FINANCIAL REPORT 2021

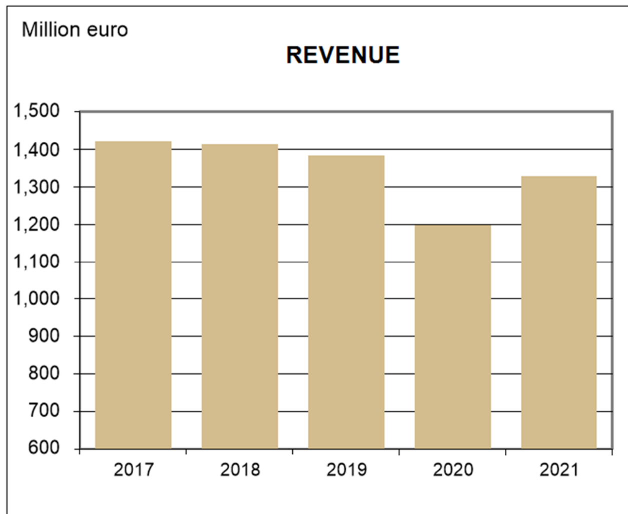
Vandemoortele year results 2021

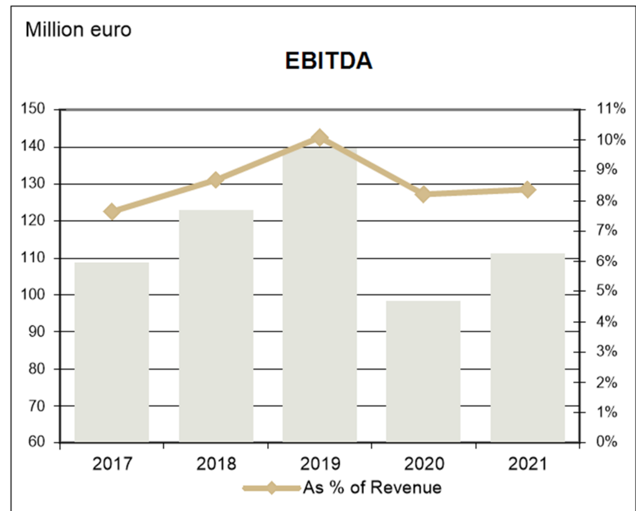
Vandemoortele

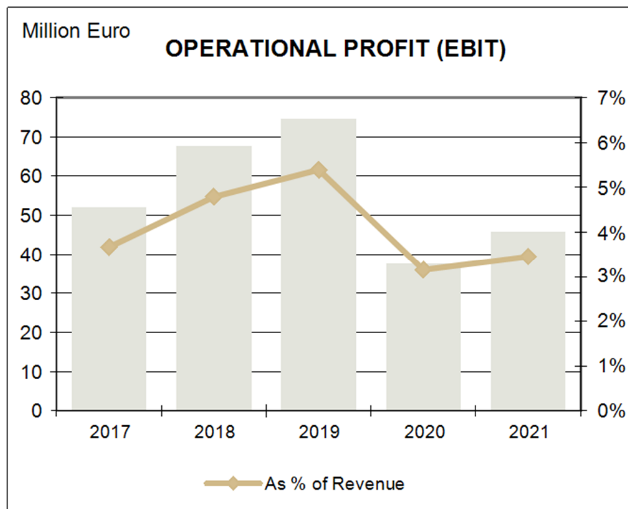
KEY FINANCIAL FIGURES

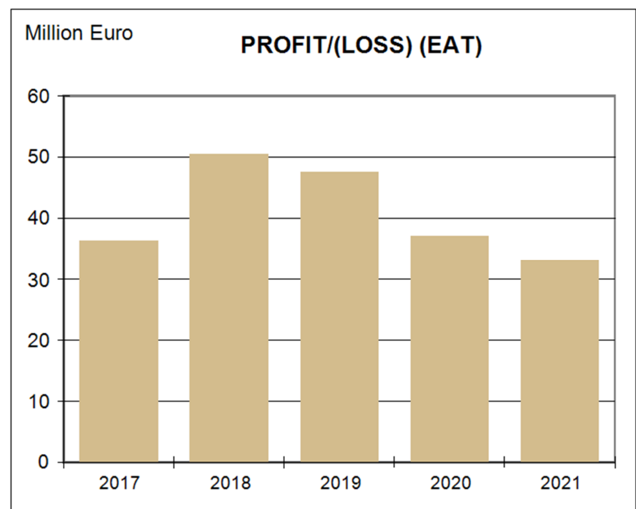
KEY FINANCIAL FIGURES (1) MILLION EURO	2017 Excl IFRS16	2018 Excl IFRS16	2019 Excl IFRS16	2019 Incl IFRS16	2020 Incl IFRS16	2021 Incl IFRS16
Revenue	**1,422**	**1,414**	**1,384**	**1,384**	**1,197**	**1,330**
Adjusted EBITDA	**119**	**130**	**143**	**152**	**104**	**119**
Depreciations & amortisations	-55	-55	-54	-62	-60	-64
Adjusted EBIT	**63**	**75**	**90**	**90**	**44**	**55**
Adjusting items	-11	-7	-15	-15	-6	-9
EBIT (profit from operations)	**52**	**68**	**75**	**75**	**38**	**46**
Depreciations, amortisations & impairments	57	55	57	65	61	65
EBITDA	**109**	**123**	**131**	**140**	**98**	**111**
Net financial income / (expense)	-16	-9	-14	-14	-8	-5
Result according to the equity method	3	3	5	5	0	0
Gain on disposal of equity accounted investments	0	0	0	0	26	0
Pre-tax current profit/(loss)	**39**	**62**	**66**	**66**	**56**	**41**
Income tax expense	-3	-11	-18	-18	-19	-8
Profit/(loss) from continuing operations	**36**	**51**	**48**	**48**	**37**	**33**
Profit/(loss) (EAT)	**36**	**51**	**48**	**48**	**37**	**33**
Net fixed assets (NFA)	606	608	588	622	622	606
Working capital need (WCN)	33	40	15	15	31	8
Assets held for sale	0	0	25	25	0	0
Capital employed	**640**	**648**	**627**	**661**	**653**	**613**
Equity	351	380	403	403	423	437
Provisions, deferred taxes and derivatives	11	3	13	13	22	9
Subordinated debt	75	75	75	75	75	75
Senior net financial debt (NFD)	202	190	136	170	133	92
Capital provided	**640**	**648**	**627**	**661**	**653**	**613**
Ratio's						
Adjusted EBITDA / Revenue	8.3%	9.2%	10.4%	11.0%	8.7%	8.9%
Adjusted EBIT / Revenue	4.5%	5.3%	6.5%	6.5%	3.6%	4.1%
Net profit (loss) / Revenue	2.6%	3.6%	3.4%	3.4%	3.1%	2.5%
Senior NFD / Equity	58%	50%	34%	42%	32%	21%
Senior NFD / Adjusted EBITDA	1.7	1.5	0.9	1.1	1.3	0.8
Adjusted EBIT / capital employed	9.9%	11.6%	14.3%	13.6%	6.7%	9.0%
Capital Expenditures	57	57	57	79	66	47

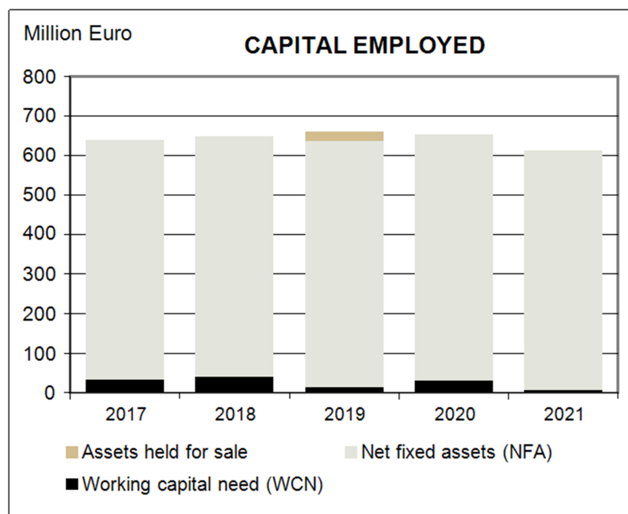
(1) The definitions of the used key financials are specified in note 4

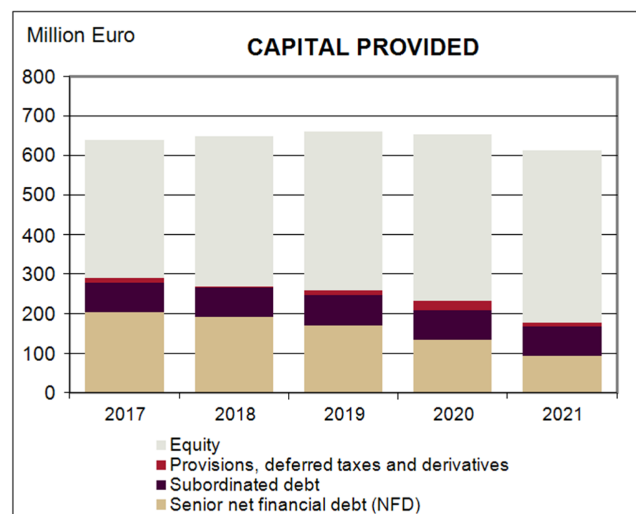












As of 2019 IFRS 16 was adopted and impacts EBITDA, Capital Employed and Capital Provided.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December THOUSAND EURO	Note	2021	2020
Revenue		**1, 329,601**	**1, 197,364**
Raw materials and consumables used and goods for resale		(738,585)	(629,886)
Changes in inventories of finished goods and goods purchased for resale		7,204	978
Services	6	(237,952)	(227,428)
Employee benefit expenses	7	(259,413)	(249,040)
Depreciation, amortisation and write down	8	(62,173)	(62,259)
Net impairment losses	8	(1,901)	(405)
Change in provisions	9	1	(671)
Other operating income	10	19,663	22,359
Other operating expenses	11	(10,531)	(13,219)
Profit/ (loss) from operations		**45,913**	**37,792**
Financial Income	12	7,490	5,097
Financial Expense	13	(12,242)	(13,086)
Gain on disposal of equity accounted investments (1)		-	26,000
Profit/ (loss) before tax		**41,162**	**55,804**
Income tax (expense)	14	(8,006)	(18,591)
Profit/ (loss) from continuing operations		**33,156**	**37,213**
Profit/loss		**33,156**	**37,213**
Profit/loss attributable to the owners of the parent		33,156	37,213

(1) 2020 included a one-time capital gain of €26 million on the sale of our shares of Lipidos Santiga

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	2021	2020
Profit/(loss) for the year		**33,156**	**37,213**
Other Comprehensive income		**5,992**	**-3,784**
Items that may be reclassified subsequently to profit or loss:		**598**	**-4,880**
Cash flow hedges, net of tax	23.4	-	0
Cash flow hedges associates, net of tax	23.4	-	0
Currency translation differences	23.3	598	-4,880
Items that will not be reclassified subsequently to profit or loss:		**5,393**	**1,096**
Remeasurements of defined benefit obligations, net of tax	28	5,393	1,096
Total comprehensive income for the year		**39,148**	**33,429**
- attributable to the owners of the parent company		39,148	33,429

CONSOLIDATED BALANCE SHEET

For the year ended 31 December THOUSAND EURO	Note	2021	2020
Assets			
Goodwill	15	199,329	199,329
Other intangible assets	16	7,612	8,845
Property, plant & equipment	17	398,816	413,952
Deferred tax assets	19	38,334	38,002
Other financial assets		30	30
Other assets	20	2,809	2,727
Non-current assets		**646,931**	**662,887**
Inventories	21	141,015	119,428
Trade and other receivables	18	220,302	184,990
Derivatives	27	2,587	2,370
Other Financial assets (1)		11,360	10,888
Cash and cash equivalents	22	59,364	20,152
Other assets	20	6,489	6,481
Current assets		**441,117**	**344,309**
Total Assets		**1, 088,048**	**1, 007,196**
Equity and liabilities			
Share capital	23	79,365	79,365
Retained earnings & reserves	23	357,356	343,727
Equity		**436,721**	**423,092**
Borrowings	24	123,445	227,343
Deferred tax liabilities	19	19,515	22,463
Derivatives	27	2,681	5,101
Employee benefits	28	19,090	27,119
Provisions	29	6,391	6,393
Other non-current liabilities	30	4,059	2,700
Non-current liabilities		**175,180**	**291,119**
Borrowings	24	114,030	11,193
Current tax		5,242	5,154
Derivatives	27	3,133	1,942
Employee benefits	28	41,928	36,797
Trade payables and other liabilities	30	311,813	237,900
Current liabilities		**476,147**	**292,985**
Total equity and liabilities		**1, 088,048**	**1, 007,196**

(1) Includes Sicavs noted on the Luxembourg market and valued at the final recorded market price before closing date

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December THOUSAND EURO	Note	2021	2020
Profit/ (loss) from operations [(1)]		**45,913**	**37,792**
Amortisations	8	2,509	2,612
Depreciations	8	61,046	57,609
Impairments on intangible & tangible fixed assets	8	1,901	405
EBITDA from continuing operations	4	**111,369**	**98,418**
Depreciations on government grants	10	(407)	(476)
Fair value adjustments on commodity contracts	10	174	(72)
Change in provisions	9	(1)	671
Change in long-term employee benefits		(960)	1,888
Write down on inventories and receivables		(1,381)	2,039
Loss / (gain) on disposals of intangible assets and PPE	10 / 11	918	1,105
Other		1,882	(341)
Cash flow from operating activities before changes in working capital		**111,592**	**103,232**
Decrease / (increase) in inventories		(21,580)	8,046
Decrease / (increase) in trade receivables		(24,200)	11,898
Increase / (decrease) in trade payables		66,940	(40,370)
Increase / (decrease) in other working capital		286	(1,479)
Net cash generated from operating activities		**133,038**	**81,328**
Interest received		66	18
Net interest paid		(8,060)	(8,752)
Income taxes paid		(9,580)	(7,119)
Other financial fees		(788)	(774)
Cash flow from operating activities in continuing operations		**114,677**	**64,702**
Acquisition of intangible assets	16	(634)	(786)
Acquisition of property, plant and equipment	17	(39,142)	(57,630)
Proceeds from sale of intangible assets		42	21
Proceeds from sale of property, plant and equipment		760	961
Proceeds from sale of subsidiaries & associates		-	50,500
Government grants		49	54
Cash flow from investing activities in continuing operations		**(38,925)**	**(6,880)**
Proceeds from borrowings		38	-
Repayment of borrowings		(2,083)	(37,158)
Repayment of lease liabilities [(2)]		(9,063)	(11,466)
Dividends paid	23.5	(22,760)	(17,404)
Dividends received	23.5	2,264	2,006
Acquisition of treasury shares / Sale of own shares	23.2	(5,022)	1,882
Other		-	(50)
Cash flow from financing activities in continuing operations		**(36,626)**	**(62,190)**
Net increase / (decrease) in cash & cash equivalents		**39,126**	**(4,368)**
Cash and cash equivalents less bank overdrafts as of 1 January	22	20,020	24,387
Effect of exchange rate fluctuations		(2)	0
Cash and cash equivalents less bank overdrafts as of 31 December	22	**59,144**	**20,020**

(1) Includes interests on leases and rent payments for low value assets, short term leases, variable lease payments and non-lease

(2) See note 17 - movements of lease liabilities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	2021								
	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
As of 1 January	**79,365**	**(62,117)**	**1,228**	**404,793**	**-**	**(178)**	**423,092**	**-**	**423,092**
Comprehensive income									
Profit/(loss) for the year	-	-	-	33,156	-	-	33,156	-	33,156
Other comprehensive income	-	-	598	-	-	5,393	5,992	-	5,992
Total comprehensive income	**-**	**-**	**598**	**33,156**	**-**	**5,393**	**39,148**	**-**	**39,148**
Transactions with owners									
Movement treasury shares	-	(5,021)	-	(1)	-	-	(5,022)	-	(5,022)
Dividends paid	-	-	-	(22,760)	-	-	(22,760)	-	(22,760)
Dividends received	-	-	-	2,264	-	-	2,264	-	2,264
Total transactions with owners	**-**	**(5,021)**	**-**	**(20,497)**	**-**	**-**	**(25,518)**	**-**	**(25,518)**
As of 31 December	**79,365**	**(67,139)**	**1,826**	**417,453**	**-**	**5,216**	**436,721**	**-**	**436,721**

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

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1. GENERAL INFORMATION

The Group that includes Vandemoortele NV ("Vandemoortele" or "the Company") and its subsidiaries is a Belgian family-owned business that has grown to become a leading food group on the European scale. The Group focuses on two business lines or operating segments: Bakery Products (BP) and Margarines, Culinary Oils & Fats (MCOF). The 2021 consolidated financial statements of the Group include the Company and 32 consolidated subsidiaries controlled by the Company.

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

The consolidated financial statements and the statutory financial statements of Vandemoortele NV were approved for issue by the Board of Directors on 17 March 2022. The shareholders will be requested to approve the consolidated financial statements and the statutory financial statements of Vandemoortele NV at the annual meeting held on 10 May 2022.

2. APPLICATION OF NEW AND REVISED IFRS

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

In the current year, 2021, the Group has considered a number of new and revised IFRS requirements issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2021. This concerns:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions
- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9 to 1 January 2023

These improvements and amendments do not have a material impact on the amounts included in the 2021 financial statements.

2.2 NEW AND REVISED IFRS ISSUED BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRS requirements that have been issued but are not yet effective. Once the standards become effective, they will be relevant to the Group:

- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions beyond 30 June 2021 (applicable for annual periods beginning on or after 1 April 2021
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022)
- 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)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022)
- Annual Improvements to IFRS Standards 2018–2020 (applicable for annual periods beginning on or after 1 January 2022)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023)
- 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 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 BASIS FOR PREPARATION

The consolidated financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use by the European Union and effective as of 1 January 2021.

The key 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 to prepare the consolidated financial statements is the historical cost, with the exception of certain financial instruments that are measured at fair value at the end of each reporting period as explained in notes 26 and 27.

Recognition and measurement alternatives permitted by IFRS:

STANDARD	ALTERNATIVE USED
IAS 2 Inventories	Measurement of the cost of inventories on a first in, first out (FIFO) basis
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 IFRS at the transition date (1 January 2005, for the Group):

STANDARD	IFRS 1 ALTERNATIVE USED
IFRS 3 Business Combinations	Non-application of 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 on 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 as of 1 January 2005.

Specific accounting policies with respect to the presentation applied:

STANDARD	IFRS 1 ALTERNATIVE USED
IAS 1 Presentation of Financial Statements	Income statement by cost nature Indirect method applied in preparing the 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 benefit 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 associations 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 within other operating income/expense

3.2 KEY JUDGEMENTS AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

3.2.1 KEY JUDGEMENTS

In preparing the consolidated financial statements for 2021, no major judgements have been made that have a significant impact on the results of 2021 and the measurement of Vandemoortele's assets and liabilities at the end of 2021.

3.2.2 MAJOR SOURCES OF ESTIMATION UNCERTAINTY

There are no major sources of estimation uncertainty at the end of 2021 that have 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

Also in 2021, the world was still universally affected by the pandemic. The main impact was felt during the first months of 2021, with the year beginning with curfews, lockdowns and reduced social activities. This had a direct impact on food consumption and the food service channel in general.

Vandemoortele's Covid Taskforce continued in the same form as in 2020; consisting of several external experts, local country/site leaders and HR managers. The Covid Taskforce monitored the situation on a daily basis, in line with the information and guidelines provided by authorities and officials.

Several actions were continued, such as a mandatory work-from-home policy, provision of the utmost in protective measures for Vandemoortele's personnel and creation of optimal working conditions, while ensuring strong communication at and across all levels of the organisation.

The total net impact of COVID-19 is estimated at €13 million on the adjusted EBITDA level. Vandemoortele's debt position ended up in line with expectations and with a reduced debt position compared to the previous year.

The Ukraine crisis

The Ukraine crisis does not have a direct effect on our business since Vandemoortele has no production sites or commercial offices in Russia or Ukraine. However, we will feel the indirect effect through the impact on the general European economy and through further price increases.

Ukraine and Russia are the largest suppliers of wheat and sunflower seeds worldwide. Therefore, we will face

further challenges in 2022 in terms of raw material price increases. In addition, the physical availability of sunflower seeds will be a difficulty. Not only will raw material prices continue to rise, but we also expect a further increase in all input costs, like energy, gas and oil, due to the crisis. Strict cost management will continue to be necessary in 2022 and passing on these rising raw material prices to our customers will be unavoidable.

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 all entities controlled by the Parent Group. They are fully consolidated from the date of acquisition, being the date on which Vandemoortele Group acquired control, and will 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 financial statements of the Parent Company, using consistent accounting policies (for like transactions and other events in similar circumstances).

The following accounting procedures are followed:

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

Subsidiaries

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

The income and expenses of the subsidiaries are included in the consolidated financial statements from the date the Group gains control until the date the control ceases. Income and expenses of the subsidiary are based on the amounts of 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 on the date of acquisition. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at their fair values on 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 the 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 as equity, separately from the equity of the owners of the parent. Non-controlling interest consists of the amount of this interest on the date of the original business combination and the non-controlling share of changes in equity from 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 the non-controlling interests are determined on the basis of present ownership

interests. The reporting entity also attributes the 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, directly or indirectly, has a significant influence, but not the level of control required to govern the financial and operating policies. This is generally evidenced when the Group holds between 20% and 50% 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, as well as 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, and is included in 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 the value in use and the fair value less costs to sell) with the carrying amount. Any impairment loss recognised is 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, responsible for resource allocation and performance assessment for 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 (€, EUR), which is also the functional currency of the Parent Company. Each entity in the Group determines its own functional currency, and the items included in the financial statements of each entity are measured in that functional currency. There are currently no subsidiaries for which the functional currency differs from the local currency of the foreign entity.

Foreign currency transactions

Transactions in foreign currencies are recognised initially at the exchange rate prevailing on 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 from the retranslation of non-monetary items carried at fair value are recognised in the income statement for the reported period, with the exception to this being differences arising during the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

Foreign operations

On consolidation, the assets and liabilities of the Group's Companies, using a functional currency other than the euro, are translated into euro at the exchange rates prevailing on the balance sheet date. Income and expense items of foreign operations are translated into 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 shareholders' equity to euro at year-end exchange rates are classified as part of equity under the heading Cumulative Translation Adjustments.

On the disposal of a foreign operation, all exchange differences accumulated in equity relating to that operation attributable to the owners of the Company are reclassified to profit or loss. A disposal of a foreign operation means 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. 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, is also considered a disposal of a foreign operation.

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 is reattributed to non-controlling interests. The differences 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 control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising from 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	
	2021	2020	2021	2020
US Dollar	1.1326	1.2271	1.1856	1.1327
GB Pound	0.8403	0.8990	0.8844	0.8735
Swiss Franc	1.0331	1.0802	1.0856	1.0696
Czech Kroner	24.8580	26.2420	26.2539	26.2674
Hungarian Forint	369.1900	363.8900	360.7186	344.4768
Polish Zloty	4.5969	4.5597	4.5294	4.3702

3.3.4 GOODWILL

Goodwill arising from an acquisition of a business is carried at cost as established on 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. The net fair value is determined 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 annual impairment analysis, in accordance with the Group’s accounting policy. The recoverable amounts of the cash-generating units are determined based on value-in-use calculations. Value-in-use is calculated based on estimates and judgements of the expected cash flows, which are discounted on a WACC (weighted average cost of capital) basis. For a description of the main estimates, valuation assumptions and a sensitivity analysis of the assumptions applied, see note 15.

3.3.5 INTANGIBLE ASSETS

Acquired intangible assets

Patents, licences (e.g. computer software), trademarks, brands, and similar rights are valued at cost less accumulated amortisation and impairment losses. If these assets are acquired in a business combination, the cost is equal to the fair value assigned at the time of the acquisition. 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 become available for use. Currently, the estimated useful lives range between three and five years.

Internally generated intangible assets

Costs associated with developing or maintaining computer software programs are generally recognised as an expense as incurred. However, (internal or external) costs that are directly associated with the production of unique software products controlled by the Group and that are likely to generate future economic benefits, are recognised as intangible assets. They are 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 and equipment are stated at cost less accumulated depreciations and impairment losses. The cost includes all direct costs and all expenditure to bring the asset to its working condition and location of 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 is included in the cost of the asset. Major components of property, plant and equipment are accounted for as separate assets when they have useful lives different to 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 when the cost of the item can be reliably measured. All other repair and maintenance costs are expensed as incurred.

Depreciation of property, plant and equipment is calculated from the date the asset becomes available for use, using the straight-line method over the estimated useful life of the asset. 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 and equipment under construction, as well as land, are not depreciated.

The residual value and the useful life of the asset are adjusted annually if the change is material.

Improvements to leased buildings are capitalised and depreciated over the remaining term of the lease, or over 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 recognises a right-of-use asset and a corresponding lease liability in respect of all lease arrangements in which it is the lessee.

Assets and liabilities arising from a lease are initially measured at present value. 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 the rate can be readily determined. For most contracts the implicit interest rate cannot be readily determined and the Group's incremental borrowing rate is used. This is the interest rate a lessee would have to pay to borrow (over a similar period of time, for a similar security) the funds necessary to obtain an asset of a comparable value to the right-of-use asset in a similar economic environment.

The Group is exposed to possible future increases in variable lease payments based on an index or rate, with these not being included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate become effective, 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 on 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 change in lease payments 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 is depreciated on a straight-line basis over its useful life (see 3.3.6 above). In all other circumstances, the asset is depreciated on a straight-line basis over the shorter of the asset's useful life or the lease term.

For short-term leases (a 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, the lease payments are recognised as operating expenses.

Some property leases contain variable payment terms 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 3.3.8 Impairment of assets.

3.3.8 IMPAIRMENTS OF ASSETS

The Group regularly reviews the carrying value of property, plant and equipment, goodwill and intangible assets to determine whether there is any indication of impairment. In addition, goodwill is reviewed for impairment at least annually. If there is any indication of impairment, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement as 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 its value in use).

The fair value is the price that would be received for selling an asset in an orderly transaction between market participants on the date in question, while value in use is the present value of estimated future cash flows. Estimated future cash flows are expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

To assess 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. This occurs 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 valued 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, as well as 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 within 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 assets if they mature within one year and as non-current assets if they mature after one year.

The classification of financial assets and contractual cash flows depends on the entity's business model. The 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 the income statement. 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 to collect contractual cash flows, with those cash flows solely representing payments of principal and interest.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that precisely 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) over 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 initially recognised 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 through sale of an asset in an orderly transaction on the principal or most advantageous market on the date in question.

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

- level 1 (unadjusted quoted prices): prices accessible to the entity on the measurement date in question 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 is not observable on a market, including observable data that has been significantly adjusted (e.g. extrapolation of interest rate curves over long non-observable periods).

In compliance with IFRS 9, the Group analyses all of its contracts, both financial and non-financial, 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 as closely related to the host contract, embedded derivatives are accounted separately from the host contract upon the inception date.

Accounting for derivatives is discussed in section 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. IFRS 9 requires expected lifetime losses to be recognised from the 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 a substantial amount of the total 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 in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. At the time of original recognition, they have a maturity 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 on the balance sheet within borrowings as a current liability.

3.3.12 ASSETS HELD FOR SALE

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continued use. The criteria for held for sale classification are 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 actively marketed for sale at a selling 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 the 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 the applicable IFRS. Then, on initial classification as held for sale, non-current assets (or disposal groups) are recognised at the lower of their carrying amounts and fair value less costs to sell. Impairment losses are recognised 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. Proceeds from the sale of treasury shares are included directly in net equity without any 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 are 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 as those 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 where 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 through the sale of an asset or paid to transfer a liability in an orderly transaction on the principal or most advantageous market on the date in question.

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 precisely 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) during the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Financial liabilities are no longer recognised in the balance sheet when, and only when, they are extinguished. That is, when the obligation specified in the contract is either discharged, cancelled or expires. If 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, that transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss arising from the extinguishment of the original financial liability is recognised in the statement of profit or loss.

Accounting for derivatives is discussed in section 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. All directly attributable transaction costs are allocated to the liability and equity components in proportion to their carrying amounts.

After 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 after initial recognition except upon conversion or expiry.

3.3.17 EMPLOYEE BENEFIT OBLIGATIONS

Pension Obligations

The Vandemoortele Group has 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 upon 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. The projected unit credit method is used to calculate the defined benefit obligation on an annual basis. Remeasurements comprising 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 of or change to post-employment benefits or other long-term employee benefits.

A defined contribution plan is a post-employment benefit plan. Under this plan, the Group pays fixed contributions into a separate entity (a fund or an insurance company) and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to an employee’s 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 contribution 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 achieving a minimum service period. The expected costs of these benefits are spread 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, (2) when it is probable (more likely than not) that an outflow of resources will be required to settle the obligation, and (3) when the amount can be reliably measured.

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

Restructuring provisions

Provisions for restructuring costs (including termination benefits) are recognised when the Group has a detailed formal plan. Furthermore, the Group should have raised a valid expectation among those affected that it will initiate the restructuring by starting to implement the plan or announcing its main features to those affected by it. No provisions are made for costs relating to the ongoing activities of the Company.

Litigations and tax risks

Provisions for tax risks 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 could 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.

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, where 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 contractual obligations.

Other provisions

Other provisions are booked for all other identifiable risks.

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 for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants on the date in question.

After initial recognition, derivative financial instruments are measured at their fair value on the 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 specific to commodity contracts, the 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. These are 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 which 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

Changes in fair value of derivative financial instruments that are 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 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 that are attributable to interest rate risk are recognised in the income statement within net finance expenses.

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 from the point in time when control of the goods is transferred to the customer. There are no contracts in which goods are transferred over time.
- Contracts with customers have generally have 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 performance obligation being satisfied.
- 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 selling price of the products included in 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 materialised through a credit note of the company or an invoice from the customer. These non-invoice discounts are deducted from the gross sales. The 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 includes 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 such cases, 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 Uncertainty over Income Tax Treatments a provision is recognised for matters in 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 be paid. The assessment is based on the judgement of tax professionals within the Company, supported by previous experiences in respect of such activities and, in certain cases, based on independent specialist tax advice.

Deferred taxes are 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 are 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 offset when there is a legally enforceable right to offset 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, as opposed to instead of, the latter.

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

EBIT

EBIT is defined as the profit/loss from operations.

EBITDA

EBIT before depreciation, amortisation and impairments.

EBITDA can be reconciled as follows for the years ended 31 December 2021 and 31 December 2020:

For the year ended 31 December THOUSAND EURO	2021	2020
Profit/loss from operations	45,913	37,792
Amortisations	2,509	2,612
Depreciations	61,046	57,609
Impairment losses on property, plant and equipment	1,901	405
EBITDA	**111,369**	**98,418**

After a slow start to the year due to the prolonged COVID-19 measures and despite the historically high input cost prices, the Group realised an increase of 13 % of the EBITDA from €98.4 million in 2020 to €111.4 million in 2021.

Adjusted EBIT

This is the adjusted profit from operations consisting of all income and expenses relating to normal business operations and before adjusting items (incl. depreciation and amortisation). Adjusted EBIT provides a normalised result that is not distorted by irregular profits, losses or other.

Adjusted EBIT can be reconciled as follows for the years ended 31 December 2021 and 31 December 2020:

For the year ended 31 December THOUSAND EURO	2021	2020
Profit/loss from operations (EBIT)	**45,913**	**37,792**
Adjusting items	9,078	5,793
Adjusted EBIT	**54,991**	**43,585**

The adjusted EBIT at the end of 2021 amounted to €55.0 million which is €11.4 million or 26 % higher year-on-year.

Adjusted EBITDA

Adjusted EBIT before depreciation and amortisation.

For the year ended 31 December THOUSAND EURO	2021	2020
EBITDA	**111,369**	**98,418**
Adjusting items	7,177	5,435
Adjusted EBITDA	**118,546**	**103,853**

Adjusted EBITDA increased to €118.5 million or 14% higher year-on-year

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), fade-out costs for production or logistic sites that are closed during the year and consultancy fees relating to possible mergers and acquisitions.

Adjusting items are composed of the following items for the years ended 31 December 2021 and 31 December 2020:

For the year ended 31 December THOUSAND EURO	2021	2020
Consultancy cost relating to mergers and acquisitions	(1,008)	(174)
Optimisation of operations	(3,995)	(3,912)
Lay-off costs not linked to future reorganisation	(2,174)	(1,349)
Total adjusting items (excl. impairments)	**(7,177)**	**(5,435)**
Impairment losses	(1,901)	(358)
Total adjusting items	**(9,078)**	**(5,793)**

The total adjusting items of €9.1 million are mainly related to restructuring costs in France and Belgium. Furthermore, there was an impairment of some fixed assets and a loss on disposal for idle assets, such as machinery that is no longer in operation. Consultancy fees for possible mergers and acquisitions are also included in the adjusted items.

Net fixed assets

Assets that are used in the operations of our business and that are required to be used for a period longer than one year (i.e. buildings, machinery, and similar).

For the year ended 31 December THOUSAND EURO	2021	2020
Goodwill	199,329	199,329
Other intangible assets	7,612	8,845
Property, plant and equipment	398,816	413,952
Other financial assets (excl. mutual funds)	30	30
Net fixed assets	**605,788**	**622,157**

The net book value of the fixed assets (property, plant and equipment) amounted to €398.8 million in 2021, compared to €414.0 million in 2020. This mainly concerns 25 production sites in 7 countries, of which 20 are for Bakery Products (BP) and 5 for Margarines, Culinary Oils & Fats (MCOF).

The Group invested €39.8 million, of which €31.1 million was for the enhancement and improvement of the BP production capacity and €8.6 million in the further rationalisation and modernisation of the MCOF production sites, more specifically in:

- a floor-baking oven in Arras,
- a pastry line in Worcester,
- the renewal and expansion of existing installations at Lyon, Seneffe and Eeklo
- the implementation of a new automatic production control system in the MCOF plants,
- an extrusion line in Izegem.

(Operational) working capital need

The current assets less the current liabilities.

For the year ended 31 December THOUSAND EURO	2021	2020
Inventories	141,015	119,428
Trade receivables	167,056	141,482
Trade payables	(281,882)	(214,942)
Operational working capital need	**26,190**	**45,968**
Other working capital need	(18,618)	(14,891)
Working capital need	**7,572**	**31,077**

A general decrease in working capital was observed despite the higher valuation of raw materials, energy, packaging, and other assets. The trade receivables rose in 2021 due to sales price increases, but also due to higher sales volumes in November and December. Trade payables also increased in the final months of the year due to the purchase of more raw materials at a higher price. In 2021, inventories were valued at €141.0 million, compared to €119.4 million in 2020; an increase of €21.6 million. Nevertheless, the volume of inventories is quite low in relation to the volumes sold.

Other working capital need

Other current assets less other current liabilities.

For the year ended 31 December THOUSAND EURO	2021	2020
Other assets	9,298	9,209
Other receivables	3,249	4,072
Current tax	22,065	18,211
Employee benefits	(41,928)	(36,797)
Other liabilities	(11,302)	(9,586)
Other working capital need	**(18,618)**	**(14,891)**

Employee benefits increase from €36.8 million in 2020 to €41.9 million in 2021. Technical unemployment that was implemented in 2020 due to the COVID-19 pandemic disappeared during the second half of 2021 and bonus provisions were significant higher in 2021, as a result of the improved results of the Group in 2021.

Net financial debt

The borrowings excluding the issuance costs minus cash and cash equivalents and current other financial assets.

For the year ended 31 December THOUSAND EURO	2021	2020
Borrowings (note 24)	237,526	238,536
- NBV issuance cost (note 24)	483	799
- Cash and cash equivalents (note 22)	(59,416)	(20,152)
- Other financial assets	(11,360)	(10,888)
Net financial debt	**167,233**	**208,295**

Senior net financial debt

Net financial debt excluding the subordinated loan.

For the year ended 31 December THOUSAND EURO	2021	2020
Net financial debt	167,233	208,295
- Subordinated loan (note 25)	(75,000)	(75,000)
Senior net financial debt	**92,233**	**133,295**

The decrease of the Senior Net Financial Debt by €41.1 million is explained by the following factors:

- a cash flow from operating activities of €111.6 million (€81.2 million from BP and €30.3 million from MCOF)
- a working capital need (before factoring) decrease of €13.0 million (-€19.5 million from BP and +€6.5 million from MCOF)
- CapEx of €39.8 million (€31.1 million from BP and €8.6 million from MCOF)
- increased factoring and other cash outflows of -€4.8 million
- interests paid of €8.8 million
- income taxes paid of €9.6 million and a dividend pay-out of €20.5 million.

Capital employed

The amount of capital investment to operate.

For the year ended 31 December THOUSAND EURO	2021	2020
Net fixed assets	605,788	622,157
Working capital need	7,572	31,077
Commodity derivatives	(150)	24
Capital employed	**613,210**	**653,258**

The decrease in capital employed is explained by:

- depreciation, amortisations and impairments (€65.5 million) that are higher than investments including IFRS 16 (€50.1 million) and disposals of idle assets that are no longer in operation.
- lower working capital need (€13.0 million) combined with higher factoring (€10.5 million)

Capital provided

Capital provided consists of equity and debt. It is the means by which the capital employed is financed.

For the year ended 31 December THOUSAND EURO	2021	2020
Equity	436,721	423,092
Provisions, deferred taxes and derivatives	9,255	21,871
Net financial debt	167,233	208,295
Capital provided	**613,210**	**653,258**

The increase of the equity is mainly explained by the net result of the year (€33.2 million) and the net dividend paid out during the year (€20.5 million)

Return on capital employed (ROCE)

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

5. OPERATING SEGMENT INFORMATION

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

The Group operates using 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 (BP) operating segment and the Margarines, Culinary Oils & Fats (MCOF) operating segment. The Bakery Products operating segment comprises the development, production and sale of frozen bakery products. We supply bakery products to artisan bakers, industrial and professional customers, and retail organisations through three channels: artisan bakery, food service and retail. The MCOF operating segment comprises the development, production and sale of margarines, culinary oils & fats. MCOF products are offered through four channels, namely artisan bakery, food service, retail and industry. In total, the Group offers ten different brands, namely Gelfin'Or, Banquet D'Or, Les Pains Pérènes, Lanterna, My Original's, La Patisserie du Chef, Vandemoortele, Risso, Fama and Vitelma.

Sales between operating segments are carried out following the arm's-length principle. Sales by MCOF to BP amounted to €16.9 million in 2021 (2020: €12.9 million). Revenue from external parties reported to the ExCo is measured in a manner consistent with that in the income statement.

The following tables present key financial information regarding the Group's operating segments for the years ended 31 December 2021 and 31 December 2020 respectively.

5.1 FINANCIAL SEGMENT INFORMATION

THOUSAND EURO	BAKERY PRODUCTS 2021	BAKERY PRODUCTS 2020	MCOF 2021	MCOF 2020	UNALLOCATED[1] 2021	UNALLOCATED[1] 2020	TOTAL 2021	TOTAL 2020
P&L information								
External revenue	812,528	724,265	499,477	456,836	17,596	16,263	1,329,601	1,197,364
Internal revenue	0	0	16,907	12,913	(16,907)	(12,913)	0	0
Revenue	812,528	724,265	516,384	469,749	689	3,350	1,329,601	1,197,364
Adjusted EBITDA	86,969	61,086	31,754	42,906	(177)	(139)	118,546	103,853
Adjusting items (excl. depreciation, amortisation and impairments)	(5,760)	(5,429)	(1,417)	(6)	0	0	(7,177)	(5,435)
EBITDA	81,209	55,657	30,337	42,900	(177)	(139)	111,369	98,418
Depreciation, amortisation and impairments	51,491	47,850	13,965	12,776	0	0	65,456	60,626
EBIT	**29,718**	**7,807**	**16,373**	**30,124**	**(177)**	**(139)**	**45,913**	**37,792**
Adjusting items (incl. depreciation, amortisation and impairments)	7,317	5,787	1,760	6	0	0	9,077	5,793
Adjusted EBIT	37,035	13,594	18,133	30,130	(177)	(139)	54,991	43,585
Financial income							7,490	5,097
Financial expense							(12,242)	(13,086)
Associates							0	26,000
Income tax (expense)							(8,006)	(18,591)
EAT (earnings after tax)							**33,156**	**37,213**

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

The adjusting items excluding depreciation, amortisation and impairments include mainly restructuring costs in France and Belgium, loss on disposals for idle assets that are no longer in operation and consultancy fees for possible mergers or acquisitions. Depreciation, amortisation and impairments include €1.6 million (2020: €0.4 million) impairments in the BP business line and €0,3 million (2020: €0.0 million) impairments in the MCOF business line.

Bakery Products

In 2021, our focus was placed on pastries and sweet treats in this product line, with both categories having a higher added value. At the same time, we adjusted our raw bread capacity due to the declining trend in this category. Sales of bakery products in Italy grew thanks to several contracts with new customers. Bakery products also did remarkably well in the French market in 2021.

Due to the constraints imposed by COVID-19 measures upon the catering industry, our ambition to grow in the food service channel lagged in the first half of the year. Therefore, a tight and active cost management was required the first half of 2021. Marketing campaigns were temporarily put on hold, and recruitment was limited to strictly necessary positions. From June onwards, the food service channel recovered, and we were able to re-initiate certain marketing campaigns.

Altogether this resulted in a revenue increase of €88.3 million to €812.5 million in 2021 and an adjusted EBITDA of €87.0 million in this business line. Thanks to the focus on added value products and strict cost monitoring, we were able to perform well in financial terms, and to improve margins in this business line.

MCOF

The revenue in the MCOF business line increased by €46.6 million to €516.4 million. The adjusted EBITDA for this business line amounted to €31.8 million compared to €42.9 million in 2020. This lower result is mainly due to the sharp increase in raw material prices, which could only be passed on to the customers with delay. In 2021 price competition also intensified and put additional pressure on sales prices, and thus on the margins. Sales in the food service channel decreased in the first half of the year as a direct result of the imposition of COVID-19 restrictions, but recovered in the second half . In the retail channels our sales volumes slightly grew, largely thanks to the growth in popularity of home cooking during lockdown.

	BAKERY PRODUCTS		MCOF		UNALLOCATED		TOTAL	
THOUSAND EURO	2021	2020	2021	2020	2021	2020	2021	2020
Total assets per segment								
Net fixed assets	444,943	461,856	160,845	160,301	0	0	605,788	622,157
Other non-current assets					2,809	2,728	2,809	2,728
Total non-current assets (excl. deferred tax assets)	**444,943**	**461,856**	**160,845**	**160,301**	**2,809**	**2,728**	**608,597**	**624,885**
Assets working capital need	229,346	213,080	156,205	116,704	(79,379)	(68,874)	306,172	260,910
Other current assets (1)	0	0	0	0	134,945	83,399	134,945	83,399
Total current assets	**229,346**	**213,080**	**156,205**	**116,704**	**55,566**	**14,525**	**441,117**	**344,309**
Total assets (excl. deferred tax assets)	**674,289**	**674,936**	**317,050**	**277,005**	**58,375**	**17,253**	**1,049,714**	**969,194**
Assets working capital need	229,346	213,080	156,205	116,704	(79,379)	(68,874)	306,172	260,910
Liabilities working capital need	(153,337)	(121,499)	(126,645)	(93,443)	0	0	(279,982)	(214,942)
Total operational working capital need	**76,009**	**91,581**	**29,560**	**23,261**	**(79,379)**	**(68,874)**	**26,190**	**45,968**

(1) Other current assets are not allocated to BP or MCOF and include other receivables, other financial assets and cash & cash equivalents.

5.2 ENTITY WIDE GEOGRAPHICAL INFORMATION

Vandemoortele is a family business with Belgian roots that has grown to become a truly international food company. The Group is active in various geographical regions as listed below. The rest of Europe mainly consists of Scandinavia, Poland and Hungary. Outside Europe, the Group is mainly active in North America, Africa and the Middle East.

The revenue per country is based on the geographical location of the external customers:

THOUSAND EURO	2021	2020
Revenue per country (customer based)		
France	382,637	353,451
Germany	174,420	165,465
Belgium	164,611	160,640
Italy	133,484	104,197
The Netherlands	109,435	110,355
Spain	92,583	68,963
UK	75,567	64,054
Czech Rep & Slovakia	28,374	25,626
Rest of Europe	107,758	93,557
Outside Europe	60,731	51,056
Total	**1,329,601**	**1,197,364**

The non-current assets per country are based on the geographical location of our companies and concerns mainly the plants of the Group. These are the values of acquired assets with an expected economic lifetime of more than one year.

THOUSAND EURO	2021	2020
Non-current assets per country (excl. deferred tax assets)		
Goodwill (non allocated)	199,329	199,329
France	149,476	157,066
Belgium	106,201	113,209
Italy	36,400	40,267
Poland	31,227	34,942
Spain	14,017	14,675
The Netherlands	34,837	32,974
Germany	18,275	18,973
UK	18,133	12,961
Other	703	490
Total (see consolidated balance sheet)	**608,597**	**624,885**

5.3 MAJOR CUSTOMERS

The BP and MCOF operating segments are predominantly business-to-business activities. Our customers are food sellers in all shapes and sizes, such as supermarkets, hotels, restaurants, quick-service restaurants, lunchrooms, petrol stations, artisan bakers, industrial bakers and food industries. Our products are sold across the following distribution channels: retail, artisan bakery, food service and food industry.

- Retail: consumers can buy branded products from our range directly in the supermarket.
- Artisan bakery: the product range for the artisan bakery is puff pastry sheets, bread, donuts, patisserie, savoury and margarines.
- Food service: with our extensive and complete range of convenience products, we respond to the latest food trends and consumer needs. For example, restaurants can offer their customers our top quality sandwiches, sauces, desserts and sweet and savoury snacks.
- Food industry: we supply specialised margarines to other companies.

Overall, the retail distribution channel, which represents approximately 67% and 30% of the sales volume of BP and MCOF respectively, are partly concentrated, with three top retailers controlling at least half of the market share in France, Germany, the Netherlands, the United Kingdom and Belgium.

No individual customer represents more than 10% of Group revenue. The revenue from the top five customers combined represented 17.9% of the total Group revenue in 2021 (2020: 18.8%).

For the BP and MCOF business lines, the top five customers accounted for 24.8% (2020: 26.1%) and 19.0% (2020: 19.4%) of the total revenues in 2021. When we consider the top ten customers, the share increases to approximately 38.1% for BP, 30.0% for MCOF and 28.1% for the total Group.

6. SERVICES

For the year ended 31 December THOUSAND EURO	2021	2020
Rent and lease expenses [(1)]	9,794	9,508
Repairs and maintenance	35,951	36,103
Utilities	30,708	28,527
Communication expenses	3,082	3,322
Office supplies, subscriptions and documentation	1,751	1,672
Fees, consultancy and memberships	19,562	20,021
Safety and environmental expenses	3,500	3,712
Insurance premiums	3,594	3,150
Warehousing	21,438	23,016
Transport	86,003	77,946
Travel and representation expenses	4,758	4,546
Advertising and marketing expenses	12,053	10,145
Analyses	1,423	1,231
Agency fees	620	486
Service fees	257	212
Manufacturing fees	2,383	3,177
Other	1,075	653
Services	**237,952**	**227,428**

[(1)] Under IFRS 16 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 increased transport expenses are related to the increased sales and production volumes. On top of this, shortage of transport capacity in the market, in combination with increased fuel prices made transport more expensive.

7. EMPLOYEE BENEFIT EXPENSE

For the year ended 31 December THOUSAND EURO	2021	2020
Salaries and wages	162,126	158,915
Termination benefits	5,163	3,024
Social security contributions	46,850	43,898
Extra statutory insurances	1,400	1,459
Pension expense for defined benefit plans	4,494	3,762
Contributions to pension plans (defined contribution)	2,783	2,917
Interim personnel	28,677	22,882
Training and education	1,628	1,604
Recruitment expenses	2,333	2,048
Directors' remunerations	611	1,479
Share based compensation plans	(904)	2,674
Other personnel expenses	4,252	4,379
Employee benefit expenses	**259,413**	**249,040**

After the slow start to the year due to the prolonged COVID-19 measures, lockdowns and curfews later in 2021 were less harsh in most European countries. Sales volumes recovered compared to 2020. Production had to run at full speed to follow the high demand of our customers and to keep inventories at target level. This led to the cessation of technical unemployment and to the increased hiring of interim personnel. The better results of the Group resulting in higher bonus provisions are another element of the explanation for the higher salaries and wages.

For more information on the compensation of key management personnel, see note 31.

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

For the year ended 31 December NUMBER OF FTEs	2021	2020
Blue collars	2,340	2,494
White collars	1,021	1,011
Managers	651	631
Interims	503	426
Average number of full-time equivalents	**4,515**	**4,562**

8. DEPRECIATION, IMPAIRMENT, AMORTISATION AND WRITE DOWN

For the year ended 31 December THOUSAND EURO	2021	2020
Amortisations	2,509	2,612
Net impairment losses	1,901	405
Depreciations	61,046	57,609
Write-down of inventories	(6)	1,546
Write-down of receivables	(1,375)	492
Depreciation, impairment, amortisation and write downs	**64,074**	**62,664**

The depreciation expenses disclosed above include depreciation expenses related to property, plant and equipment amounting to €50.3 million (2020: €47.0 million) and depreciation expenses related to leased assets amounting to €10.7 million (2020: €10.6 million).

9. CHANGE IN PROVISIONS

For the year ended 31 December THOUSAND EURO	2021	2020
Restructuring	(218)	247
Litigations and tax	(266)	50
Other	483	374
Change in provisions	**(1)**	**671**

The classification of the used provisions (€3.0 million in 2021, €3.1 million in 2020) is as follows:

For the year ended 31 December THOUSAND EURO	2021	2020
Employee expenses	2,558	2,884
Services	335	181
Other	80	0
Used provisions	**2,973**	**3,064**

The provisions are further described in note 29.

10. OTHER OPERATING INCOME

For the year ended 31 December THOUSAND EURO	2021	2020
Gains on disposals of tangible and intangible fixed assets	39	291
Fair value gain on forward purchase contracts crude vegetable oil	0	72
Government grants	1,583	2,649
Capitalised engineering	963	1,172
Sales waste	3,401	2,440
Exemption payroll tax	3,047	3,023
Benefit in kind	3,295	4,553
Site revenues	945	989
Sales promotional materials	263	561
Tax recuperation (non-income tax related)	260	12
Rental fleet	46	72
Palettes	1,126	1,517
Recuperation damage/insurance	1,326	742
Compensation from third parties for investments in energy/formation/safety	788	786
Realised exchange gains relating to trade business	1,474	1,897
Other	1,107	1,586
Other operating income	**19,663**	**22,359**

11. OTHER OPERATING EXPENSE

For the year ended 31 December THOUSAND EURO	2021	2020
Loss on disposals of tangible and intangible fixed assets	957	1,396
Fair value loss on forward purchase contracts crude vegetable oil	174	0
Loss on realisation of trade receivables	1,634	668
Non-income tax levies and penalties	336	305
Other	85	540
Realised exchange losses relating to trade business	177	1,932
Other operating taxes	7,169	8,378
Other operating expense	**10,531**	**13,219**

"Other operating taxes" is divided into three categories: property tax (€3.6 million), packaging tax (€0.7 million) and solidarity tax (€0.7 million). A decrease in the other operating taxes is mainly related to the decrease in property tax ("taxe foncière") in France (€1.2 million).

12. FINANCIAL INCOME

For the year ended 31 December THOUSAND EURO	2021	2020
Interest income	66	18
Exchange gains	4,530	3,310
Fair value gains on FX hedging instruments not part of a hedge accounting relationship	0	1,419
Fair value gains on interest hedging instruments not part of a hedge accounting relationship	2,420	0
Fair value gains on financial assets measured at fair value through profit	472	348
Other financial income	2	2
Financial income	**7,490**	**5,097**

Financial income rose by 47% resulting from the fair value gains on the interest rate swaps due to the increased interest rates in the second half of the year.

13. FINANCIAL EXPENSE

For the year ended 31 December THOUSAND EURO	2021	2020
Interest expense	7,997	8,724
Exchange losses	2,339	2,814
Fair value losses on FX hedging instruments not part of a hedge accounting relationship	800	0
Fair value losses on interest hedging instruments not part of a hedge accounting relationship	0	409
Bank and legal fees	379	429
Other financial expense	727	710
Financial expense	**12,242**	**13,086**

Financial expenses fell by 6%, which is explained by lower interest expenses due to a lower average senior net financial debt and lower exchange losses in 2021. This decrease is partly offset by fair value losses on FX hedging instruments mainly caused by an increased GBP rate.

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	2021	2020
Current taxes for the year	(13,205)	(9,802)
Adjustment to current taxes on prior years	137	(1,100)
Deferred taxes	5,062	(7,690)
Income tax (expense)	**(8,006)**	**(18,591)**

The income tax expense has decreased by 57% compared to last year.

On the one hand, the current year taxes for 2021 are higher than those in 2020, although the profit before tax was lower than in 2020. This increase is caused by the fact that most profit of 2021 is realised by the companies without available tax losses carried forward to offset this profit.

On the other hand additional deferred tax assets were recognized for tax losses of the current year and also for previous year tax losses considering adjusted forecasts of future taxable results. The deferred taxes are described further in note 19.

The table below summarises the relationship between income tax and profit before income tax:

For the year ended 31 December THOUSAND EURO	2021	2020
Accounting profit before taxes	41,162	55,804
Profit before tax and before share of result of associates	**41,162**	**55,804**
Tax at Belgian corporate tax rate (25%)	10,290	13,951
Adjustment to current taxes on prior years		
- over/underprovided prior years	(137)	1,100
Tax effect of		
- special tax regimes [(1)]	(1,744)	(7,650)
- other domestic tax rates	(232)	247
- expenses not deductible for tax purposes	1,101	983
- losses/timings for which no deferred tax was recognised	757	4,683
- utilisation of unrecognised tax attributes	(86)	0
- reversal of previously recognised deferred taxes (asset +/liability -)	42	4,838
- deferred tax assets previously not recognised	(3,245)	(1,036)
- changed tax rate	74	0
Other domestic taxes [(2)]	1,173	1,632
Other	13	(157)
Total income tax	**8,006**	**18,591**

(1) mainly relates to tax exempt capital gain on sale Lipidos Santiga

(2) mainly CVAE France

The special tax regimes in 2020 mainly relate to the tax-exempt capital gain on the sale of the investment in Lipidos Santiga. The contribution for value added by businesses (*cotisation sur la valeur ajoutée des entreprises*, CVAE) is a French tax assessed on the added value that companies realised during the previous calendar year. The CVAE rate is 1.5% for companies with an annual pre-tax turnover of +€50.0 million. 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 exceeds €50 million. Companies with a turnover below this amount are subject to a reduced CVAE rate (depending on turnover). The minimum annual pre-tax turnover to be subject to CVAE is €0.5 million.

14.2 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

For the year ended 31 December THOUSAND EURO	2021	2020
Deferred tax		
- arising on income and expense recognised in other comprehensive income:		
* on remeasurements of defined benefit obligation	(1,685)	(141)
Total income tax recognised in other comprehensive income	**(1,685)**	**(141)**

15. GOODWILL

Goodwill represents approximately 20 % of the total assets of Vandemoortele as of 31 December 2021. In 2021, there are no changes to goodwill. The goodwill is tested for impairment every year.

The test was performed on a cash-generating unit level (Bakery Products and Margarine, Culinary Oils & Fats) by comparing each unit's carrying value, including goodwill, to its value-in-use.

The value-in-use of each reporting unit was assessed using a discounted cash flow model based on divisional management's budget for the year 2022 and the latest update of the strategic plan covering a three-year period extended by an additional year based on management's expected developments.

The outcome of the goodwill impairment tests performed in a consistent way did not result in any impairment loss at the end of 2021. Over the last three years the impairment test on goodwill did not result in any impairment loss.

The impairment testing performed is explained below.

Goodwill by cash-generating unit

On acquisition, goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from that business combination. These cash-generating units correspond to the divisions Bakery Products (BP) and Margarine, Culinary Oils & Fats (MCOF). Therefore, impairment testing is performed at the level of the cash-generating units as presented below.

The carrying amount of goodwill (after impairment) has been allocated to the cash-generating units as follows:

For the year ended 31 December THOUSAND EURO	MCOF	BAKERY	2021	2020
Goodwill as of 1 January	62,723	136,606	199,329	199,329
Goodwill as of 31 December	**62,723**	**136,606**	**199,329**	**199,329**

The Group performed its annual impairment test as of 31 December 2021 consistently with the previous years.

The annual impairment tests were performed for each cash-generating unit. The recoverable amount for each of the cash-generating units has been determined based on a value-in-use calculation using cash flow projections generated by divisional management covering a five-year period, in conjunction with a perpetuity of cash flows to determine terminal value.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating units is most sensitive to following assumptions:

- Annualized sales growth over the 5-year projected cash flows
- Average EBITDA margin over the 5-year projected cash flows

- Growth rate used to extrapolate cash flows beyond the 5-year projected cash flows
- Discount rates

The key parameters used for the impairment test of both cash generating units, BP and MCOF, and the resulting available headroom (value-in-use exceeds carrying value) are shown in the table below:

	BP		MCOF	
	2021	2020	2021	2020
Annualised sales growth	5.8%	7.8%	4.3%	4.5%
Average EBITDA margin	12.1%	10.5%	8.2%	8.5%
Perpetual growth rate	0.5%	0.5%	0.0%	0.0%
Discount rate	7.1%	8.3%	7.1%	6.8%
Headroom (in millon Euro)	345.1	200.2	210.4	269.7

Discount rate is based on benchmark interest rates, the financing structure and the cost 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 7.1 % (8.3 % in 2020) for BP and 7.1 % (6.8 % in 2020) for MCOF. The discount rate includes a specific risk premium of 0.5 % for both cash generating units (CGU's) (in 2020: 1.5 % for Bakery Products, 0,0 % for MCOF). This specific risk premium is applied because of the sensitivity of both CGU's to specific business risks such as high (and fluctuating) raw material prices which makes projections of future cash flows subject to more uncertain and volatile assumptions.

Sensitivity to changes in assumptions

The major sensitivities for the impairment tests are the sales evolution, the EBITDA margin and the discount rate.

A reasonable change in one of these sensitivities (keeping the other parameters constant) does not lead to a potential material impairment for either BP or MCOF.

A fall of the annualised sales growth to 4.1 % combined with a fall of the average EBITDA margin to 10.6 % combined with an increase of the discount rate with 1% would reduce the headroom for BP to zero.
A fall of the annualised sales growth to 0.9 % combined with a fall of the average EBITDA margin to 6.6 % combined with an increase of the discount rate by 1% would reduce the headroom for MCOF to zero.

The estimated impact of the Ukraine/Russia crisis on our results falls well within the assumptions used for the sensitivity calculation.

Based on the above assumptions, the Group has concluded that no impairment losses need to be recorded as of 31 December 2021 on the goodwill of BP and MCOF.

16. OTHER INTANGIBLE ASSETS

For the year ended 31 December	2021				
THOUSAND EURO	**DEVELOPMENT**	**PATENTS AND TRADEMARKS**	**SOFTWARE**	**OTHER**	**TOTAL**
Gross amount as of 1 January	**296**	**2,807**	**14,954**	**17,808**	**35,866**
Other acquisitions	0	0	634	0	634
Disposals	0	0	(879)	0	(879)
Transfers from one heading to another	0	0	684	0	684
Currency translation adjustments	0	0	1	0	1
Gross amount as of December 31	**296**	**2,807**	**15,393**	**17,808**	**36,305**
Accumulated amortisation as of 1 January	**296**	**2,807**	**13,068**	**10,849**	**27,020**
Amortisation for the year	0	0	859	1,650	2,509
Disposals	0	0	(837)	0	(837)
Currency translation adjustments	0	0	1	0	1
Accumulated amortisation as of 31 December	**296**	**2,807**	**13,091**	**12,499**	**28,693**
Net balance as of 31 December	**0**	**0**	**2,303**	**5,310**	**7,612**

For the year ended 31 December	2020				
THOUSAND EURO	**DEVELOPMENT**	**PATENTS AND TRADEMARKS**	**SOFTWARE**	**OTHER**	**TOTAL**
Gross amount as of 1 January	**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 as of 31 December	**296**	**2,807**	**14,954**	**17,808**	**35,866**
Accumulated amortisation as of 1 January	**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 as of 31 December	**296**	**2,807**	**13,068**	**10,849**	**27,020**
Net balance as of 31 December	**0**	**0**	**1,886**	**6,960**	**8,845**

There are no liabilities secured on intangible assets. The research and development expenses that do not meet the capitalisation criteria of IAS 38, and were therefore included in the income statement, amount to €6.6 million (2020: €6.5 million). The other intangible assets contain the net book value of the customer portfolio of LAG, amounting to €4.5 million, which has a remaining useful life of 3 years.

17. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December	2021					
THOUSAND EURO	LAND AND BUILDINGS	PLANT AND MACHINERY	ASSETS UNDER CONSTRUCTION	OTHER[1]	LEASED PROPERTY	TOTAL
Gross amount as of 1 January	**312,012**	**657,590**	**21,276**	**35,004**	**136,960**	**1,162,842**
Other acquisitions	3,665	19,753	15,100	625	7,052	46,194
Remeasurement IFRS 16	0	0	0	0	3,621	3,621
Disposals	(1,159)	(24,023)	(44)	(5,959)	(6,568)	(37,753)
Transfers from one heading to another	5,106	19,274	(26,499)	1,436	0	(684)
Currency translation adjustments	182	821	151	36	102	1,292
Gross amount as of 31 December	**319,805**	**673,415**	**9,984**	**31,141**	**141,166**	**1,175,512**
Accumulated depreciation as of 1 January	**168,011**	**471,548**	**0**	**26,085**	**83,503**	**749,149**
Depreciation for the year	11,124	36,378	0	2,831	10,706	61,040
Disposals	(1,106)	(22,290)	0	(5,844)	(6,479)	(35,719)
Impairment losses	1,406	669	0	0	0	2,075
Reversal of impairment losses	0	(364)	0	0	0	(364)
Transfers from one heading to another	948	(645)	0	(303)	0	0
Currency translation adjustments	126	315	0	27	48	516
Accumulated depreciation as of 31 December	**180,509**	**485,611**	**0**	**22,796**	**87,779**	**776,696**
Net balance as of 31 December	**139,296**	**187,803**	**9,984**	**8,345**	**53,387**	**398,816**

[1] Consists mainly of furniture, office equipment and motor vehicles

For the year ended 31 December	2020					
THOUSAND EURO	LAND AND BUILDINGS	PLANT AND MACHINERY	ASSETS UNDER CONSTRUCTION	OTHER[1]	LEASED PROPERTY	TOTAL
Gross amount as of 1 January	**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 IFRS 16	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 as of 31 December	**312,012**	**657,590**	**21,276**	**35,004**	**136,960**	**1,162,842**
Accumulated amortisation as of 1 January	**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 amortisation as of 31 December	**168,011**	**471,548**	**0**	**26,085**	**83,503**	**749,149**
Net balance as of 31 December	**144,001**	**186,042**	**21,276**	**8,918**	**53,457**	**413,693**

[1] Consists mainly of furniture, office equipment and motor vehicles

"Property, plant and equipment" contains assets that are no longer in use, amounting to €9.5 million. These assets are related to buildings and equipment at two French sites on which impairments have been booked in the previous years to bring the net book value close to the fair value.

The main CapEx projects in 2021 included:

- a floor-baking oven in Arras,
- a pastry line in Worcester,
- the renewal and expansion of existing installations at Lyon, Seneffe and Eeklo

- the implementation of a new automatic production control system in the MCOF plants,
- an extrusion line in Izegem.

With the exception of 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, with this being explained in more detail below.

For the year ended 31 December	2021				
THOUSAND EURO	LAND AND BUILDINGS	PLANT AND MACHINERY	FURNITURE AND	VEHICLES	TOTAL
Gross amount as of 1 January	**75,496**	**37,155**	**495**	**23,815**	**136,960**
Other acquisitions	955	154	0	5,943	7,052
Remeasurement IFRS 16	4,161	202	0	(742)	3,621
Disposals	(2,656)	(137)	(52)	(3,723)	(6,568)
Currency translation adjustments	76	0	2	24	102
Gross amount as of 31 December	**78,032**	**37,373**	**445**	**25,316**	**141,166**
Accumulated depreciation as of 1 January	**37,988**	**33,958**	**254**	**11,305**	**83,503**
Depreciation for the year	3,648	669	133	6,255	10,706
Disposals	(2,671)	(127)	(52)	(3,630)	(6,479)
Currency translation adjustments	37	0	1	11	48
Accumulated depreciation as of 31 December	**39,002**	**34,500**	**337**	**13,941**	**87,779**
Net balance as of 31 December	**39,030**	**2,873**	**109**	**11,376**	**53,387**

For the year ended 31 December	2020				
THOUSAND EURO	LAND AND BUILDINGS	PLANT AND MACHINERY	FURNITURE AND	VEHICLES	TOTAL
Gross amount as of 1 January	**75,228**	**36,996**	**795**	**19,638**	**132,657**
Other acquisitions	342	0	76	7,483	7,901
Remeasurement IFRS 16	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 as of 31 December	**75,496**	**37,155**	**495**	**23,815**	**136,960**
Accumulated amortisation as of 1 January	**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 amortisation as of 31 December	**37,988**	**33,958**	**254**	**11,305**	**83,503**
Net balance as of 31 December	**37,508**	**3,197**	**241**	**12,511**	**53,457**

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

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 leases certain plant and equipment with lease terms of 12 months or less, as well as office equipment of 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	2021	2020
Expense relating to short-term leases	1,522	1,681
Expense relating to leases of low-value assets	798	415
Expense relating to variable lease payments	4,718	4,535
Non-lease components	1,946	2,191
Interest expenses	810	780
Services (note 6)	**9,794**	**9,602**
Depreciation expense (note 8)	10,706	10,578

The total cash outflow for leases in 2021 was €9.9 million.

At closing 2021, the Group was committed to €0.8 million 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, with these not being 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 (see note 24).

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 several 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.

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

For the year ended 31 December THOUSAND EURO	2021	2020
Opening balance as of 1 January	**47,774**	**51,127**
Restated opening balance as of 1 January	**47,774**	**51,127**
New leases	6,056	8,603
Remeasurement IFRS 16	3,501	(418)
Reimbursements	(9,063)	(11,466)
Currency translation adjustments	53	(72)
Closing balance as of 31 December	**48,322**	**47,774**

The maturity analysis of lease liabilities is disclosed in note 25.4.

18. TRADE AND OTHER RECEIVABLES

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

For the year ended 31 December THOUSAND EURO	2021	2020
Trade receivables - gross	171,302	147,098
Allowances for expected credit losses	(4,246)	(5,616)
Trade receivables - net	**167,056**	**141,482**
VAT receivable	44,090	31,000
Income tax receivable	3,873	4,126
Other taxes receivable	2,033	4,312
Prepayments	2,200	2,200
Other	1,049	1,872
Other receivables	**53,245**	**43,508**
Current trade and other receivables	**220,302**	**184,990**
Trade and other receivables	**220,302**	**184,990**

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 risk is further described in note 25.5.

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

2021						
For the year ended 31 December THOUSAND EURO	NET CARRYING AMOUNT AS OF REPORTING	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	167,056	151,073	11,981	2,192	1,450	360
Other	53,245	53,245	0	0	0	0
Trade and other receivables	**220,302**	**204,318**	**11,981**	**2,192**	**1,450**	**360**

2020						
For the year ended 31 December THOUSAND EURO	NET CARRYING AMOUNT AS OF REPORTING	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 and other receivables	**184,990**	**162,821**	**16,341**	**3,177**	**2,093**	**558**

In 2021, total overdue amounts decreased to €16.0 million, compared to €22.2 million in 2020. The bad debt reserve in 2021 amounted to 51.5% of trade receivables overdue for more than 30 days (2020: 49.1%). 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 materially change 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	2021	2020
Balance as of 1 January	**5,616**	**5,143**
Impairment losses recognised on receivables	(846)	(316)
Amounts written off during the year as uncollectible	868	1,037
Amounts recovered during the year	(1,397)	(209)
Foreign exchange translation gains and losses	4	(36)
Balance as of 31 December	**4,246**	**5,616**

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

The maximum exposure to credit risk on 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 into a non-recourse factoring agreement (in 2012 for the companies VDM Lipids NV and Vamix NV, in 2013 for VDM Bakery Products France SAS, in 2015 for VDM Nederland BV, and in 2016 for VDM Lipids France) entailing that 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, on 31 December 2021, an amount of €79.38 million was received in cash (2020: €68.87 million).

The continuing involvement of the Group in the transferred receivables is limited to the continuing involvement guarantee (€0.40 million) and the continuing involvement interests for late payment risk (€0.16 million). The corresponding financial obligation (€0.56 million) is recognised on the balance sheet under short-term borrowings.

19. DEFERRED TAXES

Deferred tax assets and liabilities are attributable as follows:

For the year ended 31 December	ASSETS		LIABILITIES		NET	
THOUSAND EURO	2021	2020	2021	2020	2021	2020
Intangibles	2,360	2,998	(1,992)	(2,450)	368	547
Property, plant and equipment	2,558	2,406	(11,727)	(11,434)	(9,169)	(9,028)
Financial assets	79	0	(382)	(302)	(304)	(302)
Inventories	114	52	0	0	114	52
Derivative financial instruments	601	1,125	0	0	601	1,125
Other assets	186	276	(27)	(22)	159	254
Employee benefits	3,598	5,513	0	0	3,598	5,513
Provisions	153	185	(5,698)	(5,519)	(5,545)	(5,334)
Other liabilities	622	524	(524)	(611)	98	(86)
Tax free reserves	0	0	(4,723)	(4,723)	(4,723)	(4,723)
Tax losses and tax liabilities	35,489	30,138	(1,865)	(2,617)	33,623	27,521
Gross deferred tax assets/liabilities	**45,759**	**43,217**	**(26,940)**	**(27,678)**	**18,819**	**15,539**
Compensation of assets and liabilities within same jurisdiction	(7,425)	(5,215)	7,425	5,215		
Net deferred tax assets/liabilities	**38,334**	**38,002**	**(19,515)**	**(22,463)**	**18,819**	**15,539**

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through the future taxable profits is probable. For the tax losses of the current year 2021 deferred tax assets have been recognised, considering the yearly updated forecasts show these tax losses will be used in the foreseen time horizon. Furthermore, based on these updated forecasts, deferred tax assets have been recognised in 2021 that previously were not recognised for a total amount of €3.2 million, of which 1,1 million relates to Poland and the remaining part to Belgium. The Group did not recognise deferred income tax assets for an amount of €15.5 million (2020: €14.2 million) related to tax attributes of €64.9 million (2020: €65.0 million). The not-recognised deferred income tax assets relate to €12.9 million for Belgium, €2.2 million for Poland, €0.3 million for Italy and €0.1 million for Spain.

Judgement is required to determine the probability of the future taxable results and the future income tax rates of those legal entities that have tax loss carry-forwards. Based on this judgement, the time horizon over which the tax benefits will be realised varies between four and eight years. The majority of the tax attributes for which a deferred tax asset is recognised can be transferred without any time limitation. For the tax attributes that can only be transferred for a limited time, a deferred tax is only recognised to the extent that the tax attributes are expected to be used within the time limitation. The management of the Group remains conservative in determining the future taxable results.

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

For the year ended 31 December	ASSETS		LIABILITIES	
THOUSAND EURO	2021	2020	2021	2020
Deferred tax as of 1 January	**38,002**	**45,205**	**(22,463)**	**(21,359)**
Increase/decrease through the income statement	1,114	(6,836)	3,948	(854)
Increase/decrease through equity	(724)	(227)	(961)	86
Currency translation adjustment	(58)	(507)	(39)	31
Compensation of assets and liabilities within same jurisdiction	0	367	0	(367)
Deferred tax as of 31 December	**38,334**	**38,002**	**(19,515)**	**(22,463)**

20. OTHER ASSETS

For the year ended 31 December THOUSAND EURO	2021	2020
Guarantees	662	675
Non-qualifying insurance premiums	2,147	2,052
Non-current other assets	**2,809**	**2,727**
Guarantees	428	288
Deferred expenses	3,051	2,618
Accrued income	2,638	2,972
Other	372	603
Current other assets	**6,489**	**6,481**

21. INVENTORIES

For the year ended 31 December THOUSAND EURO	2021	2020
Raw materials and consumables	53,170	39,550
Work in progress	96	57
Finished goods	79,168	71,391
Goods purchased for resale	8,580	8,430
Inventories as of 31 December	**141,015**	**119,428**

The write-downs on inventories amounted to €5.4 million in 2021 (2020: €5.5 million).

The amount of the inventories increased to €141.0 million compared to €119.4 million in 2020. Nevertheless, the volume of inventories is quite low in relation to the volume sold. This made it difficult to follow demand and keep our inventories at target level. This unfortunately resulted in lower service levels for our customers in certain product categories.

22. CASH AND CASH EQUIVALENTS

For the year ended 31 December THOUSAND EURO	2021	2020
Cash	77	59
Bank current accounts	59,287	20,093
Cash and cash equivalents	**59,364**	**20,152**
Bank overdrafts	(220)	(131)
Cash and cash equivalents less bank overdrafts	**59,144**	**20,020**

Cash and cash equivalents relate to balances on bank accounts, remunerated at market conditions. The market value of these cash and cash equivalents is therefore equal to the book value of the cash and cash equivalents.

23. EQUITY

23.1 SHARE CAPITAL

The issued capital of the Company amounts to €79.4 million as of 31 December 2021 (€79.4 million as of 31 December 2020), represented by 547,208 shares (547,208 shares as of 31 December 2020). 2,315 of these are owned by the Company itself. These shares are not entitled to a dividend. The Company's shares are without par value. The shareholders are entitled to receive dividends as declared, and to one vote per share at the Company's shareholder meetings. There is no authorised, un-issued capital.

23.2 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. As of 31 December 2021, Vandemoortele NV or one of its subsidiaries held 47,252 Safinco certificates recognised as treasury shares.

During 2021, the Group sold none of its own shares.

23.3 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. As of 31 December 2021, no deferred tax has been booked in cumulative translation adjustments, meaning that the balance of deferred taxes recognised in the cumulative translation adjustments is kept at -€49,000 euro.

23.4 RETAINED EARNINGS & RESERVES

The retained earnings consist of the reserves of the parent company (including the legal reserve of €3.3 million) and the undistributed profits of the subsidiaries. The change in retained earnings and reserves during 2021 is explained by the net gain of the year and the payment of the dividend.

During 2021, Vandemoortele Group received a €2.3 million 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.

23.5 DIVIDENDS

On 17 March 2022 the Board of Directors proposed that a dividend of €20.9 million be paid on the result of 2021. The dividend proposal is subject to approval by the shareholders at their annual meeting, to be held on 10 May 2022.

24. 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 25.

For the year ended 31 December THOUSAND EURO	2021	2020
Subordinated loan	75,000	75,000
Retail bond	100,000	100,000
Unsecured borrowings	13,859	15,904
Lease liabilities	48,322	47,774
Bank overdrafts	220	131
Continuing involvement factoring	557	526
Issuance costs	(483)	(799)
Borrowings	**237,474**	**238,536**
Of which:		
Current (portion becoming due within one year)	114,030	11,193
Non-current	123,445	227,343

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

To calculate the bank covenant (max. 3.5:1), the senior net financial debt of €92.2 million is calculated as the borrowings excluding the subordinated loan and the issuance costs (€237.5 million – €75.0 million + €0.5 million = €163.0 million) minus cash and cash equivalents (€59.4 million) and current other financial assets (€11.4 million).

All bank borrowings are subject to bank covenants. A senior leverage ratio of 0.8:1 is well within the agreed boundaries (max. 3.5:1). No defaults breaches on debt payments occurred. Note that, for the covenant reporting to the banks, the frozen GAAP (generally accepted accounting principles) approach should be used, resulting in a senior net financial debt of €56.5 million (2020: €99.8 million) with an even lower SNFD (senior net financial debt)/adjusted EBITDA debt ratio of 0.5:1 (2020: debt ratio of 1.0:1).

The available credit line as of 31 December 2021, which amounted to €200 million (2020: €200 million), was not used as of 31 December 2021.

24.1 SUBORDINATED LOAN

On 7 November 2016, the Group issued new subordinated bonds amounting to €75 million through private placement. These bonds mature on 7 November 2023, and have a coupon rate of 3.50%.

24.2 RETAIL BOND

On 22 May 2015, Vandemoortele NV closed 7-year bonds to the amount of €100 million. The bond, due 10 June 2022, were issued with a coupon rate of 3.06%.

24.3 UNSECURED BANK BORROWINGS

On 14 May 2018, Vandemoortele signed an amended and restated revolving facility agreement, which replaced the existing facility. The agreement matures on 14 May 2025.

The Group has a margin over EURIBOR on the loans taken. This margin depends on the senior leverage ratio of the Group, as described above.

24.4 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	2021	2020
Gross lease liabilities - minimum lease payments	**55,726**	**56,052**
No later than 1 year	12,184	9,471
Later than 1 year and no later than 5 years	19,412	21,547
Later than 5 years	24,130	25,034
Future interest expenses on leases	(7,404)	(8,277)
Lease liabilities	**48,322**	**47,774**

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

For the year ended 31 December 2021 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	-100,000	0	**0**
Borrowings - Unsecured borrowings	13,819	0	0	0	(2,086)	0	**11,733**
Borrowings - Lease liabilities	39,323	(2,206)	4,792	40	(4,985)	230	**37,194**
Borrowings - Other	(799)	0	0	0	0	316	**(483)**
Current liabilities							
Borrowings - Retail bond	0	0	0	0	100,000	0	**100,000**
Borrowings - Unsecured borrowings	2,085	(2,045)	0	0	2,086	0	**2,125**
Borrowings - Lease liabilities	8,451	(6,857)	1,264	13	4,985	3,271	**11,128**
Borrowings - Bank overdrafts	131	89	0	0	0	0	**220**
Total liabilities from financing activities	**238,010**	**(11,019)**	**6,056**	**53**	**0**	**3,817**	**236918**
Presented in the statement of cash flows (financing activities) excluding bank overdrafts:							
Proceeds from borrowings		38					
Repayment from borrowings		(2,083)					
Repayment of lease liabilities		(9,063)					

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**	**238,010**
Presented in the statement of cash flows (financing activities) excluding bank overdrafts:							
Repayment from borrowings		(37,158)					
Repayment of lease liabilities		(11,466)					

25. 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. Currently, the main principle in terms of hedging exposure is to hedge only clearly identifiable transactional risks (i.e. there is 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, from an economic perspective, all derivatives are hedging instruments, the criteria for the application of hedge accounting according to IFRS cannot always be met. Consequently, hedge accounting is not applied on all economic hedges.

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

25.1 FOREIGN CURRENCY RISK

The Group's 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. The Group Treasury then manages the remaining net exchange exposure under the rules and specific limits set by the Group Treasury policy and procedures.

The Group Treasury is required 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 currency purchase options. Currency options are only allowed if the total current and future cost is known at the start and a budget is available. The maturity of financial instruments may not exceed one year. The use of other instruments must 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 (i) have a value exceeding 30% of the Group's consolidated equity, or (ii) are considered strategic, or (iii) are in a country with high inflation in comparison to the eurozone.

Assets denominated in foreign currency are financed by cash flows or borrowings in the same currency as the assets (natural hedge) to as great an extent as possible.

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

All of the outstanding forward foreign exchange contracts to which the Group has committed itself have maturity dates within one year. The notional amount of these contracts as of 31 December 2021 is detailed in the table below:

For the year ended 31 December	PURCHASES		SALES	
THOUSAND EURO	2021	2020	2021	2020
USD	94,488	43,034	106,020	46,247
GBP	1,100	658	25,876	15,719
Other	13,440	16,617	12,294	7,466
Notional amount FX instruments	**109,029**	**60,309**	**144,190**	**69,431**

During 2021, the changes in the fair value of the FX derivatives are accounted for as financial income or expense. On 31 December 2021, the net fair value of those forward exchange contracts was a liability of €0.4 million (as of 31 December 2020: an asset of €0.4 million). The fair value loss of €0.8 million has been recognised as a finance result (2020: fair value gain of €1.4 million).

Currency sensitivity analysis

Around 10% (2020: 9%) of the revenue of the Group is generated by subsidiaries within 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 Group's consolidated financial statements. The pound sterling (GBP) and the US dollar (USD) are the only foreign currencies for which a change in exchange rate could have a material impact on the Group's consolidated accounts.

The currency sensitivity analysis is prepared assuming that the euro would have weakened/strengthened during 2021 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 were to have weakened/strengthened by 10% versus the GBP, with all other variables holding the same, the impact on the 2021 operational profit would be immaterial, while the translation reserves in equity would have been €0.8 million higher/lower (less than 1% of total equity). There is no significant impact from a change in USD on profit from operations.

If the euro were to have weakened/strengthened by 10% versus the USD, the financial result would have been €1.2 million lower/€1.1 million higher as a result of the change in fair value of the FX instruments. If the euro would have weakened/strengthened by 10% versus the GBP, the financial result would have been €3.3 million lower/€1.8 million higher.

Currency transactional risk

Most of the Group'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 immaterial, and a change in currency rate would not have a material impact on the profits of the Group.

25.2 INTEREST RATE RISK

The interest rate risk is managed at the 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 three and six years. This allows the Group Treasury to "tactically" manage the interest rate risk based on its view of interest rates. A fundamental change to the average interest rate coverage period, within the abovementioned limits, needs the prior approval of the Executive Committee.

In accordance with the Group Treasury policy and procedures, the 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 of 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 equalled €143 million as of 31 December 2021 (€134 million as of 31 December 2020).

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

For the year ended 31 December	2021			
THOUSAND EURO	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Fixed rate	111,502	92,019	22,474	225,995
Floating rate	2,125	4,323	4,738	11,186
Total amount of interest bearing financial liabilities	**113,626**	**96,342**	**27,212**	**237,181**

For the year ended 31 December	2020			
THOUSAND EURO	< 1 YEAR	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 of interest bearing financial liabilities	**10,536**	**199,147**	**28,996**	**238,678**

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

For the year ended 31 December THOUSAND EURO	2021			
	< 1 YEAR	1-5 YEARS	> 5 YEARS	TOTAL
Fixed rate	150,861	180,073	38,061	368,995
Floating rate	(37,234)	(83,731)	(10,849)	(131,814)
Total amount of interest bearing financial liabilities	**113,627**	**96,342**	**27,212**	**237,181**

For the year ended 31 December THOUSAND EURO	2020			
	< 1 YEAR	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 of interest bearing financial liabilities	**10,536**	**199,147**	**28,996**	**238,678**

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 allow the application of 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 that takes into account available market information about current and projected interest rates.

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

For the year ended 31 December THOUSAND EURO	2021			
	HELD-FOR-TRADING	FAIR VALUE HEDGES	CASH FLOW HEDGES	TOTAL
As of 1 January	**(5,101)**	**0**	**0**	**(5,101)**
Fair value gain/loss of the year	2,420	0	0	2,420
As of 31 December	**(2,681)**	**0**	**0**	**(2,681)**

For the year ended 31 December THOUSAND EURO	2020			
	HELD-FOR-TRADING	FAIR VALUE HEDGES	CASH FLOW HEDGES	TOTAL
As of 1 January	**(4,692)**	**0**	**0**	**(4,692)**
Fair value gain/loss of the year	(409)	0	0	(409)
As of 31 December	**(5,101)**	**0**	**0**	**(5,101)**

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 2021 income statement on the Company’s variable rate debt portion (excluding IFRS 16 lease debt), net of the effect of interest rate derivatives, is €1.2 million (before tax).

Applying a reasonable possible increase/decrease in value of the euro – market interest rates with 0.50% on the Group's floating rate debt as of 31 December 2021 – with all other variables held constant, 2021 profit would have been around €0.5 million higher/lower.

In addition, this interest rate increase would cause a change in the fair values of the hedging instruments, which is estimated to have a positive impact on the profit before tax of €2.1 million.

25.3 MATERIAL PRICE RISK

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

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

To manage the risk of fluctuating refined vegetable oil prices, the Raw Material Department of the MCOF business line is entering into forward purchase and sale agreements for 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. These are commonly referred to as own-use contracts. Own-use contracts are accounted for as normal purchase or sale contracts (executory contracts).

25.4 LIQUIDITY RISK

The aim of liquidity risk management is to ensure that the Group has sufficient funding facilities available, both now and in the future, to meet all of its financial obligations through any economic or business cycle, and to have sufficient borrowing capacity for the implementation of its strategic view and for tactical acquisitions.

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

- a monitoring of the mix of short- and long-term funding versus total debt,
- the overall composition of total debt,
- 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,
- the compliance with borrowing facilities' covenants and undertakings,
- the capital structure of the Group.

The table below analyses the Group's borrowings in relevant maturity groupings based on the remaining period from the date of 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	1 - 5 YEARS	> 5 YEARS	TOTAL
Retail bond	103,060	0	0	103,060
Subordinated loan	2,625	77,625	0	80,250
Bank borrowings	2,189	4,235	7,746	14,169
Lease liabilities	12,564	19,412	23,757	55,733
Bank overdrafts	220	0	0	220
Continuing involvement factoring	557	0	0	557
As at December 31, 2021 (1)	**121,215**	**101,272**	**31,503**	**253,989**

(1) Issuance costs are not included (see note 24)

25.5 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 monitor the credit risk on an ongoing basis, and use trade finance instruments (i.e. letter of credit) where appropriate. Furthermore, companies of the Group cover part of the credit risk exposure by credit insurance policies, taking into account the cost and benefit of the insurance.

Each year a credit risk analysis of the Group is carried out. In this analysis, the turnover of all clients of the Group, as well as outstanding and overdue amounts, are checked. For financial losses due to bankruptcy, the Group has subscribed a credit insurance contract "Excess loss". If the total losses exceed €400,000, the financial losses due to bankruptcy are covered by the insurer. Below this amount, the risk is carried by the Group.

The Group began to apply factoring to the two major Belgian companies in 2012. Since 2013, this is also applied in France, and since 2015 in the Netherlands. For further information on the factoring agreements, see note 18 on trade and other receivables.

Vandemoortele NV, an external bank, and a major supplier of Vandemoortele NV entered into an agreement pursuant to which the supplier has the right to submit its invoices to the bank, which obliges itself 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 30 April 2015 to 31 March 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 therefore form part of the working capital used in the entity's normal operating cycle. Moreover, the payment terms, which the arrangement extends beyond the period available from the supplier, remain in line with the industry's common practice. As a result, these liabilities are presented as trade payables.

The Group has no significant concentration of credit risk, as exposure is 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 default by a counterparty that:

- has given credit lines or borrowings to the Group,
- has accepted a deposit from the Group,
- has 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 provide Long-Term Committed Credit Facilities, which should comprise at least three parties.

The Group Treasury will ensure that all risks are spread over several counterparties in accordance with internal procedures determining limits and maximum exposures per counterparty.

Counterparties with whom the Group is allowed to work with should have a minimum credit rating of A-.

26. 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	2021		2020	
THOUSAND EURO	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Financial assets				
Trade and other receivables[2]	220,302	220,302	184,990	184,990
Financial liabilities				
Financial liabilities at amortised cost				
Subordinated loan[1]	75,000	75,536	75,000	74,554
Retail bond[1]	100,000	100,445	100,000	102,005
Unsecured borrowings[2]	13,859	13,859	15,904	15,904
Lease liabilities[2]	48,322	48,322	47,774	47,774
Bank overdrafts[2]	220	220	131	131
Continuing involvement factoring[2]	557	557	526	526
Trade and other liabilities[2]	311,813	311,813	237,900	237,900

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

[2] "Level 3" fair value measurement: fair value of financial assets and liabilities is based on data not observable within a market.

27. DERIVATIVES

Below can be found a summary of the fair values of the derivatives at the end of December:

For the year ended 31 December	2021		2020	
THOUSAND EURO	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest rate swaps				
- Held-for-trading [1]	0	2,681	0	5,101
Non-current derivatives	**0**	**2,681**	**0**	**5,101**
Commodity contracts				
- Held-for-trading	0	150	24	0
Foreign currency contracts				
- Held-for-trading [2]	2,587	2,983	2,346	1,942
Current derivatives	**2,587**	**3,133**	**2,370**	**1,942**

(1) Details see note 25.2

(2) Details see note 25.1

28. EMPLOYEE BENEFITS

28.1 LONG-TERM EMPLOYEE BENEFITS

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

As of 31 December THOUSAND EURO	2021	2020
Defined benefit plans	14,290	19,776
Other post-employment benefits	955	1,152
Post-employment benefits	**15,244**	**20,928**
Other long-term employee benefits	3,845	6,191
Total employee benefits	**19,090**	**27,119**

28.1.1 POST-/OTHER LONG-TERM EMPLOYMENT BENEFITS

The Group operates various post-employment plans that provide benefits linked to salary and seniority. These post-employment benefit plans are classified as either defined contribution plans or defined benefit plans. The contributions for defined contribution plans amount to €2.7 million (2020: €2.4 million).

Other post-employment benefits include 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, amounting to €1.8 million (2020: €3.9 million), a leave of absence arrangement in Vandemoortele Nederland BV, amounting to €0.8 million (2020: €0.9 million), and jubilee benefits in Germany and the Netherlands, amounting to €0.7 million (2020: €0.3 million).

28.1.2 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 external pension funds or insurance companies. Where a plan is unfunded, a liability for the obligation is recorded in the Group's 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, if the plan is overfunded) is recorded in the Group's consolidated balance sheet. Independent actuaries assess all main plans on an annual basis.

The Group's largest defined benefit obligations exist in Belgium. They account for 74.1% (2020: 74.5%) of the Group's defined benefit obligations, and for 92.9% (2020: 92.6%) of the Group's plan assets.

The main pension plan is a defined benefit pension plan in Belgium, which was closed for new entrants as of 31 December 2012. Employees hired as of 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 of 31 December THOUSAND EURO	2021	2020
Present value of defined benefit obligation	56,928	58,587
Fair value of plan assets	(42,638)	(38,810)
Net asset/liability	**14,290**	**19,776**

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

As of 31 December THOUSAND EURO	2021	2020
Discount rate[1]	1.05%	0.87%
Inflation	2.00%	1,0% - 2%
Future salary increase	0,6% - 4,3%	0,6% - 2,5%
Pension increase	2,0% - 4,4%	2.0%

[1]Based on the Mercer yield curve

Assumptions regarding future mortality are based on recently published statistics for 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 11.3 years.

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

As of 31 December THOUSAND EURO	2021	2020
Defined benefit obligation as of 1 January	**58,587**	**57,300**
Current service cost	4,332	3,597
Interest expense	496	506
Employee contributions	41	38
Benefits paid	(1,487)	(2,553)
Administrative expenses paid	(110)	(112)
Remeasurements		
- effect of changes in demographic assumptions	14	0
- effect of changes in financial assumptions	(2,732)	131
- effect of experience adjustments	(2,213)	(320)
Defined benefit obligation as of 31 December	**56,928**	**58,587**

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

As of 31 December THOUSAND EURO	2021	2020
Fair value of plan assets as of 1 January	**38,810**	**37,480**
Interest income	334	340
Employer contributions	2,149	1,979
Employee contributions	41	38
Benefits paid	(747)	(1,962)
Administrative expenses paid	(110)	(112)
Remeasurements		
- Return on plan assets (excl. interest income)	2,161	1,048
Fair value of plan assets as of 31 December	**42,638**	**38,810**

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

As of 31 December THOUSAND EURO	2021	2020
Equities	12,753	12,753
Bonds	20,598	20,598
Real estate property	512	512
Cash, cash equivalents and other	2,081	2,081
Qualifying insurance policies	2,866	2,866
Total	**42,638**	**38,810**

The assets comprise assets held by a separate pension fund in Belgium and by qualifying insurance policies in other countries. A large portion of assets in 2021 consisted 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 to the pension fund/insurance company by the entities of the Group. These contributions are based on a plan (calculation) delivered by an actuary.

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

As of 31 December	2021		2020	
THOUSAND EURO	DBO	PLAN ASSETS	DBO	PLAN ASSETS
Belgium	42,187	39,627	43,630	35,944
Germany	8,629	1,856	8,836	1,778
France	3,767	585	3,699	579
Italy	1,596	0	1,736	0
The Netherlands	614	570	552	509
Spain	136	0	133	0
Total	**56,928**	**42,638**	**58,587**	**38,810**

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 of 31 December THOUSAND EURO	2021	2020
Current service cost	4,332	3,597
Net interest cost	162	166
Components of defined benefit costs recorded in income statement	**4,494**	**3,762**
Remeasurements		
- effect of changes in demographic assumptions	14	0
- effect of changes in financial assumptions	(2,732)	131
- effect of experience adjustments	(2,213)	(320)
- return on plan assets (excluding interest income)	(2,161)	(1,048)
Components of defined benefit costs recorded in OCI	**(7,093)**	**(1,237)**
Total components of defined benefit cost	**(2,599)**	**2,525**

Estimated employer contributions for defined benefit plans in 2022 amount to €1.8 million.

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

As of 31 December 2021 %	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	0.50%	-5.68%	6.25%
Inflation rate	0.50%	2.33%	-2.21%
Salary growth rate	0.50%	3.83%	-3.46%
Life expectancy	1 year	0.34%	-0.30%
Pension increase (only in Germany and the Netherlands)	0.50%	2.77%	-2.59%

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 that 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 for efficient management of the plans.

CHANGES IN BOND YIELDS

A decrease in corporate bond yields will increase plan liabilities, although this will be 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 increased liabilities. The majority of the plans' 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' (Germany and the Netherlands) obligations are intended to provide benefits for the lifetime of the member, so increases in life expectancy will result in an increase in the plans' liabilities.

In the 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 match up with 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. As a result, the failure of any single investment does not have a material impact on the overall level of assets.

28.2 SHORT-TERM EMPLOYEE BENEFITS

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

For the year ended 31 December THOUSAND EURO	2021	2020
Social security	13,138	12,792
Remunerations	13,696	8,589
Holiday pay	13,317	13,503
Other payroll liabilities	1,777	1,913
Short-term employee benefits	**41,928**	**36,797**

29. PROVISIONS

For the year ended 31 December THOUSAND EURO	2021				
	RESTRUCTURING	LITIGATIONS AND TAX RISKS	ENVIRONMENTAL	OTHER	TOTAL
Provisions as of 1 January	**4,108**	**621**	**0**	**1,664**	**6,393**
Additional provisions during the year	3,528	20	0	725	4,272
Provisions used during the year	(2,558)	(213)	0	(202)	(2,973)
Provisions reversed during the year	(1,188)	(73)	0	(40)	(1,301)
Provisions as of 31 December	**3,891**	**355**	**0**	**2,146**	**6,392**

For the year ended 31 December THOUSAND EURO	2020				
	RESTRUCTURING	LITIGATIONS AND TAX RISKS	ENVIRONMENTAL	OTHER	TOTAL
Provisions as of 1 January	**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 as of 31 December	**4,108**	**621**	**0**	**1,664**	**6,393**

Restructuring provisions

The new provisions for restructuring set up in 2021 mainly relate to the optimisation of operations in France and Belgium.

Restructuring provisions are expected to be settled in the main within one year, and consequently no discounted value of the expenditure has been calculated.

Litigations and tax risks

A new provision has been set up for a legal proceeding against a former consultant.

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.

Other provisions

New provisions have been set up for disputes with suppliers and for agents' termination fees.

30. TRADE PAYABLES AND OTHER LIABILITIES

For the year ended 31 December THOUSAND EURO	2021	2020
Government grants - deferred income	4,055	2,698
Other	5	1
Non-current trade and other liabilities	**4,059**	**2,700**
Trade payables	281,882	214,942
VAT payable	16,083	11,325
Other taxes	1,304	422
Payroll tax	4,002	4,029
Interest accruals	2,434	2,495
Accrued expenses	3,109	2,126
Deferred income	623	936
Other	2,376	1,625
Current trade and other liabilities	**311,813**	**237,900**

Trade payables increased in the final months of the year due to the high production volumes and the consequent purchase of more raw materials at a higher price.

31. RELATED PARTIES

The Group is controlled by Safinco NV, which owns 99.58% of the Company's shares. The remaining 0.42% is owned by the Company itself (own shares).

31.1 COMPENSATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

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

For the year ended 31 December THOUSAND EURO	2021	2020
Short-term benefits	9,105	7,440
Post-employment benefits	924	577
Share-based payments[(1)]	0	1,341
Termination benefits	534	978
Total compensation key management	**10,563**	**10,336**

[(1)]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

31.2 SHARE BASED PAYMENTS

Since 2004, the Group has offered stock options to the members of the Executive Committee. Since 2018, the Group has also offered certain stock options to some other executives, with this being 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 buying 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 fourth calendar year after the offer date within the annually established exercise window.

The share value is determined once per year by an external financial institution and reviewed by the Group's auditors.

In 2021, 3,120 new options were accepted and no options accepted in previous years were exercised.

The following table gives an overview of all stock option movements during 2021:

YEAR OF ACCEPTANCE	LAST EXERCISE DATE	NUMBER OF OUTSTANDING OPTIONS AT 01/01/2021	OPTIONS EXERCISED DURING 2021 (a)	OPTIONS ACCEPTED DURING 2021	NUMBER OF OUTSTANDING OPTIONS AS OF 31/12/2021	VALUE PER SHARE (b)	EXERCISE PRICE (c)	PAID IN 2021 TO OPTION HOLDER (c-b)*a
2015	15/09/2023	728			728	1,201.01		
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	2,310			2,310	1,716.00		
2021	15/09/2029	0		+3,120	3,120	1,325.00		
Total		**9,193**	**0**	**+3,120**	**12,313**			**0**

The fair value of this stock option plan (€1.82 million) has been calculated using a Black Scholes formula based on a calculated share value and on assumptions on risk-free interest rate (-0.24%), volatility (23.0%), time remaining until maturity (between 4 and 8 years) and dividend yield (3.15%).

32. COMMITMENTS AND CONTINGENCIES

32.1 LEASE COMMITMENTS

The Group has entered into various leases. Since 2019, all lease commitments are expressed in the balance sheet following IFRS 16. 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 service costs (see note 17).

32.2 CONTINGENT LIABILITIES

Through the "Brexit Team" we investigated the consequences for the export from the EU to the UK and from the UK to the EU in order to ensure a smooth implementation of the new rules (i.e. export/import declarations, sanitary requirements and goods vehicle movement obligations) and to safeguard the continuity of 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 UK, but important additional administrative work and cost due to the "third country" status. The products produced in Worcester (frozen bakery products) for sale on the local UK market will not have to follow all of these formalities.

With respect to the customs import duties and related export and import formalities, an agreement has been entered into with a Customs Agent (Ziegler) and an IT interface between VDM and the Customs agent installed to automate the import and export declarations. If products are of "EU/UK origin" the import is exempt from import duties, but the export/import clearance must be performed. The Brexit Team also investigated the consequences for the sanitary requirements (pre-notification, health certificate, etc.) as different rules have been implemented by the UK and the EU respectively. The EU sanitary rules provide for the provision of a health certificate and pre-notification in the EU TRACES system for frozen and temperature controlled foodstuffs, among others, as from April 2021. The UK Border Control Model also provides for the provision of a health certificate and pre-notification in the UK IPAFFS system for composite products (containing ingredients of animal origin) as from 1 April 2021. This obligation has been subsequently postponed until 1 July 2021, 1 November 2021 and 1 January 2022 (pre-notification) and 1 November 2022 (health certificate). The Brexit Team also investigated the GMVS (Goods Vehicle Movement Service) obligations applicable as from 1 January 2022.

Outlook 2022: The UK Border Control Model (initially foreseen for 01/04/2021) will only come FULLY into force in Q3-Q4 2022. Through the "Brexit Team" we continue to investigate the consequences for export from the EU to the UK in order to ensure the smooth implementation of the new rules. For instance, our unbaked bakery products will need a health certificate to go from the EU to the UK as from 1 November 2022 (additional administrative work, costs, waiting time for trucks, etc.). The additional time allows operators to better prepare.

The products produced in Worcester (frozen bakery products) for sale on the local UK market do not have to apply the rules for imported products (competitive advantage).

32.3 ENTITIES FOR WHICH VANDEMOORTELE NV ASSUMES FULL LIABILITY

The company's UK subsidiary, Vandemoortele UK (Limited - Registered number 1107148) is exempt from the requirements to the audit of accounts under Section 479A of the Companies Act 2006. Under Section 479C of the Companies Act 2006 related to subsidiary companies, Vandemoortele NV has given a statutory guarantee of all outstanding liabilities (0 million euro) to which the company is subject as of 31 December 2021. This guarantee has been filed at Companies House.

The subsidiaries Safinco Nederland B.V., Vandemoortele Nederland B.V. and Vandemoortele Brunssum B.V are exempt from the requirements for the auditing 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 are guaranteed by Vandemoortele NV to a total amount of €26.3 million as of 31 December 2021.

33. AUDITORS' ASSIGNMENTS AND RELATED FEES

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

Audit fees for 2021 in relation to services provided by Deloitte amounted to €570,000. These fees are detailed in the table below:

For the year ended 31 December THOUSAND EURO	2021	2020
Audit services Vandemoortele NV	95	97
Audit services subsidiaries	475	476
Total	**570**	**573**

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

Additional services for 2021 rendered by the auditor to the Group are detailed in the table below:

For the year ended 31 December THOUSAND EURO	2021	2020
Non-audit services	55	185
Total	**55**	**185**

Additional services for 2021 rendered by parties related to the auditor of the Group are detailed in the table below:

For the year ended 31 December THOUSAND EURO	2021	2020
Non-audit services	3	96
Tax advisory services	0	3
Total	**3**	**99**

34. EVENTS AFTER BALANCE SHEET DATE

The Board of Directors proposes the payment of a dividend of €20.87 million on the result of 2021. This proposal is subject to approval by the shareholders at their annual meeting on 10 May 2022.

Vandemoortele was prepared for further cost price increases during the first months of 2022. These increases appear to hold true, and have been even higher than expected during the first calendar months. The Ukraine crisis and the sanctions imposed on Russia have a significant share in those price increases. As they are the main suppliers of wheat and sunflower seeds worldwide, these prices have risen significantly since the start of the crisis and will continue to do so. In addition, the Ukraine crisis has an effect on further strong energy, oil and gas price increases.

35. VANDEMOORTELE COMPANIES

The scope of the consolidation of Vandemoortele Group includes Vandemoortele NV and 32 subsidiaries that 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, with the exception of financial leases.

NAME AND OFFICE	2021	2020
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 Dommitzsch GmbH, Rudolf-Breitscheid-Strasse 10, 04880 Dommitzsch	100	100
Vandemoortele Lipids Werke GmbH, Pirnaer Landstrasse 194, 01257 Dresden	100	100
France		
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
The 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	2021	2020
SUBSIDIARIES	%	%
The 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 n°1, planta 5a, 08960 San Just Desvern - Barcelona	100	100
Distribuidora de Confiteria Heladeria y Panaderia s.l., Calle Monterey Veracruz 45-47, 29006 Malaga	100	100
Panavi Ohayo SL, Ronda de les Conques 8, 08180 Moia	100	100
Switzerland		
Vandemoortele Rückversicherung AG, Baarerstrasse 14 CH - 6300 Zug	100	100
Hungary		
Vandemoortele Magyarország Kft., Kápolna utca 12, H - 6000 Kecskemét	0	100
Poland		
Vandemoortele Polska sp.z.o.o., Ul. Tokarzewskiego 7-12, 91-842 Lódz	0	100
Vandemoortele Bakery Products Polska sp.z.o.o., Ul. Tokarzewskiego 7-12, 91-842 Lódz	100	100
The United States of America		
Vandemoortele USA Inc., Corporation Trust Center , 1209 Orange Street, Wilmington,	100	100
De 19801		

Deloitte.

Vandemoortele NV

Statutory auditor's report to the shareholders' meeting for the year ended 31 December 2021 - 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 2021 - 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 8 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 2021, 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 1 088 048 (000) EUR and the consolidated statement of comprehensive income shows a profit for the year then ended of 33 156 (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 2021 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 2021, the group has recognized deferred tax assets, mainly on tax losses carried forward, amounting to 38 334 (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 14 and 19 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 14 and 19) 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 scepticism 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 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 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 the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements

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.

Based on our work, in our opinion, the format and the tagging of information in the digital consolidated financial statements included in the annual financial report of Vandemoortele NV as of 31 December 2021 are, in all material respects, prepared in accordance with the ESEF requirements as stipulated by the Delegated Regulation.

Single European Electronic Format (ESEF)

In accordance with the draft standard on the audit of the compliance of the financial statements with the Single European Electronic Format ("ESEF"), we have also performed the audit of the compliance of the ESEF format and of the tagging with the technical regulatory standards as defined by the European Delegated Regulation No. 2019/815 of 17 December 2018 ("Delegated Regulation").

The board of directors is responsible for the preparation, in accordance with the ESEF requirements, of the consolidated financial statements in the form of an electronic file in ESEF format ("digital consolidated financial statements") included in the annual financial report.

Our responsibility is to obtain sufficient and appropriate evidence to conclude that the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements as stipulated by the Delegated Regulation.

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 Ghent.

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Tom Windelen

37. STATEMENT BY RESPONSIBLE PERSON

17 March 2022

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 as of 31 December 2021 of VANDEMOORTELE NV, prepared in conformity with applicable accounting standards, reflect a true and fair view of the net worth, the financial situation, and the 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 annual accounts as of 31 December 2021 of VANDEMOORTELE NV contains a faithful presentation of the performance of the business, the results of the VANDEMOORTELE Group and of VANDEMOORTELE NV and its consolidated subsidiaries, together with a description of the main risks and uncertainties that they face.

Yvon Guérin

Chief Executive Officer

of Vandemoortele NV

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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 10 May 2022 at 4 pm
in its offices at Ottergemsesteenweg-Zuid n° 816, 9000 Gent

Ladies and gentlemen,

We have the pleasure to present to you the combined report on both the IFRS consolidated and statutory annual accounts of Vandemoortele NV, as of 31 December 2021, in accordance with Articles 3.6 and 3.32 of the Code of Companies and Associations ("CCA").

The scope of the consolidation of the Vandemoortele Group includes Vandemoortele NV and 32 fully consolidated subsidiaries.

The 2021 financial statements have been approved by the Board of Directors, upon recommendation of the audit committee chaired by Cytifinance SA (represented by Mr. Michel Delloye). The independence of the Audit Committee, as well as its accounting and audit expertise, has been ensured by its members.

The details of the financial reporting and non-financial reporting of the Vandemoortele Group are provided in the "Annual Integrated Report 2021". This document can be found on the Group's website.
See: www.vandemoortele.com/en/tags/investor-news/financials.

VANDEMOORTELE NV

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I. BUSINESS REVIEW FOR 2021

- Key financial figures (IFRS consolidated financial statements)

(in mio €)	2020	2021	Variance
Revenue	1,197	1,330	133
Adjusted EBITDA*	104	119	15
EBITDA*	98	111	13
Adjusted EBIT**	44	55	11
EBIT (profit from operations)**	38	46	8
EAT***	37	33	-4
SNFD ****	133	92	-41

* Earnings before interests, taxes, depreciation, and amortisation
** Earnings before interests and taxes
*** Earnings after tax
**** Senior net financial debt

Despite the slow start to the year due to the prolonged COVID-19 measures and the historically high input cost prices, Vandemoortele presented growth figures in 2021. **Our revenue increased by € 133 million (+11 % compared to 2020) to € 1,330 million in 2021.** This means the revenue for 2021 was almost at the same level as that of 2019, the final pre-COVID year, which had a revenue of € 1,384 million. **The adjusted EBITDA amounted to € 119 million, € 15 million, or 14 % higher year-on-year.** This results in a 25 % increase of the adjusted EBIT to € 55 million.

The adjusting items of € 8 million are mainly related to restructuring costs incurred in France and Belgium. Furthermore, there was a loss on disposals for idle assets, such as machinery (or parts thereof) that is no longer in operation and non-recurring consultancy fees for possible mergers or acquisitions.

In 2021, Vandemoortele realized earnings after tax (EAT) of € 33 million, compared to € 37 million in 2020. In 2020, we sold our shares of Lipidos Santiga with a one-time capital gain of € 26 million. We can conclude that, **on a recurrent basis, Vandemoortele recorded better earnings in 2021 than the previous year.**

The consolidated balance sheet includes equity of € 437 million (versus € 423 million at the end of December 2020) and net senior financial debt of € 92 million (versus € 133 million in 2020).

- Performance Bakery Products (BP)

In 2021, our focus was placed on pastries and sweet treats in this product line, with both categories having a higher added value. At the same time, we adjusted our raw bread capacity due to the declining trend in this category. Sales of bakery products in Italy grew thanks to several contracts with new customers. Bakery products also did remarkably well in the French market in 2021.

Due to the constraints imposed by COVID-19 measures upon the food service industry, our ambition to grow in this channel lagged in the first half of the year. Therefore, a tight and active cost management was required during the first half of 2021. Marketing campaigns were temporarily put on hold, and recruitment was limited to strictly necessary positions. From June onwards, the food service channel recovered, and we were able to reinitiate certain marketing campaigns.

Altogether this resulted in a revenue increase of € 89 million to € 813 million in 2021 and an adjusted EBITDA of € 87 million in this business line. Thanks to the focus on **added value products** and **strict cost monitoring,** we were able to perform well in financial terms, and to improve margins in this business line.

- Performance margarines, culinary oils & fats (MCOF)

The revenue in the MCOF business line increased by € 47 million to € 516 million. The adjusted EBITDA for this business line amounted to € 32 million compared to € 43 million in 2020. This low result is mainly due to the **sharp increase in raw material prices**, which could only be passed on to the customers with delay. In 2021, **price competition** also intensified and put additional pressure on sales prices, and thus on the margins. Sales in the food service channel decreased in the first half of the year as a direct result of the imposition of COVID-19 restrictions, but recovered in the second half.

In the retail channels our sales volumes slightly grew, largely thanks to the growth in popularity of home cooking during lockdown.

- Investments

In total, Vandemoortele spent **€ 40 million** on investments in 2021.

To meet the increasing demand for floor-baked bread, we installed a new floor-baking oven at our Arras site. To respond to the Brexit aftereffect, Vandemoortele invested in a new pre-proofed pastry line on our production site in Worcester. We also invested in our sites in Lyon, Seneffe, Reims and Eeklo in order to renew or expand existing installations, or to make them greener.

In the MCOF business line, our focus is on maintenance and modernisation investments to enable us to keep our plants and installations up to date. We are implementing a new automatic production control system, and we have also invested in a new extrusion line.

- Covid-19 impact

In 2021 too, the world was still universally affected by the pandemic. The main impact was felt during the **first months of 2021**, with the year beginning with curfews, lockdowns and reduced social activities. This had a direct impact on food consumption and the food service channel in general.
Vandemoortele's Covid Taskforce continued in the same form as in 2020, consisting of several external experts, local country/site leaders and HR managers. The Covid Taskforce monitored the situation on a daily basis, in line with the information and guidelines provided by authorities and officials.

Several actions were continued, such as a mandatory home working policy, provision of the utmost in protective measures for Vandemoortele's personnel and creation of optimal working conditions, while ensuring strong communication at and across all levels of the organization.

The total net impact of COVID-19 is estimated at € 13 million on the adjusted EBITDA level.

- Important events after the closing date of the accounts – circumstances that could significantly impact the evolution of the consolidated enterprise

Vandemoortele was prepared for further cost price increases during the first months of 2022. These increases appear to hold true, and have been even higher than expected during the first calendar months.

The Ukraine crisis and the sanctions imposed on Russia have a significant share in those price increases. As they are the main suppliers of wheat and sunflower seeds worldwide, these prices have risen significantly since the start of the crisis and will continue to do so. In addition, the Ukraine crisis has an effect on further strong energy, oil and gas price increases.

- Research and development

In 2021 the Research and Development (R&D) department has continued to work on the improvement of the production processes, the quality of the products and the development of new products for both business lines as well as on the further optimisation of the composition of its products. The long-term innovation programmes focus on four strategic areas, namely health and nutrition, Clean Label, sustainable packaging and process technology.

Important innovations in the past year represented by the further improvement of the French pastry (croissants, chocolate rolls) product range in Bakery Products business 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 of bakery products have continued, and portion size reductions were proposed to customers. A variety of formulations were developed for margarines and fats, from low-fat to e-free, with the products continuing to retain 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.

- Risk management and internal control environment

In 2021, the Audit Committee reviewed the results of the 2021 audit plan and the risk management in the areas of cyber security, incident reporting and quality traceability. It also evaluated our global risk coverage policy.

- Main risks

In addition to the risks as described above, the Group's business lines are also exposed to food safety risks and strategic risks.

The most important market and financial risks are the volatility and unfavourable developments in the prices of the raw materials, ingredients and packaging materials, the increase in energy costs, the fluctuations of currencies and interest rates, and credit and liquidity risks.

The Group also takes the risk of a hostile cyberattack, including potential ransomware attacks, very seriously, and implements all measures necessary to protect itself against this risk through reinforced ICT infrastructure and adequate cybercrime insurance.

The Group is furthermore exposed to credit risks that are dependent on the ability of its counterparties to perform their contractual obligations. To protect itself against customer defaults and bankruptcies, the Group uses the services of international credit insurance companies and also applies internal customer credit limits.

- Financial instruments

The Group uses derivative financial instruments to cover our interest rate, currency rate and commodity price risks, which are centrally managed. The Group's policy of the group 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 25, 26 and 27 of the 2021 Financial Statements' disclosures.

II. OUTLOOK FOR 2022

We foresee further price increases for all input costs (raw materials, energy, transport & logistics, packaging, and wages) in 2022 due to (post) COVID crisis, even more explicitly because of the Ukraine crisis. The focus for the coming year will be on passing these cost price increases on to our customers without losing sales volumes and keeping focused on serving our customers high-quality products.

In the **BP business line**, we expect continuous and sharp price increases for flour and butter in 2022. Because of the Ukraine crisis, prices will increase even more sharply, as Russia and Ukraine are the world's largest suppliers of wheat and they account for 33% of the global sunflower seed export. We expect this to have a negative impact on our financial results in 2022. Alongside passing on the increased costs to our customers, the focus in this business line will be twofold. **We will further develop the food service channel and further improve our product mix** by introducing more added value products. To be able to do so, we will increase our production capacity for these value-added products, at the same time upgrading a number of lines to improve operational output.

From a sustainability point of view, we will replace the liquid coolants currently still in use at a few sites (Seneffe, Reims and Carros) with more environmentally friendly alternatives.

The Ukraine crisis will also have a major impact on our **MCOF business line**. Both a price increase and a shortage of sunflower oil will affect this business line in 2022. The challenge of passing on cost price increases to the customer in our MCOF business line will be further compounded by a context of intensified competition. Additional focus will therefore be placed upon fixed cost control and exploration of new product categories. Also, in MCOF, we will further **develop the food service channel**. The implementation of the new batch production control system and investment in the future extrusion line will be continued. We will replace the CIP (Cleaning in Place) installation in Izegem, and also install solar panels and charging stations for electric vehicles at the site.

In both business lines (BP and MCOF) we will **increase our investments in digital marketing and e-commerce** to foster sales and to further improve our sales efficiency.

III. SUSTAINABILITY

Our sustainability strategy is directed by three strategic goals: Balanced nutrition, Protecting nature and Enhancing lives.

Our first goal, **'Balanced nutrition'** shows our commitment to improve the nutrition profile of our products and plant-based alternatives and to become a leader in food safety.

Our second goal, **'Protecting nature'** covers our efforts to source more responsibly, to strive for zero carbon emissions and zero food waste and to contribute to circular packaging.

We intend to reach our third goal, **'Enhancing lives'**, by offering an engaging, inclusive, and safe workplace to our associates and by collaborating with our partners in order to create a positive social impact.

Our three goals are underpinned by twelve commitments that form the foundation of our social, environmental, and economic performance across the value chain. We make our ambitions viable by expressing specific targets per commitment.

In 2021 we again made overall good process towards our sustainability goals. The 2021 achievements can be read in the "Annual Integrated Report 2021". This document can be found on the Group's website.

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IV. THE STATUTORY ANNUAL ACCOUNTS AS AT 31.12.2021

Vandemoortele NV closed the 2021 financial year with a profit after tax of € 9.3 million, composed of a profit before tax of € 9.5 million and a provision for income taxes of € 0.2 million.

The profit for the 2021 financial year, together with the result carried forward amounting to € 72.8 million, results in a sum of € 82.1 million to be allocated.

The board of directors proposes the following result allocation:

Gross dividends :	€ 20,874,850.83
Retained results :	€ 61,201,026.73
Total :	€ 82,075,877.56

If this proposal is accepted, a dividend of € 38.31 per share will be paid out to the 544,893 shares that are entitled to receive dividends.

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

No work related to research and development was carried out at the level of Vandemoortele NV during the 2021 financial year.

3,120 share options were accepted in 2021. The share-based payments and stock option movements in the course of the 2021 financial year are described in detail in Disclosure 31.2 of the 2021 Financial Statements.

The 7-year bonds closed on 22 May 2015 for an amount of € 100 million is due 10 June 2022 and is to be repaid at that date.

The company does not have any foreign branches.

In accordance with 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 undertaken during the 2021 financial year.

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

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ON BEHALF OF THE BOARD OF DIRECTORS

Ghent, 17 March 2022

Baron Vandemoortele

39. STATUTORY ACCOUNTS OF VANDEMOORTELE NV

39.1 CONDENSED BALANCE SHEET OF VANDEMOORTELE NV

The statutory annual accounts of the parent company Vandemoortele NV are shown below in condensed form. In June 2022, 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 3:10 - 3:14 of the new Code of Companies and Associations (CCA).

The statutory auditor has issued an unqualified opinion.

For the year ended 31 December THOUSAND EURO	2021	2020
Assets		
Fixed assets	**453,744**	**453,906**
Formation expenses	244	403
Intangible fixed assets	510	825
Tangible fixed assets	2,984	2,672
Financial fixed assets	450,006	450,006
Current assets	**98,441**	**130,781**
Inventories	12,087	4,299
Amounts receivable within one year	78,447	72,174
Current investments	3,161	3,161
Cash at bank and in hand	1,851	48,694
Deferred charges and accrued income	2,894	2,453
Total assets	**552,185**	**584,687**
Equity and liabilities		
Equity	**221,247**	**232,812**
Capital	14,862	14,862
Issuance premiums	64,503	64,503
Reserves	80,681	80,681
Accumulated profits/losses	61,201	72,765
Provisions and deferred taxes	**1,821**	**3,917**
Provisions for liabilities and charges	1,821	3,917
Amounts payable	**329,117**	**347,958**
Amounts payable after more than one year	75,000	175,000
Amounts payable within one year	249,357	167,902
Accruals and deferred income	4,760	5,057
Total liabilities	**552,185**	**584,687**

39.2 CONDENSED INCOME STATEMENT OF VANDEMOORTELE NV

For the year ended 31 December THOUSAND EURO	2021	2020
Operating income	**500,795**	**408,440**
Turnover	500,277	407,373
Other operating income	518	1,068
Operating charges	**(492,178)**	**(402,630)**
Raw materials and consumables used and goods for resale	(461,389)	(366,543)
Services and other goods	(19,805)	(22,919)
Remuneration, social security costs and pensions	(10,986)	(9,320)
Depreciation and amounts written off	(1,880)	(2,071)
Provisions for liabilities and charges - appropriations	2,096	(1,128)
Other operating charges	(5)	(649)
Non-recurring operating charges	(209)	0
Operating profit/loss	**8,617**	**5,811**
Financial income	8,364	78,054
Financial charges	(7,467)	(9,699)
Gain/loss for the period before taxes	**9,514**	**74,165**
Income taxes	(204)	(239)
Gain/loss of the period	**9,311**	**73,926**
Gain/loss of the period available for appropriation	**9,311**	**73,926**

39.3 RESULT APPROPRIATION

The Board of Directors proposes that the profit available for appropriation will be appropriated as follows:

For the year ended 31 December THOUSAND EURO	2021	2020
Profit/loss of the year to be appropriated	**9,311**	**73,926**
Retained profit/loss of previous year	72,765	23,999
Profit/loss to be appropriated	**82,076**	**97,926**
Interim dividend	0	(2,400)
Dividend proposed	(20,875)	(22,760)
Profit/loss to be carried forward	**61,201**	**72,765**