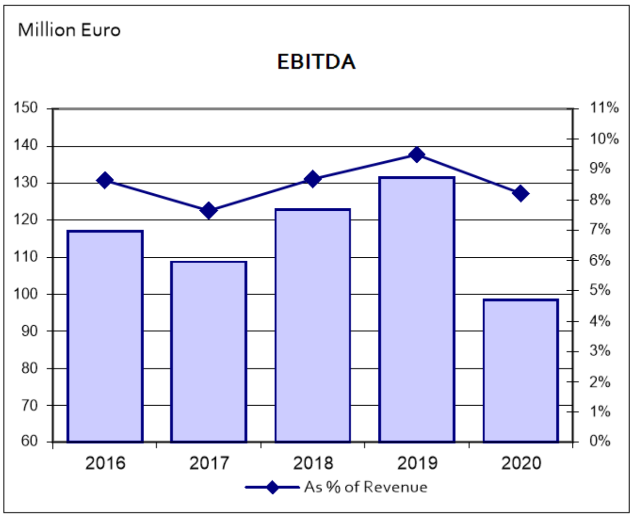
Vandemoortele
shaping a tasty future

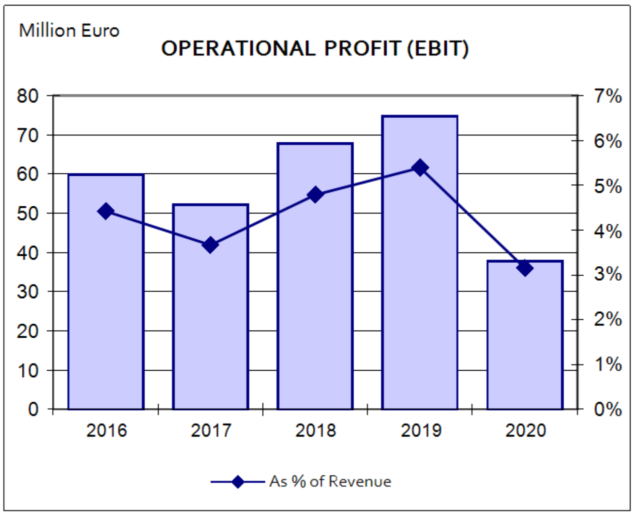
KEY FINANCIAL FIGURES

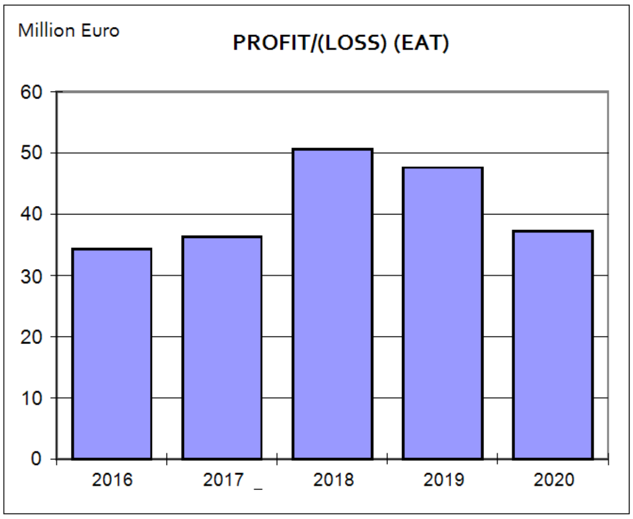
Million Euro KEY FINANCIAL FIGURES (*)	2016	2017	2018	2019 Excl IFRS16	2019 Incl IFRS16	2020 Incl IFRS16
REVENUE	1 353	1 422	1 414	1 384	1 384	1 197
Adjusted EBITDA	126	119	130	143	152	104
Depreciations & amortisations	-55	-55	-55	-54	-62	-60
Adjusted EBIT	71	63	75	90	90	44
Adjusting items	-11	-11	-7	-15	-15	-6
EBIT (profit from operations)	60	52	68	75	75	38
Depreciations, amortisations & impairments	57	57	55	57	65	61
EBITDA	117	109	123	131	140	98
Net financial income / (expense)	-21	-16	-9	-14	-14	-8
Result according to the equity method	5	3	3	5	5	0
Gain on disposal of equity accounted investments	0	0	0	0	0	26
PRE-TAX CURRENT PROFIT/(LOSS)	44	39	62	66	66	56
Income tax expense	-10	-3	-11	-18	-18	-19
PROFIT/(LOSS) FROM CONTINUING OPERATIONS	34	36	51	48	48	37
PROFIT/(LOSS) (EAT)	34	36	51	48	48	37
Net fixed assets (NFA)	602	606	608	588	622	622
Working capital need (WCN)	14	33	40	15	15	31
Assets held for sale	0	0	0	25	25	0
CAPITAL EMPLOYED	616	640	648	627	661	653
Equity	324	351	380	403	403	423
Provisions, deferred taxes and derivatives	20	11	3	13	13	22
Subordinated debt	75	75	75	75	75	75
Senior net financial debt (NFD)	196	202	190	136	170	133
CAPITAL PROVIDED	616	640	648	627	661	653
RATIO'S						
Adjusted EBITDA / Revenue	9,3%	8,3%	9,2%	10,4%	11,0%	8,7%
Adjusted EBIT / Revenue	5,2%	4,5%	5,3%	6,5%	6,5%	3,6%
Net profit (loss) / Revenue	2,5%	2,6%	3,6%	3,4%	3,4%	3,1%
Senior NFD / Equity	61%	58%	50%	34%	42%	32%
Senior NFD / Adjusted EBITDA	1,6	1,7	1,5	0,9	1,1	1,3
Adjusted EBIT / capital employed	11,5%	9,9%	11,6%	14,3%	13,6%	6,7%
Capital Expenditures	77	57	57	57	79	66

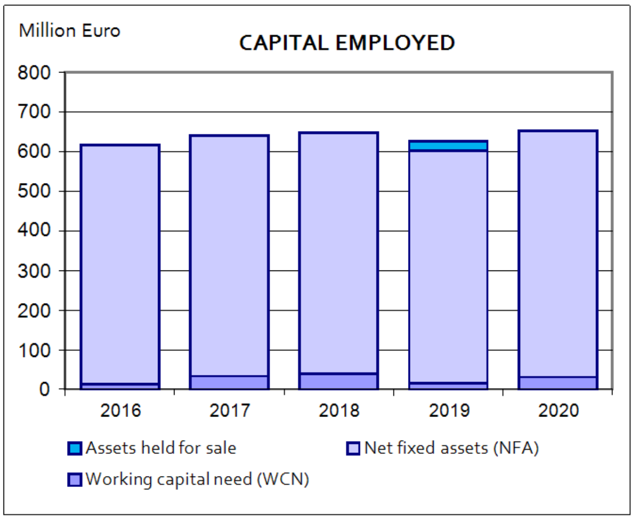
(1) The definitions of the used key financials are specified in note 4

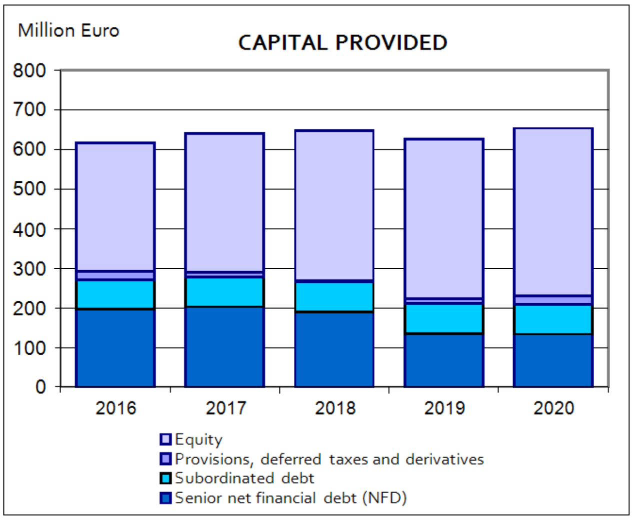












As of 2019 IFRS 16 was adopted and impacts EBITDA, Capital Employed and Capital Provided.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December Thousand Euro		2020	2019
Revenue		**1 197 364**	**1 384 070**
Raw materials and consumables used and goods for resale		(629 886)	(711 119)
Changes in inventories of finished goods and goods purchased for resale		978	(4 617)
Services	6	(227 428)	(267 831)
Employee benefit expenses	7	(249 040)	(268 893)
Depreciation, amortisation and write down	8	(62 259)	(64 854)
Impairment	8	(405)	(410)
Change in provisions	9	(671)	1 247
Other operating income	10	22 359	25 392
Other operating expenses	11	(13 219)	(18 302)
Profit/ (loss) from operations		**37 792**	**74 684**
Financial Income	12	5 097	2 921
Financial Expense	13	(13 086)	(17 081)
Share of profit (loss) from equity accounted investments		0	5 445
Gain on disposal of equity accounted investments		26 000	0
Profit/ (loss) before tax		**55 804**	**65 968**
Income tax (expense)	14	(18 591)	(18 354)
Profit/ (loss) from continuing operations		**37 213**	**47 614**
Profit/loss		**37 213**	**47 614**
Profit/loss attributable to the owners of the parent		37 213	47 614

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

OTHER COMPREHENSIVE INCOME

For the year ended 31 December Thousand Euro	Note	2020	2019
Profit/(loss) of the year		**37 213**	**47 614**
Other Comprehensive income		**(3 784)**	**(1 130)**
Items that may be reclassified subsequently to profit or loss:		**(4 880)**	**1 175**
Currency translation differences	24.3	(4 880)	1 175
Items that will not be reclassified subsequently to profit or loss:		**1 096**	**(2 305)**
Remeasurements of defined benefit obligations, net of tax	29	1 096	(2 305)
Total comprehensive income for the year		**33 429**	**46 485**
- attributable to the owners of the parent		33 429	46 485

CONSOLIDATED BALANCE SHEET

For the year ended 31 December Thousand Euro		2020	2019
Assets			
Goodwill	15	199 329	199 329
Other intangible assets	16	8 845	10 971
Property, plant & equipment	17	413 952	411 319
Deferred tax assets	20	38 002	45 204
Other Financial assets		30	30
Other assets	21	2 727	2 797
Non-current assets		**662 887**	**669 650**
Inventories	22	119 428	129 058
Trade and other receivables	19	184 990	201 879
Derivatives	28	2 370	313
Other Financial assets **		10 888	10 541
Cash and cash equivalents	23	20 152	24 559
Other assets	21	6 481	4 625
Assets held for sale *	18	0	24 500
Current assets		**344 309**	**395 474**
Total Assets		**1 007 196**	**1 065 124**
Equity and liabilities			
Share capital	24	79 365	79 365
Retained earnings & reserves	24	343 727	323 813
Equity		**423 092**	**403 179**
Borrowings	25	227 343	266 386
Deferred tax liabilities	20	22 463	21 359
Derivatives	28	5 101	4 692
Employee benefits	29	27 119	26 490
Provisions	30	6 393	5 721
Other non-current liabilities	31	2 700	3 123
Non-current liabilities		**291 119**	**327 770**
Borrowings	25	11 193	12 368
Current tax		5 154	2 765
Derivatives	28	1 942	1 376
Employee benefits	29	36 797	40 502
Trade payables and other liabilities	31	237 900	277 164
Current liabilities		**292 985**	**334 175**
Total equity and liabilities		**1 007 196**	**1 065 124**

** Investment in Lipidos Santiga, classified as held for sale, was sold during 2020*

** Includes Sicavs noted on the Luxembourg market and valued at last recorded market price before closing date*

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December Thousand Euro	Note	2020	2019
Profit/ (loss) from operations *		**37 792**	**74 684**
Amortisations	8	2 612	2 709
Depreciations	8	57 609	61 940
Impairments on intangible & tangible fixed assets	8	405	410
Ebitda from continuing operations	4	**98 418**	**139 742**
Depreciations on government grants	10	(476)	(681)
Fair value adjustments on commodity contracts	10	(72)	(24)
Change in provisions	9	671	(1 247)
Change in long-term employee benefits		1 888	642
Write down on inventories and receivables		2 039	206
Loss / (gain) on disposals of intangible assets and PPE	10 / 11	1 105	(477)
Other		(341)	595
Cash flow from operating activities before changes in working capital		**103 232**	**138 757**
Decrease / (increase) in inventories		8 046	4 152
Decrease / (increase) in trade receivables		11 898	10 743
Increase / (decrease) in trade payables		(40 370)	3 129
Increase / (decrease) in other working capital		(1 479)	3 046
Net cash generated from operating activities		**81 328**	**159 826**
Interest received		18	53
Net interest paid		(8 752)	(8 662)
Income taxes paid		(7 119)	(12 150)
Other financial fees		(774)	(720)
Cash flow from operating activities in continuing operations		**64 702**	**138 346**
Acquisition of intangible assets	16	(786)	(774)
Acquisition of property, plant and equipment	17	(57 630)	(56 497)
Proceeds from sale of intangible assets		21	117
Proceeds from sale of property, plant and equipment		961	2 097
Proceeds from sale of subsidiaries & associates		50 500	0
Government grants		54	685
Cash flow from investing activities in continuing operations		**(6 880)**	**(54 373)**
Proceeds from borrowings		0	14 267
Repayment of borrowings		(37 158)	(51 380)
Repayment of lease liabilities **		(11 466)	(10 152)
Dividends paid	24.5	(17 404)	(20 321)
Dividends received	24.5	2 006	2 836
Acquisition of treasury shares / Sale of own shares	24.2	1 882	(4 720)
Other		(50)	(50)
Cash flow from financing activities in continuing operations		**(62 190)**	**(69 520)**
Net increase / (decrease) in cash & cash equivalents		**(4 368)**	**14 453**
Cash and cash equivalents less bank overdrafts at January 1	23	24 387	9 931
Effect of exchange rate fluctuations		0	3
Cash and cash equivalents less bank overdrafts at December 31	23	**20 020**	**24 387**

** 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

	2020								
	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**	**(64 000)**	**6 108**	**382 979**	**0**	**(1 274)**	**403 179**	**0**	**403 179**
Comprehensive income									
Profit/(loss) of the year	0	0	0	37 213	0	0	37 213	0	37 213
Other comprehensive income	0	0	(4 880)	0	0	1 096	(3 784)	0	(3 784)
Total comprehensive income	**0**	**0**	**(4 880)**	**37 213**	**0**	**1 096**	**33 429**	**0**	**33 429**
Transactions with owners									
Movement treasury shares	0	1 882	0	0	0	0	1 882	0	1 882
Dividends paid	0	0	0	(17 404)	0	0	(17 404)	0	(17 404)
Dividends received	0	0	0	2 006	0	0	2 006	0	2 006
Total transactions with owners	**0**	**1 882**	**0**	**(15 398)**	**0**	**0**	**(13 516)**	**0**	**(13 516)**
At December 31	**79 365**	**(62 117)**	**1 228**	**404 793**	**0**	**(178)**	**423 092**	**0**	**423 092**

	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**	**47 613**	**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**

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 2020 consolidated financial statements of the Group include the Company and 34 consolidated subsidiaries controlled by the Company. Investments in subsidiaries 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 18, 2021. 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 11, 2021.

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 2020. It concerns:

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards

The above improvements and amendments didn't materially impact the amounts included in the 2020 financial statements.

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:

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

The consolidated financial statements over the year 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use by the European Union and effective on January 1, 2020.

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 KEY JUDGEMENTS AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

3.2.1 KEY JUDGEMENTS

In the preparation of the consolidated financial statements of 2020, no major judgments have been made with a significant impact on the results of 2020 and the measurement of Vandemoortele's assets and liabilities at the end of 2020.

3.2.2 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

There are no major sources of estimation uncertainty at the end of 2020 having a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

COVID-19 IMPACT

Since March 2020, the Corona virus is impacting all of us. To protect the safety and well-being of our associates, customers, consumers and society at large, we have implemented all necessary measures to prevent contamination and the spread of the virus whilst keeping activities going to guarantee an adequate food supply.

In this respect, we have constituted the Vandemoortele Covid Taskforce Team, which consists of several external experts, local country/site leaders and HR managers.

The Covid Taskforce monitors, daily the situation, in line with the information and guidance provided by official authorities. According to the constantly changing circumstances, information is updated several times per day.

Several actions have been undertaken: (i) implementing home working policy as mandatory rule, (ii) providing utmost protection of our associates and (iii) creation of good work conditions while (iv) ensuring a good communication at all levels of the organization.

The total net impact of COVID-19 on 2020 financial statements is estimated at 50 mio euro on adjusted EBITDA, after mitigation actions related to labour costs (including furloughs) and indirect spent.

Due to the COVID-19 lockdowns and curfews in most of the European countries our sales figures within Food Service dropped considerable while our retail business has been more resisting. The production regime of some plants has been adjusted accordingly leading to temporary closure of some production sites and unemployment measures for production associates and staff members. The impact of government stimulus is not material to the income statement, except for support related to the technical unemployment (furloughs) implemented in Europe. As the 2020 results do remain under the expected result, the Employee Incentive provisions have been adjusted in line. We notice a minor increase on our overdue balances as we granted some extended payment terms to a selected customer base (Food Service). (see disclosure 19 of the Financial Statements)

Vandemoortele ended his debt position in line with expectations and with a reduced debt position versus previous year. The sale of its minority participation in Lipidos Santiga has contributed to this improved debt position and limited the impact of the pandemic on the EAT.

The outlook for 2021 is described in note 35 Events after balance sheet date.

3.3 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).

<u>Subsidiaries</u>

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 acquisition 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 (as a gain from a bargain purchase).

A parent presents non-controlling interests in its consolidated balance sheet 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 a 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 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 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.

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 period. 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 that do not result in the Group losing significant influence), 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	
	2020	2019	2020	2019
US Dollar	1,2271	1,1234	1,1327	1,1496
GB Pound	0,8990	0,8508	0,8735	0,8900
Swiss Franc	1,0802	1,0854	1,0696	1,1136
Czech Kroner	26,2420	25,4080	26,2674	25,9331
Hungarian Forint	363,8900	330,5300	344,4768	324,5794
Polish Zloty	4,5597	4,2568	4,3702	4,3384

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 fair value on the date of acquisition of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net fair 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 gain from a bargain purchase.

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 acquisition 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.

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 the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount (the higher of an asset's fair value less costs of disposal and value in use).
The fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date, 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 inflows (cash generating unit). In exceptional circumstances impairment losses recognised in prior years are reversed through the income statement 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

Financial assets of the Group mainly include cash and cash equivalents, trade and other receivables, loans, and the positive fair value of derivatives. Financial assets are treated consistently with the category to which they belong in accordance with IFRS 9 Financial Instruments: financial assets at fair value and financial assets at amortised cost.

Financial assets are presented in the statement of financial position as current if they mature within one year and non-current if they mature after one year.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell an asset.

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Financial assets (such as loans, trade and other receivables, cash and cash equivalents) are subsequently measured at amortised cost using the effective interest method, less any impairment if they are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade and other receivables after and within one year are recognized initially at fair value and subsequently measured at amortised cost, i.e. at the net present value of the receivable amount, using the effective interest rate method, less allowances for impairment.

Fair value is the price that would be received to sell an asset in an orderly transaction on the principal or the most advantageous market at the measurement date .

In accordance with IFRS 13, the hierarchy of fair values reflecting the importance of data used in valuations comprises the following levels:

- level 1 (unadjusted quoted prices): prices accessible to the entity at the measurement date on active markets, for identical assets or liabilities;
- level 2 (observable data): data concerning the asset or liability, other than the market prices included in initial level 1 input, which are directly observable (such as a price) or indirectly observable (i.e. deducted from observable prices);
- level 3 (non-observable data): data that are not observable on a market, including observable data that have been significantly adjusted (e.g. extrapolation of interest rate curves over long non-observable periods).

In compliance with IFRS 9, the Group analyses all its contracts, of both a financial and non-financial nature, to identify the existence of any "embedded" derivatives. Any component of a contract that affects the cash flows of that contract in the same way as a stand-alone derivative corresponds to the definition of an embedded derivative. If they cannot be considered to be closely related to the host contract, embedded derivatives are accounted for separately from the host contract at inception date.

Accounting for derivatives is discussed at 3.3.19 below.

Changes in the fair value of these derivatives are recognised in profit or loss, unless they are designated as cash flow hedges. Changes in the fair value of such hedging instruments are recognised directly in equity (other comprehensive income), excluding the ineffective portion of the hedge.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The amount of the allowance is deducted from the carrying amount of the asset and is recognised in the income statement.

The Group derecognises a financial asset when the contractual rights to the cash flows generated by the asset expire; or the Group transfers the rights to receive contractual cash flows related to the financial asset through the transfer of substantially all of the risks and rewards associated with ownership of the asset. Any interest created or retained by the Group in transferred financial assets is recorded as a separate asset or liability.

3.3.11 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.

3.3.12 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 considered 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 for sale at a sales price that is 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 amortised 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.

3.3.13 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.

3.3.14 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.

3.3.15 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.

3.3.16 FINANCIAL LIABILITIES

Financial liabilities of the Group comprise loans and other financial liabilities, trade and other payables, and the negative fair value of financial derivatives. Financial liabilities are classified as financial liabilities at fair value through profit or loss (including derivatives with a negative fair value, except if the derivative is designated as a hedging instrument) and other financial liabilities (including loans and other financial liabilities and trade and other payables).

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.

Interest-bearing loans and borrowings are recognised initially at fair value, 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction on the principal or the most advantageous market at the measurement date.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are derecognised when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged, cancelled or expires. Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in the statement of profit or loss .

Accounting for derivatives is discussed at 3.3.19 below.

3.3.16.1 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 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 as 'Other Comprehensive Income' (equity) 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.

3.3.18 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 probable (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.

3.3.19 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 classified 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).

3.3.20 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.

3.3.21 INCOME 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 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.

Following IFRIC 23 "tax uncertainties" a provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred 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 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.

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

In the context of a business combination (see 3.3.1 above), deferred taxes are recognised for temporary differences between the fair value of the acquired assets and assumed liabilities and their tax base. No deferred taxes are recognised on goodwill that is not deductible for tax purposes.

Deferred 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 ALTERNATIVE PERFORMANCE MEASURES

Vandemoortele's financial information contains indicators and measures prepared in accordance with applicable financial reporting standards and regulations, as well as other measures prepared in accordance with the Group's performance reporting, defined as Alternative Performance Measures (APMs). APMs are measures that are "adjusted" compared to those presented in accordance with IFRS, and the reader should therefore consider them in addition to, but not instead of, the latter.

APMs are useful for users of financial information as they are the measures employed by Company's Management to evaluate its financial performance, cash flows or financial position when making operational or strategic decisions for the Group.

EBIT
Profit/(loss) from operations

EBITDA
EBIT before depreciation, amortisation and impairments

EBITDA can be reconciled as follows for the years ended 31 December:

For the year ended 31 December Thousand Euro	2020	2019
Profit/ (loss) from operations	37 792	74 684
Amortisations	2 612	2 709
Depreciations	57 609	61 940
Impairment losses on property, plant and equipment	405	410
EBITDA	**98 418**	**139 742**

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

Adjusted EBIT can be reconciled as follows for the years ended 31 December:

For the year ended 31 December Thousand Euro	2020	2019
Profit/ (loss) from operations (EBIT)	**37 792**	**74 684**
Adjusting items	5 793	14 947
Adjusted EBIT	**43 585**	**89 631**

Adjusted EBITDA

Adjusted EBIT before depreciation and amortisation

For the year ended 31 December Thousand Euro	2020	2019
EBITDA	**98 418**	**139 742**
Adjusting items	5 435	11 921
Adjusted EBITDA	**103 853**	**151 663**

Adjusting items

Items that are related to restructuring programmes, lay-off costs that cannot 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.

Adjusting items are composed of the following items for the years ended 31 December:

For the year ended 31 December Thousand Euro	2020	2019
Consultancy cost relating to optimisation projects	(174)	(8 859)
Optimisation of operations	(3 912)	(1 641)
Lay-off costs not linked to future reorganisation	(1 349)	(1 421)
Total adjusting items (excl. Impairments)	**(5 435)**	**(11 921)**
Impairment losses	(358)	(3 026)
Total adjusting items	**(5 793)**	**(14 947)**

Net fixed assets

For the year ended 31 December Thousand Euro	2020	2019
Goodwill	199 329	199 329
Other intangible assets	8 845	10 971
Property, plant & equipment	413 952	411 319
Other financial assets (excluding mutual funds)	30	30
Net fixed assets	**622 157**	**621 649**

(Operational) working capital need

For the year ended 31 December Thousand Euro	2020	2019
Inventories	119 428	129 058
Trade receivables	141 482	153 830
Trade payables	(214 942)	(255 349)
Operational working capital need	**45 968**	**27 538**
Other working capital need	(14 891)	(12 733)
Working capital need	**31 077**	**14 805**

Other working capital need

For the year ended 31 December Thousand Euro	2020	2019
Other assets	9 209	7 422
Other receivables	43 508	48 049
Current tax	(5 154)	(2 765)
Employee benefits	(36 797)	(40 502)
Other liabilities	(25 658)	(24 937)
Other working capital need	**(14 891)**	**(12 733)**

Net financial debt

For the year ended 31 December Thousand Euro	2020	2019
Borrowings (note 25)	238 536	278 754
- NBV Issuance cost (note 25)	799	1 112
- Cash and cash equivalents (note 23)	(20 152)	(24 559)
- Other financial assets	(10 888)	(10 541)
Net financial debt	**208 295**	**244 766**

Senior net financial debt

For the year ended 31 December Thousand Euro	2020	2019
Net financial debt	208 295	244 766
- Subordinated loan (note 25)	(75 000)	(75 000)
Senior net financial debt	**133 295**	**169 766**

Capital employed

For the year ended 31 December Thousand Euro	2020	2019
Net fixed assets	622 157	621 649
Working capital need	31 077	14 805
Assets held for sale	0	24 500
Commodity derivatives	24	(48)
Capital employed	**653 258**	**660 906**

Capital provided

For the year ended 31 December Thousand Euro	2020	2019
Equity	423 092	403 179
Provisions, deferred taxes and derivatives	21 871	12 961
Net financial debt	208 295	244 766
Capital provided	**653 258**	**660 906**

Return on capital employed (ROCE)

Adjusted EBIT after tax as a percentage of the capital employed per December 31

5 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. Additional performance measures are EBITDA, adjusted EBIT and 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 12.913 k euro in 2020 (15.456 k euro in 2019). 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 31/12/2020 and 31/12/2019 respectively.

5.1 FINANCIAL SEGMENT INFORMATION

	Bakery Products		MCOF		Unallocated [1]		Total	
Thousand Euro	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
P&L Information								
External Revenue	724 265	885 532	456 836	481 001	16 263	17 537	1 197 364	1 384 070
Internal Revenue	0	0	12 913	15 456	(12 913)	(15 456)	0	0
Revenue	724 265	885 532	469 749	496 457	3 350	2 081	1 197 364	1 384 070
Adjusted EBITDA	61 086	95 813	42 906	56 053	(139)	(202)	103 853	151 663
Adjusting items (excl.deprec., amort & impairments) [3]	(5 429)	(10 591)	(6)	(1 466)	0	136	(5 435)	(11 921)
EBITDA	55 657	85 222	42 900	54 587	(139)	(67)	98 418	139 742
Deprec., Amort. & Impairments [2]	47 850	53 311	12 776	11 747	0	0	60 626	65 058
EBIT	**7 807**	**31 911**	**30 124**	**42 840**	**(139)**	**(67)**	**37 792**	**74 684**
Adjusting items (incl.deprec., amort & impairments)	5 787	13 617	6	1 466	0	(136)	5 793	14 947
Adjusted EBIT	13 594	45 528	30 130	44 306	(139)	(202)	43 585	89 631
Financial income							5 097	2 921
Financial expense							(13 086)	(17 081)
Associates							26 000	5 445
Income tax (expense)							(18 591)	(18 354)
EAT (Earnings after Tax)							**37 213**	**47 614**

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

[2] Includes 358 k euro (2019: 3.026 k euro) impairments in the Bakery Products segment

[3] Includes mainly projects for optimisation of operations in France and the UK

Thousand Euro	Bakery Products 2020	Bakery Products 2019	MCOF 2020	MCOF 2019	Unallocated 2020	Unallocated 2019	Total 2020	Total 2019
Total Assets per Segment								
Net Fixed Assets *	461 856	467 700	160 301	153 949	0	0	622 157	621 649
Other non-current assets					2 728	2 797	2 728	2 797
Total non-current Assets (excl def tax assets)	**461 856**	**467 700**	**160 301**	**153 949**	**2 728**	**2 797**	**624 885**	**624 446**
Assets Working Capital Need	213 080	235 888	116 704	128 854	(68 874)	(81 855)	260 910	282 887
Other current assets **	0	0	0	0	83 399	112 587	83 399	112 587
Total Current Assets	**213 080**	**235 888**	**116 704**	**128 854**	**14 525**	**30 732**	**344 309**	**395 474**
Total Assets (excl def tax assets)	**674 936**	**703 588**	**277 005**	**282 803**	**17 253**	**33 529**	**969 194**	**1 019 919**
Assets Working Capital Need	213 080	235 888	116 704	128 854	(68 874)	(81 855)	260 910	282 887
Liabilities Working Capital Need	(121 499)	(150 750)	(93 443)	(104 599)	0	0	(214 942)	(255 349)
Total Operational Working Capital Need	**91 581**	**85 138**	**23 261**	**24 255**	**(68 874)**	**(81 855)**	**45 968**	**27 538**

** 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).*

5.2 ENTITY WIDE GEOGRAPHICAL INFORMATION

Thousand Euro	2020	2019
Revenue per country (customer based)		
France	353 451	410 248
Germany	165 465	194 518
Belgium	160 640	183 301
The Netherlands	110 355	112 658
Italy	104 197	129 760
Spain	68 963	76 269
UK	64 054	75 147
Czech Rep & Slovakia	25 626	34 561
Rest of Europe	93 557	109 996
Outside Europe	51 056	57 611
Total	**1 197 364**	**1 384 070**

Thousand Euro	2020	2019
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199 329	199 329
France	157 066	163 160
Belgium	113 209	102 819
Italy	40 267	45 718
Poland	34 942	39 868
Spain	14 675	14 551
The Netherlands	32 974	33 463
Germany	18 973	19 918
UK	12 961	5 071
Other	490	547
Total (see consolidated balance sheet)	**624 885**	**624 446**

5.3 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 68% and 36%, 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 18,8% of the total group revenue in 2020 (2019: 18,1%). For the Bakery Products respectively the MCOF business line, the top 5 customers have a share of 26,1% (2019: 24,3%) and 19,4% (2019: 19,6%) in the total revenue of the business line in 2020. When we consider the top 10 customers, the share increases to approximately 36,3% for Bakery Products, 27,6% for MCOF and 27,7% for the total Group.

6 SERVICES

For the year ended 31 December Thousand Euro	2020	2019
Rent & Lease expenses *	9 508	9 873
Repairs and Maintenance	36 103	40 419
Utilities	28 527	33 190
Communication expenses	3 322	4 001
Office Supplies, Subscriptions and Documentation	1 672	1 596
Fees, Consultancy and Memberships **	20 021	26 392
Safety & Environmental Expenses	3 712	2 424
Insurance Premiums	3 150	3 519
Warehousing & Transport	100 962	115 184
Travel & Representation Expenses	4 546	8 160
Advertising & Marketing Expenses	10 145	15 934
Analyses	1 231	972
Agency fees	486	751
Service fees	212	283
Manufacturing fees	3 177	3 413
Other	653	1 720
Services ***	**227 428**	**267 831**

** 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 declined due to the finalisation of different projects in the Group in 2019*

**** Most of the service costs have decreased in line with the decreased business activity due to Covid-19.*

7 EMPLOYEE BENEFIT EXPENSE

For the year ended 31 December Thousand Euro	2020	2019
Salaries and wages	158 963	163 372
Termination benefits	3 024	4 014
Social security contributions	43 898	48 466
Extra statutory insurances	1 459	1 350
Pension expense for defined benefit plans	3 762	3 423
Contributions to pension plans (defined contribution)	2 917	2 611
Interim personnel	22 882	33 162
Training and education	1 604	2 852
Recruitment expenses	2 048	2 079
Director's renumerations	1 479	2 496
Share based compensation plans	2 625	1 592
Other personnel expenses	4 379	3 476
Employee benefit expenses	**249 040**	**268 893**

Due to the Covid-19 crises (lockdowns and curfews in most of the European countries), the sales of the Group and most extremely in the Foodservice segment have decreased significantly. Accordingly production volumes had to be decreased with temporary closure of some production plants as a consequence. Approximately 30% less temporary workers have been hired resulting in the lower interim personnel cost. Technical unemployment was implemented for own production workers and in some cases also for white collar associates. This technical unemployment but also the significant lower bonus provisions caused by lower results of the Group explains the lower salaries and wages.

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	2020	2019
Blue collars	2 494	2 575
White collars	1 011	992
Managers	631	608
Interims	426	667
Average number of full time equivalents	**4 562**	**4 842**

8 DEPRECIATION, IMPAIRMENT, AMORTISATION AND WRITE DOWN

For the year ended 31 December Thousand Euro	2020	2019
Amortisations	2 612	2 709
Impairments	405	410
Depreciations	57 609	61 940
Write down of inventories	1 546	348
Write down of receivables	492	(142)
Depreciation, impairment, amortisation and write downs	**62 664**	**65 264**

The depreciation expenses disclosed above includes depreciation expenses related to property, plant and equipment for 47.031 k euro (2019: 51.748 k euro) and depreciation expenses related to leased assets for 10.578 k euro (2019: 10.191 k euro).

9 CHANGE IN PROVISIONS

For the year ended 31 December Thousand Euro	2020	2019
Restructuring	247	(1 118)
Litigations & Tax	50	(67)
Environmental	0	(136)
Other	374	73
Change in provisions	**671**	**(1 247)**

The classification of the used provisions (3.064 k euro in 2020, 3.698 k euro in 2019) is as follows:

For the year ended 31 December Thousand Euro	2020	2019
Employee expenses	2 884	3 631
Services	181	67
Used provisions	**3 064**	**3 698**

The provisions are further described in note 30.

10 OTHER OPERATING INCOME

For the year ended 31 December Thousand Euro	2020	2019
Gains on disposals of tangible and intangible fixed assets	291	1 918
Fair value gain on forward purchase contracts crude vegetable oil	72	24
Government Grants	2 649	2 357
Capitalised engineering	1 172	1 546
Sales waste	2 440	2 612
Exemption payroll tax	3 023	3 696
Benefit in kind **	4 553	1 178
Site revenues	989	1 274
Sales promotional materials	561	1 369
Tax recuperation (non-income tax related)	12	111
Rental Fleet	72	101
Palettes	1 517	1 142
Recuperation damage/insurance *	742	3 630
Compensation from third parties for investments in energy/formation/safety	786	700
Realised Exchange Gains Relating to Trade Business	1 897	2 234
Other	1 586	1 502
Other operating income	**22 359**	**25 392**

** 2019 contains 2.146 keur recuperated from insurance for the foreign objects product liability claim dd 07/11/2016*

*** The benefit in kind has increased due to a change in the incentive plans*

11. OTHER OPERATING EXPENSE

For the year ended 31 December Thousand Euro	2020	2019
Loss on disposals of tangible and intangible fixed assets	1 396	1 441
Loss on Realisation of trade receivables	668	541
Non income tax levies and penalties	305	496
Other **	540	3 960
Realised exchange losses relating to trade business	1 932	2 509
Other Operating Taxes *	8 378	9 355
Other operating expense	**13 219**	**18 302**

** Of which property tax (4.782 KEUR), packaging tax (784 KEUR) and solidarity tax (620 KEUR)*

*** In 2019 this contained 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	2020	2019
Interest income	18	10
Exchange gains	3 310	2 008
Fair value gains on FX hedging instruments not part of a hedge accounting relationship	1 419	0
Fair value gains on financial assets measured at fair value through profit	348	903
Other financial income	2	0
Financial Income	**5 097**	**2 921**

13 FINANCIAL EXPENSE

For the year ended 31 December Thousand Euro	2020	2019
Interest expense	8 724	9 027
Exchange losses	2 814	1 780
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	0	2 613
Fair value losses on interest hedging instruments not part of a hedge accounting relationship	409	2 438
Bank and legal fees	429	441
Other financial expense	710	781
Financial Expense	**13 086**	**17 081**

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	2020	2019
Current taxes for the year	(9 802)	(15 930)
Adjustment to current taxes on prior years	(1 100)	299
Deferred taxes	(7 690)	(2 723)
Income tax (expense)	**(18 591)**	**(18 354)**

Although the profit before tax was 10 mio € lower compared to last year, the income tax expense for 2020 is on the same level as last year. This is because in some entities no new deferred tax asset has been set up on tax losses of 2020 and additionally for some companies previously recognized deferred tax assets on tax losses have been reversed based on adjusted forecasts of the future taxable results.
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	2020	2019
Accounting profit before taxes	55 804	65 968
Share of result of associates	0	(5 445)
Profit before tax and before share of result of associates	**55 804**	**60 524**
Tax at Belgian corporate taxe rate (25% for 2020 and 29,58% for 2019)	13 951	17 903
Adjustment to current taxes on prior years		
- over/underprovided prior years	1 100	(299)
Tax effect of		
- special tax regimes *	(7 650)	(1 736)
- other domestic tax rates	247	(1 062)
- expenses not deductible for tax purposes	983	1 441
- losses/timings for which no deferred tax was recognised	4 683	704
- reversal of previously recognised deferred taxes (asset + / liability -)	4 838	751
- deferred tax assets previously not recognised	(1 036)	(1 421)
Other domestic taxes **	1 632	2 260
Other	(157)	(187)
Total income tax	**18 591**	**18 354**

** mainly relates to tax exempt capital gain on sale Lipidos Santiga*

*** 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	2020	2019
Deferred tax		
- arising on income and expense recognised in other comprehensive income:		
* on remeasurements of defined benefit obligation	(141)	787
Total income tax recognised in other comprehensive income	**(141)**	**787**

15. GOODWILL

For the year ended 31 December Thousand Euro	MCOF	Bakery	2020	2019
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 2020.

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 2021 till 2024, extended to the next three years based on managements' expected developments.
These business plans and the extension have been revised to take into account further impacts of Covid-19 based on managements' expectations, using an average growth rate on EBITDA of 7,7% (2019: 2,2%) for Bakery Products and 6,1% (2019: 2,8%) for MCOF. After the time horizon of 8 years, a terminal value is calculated based on an estimated perpetual growth of 0,5 % (2019: 0,5%) for Bakery Products and 0,0% (2019: 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:
- 8,3% (8,0% in 2019) for the CGU Bakery Products, including a specific risk premium of 1,5% (1,5% in 2019). 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.
- 6,8% (6,5% in 2019) 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.

	Impairment test Excess of recoverable amount above carrying amount CGU's	
CGU	**2020**	**2019**
MCOF	150,5%	211,6%
Bakery Products	36,9%	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 of EBIT based on occasional negative deviations in the past.

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

2020				
CGU	If EBIT decreases with:	% Change recoverable amount	If discount rate increases with:	% Change recoverable amount
MCOF	1,5%	-1,6%	1,0%	-14,3%
Bakery Products	5,0%	-5,0%	1,0%	-12,9%

2019				
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	2020 Development	Patents, Trademarks	Software	Other	Total
Gross amount at January 1	**375**	**5 248**	**10 956**	**20 717**	**37 297**
Other acquisitions	0	0	786	0	786
Disposals	0	0	(1 725)	0	(1 725)
Transfers from one heading to another	(78)	(2 441)	4 944	(2 909)	(484)
Currency translation adjustments	0	0	(7)	0	(7)
Gross amount at December 31	**296**	**2 807**	**14 954**	**17 808**	**35 866**
Accumulated amortisation at January 1	**375**	**4 180**	**9 704**	**12 066**	**26 325**
Amortisation for the year	0	0	962	1 650	2 612
Disposals	0	0	(1 705)	0	(1 705)
Transfers from one heading to another	(78)	(1 373)	4 114	(2 868)	(206)
Currency translation adjustments	0	0	(7)	0	(7)
Accumulated amortisation at December 31	**296**	**2 807**	**13 068**	**10 849**	**27 020**
NET BALANCE AT DECEMBER 31	**0**	**0**	**1 886**	**6 960**	**8 845**

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**

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 6.467 k euro (6.731 k euro in 2019). The other intangible assets contain the net book value of the customer portfolio of LAG for an amount of 6.007 k euro, which has a remaining useful life of 4 years.

17. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December Thousand Euro	2020 Land & buildings	Plant & machinery	Assets under construction	Other *	Leased property	Total
Gross amount at January 1	**305 235**	**648 168**	**19 361**	**41 694**	**132 657**	**1 147 115**
Other acquisitions **	10 043	23 071	21 750	2 765	7 901	65 531
Remeasurement IFRS16	0	0	0	0	(131)	(131)
Disposals	(5 958)	(26 974)	0	(8 953)	(3 206)	(45 092)
Transfers from one heading to another	3 994	16 564	(19 516)	(421)	(138)	484
Currency translation adjustments	(1 302)	(3 239)	(319)	(81)	(123)	(5 066)
Gross amount at December 31	**312 012**	**657 590**	**21 276**	**35 004**	**136 960**	**1 162 842**
Accumulated depreciation at January 1	**162 847**	**464 391**	**0**	**32 991**	**75 567**	**735 796**
Depreciation for the year	10 967	33 085	0	2 980	10 578	57 609
Disposals	(5 821)	(25 694)	0	(8 867)	(2 498)	(42 880)
Impairment losses	0	551	0	0	0	551
Reversal of impairment losses	0	(146)	0	0	0	(146)
Transfers from one heading to another	415	853	0	(961)	(101)	206
Currency translation adjustments	(397)	(1 490)	0	(58)	(42)	(1 986)
Accumulated depreciation at December 31	**168 011**	**471 548**	**0**	**26 085**	**83 503**	**749 149**
NET BALANCE AT DECEMBER 31	**144 001**	**186 042**	**21 276**	**8 918**	**53 457**	**413 693**

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

*** Main capex projects in 2020: a flooroven line in Arras and a pastry line in Worchester and Eeklo*

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 amortisation 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 amortisation 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*

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.

For the year ended 31 December Thousand Euro	2020 Land & buildings	Plant & machinery	Furniture and equipment	Vehicles	Total
Gross amount at January 1	**75 228**	**36 996**	**795**	**19 638**	**132 657**
Other acquisitions	342	0	76	7 483	7 901
Remeasurement IFRS16	0	0	0	(131)	(131)
Disposals	0	(56)	(18)	(3 133)	(3 206)
Transfers from one heading to another	0	218	(355)	0	(138)
Currency translation adjustments	(74)	(4)	(3)	(42)	(123)
Gross amount at December 31	**75 496**	**37 155**	**495**	**23 815**	**136 960**
Accumulated depreciation at January 1	**34 459**	**33 020**	**490**	**7 599**	**75 567**
Depreciation for the year	3 439	722	140	6 276	10 578
Disposals	0	(36)	(20)	(2 443)	(2 498)
Transfers from one heading to another	109	254	(355)	(109)	(101)
Currency translation adjustments	(19)	(3)	(1)	(20)	(42)
Accumulated depreciation at December 31	**37 988**	**33 958**	**254**	**11 305**	**83 503**
NET BALANCE AT DECEMBER 31	**37 508**	**3 197**	**241**	**12 511**	**53 457**

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 amortisation 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 amortisation 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**

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	2020	2019
Expense relating to short-term leases	1 681	2 005
Expense relating to leases of low-value assets	415	315
Expense relating to variable lease payments	4 535	3 403
Non-lease components	2 191	3 493
Interest expenses	780	657
Services (note 6)	**9 602**	**9 873**
Depreciation expense (note 8)	10 578	10 191

The total cash outflow for leases in 2020 was 12.246 k euro.

At closing 2020, the Group is committed to 1.681 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	2020	2019
Opening balance at January 1	**51 127**	**18 842**
Initial application of IFRS16	0	20 280
Restated opening balance at January 1	**51 127**	**39 121**
New leases	8 603	6 373
Remeasurement IFRS16	(418)	15 728
Reïmbursements	(11 466)	(10 152)
Currency translation adjustments	(72)	57
Closing balance at December 31	**47 774**	**51 127**

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

18. ASSETS HELD FOR SALE (ASSOCIATES)

In the 2019 Consolidated Balance Sheet, the value of the Group's associate, Lipidos Santiga SA, was reclassified to "Assets held for sale".
On June 30, 2020, the Vandemoortele Group sold its minority shareholding in the Spanish refinery Lipidos Santiga to the reference-shareholder Agrindus International Sarl; oil refining is since long not anymore a core activity for Vandemoortele and the supplier-customer relationship between Lipidos Santiga SA and Vandemoortele Barcelona SA 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 shares were sold for 45 mio €, which resulted in a capital gain of 26 mio €, after the receipt of a dividend of 5,5 mio €.

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

For the year ended 31 December Thousand Euro	2020	2019
Non-current assets	0	101 260
Current assets	0	94 493
Non-current liabilities	0	(51 170)
Current liabilites	0	(41 426)
Net Assets	**0**	**103 157**
Group's share of net assets of associates	**0**	**24 500**
Reclassification to assets held for sale	0	(24 500)
Total Revenue	0	550 952
Total profit / (loss) for the year	0	22 924
Group's share of profits of associates	**0**	**5 445**

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

For the year ended 31 December Thousand Euro	2020	2019
Investments in Associates at January 1	**0**	**20 005**
Share of result of the year	0	5 445
Dividend received	0	(950)
Reclassification to assets held for sale	0	(24 500)
Investments in Associates at December 31	**0**	**0**

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	2020	2019
Non-current trade and other receivables	**0**	**0**
Trade receivables - Gross	147 098	158 973
Allowances for expected credit losses	(5 616)	(5 143)
Trade receivables - Net	**141 482**	**153 830**
VAT receivable	31 000	31 094
Income tax receivable	4 126	3 528
Other taxes receivable	4 312	7 725
Prepayments	2 200	2 200
Other	1 872	3 502
Other receivables	**43 508**	**48 049**
Current trade and other receivables	**184 990**	**201 879**
Trade and other receivables	**184 990**	**201 879**

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	2020 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	141 482	119 313	16 341	3 177	2 093	558
Other	43 508	43 508	0	0	0	0
Trade & other receivables	**184 990**	**162 821**	**16 341**	**3 177**	**2 093**	**558**

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**

In 2020, total overdue amounts decreased to a total amount of 22,2 Mio € compared to 22,5 Mio € in 2019. The bad debt reserve in 2020 amounts to 49 % of the trade receivables overdue more than 30 days (2019: 65 %). 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	2020	2019
Balance at January, 1	**5 143**	**5 264**
Impairment losses recognised on receivables	(316)	(203)
Amounts written off during the year as uncollectible	1 037	1 054
Amounts recovered during the year	(209)	(977)
Foreign exchange translation gains and losses	(36)	6
Balance at December, 31	**5 616**	**5 143**

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 2020, an amount of 68,9 million euro has been received in cash. (81,9 million euro in 2019)

The continuing involvement of the Group in the transferred receivables is limited to the continuing involvement guarantee (400 k euro) and the continuing involvement interests for late payment risk (126 k euro). The corresponding financial obligation (526 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	2020	2019	2020	2019	2020	2019
Intangibles	2 998	4 269	(2 450)	(4 233)	547	36
Property, plant & equipment	2 406	4 076	(11 434)	(10 592)	(9 028)	(6 516)
Financial Assets	0	0	(302)	(243)	(302)	(243)
Inventories	52	525	0	(15)	52	510
Derivative financial instruments	1 125	1 406	0	(112)	1 125	1 294
Other assets	276	262	(22)	(1 463)	254	(1 201)
Employee benefits	5 513	5 602	0	(1)	5 513	5 601
Provisions	185	463	(5 519)	(5 509)	(5 334)	(5 046)
Other liabilities	524	827	(611)	(243)	(86)	584
Tax free reserves	0	0	(4 723)	(4 678)	(4 723)	(4 678)
Tax losses and tax liabilities	30 138	38 786	(2 617)	(5 281)	27 521	33 505
Gross deferred tax assets/liabilities	**43 217**	**56 216**	**(27 678)**	**(32 370)**	**15 539**	**23 845**
Compensation of assets and liabilities within same jurisdiction	(5 215)	(11 011)	5 215	11 011		
Net deferred tax assets/liabilities	**38 002**	**45 204**	**(22 463)**	**(21 359)**	**15 539**	**23 845**

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 14,2 mio euro (2019: 5,8 mio) related to tax attributes of 65 Mio euro (2019: 26 mio). The not recognised deferred income tax assets relate for 11,6 mio euro to Belgium, 2,5 mio euro to Poland and for 0,1 mio euro to Spain.

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 8 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 Statutory forecast of the future results of the entities with tax losses carried forward has been revised taking into account current and future impacts of the Covid-19 crises. The result out of this revised forecast showed that it will not be possible to use all tax losses carried forward within a reasonable timeframe. This results in not setting up a tax asset for some entities on 2020 losses. Additionally, previously set-up deferred tax assets needed to be reversed. This explains the lower amount of deferred tax assets on tax losses shown in the table above.

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

For the year ended 31 December Thousand Euro	Assets 2020	Assets 2019	Liabilities 2020	Liabilities 2019
Deferred tax at January 1	**45 204**	**46 080**	**(21 359)**	**(20 356)**
Increase / (decrease) through the income statement	(6 836)	(864)	(854)	(1 859)
Increase / (decrease) through equity	(227)	433	86	354
Currency translation adjustment	(507)	83	31	(26)
Compensation of assets and liabilities within same jurisdiction	367	(528)	(367)	528
Deferred tax at December 31	**38 002**	**45 204**	**(22 463)**	**(21 359)**

21. OTHER ASSETS

For the year ended 31 December Thousand Euro	2020	2019
Guarantees	675	736
Non-qualifying insurance premiums	2 052	2 060
Non-current other assets	**2 727**	**2 797**
Guarantees	288	260
Deferred expenses	2 618	2 807
Accrued income *	2 972	1 288
Other	603	270
Current other assets	**6 481**	**4 625**

** The accrued income of 2020 contains 1.174 k euro recuperation from insurances*

22. INVENTORIES

For the year ended 31 December Thousand Euro	2020	2019
Raw materials and consumables	39 550	45 523
Work in progress	57	34
Finished goods	71 391	75 597
Goods purchased for resale	8 430	7 904
Inventories at December 31	**119 428**	**129 058**

The write-downs on inventories amount to 5.498 k euro in 2020 (in 2019 they amounted to 3.815 k euro).

23. CASH AND CASH EQUIVALENTS

For the year ended 31 December Thousand Euro	2020	2019
Cash	59	67
Bank current accounts	20 093	24 492
Cash and cash equivalents	**20 152**	**24 559**
Bank overdrafts	(131)	(171)
Cash and cash equivalents less bank overdrafts	**20 020**	**24 387**

24. EQUITY

24.1 SHARE CAPITAL

The issued capital of the Company amounts to 79.365 k euro at December 31, 2020 (79.365 k euro at December 31, 2019), represented by 547.208 shares (547.208 shares at December 31,2019), of which 2.315 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, 2020 Vandemoortele NV or one of its subsidiaries held 45.004 Safinco certificates recognised as treasury shares.

During 2020, the Group has sold 1.466 own shares with a book value of 1.882 k euro in the exercise of stock options.

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, 2020 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 2020 is explained by the net gain of the year and the payment of the dividend.

During 2020 the Vandemoortele Group received 2.006 k euro dividend on the Safinco shares. This dividend was recognised in equity.

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 September 09, 2020 an interim dividend of 2.400 k euro has been paid. On March 18, 2021 the Board of Directors proposed to pay a dividend on the result of 2020 of 22.760 k euro bringing the total dividend to 25.160 k euro. The dividend proposal is subject to approval by the shareholders on their annual meeting on May 11, 2021.

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	2020	2019
Subordinated Loan	75 000	75 000
Retail Bond	100 000	100 000
Unsecured borrowings	15 904	53 062
Lease liabilities	47 774	51 127
Bank overdrafts	131	171
Continuing involvement factoring	526	505
Issuance costs	(799)	(1 112)
Borrowings	**238 536**	**278 754**
Of which		
Current (portion becoming due within one year)	11 193	12 368
Non-current	227 343	266 386

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 133 mio euro is calculated as the borrowings excluding the subordinated loan and the issuance costs (238.536 k euro– 75.000 k euro + 799 k euro = 164.335 k euro) minus cash and cash equivalents (20.152 k euro) and current other financial assets (10.888 k euro).

All bank borrowings are subject to bank covenants. A senior leverage ratio of 1,3:1 (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 100 Mio euro (2019: 136 Mio euro) with an even lower debt ratio SNFD/Adjusted EBITDA of 1,0:1 (2019: debt ratio of 0,9:1).

The available credit line as at December 31, 2020, which amounts to 200 million euro (2019: 200 million euro), wasn't used on December 31, 2020.

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 22 May 2015, Vandemoortele NV closed 7 year bonds for an amount of EUR 100 million. The bond, due 10 June 2022, was 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, 2025.

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	2020	2019
Gross lease liabilities - minimum lease payments	**56 052**	**61 247**
No later than 1 year	9 471	10 575
Later than 1 year and no later than 5 years	21 547	28 251
Later than 5 years	25 034	22 420
Future interest expenses on leases	(8 277)	(10 119)
Lease liabilities	**47 774**	**51 127**

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

For the year ended 31 December 2020 Thousand Euro	Opening carrying amount	Cash flows	Non-cash movements				Closing carrying amount
			Acquisition	Exchange differences	Reclasses	Other	
Non-current liabilities							
Borrowings - Subordinated loan	75 000	0	0	0	0	0	**75 000**
Borrowings - Retail bond	100 000	0	0	0	0	0	**100 000**
Borrowings - Unsecured borrowings	50 902	-36 143	0	0	-940	0	**13 819**
Borrowings - Lease liabilities	41 596	-2 469	6 284	-56	-5 749	-282	**39 323**
Borrowings - Other	(1 112)	0	0	0	0	313	**(799)**
Current liabilities							
Borrowings - Unsecured borrowings	2 160	-1 015	0	0	940	0	**2 085**
Borrowings - Lease liabilities	9 531	-8 997	2 319	-16	5 749	-136	**8 451**
Borrowings - Bank overdrafts	171	-40	0	0	0	0	**131**
Total liabilities from financing activities	**278 248**	**-48 664**	**8 603**	**-72**	**0**	**-106**	**238010**
Presented in the statement of cash flows (financing activities) excluding bank overdrafts:							
Repayment from borrowings		-37 158					
Repayment of lease liabilities		-11 466					

For the year ended 31 December 2019 Thousand Euro	Opening carrying amount	Cash flows	Non-cash movements				Closing carrying amount
			Acquisition	Exchange differences	Reclasses	Other	
Non-current liabilities							
Borrowings - Subordinated loan	75 000	0	0	0	0	0	**75 000**
Borrowings - Retail bond	100 000	0	0	0	0	0	**100 000**
Borrowings - Unsecured borrowings	88 714	-36 670	0	0	-1 143	0	**50 902**
Borrowings - Lease liabilities	16 855	-1 530	5 095	45	-7 433	28 565	**41 596**
Borrowings - Other	(1 564)	-50	0	0	0	502	**(1 112)**
Current liabilities							
Borrowings - Unsecured borrowings	1 419	-402	0	0	1 143	0	**2 160**
Borrowings - Lease liabilities	1 987	-8 621	1 278	12	7 433	7 442	**9 531**
Borrowings - Bank overdrafts	796	-625	0	0	0	0	**171**
Borrowings - Other	42	-42	0	0	0	0	**0**
Total liabilities from financing activities	**283 249**	**-47 940**	**6 373**	**57**	**0**	**36 509**	**278 248**
Presented in the statement of cash flows (financing activities) excluding bank overdrafts:							
Proceeds from borrowings		14 266					
Repayment from borrowings		-51 380					
Repayment of lease liabilities		-10 152					

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, 2020 is detailed in the table below:

For the year ended 31 December Thousand Euro	Purchases 2020	Purchases 2019	Sales 2020	Sales 2019
USD	43 034	62 382	46 247	52 986
GBP	658	293	15 719	27 626
Other	16 617	16 526	7 466	7 233
Notional amount FX instruments	**60 309**	**79 201**	**69 431**	**87 845**

During 2020, the changes in the fair value of the FX derivatives, are accounted for as financial income or expense. At December 31, 2020 the net fair value of those forward exchange contracts was an asset of 404 k euro (per December 31, 2019 a liability of 1.015 k euro). The fair value gain of 1.419 k euro has been recognised as a finance result (2019 fair value loss of 2.613 k euro).

Currency sensitivity analysis

Around 9% (2019: 9%) 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 2020 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 2020 profit of operations is not material, while the translation reserves in equity would have been 0,6 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 46 k euro lower / 547 k euro euro higher 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 1.381 k euro lower / 1.609 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 134.000 k euro per December 31, 2020 (150.000 k euro per December 31, 2019).

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

For the year ended 31 December	2020			
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	8 422	193 724	23 233	225 379
Floating rate	2 114	5 423	5 763	13 299
Total amount interest bearing financial liabilities	**10 536**	**199 147**	**28 996**	**238 678**

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**

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

For the year ended 31 December	2020			
Thousand Euro	1 year or less	1-5 years	> 5 years	Total
Fixed rate	53 184	286 137	31 694	371 015
Floating rate	(42 648)	(86 990)	(2 699)	(132 337)
Total amount interest bearing financial liabilities	**10 536**	**199 147**	**28 996**	**238 678**

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)	6 436	(64 753)
Total amount interest bearing financial liabilities	**12 368**	**240 902**	**26 596**	**279 865**

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	2020 Held-for-trading	Fair Value hedges	Cash Flow Hedges	Total
January 1	**(4 692)**	**0**	**0**	**(4 692)**
Fair value gain / (loss) of the year	(409)	0	0	(409)
December 31	**(5 101)**	**0**	**0**	**(5 101)**

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)**

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 2020 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 1,4 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, 2020 is applied, with all other variables held constant, 2020 profit would have been around 704 k euro lower/ 704 k euro higher.

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 1,3 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	103 060	0	106 120
Subordinated loan	2 625	80 250	0	82 875
Bank borrowings	2 168	5 419	8 732	16 318
Lease liabilities	9 471	21 547	25 034	56 052
Bank overdrafts	131	0	0	131
Continuing involvement factoring	526	0	0	526
December 31, 2020 *	**17 981**	**210 276**	**33 765**	**262 023**

* 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 supplier invoices represent a liability to pay for purchased raw materials, agreed upon with the supplier and hence are part of the working capital used in the entity's normal operating cycle. Moreover the payments terms, which the arrangement extends beyond the period available from the supplier, remain in line with the industries' common practice. As a result these liabilities are presented as Trade payables.

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	2020		2019	
Thousand Euro	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Trade and other receivables **	184 990	184 990	201 879	201 879
Financial liabilities				
Financial liabilities at amortised cost				
Subordinated loan *	75 000	74 554	75 000	75 480
Retail bond *	100 000	102 005	100 000	102 390
Unsecured borrowings **	15 904	15 904	53 062	53 062
Lease liabilities **	47 774	47 774	51 127	51 127
Bank overdrafts **	131	131	171	171
Continuing involvement factoring **	526	526	505	505
Trade and other liabilities **	237 900	237 900	277 164	277 164

** "Level 1" fair value measurement: fair value of financial liabilities is based on quoted market prices in active markets.*

*** "Level 3" fair value measurement: fair value of financial assets and liabilities based on data not observable on a market.*

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	2020		2019	
Thousand Euro	Assets	Liabilities	Assets	Liabilities
Interest rate swaps				
- Held-for-trading (*)	0	5 101	0	4 692
Non-current derivatives	**0**	**5 101**	**0**	**4 692**
Commodity contracts				
- Held-for-trading	24	0	0	48
Foreign currency contracts				
- Held-for-trading (**)	2 346	1 942	313	1 328
Current derivatives	**2 370**	**1 942**	**313**	**1 376**

* 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	2020	2019
Defined benefit plans	19 776	19 821
Other post-employment benefits	1 152	1 476
Post - employment benefits	**20 928**	**21 297**
Other long-term employee benefits	6 191	5 193
Total employee benefits	**27 119**	**26 490**

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 2.352 k euro (2.163 k euro in 2019).

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 of Vandemoortele NV for 3,9 mio (2,7 mio in 2019), a leave of absence arrangement in VDM Nederland BV for 0,9 mio (1,4 mio in 2019) and jubilee benefits in Germany and The Netherlands for 0,3 mio (0,4 mio in 2019).

DEFINED BENEFIT PLANS

The Group operates several defined benefit plans in Belgium, The Netherlands, France, Germany, Italy and Spain. These plans are either funded or 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 74,5% (73,3% in 2019) of the Group's defined benefit obligations and 92,6% (92,6% in 2019) 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	2020	2019
Present value of defined benefit obligation	58 587	57 300
Fair value of plan assets	(38 810)	(37 480)
Net (asset) / Liability	**19 776**	**19 821**

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

As per December 31 Thousand Euro	2020	2019
Discount rate *	0,87%	0,93%
Inflation	1,0% - 2%	1,0% - 2%
Future salary increase	0,6% - 2,5%	0,6% - 2,5%
Pension increase	2,00%	2,00%

** Based on the Mercer yield curve*

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	2020	2019
Defined benefit obligation at January 1	**57 300**	**52 171**
Current service cost	3 597	3 165
Interest expense	506	908
Employee contributions	38	38
Benefits paid	(2 553)	(4 423)
Administrative expenses paid	(112)	(99)
Remeasurements		
- effect of changes in financial assumptions	131	6 025
- effect of experience adjustments	(320)	(484)
Defined benefit obligation at December 31	**58 587**	**57 300**

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

As per December 31 Thousand Euro	2020	2019
Fair value of plan assets at January 1	**37 480**	**35 981**
Interest income	340	649
Employer contributions	1 979	2 111
Employee contributions	38	38
Benefits paid	(1 962)	(3 650)
Administrative expenses paid	(112)	(99)
Remeasurements		
- Return on plan assets (excluding interest income)	1 048	2 449
Fair value of plan assets at December 31	**38 810**	**37 480**

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

As per December 31 Thousand Euro	2020	2019
Equities	12 753	10 489
Bonds	20 598	18 560
Real estate property	512	2 043
Cash, cash equivalents and other	2 081	3 632
Qualifying insurance policies	2 866	2 757
Total	**38 810**	**37 480**

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 2020 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	2020		2019	
Thousand Euro	DBO	Plan Assets	DBO	Plan Assets
Belgium	43 630	35 944	41 986	34 723
Germany	8 836	1 778	9 001	1 740
France	3 699	579	3 861	572
Italy	1 736	0	1 828	0
The Netherlands	552	509	488	445
Spain	133	0	136	0
Total	**58 587**	**38 810**	**57 300**	**37 480**

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	2020	2019
Current service cost	3 597	3 165
Net interest cost	166	259
Components of defined benefit costs recorded in income statement	**3 762**	**3 423**
Remeasurements		
- Effect of changes in financial assumptions	131	6 025
- Effect of experience adjustments	(320)	(484)
- Return on plan assets (excluding interest income)	(1 048)	(2 449)
Components of defined benefit costs recorded in OCI	**(1 237)**	**3 091**
Total components of defined benefit cost	**2 525**	**6 515**

Estimated employer contributions for defined benefit plans in 2021 amount to 2.478 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		2020	
%	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0,50%	-5,82%	6,40%
Inflation rate	0,50%	2,60%	-2,46%
Salary growth rate	0,50%	4,30%	-3,73%
Life expectancy	1 year	0,35%	-0,31%
Pension increase (only in Germany & The Netherlands)	0,50%	2,35%	1,60%

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	2020	2019
Social security	12 792	12 737
Remunerations	8 589	12 290
Holiday pay	13 503	13 014
Other payroll liabilities	1 913	2 461
Short term employee benefits	**36 797**	**40 502**

30. PROVISIONS

For the year ended 31 December Thousand Euro	2020 Restructuring	Litigations & tax risks	Environmental	Other *	Total
Provisions at January 1	**3 861**	**571**	**0**	**1 289**	**5 721**
Additional provisions during the year	3 271	330	0	537	4 139
Provisions used during the year	(2 884)	(17)	0	(163)	(3 064)
Provisions reversed during the year	(140)	(263)	0	0	(403)
Provisions at december 31	**4 108**	**621**	**0**	**1 664**	**6 393**

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

For the year ended 31 December Thousand Euro	2019 Restructuring	Litigations & tax risks	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**

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 2020 mainly relate to the optimisation of operations in France and the United Kingdom. The restructuring provisions include the estimated cost for different plans linked to the related optimisation projects.

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	2020	2019
Government grants - deferred income	2 698	3 121
Other	1	1
Non-current trade and other liabilities	**2 700**	**3 123**
Trade payables *	214 942	255 348
VAT payable	11 325	9 736
Other taxes	422	1 984
Payroll tax	4 029	4 069
Interest accruals	2 495	2 523
Accrued expenses	2 126	1 274
Deferred income	936	236
Other	1 625	1 993
Current trade and other liabilities	**237 900**	**277 164**

** The trade payables have decreased in line with the reduced business activity*

32. RELATED PARTIES

The Group is controlled by Safinco NV which owns 99,58 % of the Company's shares. The remaining 0,42% of the company's shares are owned by the company itself (own shares).

32.1 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	2020	2019
Short-term benefits	7 440	10 413
Post-employment benefits	577	865
Share-based payments *	1 341	1 390
Termination benefits	978	1 225
Total compensation key management	**10 336**	**13 893**

* 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

32.2 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 2020, 2.310 new options were accepted and 1.466 options accepted in previous years have been exercised.

The following table gives an overview of all stock option movements during 2020:

Year of acceptance	Last exercise date	Number of outstanding options at 01/01/2020	Options exercised during 2020 **(a)**	Options accepted during 2020	Number of outstanding options at 31/12/2020	Value per share **(b)**	Exercise price **(c)**	Paid in 2020 to option holder **(c-b)*a**
2013	15/06/2021	103	-103		0	579,53	1.716	117.056
2014	15/09/2022	1.363	-1.363		0	818,16	1.716	1.223.756
2015	15/09/2023	728			728	1201,01		
2016	15/09/2024	760			760	1.416,00		
2018	15/09/2026	3.233			3.233	1.284,00		
2019	15/09/2027	2.162			2.162	1.480,00		
2020	15/09/2028	0		+2.310	2.310	1.716,00		
Total		**8.349**	**-1.466**	**+2.310**	**9.193**			**1.340.812**

The fair value of this stock option plan (3.911 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 (-0,61%), volatility (25,5%), time remaining until maturity (between 4 and 8 years) and dividend yield (1,61%).

33. COMMITMENTS AND CONTINGENCIES

33.1 LEASE COMMITMENTS

The Group has entered into various leases. As from 2019 all lease 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 investigated with the "Brexit team" the various possible scenarios of the Brexit and set up action plans (including the appointment of a Customs Agency) to manage the Brexit considering our production activities in Worcester (frozen bakery products) and our commercial activities (sale of bakery products and margarines and fats) in the United Kingdom. Overall, we experienced no major business interruptions relating to export to or import from the United Kingdom.

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 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 24,3 million euro per December 31, 2020 are guaranteed by Vandemoortele NV.

34. AUDITORS' ASSIGNMENTS AND RELATED FEES

Deloitte Bedrijfsrevisoren CVBA, represented by Tom Windelen, was appointed as the statutory auditor of the Vandemoortele Group by the shareholders meeting of May 12, 2020.

Audit fees for 2020 in relation to services provided by Deloitte amounted to 573 k euro. These fees have been detailed in the table below:

For the year ended 31 December Thousand Euro	2020	2019
Audit Services Vandemoortele NV	97	91
Audit Services Subsidiaries	476	521
Total	**573**	**612**

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

Additional services for 2020 rendered by the auditor to the Group have been detailed in the table below:

For the year ended 31 December Thousand Euro	2020	2019
Other audit related services	0	33
Non-audit services	185	22
Total	**185**	**55**

Additional services for 2020 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	2020	2019
Non-audit services	96	25
Tax advisory services	3	3
Total	**99**	**28**

35 EVENTS AFTER BALANCE SHEET DATE

The Board of Directors proposes to pay a dividend of 22.760 k euro on the result of 2020. This proposal is subject to approval by the shareholders on their annual meeting on May 11, 2021.

The overall assumption is that COVID-19 impact will remain tough in the first 6 months of year 2021 and will gradually recover in the second part of the year once the vaccination programs have been massively initiated in combination with a relaxation of the governmental measures in Europe and a reopening of all restaurants, carryout operations, cafeterias, hotels, theme parks, university dining halls, catering, etc.

In this still difficult context, we will continue our investments with the same efforts as those of the previous financial year to consolidate our leadership in our markets. We will continue our optimisation and transformation programs to further reduce costs and increase productivity and efficiency within the Group. And we will further develop our innovation program and category management to respond timely to new market trends and to improve our product offering in terms of balanced nutrition, quality and taste.
The Bakery Products business line wants to improve its Adjusted EBITDA result by innovating and optimizing its portfolio of products and by further developing its sales outside Europe.

The ambition is to strengthen the position of the MCOF business line through focus on the added value products and channels and on the further development of the retail brand "Vandemoortele".

Overall, we are confronted with an unprecedented increase in raw material prices, which we will inevitably have to translate into higher sales prices.

Vandemoortele has a strong financial basis with a low indebtment and secured credit lines as such we are confident that we can comply to all our financial obligations.

36. VANDEMOORTELE COMPANIES

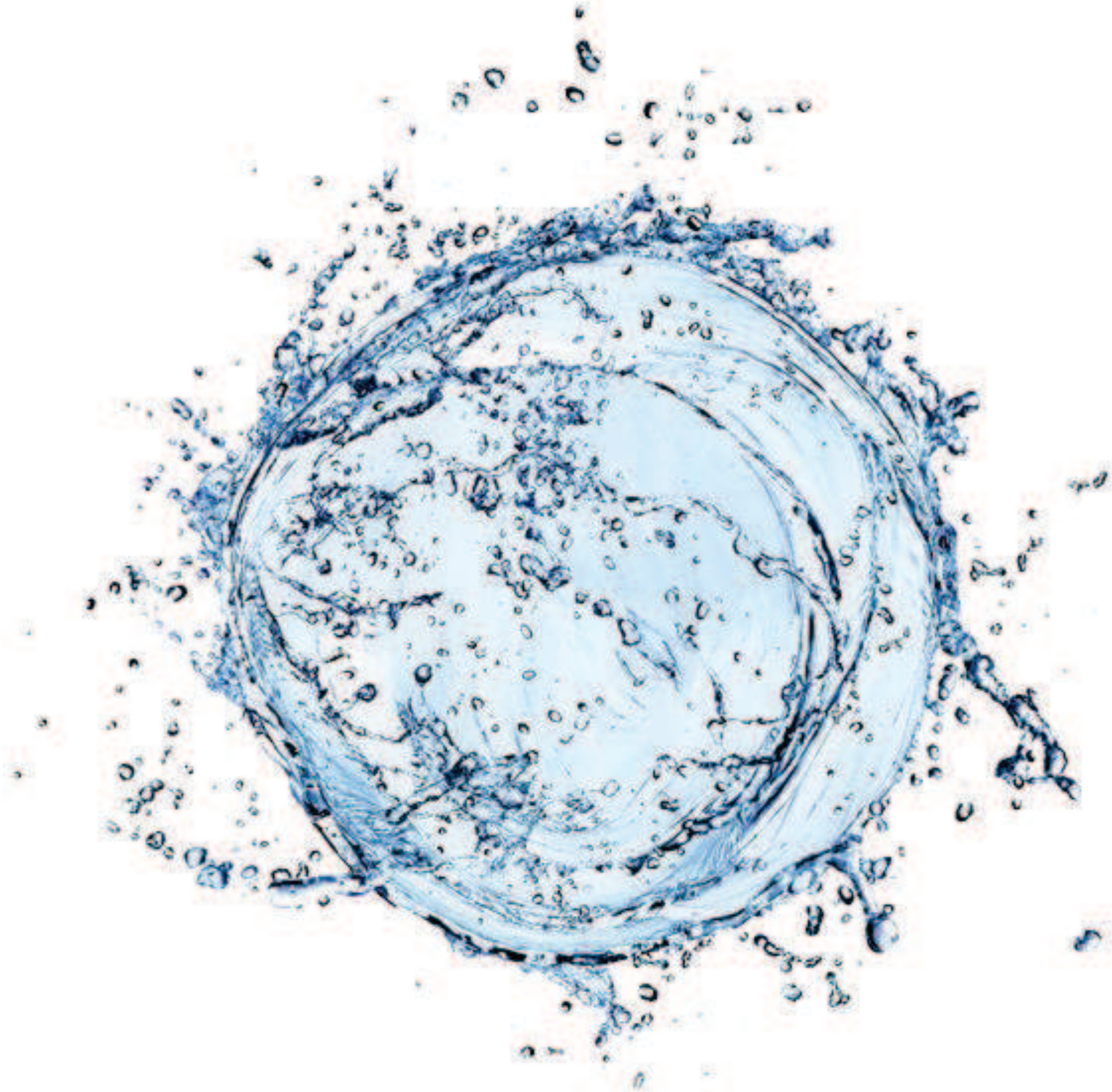
The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV and 34 subsidiaries which are fully consolidated. The consolidation includes Vandemoortele Europe NV and its branches. Participations in 8 companies are not consolidated as these do not meet the criteria of significance.

There are no restrictions on realising assets and settling liabilities, except for the financial leases.

Name and office	2020	2019
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	100
GERMANY		
Vandemoortele Deutschland GmbH, Altensennerweg 68, 32052 Herford	0	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 Lipids France SASU, Le Haut Montigné, 35370 Torcé	0	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 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 Zeewolde BV, Handelsweg 1, 3899AA Zeewolde	100	100
LUXEMBOURG		
Vandemoortele International Finance sa, 412 F, Route d'Esch, 2086 Luxembourg	100	100

Name and office	2020	2019
SUBSIDIARIES	**%**	**%**
UNITED KINGDOM		
Vandemoortele UK Ltd., Charta House, 30-38 Church Street, Staines-upon-Thames, Surrey TW18 4EP	100	100
ITALY		
Vandemoortele Bakery Products 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 Barcelona sa, Calle Sant Martí de l'Erm nº1, 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	0	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	0	23,75

Deloitte.



Vandemoortele NV

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2020 - Consolidated financial statements

The original text of this report is in Dutch

Statutory auditor’s report to the shareholders’ meeting of Vandemoortele NV for the year ended 31 December 2020 - 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 12 May 2020, 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 2022. We have performed the statutory audit of the consolidated financial statements of Vandemoortele NV for 7 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 2020, 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 1 007 196 (000) EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 37 213 (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 2020 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 and related assumptions, taking into account the historical forecasting accuracy and the current economic environment. 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 EBIT(DA). We also considered the adequacy of the Group’s disclosures (note 15) relating to goodwill.

Recoverability of Deferred Tax Assets	
Per 31 December 2020, the group has recognized deferred tax assets, mainly on tax losses carried forward, amounting to 38 002 (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, taking into account the current economic environment. 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

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 also 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 is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such 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, attached to the directors' report on the consolidated financial statements. 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 in accordance with the GRI standards. In accordance with article 3:80 § 1, 5° 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.

Signed at Gent.

The statutory auditor

Digitally signed by
Signed By: Tom Windelen (Signature)
Signing Time: 22-Mar-21 | 08:14 CET
DocuSign
C: BE
Issuer: Citizen CA
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Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Tom Windelen

38. STATEMENT BY RESPONSIBLE PERSON

Vandemoortele

March 18, 2021

STATEMENT BY RESPONISIBLE PERSON

Mr. Yvon Guérin, Chief executive Officer confirms that to the best of his knowledge:

a) The consolidated financial statements and the annual accounts per 31.12.2020 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 31.12.202020 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.

Yvon Guérin
Chief Executive Officer
of Vandemoortele NV

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RPR Gent

KBC IBAN: BE47 7330 4979 5180
BIC: KREDBEBB

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COMBINED REPORT OF THE BOARD OF DIRECTORS
presented to the General Assembly of Shareholders of
NV VANDEMOORTELE, to be held on Tuesday 11 May 2021 at 3 pm
in its offices at Ottergemsesteenweg-Zuid n° 816, 9000 Gent organized
through electronic means

VANDEMOORTELE NV

MAATSCHAPPELIJKE ZETEL
SIÈGE SOCIAL
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BANK KBC
IBAN
BE47 7330 4979 5180
BIC KREDBEBB

BTW BE 0429.977.343
RPR Gent

Ladies and Gentlemen,

We have the pleasure to submit the combined report on both the IFRS consolidated and statutory annual accounts of Vandemoortele NV, as of 31 December 2020, in accordance with Articles 3.6 and 3.32 of the Code of Companies and Associations ("CCA").

The scope of the consolidation of the Group Vandemoortele includes Vandemoortele NV and 34 fully consolidated subsidiaries.

This combined report includes both the financial reporting and the non-financial reporting in compliance with CCA. 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, which aims to ensure women participation in the board of directors of listed companies and autonomous public undertakings.

The financial statements 2020 have been approved by the board of directors, as recommended by the audit committee chaired by Cytifinance SA (represented by Mr. Michel Delloye) who is an independent director. The independence of the Audit Committee as well as its accounting and audit expertise are ensured by its members.

The details of the financial reporting of the Vandemoortele Group can be read in the "Financial Results 2020". This document can be found on the Group's website "www.vandemoortele.com" under the heading "global, investors, financials", using the following link:
http://www.vandemoortele.com/en/tags/investor-news/financials.

The non-financial reporting of our company in the form of its "Sustainability report 2020" can also be consulted on the website under the heading "global, investors, financials", using the following link:
http://www.vandemoortele.com/en/tags/investor-news/financials.

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I. FINANCIAL REPORTING: THE IFRS CONSOLIDATED FINANCIAL STATEMENTS FOR 2020

1.1. THE RESULTS AND THE BALANCE SHEET STRUCTURE

After a strong year start, the Covid-19 crisis impacted the Group's activities as from March. Sales and results declined in the food service and retail markets, the latter being affected by a decrease in store visits by the consumer which lead to a shift to longer shelf-life products.

Key figures :

(in € million	2019	2020	Variance
Revenue	1,384	1,197	-13.5 %
Adjusted EBITDA*	152	104	-31.6 %
EBITDA	140	98	-30.0 %
Adjusted EBIT*	90	44	-51.3 %
EBIT	75	38	-49.3 %
EAT* total	48	37	-22.9 %
SNFD *	170	133	-21.8 %

* Adjusted EBIT: profit from operations before adjusting items
* Adjusted EBITDA: Adjusted EBIT before depreciation and amortization
* EAT: Earnings after tax
* SNFD: Senior Net Financial Debt

2020 sales amounted to €1,197.4 million, 13.5 % lower year on year. The Group's two business lines were affected, especially the business line Bakery Products. The Adjusted EBITDA decreased to €104 million, down 31.6 %, resulting in 51.3% decrease of the Adjusted EBIT at €43.6 million.

The steep decrease of sales from March to June 2020 (up to - 50% per month), was followed by a recovery during the second semester, as demand improved substantially and as the Group was successful to react to the new situation. While adjusted EBITDA was down by 47% in the first half of 2020, the decrease was limited to 21% in the second half.

The adjusting items of €6 million mainly relate to restructuring costs in France, Belgium and the United Kingdom.

The €11 million decrease in Earnings after tax compared to 2019 is the result of the lower business result, combined with higher income taxes, as some deferred tax assets set up in previous years have been partly reversed. These more than offset the €26 million gain on the disposal of the Lipidos Santiga shares and the positive effect of the revaluation of hedging instruments covering exchange risks at year end.

In 2020, €66 million was invested in the enhancement and improvement of the Bakery Products production capacity and in the further rationalization and modernization of the Margarines, Culinary Oils & Fats production sites.

The balance sheet of the Vandemoortele Group has further strengthened as the lower earnings and the continued investment were more than offset by the €50 million cash proceeds from the sale of the Lipidos Santiga shares.

The Senior Net Financial Debt of the Group at December 31st 2020 amounted to €133 million (of which €34 million due to the application of IFRS 16) compared to €170 million at the end of the previous financial year. This resulted in a debt ratio SNFD / Adjusted EBITDA of 1.3 / 1.

BAKERY PRODUCTS (BP) Business line

The Bakery Products business line sales were €724 million, down 18.2 %, and Adjusted EBITDA amounted to €61.1 million, a decrease of 36.2 % compared to last year.
The lockdowns and curfews related to Covid-19 impacted the volumes and mix of the food service and retail markets and increased the price pressure due to overcapacity in the bread market.

The Vandemoortele group took drastic measures to control costs and cut expenses in logistics, marketing, sales and production, while stringent stock management led to low year-end inventory and a close follow up of obsolete items, improving the cash flow. Moreover, a pre-packed "*thaw & serve*" product range was launched to respond to the specific requirements of the e-commerce channel, and new business was gained on floor-oven bread, pastry and donuts, allowing to improve the product mix.

Vandemoortele
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MARGARINES, CULINARY OILS & FATS (MCOF) Business line

Sales came down also in the Margarines, Culinary Oils & Fats ("MCOF") business line at €457 million, a 5.3 % decrease, and the resulting Adjusted EBITDA was €42.9 million, 23.5% lower than the record result of €56.1 million in 2019.
The export outside Europe of margarines grew and the retail brands performed well, partly compensating for the pandemic impact on the European artisan's bakery, food service and industry markets. MCOF also faced a fierce price competition in the retail private label market as well as some uncertainties relating to the Brexit.

LIPIDOS SANTIGA - SHAREHOLDING

On June 30, 2020, the Vandemoortele Group sold its minority shareholding in the Spanish refinery Lipidos Santiga to the reference shareholder Agrindus International Sarl. Oil refining is since many years not anymore a core activity for Vandemoortele. To avoid negative impacts on the Vandemoortele MCOF business in Spain and Portugal, the supply was secured for the long term by reviewing the long term supply contract with Lipidos Santiga SA. The capital gain on the disposal of the minority shareholding, after receipt of a dividend of €5.5 million from Lipidos Santiga SA, was €26 million.

1.2. COVID-19 IMPACT

Since March 2020, the Corona virus is impacting everyone. To protect the safety and well-being of Vandemoortele's personnel and, customers, as well as consumers and society at large, all necessary measures were implemented to prevent contamination and the spread of the virus whilst keeping activities operational to guarantee an adequate food supply.

In this respect, the Vandemoortele Covid Taskforce was constituted, which consists of several external experts, local country/site leaders and HR managers. The Covid Taskforce monitors the situation daily, in line with the information and guidance provided by official authorities, which is updated several times per day, according to the constantly changing circumstances.

Several actions have been undertaken: (i) implementing home working policy as mandatory rule, (ii) providing utmost protection of Vandemoortele's personnel and

(iii) creation of good work conditions, while (iv) ensuring a good communication at all levels of the organization.

The total net impact of COVID-19 in 2020 is estimated to be €(50) million on adjusted EBITDA level, after mitigation actions related to labour costs (including furloughs) and indirect spent.

The COVID-19 lockdowns and curfews in most European countries caused sales to drop considerably in the food service market, while the retail business has been more resisting, but also suffered. The production rate of plants was adjusted accordingly leading to temporary closure of some production sites and unemployment measures for production personnel and staff members. The impact of the government stimulus was not material to the income statement, except for support related to the furloughs implemented in Europe. The Employee Incentive provisions have been adjusted in line with the result evolution. Overdue balances increased slightly as some payment terms were extended to a selected customer base in the food service market (see disclosure 19 of the Financial Statements).

The year-end debt position of Vandemoortele was lower than the previous year, in line with expectations. The sale of its minority participation in Lipidos Santiga has contributed to this improved debt position and limited the impact of the pandemic on the Earnings after tax.

1.3. OUTLOOK FOR 2021

The Group assumes that COVID-19 impact will prevail in the first 6 months of 2021 to gradually improve in the second half. By that time the vaccination programs are expected to have been massively initiated, resulting in a relaxation of the governmental measures in Europe and a reopening of all restaurants, carryout operations, cafeterias, hotels, theme parks, university dining halls, catering, etc.

In this continued difficult context, investments will be pursued at the same level as in 2020, in order to consolidate Vandemoortele's leadership in its markets. The optimization and transformation programs will be continued to further reduce costs and increase productivity and efficiency within the Group. The innovation program and category management will be further developed to respond timely to new market trends and to improve the product offering in terms of balanced nutrition, quality and taste.

The Bakery Products business line will focus on enhancing its performance by innovation and optimization of its product portfolio and on further developing its sales outside Europe. The MCOF business line ambitions to strengthen its position by concentrating on added value products and markets and further development of the retail brand "Vandemoortele".

The unprecedented increase in raw material prices, will be countered by higher sales prices.

Vandemoortele has a strong financial basis with a low indebtedness and secured credit lines, and is therefore confident that it an comply with all its financial obligations.

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

There are no important events after the closing of the accounts nor circumstances that could significantly impact the evolution of the consolidated financial statements of the Group Vandemoortele.

1.5. RESEARCH AND DEVELOPMENT

In 2020 the R&D organisation pursued the improvement of the production processes and product quality, the development of new products for both business lines, as well as the further optimisation of its product composition. The long-term innovation programs focus on 4 strategic areas, i.e. health & nutrition, clean label, sustainable packaging and process technology.

Important innovations encompass the bio/organic product range in the Bakery Products business line and the improvement of the floor-oven baking process. In line with Vandemoortele's sustainability goal on nutrition, efforts to reduce the sugar and salt content in the bakery products were continued, and portion size reductions were proposed to customers. A variety of formulations in margarines and fats were developed, from low-fat to e-free, while still offering the required functional performance.

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

1.6. RISK MANAGEMENT AND INTERNAL CONTROL ENVIRONMENT

In 2020, the audit committee reviewed the results of the audit plan 2020 and the risk management in the areas of cyber security, incident reporting and quality problem traceability. It also evaluated the global risk coverage policy.

A Brexit team was established to investigate the possible Brexit scenarios and set up action plans. This included the appointment of a Customs Agency, considering the Group's production of frozen bakery in Worcester and the commercial activities in the United Kingdom for bakery products, margarines and fats. The Vandemoortele group was successful to avoid any major business interruptions relating to export to or import from the United Kingdom.

1.7. MAIN RISKS

Besides the risks described above, the food safety risks and the strategic risks to which the business lines are exposed, the main market and financial risks are the volatility and the adverse price developments of raw materials, ingredients and packaging materials, the increase of 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, including possible ransomware, very seriously and implements all the necessary measures to protect itself against this risk through reinforced ICT infrastructure and adequate cybercrime insurance.

The Vandemoortele Group is exposed to credit risks depending on the ability of their commercial counterparties to perform their contractual obligations. To protect itself against customer defaults and bankruptcies, it uses the services of international credit insurance companies and also applies internal customer credit limits.

1.8. FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments to cover interest rate, currency rate and commodity price risks, which are centrally managed. The Group's policy prohibits the use of derivatives for purposes other than clearly identified transactional risks. A detailed description of the financial risks and financial instruments used can be found in sections 26, 27 and 28 of the disclosures to the financial statements 2020.

Vandemoortele
shaping a tasty future

II. NON-FINANCIAL REPORTING: SUSTAINABILITY

Vandemoortele cares about the future. The Group creates great tasting and inspires moments of happiness in a sustainable and responsible way. Coupling long-term value for the shareholders while reducing the negative impacts and contributing to a positive balance for people, planet and society is what drives its employees.

The improvement program has been deployed across and deeply into the organization leading to defined actions and is highly appreciated by the employees and the customers.

The 2020 achievements can be read in the "Sustainability report 2020" published on the website of the company, see the link: http://www.vandemoortele.com/en/tags/investor-news/financials.

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III. THE STATUTORY ANNUAL ACCOUNTS AS AT 31.12.2020

The Vandemoortele NV closed the financial year 2020 with a profit after tax of €73.9 million composed of a profit before tax of €74.1 million and a provision for income taxes of €0.2 million.

The profit for the financial year 2020 together with the result carried forward amounting to €24.0 million represents the result of €97.9 million to be allocated.

The board of directors proposes the following result allocation:

-	Gross dividends:	€22,760,180.61
-	Intermediate dividend:	€2,399,982.00
-	Retained results:	€72,765,348.03
-	Total	€97,925,510.64

If this proposal is accepted, a dividend of €41.77 per share will be paid out to the 544,893 shares that are entitled to receive dividends.

An intermediate dividend for a total amount of €2,399,982 has already been declared payable on September 8th, 2020.

The company booked a capital gain on the sale of its minority shareholding in Lipidos Santiga SA. This capital gain in the Statutory Annual Accounts of VDM NV (BGAAP) amounts to €42.4 million after the payment of a dividend of €5.5 million by Lipidos Santiga SA to the company (conf. supra).

The financial risks of the company are managed in close co-operation with the 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 at the level of the Vandemoortele NV during the financial year of 2020.

2,310 share options have been accepted in 2020. The share-based payments and stock option movements in the course of the financial year 2020, including the sale of own shares for the purpose of the stock option plans, are described in detail in Disclosure 32.2 to the Financial Statements 2020.

The company does not have any foreign branches.

Pursuant to the law and the articles of association, the shareholders are requested to grant a discharge to the directors and the statutory auditor for the mandates they have exercised during the financial year of 2020.

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 18th, 2021.

Baron Vandemoortele
Chairman of the Board of Directors

40. STATUTORY ANNUAL ACCOUNTS OF VANDEMOORTELE NV

40.1 CONDENSED BALANCE SHEET OF VANDEMOORTELE NV

The statutory annual accounts of the parent company Vandemoortele NV are shown below in condensed form. In June, 2021, 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	2019
Assets		
Fixed assets	**453 906**	**456 578**
Formation expenses	403	612
Ingangible fixed assets	825	846
Tangible fixed assets	2 672	2 523
Financial fixed assets	450 006	452 596
Current assets	**130 781**	**81 411**
Inventories	4 299	4 919
Amounts receivable within one year	72 174	52 435
Current investments	3 161	5 043
Cash at bank and in hand	48 694	16 251
Deferred charges and accrued income	2 453	2 764
Total Assets	**584 687**	**537 989**
Equity and liabilities		
Equity	**232 812**	**184 046**
Capital	14 862	14 862
Issuance premiums	64 503	64 503
Reserves	80 681	80 681
Accumulated profits (losses)	72 765	23 999
Provisions and deferred taxes	**3 917**	**2 789**
Provisions for liabilities and charges	3 917	2 789
Amounts payable	**347 958**	**351 155**
Amounts payable after more than one year	175 000	235 000
Amounts payable within one year	167 902	113 111
Accruals and deferred income	5 057	3 043
Total liabilities	**584 687**	**537 989**

40.2 CONDENSED INCOME STATEMENT OF VANDEMOORTELE NV

For the year ended 31 December Thousand Euro	2020	2019
Operating income	**408 440**	**453 741**
Turnover	407 373	453 464
Other operating income	1 068	278
Operating charges	**(402 630)**	**(451 264)**
Raw materials and consumables used and goods for resale	(366 543)	(412 703)
Services and other goods	(22 919)	(26 675)
Remuneration, social security costs and pensions	(9 320)	(8 909)
Depreciation and amounts written off	(2 071)	(2 423)
Provisions for liabilities and charges - appropriations	(1 128)	(122)
Other operating charges	(649)	(433)
OPERATING PROFIT (LOSS)	**5 811**	**2 477**
Financial income	78 054	11 676
Financial charges	(9 699)	(9 994)
GAIN (LOSS) FOR THE PERIOD BEFORE TAXES	**74 165**	**4 159**
Income taxes	(239)	(16)
GAIN (LOSS) OF THE PERIOD	**73 926**	**4 142**
GAIN (LOSS) OF THE PERIOD AVAILABLE FOR APPROPRIATION	**73 926**	**4 142**

40.3 RESULT APPROPRIATION

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

For the year ended 31 December Thousand Euro	2020	2019
Profit (loss) of the year to be appropriated	**73 926**	**4 142**
Retained profit (loss) of previous year	23 999	34 861
Profit (loss) to be appropriated	**97 926**	**39 003**
Withdrawals from reserves	0	2 255
Interim dividend	(2 400)	(2 255)
Dividend proposed	(22 760)	(15 004)
Profit (loss) to be carried forward	**72 765**	**23 999**