Annex to the Annual Report 2019

Lievegem, 17 April 2020

On April 16, 2020, the Board of Directors decided to change the previously proposed dividend of EUR 4 per share (as shown on pages 10, 11, 63 and 64 of the 2019 Annual Report) to an optional dividend. See also the press release dated April 17th, 2020.

As a result of this decision, the previously proposed dividend of EUR 6,930,484 will change into a lower and yet to be determined dividend in the condensed figures of Ter Beke NV (p. 104 Annual Report) and the debt on <1 year will also change in function of the final dividend to be paid.

Through the optional dividend, shareholders will be given the choice of receiving their dividend either in cash or opting to contribute their net dividend receivable - by way of capital increase - in exchange for new shares. To this end, the Board of Directors will increase the capital of Ter Beke NV - depending on the choice of the shareholders - and issue new shares, within the framework of the authorization granted to it by the Shareholders' meeting.

The final processing of results in the financial statements of Ter Beke NV will take place after the choice of shareholders has been determined and will be deposited as such shortly afterwards with the National Bank of Belgium.

The Board of Directors has in the meantime received notification from the main shareholder STAK Coovan, in which the Coopman and Van der Pluym families are united, that, subject to the decision of the Shareholders' meeting regarding the dividend and when they would be offered the choice, the choice will be made not to claim payment of the dividend for 2019 in cash, but to contribute it in full to the company in exchange for shares. In this way, the company can use the cash for further investments and to limit the effects of Covid-19 as much as possible.

The Board of Directors

For questions about this annex or for further information, please contact:

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Annex: New version Statutory Auditor Opinion 2019

Deloitte.

Ter Beke NV

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

The original text of this report is in Dutch

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

In the context of the statutory audit of the consolidated financial statements of Ter Beke NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report, issued after the decision of the board of directors to revise the dividend, replaces our audit report dated 25 March 2020 and 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 29 May 2019, in accordance with the proposal of the board of directors 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 2021. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of Ter Beke NV for at least 23 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated overview of the comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow 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 439 022 (000) EUR and the consolidated overview of comprehensive income shows a profit for the year of 4 415 (000) EUR.

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

Basis for the unqualified opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	**How our audit addressed the key audit matters**
Valuation of goodwill and intangible assets The Group has significant goodwill and intangible assets allocated to different Cash Generating Units (CGU's). The intangible assets mainly relate to client portfolios acquired through business combinations. At 31 December 2019 goodwill amounts to 78 224 (000) EUR and intangible assets to 26 116 (000) EUR. The Group tests cash-generating units to which goodwill is allocated for impairment on an annual basis or more frequently, if there is an indication the carrying amount of the unit may exceed the recoverable amount. The Group assesses the recoverable amount by calculating the value in use of the assets per cash generating unit, using a discounted cash flow method ("DCF"). This method is complex and requires significant judgement in making estimates of cash flow projections, sales growth and EBITDA margin, and discount rate, amongst others. Due to the inherent uncertainty involved in forecasting and discounting cash flows, we consider this assessment as a key audit matter. The Group disclosed the nature and the value of the assumptions used in the impairment analysis in note 14 to the Consolidated Financial Statements.	In our audit we assessed and challenged, with assistance of our valuation experts, management's assumptions used in the discounted cash flow model set up to determine the recoverable amount. We obtained the discounted cash flow model per cash generating unit as prepared by management and we evaluated the reasonableness of estimates and judgements made by management in preparing these. Special focus was given to the key drivers of projected future cash flows, being amongst other, estimates sales growth, EBITDA margin growth, and the applied discount rate. We critically assessed the budgets, taking into accounts historical accuracy of the budgeting process. Moreover, we examined sensitivity analysis performed over changes in discount rate, growth rates and EBITDA margin and assessed the adequacy of the Group's disclosure note to the Consolidated Financial Statements.
Impact of Recall In view of the recall taken place in October 2019, the Group incurred significant non-underlying costs amounting to 7 914 (000) EUR of recall costs, 1 500 (000) EUR of severance costs related to the social restructuring of the Alsmeer facility, and 500 (000) EUR of impairment costs, presented as non-underlying result of operating activities. The Group assessed the direct costs and related costs incurred as a result of this recall, including liabilities settled, liabilities outstanding and provisions recorded as of 31 December 2019.	In our audit we assessed, with assistance of our valuation experts, management's analysis, which included an overview of all costs incurred as a (in)direct result of the recall, including the impact on revenue, trade goods, raw and auxiliary items, services and miscellaneous goods, employee expenses, impairments, write-downs, provision and other operating expenses. We critically assessed the information used by management to account for the direct impact of the recall, including the recall of finished goods located at the premises of the customers and the destruction of inventory at hand. Moreover, we have traced back the information used to underlying supporting evidence.

The Group disclosed the nature and value of these amounts in Note 1 "Summary of Key Accounting Principles – Management Assessment and Estimates" and Note 10 "Result of Operating Activities" to the Consolidated Financial Statements.	We critically assessed the information used by management to account for the indirect impact of the recall, including the incremental employee expenses incurred due to the recall, the best estimate related to customer claims, and the impact on the valuation of the related land and buildings. The employee expenses include the costs related to the social restructuring plan and the loss of productivity. We examined the underlying information used by the Company to estimate this indirect impact. The customer claims, presented as other operating expenses, include the Group's best estimate as of 31 December 2019. We have examined the underlying information used by the Company to estimate the overall amount related to customer claims and traced this back to underlying support, including, but not limited to, draft settlement agreements. With the assistance of our valuation specialists, we have assessed the Group's valuation report used in determining the impairment on the operating facility. Moreover, we assessed the adequacy of the Group's disclosure note to the Consolidated Financial Statements.

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 of annual accounts does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 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 and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

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

Aspects regarding the directors' report on the consolidated financial statements

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 the directors' report on the consolidated financial statements. This 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 these GRI Standards.

Statements regarding independence

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

Other statements

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

Gent, 16 April 2020

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Charlotte Vanrobaeys