ANNUAL REPORT 2020

Resilience

terbeke

driven by the zeal for your everyday meal

ANNUAL REPORT
2020

terbeke

driven by **the zeal for your everyday meal**

OUR MISSION

Enthusiasm.
Determination.
Drive.
Dedication.
Eagerness.
Passion.
Sincerity.

This is what drives us.

Encompassed in a single word: ZEAL.
We apply this zeal to accomplish our mission: to bring delicious high-quality products to every dining table.
And for this reason, we endorse our name Ter Beke with:

DRIVEN BY THE ZEAL FOR YOUR EVERYDAY MEAL

CONTENTS

READY MEALS SITES

1 **Deeside, GB**
Production site

2 **Opole, PL**
Production site

3 **Mézidon-Vallée d'Auge, F**
Production site

4 **Wanze, BE**
Production site

5 **Marche-en-Famenne, BE**
Production site

PROCESSED MEATS SITES

6 **Veurne, BE**
Centre for slicing and packaging

7 **Lievegem, BE**
Head office
Production site
Centre for slicing and packaging

8 **Wommelgem, BE**
Production site
Centre for slicing and packaging

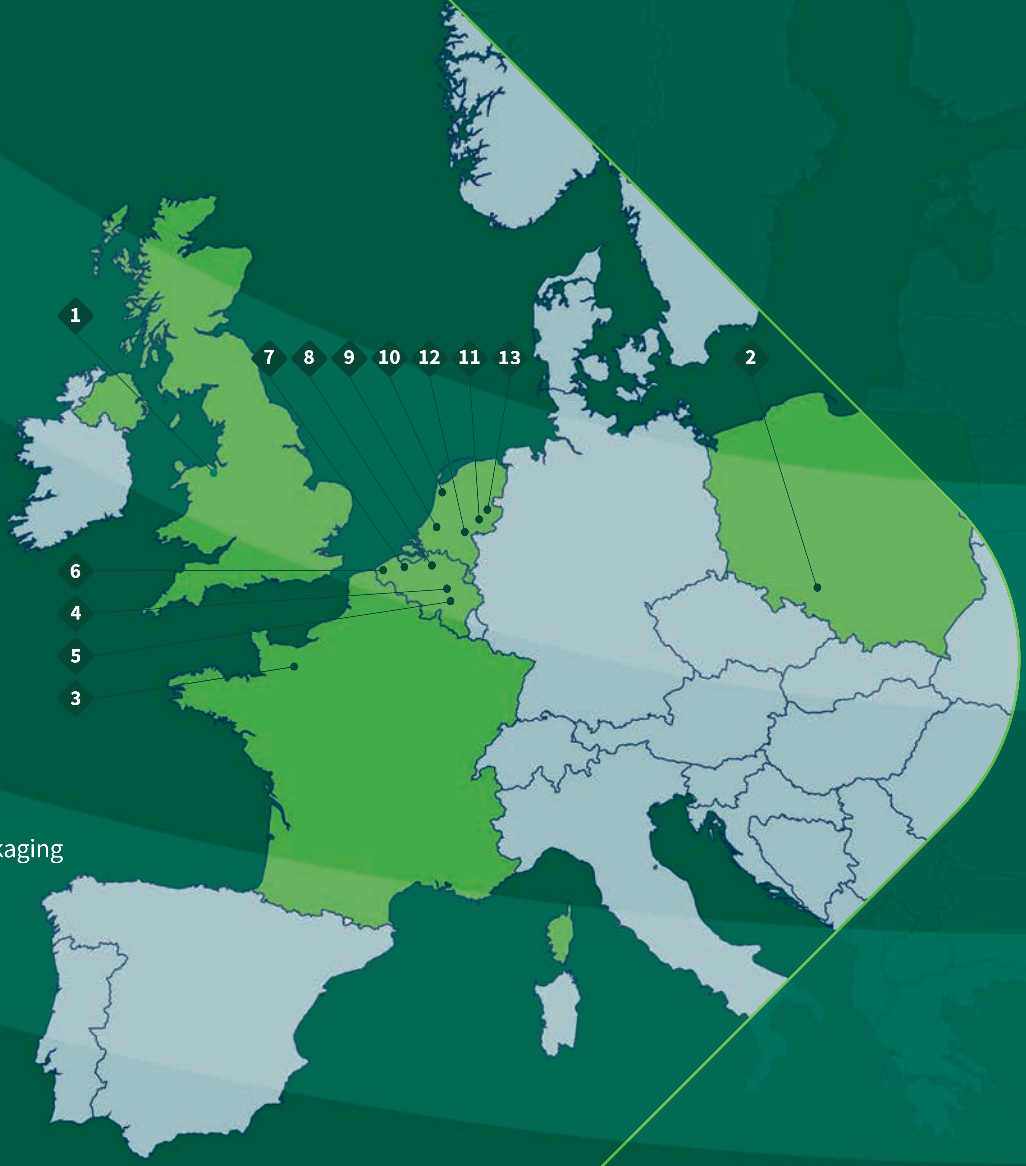
9 **Ridderkerk, NL**
Centre for slicing and packaging

10 **Aalsmeer, NL**
Centre for slicing and packaging

11 **Borculo, NL**
Production site

12 **Wijchen, NL**
Centre for slicing and packagingg

13 **Almelo, NL**
Administration office



Ter Beke (Euronext Brussels: TERB) is an innovative Belgian fresh foods business that markets its assortment in multiple European countries

The group has two core products: processed meats and freshly prepared ready meals. It has 12 industrial sites in Belgium, The Netherlands, France, Poland and the United Kingdom and employs approximately 2650 employees. Ter Beke generated a turnover of EUR 717,4 million in 2020.

READY MEALS DIVISION

- Produces freshly prepared ready meals for the European market
- Market leader in freshly prepared lasagne in Europe
- France (Mézidon- Vallée d'Auge), 1 in Poland (Opole) and 1 in the United Kingdom (Deeside)
- Brand names Come a casa®, Vamos® and Stefano Toselli® in addition to private labels
- Employs about 1250 people

PROCESSED MEATS DIVISION

- Producer and slicer of processed meats products for Benelux, UK and Germany
- 2 production sites in Belgium (Wommelgem and Lievegem) and 1 in The Netherlands (Borculo)
- 6 centres for packaging and slicing of processed meats products: 3 in Belgium (Wommelgem, Lievegem and Veurne) and 3 in The Netherlands (Wijchen, Ridderkerk and Aalsmeer
- Innovating in the pre-packaged meat products segment
- Private labels and own brands Pluma®, Daniël Coopman®
- Employs about 1400 people

OUR CORE VALUES

We work on our core values every day

1. TEAMWORK

Professional relationships based on mutual respect, confidence, willingness to listen and support. Commitment to achieving the Ter Beke objectives together.

2. FOCUS ON RESULTS

Achieve common and agreed objectives by working efficiently.

3. INNOVATION

Encourage an entrepreneurial spirit to create future-oriented solutions that add value and differentiate us from our competitors.

4. CUSTOMER FOCUS

Offer solutions for current and future demands of customers and consumers.

5. INTEGRITY

Communicate and work honestly and openly with business and social partners.

Headlines and key figures in 2020

Prospects for 2021

TURNOVER
717,4
million EUR

NUMBER OF EMPLOYEES
about
2650

INVESTMENTS
28,7
million EUR

GROSS DIVIDEND
4,0
EUR/share
(scrip dividend)

CASH GENERATION / SHARE
17,01
EUR/share

UEBITDA
45,7
million EUR

Due to the impact of Covid-19, consolidated turnover decreases by 1.5% from EUR 728.1 million to EUR 717.4 million.

In the first half of the year, Ter Beke's results were affected by a strong increase in raw material prices, a restructuring in its Dutch Processed Meats activities and the impact of Covid-19, especially in the Ready Meals Division, which led to a substantial loss. In the second half of the year, the results improved considerably due to a reduction in costs resulting from the restructuring in the first half of the year, operational improvements and a normalisation of the main raw material prices.

The results of the second half of the year (U-Ebitda of EUR 33.1 million and Ebitda of EUR 31 million) show the resilience of the company. As a result, the group's annual result ends at a U-Ebitda of EUR 45.7 million and an Ebitda of EUR 37.1 million.

The 2020 non-underlying costs are quite high (10.6 million EUR) and mainly include the restructuring costs in The Netherlands and Belgium (EUR 6.3 million cash costs and EUR 2.0 million non-cash costs) and costs incurred in the context of Covid-19 (EUR 1.9 million). The customer portfolio of Offerman, which was bought in 2017, was safeguarded after the recall in Aalsmeer thanks to immediate action in 2019 and a positive cooperation. In 2020, Offerman was successfully integrated into Ter Beke's Dutch Processed Meats activities.

Notwithstanding the impact of Covid, the high raw material prices in the first half and the high reorganisation costs, the net financial liabilities could be reduced by almost EUR 25 million to 99.9 million.

IMPACT COVID-19

Covid-19 did not hit the food industry as hard as other sectors but had and still has a significant impact:

- In both divisions, the Food Service business was strongly impacted by the closure of the catering industry.
- The Ready Meals Division experienced a drop in volumes as consumers started hoarding more pasta dishes and then started preparing them themselves.
- The high fluctuations in orders from supermarkets did not help the operational KPIs in the first months after the initial lockdown.
- Costs also increased significantly due to higher paid absence costs and the costs incurred to maintain staff safety. So far the Group has managed through this very well, but it remains a daily focus point. Additional costs incurred related to Covid-19 amounted to EUR 1.9 million and were adjusted in U-Ebitda as indicated earlier.
- The Ebitda impact of the missed sales due to the forced closure of certain Food Service customers and the reduced production efficiency due to Covid-19 were not adjusted in the U-Ebitda figures. This impact is estimated to be around EUR 7.7 million.

The Board of Directors and management would like to once again express their thanks to all employees for their flexibility, hard work and discipline.

PROCESSED MEATS DIVISION

The division's turnover increases from EUR 437.6 million to EUR 447.2 million (+2.2%). Nonetheless, the division had in many aspects a difficult year in many areas. Due to the recall and temporary closure of the Aalsmeer plant in October 2019, production volumes were moved to the plants in Ridderkerk, Wijchen and Wommelgem. It took until April 2020 before the operational KPIs were back on a normal level. At the same time, due to the outbreak in April 2019 of African swine fever in China, raw material prices remained historically high until April 2020, after which they gradually normalized. The merger of the Dutch Ter Beke business with Offerman, acquired in 2017, under the code name Project Unity, led to significant reorganization expenses that will ensure a reduction in fixed costs. The following projects and improvements were equally implemented in 2020:

- An investment in the production capacity of the so-called MLP concept (multi-layer packaging) at our factory in Veurne.
- The installation in Wommelgem of a central meat mincing unit, which manages the uniformity of the meat-fat mix even better.
- The integration of the activities of the meat products company E. De Kock - De Brie, acquired in September 2019, in our factory in Wommelgem.

In the coming years, Ter Beke will continue to invest in new packaging concepts, with a focus on sustainability, recyclability and ease of use. On the other hand, Ter Beke is evolving towards the broader category instead of just focussing on Processed Meats. The first concepts of this were launched in 2020, such as a meat/cheese combination and sliced cold cuts containing a mix of meat and vegetables.

READY MEALS DIVISION

The division enjoyed good organic growth in the first quarter until it was hit by Covid-19. KK Fine Foods, whose business is mainly focused on UK foodservice customers, was hit hardest, but thanks to focus and a pro-active approach in its retail business, it was able to limit the impact in the end. The announced expansion investment was however put on hold. In general, it was noted that that consumers are cooking more themselves in this year of crisis and are therefore buying fewer prepared meals. Ter Beke is convinced that this is a temporary phenomenon, given the convenience and "value for money" of our products.

The high raw material prices in the first half of the year also impacted the Ready Meals Division.

In Belgium, the rebranding of the Look & Feel of the Come a casa® brand was a success and a number of trendy products were launched, such as a Come a casa® Bio spaghetti and a Bio Lasagne Bolognaise.

As planned, more than 8 million EUR was invested in the expansion of the Polish factory in Opole - the operating base for Central and Eastern Europe. In Eastern Europe, the market for Mediterranean ready meals is growing even faster than in the established markets.

The factories in Belgium and France are being prepared for the next growth phase, together with strategic customers.

INVESTMENTS

The group invested EUR 28.7 million in fixed assets in 2020 compared to EUR 21.4 million in 2019. This mainly concerns the expansion of production capacity at the plant in Opole, Poland and the continuation of efficiency investments and adjustments to the infrastructure in various locations.

PROPOSED DIVIDEND

Despite the lower net result, the Board of Directors will propose to the General Assembly to maintain the gross dividend per share for 2020 at EUR 4.00, given the exceptional nature of the impact of Covid-19, the improved results in the second half of the year and the reduced debt position. Upon approval of this proposal, the Board of Directors will offer the dividend in the form of a scrip dividend.

POST BALANCE SHEET EVENTS

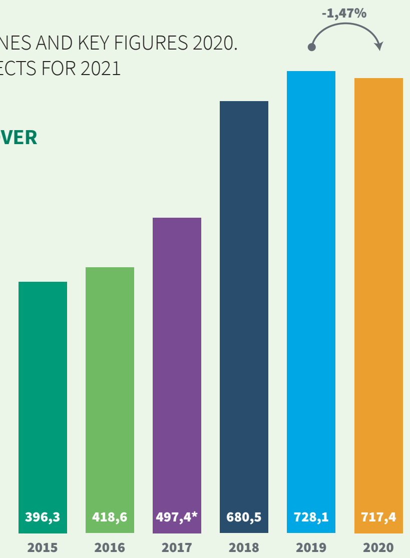
At the beginning of January, Ter Beke announced that Francis Kint, CEO, will leave Ter Beke on June 30th 2021. Meanwhile the search for his successor has been started. Francis Kint led the company through three crises, namely the exceptional increase in raw material prices due to the African Swine Fever in Asia, the recall and partial closure of Aalsmeer and finally the Covid-19 crisis. With the results of the second half of the year, he shows the resilience of the company.

After thorough analysis, Ter Beke decided to sell its reinsurance company in Luxembourg. The transaction is currently being negotiated and still has to be submitted for approval to the Luxembourg authorities, amongst others. Ter Beke expects to be able to conclude this transaction before the publication of its half-yearly figures 2021. The sale will have a one-off negative impact on the cash flows and the net result. This impact will most likely be between EUR 4 and 5 million.

PROSPECTS FOR 2021

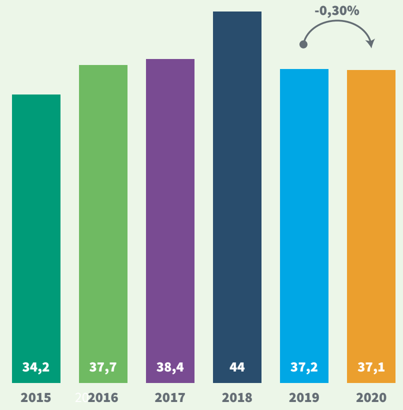
Save unforeseen circumstances, the Group is confident of exceeding the EBITDA result of 2020 in 2021.

TURNOVER

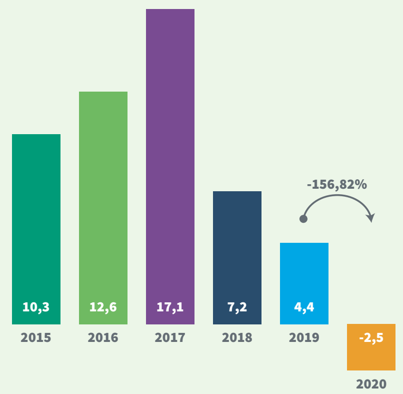


*adapted for IFRS 15

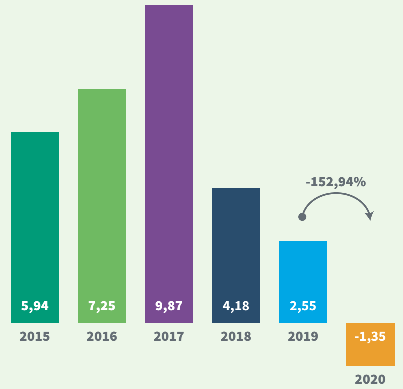
EBITDA



RESULT AFTER TAXES (EAT)



RESULT PER SHARE



Ter Beke wants to create growth and value for all its stakeholders. To achieve this, we work to implement the following **strategic objectives.**

COST LEADERSHIP

We endeavour to keep the direct and indirect costs of our operations under control and reduce these wherever possible. Every day we endeavour to organise our activities as efficiently as possible, without compromising on the quality of our products and the service to our customers.

CUSTOMER SATISFACTION

Satisfied customers and consumers are our primary objective. They make us who we are.

OPERATIONAL EXCELLENCE

We strive to excel in what we do every day, by doing the right things in the right way. We do not compromise on the quality of our products and services.

INNOVATION

We consider innovation in products, processes and services as the driving force behind our strategy and our organisation. The development of new products, services and production processes is an absolute prerequisite for our future growth.

Resilience

1 BUSINESS OVERVIEW

Foreword by Dirk Goeminne, Chairman of the Board of Directors

MESSAGE FROM THE CHAIRMAN

Dear shareholder,

The year 2020 will end in history as a year to remember. The impact of the pandemic on the society has been enormous and has caused great suffering to the families who have lost a loved one to Covid-19.

The resilience we show to face this crisis gives me confidence in the immeasurable power of mankind to come up with new techniques, systems and products through research & development that will enable us to cope with the challenges of the 21st century.

Ter Beke also faced quite some challenges. First there was the aftermath of the crisis in The Netherlands with the recall and temporary closure of our factory in Aalsmeer, then the sharp increase in meat prices and finally the Covid-19 crisis from March onwards.
In the first semester, this resulted in Ter Beke's worst half year results ever. At such times, the Board of Directors, together with management, decided to apply stringent crisis management. Many actions were taken to stem the bleeding, involving the entire organization. This yielded the desired results in the second half of the year, partly due to the sharp fall in meat prices, which largely offset out the very negative results of the first half of the year.

In this hectic environment, we kept cool and continued to invest both in expanding our capacity in the Ready Meals Division and in improving our industrial equipment in both divisions.

We also continued to sharpen our strategic objectives of customer satisfaction, cost leadership, operational excellence and innovation.

We continue to evaluate our processes and structures. The saying "Never waste a good crisis" has led us to bring the organization in The Netherlands under one central organization, led by a new management team. To further reduce our cost base, we have also initiated a zero-based-budgeting exercise without compromising on food safety and quality processes.
In the coming year, many product introductions will be launched in both divisions as an expression of the innovative strength of our group.
This is the ongoing, never-ending challenge to ultimately become our customers' preferred partner.

I believe that we will emerge stronger from this crisis, and I would like to thank our employees for their efforts. They too have experienced this as being a turbulent period, but they have continued to play their role during this pandemic.

A special word of thanks also goes to Francis, our CEO, who has guided Ter Beke through this unprecedented time of crises. In the past three years, he has guided Ter Beke through three crises and under his management measures have been taken that will have a lasting positive impact in the future.

Finally, I would also like to thank our shareholders, who, despite the difficult period, continue to have confidence in the company. As a family company that is listed on the stock exchange, the involvement of our family shareholders gives us extra comfort about the strategic direction we take as a company.

Dirk Goeminne

Covid crisis weathered well.

After 2019 - described as a difficult year - 2020 certainly was not an easier year?

Correct, we entered 2020 still feeling the full impact of the two crises of 2019, namely the sharp increase in meat prices and the aftermath of the major recall and temporary closure of our factory in Aalsmeer. In March, the Covid crisis came on top of this. Of course, the food industry was less affected than others, but our business units - such as KK Fine Foods - which are strongly focused on the Food Service segment, were hit hard.

The word "Resilience" is on the cover of this annual report. Why did you choose this word exactly?

Because we lived through the three crises with resilience and (especially) in the second half of the year we saw a turnaround in all areas, despite the second Covid wave. This resilience was due to the implementation of a specific action plan that was given the internal code name "Back-on-Track". This action plan included both commercial and operational improvements and a reduction in fixed costs. Thanks to this action plan and a decrease in meat prices since May, we have largely offset the heavy losses of the first half of the year in the second half. The final result for the full year can certainly not be called good, but the trend offers good perspectives for the coming years.

When we talk about cost reduction, we often talk about staff reduction. Was this also the case with Ter Beke?

Yes, this is never pleasant to execute, but it was necessary. We have, for example, merged our two processed meats activities (Berkhout-Langeveld and Offerman) into one Ter Beke Netherlands organization, making a number of positions redundant, and we have also let go a number of employees in our Belgian branches to reduce our cost base. Even without the crises, we notice that cost leadership - which was already one of our strategic objectives - is more and more a necessity.

Are you saying that the competitive environment is tougher?

That environment is evolving. Ter Beke has strong brands such as Come a casa®, but also supplies many products under private label. The large retail chains - our largest customers - use their private label products to distinguish themselves. They want to offer them at a competitive price, which is good for the consumer. But this also means that they want to buy them at a competitive price. There is nothing wrong with that, as long as we keep our cost structure at a competitive level.

In other words, the initiatives to counteract this year's problems will make Ter Beke stronger in the future.

Correct, this is the signal we want to give to the shareholders and - more generally - to all stakeholders. In addition, despite these circumstances, we received the support of the Board of Directors to continue a number of planned expansion investments. For example, we doubled our capacity in Poland by installing a second pasta line, and in Veurne we significantly increased the capacity for the unique multi-layer processed meats packaging concept to keep up with demand. In Wommelgem we invested in a central mincing unit, which will allow us to refine the meat mixes for both processed meats and lasagne preparations.

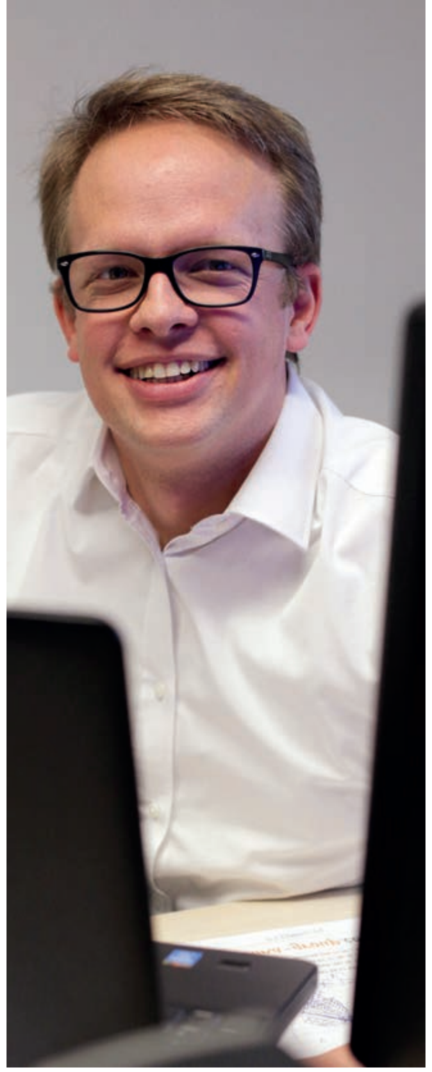
What are the prospects for 2021?

These are good for all the reasons I have mentioned (cost reduction, operational improvement projects and expansion investments), but also because the year will be rich in product introductions in both divisions.

The Board of Directors has announced that it will look for another CEO, what can you say about that?

As the press release in January indicated, I have led the company through three very unusual crises. I can say that the company is emerging from them strengthened by the enduring nature of the positive impact of the measures we took during those crises and also because we have continued to invest in additional capacity for the future. I am going to give my full commitment to the company until 30 June 2021 and then pass on the torch.

Francis Kint,
CEO Ter Beke Group



Yves Regniers,
CFO Ter Beke Group

This was your first year as CFO. How do you look back on 2020?

After my appointment as CFO, I was immediately given a baptism of fire. Covid came on top of the challenges of high meat prices and the operational challenges due to shifting production as a result of the recall in The Netherlands in 2019. Fortunately, I already knew Ter Beke quite well from my previous role as Group Controller and could count on a very competent and motivated team. Together, we analysed the challenges and drew up an action plan. For example, we decided to speed up the publication of our 2019 annual report in order to provide stakeholders with faster insight into our figures. We also gave a number of Covid updates fairly quickly. We made agreements with the banks. That gave us additional leverage and immediately also the certainty that we could continue our important investments, carry out the necessary restructurings and at the same time have the opportunity to propose a scrip dividend to shareholders in 2020. I would like to express my thanks to everyone involved in these strategic points. I think the result is impressive: a strong second half of the year (in which a number of important investments were made), a re-design of our organization in The Netherlands and a reduction in net debt to below EUR 100 million, while our liquidity headroom (undrawn funds) increased up to EUR 117 million. So I am quite proud of what we achieved as a team in 2020.

Indeed, there was also a substantial debt reduction despite the challenging results. How was this achieved?

Our intention was very clear: to make the necessary structural changes and investments (and both cost money), but to manage them in such a way that we did not increase the debt ratio. We looked at our working capital and cash flows with a multi-disciplinary team. In the second half of the year, we were already able to realize the first benefits of the actions that were started in the first half, while achieving a further improvement in working capital. The debt reduction in this challenging year is the ultimate proof of the resilience of our organization. People make the difference! Simplifying processes and structures also helped us to maintain focus and exceed our internal targets.

You simplified structures by liquidating or merging some entities. Can you say anything more about that?

In everything we do, we have asked ourselves whether it would contribute to our cost leadership position. Every entity we own, has an inherent cost, a complexity, etc. We first identified these and then made a number of changes that would reduce our overall costs without reducing customer service. We succeeded in doing so. In The Netherlands, for example, we completely merged the 'Offerman' units purchased in 2017 and 'Ter Beke Netherlands' overhead organizations into one organization, warehouses were merged, logistics flows were organized more efficiently, etc.
The simplifications we realized under 'project Unity' in The Netherlands give us a more powerful management team and support services, which all have the same focus without the complexities of the separate organizations and systems. Everything was also set up efficiently in our ERP system to reduce manual transactions as much as possible. Here as well, steps were taken in 2020. The re-design of our structure in The Netherlands allowed us to eliminate no less than seven entities. This project also benefits the cooperation between the companies in Belgium and The Netherlands. "Less is more! Here again, our people showed resilience. By tackling and completing this project, in which we unfortunately also had to say goodbye to some colleagues, we succeeded in strengthening our position and even improving the service to our customers.
Our cost leadership ambition also ensured that we approached other costs with a zero-based-budgeting mindset. The headquarters team have taken the lead in this respect in 2020 and the various plants have also set themselves targets in this respect for 2021.

"Debt reduction and improvement in working capital in a challenging year for the group is the ultimate proof of our resilience."

INTERVIEW COO

Eric Kamp,
COO Ter Beke Group

During my visits to the factories and meetings with our employees, it soon became clear to me that Ter Beke is a driven organization. That drive is supported by the knowledge and skills of committed employees. In 2020 we had to go through significant changes, especially in the first half of the year (African Swine Fever, organizational changes, Corona and Brexit). The operations have responded well to these changes, with the commitment and teamwork of our employees in particular ensuring that a good foundation for the future was established in the second half of 2020.

The focus on efficient and streamlined Operations and Supply Chain Management has taken further shape, with the customer being central in terms of quality, service and innovation, all at a competitive price. Steps were taken to further strengthen the organization to support this Operational Excellence with a culture of Continuous Improvement (Lean). This support was provided mainly by recruiting people with long experience in continuous improvement. In addition, a start was made on training programs for new employees, in particular, with focus on the right competencies.

The number of work-related accidents in our plants has reduced by 28 % in 2020. The focus on safety will be further improved by launching various programs and training courses, led by a good network of safety professionals.

We will also continue to work on further investments in food safety and quality in the broadest sense, and keep raising the bar for ourselves.

The purchasing organization has seen various developments in the field of raw materials and packaging materials. A start has been made on measuring our suppliers' performance in terms of quality and delivery service, and thereby making continuous improvements. Furthermore, we have taken steps in purchasing techniques to further professionalize the entire purchasing process. Steps have also been taken to review the entire spectrum of indirect costs through a Zero-Based-Budgeting approach and to identify improvement paths. The entire Ter Beke network is used to put forward and implement improvement proposals.

The Supply Chain organization has implemented several network optimizations which have led to further cost and service improvements. Especially in the second half of 2020, we see a clear improvement of the service to our customers. Furthermore, steps were taken to improve the S&OP process (Sales & Operations) in order to generate even better coordination between the various chains in the Supply Chain.

Besides food safety investments in various plants, the biggest investment in 2020 is the expansion with a second pasta line at Pasta Food Company in Poland. This investment has been operational since December 2020.

"Continuous improvement and as a consequence raising the bar ..."

“2020, a year that we will remember - yet wish to forget.”

Confidence in the post-covid period!

Christophe Bolsius,
CEO Ready Meals Division

Chris Bolsius looks back on a turbulent 2020 within the Ready Meals Division

The start of 2020 was marked by a further increase in raw material prices, especially meat prices. African Swine Fever and the demand from China pushed meat prices to unprecedented heights. Intensive constructive negotiations with our customers were held to recover this in the market.

The outbreak of the Corona epidemic in March immediately had a huge impact on the entire operations of our division: volatility in the availability and price of meat and cheese, restaurants and pubs that were closed throughout Europe, extra sanitary measures on the production lines to protect our employees, product ranges that had to be temporarily stopped, etc.

Home cooking experienced a revival, with a negative impact on sales of our ready meals in Europe during the first lockdown.

Resilience, optimism and commitment: people made the difference

The way in which our employees in all departments rolled up their sleeves in the midst of the crisis and tackled things gives one wings.

So once again, it's the people who make the difference at times like these.

The speed, flexibility and the way in which the employees acted have contributed to us being able to continue to provide all our customers in Europe with maximum service.

A special word of thanks goes to all the employees and local management at KK Fine Foods who were hit very hard by the closure of bars and restaurants. The factory was closed several times and our people had to be put on "furlough" (economic unemployment). Emotionally and family-wise, this was a difficult period.

But each time we reopened, we could count on our motivated employees, who once again ensured an unparalleled quality level, from the first meal that rolled off the belt.

2021, continuing to build our strategy for the future

A successful re-branding and re-design of the Come a casa® Mediterranean range, supported by a strong "above-the-line" campaign, triggered positive results for Come a casa®.

New market segments: home-delivery, online/e-commerce were explored and cooperation models were set up.

In the factory in Poland, a brand new pasta line was built during challenging times, representing an investment of EUR 8.5 million. This investment fits into our growth strategy for the Central and Eastern European market, and offers us additional opportunities to achieve our Corporate Social Responsibility (CSR) objectives.

In the other plants, major replacement investments were made to achieve energy savings on the one hand, and to generate additional capacity for future growth on the other.

2020 was a turbulent year on every level. A year full of challenges, but despite everything, also one with opportunities for the future. As soon as all food service channels are opened again, we will be ready, stronger than ever!

A year never to be forgotten.

Leonard van Dis,
Managing Director
Processed Meats Division
Belgium

Within the Processed Meats Division in Belgium, the past year has been one with many faces. During the first months of the year, we still felt the aftermath of the integration of various slicing and packaging lines in both Wommelgem and Lievegem as a result of the recall in The Netherlands at the end of 2019. This temporarily led to a number of inefficiencies, but ultimately we can call it a successful integration with a positive impact on our results.

Our factory corona proof

In March, we were of course also confronted with the first consequences of corona. Peak orders put extra pressure on the organization as stocks were completely depleted. Here as well, it turned out that we have a resilient organization. While we moved quickly to make our factories corona proof, we worked closely with our customers to guarantee deliveries. In both cases, we can say that we succeeded.

Our investments and innovations

During the summer period, two important projects for the future were delivered. In Veurne, our 3rd multilayer packaging line was installed. A successful concept, unique for the Benelux and with which we have realized nice growth. In Wommelgem we went live with the mincing preparation for our colleagues of the Ready Meals Division. A collaborative project with which we can safeguard our quality even better and at the same time work more efficiently.
The autumn was characterized by fewer project work. We used this period to dot the "i"s and cross the "t"s, and to focus fully on continuous improvement and efficiency. We will continue this process in 2021 in order to structurally embed our improvements.

Finally, we launched a number of innovative concepts during the year that are discussed in more detail elsewhere in this report. All in all, we can therefore speak of a year with many faces and a year not to be forgotten!

A year filled with challenges and changes.

Eric Kamp,
Managing Director
Processed Meats Division
The Netherlands

2020 was a year of changes at Ter Beke in The Netherlands. The settlement of the recall, the integration of Offerman into the Ter Beke organization and the corona pandemic have clearly left their marks. Especially the transfer of production capacities to other plants in The Netherlands and Belgium has had a clear impact on the organization. In addition, the first corona wave demanded a switch in the entire Supply Chain, including our suppliers, in order to guarantee supply to our customers.

Positive vibes

It is clear that the organization has gone through a major change process. At the same time, you can feel that in the second half of the year, there was a positive vibe. We are looking ahead and are more customer-focused than ever. The new organization is enjoying itself, employees are finding their way and the pieces of the puzzle are falling into place. The introduction of an improved S&OP process has led to a clear improvement in service to our customers in the second half of 2020. In the last quarter of 2020, the product portfolio for the Berkhout-Langeveld specialist wholesale business was optimised and launched under the trusted Daniel Coopman® butcher brand.
There were several investments, including a successful Ter Beke ERP implementation in Borculo, new conditioning rooms in Borculo and adjustments to several cutting lines.

In 2020, Ter Beke The Netherlands laid a good foundation to make 2021 a successful year, together with its customers.

DIVISION PROCESSED MEATS

Ter Beke and Covid-19

The year 2020 will go down in history as the year the world was hit by the Covid-19 pandemic, better known as the Corona virus.

A report on 2020 cannot ignore this.

Since mid-March 2020, numerous government measures have been taken to combat the spread of the Corona virus and this also forced our company to rapidly change and adapt its operational management and the way it works and cooperates, with a double goal in mind: safeguarding the health of our employees and guaranteeing the continuity of our operations for our customers and consumers.
As a food company, Ter Beke is after all part of those essential sectors that were rightly expected to continue their activities and to continue playing an essential role in the interest of society and the population.

Amongst other things, the following Corona measures were introduced at Ter Beke:
In the factories and office buildings, walking lines were drawn to steer 'human traffic' in the right direction, with respect for the distance rules. In all common areas, measures were taken to make it possible to fully comply with the "social distancing" rules. For example, tables in canteens were put further apart and chairs were removed.

Production activities and planning were also quickly and structurally adjusted in all the group's factories: for example, shift start times were staggered to avoid overcrowded changing rooms, and breaks were also adjusted to avoid overcrowded break rooms. The speed of certain production lines was also reduced in order to be able to work safely and remotely, and pending the implementation of the necessary social distancing measures, certain production runs and/or product references were temporarily suspended, in consultation with our customers.

Furthermore, the capacity of meeting rooms was also reduced to the level at which safe meetings were again possible, although physical meetings were avoided as much as possible since the beginning of the pandemic and replaced by teleconferences or video calls. At the same time, the presence of outsiders on our premises was reduced to a strict minimum and even the occasional visitor was asked to fully comply with all Corona-related measures.

Where the imposed distance of one and a half meters could not always be guaranteed, both in the production area and in the offices, plexiglass walls were installed to prevent/limit transmission of the virus.

The regular disinfection of hands was already mandatory in certain areas of our plants and this obligation was extended to all employees. Wearing mouth masks, which had been standard practice in the "high care" departments within our company for many years, was also introduced in our group, always in line with national legislation and in many cases stricter than legally required. At a number of the group's locations, temperature measurement was introduced at the entrance to the company premises or the production area, in consultation with the representatives of the employees and in compliance with the relevant legislation.

The frequency of cleaning and disinfection of production material and production areas was increased and air purification and refreshment systems were optimized, always in compliance with the applicable food safety regulations, for which, as a food company, we cannot make any concessions.

For our office staff, strict rules were introduced from the start regarding foreign business trips and domestic travel between the Group's various locations. These trips were limited to the absolute minimum and in compliance with the applicable rules regarding compulsory testing and quarantine. Joint use of means of transport for commuting, such as carpooling, was and is also strongly discouraged and only allowed for members of the same family. As far as the privacy laws allowed, the correct application of the legal testing and quarantine obligations by employees returning from holidays abroad was also monitored.

For office workers, whose job does not always require them to be physically present, home work/telework was made possible (see page 30).

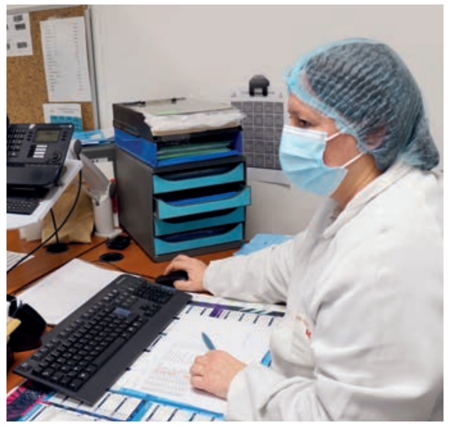
All these measures were repeatedly communicated and explained to our employees, and compliance was monitored in various ways.
Written communications relating to the measures taken were repeatedly distributed by Group Management and the local management teams. The colleagues of the Human Resources department communicated weekly with the employees about the measures taken and their appropriate implementation. The local communication tools, from newsletters to TV screens and posters, were used intensively.

In a number of our plants, colleagues were appointed to promote the correct application of the measures in their specific zones and to continuously sensitize their colleagues about their importance.

Consultations with workers' representatives and occupational health services were held more frequently than usual in order to ensure that the measures were as broadly and correctly implemented as possible.

This was followed up at the group level by a Corona Task Force, which discussed the various dimensions of the pandemic and its impact on the group on a weekly basis, adjusting where necessary the measures taken. This forum also monitored the commercial impact of the pandemic and the impact on our logistics and supply chain activities. You can read more about this elsewhere in this annual report.

TER BEKE AND COVID-19



All the measures taken and, in particular, the exemplary compliance by all our employees and the close internal "contact tracing" have ensured that, for now, the group has been spared from contamination clusters that could have led to a stop in operations. We counted only a limited number of isolated positive cases and a limited number of cases of preventive quarantine in the Group in 2020 and we hope to continue fighting the Coronavirus in this successful way.

Ter Beke and Covid-19

Teleworking for office workers

Digitization in top gear.

Also at Ter Beke, the Corona pandemic has thoroughly accelerated the pace of digitization. Although at the beginning of the first lockdown many office workers already had a laptop and although the basic ICT infrastructure was in place to allow teleworking, we could not yet say that digital collaboration was embedded within the Group.

This does indeed require more than a laptop and an internet connection. You need to have good communication platforms, use collaboration tools and be able to exchange and share information and data easily. And all this in a safe way. All this demanded a lot from colleagues in the ICT department during this pandemic: they had to be able to offer secure and fully workable solutions quickly.

Fortunately, Ter Beke has invested a lot in ICT in recent years, both into standardizing the central systems and building up a digital workplace. This allowed for a smooth transition to teleworking at the start of the crisis for all office workers whose function allowed for this and in line with the obligation to telework imposed in various countries.

The use of videoconferencing as a communication and meeting tool was already in place before the Corona crisis, with at least one virtual meeting room at each production site. However, the use of videoconferencing has increased exponentially due to teleworking, both in terms of hours, number of participants and number of video meetings.

With regards to security, it was also necessary to step up a gear: two-factor authentication logins were setup, encryption of laptop disk as protection against theft or loss was rolled out, installation of a new endpoint security tool for more intelligent protection against viruses and malware, more stringent policies in the area of ID, access and password use and finally, accelerated implementation of the security awareness program were implemented.

The ICT department of Ter Beke more than ever been"in demand", caused amongst other things because of teleworking. As far as digital cooperation is concerned, we expect that the clock will not be turned back completely after the Corona crisis.

KK Fine Foods

Surviving.

2020 will be a year that stays in our collective memories for a long time due to the challenges posed by the global Corona virus pandemic. As business unit within the Ter Beke group, predominantly focused on the hospitality sector, KK Fine Foods has ultimately incurred the most significant impact of Governmental restrictions that have been necessary to control the spread of the virus. Pre-pandemic, KK Fine Foods achieved strong trading results during the 1st quarter of 2020 and was set to start on a planned capital expenditure project to increase site manufacturing capacity. This project is currently on hold as we continue to review forecasts and anticipate the relaxation of these interventions on our foodservice clients.

As the UK entered its 1st national lockdown in late March 2020, the primary focus of the business was to ensure the safety of our colleagues and their families. In conjunction with other Ter Beke factories, a number of measures were introduced at short notice to limit the spread of the virus and these continue to be reviewed and adapted where necessary. Initially these measures impacted on operational outputs due to the necessity to prioritize personnel but over a relatively short period of time we have been able to successfully cooperate with our Production teams to safely return efficiencies back to pre-Covid levels.

Whilst food service and hospitality sales at KK Fine Foods have been severely impacted due to enforced closures at various times over the course of 2020, we have on the other hand experienced retail category growth during this period. We have experienced changes in consumer habits as there has been a tendency to 'hoard' food prior to restrictions being introduced. In conjunction with this the frozen retail sector as a whole has seen a general uplift as shopper frequency has reduced and larger shopping baskets have become the norm, which generally suits the frozen ready meal format.

In 2020 we focused together with our strategic partners in Foodservice & Retail on developing new, surprising recipes in order to fill the innovation pipeline for 2021 and assure our future growth. Covid challenged us also to study and develop new route to markets, in line with "new normal" consumer food buying behaviour.

Despite the impact on our sales revenues in 2020, we close the year with the satisfaction that we have been able to adapt to the reality of crisis management whilst still being able to achieve a positive year end result. We are optimistic that as the vaccine roll-out continues in 2021 this will help to raise consumer confidence in the hospitality sector, driving a strong multi-channel look and feel to KK Fine Foods for the future.

We would like to thank all employees of the Group for their relentless efforts in this difficult period and the flexibility they have shown in adapting their way of working, both in production areas and in the offices. It is the employees who have enabled Ter Beke to continue fulfilling its essential role as a food company during this pandemic. These heroes of the food sector deserve the respect and appreciation by all.

INVES

Our factory in Veurne
Strong foundations.

The year 2020 was once again an exciting and challenging year for Ter Beke and this was certainly also the case for the factory in Veurne.

In the first months of 2020, a stronger collaboration between the Veurne and Lievegem plants was set up to create more synergies. This way, we can work more across the two plants in the future and share our "best practices" with each other.

From March onwards, Covid-19 hit hard. Within a few weeks, a strategic SKU reduction plan was defined and the absence rate increased. Despite the difficult and tense period, the factory in Veurne turned things around and showed the necessary flexibility to tackle this challenge as a team.

Choosing sustainable solutions

Throughout the year, investments were made to improve the factory in a number of areas. With these works, we ensured that we evolved along with the ever higher demands made on the food industry. In addition, a new multilayer packaging line was installed in Veurne during the summer, enabling us to process the growing volumes for this concept. In order to cope with the corresponding increase in our workforce, a new car park was created in cooperation with a local social enterprise. Sand, clay and shells were used for this, with which we opted for a sustainable solution. Not only was a new, permeable, ecological car park created, but we also assumed our role as a company supporting local initiatives.

Happy employees

To improve the ergonomics and efficiency of our cutting lines, lifting equipment was installed on our lines. With this lifting solution, our employees are now able to lift 25 kg crates and stack them 8 high (instead of 6) on pallets.
Result: satisfied employees and a reduction in CO^2 emissions through more efficient use of space!

New product launches

The 4^{th} quarter was characterized by a number of new product launches, such as Croque-it®, Meat & Greens and a Bio range, which are explained further on in this annual report.

In addition, during this period, we realized a large number of process improvements. This led to improved results, to close the year and also laid the foundations for the coming years.

Come on 2021!

INVESTMENTS

Pasta Food Company
Continuing its growth strategy in 2020.

The Pasta Food Company, a part of the Ready Meals Division of the Ter Beke Group, continued growing in 2020, even in difficult Corona times. To support strong growth in the Central and East-European countries, and to guarantee capacity for future growth, a significant expansion capex was announced in 2019.

During 2020 local management installed a full new line which became operational at the end of 2020. In total, 8.5 Million euro was invested to secure the future growth of the factory.

Safely

In its design, the new line ensures exchangeability with the existing equipment, but on the other hand differs by featuring modern innovative technological solutions. Engineers upgraded and improved the line with new automation and robotization, based on the unique needs of our plant. The technologies used, allow a reduction in both utility expenses and plastic consumption in view of a significant improvement to our Carbon footprint.
The installation of the new line took place during the covid-19 pandemic. Strict sanitary rules were introduced during installation and commissioning of the line. On-line support meetings were organized with suppliers to help a smooth installation. Thanks to the local Pasta Food Company team who monitored and managed the process, the installation of the new line was accomplished on time, within the budget and most importantly: in a safe way.
Thanks to the investment, the plant will double its production capacity, creating an opportunity to produce high quality Pasta based products for our strategic customers in the different markets we serve.

In 2020 Pasta Food Company continued its strong focus on introducing lasagne products at new customers and in new markets.

Ready Meals Innovation

In a VUCA (Volatility | Uncertainty | Complexity | Ambiguity) world, we kept on innovating in line with our Avanti Strategy.

No one could have imagined that 2020 would bring us such a bumpy road. It will always be remembered as the year of the Covid-19 pandemic.

Our consumers' lives have changed over the last year leaving less space for launching innovations. Consumers had fewer time and fewer occasions to shop, leaving less time to discover innovation in the shops. They have also been forced to home working and their activities (sports – leisure - …) outside of their bubble have also been strongly limited. All this eventually lead to more available time for home cooking.

More than ever, we have been living in a VUCA world and had to reshape our plans several times accordingly. Some innovations have been launched as planned, others were delayed by some months to give them the maximum chances of success on the market. This has been made possible thanks to a good collaboration between the R&D, marketing, sales and operations departments and by the strong commitment shown by all the different team members during a very complex and challenging period.

In 2020, a high number of new projects were set up in order to maintain or create value for our ready meals division. All recipes linked to the projects are developed by our chefs in the Ready Meals Division. Those new developments serve our Avanti strategy and have as objective to maintain our leading position in Lasagne in Europe and to develop our pasta meals offer.

Next to the traditional consumer needs of our category (convenience & taste), we've been working on developing new offers answering new trends:

- Changing diets: the rise of flexitarism, veganism or Halal.
- Changing eating behavior: development of other consumption moments
- A more responsible consumption: decrease of environmental impact
- A healthier consumption
- Need of variety in tasty comfort food

Those trends have been converted to concrete projects and have been launched under the brand Come a casa® or in close collaboration with our strategic partners under their brands in several countries.

2020 challenged us all and the new normal and new trends have driven our innovation strategy forward.

NEW PRODUCTS DIVISION READY MEALS

Together, we prepare tasty and sustainable fillers.
For everyone, for every day.

Stability & focus, innovation, people and sustainable partnerships: these are the four central pillars on which we in the Processed Meats Belgium team work hard every day.

Specifically in the field of innovation, it is our ambition to surprise with a number of new products and concepts. After all, today we can see a clear need among consumers for alternatives to traditional fillings. Consumers like to vary their fillings, but this is not always easy.

During our innovation processes, the needs of the consumer, the dynamics of our category and the wishes of our customers always come first.

In multidisciplinary teams, we work meticulously on every aspect of the product until the result is perfect! Respect for the traditional character of our products and an eye for new trends and needs go hand in hand.

Taste, quality and a balanced composition of the product are of paramount importance.

Perhaps you saw one of these new concepts pop up this year in the processed meats & sandwich section.

Croque-it®,
Renewal and inspiration

Innovation is as much the launch of completely new product concepts as it is comprised of the small innovations and improvements that happen every day. For example, our product developers are constantly working on improving the composition of our products: reducing salt content, improving the Nutriscore and limiting fat content are key in this respect. In addition, cross-functional critical assessment is always made of the various properties of the product mix, such as packaging and choice of materials.

Meat & Greens,
Surprising flavour combinations

A unique combination of meat and vegetables. These products are distinguished by their surprising flavour combinations: Mediterranean, Tikka massala and Spinach-broccoli. Moreover, the products do not contain any flavour enhancers and all these products comply with Nutriscore A.

In addition to the search for the perfect flavour directions and choice of ingredients, it was also quite a challenge from a technological point of view to develop these products completely. After all, achieving the perfect texture and the ideal structure is not easy when combining meat and vegetables.

Constantly striving for product improvements...

Innovation is as much the launch of completely new product concepts as it is comprised of the small innovations and improvements that happen every day. For example, our product developers are constantly working on improving the composition of our products: reducing salt content, improving the Nutriscore and limiting fat content are key in this respect. In addition, cross-functional critical assessment is always made of the various properties of the product mix, such as packaging and choice of materials.

Introduction of the brand name Daniel Coopman® in The Netherlands.

Daniel Coopman

Focus on specialized wholesalers in the dynamic fresh produce market, with the portfolio of a number of Ter Beke companies.

Immediately after the integration of Offerman into Ter Beke Nederland (in July 2020), the plan arose to carry out a major rationalization within Ter Beke Nederland's product portfolio.
The aim was to achieve a balanced and future-proof assortment and brand policy for our fresh food wholesalers and fresh food retailers in The Netherlands.
A trusted butcher's brand is part of such an approach. And so it was decided to replace all "old" brands for bulk meat products with an already well-known icon in the Dutch meat products market for fresh food retailers: **Daniel Coopman®**.

A project was launched in cooperation with our Product Management departments in both, the Netherlands and Belgium. Various inspection sessions and taste panels were used to prepare The introduction of the tastiest products. We presented this plan of action to our most important Dutch relations. And so, ultimately, a fine range of deli meats was created, specially developed for the fresh produce wholesaler and the fresh produce retailer, under the **Daniel Coopman®** brand.

Daniel Coopman followed in the footsteps of his father Francies Coopman, the original founder of Ter Beke Processed Meats. A butcher's craftsman in heart and soul, Daniel Coopman linked his name to the quality products that are still on the butcher's counter today. **Daniel Coopman®** has grown into a **genuine quality** brand in Belgium and The Netherlands, which meets the highest quality and product safety requirements. He called himself a "real meat merchant" and even monitored the fermentation of the dry sausage range during weekends.
Daniel Coopman® combines all the good things of the past with the wishes and expectations of today.
Simultaneously with the introduction of the **Daniel Coopman®** brand, the ordering and delivery days at our fresh food wholesalers were further merged by centralizing our warehouse. This allows us to optimally (and simultaneously) serve all our customers in the Dutch fresh produce wholesale market with the complete **Daniel Coopman®** range. All this with one dedicated point of contact at our customer service desk and one dedicated point of contact for all commercial matters.

Food safety is our top priority.

Emeli Martens,
QA Manager
Processed Meats Division
The Netherlands

Since June 2020 I am the QA Manager Netherlands, and at that time I came back from maternity leave in a company that looked completely different than the one I knew from six months earlier.
Corona determined the daily course of affairs, Offerman had been integrated within Ter Beke, there were many new colleagues and I was joining the Management Team of The Netherlands. What struck me immediately was that everyone's enthusiasm was still there, the energy had remained the same and perhaps my colleagues were even more driven than usual to make 2020 another success. It is because of the enthusiasm of my colleagues that I have enjoyed working for Ter Beke for the past five years.

Continuous improvement

For me, my QA colleagues, but of course also for all other colleagues in every factory, food safety is top priority every day. Our products meet the applicable standards, but we can and must continue to raise the bar internally. Together, we derive energy from working continuously on improvements, not only to food safety, but also to the quality of our products. Continuous improvement is necessary and will always be necessary. There is always room for improvement! Both the physical quality of the products in our packaging can be improved, but also the way in which we have organized our quality management, for example, can be improved.

Collaboration is a must

As QA Manager Netherlands, my tasks include working with my colleagues to achieve uniformity within the factories, implementing improvements and exchanging knowledge. Together, we identify points for improvement, tackle them in a structured way and implement changes and improvements directly in the four plants. Where possible or necessary, we also seek to cooperate with other plants within the Ter Beke Group. We do this in various areas, from food safety to the way we draw up a handbook document. This results in a lot of nice projects, which makes our work very diverse and touches on many different Quality Assurance subjects on a daily basis. To make these projects successful, the QA departments work together with all other departments in the factory, from sales to technical services, from HRM to warehouse, and every day the bar of food safety and quality is raised again.

By working this way, I am convinced that we are continuously improving in the further professionalization of quality management, and thus in the quality of our products. I am very excited to continue working on this together with my colleagues in 2021.

"By working together with the other departments, the bar of food safety and quality is being raised ever higher."

Resilience

2 NON-FINANCIAL INFORMATION

Non-financial information

ENVIRONMENT

Ter Beke strives to be a sustainable company and operate with due regard and care for the environment. This means that we look after the environment and all the people connected to Ter Beke: our stakeholders. These stakeholders include our employees, our customers, the suppliers, the shareholders, our local communities and society in general.

In 2020, Ter Beke also focused strongly on innovation, development and sustainability. You can find more details in various interviews under "Business overview".

SOCIAL AND EMPLOYEE AFFAIRS

Read more on this topic in the Business overview and in 'Key features of internal control and risk management systems' on page 57.

RESPECT FOR HUMAN RIGHTS

Ter Beke respects all human rights. We make this explicit in our mission, our core values and our strategic objectives, which we have combined in a single word: ZEAL.

Every new employee is given the ZEAL manual at the start of his or her contract. This manual describes the relationship between Ter Beke and its employees, what is expected of them and what they can expect of us.

COMBATTING CORRUPTION

Read more in 'Key features of internal control and risk management systems' on page 57.

DIVERSITY

Ter Beke complies with all diversity legislation. Ter Beke consistently applies this principle to all employees.

We refer to the "Board of Directors" section on page 46.

Resilience

3 CORPORATE GOVERNANCE

Corporate Governance

The Corporate Governance Statement is based on Article 3:6§2 and article 3:32 WVV (Company and Associations Code in Belgium) and the Corporate Governance Code 2020. It contains factual information about Ter Beke's Corporate Governance policy in 2020, including the following:

- a description of the key features of internal control and risk management systems
- the required statutory information
- the composition of the governing bodies
- the operation of the governing bodies
- their committees
- the remuneration report

The statement also contains a number of elements of non-financial information as referred to in Article 3:6 WVV.

For the 2020 financial year, we are still using the Belgian Corporate Governance Code 2020 as a reference. This code is publicly available at https://www.corporategovernancecommittee.be.

Our Corporate Governance Charter is published on www.terbeke.com.In the charter we clarify our position with regard to the provisions of the Corporate Governance Code 2020. And we describe other Corporate Governance practices which we apply in addition to the Corporate Governance Code 2020. Where necessary, the Corporate Governance Charter of the Group and the Articles of Association of Ter Beke NV were amended during 2020 in line with the Corporate Governance Code 2020 and the new Belgian Company and Associations Code.

We comply with the statutory provisions on Corporate Governance as set out in the Belgian Company and Associations Code of 2020 and other specific legislation in this regard.

The Group follows the 10 principles of the Corporate Governance Code. The following recommendations of the Corporate Governance Code 2020 have not (yet) been implemented by the group:

Recommendation 7.6: The Board of Directors has decided not to pay any share-related remuneration to its non-executive members for the time being. The possible setup of such remuneration will be further prepared by the Remuneration Committee in 2021 and will be considered by the Board of Directors afterwards.

Recommendation 7.9: As there is no share-based remuneration, no threshold was set for the holding of shares by executive management.

Board of Directors

1. DIRK GOEMINNE (°1955) – Fidigo NV
Studied Applied Economics and Business Engineering at the University of Antwerp. He has held management positions in manufacturing and retail companies. Until 2007, served as Chairman of the Executive Board of the V&D Group and as member of the Board of Directors of Maxeda (Vendex/ KBB). Dirk Goeminne is Chairman of the Supervisory Board of Stern Groep NV, member of the Supervisory Board of Wielco BV and non-executive director of Van de Velde NV. He is also Chairman of the Board of Directors of Wereldhave Belgium NV and JBC NV. Dirk Goeminne was CEO of Ter Beke from 2013 to 2018. He was appointed Chairman on June 1st 2018.

2. FRANK COOPMAN (°1965) – Holbigenetics NV
Graduated in veterinary sciences in 1990 and later gained qualifications in the veterinary inspection of animal-based foodstuffs and in molecular medical biotechnology. He obtained a PhD in veterinary sciences. He was an animal production and genetics lecturer for many years. He is co-founder of BCC bv, Biomics and Chemics Consultancy, where he is the director and responsible for the development of the biological-genetic section. The General Meeting of May 28th, 2020 appointed Frank Coopman as director for a period of four years, concluding at the time of the General Meeting of 2024.

3. DOMINIQUE COOPMAN (°1967)
Studied Bioscience Engineering and Engineering Management. She also studied environmental remediation and has a Master's degree in food culture.
She works in Italy as a freelance consultant. Dominique Coopman has been a director at Ter Beke since 2008. The General Meeting of May 31st 2018 reappointed Dominique Coopman as director for a period of four years, concluding at the time of the General Meeting of 2022.

4. EDDY VAN DER PLUYM (°1957)
Studied Economics, supplemented with an MBA at INSEAD. After a brief period at Deloitte Haskins & Sells, he joined the family business Pluma NV, which was incorporated within Ter Beke in 2006. The General Meeting of May 29th, 2019 appointed Eddy Van der Pluym as director, concluding at the time of the General Meeting of 2023.

5. FRANCIS KINT (°1962), CEO – Argalix BV
Is a Civil Engineer, Ghent University, supplemented with postgraduate studies at Vlerick Business School and an MBA at INSEAD. He built up an international career at various companies, including Sara Lee, Chiquita, Fiskars and UNIVEG. Prior to joining Ter Beke, Francis was CEO at Vion, an international meat processing company with its headquarters in Boxtel, The Netherlands. Francis was appointed director by the General Meeting of 31 May 2018 and was appointed CEO for the Group by the Board of Directors. As mentioned earlier, Francis will leave the Group on June 30th 2021.

6. ANN VEREECKE (°1963) – Ann Vereecke BV
Is a Civil Engineer and Doctor in Management (Ghent University). She is professor of Operations and Supply Chain Management at Vlerick Business School and Ghent University. She was a board member and president of EurOMA (European Operations Management Association) and a Board Member of POMS (Production and Operations Management Society in the US). She is currently a Board Member of Picanol Group and North Sea Port. In 2014, she joined the Board of Directors at Ter Beke as an independent director. She is also a member of the Audit Committee and chairs the Remuneration and Nomination Committee.

7. DOMINIQUE EEMAN (°1957) – Deemanco BV
Obtained a degree in Applied Economics at the University of Antwerp, a Master's degree at Vlerick Business School and obtained the certificate Insead International Directors Programme. He is General Manager of the listed holding company, Solvac. He has extensive experience as a former CFO. He is an all-round financial and strategic expert, and is familiar with the values of a family business such as Ter Beke. His knowledge of the food sector is based on his experience as CFO at Vandemoortele and his position as a director at Leonidas. Furthermore, he is the chairman of Akkanto, member of the Board of Directors of Funds For Good and Sofindev IV, and member of the Supervisory Board of the bank Van de Put & Co. He has been an independent director of Ter Beke since 2017. He is Chairman of the Audit Committee and also a member of the Remuneration and Nomination Committee. Subject to approval by the General Assembly on May 27th, 2021, his mandate will be extended for four years.

8. KURT COFFYN (°1968) – C:Solutio BV
Has a degree in Industrial Engineering, specialising in automation & electronics. Kurt has 30 years' experience in Operations & Supply Chain, from working as a labour analyst on the shop floor at Vynckier (General Electric) Ghent, to European positions at Stanley Black & Decker, and as COO at various companies such as Ontex (personal hygiene), Provimi (a world leader in premix feed), Cargill (animal nutrition & starch production) and Unilabs Switzerland (Clinical laboratories). Since the end of 2019, he has been active as COO of Belgium-based Lineas, the largest private rail freight operator in Europe. He started as an independent director at Ter Beke in 2017, has held the mandate since 2020 as permanent representative of C:Solutio and is also a member of the Audit Committee and Remuneration and Nomination Committee.

9. INGE PLOCHAET (°1968) – Tower Consulting BV
She holds a Master's degree in Industrial Sciences - Chemistry, studied Innovation Management at IMD and obtained an in-company MBA at Insead-Wharton. She started her career at Procter & Gamble as a packaging engineer. She then held various positions at AB-Inbev until 2015, from packaging and later innovation director Western Europe to sales director retail The Netherlands and Belgium, VP Commercial Western Europe and President of AB Inbev UK & Ireland. Today, she advises many companies on strategy, is Chairman of the Board of Konings NV, B-Steel BV and Van Genechten Packaging NV, and is director at Victor Buyck Steel Construction and Colmar NV. She started as an independent director of Ter Beke in 2020 and is also a member of the Audit Committee and the Remuneration and Nomination Committee.

Composition and functioning of the management bodies and committees

BOARD OF DIRECTORS

COMPOSITION

The table below shows the composition of the Board of Directors on 31 December 2020, with an overview of the meetings and attendances in 2020.

Name	Type*	End of mandate	Committees**	Meetings 2020 (x = present)											
				6/1	21/2	26/2	20/3	25/3	16/4	28/5	11/6	23/6	27/8	12/10	26/11
Dirk Goeminne (1)	NE	2022	AC/RNC	x	x	x	x	x	x	x	x	x	x	x	x
Dominique Coopman	NE	2022		x	x	x	x	x	x	x	x	x	x	x	x
Frank Coopman (5)	NE	2024		x	x	x	x	x	x	x	x	x	x	x	x
Eddy Van Der Pluym	NE	2023		x	x	x	x	x	x	x	x	x	x	x	x
Ann Vereecke (2)	I	2022	AC/RNC	x	x	x	x	x	x	x	x	x	x	x	x
Dominique Eeman(3)	I	2021	AC/RNC	x	x		x	x	x	x	x	x	x	x	x
Kurt Coffyn (6)	I	2024	AC/RNC	x	x		x	x	x	x	x	x	x	x	x
Inge Plochaet (7)	I	2024	AC/RNC							x	x	x	x	x	x
Francis Kint (4)	E	2021		x	x	x	x	x	x	x	x	x	x	x	x

As permanent representative for:
(1) NV Fidigo, (2) BV Ann Vereecke, (3) BV Deemanco, (4) BV Argalix, (5) NV Holbigenetics, (6) BV C:Solutio, (7) BV Tower Consulting, as of 28 May 2020

*
E = Executive
NE = Non-executive
I = Independent

**
AC = Audit Committee
RNC = Remuneration and Nomination Committee

As appropriate, we confirm that the Group complies with recommendation 5.5 of the Corporate Governance Code regarding the maximum number of mandates in listed companies for non-executive directors.

The internal regulations of the Board of Directors describe the detailed functioning of the Board. These regulations form an integral part of the Group's Corporate Governance Charter.

The Board approved the interim results, the annual results, the budget and the Group's strategy.

CORPORATE GOVERNANCE

DIVERSITY

The composition of the Board of Directors takes into account the necessary complementarity with respect to competences, experience, know-how and diversity, including gender. See also Article 1.2 of the internal regulations (Appendix 1 of the Corporate Governance Charter).

The list of the members of the Board of Directors shows that these criteria have been satisfied for 2020.

EVALUATION

The Chairman of the Board organise regularly a formal evaluation of the Board and its functioning, including the interaction with the executive management. The results of this evaluation is discussed by the Board and measures for improvement are prepared. No formal evaluation took place in 2020.

APPOINTMENTS/REAPPOINTMENTS IN 2021

The General Meeting of May 27th, 2021 will be asked to re-appoint Deemanco BV, represented by its permanent representative Dominique Eeman as independent director for a period of four years, concluding at the time of the General Meeting of 2025.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

In 2020, the Board of Directors had two active committees: the Audit Committee and the Remuneration and Nomination Committee. The committees are composed in accordance with legislation and the provisions of the Corporate Governance Code. These committees work under a mandate issued by the Board of Directors. A description of that mandate can be found in the detailed regulations annexed to the Corporate Governance Charter.

AUDIT COMMITTEE

The table below shows the composition of the Audit Committee as on 31 December 2020, with an overview of the meetings and attendances in 2020.

Name	Meetings 2020 (x = present)					
	6/1	21/2	11/6	24/8	12/10	26/11
NV Fidigo (Dirk Goeminne)	x	x	x	x	x	x
BV Deemanco (Dominique Eeman)*	x	x	x	x	x	x
BV Ann Vereecke (Ann Vereecke)	x	x	x	x	x	x
BV C:Solutio (Kurt Coffyn)	x	x	x	x	x	x
BV Tower Consulting (Inge Plochaet)°			x	x	x	x

* Chair
° as of 28 May 2020

All members of the committee are non-executive directors and have a thorough knowledge of financial management. The majority of members on the committee are independent. The committee has the necessary collective expertise regarding the company's activities. Meetings of the committee were regularly attended by the Statutory Auditor and on every occasion by the Internal Auditor.

The Audit Committee advised the Board of Directors regarding the following:

- Annual results 2019
- Interim results 2020
- Internal audit
- Group risk management
- Independence and remuneration of the Statutory Auditor and the companies affiliated with the Statutory Auditor

The Audit Committee monitors the internal audit function set up by it and regularly evaluates its own regulations and functioning.

REMUNERATION AND NOMINATION COMMITTEE

The table below shows the composition of the Remuneration and Nomination Committee on 31 December 2020, with an overview of the meetings and attendances in 2020.

Name	Meetings 2020 (x = present)		
	21/2	11/6	26/11
BV Ann Vereecke (Ann Vereecke)**	x	x	x
BV Deemanco (Dominique Eeman)	x	x	x
BV C:Solutio (Kurt Coffyn)	x	x	x
NV Fidigo (Dirk Goeminne)	x	x	x
BV Tower Consulting (Inge Plochaet)°		x	x

° as of 28 May 2020
** Chair

All members are non-executive directors and have a thorough grounding in human resources management. The majority of members on the committee are independent. The Remuneration and Nomination Committee advises the Board of Directors with regard to:

- Remuneration of the directors and the CEO
- Remuneration of the Chairman and the directors
- General remuneration policy for the directors and executive management
- Principles of the variable remuneration system
- Appointment and reappointment of directors
- Composition of the committees within the Board of Directors
- Members and Chairman of the Executive Committee
- Managing Director

The committee draws up the remuneration report, submits it to the Board of Directors and clarifies the results at the General Meeting of Shareholders. The committee regularly assesses its own regulations and functioning.

SECRETARY

Mr Dirk De Backer is secretary to the Board of Directors and to the committees set up within the Board of Directors.

Executive committee and day-to-day management

As a result of the introduction of the Belgian Companies and Association Code, Ter Beke opted in 2020 for a one-tier governance model, with a board of directors, a managing director for the daily management and an executive committee.

COMPOSITION OF EXECUTIVE COMMITTEE ON 31 DECEMBER 2020

- BV Argalix, represented by Francis Kint, Group CEO/Chairman of Executive Committee/Managing Director
- Sagau Consulting BV, represented by Christophe Bolsius, CEO of the Ready Meals Division
- Eric Kamp, Group COO and Managing Director Processed Meats The Netherlands
- BV Esroh, represented by Yves Regniers, CFO
- Dirk De Backer, Group Director of Human Resources/Secretary General

FUNCTIONING

In 2020, the Executive Committee held meetings twice a month and whenever there were operational reasons to convene. The Executive Committee is responsible for management reporting to the Board of Directors. The detailed functioning of the Executive Committee is described in the Committee's internal regulations. These regulations form an integral part of the Group's Corporate Governance Charter.

EVALUATION

Once a year, the Board of Directors evaluates the performance of the CEO (without the CEO being present during the evaluation), as well as the performance of the other members of the Executive Committee (in the presence of the CEO). The Board does this on the initiative of the Remuneration and Nomination Committee. This evaluation was also carried out in 2020. For this, the Board uses both qualitative and quantitative criteria. There is no direct relationship between the evaluation and the annual variable remuneration.

1

2

3

4

5


1. FRANCIS KINT (°1962) – Argalix BV
Group CEO/Managing Director of NV Ter Beke
Is a Civil Engineer, Ghent University, supplemented with postgraduate studies at Vlerick Business School and an MBA at INSEAD. He built up an international career at various companies, including Sara Lee, Chiquita, Fiskars and UNIVEG. Prior to joining Ter Beke, Francis was CEO at Vion, an international meat processing company with its headquarters in Boxtel, The Netherlands. Francis was appointed director by the General Meeting of May 31st 2018 for a period of four years and was appointed CEO for the Group by the Board of Directors. As mentioned before, Francis will leave the Group on June 30th, 2021.

2. YVES REGNIERS (°1978) – ESROH BV
Group CFO
Studied Law (Ghent University), then obtained an International Executive MBA at Warwick Business School (UK). Started his career at PwC in financial audit. He then worked for 13 years at Multi Packaging Solutions (currently : Westrock) in various financial positions at home and abroad. Since the beginning of 2017 he has been active at Ter Beke, since January 2019 he is a member of the Executive Committee and since March 2020 he is CFO of the Group.

3. DIRK DE BACKER (°1971)
Secretary General/Group Director of Human Resources
Studied law at KU Leuven (Rouen), and also obtained an LLM degree from the University of Houston and MBA degrees from Vlerick Business School and Amsterdam Business School. Until 2004, he worked as a lawyer at the law firm Allen & Overy. Since November 15th 2004, he has been serving as Secretary General to the Ter Beke Group, a position he has combined with that of Human Resources Director for the Group since May 1st 2014. Dirk De Backer is also Secretary to the Board of Directors and has been appointed Compliance Officer for the Group. He has been a member of the Executive Committee since December 1st 2014.

4. ERIC KAMP (°1963)
Group COO / Managing Director Processed Meats The Netherlands
Studied Public Administration at the University of Twente in Enschede. He built an international career at Mars, United Biscuits, Provimi and Cargill and has lived and worked in Germany, Hungary and South Africa. Before Ter Beke, Eric was the Operations and Supply Chain Director at the Aquafeed division of Cargill. Eric takes up the position of COO and MD Processed Meats The Netherlands since May 1st 2020 and is part of the Executive Committee.

5. CHRISTOPHE BOLSIUS (°1969) – Sagau Consulting BV
CEO Ready Meals Division
Graduated with a Licentiate degree in Applied Economics and a specialisation in International Business from the University of Antwerp. He has spent his entire career in the food industry. At the start of his career, he worked in various sales and marketing positions in Belgium and abroad, e.g. at Dr Oetker, Sara Lee Meat Products and Campina. In 2009, he held successive management positions at Friesland Campina and Douwe Egberts. Christophe Bolsius has been an active member of the Executive Committees of various sector associations: VLAM (Flanders' Agricultural Marketing Board), BABM (Belgilux Association of Branded products Manufacturers), BMA, coffee roasters' association. He joined the commercial management team of Ter Beke in December 2014 and from November 2015 onwards, assumed the position of Commercial Director Ready Meals. At the beginning of December 2017, he became CEO for the Ready Meals Division of the Ter Beke Group.

Conflicts of interest

BOARD OF DIRECTORS

No conflicts of interest (within the meaning of the Belgian Companies and Association Code) were reported to the Board of Directors in 2020. There were no other reports of transactions with associated parties as referred to in Appendix 2 of the Group's Corporate Governance Charter.

EXECUTIVE COMMITTEE

No conflicts of occurred within the Executive Committee in 2020. Neither were there any reports of transactions with associated parties within the meaning of Appendix 2 of the Group's Corporate Governance Charter.

External control

The General Meeting of Shareholders of May 29th 2019 appointed Deloitte Bedrijfsrevisoren, represented by Ms Charlotte Vanrobaeys, as Statutory Auditor of NV Ter Beke. The appointment was for a term of three years.

We consulted regularly with the Statutory Auditor. The Statutory Auditor was invited to attend the Audit Committee meeting for the half-yearly and annual reporting. The Statutory Auditor was also invited to attend the meeting to discuss the internal audit plan and the internal controls.

The Statutory Auditor does not maintain any relationships with Ter Beke that could influence its judgement. It has confirmed its independence with respect to the Group.

For the audit of the Ter Beke group in 2020, the statutory auditor charged EUR 473,000 in fees and EUR 4,000 for non-audit services. The companies with which the statutory auditor has a partnership have invoiced additional fees to the group for an amount of EUR 145,000. These fees relate, among other things, to tax consultancy assignments.

Due to the legislation on auditor independence and the duration of the mandate, it was no longer possible for Deloitte Bedrijfsrevisoren to remain auditor of the Group. The board of directors, on the advice of the audit committee and with the approval of the Works Council, will therefore propose to the General Meeting of May 27th, 2021 to appoint KPMG Bedrijfsrevisoren, represented by Filip De Bock, as statutory auditor for a term of three years.

Ter Beke Dealing Code for transactions in securities

The Ter Beke Dealing Code regulates transactions in Ter Beke securities (Appendix 3 of the Group's Corporate Governance Charter).

- The Dealing Code states that price-sensitive information must be communicated immediately.
- Directors, Executive Committee members and insiders are required to inform the Compliance Officer of all share transactions. On receipt of a negative recommendation, the party concerned must cancel the transaction or inform the Board of Directors.
- The Dealing Code contains guidelines to preserve the confidential nature of privileged information. For example, the Dealing Code provides for blocked periods. Directors and other persons relevant to Ter Beke may not perform any transactions in Ter Beke securities during these blocked periods.
- New members of the Board of Directors, the Executive Committee and other persons who have regular access to privileged information are always informed by us regarding the Dealing Code.
- The company also maintains a list of the persons who have regular access to privileged information.

Remuneration report

PROCEDURE APPLIED IN 2020 FOR DEVELOPING THE REMUNERATION POLICY AND DETERMINING THE REMUNERATION AND APPLICABLE REMUNERATION POLICY

REMUNERATION PROCEDURE

The remuneration policy for the members of the Board of Directors, CEO and members of the Executive Committee is prepared by the Remuneration and Nomination Committee and approved by the Board of Directors.

The remuneration of the members of the Board of Directors, CEO and members of the Executive Committee is an integral part of the Corporate Governance Charter and is incorporated as an appendix to the Remuneration and Nomination Committee's internal regulations. The Remuneration and Nomination Committee monitors the implementation of this policy and advises the Board of Directors in this matter.

The remuneration level of the members of the Board of Directors for the financial year 2020 was approved by the General Meeting of Shareholders on May 28th, 2020.

The remuneration level of the CEO and members of the Executive Committee for the financial year 2020 was confirmed by the Board of Directors based on the advice of the Remuneration and Nomination Committee.

REMUNERATION

In 2020, the members of the Board of Directors and the Committees are entitled to an annual fixed remuneration (in EUR):

Chairman of the Board of Directors	75,000
Member of the Board of Directors	20,000
Chairman of the Audit Committee	10,000
Member of the Audit Committee	6,000
Chairman of the Remuneration and Nomination Committee	7,000
Member of the Remuneration and Nomination Committee	5,000

Directors are not entitled to any variable, performance-related or equity-related remuneration, nor to any other remuneration for the performance of their mandate as director, except for a fixed remuneration.

The remuneration of the CEO and of the members of the executive management who provide their services through a management company, is made up of a fixed remuneration and an annual variable remuneration. The remuneration of the members of the Group's executive management consists of a fixed remuneration, an annual variable remuneration, a company car, fuel card and other remuneration components such as pensions and insurance, all of this in line with current company guidelines for employers.

The CEO and members of the executive management receive an annual variable remuneration that is granted depending on the achievement of annually set targets related to the financial year for which the variable remuneration is payable.

The targets are based on objective parameters. They are closely linked to the Group's results and the role played by the CEO and the members of the executive management in achieving these results. The main parameters used for this are volume, (U)EBITDA, EAT, ROCE and debt reduction (for definitions of these parameters, please refer to the financial part of this annual report). The specific parameters to be applied in any given year and the specific targets to be achieved, with a view to implementing the Group's long-term strategy, are assessed annually by the Remuneration and Nomination Committee and presented to the Board of Directors for approval. For 2020, these parameters were debt reduction and (U)EBITDA. Achieving the individual performance objectives determines 20% of the variable remuneration of the executive management.

The variable allowance is always one quarter or less of the annual remuneration.

If the CEO or executive managers do not achieve the minimum of a set target in a given year, the right to the variable remuneration linked to that target lapses. On the other hand, if the set target is exceeded, they may receive up to 150% of the variable remuneration linked to that target.

In addition to the system of variable remuneration, the Board of Directors is authorised to allocate, on the recommendation of the Remuneration and Nomination Committee, an (additional) bonus for specific performance or services to the CEO and/or to (some of) the members of the executive management, provided that this does not exceed the total variable remuneration budget for the CEO and the members of the executive management. No bonuses were allocated for 2020.

If a variable remuneration has been granted based on information that subsequently transpires to be incorrect, the company will rely on facilities provided under common law. There are no specific agreements or systems entitling the company to claw-back the variable remuneration paid.

Under normal circumstances, the Group's remuneration policy for members of the Board and executive management will not be subject to any significant changes in the coming years, with the exception, if applicable, the introduction of share-related remuneration for non-executive directors and, if applicable, the members of the executive committee.

Long-term incentives were established for the CEO of the Group and for the CEO of the Ready Meals Division in 2018. After a period of five years and three years respectively, they will be entitled to an additional remuneration, depending on the equity value of the Group and the results of the Ready Meals Division at the end of this period respectively. In view of the CEO's departure as of June 30th, 2021, early settlement of this long term incentive is provided for, in accordance with the terms of the agreement entered into with the CEO in 2018.

REMUNERATION AND OTHER ALLOWANCES FOR NON-EXECUTIVE DIRECTORS AND EXECUTIVE MANAGERS IN THEIR ROLE AS A MEMBER OF THE BOARD OF DIRECTORS (IN EUR)

The remuneration of the members of the Board of Directors (executive, non-executive and independent directors, see overview below) for their mandate as director in 2020 can be summarised as follows:

	Mandate of director	Mandate Remuneration and Nomination Committee	Mandate Audit Committee	Covid-19 Solidarity contribution	Total
NV Fidigo (Dirk Goeminne)	75,000.00	5,000.00	6,000.00	-4,300.00	81,700.00
BV Argalix (Francis Kint)	20,000.00			-1,000.00	19,000.00
BV Tower Consulting (Inge Plochaet)	11,666.67	2,916.67	3,500.00		18,083.34
NV Holbigenetics (Frank Coopman)	20,000.00			-1,000.00	19,000.00
Dominique Coopman	20,000.00			-1,000.00	19,000.00
Eddy Van Der Pluym	20,000.00			-1,000.00	19,000.00
BV Ann Vereecke	20,000.00	7,000.00	6,000.00	-1,650.00	31,350.00
BV Deemanco (Dominique Eeman)	20,000.00	5,000.00	10,000.00	-1,750.00	33,250.00
BV C:Solutio (Kurt Coffyn)	20,000.00	5,000.00	6,000.00	-1,550.00	29,450.00
Total mandates					**269,833.34**

As a token of solidarity in response to the Covid-19 pandemic, the members of the Board of Directors surrendered 20% of their total directors' fees for the second quarter of 2020.

In addition to the aforementioned remuneration, NV Fidigo invoiced an amount of EUR 164 thousand for the provision of services which exceeded the mandate of the Chairman of the Board of Directors.

In addition to the aforementioned remuneration, BV Tower Consulting invoiced, an amount of EUR 11.5 thousand for the provision of services that exceeded the mandate of director.

REMUNERATION OF THE CEO AND OTHER MEMBERS OF THE EXECUTIVE MANAGEMENT (IN EUR)

For 2020, the individual remuneration of the Managing Director/Chairman of the Executive Committee (BV Argalix, represented by Francis Kint) and the combined gross remuneration of the other members of the Executive Committee and the executive directors: René Stevens (until March 31st, 2020 and inclusive the gross severance payment, Eric Kamp (as of May 1st, 2020) Yves Regniers (BV Esroh), Christophe Bolsius (BV Sagau Consulting) and Dirk De Backer amounted to (total cost for the Group):

	CEO***	Other members of the executive management
Base pay	466,193.60	1,427,166.18
Variable pay (cash - on a yearly basis)	194,999.22	316,255.08
Pensions*	NA**	55,761.69
Other insurance (hospitalisation insurance)	NA**	293.76
Other benefits (company car)	NA**	33,957.99
Long Term Incentive provision 2020	293,000	448,197

* The pension scheme relates to fixed contribution contracts
** N/A = Not applicable
*** Mandate of director excluded

As a token of solidarity in response to the Covid-19 pandemic, the CEO and the other members of the executive management surrendered 20% of their remuneration for the second quarter of 2020.
All amounts are in line with the remuneration policy, which contributes to the long-term performance of the Group.

SHARE-BASED REMUNERATION

Neither the members of the Board of Directors nor the members of the Executive Committee hold any share options, warrants or any other rights to acquire shares.

No shares, share options, or any other rights to acquire Ter Beke shares were granted by the company in 2020 to any of the members of the Board of Directors or the members of the Executive Committee.

For the time being, the Board of Directors has decided not to pay any share-based remuneration to its non-executive members, as recommended by the Corporate Governance Code 2020. The possible establishment of such remuneration, for the members of the Executive Committee as well, will be further prepared by the Remuneration Committee in 2021 and will be considered by the Board of Directors afterwards.

HISTORICAL INFORMATION AND RATIO

The remuneration of the members of the Board of Directors and the CEO and the key performance indicators developed as follows during the period 2016-2020:

	2016	2017	2018	2019	2020
Chairman of the Board of Directors	€ 67,000	€ 67,000	€ 75,000	€ 75,000	€ 75,000
Member of the Board of Directors	€ 18,000	€ 18,000	€ 20,000	€ 20,000	€ 20,000
Chairman of the Audit Committee	€ 9,000	€ 9,000	€ 10,000	€ 10,000	€ 10,000
Member of the Audit Committee	€ 5,000	€ 5,000	€ 6,000	€ 6,000	€ 6,000
Chairman of the Remuneration and Nomination Committee	€ 6,000	€ 6,000	€ 7,000	€ 7,000	€ 7,000
Member of the Remuneration and Nomination Committee	€ 4,000	€ 4,000	€ 5,000	€ 5,000	€ 5,000
CEO - fixed remuneration - excl. board mandate remuneration	€ 482,000	€ 482,000	€ 482,000	€ 484,725	466,194
Sales (in million EUR)	418.6	497.4	680.5	728.1	717.4
EBITDA (in million EUR)	37.7	38.4	44	37.2	37.1
Result after taxes (in million EUR)	12.6	17.1	7.2	4.4	-2.5

The evolution of the average remuneration of the employees can be presented as follows:

	2016	2017	2018	2019	2020
Average gross salary for a full time equivalent in the group	100	100.84	101.90	104.99	107.56

The ratio between the fixed remuneration of the CEO (excluding his remuneration as a member of the Board of Directors) and the lowest gross remuneration of an employee of the Group in Belgium is 18 for the month December 2020.

CONTRACTUAL PROVISIONS RELATED TO RECRUITMENT AND SEVERANCE PAYMENTS

No appointment arrangements were agreed on with either the members of the Executive Committee or the executive directors that would entitle them to a severance payment of more than 12 months' remuneration or that would otherwise be in conflict with the statutory provisions, the provisions of the Corporate Governance Code 2020 or common market practices.

The notice period for BV Argalix (Francis Kint), BV Esroh (Yves Regniers) and Sagau Consulting BV (Christophe Bolsius) is always 12 months, while the notice period for Dirk De Backer and Eric Kamp will, in principle, be calculated in accordance with the statutory provisions applicable to their employment contract.

Key features of the internal control and risk management systems

We attach great importance to efficient internal control and risk management systems and we try to integrate these into our structure and business operations to the maximum possible extent. For this purpose, we have implemented numerous internal controls according to the integrated COSO II or Enterprise Risk Management Framework®. The key elements are summarised here.

Each year, based on the proposal put forward by the Executive Committee, the Board of Directors determines or confirms the Group's mission, values and strategy as well as the risk profile of the Group. We actively and repeatedly promote our values among all our employees during information meetings organised every six months. Integrity is the most important value in the context of risk management. At the same time, we communicate to all our employees the key aspects of the strategy and objectives for the Group and the divisions.

The governance structure of our Group, described in detail in our Articles of Association, Corporate Governance Charter and in this Corporate Governance Statement, clearly defines the various duties and responsibilities of each of our management bodies, and more specifically those of the Board of Directors, the Audit Committee, the Remuneration and Nomination Committee, the Executive Committee and the Managing Director/CEO. These duties and responsibilities are in line with the statutory provisions and the provisions of the Corporate Governance Code 2020. Coherent regulations have been drawn up for each of the aforementioned bodies which are regularly evaluated and if necessary, amended so that powers and responsibilities are clearly defined and can be monitored at all times.

We organise (and monitor) our human resources via a job classification system, in which all Group employees are graded. Detailed job descriptions have been drawn up for each position. These job descriptions define both the educational and competency requirements for the job as well as the duties, responsibilities and reporting lines for the position. These job descriptions are adapted as the scope of certain jobs changes due to internal or external circumstances.

Each year, we appraise the performance of all our non-production employees using a detailed appraisal tool. We attach extra importance to employee behaviour that is in line with our company values.

We have also defined clear policy lines with regard to the training and remuneration of our employees.

We rigorously apply the statutory provisions related to conflicts of interest (see above) and we have implemented regulations for transactions with associated parties that do not constitute a legal conflict of interest (see Appendix 2 to the Corporate Governance Charter).

The internal auditor periodically conducts risk audits and audits of the internal controls in all Group departments and reports on these to the Audit Committee. Based on the findings of the internal auditor and in consultation with the Audit Committee adjustments are implemented in the internal control system.

The Audit Committee devotes two meetings per year to the evaluation of the risks that we are exposed to (see above). Internal controls and risk management are also discussed at these meetings. This is based on a formal and detailed risk assessment procedure developed by the executive management, which includes reporting on how the identified risks are dealt with. The Audit Committee reports on its activities at the subsequent meeting of the Board of Directors.

We follow a Dealing Code to prevent market abuse (see Appendix 3 to the Corporate Governance Charter) and we have appointed a compliance officer to ensure correct compliance with the rules on market abuse (see above).

We have taken out appropriate insurance contracts to protect us against the most serious risks.

We have a hedging policy in place to manage exchange rate risks.

A number of other risk management practices that we apply have been mentioned in the description of the main risks to which we are exposed.

The following control and risk management systems have been established with specific regard to the financial reporting process:

The internal regulations of the Board of Directors, Audit Committee and Executive Committee clearly describe the responsibilities in the context of preparing and approving the Group's financial statements.

The financial results of the Group and the divisions are reported by the finance department on a monthly basis to the Board of Directors. The committee discusses these results and makes them available to the members of the Board of Directors.

The Executive Committee reports on the results of the Group and the divisions to the Board of Directors on a quarterly basis. The Executive Committee reports the results of the first six months and the annual results to the Audit Committee, which then discusses them with the internal and external auditor. These results are subsequently presented to the Board of Directors for approval and published in the legally prescribed format. We publish a schedule, both internally and externally, which provides an overview of our periodic reporting obligations with respect to the financial market.

We have introduced clear schedules for financial reporting at all levels of the company, so that we can meet all the statutory requirements in a correct and timely manner.

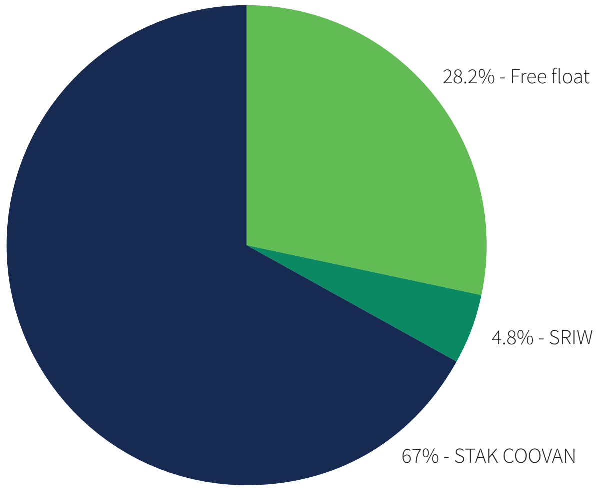
We also have a clear policy regarding the protection of and access to financial data, as well as a proper system for the backup and storage of this data.

The finance department has a detailed manual describing the relevant accounting principles and procedures.

We have implemented the internal controls subject to the greatest risk from the COSO II framework regarding financial matters. These controls and systems are designed to help guarantee that the published financial results give a true and fair picture of the Group's financial position.

Other statutory information

SHAREHOLDING STRUCTURE AS PER 31 DECEMBER 2020



TRANSPARENCY

In 2020, we did not receive any transparency declarations.

NOTIFICATIONS PURSUANT TO ARTICLE 34 OF THE 14 NOVEMBER 2007 ROYAL DECREE

There are no persons holding securities with special control rights.

The voting rights of the Group's own shares are suspended in accordance with the prevailing statutory provisions.

The Extraordinary General Meeting of Shareholders are authorised to modify the company's Articles of Association. This requires a three-fourths majority of the votes present. Those present must represent at least half of the share capital, as provided for in Article 558 of the Belgian Company and Associations Code. The objective of the company may be altered with a majority of four-fifths of the votes present. On 31 December 2020, Ter Beke NV did not hold any treasury shares (neither did Ter Beke NV hold any treasury shares on 31 December 2019).

The procedure for the appointment/reappointment of directors (see above-mentioned reappointments), is described in Article 4 of the regulations of the Remuneration and Nomination Committee (appendix to the Group's Corporate Governance Charter).

The Extraordinary General Meeting of Shareholders held on May 28th, 2020 authorised the Board of Directors of Ter Beke NV to increase the share capital of the company within the limits of the authorised capital. This must be done in accordance with the conditions stated in the Belgian Company and Association Code. This authorisation is valid for a period of three years.

The Extraordinary General Meeting of Shareholders held on May 28th, 2020 also authorised the Board of Directors to acquire, in accordance with Belgian Company and Association Code, shares in the company on behalf of the company. Such acquisition of shares is only permitted as a necessary means to avert an imminent and serious threat to the company. This authorisation is valid for three years.

In 2017, we received a STAK Coovan transparency declaration over the shareholding in the Ter Beke NV capital. This declaration was included in the company website and the contents published in accordance with the applicable regulations and is shown above.

To the best of the Group's knowledge there are no other elements to be mentioned that may have an effect in the event of a public takeover bid nor any legal or statutory limitations concerning the transfer of shares.

KEY BUSINESS RISKS

In its internal operations, Ter Beke takes many precautions to reduce possible risks. As a food manufacturer, we are also subject to risks that lie beyond our control. Yet we act proactively to minimise any possible impact.

MAIN RISKS TO OUR OPERATING ACTIVITIES	WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS?	HOW DO WE LIMIT THE RISKS IN GENERAL AND IN 2020 IN PARTICULAR?
OPERATIONAL RISKS		
Food safety and product liability		
Every day, thousands of people eat our processed meats and ready meals. These products must be fresh and safe. The end consumer is also entitled to clear information about the composition of the product and its nutritional value.	The safety and the confidence of consumers are vitally important to us. Anything that can damage this confidence - either concerning our own products or the sector - will have a negative impact on our sales, our prospects and our reputation.	We have constant high demands for product safety and quality. All our raw materials are traceable. Our packaging clearly states product composition and nutritional values per 100 grammes and per serving. We go further than the statutory requirements with regards to the safety of our packaging. We have insurance to cover our product liability.
Competitive environment		
The processed meats market is extremely mature and is dominated by the private labels of large discount and retail customers. The ready meals market is growing, but here competition is very fierce.	The competition enables customers to increase pressure on our margins. This may have an impact on our profits.	We distinguish ourselves from our competitors in terms of concepts and products. We work continuously on improving efficiency and cost control.
Technological developments		
Product and production technologies evolve rapidly.	Not being abreast with the latest production technologies can have a negative impact on efficiency and cost control. Competitors may have access to alternative product technology that at some point may win over consumers.	Each year we invest considerable sums in tangible non-current assets to maintain and improve our level of technology. We maintain good contact with our suppliers so that we are always well informed of the most recent developments. We sound out consumer preferences. We work together with research institutes such as Flanders' FOOD.
Electronics and information systems		
For efficient business operations we are becoming increasingly dependent on information systems and integrated control systems which are managed by a complex set of software applications.	If these systems do not work well, or if they were to become unavailable, this would have a negative impact on the production volume and on our reputation.	All systems are maintained appropriately. All systems are upgraded when necessary. Regular back-ups are made of all information. A new ERP system has been implemented to structure and simplify our business processes.
War for talent		
An organisation is only as strong as its employees. The knowledge and expertise is to be found in a group of employees who contribute to building the company and its brands.	If too many good employees are plucked away by the competition and there is too little influx of young people, we run the risk that we will be unable to achieve our growth scenario.	In 2015, we established a Young Potential programme: newly graduated young people receive an attractive training programme. They experience four different positions within the company during two years.

MAIN RISKS TO OUR OPERATING ACTIVITIES	WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS?	HOW DO WE LIMIT THE RISKS IN GENERAL AND IN 2020 IN PARTICULAR?
MARKET RISKS		
Price fluctuations for raw materials and packaging		
We work with natural raw materials. We must therefore take into account possible fluctuations in the quality and the price of our raw materials and packaging materials.	Price increases for raw materials and packaging can have a negative influence on the margins.	We enter into long-term contracts whenever possible. We work with volume arrangements on an annual basis.
Relationships with suppliers		
For specific raw materials we are obliged to work with a limited number of suppliers.	If one or more of these suppliers cannot fulfil its contractual commitments and we are unable to secure alternative supplies in time, this could have a negative impact on our business operations.	We enter into long-term contracts whenever possible. We work with volume arrangements on an annual basis. We offer our suppliers fair payment for their added value. We work with preferential suppliers for sustainability.
Relationships with customers		
We market our products via a network of discount and retail customers throughout Europe. The number of large customer groups is limited.	The number or larger retail customers is small. If one of them terminates a contract, this may have a significant negative impact on our turnover and profit.	We diversify turnover in different products and contracts with other lead times; both with respect to our own brands as well as private labels of customers and in different countries.
Customer and consumer behaviour		
Our sales are related to the eating habits and trends of the ultimate consumers, just as their spending habits.	If consumers no longer selected our products or their eating habits were to change, this would have a significant impact on our business activities. General economic conditions such as cyclical fluctuations, unemployment and interest rates can also affect the consumer spending patterns.	In 2015, we conducted a major market research survey on trends in dietary habits in various markets. We surveyed the satisfaction of our consumers to anticipate and minimise this risk. We ensure that our prices are in line with those of the market.

MAIN RISKS TO OUR OPERATING ACTIVITIES	WHAT CAN HAPPEN IF WE DON'T MAKE THE RIGHT DECISIONS?	HOW DO WE LIMIT THE RISKS IN GENERAL AND IN 2020 IN PARTICULAR?
FINANCIAL RISKS (SEE ALSO EXPLANATORY NOTE 28 IN THE ANNUAL ACCOUNTS)		
Credit risks		
We have receivables outstanding from our clients and retail customers.	Receivables not collected on time have a negative impact on the cash flow.	We monitor customers and outstanding receivables in order to limit these potential risks. Most receivables relate to large European customers which limits the risk.
Exchange rate risks		
As Ter Beke operates in an international environment, we are exposed to an exchange rate risk on the sales, purchases and interest-bearing loans expressed in a currency other than the company's local currency.	Fluctuations in exchange rates can cause fluctuations in the value of financial instruments.	We adhere to a consistent hedging policy. We do not use financial instruments for trading and we do not speculate.
Interest risk		
The forms of financing with variable interest rates mainly arise from Ter Beke's Revolving Credit Facility Agreement.	The fair value or future cash flows of a financial instrument will fluctuate as a result of changes in the market interest rates.	We adhere to a consistent hedging policy. We do not use financial instruments for trading and we do not speculate.
Liquidity and cash flow risks		
As with any business, Ter Beke monitors liquidities and cash flow.	A shortage of cash and cash equivalents could put pressure on the relationships with certain parties.	We have a significant net cash flow with respect to the net financial debt position. We have centralised our treasury policy and we hedge against interest rate risks.
LEGAL RISKS (SEE ALSO EXPLANATORY NOTE 30 IN THE ANNUAL ACCOUNTS)		
Changes to legislation		
Now and then the government changes and tightens legislation on the production and sale of foods.	Not meeting these conditions can expose us to the risk of fines or sanctions.	We invest significant amounts annually to satisfy new legislation, likewise relating to sustainability and the environment. Each year we organise training programmes to keep our employees up-to-date on new legislation and its impact.
Legal disputes		
Occasionally we are involved in legal proceedings or disputes with customers, suppliers, consumers or the government.	Such litigation could have a negative impact on our financial situation.	We anticipate the potential impact of these disputes in our accounts as soon as a risk is judged as realistic under the applicable accounting rules.

Resilience

4 STOCK AND SHAREHOLDER INFORMATION

SHARE QUOTATION

TERB LISTED NYSE EURONEXT

On 31 December 2020, the capital of Ter Beke was represented by 1,767,281 shares. The shares are quoted on the spot market (continuous market) of Euronext Brussels.

In order to promote the share's liquidity, we concluded a liquidity provider agreement in 2020 with Bank Degroof/Petercam. This means that the bank acts as third party if there are not enough buyers or sellers. The liquidity provider also ensures that the difference between the bid and ask prices (the prices for which you can sell and buy the shares) diminishes.

The shareholder structure is described in the Corporate Governance Statement (see above)

SHARE-RELATED INSTRUMENTS

On 31 December 2020, there were no share-related instruments, such as stock options or warrants in circulation.

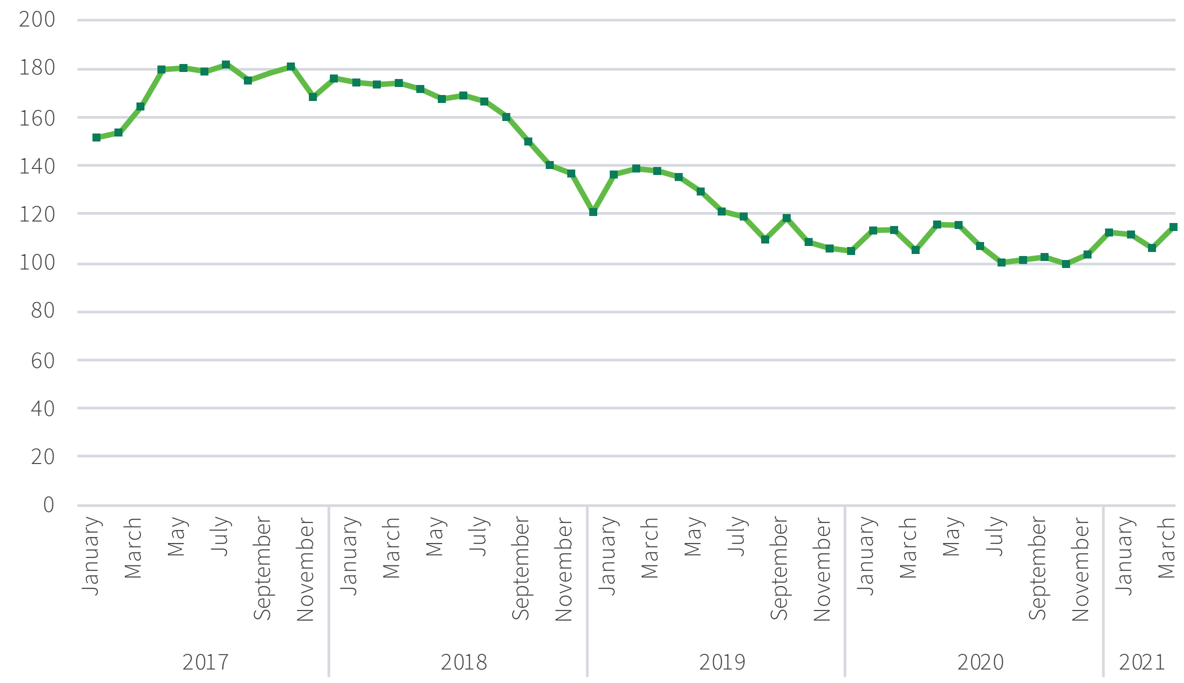
DIVIDEND

Ter Beke wishes to offer its shareholders a competitive yield through an annual dividend payment. The Board of Directors will submit a proposal to the General Meeting of May 27th, 2021 to distribute a gross dividend of EUR 4.00 per share for 2020 in the form of a scrip dividend.

STOCK PRICE EVOLUTION

The actual price of the Ter Beke share can be consulted at all times on the www.terbeke.com and www.euronext.com websites.

Stock price evolution in €



MONITORING BY FINANCIAL ANALYSTS

Analysts at Degroof/Petercam and KBC Securities have monitored the Ter Beke share during 2020.

PROPOSALS TO THE GENERAL MEETING

- To approve the financial statements as at 31 December 2020 and to agree with the appropriation of profit. The non-consolidated result for the financial year amounts to EUR 36.541.970,15.
- To distribute a gross dividend of 4 euros per share in the form of a scrip dividend.
- To re-appoint Deemanco Bv, represented by its permanent representative Dominique Eeman, as independent director for a period of 4 years, ending at the Annual Meeting of 2025.
- To grant discharge to the members of the Board of Directors and to the auditor for the performance of their duties in 2020.
- To appoint KPMG Bedrijfsrevisoren BV, represented by Mr Filip De Bock, as statutory auditor for a period of 3 years. The annual remuneration for the statutory auditor will amount to 65 k euro for Ter Beke NV and a maximum of 357 k euro for the Group.
- To decide by separate vote on the remuneration policy and the remuneration report.
- To approve the annual remuneration of EUR 300,000 for the directors for the performance of their mandate in 2021.

For the actual agenda and proposals to vote on, please refer to the convening notice for the General Meeting of Shareholders and the Special General Meeting of Shareholders.

FINANCIAL CALENDAR

Shareholders' Meeting	May 27th, 2021 at 11 a.m.
Half-yearly Results 2021	August 27th, 2021 before market opening

Resilience

5 CONSOLIDATED FINANCIAL STATEMENTS

INDEX

All amounts in EUR x 1000, unless stated otherwise.

Consolidated income statement

as at 31 December 2020 and 2019

	Note	2020	2019
Revenue	4	717,422	728,132
Trade goods, raw and auxiliary items	5	-442,650	-442,586
Services and miscellaneous goods	6	-110,518	-116,124
Employee expenses	7	-126,376	-127,100
Depreciation costs	15 +16	-31,450	-30,602
Impairments, write-downs, and provisions	8	-851	-436
Other operating income	9	3,839	2,235
Other operating expenses	9	-4,577	-7,314
Result of operating activities	10	4,839	6,205
Financial income	11	760	385
Financial expenses	12	-5,892	-3,632
Results of operating activities after net financing expenses		-293	2,958
Taxes	13	-2,170	1,457
Result in the financial year		-2,463	4,415
Result in the financial year: share third parties		-77	190
Result in the financial year: share group		-2,386	4,225
Basic earnings per share	33	-1.39	2.55
Diluted earnings per share	33	-1.39	2.55

Consolidated overview of the comprehensive income

as at 31 December 2020 and 2019

	2020	2019
Result in the financial year	-2,463	4,415
Other elements of the result (recognised in the shareholders' equity)		
Other elements of the result that may subsequently be reclassified to the results		
Translation differences	-2,374	1,319
Cash flow hedge	97	-198
Other elements of the result that may not subsequently be reclassified to the results		
Revaluation of the net liabilities regarding defined benefit pension schemes	656	721
Related deferred taxes	-175	-179
Comprehensive income	-4,259	6,078

Consolidated balance sheet

as at 31 December 2020 and 2019

	Note	2020	2019
ASSETS			
Non-current assets		245,108	252,148
Goodwill	14	77,759	78,224
Intangible non-current assets	15	22,224	26,116
Tangible non-current assets	16	136,463	138,126
Participations using equity method			
Loans to joint venture			
Deferred tax assets	17	8,587	9,604
Other long-term receivables		75	78
Long-term interest-bearing receivables			
Current assets		156,492	186,874
Inventories	18	37,865	40,733
Trade and other receivables	19	99,484	119,316
Cash and cash equivalents	20	19,143	26,825
TOTAL ASSETS		401,600	439,022
LIABILITIES			
Shareholders' equity	21	116,578	124,176
Capital and share premiums		56,782	53,191
Reserves		58,041	69,051
Non-controlling interest		1,755	1,934
Deferred tax liabilities	17	4,636	5,768
Long-term liabilities		114,631	147,970
Provisions	22	3,897	4,588
Long-term interest-bearing liabilities	23	106,873	139,279
Other long-term liabilities	24	3,861	4,103
Current liabilities		165,755	161,108
Current interest-bearing liabilities	23	12,179	11,980
Trade liabilities and other payables	25	133,197	127,725
Social liabilities		18,603	19,291
Tax liabilities		1,776	2,112
TOTAL LIABILITIES		401,600	439,022

Consolidated statement of changes in equity

as at 31 December 2020 and 2019

	Capital	Share premiums	Reserved profits	Cash flow hedge	Pensions and taxes	Call/put option on mintority intrests	Translation differences	Attributable to the shareholders	Minority intrests	Total	Number of shares
Balance on 1 January 2019	4,903	48,288	74,348	-149	-913	-3,296	194	123,375	1,653	125,028	1,732,621
Capital increase								0		0	
Treasury shares reserve								0		0	
Minority intrests as result of business combination								0		0	
Dividend			-6,930					-6,930		-6,930	
Results in the financial year			4,225					4,225	190	4,415	
Other elements of the comprehensive income for the period				-198	542		1,228	1,572	91	1,663	
Comprehensive income for the period			4,225	-198	542	0	1,228	5,797	281	6,078	
Movements via reserves											
Result from treasury shares											
Balance on 31 December 2019	4,903	48,288	71,643	-347	-371	-3,296	1,422	122,242	1,934	124,176	1,732,621
Capital increase	98	3,493						3,591		3,591	34,660
Treasury shares reserve								0		0	
Minority intrests as result of business combination								0		0	
Dividend			-6,930					-6,930		-6,930	
Results in the financial year			-2,386					-2,386	-77	-2,463	
Other elements of the comprehensive income for the period				97	481		-2,272	-1,694	-102	-1,796	
Comprehensive income for the period			-2,386	97	481	0	-2,272	-4,080	-179	-4,259	
Movements via reserves											
Result from treasury shares											
Balance on 31 December 2020	5,001	51,781	62,327	-250	110	-3,296	-850	114,823	1,755	116,578	1,767,281

Consolidated cash flow statement

as at 31 December 2020 and 2019

	2020	2019
OPERATING ACTIVITIES		
Result before taxes	-293	2,958
Interest	2,678	2,038
Depreciation	31,450	30,602
Write-downs (*)	2,032	296
Provisions	-50	10
Gains and losses on disposal of fixed assets and trade receivables	28	132
Cash flow from operating activities	35,845	36,036
Decrease/(increase) in receivables more than 1 year		
Decrease/(increase) in inventory	1,701	-4,477
Decrease/(increase) in receivables less than 1 year	17,610	2,579
Decrease/(increase) in operational assets	19,311	-1,898
Increase/(decrease) in trade liabilities	7,688	5,436
Increase/(decrease) in debts relating to remuneration	-754	3,520
Increase/(decrease) in other liabilities, accruals and deferred income	-3,046	4,355
Increase/(decrease) in operational debts	3,888	13,311
(Increase)/decrease in the operating capital	23,199	11,413
Taxes paid	-2,696	-7,766
NET CASH FLOW FROM OPERATING ACTIVITIES	56,348	39,683
INVESTMENT ACTIVITIES		
Acquisition of intangible and tangible non-current assets	-27,656	-18,519
Acquisition of subsidiary		-1,490
Total increase in investments	-27,656	-20,009
Sale of intangible and tangible non-current assets	1,723	303
Total decrease in investments	1,723	303
CASH FLOW FROM INVESTMENT ACTIVITIES	-25,933	-19,706
FINANCING ACTIVITIES		
Increase/(decrease) in short-term financial debts	-2,742	-1,657
Increase in long-term debts	857	1,299
Repayment of long-term debts	-30,062	-7,031
Interest paid interest (via income statement)	-2,678	-2,038
Capital increase (decrease) (**)	3,591	
Dividend paid by parent company	-6,930	-6,930
CASH FLOW FROM FINANCING ACTIVITIES	-37,964	-16,357
NET CHANGE IN CASH AND CASH EQUIVALENTS	-7,549	3,620
Cash funds at the beginning of the financial year	26,825	23,175
Translation differences	-133	30
CASH FUNDS AT THE END OF THE FINANCIAL YEAR	19,143	26,825

(*) Also includes adjustments that are part of the financial result.
This was EUR 130 in 2019

(**) Share capital increase as a result from the Scrip Dividend.

Accounting policies for financial reporting and explanatory notes

1. SUMMARY OF THE KEY ACCOUNTING PRINCIPLES

DECLARATION OF CONFORMITY

Ter Beke NV ('the Entity') is an entity domiciled in Belgium. The Entity's consolidated financial statements cover the Entity Ter Beke NV and its subsidiaries (further referred to as the 'Group'). The consolidated financial statements were issued for publication by the Board of Directors on April 15th 2021. The consolidated financial statements were drawn up in accordance with the International Financial Reporting Standards (IFRS) as accepted within the European Union.

The consolidated statements are set out in EUR x 1000. The accounting principles are applied uniformly to the entire Group and are consistent with the previous financial year.

STANDARDS AND INTERPRETATIONS APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON JANUARY 1ST 2020

- Amendments to IAS 1 and IAS 8: Definition of equipment
- Amendments to IFRS 3 Business combinations: Definition of a company
- Amendments to IFRS 9, IAS39 and IFRS 7: Restructuring of the reference rates – phase 1
- Amendment to the references of the Conceptual framework of IFRS standards

The above standards have no material impact on the balance sheet.

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON JANUARY 1ST 2020

- IFRS 17 Insurance Contracts (applicable for accounting years beginning on or after January 1st 2023, but not yet endorsed in the European Union)
- Amendments to IAS 1 Presentation of Financial Statements: classification of liabilities as current or non-current (applicable for annual periods beginning on or after January 1st 2023, but not yet endorsed in the European Union)
- 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 January 1st 2023, but not yet endorsed in the European Union)
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Estimates (applicable for annual periods beginning on or after January 1st 2023 but not yet endorsed in the European Union)
- Amendments to IAS 16 Property, Plant and Equipment: Revenue from Intended Use (applicable for annual periods beginning on or after January 1st 2022 but not yet endorsed in the European Union)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Costs of Meeting the Contract (applicable for accounting years beginning on or after January 1st 2022 but not yet endorsed in the European Union)
- Amendments to IFRS 3 Business Combinations: References to the Conceptual Framework (applicable for annual periods beginning on or after January 1st 2022 but not yet endorsed in the European Union)
- Amendment to IFRS 4 Insurance Contracts - Deferral of IFRS 9 (applicable for accounting years beginning on or after January 1st 2021) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Reform of Reference Rates - Phase 2 (applicable for accounting years beginning on or after January 1st 2021)
- Amendments to IFRS 16 Leases: Lease concessions related to COVID-19 (applicable for annual periods beginning on or after June 1st 2020)
- Annual improvements 2018-2020 (applicable for accounting years beginning on or after January 1st 2022 but not yet endorsed in the European Union)

The group does not expect these new amendments to the standards to have any material impact.

CONSOLIDATION PRINCIPLES

The consolidated annual accounts include the financial data of Ter Beke NV and its subsidiaries, joint venture and associate. A list of these entities is included in Note 32.

SUBSIDIARIES INCLUDED IN THE CONSOLIDATION IN ACCORDANCE WITH THE INTEGRAL METHOD

The consolidated annual accounts include the financial data of Ter Beke NV and its subsidiaries, joint venture and associate. A list of these entities is included in Note 32.

CONSOLIDATED FINANCIAL STATEMENTS

The following factors are also taken into account in determining control:

- the objective and intent of the participating interest;
- the relevant activities and how decisions on these activities are taken;
- whether the rights of the investor provide them with the means to continually influence the relevant activities;
- whether the investor is exposed to or has a right to variable revenues by virtue of their involvement in the participating interest; and
- whether the investor has the means to use their control over the participating interest to influence the amount of the revenues of the investor.

The financial statements of the subsidiaries are recognized in the consolidated financial statements from the date on which such control begins until the date on which it ends. A list of the Group's subsidiaries is included in Note 32.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The cost of an acquisition is valued as the sum of the fair value on acquisition date of the consideration transferred and the amount of the non-controlling interest in the acquiree. For each business combination, the acquirer must value the minority interest in the acquiree either at fair value or at the proportionate share of the minority interest in the identifiable net assets of the acquiree. The costs relating to the acquisition are recognized immediately in the income statement.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the minority interests previously held by the Group are revalued at fair value on acquisition date and any profit or loss is recognized immediately in the income statement.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes to this fair value which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or in other elements of the comprehensive income. Changes to the fair value of the contingent consideration classified as equity, are not recognized.

Goodwill is initially recognized as the amount with which (i) the total of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of any equity interest previously held by the acquirer in the acquiree; (ii) exceeds the net balance of the amounts determined on acquisition date of the identifiable assets and liabilities acquired. If, after review, the interest of the Group in the fair value of the identifiable net assets exceeds the total of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any equity interest previously held by the acquirer in the acquiree, then the surplus must be recognized in the income statement as a profit on an advantageous purchase.

After initial recognition, goodwill is recognized as cost less any accumulated impairments. For the purpose of impairment testing, goodwill is allocated to the cash-generating units of the Group which are expected to generate synergy benefits for the business combination, irrespective of whether assets or liabilities of the acquired entity were assigned to the cash-generating units concerned.

Cash-generating units to which goodwill is allocated are tested for impairment annually or more frequently if there is an indication that the book value of the unit may exceed the realizable value. If the realizable value of a cash-generating unit is less than the book value of the unit, the impairment is allocated first to reduce the book value of any goodwill allocated to the unit; the impairment is subsequently allocated to the other non-current assets of the unit pro rata on the basis of the book value of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is recognized in the book value of the operation when determining the gain or loss on disposal of the operation. Goodwill 'disposed' of in this manner is valued at the relative value of the operation disposed of and the portion of the cash-generating unit retained.

In 2020, no new business combinations were conducted. However, the Group did implement a number of simplifications in its legal structure. A number of dormant companies were liquidated and a number of Dutch companies were merged as part of 'Project Unity'. This has no impact on the group's consolidation cycle. One new business combination took place in 2019.

FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions in the Group's individual entities are recognized at the exchange rate applicable on the transaction date. Monetary balance sheet items in foreign currency are converted at the closing rate applicable on balance sheet date. Profits and losses arising from transactions in foreign currency and from the conversion of monetary balance sheet items in foreign currency are recognized in the income statement. Any profit or loss on a non-monetary item is recognized in the shareholders' equity. For non-monetary items on which the profit or loss was directly recognized in the shareholders' equity, any exchange-rate component of that profit or loss is also recognized in the shareholders' equity.

FINANCIAL STATEMENTS OF FOREIGN OPERATIONS

All the Group's activities abroad are conducted in the Eurozone, except for KK Fine Foods Ltd and TerBeke-Pluma UK Ltd which conduct their business in British pounds and Pasta Food Company Sp. z.o.o. which conducts its business in Polish zloty. The assets and liabilities of these foreign entities are converted to euros at the exchange rate applicable on balance sheet date. The income statement of these entities is translated to euros monthly at average rates which approximate the exchange rate on the transaction date. Translation differences arising here are recognized immediately in the shareholders' equity.

The following exchange rates were used when drawing up the financial statements:

1 euro equals:

	2020	2019
British pound		
Closing rate	0.8990	0.8508
Average rate	0.8909	0.8845
Polish zloty		
Closing rate	4.6148	4.2585
Average rate	4.4447	4.2971

SEGMENT INFORMATION

IFRS 8 defines an operational segment as a part of an entity of which the operational results are regularly assessed by a high ranking officer of the entity who takes important operational decisions, in order to be able to take decisions on the resources to be allocated to the segment and to assess the financial performance of the segment and on which separate financial information is available.

In view of its mission, main strategic lines and management structure, for segment reporting Ter Beke has opted to split the Group's activities into two operational segments, according to the two business activities (business segments) of the Group: 'Processed Meats' and 'Ready Meals'. In addition, it provides geographical information for the regions in which the Group is active.

The profit or loss of a segment encompasses the income and expenses generated directly by a segment, including that part of the revenues and expenses that can reasonably be attributed to the segment.

The assets and liabilities of a segment encompass the assets and liabilities directly pertaining to a segment, including the assets and liabilities that can reasonably be attributed to the segment.

INTANGIBLE ASSETS

Intangible non-current assets are initially valued at cost price. Intangible non-current assets are recognized if it is likely that the Entity will enjoy the future economic advantages that accompany them and if the costs thereof can be determined reliably. After their initial recognition, intangible non-current assets are valued at cost price less the accumulated depreciation and any accumulated impairments. Intangible non-current assets are depreciated linearly over their best estimated period of use. The amortization period and the depreciation method used are evaluated again each year at the conclusion of the reporting period.

RESEARCH AND DEVELOPMENT

Expenses incurred for research activities, which are undertaken with a view to gaining new scientific or technological knowledge, are recognized as an expense in the income statement as they occur. Expenses incurred for development activities, in which the findings of research are applied in a plan or design for the production of new or substantially improved products and processes, are recognized in the balance sheet if the product or process is technically and commercially viable and the Group has sufficient resources at its disposal to implement them. The capitalized expense includes the costs of raw materials, direct wage costs and a proportionate part of the overheads. Capitalized expenses for development are valued at cost price less the accumulated depreciation and impairments.

All other expenses for development are recognized as expense in the income statement as a debit in the income statement as they occur. As Ter Beke's development expenses in 2020 and 2019 did not fulfil the criteria for capitalization, these were recognized as expenditure in the income statement.

OTHER INTANGIBLE ASSETS

Other costs for internally generated intangible non-current assets, such as brand names, are recognized in the income statement as they occur. Other intangible non-current assets, such as brand patents or computer software, acquired by the Group are valued at cost price less the accumulated depreciation and impairments. In 2019 and 2020, Ter Beke's consolidated other intangible non-current assets mainly consisted of computer software, capitalized customer portfolios and brand names gained through acquisitions.

DEPRECIATION

Intangible assets are depreciated according to the linear method over their expected economic lifetime, from the date they are first used.

The depreciation percentages applied are:

Research & Development	33,30%
Computer software	20%
Brand patents	10%
Brand names	10%, 20%
Client relationships	7%

GOODWILL

Goodwill occurs when the cost of a business combination at acquisition date exceeds the interest of the Group in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is initially recognized as an asset at cost and is subsequently valued at cost less any accumulated impairment losses.

The cash-generating unit to which goodwill is attributed is tested each year for impairment. This test is also performed every time there is an indication that the unit might be impaired by comparing the book value of the unit with its realizable value. If the realizable value of the unit is lower than the book value, the impairment losses will first be allocated to the book value of the goodwill allocated to the unit and then to the unit's other assets in proportion to the book value of each asset in the unit. An impairment loss recognized for goodwill cannot be reversed in a subsequent period. When a subsidiary or joint venture is sold, the goodwill allocated is recognized when determining the profit or loss on the sale.

TANGIBLE NON-CURRENT ASSETS

Tangible non-current assets are recognized if it is likely that the future economic benefits associated with the asset will flow to the Entity and the cost price of the asset can be determined reliably.

Tangible non-current assets owned are valued at cost or at production cost, less the accumulated amortization and any accumulated impairments. In addition to the purchase price, the price also includes, if applicable, non-refundable taxes and all costs directly attributable to the preparation of the asset for use. The production cost of self-made property, plant and equipment (tangible non-current assets) includes direct material costs, direct manufacturing costs, a proportionate part of the fixed costs of material and manufacturing, and a proportionate part of the depreciation and write-downs of assets used in the production process.

After initial recognition costs are only recognized in the balance sheet as part of the book value of an asset, or for an exceptional asset, if it is likely that the future economic benefits associated with the asset will flow to the Group and these costs can be determined reliably. Improvement works are capitalized and depreciated over 4 years. Other repair and maintenance costs are recognized in the income statement in the period in which they were incurred.

Tangible non-current assets are depreciated in accordance with the linear method from the date they are first used and over the expected useful economic life.

The primary depreciation percentages currently applied are:

Buildings	2; 3.33; 4 & 5%
Installations	5 & 10 %
Machines and equipment	14.3; 20 & 33.3 %
Furniture and rolling equipment	14.3; 20 & 33.3 %
Other tangible non-current assets	10 & 20 %

Land is not depreciated, since it is assumed that it has an unlimited useful life.

CONSOLIDATED FINANCIAL STATEMENTS

Impairment losses from intangible fixed assets and tangible non-current assets (except for goodwill): on every reporting date, the Group investigates its balance sheet values for intangible non-current assets and property, plant and equipment to determine whether there is any indication for impairment of an asset. If there is such indication, the realizable value of the asset will be estimated in order to determine any (possible) impairment losses. However, if it is not possible to determine the realizable value of an individual asset, the Group will estimate the realizable value for the cash-generating unit to which the asset belongs.

The realizable value is the highest value of the fair value minus the cost of sales and its value in use. The value in use is determined by discounting the expected future cash flows using a discount rate before tax. This discount rate reflects the present time value of the money and the risks specific to the asset.

If the realizable value of an asset (or a cash-generating unit) is estimated to be lower than the book value of the asset (or a cash-generating unit), the book value is reduced to its realizable value. An impairment loss is recognized immediately as expense in the income statement. A previously recognized impairment loss is reversed if a change has occurred in the estimates used to determine the realizable value, but not for a higher amount than the net book value that would have been determined, if in previous years no impairment loss had been recognized.

GOVERNMENT SUBSIDIES

Government subsidies may only be recognized if there is reasonable assurance that:

- the Group will meet the conditions pertaining to the subsidy; and
- the subsidies will be received.

Government subsidies are systematically recognized as revenues over the periods necessary to attribute these subsidies to the related costs which they are intended to compensate. A government subsidy that is received in compensation for expenses or losses already incurred or for the purpose of providing immediate financial support to the Group without future related costs, is recognized as income in the period in which it is received.

Investment subsidies are deducted from the book value of the asset concerned.

Operating subsidies are recognized if they are received and reported under 'Other Operating Income'.

LEASING

IFRS 16 requires lessees since January 1st 2019 to capitalize all lease and rental obligations on the balance sheet. The liability reflects all future lease payments associated with the lease agreement valued at current value. The asset reflects the right to use the asset during the agreed lease term.

The user rights (consisting mainly of the amount of the initial valuation of the lease debt) are valued at cost price and depreciated linearly over their estimated useful life. The user rights are shown on the balance sheet together with the tangible non-current assets under own management and the lease liabilities are shown as short and long term lease liabilities.

Each lease payment is allocated to the lease liability and the financial expenses on the other hand.

We use the following practical exemptions, as permitted underIFRS 16:

- Use of the previous definition of a lease (as designated by IAS 17) for all contracts existing at the date of first application. Use of one 'incremental borrowing rate' for a group of leases with the same characteristics.
- Use of previous estimates of loss-making lease contracts, rather than testing for impairments.
- All leases with a term of less than 12 months are recognized in the income statement as lease expenses for the financial year.
- Recognizing all operating lease contracts with a low value as short-term leases.

Lease liabilities are measured as the discounted value of future lease payments over a specified lease term. This calculation takes into account our 'weighted average incremental borrowing rate' if the implicit interest rate in the contract cannot be determined. For 2020, our weighted average 'marginal interest rate' was 3.35%. (2019: 3,35%)

INVENTORIES

Inventories are valued at the lowest value of the cost or the net realizable value. The cost is calculated based on the average inventory valuation method and the FIFO method. The cost for work in progress and finished products encompasses all conversion costs and other costs incurred to get the inventories to their current location and in their current state. The conversion costs include the production costs and the attributed fixed and variable production overhead costs (including depreciation). The net realizable value is the estimated sales price that the Group believes it will realize when selling inventory in normal business, less the estimated costs of finishing the product and the estimated costs of sales.

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are classified at amortized cost when the contract has the characteristics of a basic lending arrangement and they are held with the intention of collecting the contractual cash flows until their maturity. Ter Beke's financial assets at amortized cost comprise trade and other receivables, short-term deposits and cash and cash equivalents in the balance sheet. They are valued at amortized cost using the effective interest method, less any impairments.

FINANCIAL ASSETS AT FAIR VALUE

Ter Beke has a call option and the former shareholder of KK Fine Foods has a put option on the remaining 10% of the shares in KK Fine Foods. The option is valued at fair value and is recognized in the financial costs of the income statement.

IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date, for the financial assets valued at amortized cost (such as trade receivables), Ter Beke assesses whether there are indications for impairment at individual and/or collective level. Receivables deemed uncollectible are written off at each balance sheet date against the corresponding provision. When assessing a collective impairment, the Group uses historical information regarding the loss incurred and adjusts the results if the economic and credit conditions are such that it is probable that the actual losses will be higher or lower than historical trends suggest. Additions to and reversals of the provision for bad debts relating to trade receivables are recognized in the income statement under 'Write-downs and provisions'.

BANK LOANS

Interest-bearing bank borrowings and credit excesses are initially valued at fair value and are then valued at the amortized cost price calculated on the basis of the effective interest method. Any difference between the receipts (after transaction costs) and the repayment of a loan is recognized over the loan period, in accordance with the policies for financial reporting regarding financing costs, which are applied by the Group.

TRADE LIABILITIES

Trade liabilities are initially booked at fair value and are then valued at the amortized cost price calculated based on the effective interest method. Considering the short-term nature of the trade liabilities in the Group, the trade liabilities are in fact booked at fair value.

DERIVATIVES

The Group uses derivatives to limit risks with regard to unfavorable swings in exchange rates and interest rates arising from operational, financial and investment activities.

The Group does not use these instruments for speculative purposes, does not hold any derivatives and does not issue derivatives for trading purposes. Derivatives are initially valued at cost price and after initial recognition are valued at fair value.

There are three types of hedging relationships:

1. Cash flow hedges: changes in the fair value of derivatives indicated as cash flow hedges are recognized in the shareholders' equity. The non-effective part is recognized in the income statement.

   If the cash flow hedges of a firm commitment or an expected future transaction leads to the recognition of a non-financial asset or a non-financial liability at the time the asset or liability is booked, the profits or losses on the derivative financial instrument previously incorporated in the shareholders' equity are recognized in the initial valuation of the asset or liability when it is booked.

   If the hedge of an expected future transaction leads to the inclusion of a financial asset or a financial liability, the related profits or losses on the derivative financial instrument recognized directly in the shareholders' equity are transferred to the income statement in the same period or periods in which the acquired asset or the commitment affects the income statement. If it is expected that (part of) the loss incorporated directly into the shareholders' equity will not be realizable in one or more future periods, the expected non-realizable part is transferred to the income statement. For hedges that do not lead to the recognition of an asset or a liability, the amounts directly included in the shareholders' equity are transferred to the income statement in the same period or periods in which the hedged expected future transaction affects the profit or loss.

2. Fair value hedges: changes in the fair value of derivatives which were indicated and qualify as fair value hedges are recognized in the income statement, together with any change in the fair value of the hedged asset or the hedged liability which is to be attributed to the hedged risk.

3. Hedges of net investments in foreign entities: hedges of net investments in foreign entities are processed in a similar manner as cash flow hedges. The part of the profit or loss on the hedging instrument, which is determined to be an effective hedging instrument, is recognized immediately in the shareholders' equity; the profit or loss on the non-effective part is recognized immediately in the income statement. The profit or loss on the hedging instrument regarding the effective part of the hedge, which is directly recognized in the shareholders' equity, is recognized in the income statement when the foreign entity is divested. The changes in the fair value of derivatives that are not classified can be recognized immediately in the income statement as cash flow hedging.

DIVIDENDS

Dividends are recognized as a liability in the period in which they are formally allocated.

PROVISIONS

A provision will be recognized if:

a. The Group has an existing obligation (legally enforceable or effective) as the result of an event in the past;
b. It is likely that an outflow of funds embodying economic benefits will be required to settle the obligation; and
c. The amount of the obligation can be reliably estimated

The amount recognized as a provision must be the best estimate of the expenses required to settle the existing obligation on the balance sheet date.

If the impact is important, provisions are determined by discounting the expected future cash flows, using a discount rate 'before tax'. This discount rate reflects the present time value of the money and the specific risks pertaining to the obligation.

A provision for restructuring is laid down when the Group has approved a detailed and formalized plan for the restructuring and when the restructuring has either commenced or has been announced publicly. No provisions are made for costs relating to the Group's normal activities. A provision for loss-making contracts will be made when the receivable economic benefits for the Group are lower than the unavoidable cost related to the obligatory quid pro quo.

EMPLOYEE BENEFITS

Employee benefits comprise all forms of remuneration granted by the Entity in exchange for the services provided by employees.

Employee benefits include:

- short-term employee benefits, such as wages, salaries and social security contributions, holiday pay, paid sick leave, profit-sharing and bonuses, and benefits in kind for the current employees;
- post-employment benefits, such as pensions and life insurance;
- other long-term employee benefits;
- termination benefits.

RETIREMENT BENEFIT PLANS

The Group provides retirement benefit plans for its employees mainly via defined contribution schemes and has a limited number of defined benefit pension schemes.

DEFINED CONTRIBUTION SCHEMES

Contributions paid to these defined contribution schemes are recognized immediately in the income statement.

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return. Hence, strictly speaking, those plans classify as defined benefit plans which would require that the 'projected unit credit' (PUC) method is applied in measuring the liabilities. However, the IASB recognizes that the accounting for such so-called 'contribution-based plans' in accordance with the currently applicable defined benefit methodology is problematic (see also the IFRS Staff Paper 'Research project: Post-employment benefits' dated September 2014). Also considering the uncertainty with respect to the future evolution of the minimum guaranteed rates of return in Belgium, the Company adopted a retrospective approach whereby the net liability recognized in the statement of financial position is based on the sum of the positive differences, determined by individual plan participant, between the minimum guaranteed reserves and the accumulated contributions based on the actual rates of return at the closing date (i.e. the net liability is based on the deficit measured at intrinsic value, if any). The main difference between this retrospective approach and the prospective PUC method, is that benefit obligations are calculated as the discounted value of the projected benefits, assuming the minimum guaranteed rates of return currently applicable continue to apply.

CONSOLIDATED FINANCIAL STATEMENTS

DEFINED BENEFIT PENSION SCHEMES

The book value of the defined benefit pension scheme is determined by the present value of the pension payment liabilities, less the past service pension costs not yet recognized and with the fair value of the investments in investment funds. All actuarial gains and losses are recognized in the comprehensive income, so that the full value of the deficit or surplus of the plan is recognized in the consolidated statements. The interest costs and projected revenue of the assets in the plan are shown as net interest.

The present value of the liabilities of the defined benefit plan and the related pension costs are calculated by a qualified actuary in accordance with the PUC method. The discount rate used is equal to the yield on the balance sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the Group's liabilities. The amount recognized in the income statement consists of the pension costs allocated to the year of service, the financing cost, the expected yield from the pension fund investments and the actuarial gains and losses.

TERMINATION BENEFITS

Termination benefits are recognized as a liability and a cost if a Group Entity demonstrably commits itself to either:

- the termination of employment of an employee or group of employees before the normal retirement date;
- the allocation of termination benefits as a result of an offer to encourage voluntary retirement (early retirement scheme).

If termination benefits are due after twelve months following the balance sheet date, then they are discounted at a discount rate equal to the yield on balance sheet date from corporate bonds of high creditworthiness with a remaining term that is comparable to the term of the Group's liabilities.

VARIABLE PAY

The variable pay of clerical staff and management is calculated based on key financial figures and the balanced scorecards. The expected amount of the variable pay is recognized as a cost in the reporting period concerned.

TAX ON PROFITS

The tax on profits includes the tax on profits and deferred taxes. Both taxes are recognized in the income statement, except in those cases where it concerns components that are part of the shareholders' equity. In this latter case, this is recognized via the shareholders' equity. The term 'tax on profits' is taken to mean that which is levied on the taxable income for the reporting period, calculated at the tax assessment rates applicable at the balance sheet date, as well as the adjustments to the tax due over previous reporting periods. Deferred taxes are calculated according to the balance sheet method and arise mainly from the differences between the book value of assets and liabilities in the balance sheet and the tax basis of those assets and liabilities. The amount of deferred tax is based on the expectations regarding the realization of the book value of the assets and liabilities, whereby use is made of the tax assessment rates known on the balance sheet date.

A deferred tax liability is only recognized if it is sufficiently certain that the tax credit and the unused fiscal losses can be set off against taxable profits in the future. Deferred tax assets are reduced as and when it is no longer likely that the tax saving can be realized. Deferred taxes are also calculated on temporary differences arising from participations in subsidiaries, unless the Group can decide on the time when the temporary difference is reversed and it is unlikely that the temporary difference will be reversed in the near future.

REVENUE

Revenue is recognized if it is likely that the future economic benefits relating to the transaction will accrue to the Entity and the amount of the income can be determined reliably.

Turnover is reported after deduction of turnover taxes and discounts.

SALE OF GOODS

Ter Beke recognizes revenue from the following sources: the supply of products and services. Ter Beke considers the supply of products to be its most important performance obligation. Revenue is recognized at the point in time when control of a product is transferred to a customer. Customers acquire control when the products are supplied (in accordance with the applicable Incoterms). The revenue amount recognized is adjusted for volume discounts. No adjustment is made for returns or for guarantees of any kind, as, based on historical information, their effect is considered immaterial. Breaking down revenue according to the timing of recognition, i.e. at a point in time or over a period, provides little added value as service contracts are immaterial compared to total product sales.

In order to encourage clients to pay immediately, the Group grants discounts for payments in cash. Such discounts are recognized as a reduction in the revenue.

FINANCIAL INCOME

Financial income consists of interest received, dividends received, the exchange rate revenues and the revenues from hedging instruments that are recognized in the income statement.

INTEREST INCOME

Interest is recognized on a proportional basis that takes account of the effective duration of the asset to which it relates (the effective interest method).

DIVIDENDS

Dividends are recognized at the time when the shareholder has been given the right to receive the payment thereof. Exchange rate differences from non-company activities and profits from hedging instruments for non-company activities are also presented under financial income.

EXPENSES

Expenses per type of cost are shown in the income statement. Expenses that relate to the reporting period or to previous reporting periods are recognized in the income statement, regardless of when the expenses are paid. Expenses can only be transferred to a subsequent period if they comply with the definition of an asset.

PURCHASES

Purchases of trade goods, raw and auxiliary items, and purchased services are recognized at cost price, after deduction of the permitted trading discounts.

RESEARCH AND DEVELOPMENT, ADVERTISING AND PROMOTIONAL COSTS AND SYSTEM DEVELOPMENT COSTS

Research, advertising and promotional costs are recognized in the income statement in the period in which they were incurred. Development costs and system development costs are recognized in the income statement in the period in which they were incurred if they do not meet the criteria for capitalization.

FINANCING EXPENSES

Financing expenses include such things as the interest on loans, exchange rate losses and losses on hedging instruments that are recognized in the income statement. Exchange rate differences from non-operating activities and losses from hedging instruments for non-operating activities are also presented under financing costs.

FINANCIAL TERMINOLOGY

EBIT	Operating result (earnings before interest and taxation)
EBITDA	Operating cash flow Operating result (EBIT) + depreciation, write-downs and impairments of assets and negative goodwill
UEBIT	Operating result (EBIT) before non-underlying expenses and revenues
UEBITDA	Operating cash flow before non-underlying expenses and revenues Operating result before non-underlying costs and revenues (UEBIT) + depreciation, write-downs and impairments of assets and negative goodwill
Non-underlying income and expenses	Operating revenues and expenses related to restructuring, impairments, discontinued operations and other activities, and transactions with a one-off impact

MANAGEMENT ASSESSMENTS AND ESTIMATES

By applying the Group's accounting policies, management must make assessments, estimates and assumptions regarding the book value of assets and liabilities that are not readily apparent from other sources. These assessments, estimates and assumptions are continually reviewed:

- Critical accounting assessments when applying the entity's accounting policies:
  - Ter Beke is involved in a number of pending claims and disputes for which management must assess the probability of the risk.
- Key sources of estimation uncertainty: below are the key assumptions regarding the future and other key sources of estimation uncertainty at the end of the reporting period that pose a risk of causing a material adjustment to the book value of assets and liabilities within the next financial year:
  - Management performed an annual impairment test on goodwill relating to 'processed meats' and 'ready meals' based on the Group's budget. The Group's budget will be drawn up for the coming year. A number of assumptions are applied to determine the next 4 years in the total 5-year plan. Sensitivity analyses for reasonable changes in assumptions, such as growth rate, EBITDA margin and discount rate are set out in Note 14 - Goodwill.

- Deferred tax assets are recognized for the carry-forward of unused tax losses and temporary differences to the extent that it is probable that taxable profit will be available in the foreseeable future. In its assessment, management account of elements such as the budget and tax planning opportunities (see Notes 13 and 17).
- Provisions for employee benefits: the defined benefit pension liabilities are based on actuarial assumptions such as the discount rate and the expected return on investments in investment funds. For further information, see Note 22 – Employee benefits.
- In October 2019, our subsidiary Offerman in Aalsmeer had to establish a major recall operation by order of the NVWA (the Dutch Food and Consumer Product Safety Authority). A number of costs resulted from this recall action which were foreseen in 2019. During 2020, additional compensation was paid which indirectly resulted from this recall action for a net amount of EUR 379 thousand. At the date of approval of this report, we are not aware of any further formal or informal complaints from consumers or customers directly related to the recall and allegedly related affected listeria patients. We believe it is unlikely that such complaints will be introduced in the future.
- The Ter Beke group had a Tax claim on Stefano Toselli in 2019 (438 thousand EUR). Contractually, Ter Beke had the right to recover this from the former shareholder. In 2020 we have both closed and settled the dispute with the tax authorities in France and we have issued the recourse claim against the former shareholder and received the compensation.

2. GROUP CONSOLIDATION

The Group consolidated annual accounts for 2020 include: Ter Beke NV and consolidated subsidiaries over which Ter Beke exercises full control (Note 33) and one joint venture over which the Group does not exercise full control (only 90%): KK Fine Foods Limited.

In 2019, the Group acquired full control of Vleeswaren E. De Kock-De Brie NV. This small family business, based in Antwerp, specialises in creating tongue and liver products and has a strong position in this niche segment.

In 2020, the production activities of the company Vleeswaren E. De Kock-De Brie NV were fully integrated into our production site in Wommelgem. De Kock-De Brie NV was subsequently liquidated. In 2020, the group carried out a reorganization in The Netherlands. This involved the merger of 6 companies and the liquidation of 1 dormant company.

3. REPORTING PER SEGMENT AND GEOGRAPHICAL REGION

Ter Beke is a food group. We are European specialists in the development, production and sale of processed meats and fresh ready meals. At the end of 2020, the Ter Beke Group had a workforce of approximately 2,650 people. This number denotes the full-time equivalents on 31 December 2020 and the average number of temporary workers in 2020. In 2019, Ter Beke employed approximately 2,750 people.

The Group's management structure corresponds with its business activities. We also align the internal and external reporting systems with the two existing business segments:

- The Processed Meats Division develops, produces and sells a range of processed meats including salami, cooked ham, poultry, other cooked meats, pâtés, preserved meats, tongue and liver products.
- The Ready Meals Division develops, produces and sells freshly prepared ready meals including lasagne, pizza, pasta dishes and sauces.

The result of a segment includes the revenue and expenses generated directly by that segment. And this includes the revenue and expenses attributable to that segment. Financial expenses and taxes are not attributed to the segments.

The assets and liabilities of a segment encompass the assets and liabilities directly pertaining to a segment, including the assets and liabilities that can reasonably be attributed to the segment. The assets and liabilities of a segment are shown excluding tax.

Non-current assets per segment are the intangible non-current assets, goodwill, tangible non-current assets and financial non-current assets. Liabilities per segment are trade receivables, personnel debts, taxes and other debts that are directly attributable to the business segment. All other assets and liabilities have not been allocated to the business segments and are stated as 'not allocated'. Assets and liabilities per segment are proposed for elimination of intersegment positions. Competitive conditions form the basis for 'intersegment transfer pricing'. The investment expenses per segment equal the cost of the acquired assets with an expected useful life of more than one year. In the segment reporting we use the same accounting principles as in the consolidated financial statements.

Our two Divisions, Processed Meats and Ready Meals, sell our products to a large client base. This includes most large European discount and retail clients. The ten largest client groups represent 67% of the turnover (2019: 65%). We realize turnover with these clients through various products and contracts of varying duration. We do this in several countries, both for our own brands and clients' private labels. The Group's client portfolio is diverse. Nevertheless, it could have an impact on our operating activities if the relationship with a large group of clients came to an end. In 2020 we note a slight decrease in turnover. Two external clients each achieved more than a 10% share (i.e. 12%) of the consolidated turnover, just as in 2019. The turnover related to these clients was achieved in both segments.

The turnover between both segments is immaterial, which is why we have chosen to only report turnover external to the Group.

The Ter Beke Group is active in six geographical regions: Belgium, The Netherlands, the United Kingdom, Germany, France and the rest of Europe. The rest of Europe consists mainly of Luxembourg, Denmark, Ireland, Poland, Portugal, Romania, Spain, Sweden and Switzerland.

The net turnover is split per region based on the geographical location of the external clients. (The place of residence of the customer is decisive in determining the geographic region.) The total assets and investment expenses are allocated per region according to the geographical location of the assets. The investment expenses per region are the cost of the acquired assets with an expected useful economic life of more than one year.

KEY DATA PER BUSINESS SEGMENT

	2020			2019		
	Processed meats	Ready Meals	Total	Processed meats	Ready Meals	Total
SEGMENT INCOME STATEMENT						
Segment net turnover	447,241	270,181	717,422	437,594	290,538	728,132
Segment results	-7,127	19,480	12,353	-12,146	24,984	12,838
Non-allocated results			-7,514			-6,633
Net financing cost			-5,132			-3,247
Taxes			-2,170			1,457
Share in businesses accounted for using the equity method			0			0
Consolidated result			-2,463			4,415
SEGMENT BALANCE SHEET						
Segment non-current assets	120,935	118,524	239,459	129,309	115,852	245,161
Non-allocated non-current assets			5,649			6,987
Total consolidated non-current assets			245,108			252,148
Segment liabilities	105,570	53,244	158,814	97,432	58,264	155,696
Non-allocated liabilities			242,786			283,326
Total consolidated liabilities			401,600			439,022
OTHER SEGMENT INFORMATION						
Segment investments (*)	11,693	16,674	28,367	11,637	6,271	17,908
Non-allocated investments			1,059			1,189
Total investments			29,426			19,097
Segment depreciation and non-cash costs	19,247	10,441	29,688	18,131	10,459	28,590
Non-allocated depreciation and non-cash costs			2,613			2,448
Total depreciation and non-cash costs			32,301			31,038

(*) Investments including new capital grants

KEY DATA PER GEOGRAPHIC REGION

Third party turnover	2020	2019
Belgium	203,670	193,121
Netherlands	315,388	320,754
UK	61,479	81,885
Germany	24,879	23,234
France	43,539	44,914
Other	68,467	64,224
	717,422	728,132

Investments per region	2020	2019
Belgium	13,405	10,231
Netherlands	3,739	5,666
France	2,371	1,631
UK	691	1,318
Other	9,220	251
	29,426	19,097

Liabilities per region	2020	2019
Belgium	89,425	107,843
Netherlands	132,931	135,151
France	67,189	73,334
UK	40,668	49,824
Other	71,387	72,870
	401,600	439,022

Non-current assets	2020	2019
Belgium	85,165	87,161
Netherlands	61,199	68,410
France	35,851	35,297
UK	29,829	33,811
Other	33,064	27,469
	245,108	252,148

4. REVENUE FROM SALE OF GOODS

The Group's consolidated turnover decreases by 1.5% EUR 728.1 million in 2019 to EUR 717.4 million in 2020. This decrease is mainly due to the COVID-19 impact on our sales in the ready meals segment and more specifically the decreased foodservice (catering) sales of our subsidiary in the UK, KK Fine Foods Limited. We also saw a decline in sales of our lasagnes within supermarkets in Europe during the first lockdown. This decrease did not repeat itself during the second lockdown due to the COVID-19 pandemic.

5. TRADE GOODS, RAW AND AUXILIARY MATERIALS

	2020	2019
Purchases	441,285	447,652
Change in inventory	1,365	-5,066
Total	442,650	442,586

The costs of purchasing raw materials, consumables and goods for resale stayed at the same level compared to 2019, despite a decrease in turnover which was caused by the sharp increase in raw material prices in the first half of 2020. These raw material prices normalized in the second half of 2020.

6. SERVICES AND MISCELLANEOUS GOODS

	2020	2019
Interim staff and consultants to the organisation	23,463	23,156
Maintenance and repairs	21,048	21,976
Cost of marketing and sales	3,611	5,303
Transport costs	29,642	31,726
Gas and electricity	13,244	13,388
Rent	5,519	5,111
Advisory expenses and consultants	8,593	9,053
Other	5,398	6,411
Total	110,518	116,124

The focus on cost control leads to a 5% decrease in costs related to services and miscellaneous goods from EUR 116 million to EUR 111 million.

The 'Other' account includes office expenses and insurance.

7. EMPLOYEE EXPENSES

Employee expenses amounted to EUR 126.376 thousand. In 2019, these expenses amounted to EUR 127,100 thousand. Personnel costs already show a slight decrease in 2020 notwithstanding 5.6 million restructuring costs were booked compared to 3.1 million in 2019.

In 2020, Ter Beke implemented the legal and operational integration and reorganization of its Dutch processed meats activities under the code name Project Unity, and also in Belgium and in the United Kingdom it took the necessary actions in the first semester to further structurally reduce its cost base. These reorganizations will allow the group to safeguard its future competitive position and to consolidate its cost leadership.

For further details on employee benefits, see Note 22.

Employee expenses can be analysed as follows:

	2020	2019
Wages and salaries	92,959	96,820
Social security contributions	19,485	22,210
Other employee expenses	13,932	8,070
Total	126,376	127,100
Number of employees expressed in FTEs (excl. temporary employees) at year end	2,363	2,476

8. WRITE-DOWNS AND PROVISIONS

	2020	2019
Write-downs	901	426
on inventories	852	339
on trade receivables	49	87
Provisions	-50	10
Total	851	436

9. OTHER OPERATING INCOME AND EXPENSES

The other operating expenses decrease from EUR 7.3 million to EUR 4.6 million. In 2019, the one-off cost of a recall in Aalsmeer was included in the other operating expenses. .

Other operating income shows an increase from EUR 2.2 million to EUR 3.8 million due to increased compensation payments received.

	2020	2019
OTHER OPERATING INCOME		
Recovery of wage-related costs	749	523
Recovery of logistics costs	0	13
Profits from the disposal of assets	231	23
Insurance recoveries	1,076	137
Claims	1,120	763
Rent	93	0
Others	569	776
Sub total	3,838	2,235
Result of phased acquisition	0	0
Total	3,838	2,235
OTHER OPERATING EXPENSES		
Local taxes	2,719	2,469
Realised loss on disposal of assets	259	155
Claims	1,288	4,036
Others	310	654
Total	4,576	7,314
Other operating income and expenses	-738	-5,079

10. RESULT OF OPERATING ACTIVITIES

	2020	2019
EBITDA	37,140	37,243
Depreciations costs and impairments	-31,450	-30,602
Impairments, write offs and provisions	-851	-436
Result of operating activities (EBIT)	4,839	6,205

	2020	2019
Result of operating activities (EBIT)	4,839	6,205
Severance payment (incl social costs)	3,942	3,125
Project 'unity Netherlands'	4,361	
Claim vs sellers Stefano Toselli		-438
Costs of acquisitions		125
Recall	379	7,914
Covid-19 expenses	1,886	
Others	63	
Impairment on building Aalsmeer		500
Underlying operating result (UEBIT)	15,470	17,431
EBITDA	37,140	37,243
Severance payment (incl social costs)	3,942	3,255
Project 'unity Netherlands'	2,364	
Claim vs sellers Stefano Toselli		-438
Costs of acquisitions		125
Covid-19 expenses	1,886	
Recall	379	7,914
UEBITDA	45,711	48,099

EBITDA stagnated at EUR 37,140 thousand in 2020 compared to EUR 37,243 thousand in 2019. UEBITDA decreased by 5% from EUR 48,099 thousand in 2019 to EUR 45,711 thousand in 2020.

Covid-19 hit the food industry less hard than other sectors but had and still has a significant impact:

In both Divisions, the Food Service business was strongly impacted by the closure of bars and restaurants.

The Ready Meals Division experienced a drop in volumes as consumers started hoarding dried pasta and prepared these themselves.

The high volatility in orders from retailers did not help the operational KPIs in the first months after the initial lockdown.

Costs also increased significantly due to higher paid absence costs and expenses incurred to ensure staff safety. So far, the group has managed this very well, but it remains a daily focus point. Additional costs incurred in the context of the fight againstCovid-19 amounted to EUR 1.9 million and were adjusted in U-Ebitda as indicated earlier.

The Ebitda impact of the missed sales due to the forced closure of certain Foodservice customers and the reduced production efficiency due to Covid-19 were not adjusted in the U-Ebitda figures. This impact is estimated at around EUR 7.7 million.

Turnover of the Processed Meats Division rose from EUR 437.6 million to EUR 447.2 million (+2.2%), despite the inhibiting effect of the aftermath of the recall in The Netherlands at the end of 2019.

Despite progress in many areas, the *Processed Meats Division* had a difficult year. Due to the recall and temporary closure of the Aalsmeer plant in October 2019, production volumes were moved to the plants in Ridderkerk, Wijchen and Wommelgem. It took until April 2020, before the operational KPIs were back on level. Raw material prices resulting from the April 2019 outbreak of African swine fever in China remained historically high until April 2020, after which they gradually normalised. The merger of Ter Beke's long-standing Dutch business with Offerman(acquired in 2017) under the code name Project Unity, led to significant restructuring costs, but will ensure a continued reduction in fixed costs in the future.

The Ready Meals Division enjoyed nice organic growth in the first quarter until it was hit by Covid-19. KK Fine Foods, whose business is mainly with UK foodservice customers, was hit hardest, but thanks to the firm and proactive growth in its retail business, was able to limit the impact in the end. The announced expansion investment was put on hold, however. In general, it was noted that consumers either in lockdown or in a period of home-working are cooking more themselves and buying less prepared meals, although we are convinced that this is transitory, given the convenience and value for money of our products.

The high raw material prices in the first half of the year also impacted the Ready Meals Division.

In Belgium, the modernisation of the Come a casa® brand's look & feel was a success and a number of trendy products were launched, such as a Come a casa® Bio spaghetti and a Bio Lasagne Bolognaise.

11. FINANCIAL INCOME

	2020	2019
Interest income	5	2
Positive exchange rate differences	552	212
Other	203	171
Total	**760**	**385**

12. FINANCING EXPENSES

	2020	2019
Interest cost on loans	2,355	1,669
Interest cost on leasing	324	369
Negative exchange rate differences	1,765	75
Bank charges	950	720
Revaluation of financial instruments	246	0
Other	252	799
Total	**5,892**	**3,632**

Financial costs rise with 62% due to, on the one hand, increased interest charges of EUR 0.7 million as a result of the covenant adjustments the Group negotiated with the banks and, on the other hand, high exchange rate losses on the Polish Zloty of EUR 1.3 million and 0.4 million on the British Pound.

13. TAXES

TAXES BOOKED IN INCOME STATEMENT

	2020	2019
Tax on profits		
Financial year	2,990	6,418
Previous financial years	-45	648
Deferred tax liabilities		
Effect of temporary differences	-775	-8,523
Total tax in the income statement	**2,170**	**-1,457**

Taxes in the current financial year are high compared to the result before tax because of disallowed expenses and also because no deferred tax asset was set up for certain carry forward losses.

In 2019, taxes made a positive contribution to the result because a significant deferred tax asset was recognized due to the substantially improved results of Pasta Food Company.

RELATIONSHIP BETWEEN TAX BURDEN AND THE ACCOUNTING PROFIT

	2020	2019
Accounting profit before tax	-293	2,958
Tax at Belgian tax rate (2018: 29.58% and 2017: 33.99%)	-73	875
Effect of the different tax rates of the foreign companies	1,290	-739
Effect on deferred tax of decreased Belgian tax rate from 33.99% to 29.58%		15
Effect of not recognising DTA during the financial year	991	2,821
Effect timing differences	-290	-310
Effect of previously not recognised DTA		-4,964
Effect of the expenses not deductible for tax purposes	592	487
Other effects: minimum tax	-340	358
Actual tax burden	**2,170**	**-1,457**
Effective tax percentage	-740.5%	-49.3%

In 2019, an additional deferred tax asset of EUR 5 million was set up for Pasta Food Company because the company is located in a reconversion zone and for the first time records a material and sustainable taxable profit (cf. note 17). In 2020, EUR 0.4 million of this has already been utilised as Pasta Food Company closed the year with a profit.

14. GOODWILL

	2020	2019
GOODWILL		
Start of the financial year	79,964	78,196
Acquisitions	0	1,345
Transfers and decommissioning	0	0
Translation differences	-465	423
End of the financial year	**79,499**	**79,964**
IMPAIRMENTS		
Start of the financial year	1,740	1,740
Impairment losses	0	0
Transfers and decommissioning	0	0
End of the financial year	**1,740**	**1,740**
Net book value	**77,759**	**78,224**

Goodwill arises when the cost of a business combination at acquisition date exceeds the interest of the Group in the net fair value of the acquiree's contingent liabilities, the identifiable assets and the liabilities.

The Group has elected to allocate the goodwill to the segments. To date, the risk profile of the acquired business combinations was almost identical to the existing business, and/or the cash flows were fully aligned. Furthermore, these business combinations were fully integrated in the segment right from the acquisition date, whereby it was impossible to either recogniseor monitor, any individual cash flows at a lower level. Management reporting is therefore performed at segment level.

Each year the Group conducts an impairment analysis on its goodwill. This is carried out using the discounted cash flow method. If the realizable value of the segment is lower than the book value, we firstly allocate the impairment losses to the book value of the goodwill. Secondly the allocation is done to the other assets, in proportion to the book value of each asset in the segment.

In 2020, the goodwill amounted to EUR 33,714 thousand (2019: EUR 33,714 thousand) for Processed Meats. For Ready Meals this was EUR 44,045 thousand (2019: EUR 44,510 thousand). The decrease for the Ready Meals Division can be attributed to a translation difference.

The impairment analysis described above is based on:

- The budget for the following year of the own operational cash flows for each segment individually. This budget is the result of a detailed analysis of all known and estimated developments in turnover, margin and costs adjusted to the commercial environment for each segment. Here, an equilibrium is sought between challenge and realism.
- The cash flows for the following four years are applied as follows:
  - An estimated growth in sales of between 0.7% and 1.6% for the processed meats division and between 1.6% and 13.4% for the ready meals division.
  - Estimated EBITDA margin. This margin corresponds to the projections for the coming year and with the long-term targets for each segment.
  - We adjust the calculated cash flows for each year with the replacement investments we think will be required to maintain the current production facilities in an operational status and with the movements in working capital. These differ per segment.
  - A growth rate of 1.6 % is applied for the calculation of residual values - a value that is also equal to the risk free rate used in determining the weighted average cost of capital after tax (WACC)
- We then discount these cash flows at an estimated weighted average cost of capital (WACC) of 7.73% (2019: 5.73%). The basis for this calculation is the average between the short-term and long-term WACC after tax. The basis takes into account a capital cost for equity on the one hand and a cost for borrowed funds on the other hand.

CONSOLIDATED FINANCIAL STATEMENTS

- The cost of equity takes into consideration the following elements:
  - The "risk free rate"
  - The Equity Risk Premium based on various market studies.
  - A risk premium calculated on the basis of the 'Guide to Cost of Capital'
- The cost of debt takes the following elements into consideration:
  - A basic interest cost
  - A "corporate spread" based on the 5 year Euro AAA and BB consumer staples interest.
  - A tax rate of 25%.

In both Divisions, the realizable value exceeds the book value significantly:

- Within the Processed Meats Division, the surplus is more than 200%
- Within the Ready Meals Division, the surplus is more than 300%

In both Divisions, the realizable value exceeds the book value significantly:

- Within the Processed Meats Division, the surplus is more than 200%
- Within the Ready Meals Division, the surplus is more than 300%

Therefore, the analysis does not result in any impairments in any segment. When adjusting the parameters for the calculation, the adjustments below show the impact on the surplus compared to the base scenario:

- Within the Processed Meats Division:
  - With a 2 percentage points increase in the WACC and a 1 percentage point decrease in residual values, the surplus would be more than EUR 100 million.
  - With a decrease of the EBITDA margin levels by 4 percentage points and an increase of the WACC by 2 percentage points, there still remains a surplus.
- Within the Ready Meals Division:
  - With a 2 percentage point increase in the WACC and a 1 percentage point decrease in residual values, the surplus would be more than EUR 200 million.
  - With a decrease of the EBITDA margin levels by 4 percentage points and an increase of the WACC by 2 percentage points, there still remains a surplus.

In general, we can state that the risk of impairment is greater in the Processed Meats Division than in the Ready Meals Division.

15. INTANGIBLE NON-CURRENT ASSETS

	Software	Brands, licences and patents	Customer relation-hips	R&D	Total	Software	Brands, licences and patents	Customer relation-hips	R&D	Total
			2020					2019		
ACQUISITION VALUE										
Start of the financial year	24,193	2,222	24,478	156	51,049	23,302	2,170	23,921	156	49,549
Group consolidation extension					0	8				8
Additions	703				703	1,033				1,033
Transfers and decommissioning	-175				-175	-154				-154
Transfer from / to other entries					0					0
Translation differences	-42	-57	-610		-709	4	52	557		613
Einde van het boekjaar	24,679	2,165	23,868	156	50,868	24,193	2,222	24,478	156	51,049
DEPRECIATION										
Start of the financial year	19,437	1,495	3,845	156	24,933	17,535	1,163	2,044	156	20,898
Group consolidation extension					0	3				3
Depreciation*	2,077	269	1,712		4,058	2,141	311	1,723		4,175
Transfers and decommissioning	-168				-168	-154				-154
Transfer from / to other entries					0					0
Translation differences	-41	-29	-109		-179	-88	21	78		11
End of the financial year	21,305	1,735	5,448	156	28,644	19,437	1,495	3,845	156	24,933
Net book value	3,374	430	18,420	0	22,224	4,756	727	20,633	0	26,116

The Group invested EUR 0.7 million in intangible assets in 2020. In 2019, this was EUR 1 million. The investment is mainly related to the further roll-out of the ERP package.

16. TANGIBLE NON-CURRENT ASSETS

2020

	Land and buildings	Installations, machines, and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
ACQUISITION VALUE							
Start of the financial year	141,490	350,584	5,338	17,981	115	254	515,762
Group consolidation extension							0
Acquisitions	2,722	24,478	321	928		274	28,723
Transfers and decommissioning	-10,960	-20,957	-574	-1,492			-33,983
Transfer from / to other entries	10	170				-180	
Translation differences	-1,485	-1,988	-55	-14		-13	-3,555
End of the financial year	131,777	352,287	5,030	17,403	115	335	506,947
DEPRECIATION							
Start of the financial year	90,447	274,180	4,319	5,442	90	0	374,478
Group consolidation extension							0
Depreciation *	3,830	19,367	321	3,506	6		27,030
Transfers and decommissioning	-10,794	-20,389	-572	-1,470			-33,225
Translation differences	-350	-929	-32	-8			-1,319
End of the financial year	83,133	272,229	4,036	7,470	96	0	366,964
IMPAIRMENT							
Start of the financial year	500	0	0	0	0	0	500
Group consolidation extension							0
Addition*	650						650
Reduction*							0
Transfers and decommissioning							0
End of the financial year	1,150	0	0	0	0	0	1,150
NET CAPITAL GRANTS							
Start of the financial year	257	2,393	8	0	0	0	2,658
Group consolidation extension							0
New allocations							0
Other							0
Depreciation *	-28	-260					-288
End of the financial year	229	2,133	8	0	0	0	2,370
Net book value as per 31 December 2020	47,265	77,925	986	9,933	19	335	136,463

2019

	Land and buildings	Installations, machines, and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
ACQUISITION VALUE							
Start of the financial year	138,119	346,976	4,719	4,568	115	280	494,777
Group consolidation extension	682	953	96				1,731
Opening balance IFRS16				12,333			12,333
Acquisitions	2,061	15,912	474	1,778		157	20,382
Transfers and decommissioning	-8	-14,100	-126	-703			-14,937
Transfer from / to other entries	66	-4	131			-193	
Translation differences	570	847	44	5		10	1,476
End of the financial year	141,490	350,584	5,338	17,981	115	254	515,762
DEPRECIATION							
Start of the financial year	86,215	268,177	4,019	2,390	83	0	360,884
Group consolidation extension	534	719	90				1,343
Depreciation *	3,565	18,516	277	3,736	7		26,101
Transfers and decommissioning	-7	-13,692	-94	-686			-14,479
Translation differences	140	460	27	2			629
End of the financial year	90,447	274,180	4,319	5,442	90	0	374,478
IMPAIRMENT							
Start of the financial year							0
Group consolidation extension							0
Addition*	500						500
Reduction*							0
Transfers and decommissioning							0
End of the financial year	500	0	0	0	0	0	500
NET CAPITAL GRANTS							
Start of the financial year	261	241	9	0	0	0	511
Group consolidation extension							0
New allocations		2,318					2,318
Other	3						3
Depreciation *	-7	-166	-1				-174
End of the financial year	257	2,393	8	0	0	0	2,658
Net book value as per 31 December 2019	50,286	74,011	1,011	12,539	25	254	138,126

The lines marked with * in Notes 15 and 16 are included in the income statement, in the amount for depreciations and impairments of non-current assets.

In 2020, the Group invested EUR 29.4 million, of which EUR 28.7 million in tangible fixed assets and EUR 0.7 million in intangible fixed assets. The investments mainly consist of efficiency investments and infrastructure adjustments at the various sites of the Group.

In 2020, the Group invested EUR 11.7 million in the *Processed Meats Division*: It concerns:

- An investment in the production capacity of the so-called MLP concept (multi-layer packaging) in our factory in Veurne.
- The installation in Wommelgem of a central meat mincing unit, which allows for a more scientific management of the meat-fat mix.
- The integration of the activities of Vleeswaren E. De Kock - De Brie, acquired in September 2019, in our factory in Wommelgem.

In the ***Ready Meals Division*** we invested 16.7 million, despite COVID-19. More than EUR 8 million of this was invested in the Polish factory in Opole - our base for Central and Eastern Europe - to double its production capacity. In these countries, the market for Mediterranean ready meals is growing even faster than in our established markets.

In addition, the factories in Belgium and France are also being prepared for the next growth phase, together with strategic customers.

17. DEFERRED TAX ASSETS AND LIABILITIES

The deferred tax assets and liabilities are attributable to the following categories:

	2020	2019
Tangible non-current assets	6,404	7,092
Receivables	-18	0
Provisions	-84	52
Debts	831	685
Transferred losses	-2,497	-2,061
Deferred tax liabilities	4,636	5,768

	2020	2019
Tangible non-current assets	2,069	1,378
Receivables	0	0
Provisions	156	759
Debts	84	172
Tax losses carried forward	6,278	7,295
Deferred tax assets	8,587	9,604

In 2020, the Group did not recognise EUR 10.721 thousand in deferred tax assets on carry forward losses (2019: EUR 10.237 thousand) because the Group is insufficiently certain that these will be utilized in the near future. These carry-forward losses are not subject to a time limitation.

From 2019, a deferred tax asset was recognised on Poland for EUR 5 million because Pasta Food Company is located in a reconversion zone. In 2020, this was adjusted because Pasta Food Company has ended the financial year with a profit. The non-recognised deferred tax asset still amounts to EUR 4.2 million at the end of 2020 because we are not sure that we will be able to realize it. This benefit is time limited to 2026.

18. INVENTORIES

	2020	2019
Raw and auxiliary items	21,572	23,209
Work in process	5,607	7,151
Finished products	7,255	6,846
Goods for resale	3,431	3,527
Total	37,865	40,733

For write-downs on inventories, please refer to Note 8.

19. TRADE AND OTHER RECEIVABLES

	2020	2019
Trade receivables	87,513	103,779
VAT to be reclaimed	2,076	4,094
Taxes to be reclaimed	1,058	1,514
Adjustment accounts	2,334	3,637
Empties	5,988	5,585
Other	515	707
Total	99,484	119,316

Our trade receivables are not interest-bearing.

The average number of days of customer credit for the Group is 52 days (2019: 52 days).

In 2020, write-downs on trade receivables to the value of EUR 49 thousand were recognized as a cost in the income statement (EUR 87 thousand in 2019).

The percentage of trade receivables owed older than 60 days amounted to 2% in 2019 and to 1.3% in 2020 (see also Note 25).

20. CASH AND CASH EQUIVALENTS

Cash is held at reputable banks.

	2020	2019
Cash investments	8,662	10,254
Current accounts	10,471	16,559
Cash	10	12
Total	19,143	26,825

21. SHAREHOLDERS' EQUITY

DIVIDENDS

Ter Beke's General Meeting of 28 May 2020 decided to distribute a gross dividend of 4 euros per share (EUR 6,064 thousand) for the financial year 2019.

The Board of Directors of July 5th, 2020 decided to offer the Ter Beke shareholders (by way of scrip dividend) the possibility to contribute their proceeds arising from the distribution of profits to the capital of the Company, against the issue of new shares (in addition to the option to receive the dividend in cash) or the option to opt for a combination of both previous options.

74.02% of the shareholders opted for shares. This means a strengthening of shareholders' equity by EUR 3,591 thousand

22. EMPLOYEE BENEFITS

PROVISIONS FOR PENSIONS AND SIMILAR LIABILITIES

The Group and its subsidiaries provide for pension schemes and other employee benefits. On 31 December 2020, the total net debt for pension schemes and similar liabilities was EUR 3,897 thousand for the Group's Belgian and French companies.

On 31 December 2019, this was EUR 4,588 thousand.

	obligations under IAS 19 Defined benefit plan	Other provisions	Total provisions
1 January 2019	4,679	1,156	5,835
Group consolidation extension			
Service costs	566		566
Interest costs and income	24		24
Actuarial effect by OCI	-721		-721
Payments			0
Allocations and redemptions	29	-19	10
Other	-1,126		-1,126
31 December 2019	3,451	1,137	4,588
Group consolidation extension			0
Service costs	1,125		1,125
Interest costs and income	10		10
Actuarial effect by OCI	-656		-656
Payments			0
Allocations and redemptions		-45	-45
Other	-1,125		-1,125
31 December 2020	2,805	1,092	3,897

EMPLOYEE BENEFITS AND PROVISIONS FOR PENSION AND SIMILAR OBLIGATIONS

	2020	2019
Defined benefit pension schemes		
Net liability / (asset)	2,805	3,451
Of which liabilities	23,280	23,841
Of which investments in investment funds	-20,475	-20,390
Amounts recognised in the income statement:		
Pension costs allocated to the year of employment	1,125	566
Interest cost	10	24
Expected return on investments in investment funds		
Recognised actuarial (profits)/losses		
Past service pension costs		
Losses/ (profits) from curtailments or settlements		
Administrative expenses	24	24
Cost recognised in the income statement regarding defined benefit pension schemes	1,159	614
Amounts allocated to the shareholders' equity via the comprehensive result (OCI)	-174	482
Recognised actuarial (profits)/losses	-656	-721
Cumulative of via OCI recognised actuarial results at the beginning of the period	482	1,203
Present value of the gross liability at the beginning of the year	23,841	23,235
Impact of PUC method on the Belgian fixed contribution plans		
Employer's contributions		
Interest cost	91	246
Pension costs allocated to the year of employment	982	523
DBO(profit) loss for the period	-1,037	1,209
Other	-597	-1,372
Present value of the gross liability at the end of the year	23,280	23,841
Fair value of the investments in investment funds at the beginning of the year	-20,390	-18,559
Expected employer's contributions	-1,172	-1,171
Expected benefits paid (excl. interest)	731	2,660
Expected return on investments in investment funds		
Expected taxes on contributions paid	124	118
Expected administrative expenses	25	25
Expected value of the investments in investment funds at the end of the year	-20,682	-16,927
Fair value of the investments in investment funds to the beginning of the year	-20,390	-18,559
Impact of PUC method on the Belgian fixed contribution plans		
Actual employer's contributions	-1,115	-1,134
Actual employees contributions	-35	-32
Actual benefits paid	657	1,328
Interest revenue	-81	-222
Actual taxes on contributions paid	119	120
Actual administrative expenses	23	24
Actuarial profit (losses) on the investments in investment funds	348	-1,915
Fair value of the investments in investment funds at the end of the year	-20,474	-20,390
Amount not recognised as investment in investment funds in accordance with the limit in §58(b)	-1	2
Fair value of the investments in investment funds at the end of the year	-20,475	-20,388

The primary actuarial assumptions are:

	2020		2019	
	Belgium	France	Belgium	France
Discount rate	0.08%	0.64%	0.06%	0.51%
Future salary increases including inflation	2.10%	2.10%	2.20%	2.00%
Inflation	1.70%	1.70%	1.70%	2.00%

DEFINED CONTRIBUTION SCHEMES

The Ter Beke NV companies contribute to publicly or privately administered pension funds or insurance schemes. Subject to the application of the Law of 18 December 2015, the Group's companies have no further payment obligations once the contributions have been paid. The minimum guaranteed reserves are covered by the value of the investment funds.

The minimum guaranteed returns obtained (in accordance with the Law of 18 December 2015):

- For the contributions paid after 1 January 2016: the Belgian government Linear Bond (OLO) interest rate determines the variable minimum return. This ranges from 1.75% to 3.75%.
- For the contributions paid at the end of 2015: the statutory return on investment will remain at 3.25%, respectively 3.75%, applicable to employees already retired.

These pension schemes guarantee a minimum return on investment. We therefore regard these as defined benefit plans.

Each year, Ter Beke has a full actuarial calculation conducted according to the PUC method. The analysis of the pension schemes shows that there is a limited difference between the statutory guaranteed minimum and the interest guaranteed by the insurance company. At the end of 2019, this net liability amounts to EUR 94 thousand (2019: EUR 114 thousand).

The periodic contributions constitute a cost for the year in which related rights are acquired. In 2020, this cost amounted to EUR 2,706 thousand (2018: EUR 2,462 thousand).

Costs regarding IAS 19 are booked under employee expenses. The interest component is recognized in the financial result.

OTHER PROVISIONS

- Other provisions in 2020 and 2019 consisted mainly of severance payments and a provision in favour of employees of the Offerman Group, to meet additional costs due to changes in the place of employment and the provision for the additional remuneration of the CEO. The CEO is granted a cash compensation at the end of his contract.

23. INTEREST-BEARING LIABILITIES

2020

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Interest-bearing liabilities				
Credit institutions	8,529	99,803	0	108,332
Lease liabilities	3,384	7,070		10,454
Total	11,913	106,873	0	118,786

2020

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Other liabilities	266	3,861		4,127

2019

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Interest-bearing liabilities				
Credit institutions	8,212	129,706	0	137,918
Lease liabilities	3,768	9,573		13,341
Total	11,980	139,279	0	151,259

2019

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Other liabilities		4,103		4,103

23.1. LOANS FROM CREDIT INSTITUTIONS

The loans from credit institutions in 2020 include:

- Long-term term loans with a fixed interest rate amounting to EUR 3,752 thousand
- Long-term loans amounting to EUR 101,853 thousand for which interest rates are regularly reviewed for agreed periods of less than one year
- Short-term loans for agreed periods of less than one a year amounting to EUR 2,713 thousand
- The costs of setting up the RCF amounted to EUR 0.7 million and were amortized over the duration of the RCF (5 years).

The loans from credit institutions in 2019 include:

- Long-term term loans with a fixed interest rate for the sum of EUR 6,309 thousand
- Long-term loans for which the interest rates are regularly reviewed for agreed periods of less than one year for the sum of EUR 125,954 thousand.
- Short-term loans for agreed periods of less than one year for the sum of EUR 5,655 thousand.
- The costs for establishing the RCF, estimated at EUR 0.7 million EUR, are depreciated over the 5-year term of the RCF.

At the end of 2020, the Group has lease payables of EUR 10 454 thousand compared to EUR 13 341 thousand in 2019.

	2020	2019
Loans with fixed interest rate	1.50%	1.55%
Loans with variable interest rate	1.95%	0.81%

Minimum payments to credit institutions (including interest) amount to:

	2020	2019
Less than 1 year	7,817	9,312
More than 1 year and less than 5 years	103,669	132,531
More than 5 years	0	0

	31/12/19	Cash Flow	non-cash adjustments				31/12/20
			Acquisitions	opening balance IFRS 16	Exchange rate adjustment	Fair value adjustments	
Long term interest-bearing liabilities							
Credit institutions	129,706	-29,648			-255		99,803
Lease liabilities	9,573	-2,489			-14		7,070
Short term Interest-bearing liabilities							
Credit institutions	8,212	548			-231		8,529
Lease liabilities	3,768	-360			-24		3,384
Other long term interest-bearing liabilities	4,103	-268			-220	246	3,861
Other long term interest-bearing liabilities		268			-2		266
Total	155,362	-31,949	0	0	-746	246	122,913

	31/12/18	Cash Flow	non-cash adjustments				31/12/19
			Acquisitions	opening balance IFRS 16	Exchange rate adjustment	Exchange rate adjustment	
Long term interest-bearing liabilities							
Credit institutions	127,987	1,521			198		129,706
Lease liabilities	2,055	-2,440		9,939	19		9,573
Short term Interest-bearing liabilities							
Credit institutions	14,423	-6,288			77		8,212
Lease liabilities	1,389	-42		2,394	27		3,768
Other long term interest-bearing liabilities	3,806	98			199		4,103
Total	149,660	-7,151	0	12,333	520	0	155,362

CONSOLIDATED FINANCIAL STATEMENTS

The Group has sufficient short-term credit lines to fulfil its short-term requirements. The Group has not pledged any assets to meet its obligations to credit institutions, and has not received guarantees from third parties. The conditions for the primary financial covenants are: net debt / adjusted EBITDA ratio of 3.0. In the event of new acquisitions, a temporary ratio of 3.5 will be accepted.

In 2020, to ensure the Group's continued liquidity during the Covid-19 crisis, the Group proactively adjusted its covenants under the EUR 175 million Revolving Credit Facility (RCF) with the consortium of banks. Hereby, the net debt/adjusted EBITDA leverage covenant ratio (all excluding IFRS 16) was adjusted to 4.25 for 30/6/2021 and 3.75 for 31/12/2021, while there is no longer a leverage covenant for 2020. Furthermore, a temporary liquidity covenant was agreed whereby the Group must maintain a 'liquidity headroom' that must amount to at least EUR 20 million for each period up to and including 31/12/2021. The liquidity headroom is calculated by comparing the net debt, excluding leasing debts, with the total available credit on the balance sheet date, excluding leases. On 31/12/2020 this liquidity headroom amounted to EUR 117 million. The interest rates under the RCF were also adjusted.

The Group complied with its covenants in both 2019 and 2020.

23.2. LEASE LIABILITIES:

The group leases its passenger cars and some trucks under a number of operating lease agreements. At the end of 2010 the group concluded an operational leasing agreement for a new state of the art 'value added logistics platform' in Wijchen. Ter Beke centralized the slicing activities of Langeveld-Sleegers and the Dutch logistics activities there.

The new standard IFRS 16 (cfr. Standards and Interpretations applicable from 1 January 2019) requires the lessee to activate all lease and rental obligations on the balance sheet. The liability reflects all future lease payments associated with the lease agreement valued at current value. The asset reflects the right to use the asset during the agreed lease term.

Ter Beke has applied IFRS 16 as of 1 January 2019, in accordance with the transitional provisions, using the modified retrospective method. In concrete terms this means that the cumulative effect of the application of IFRS 16 is included as an adjustment to the opening balance of the result carried forward as of 1 January 2019, without adjustment of comparative figures.

As a result of the application of IFRS 16, we have recognized lease liabilities for leases that were previously classified as an operating lease in accordance with IAS 17. These lease liabilities were measured at the present value of the remaining lease liabilities, and discounted at our "marginal interest rate" applicable on 1 January 2019. Our weighted average "marginal interest rate" used for the valuation of the lease liabilities as at 1 January 2019 was 3.35%.

24. OTHER LONG-TERM LIABILITIES

This item amounts to EUR 3,861 thousand as at 31 December 2020 compared to EUR 4,103 thousand in 2019. (In 2019 it amounted to a liability for the purchase of 10% of the shares in KK Fine Foods Limited). The decrease of EUR 266 thousand was transferred to short term because 1% of the shares were purchased after the balance sheet date, being 5 January 2021.

The put/call option on the remaining 9% of the shares of KK Fine Foods was extended due to the pandemic and now runs from 31 December 2022 to 31 December 2026.

The put/call option gives the minority shareholder the right to sell its interest in KK Fine Foods. On the other hand, Ter Beke can also exercise the option to purchase. The option contract with the Ter Beke group determines the conditions. These are not based on public market figures. That is why this liability is classified as level 3, in accordance with IFRS 13.

25. TRADE LIABILITIES AND OTHER DEBTS

	2020	2019
Trade liabilities	126,001	117,249
Dividends	88	88
Other	7,108	10,388
Total	133,197	127,725
Of which empties	3,943	4,199

Most trade liabilities have a due date of 60 or 45 days from invoice date.

The other liabilities in 2019 included claims from customers as a result of the product recall.

26. RISKS ARISING FROM FINANCIAL INSTRUMENTS

Interest rates and exchange rates are subject to risks. Our exposure is a normal consequence of the Group's activities. Derivative financial instruments are used to limit these risks. The Group's policy forbids the use of derivative financial instruments for speculation

INTEREST RISK

The interest risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates.

Ter Beke is exposed to the risk of interest rate fluctuations on EUR 97 million. On 28 June 2018, the Group had drawn EUR 120 million on the RCF. On 31 December 2020, the Group had drawn EUR 97 million and GBP 0.5 million on the RCF. Ter Beke wishes to limit its interest risk by hedging. For this purpose, a floored IRS was agreed on 30 November 2018 with maturity dates at the end of every quarter for a notional amount of EUR 10 million, and an option for the same notional amount with a strike of 1% on the same maturity date. On 11 and 14 January 2019, the Group agreed two additional floored IRS contracts with two other banks participating in the club deal with maturity dates at the end of every quarter for a notional amount of EUR 10 million each, and an option for the same notional amount with a strike of 1% on the same maturity dates.

Hedging interest rate risk on RCF	Trade date	Maturity date	Initial notional
Interest Rate Swap	14/01/19	27/06/23	10,000,000.00
Interest Rate Cap	14/01/19	27/06/23	10,000,000.00
Cap	30/11/18	30/06/23	10,000,000.00
Floor	30/11/18	30/06/23	10,000,000.00
Interest Rate Swap	30/11/18	30/06/23	10,000,000.00
Cap	11/01/19	27/06/23	10,000,000.00
Floor	11/01/19	27/06/23	10,000,000.00
Interest Rate Swap	11/01/19	27/06/23	10,000,000.00

EXCHANGE RATE RISK

The exchange rate risk lies in the potential fluctuations in the value of financial instruments due to fluctuation in exchange rates. The Group incurs foreign currency risk on sales, purchases and interest-bearing loans denominated in a currency other than the local currency of the Company. On 31 December 2020, the group had a net position in British pounds of GBP 4,702 thousand. At 31 December 2019, the figure was GBP 6,342 thousand. To hedge against exchange rate risk, we had forward contracts for sale of GBP 3,500 thousand against EUR at 31 December 2020. At 31 December 2019, this was GBP 4,000 thousand against EUR. In Poland, we had a net debt position in Polish Zloty of PLN 3,197 thousand on 31 December 2020. On 31 December 2019, this was a net position of PLN 5,201 thousand.

Contract date	Maturity date	Contract type	Initial notional
9/11/2020	6/05/2021	Flexiterm	£1,500,000.00
2/09/2020	2/03/2021	Flexiterm	£1,000,000.00
9/11/2020	6/05/2021	Protected accumulator	£500,240.00
2/09/2020	2/03/2021	Protected accumulator	£500,240.00

CREDIT RISK

Credit risk is the risk that one of the contracting parties fails to honour its financial obligations, whereby the other party may incur a loss. Our Processed Meats and Ready Meals Divisions sell our products to a large client base. This includes most large European discount and retail clients. We realize the turnover with these clients through various products and contracts of varying duration. We do this in several countries, both for our own brands and clients' private labels. The ten largest client groups represent 67% of the turnover (2019: 65%). In 2020 and 2019, two external clients achieved the cap threshold of 10% (each 12%).

The turnover of these customers was realized in both segments. The management developed a credit policy. We continuously monitor the exposure to credit risk.

- Credit risks on trade receivables: we continuously monitor the credit risk on all customers.
- Credit risks on liquid assets and short-term investments: short-term investments are made in readily marketable securities or in fixed term deposits with reputable banks.
- Transactions with derivative financial instruments: transactions with derivative financial instruments are only allowed with counterparties that have a high credit rating.

For all these risks except some of the customers at KK Fine Foods Limited, the balance sheet total is the maximum credit risk.

Trade receivables are subject to standard terms of payment.

There are no significant amounts outstanding or overdue at closing date.

	2020	2019
Total outstanding client receivables	87,513	103,779
Overdue < 30 days	3,993	8,180
Overdue between 30 and 60 days	797	989
Overdue > 60 days	1,099	2,072

Consolidated balance sheet	Note	2020		2019	
as at 31 December 2019 and 2018		Book value	Fair value	Book value	Fair value
Current assets					
Trade and other receivables	19	99,484	99,484	119,316	119,316
Cash and cash equivalents	20	19,143	19,143	26,825	26,825
Long-term liabilities					
Long-term interest-bearing liabilities	23	106,873	106,873	139,279	139,279
Other long-term liabilities		3,861	3,861	4,103	4,103
Current liabilities					
Current interest-bearing liabilities	23	12,179	12,179	11,980	11,980
Trade liabilities and other payables	25	133,197	133,197	127,725	127,725
Social liabilities		18,603	18,603	19,291	19,291
Tax liabilities		1,776	1,776	2,112	2,112

Assets and liabilities measured at fair value: hierarchy				
as at 31 December 2019 and 2018				
	2020	Level 1	Level 2	Level 3
	Fair value			
Trade and other receivables	165	165		
Other long-term liabilities	3,861			3,861
	688	422		266

Assets and liabilities measured at fair value: hierarchy				
as at 31 December 2019				
	2019	Level 1	Level 2	Level 3
	Fair value			
Trade and other receivables	52	52		
Other long-term liabilities	4,103			4,103
	541	541		

Level 1: market prices in active markets for identical assets or liabilities
Level 2: inputs other than Level 1 that are observable for the asset or liability, directly (via prices) or indirectly (derived from prices)
Level 3: inputs that are not based on observable market prices

The value of the put/call option is based on the estimated discounted future value of the company on the date we estimate that the option will be exercised.

LIQUIDITY RISK

The liquidity risk is the risk that the Group cannot honour its financial obligations. The Group limits this risk by monitoring the cash flows on a continuous basis. We also ensure that sufficient credit lines are available. See also Note 23.

On 26 June 2018, Ter Beke concluded a long-term financing agreement with a consortium of three banks in the form of a 'Revolving Credit Facility' (RCF). The RCF has been agreed for a period of five years, with two possible extensions, each for one year. This provides the Group with EUR 175 million in guaranteed credit lines that can be extended to EUR 250 million if required. No guarantees were provided for this RCF. The RCF conditions include maintaining a net financial debt (before IFRS 16) ratio of 3.0 compared to adjusted EBITDA (equally berore IFRS 16). In the event of new acquisitions, a temporary ratio of 3.5 will be accepted. On 31 December 2019, an amount of EUR 120 million and GBP 0.5 million in loans was subject to a variable interest rate.

This covenant is tested against the figures twice a year, on 30 June and on 31 December. The Group conformed to the requirements of the covenant in 2019.

In 2020, the Group proactively renegotiated its covenants with its financial partners in light of the COVID-19 pandemic. Hereby, the net debt/adjusted EBITDA leverage covenant ratio (all excluding IFRS 16) was adjusted to 4.25 for 30/6/2021 and 3.75 for 31/12/2021, while there is no longer a leverage covenant for 2020. Furthermore, a temporary liquidity covenant was agreed whereby the Group must maintain a 'liquidity headroom' that must amount to at least EUR 20 million for each period up to and including 31/12/2021. The liquidity headroom is calculated by comparing the net debt, excluding leasing debts, with the total available credit on the balance sheet date, excluding leases. On 31/12/2020 this liquidity headroom amounted to EUR 117 million. The interest rates under the RCF were also adjusted. Also in 2020, the Group met its covenants.

27. LEASING

The Group leases its passenger vehicles under a number of operating lease agreements. At the end of 2010, the group concluded an operational leasing agreement for a new state-of-the-art 'value added logistics platform' in Wijchen. This is where Ter Beke centralizes the slicing activities of Langeveld-Sleegers and the Dutch logistics activities.

IFRS 16 requires the lessee to capitalize all lease and rental obligations on the balance sheet. The debt reflects all future lease payments associated with the lease agreement valued at current value. The asset reflects the right to use the asset during the agreed lease term.

As a result of the application of IFRS 16, we recognized lease payables for leases previously classified as operating leases in accordance with IAS 17. These lease liabilities were measured at the present value of the remaining lease liabilities, and discounted at our "marginal interest rate" applicable on 1 January 2019. Our weighted average "marginal interest rate" used for the valuation of the lease liabilities as at 1 January 2019 was 3.35%.

28. OFF-BALANCE SHEET RIGHTS AND OBLIGATIONS

As at 31 December 2020, total purchase commitments for major investment projects amounted to EUR 3,070 thousand (2019: EUR 9,459 thousand). For these, we already awarded contracts or placed orders.

As at 31 December 2020, the Group also had outstanding purchase obligations with meat suppliers for EUR 1,132 thousand.

29. TRANSACTIONS WITH AFFILIATED PARTIES

TRANSACTIONS WITH DIRECTORS AND MEMBERS OF THE EXECUTIVE COMMITTEE

The Remuneration and Nomination Committee prepared Ter Beke's remuneration policy. The board of directors approved it. The remunerations of the executive directors and members of the executive committee are structured in a fixed and a variable part. The variable part is subject to evaluation by the Remuneration and Nomination Committee and to long-term incentives such as a pension scheme. Since 1 January 2006, we have included the remuneration policy as an integral part of the Corporate Governance Charter.

The remuneration of the members of the Board of Directors and the executive management for the financial year 2020 is summarized in the table below.

For details, please refer to the remuneration report in the declaration of Corporate Governance (see above).

in EUR million	2020	2019
Remuneration to Board of Directors Ter Beke NV for the execution of their mandate	0.27	0.27

in EUR million	2020	2019
Short-term employee benefits	1.83	1.95
Post-employment benefits		
Other long-term employee benefits		
Termination benefit		
Share-based payments		

TRANSACTIONS WITH OTHER PARTIES

Transactions with affiliated parties are mainly commercial transactions and are based on the 'at arm's length' principle. The costs and revenues of these transactions are immaterial in the consolidated income statement.

For 2020, we did not receive any reports from directors or management about related transactions, as stipulated in the Corporate Governance Charter.

30. RESULT PER SHARE

BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

- the net loss to be allocated to ordinary shareholders of EUR 2 386 thousand (2019: EUR 4,224 thousand profit)
- a weighted average number of ordinary shares outstanding during the year of 1,749,951 (2019: 1,732,621)

We calculated the weighted average number of ordinary shares outstanding as follows:

	2020	2019
Number of outstanding ordinary shares on 1 January financial year	1,732,621	1,732,621
Effect of ordinary shares issued		
Weighted average number of outstanding ordinary shares on 31 December financial year	1,749,951	1,732,621
Group share in net profit of financial year	-2,386	4,225
Average number of shares	1,749,951	1,732,621
Earnings per share	**-1.36**	**2.44**

On 31 December 2020, the capital is represented by 1,761,281 shares. On 2 July 2020, the capital was increased by incorporating 74.02% of the dividend rights instead of a cash pay-out.

DILUTED EARNINGS PER SHARE

When calculating diluted earnings per share, we adjust the weighted average number of shares. We take into account all the potential ordinary shares that could give rise to dilution. There were none in both 2020 and 2019.

	2020	2019
Net group result	-2,386	4,225
Average number of shares	1,749,951	1,732,621
Dilution effect warrant plans	0	0
Adjusted number of shares	1,749,951	1,732,621
Diluted earnings per share	**-1.36**	**2.44**

31. IMPACT OF BUSINESS COMBINATIONS

In 2020, the Group did not make any acquisitions. In 2019, the group made one acquisition.

VLEESWAREN E. DE KOCK – DE BRIE NV

On 13 September 2019, the Group acquired full control of the processed meats company Vleeswaren E. De Kock-De Brie NV, a family-owned business based in Antwerp. Vleeswaren E. De Kock-De Brie NV specialises in tongue and liver products. We are currently integrating these production activities in our Wommelgem production site.

From 13 September 2019, the result of Vleeswaren E. De Kock-De Brie NV is integrated in the consolidated annual accounts and the full balance sheet.

If the Group had acquired control on 1 January 2019, then the Group's turnover would have been EUR 1,748 thousand higher and the operating result for the 2019 financial year would have been EUR 335 thousand lower.

The result on 31 December 2019 includes a loss of EUR 35 thousand for Vleeswaren E. De Kock-De Brie NV and a turnover of EUR 391 thousand.

32. GROUP COMPANIES

In 2020, the Group optimized its legal structure. In The Netherlands, 6 companies were merged and one company was liquidated. In Belgium, we liquidated one company. These optimizations did not have a direct impact on the results.

The parent company of the group, Ter Beke nv- Beke 1 - 9950 Lievegem in Belgium, is on 31 December 2020 directly or indirectly the parent company of the following companies:

Name and full address of the company	Effective holding in %
Ter Beke Vleeswarenproduktie NV - Beke 1, 9950 Lievegem - België	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - België	100
Ter Beke Immo NV - Beke 1, 9950 Lievegem - België	100
FreshMeals Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Nederland	100
FreshMeals Ibérica SL - Vía de las Dos Castillas , 33 - Complejo Empresarial Ática, Edificio 6, Planta 3a - Officina B1, 28224 Pozuelo de Alarcón, Madrid - Spanje	100
Ter Beke Luxembourg SA - 534, rue de Neudorf - 2220 Luxembourg - Luxemburg	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - België	100
Come a Casa SA - Chaussée de Wavre 259 A , 4520 Wanze - België	100
Ter Beke France SA - ZI Espace Zuckermann - BP56 - 14270 Mézidon-Vallée d'Auge - Frankrijk	100
Berkhout Langeveld BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Nederland	100
Langeveld/Sleegers BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Nederland	100
TerBeke-Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - België	100
Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - België	100
TerBeke-Pluma UK Ltd - Addlestone Road, Bourne Business Park, Addlestone, Surrey KT15 2LE – UK	100
Pluma Fleischwarenvertrieb GmbH - Krefelder Strasse 249 - 41066 Mönchengladbach - Duitsland	100
TerBeke-Pluma Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - Nederland	100
FreshMeals NV - Beke 1, 9950 Lievegem - België	100
H.J. Berkhout Verssnijlijn BV - Scheepmakerstraat 5 , 2984 BE Ridderkerk – Nederland	100
Pasta Food Company Sp. z.o.o. - Ul. Północna 12 - 45-805 Opole - Polen	100
Stefano Toselli SAS - ZI Espace Zuckermann - BP56 - 14270 Mézidon-Vallée d'Auge – Frankrijk	100
KK Fine Foods LTD - Estuary House 10th Avenue - Zone 3 Deeside Industrial Park – Deeside – Flintshire - CH5 2UA - United Kingdom	90
Offerman Borculo B.V. - Parallelweg 21, 7271 VB Borculo	100
Offerman Aalsmeer B.V. - Turfstekerstraat 51, 1431 GD Aalsmeer	100
FreshMeals Deutschland GmbH -Krefelder Strasse 249 - 41066 Mönchengladbach - Deutschland	100

There are no significant restrictions on the Company's or its subsidiaries' ability to access the Group's assets and to meet its obligations.

33. IMPORTANT EVENTS AFTER BALANCE SHEET DATE

At the beginning of January, Ter Beke announced that Francis Kint, CEO, will leave Ter Beke on 30 June 2021. A successor is currently being recruited. Francis Kint led the company through three crises, namely the exceptional increase in raw material prices due to the AVP in Asia, the recall and closure of Aalsmeer and finally the Covid-19 crisis. The results of the second half of the year show the resilience of the company.

After thorough analysis, Ter Beke decided to sell its reinsurance company in Luxembourg. The transaction is currently being finalized and still has to be submitted for approval to the competent Luxembourg authorities. Ter Beke expects to be able to conclude this transaction before the publication of its half-yearly figures 2021. The sale will have a one-off negative impact on the cash flows and the net result. This impact will in all likelihood be between EUR 4 and 5 million.

The Group has agreed with one of the minority shareholders of KK Fine Foods to exercise 1% of the call/put option. The transfer of ownership will take place on 5 January 2021. The Group will then acquire an additional 1% of KK Fine Foods on 5 January 2021.

34. STATUTORY AUDITOR'S FEES

In 2020, the Statutory Auditor invoiced the Ter Beke Group a fee of EUR 473 thousand with regard to the statutory audit and EUR 4 thousand for non-audit services. The companies with whom the Statutory Auditor has a working relationship invoiced the Group a total amount of EUR 145 thousand in additional fees. These fees concern tax consultancy assignments, among others.

Abbreviated financial statements of Ter Beke NV

1. BALANCE SHEET

		2020	2019
Non-current assets		231,232	222,249
I.	Formation Expenses	0	0
II.	Intangible non-current assets	22	76
III.	Tangible non-current assets	2,993	4,221
IV.	Financial non-current assets	228,217	217,952
Current assets		99,078	76,740
V.	Amounts receivable after 1 year		0
VI.	Inventories		
VII.	Amounts receivable within one year	92,753	73,523
VIII.	Cash investments	0	0
IX.	Cash and cash equivalents	5,563	1,972
X.	Accrued income and deferred charges	762	1,245
TOTAL ASSETS		330,310	298,989

		2020	2019
Shareholders' equity		97,768	64,704
I.	Capital	5,001	4,903
II.	Share premiums	51,781	48,288
IV.	Reserves	3,360	3,360
	Statutory reserves	*649*	*649*
	Reserves not available for distribution	*1,457*	*1,457*
	Untaxed reserves	*679*	*679*
	Reserves available for distribution	*575*	*575*
V.	Transferred result	37,626	8,153
Provisions and deferred taxes		293	0
	Provisions for risks and costs	*293*	*0*
	Deferred taxes	*0*	*0*
Debts		232,249	234,285
X.	Debts payable after 1 year	98,372	123,323
XI.	Debts payable within 1 year	133,833	110,950
XII.	Accrued charges and deferred income	44	12
TOTAL LIABILITIES		330,310	298,989

2. INCOME STATEMENT

	2020	2019
Operating income		
Turnover	19,502	17,785
Change in inventory		
Produced non-current assets		
Other operating income	19,502	17,785
Operating costs	20,475	18,697
Trade goods, raw and auxiliary items		
Services and miscellaneous goods	12,531	11,083
Remuneration, social security costs and pensions	5,522	5,264
Depreciation and write-downs on intangible and tangible non-current assets	2,091	2,237
Write-downs on inventory and trade receivables	0	0
Provisions for risks and costs	293	0
Other operating costs	38	113
Operating result	-973	-912
Financial income	40,600	9,900
Financial charges	-3,070	-2,137
Result from ordinary business operations before tax	36,557	6,851
Profit before tax	36,557	6,851
Tax on profits	-15	-11
Result for the financial year after tax	36,542	6,840

The accounting principles and conversion rules for the statutory financial statements of the parent company meet the Belgian standards (BE GAAP). We have drawn up the consolidated financial statements in accordance with the IFRS. These accounting principles differ widely from each other.

The Statutory Auditor has given an unqualified audit opinion on the financial statements of Ter Beke NV.

We publish the following documents in accordance with the statutory requirements and they are available free of charge: the comprehensive financial statements, the Statutory Auditor's unqualified audit opinion and the statutory annual report, which is not included in its entirety in this document.

Consolidated key figures 2015-2020

	2020	2019	2018	2017	2016	2015
Consolidated income statement						
Revenu	717,422	728,132	680,460	508,555	418,563	396,319
EBITDA (1)	37,140	37,243	44,036	38,409	37,735	34,273
Result of operating activities	4,839	6,205	16,218	22,018	18,190	15,829
Result after taxed before share in the result of enterprises is accounted for using the equity method	-2,463	4,415	7,241	16,568	12,503	10,811
Earnings after taxes	-2,463	4,415	7,241	17,139	12,562	10,298
Net cash flow (2)	29,838	35,453	35,059	32,959	32,048	29,255
Consolidated balance sheet and financial structure						
Non-current assets	245,108	252,148	243,591	242,573	144,337	149,201
Current assets	156,492	186,874	181,387	157,163	105,314	92,327
Equity	116,578	124,176	125,028	125,308	114,969	108,843
Total of balance sheet	401,600	439,022	424,978	399,736	249,651	241,528
Net financial debts (3)	99,909	124,434	122,679	126,925	17,547	34,312
Net financial debts / Equity	85.7%	100.2%	98.1%	101.3%	15.3%	31.5%
Equity/Total of balance sheet	29.0%	28.3%	29.4%	31.3%	46.1%	45.1%
Stock and dividend information						
Number of shares	1,767,281	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621
Average number of shares	1,749,951	1,732,621	1,732,621	1,732,621	1,732,621	1,732,621
Average stock price (December)	112.59	104.45	120.60	175.73	139.80	96.51
Basic profit per share	-1.35	2.44	4.15	9.87	7.25	5.94
Diluted profit per share	-1.35	2.44	4.15	9.87	7.25	5.94
EBITDA per share	21.22	21.50	25.42	22.17	21.78	19.78
Net cash flow per share	17.01	20.57	20.27	19.04	18.50	16.88
Dividend per share	4.00	4.00	4.00	4.00	3.50	3.50
Payout ratio	-296.28%	164.04%	96.50%	40.51%	48.27%	49.13%
Dividend return (December)	3.60%	3.80%	3.30%	2.30%	2.50%	3.60%
Valuation						
Market capitalisation (December)	198,978	180,972	208,867	304,473	242,238	167,215
Net financial debt	99,909	124,434	122,679	126,925	17,547	34,312
Market value of the company	298,887	305,406	331,546	431,398	259,785	201,527
Market value / Result	-121.4	69.2	46.0	26.000	20.800	18.5
Market value / EBITDA	8.0	8.2	7.5	11.2	6.9	5.9
Market value / Net cash flow	10.0	8.6	9.5	13.1	8.1	6.9

Declaration by the responsible persons

The undersigned, Francis Kint* - Managing Director, and Yves Regniers* - Chief Financial Officer (CFO), declare that, to the best of their knowledge:

- The financial statements for the financial year 2020 and 2019, which have been prepared in accordance with the International Financial Accounting Standards (IFRS), give a true and fair view of the equity, of the financial status and of the results of Ter Beke NV and the companies included in the consolidated accounts.
- The annual report gives a true and fair view of the development, the results and the position of Ter Beke NV, and of the companies included in the consolida-tion. The annual report also gives a fair description of the principal risks and uncertainties they face.

Yves Regniers*	Francis Kint*
Chief Financial Officer	Managing Director

*Permanent representative of BV Esroh

* Permanent representative of BV Argalix

Report from the Statutory Auditor on the consolidated annual accounts

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING OF TER BEKE NV FOR THE YEAR ENDED 31 DECEMBER 2020 - CONSOLIDATED FINANCIAL STATEMENTS

The original text of this report is in Dutch

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 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 ("bestuursorgaan" / "organe d'administration") issued upon recommendation of the audit committee and presentation of the works council. Our mandate expires on the date of the shareholders' meeting deliberating on the annual accounts for the year ending 31 December 2020, in view of Article 41 of EU Regulation nr. 537/2014 that states that as from 17 June 2020, an audit mandate can no longer be prolonged for those audit mandates running 20 years or more at the date of entry into force of the regulation. 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 24 consecutive periods.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

UNQUALIFIED OPINION

We have audited the consolidated financial statements of the group, which comprise the balance sheet as at 31 December 2020, the profit and loss account, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The balance sheet shows total assets of 401 600 (000) EUR and the profit and loss account shows a loss for the year then ended of 2 463 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2020 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

BASIS FOR THE UNQUALIFIED OPINION

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

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

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
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 2020 goodwill amounts to 77 759 (000) EUR and intangible assets to 22 224 (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, more specifically as a consequence of the COVID-19 pandemic in current year. 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, 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.	Our audit procedures consist, amongst others, of gaining insights in the internal controls and procedures applied by the Group in these impairment analyses. 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 and the current economic situation. Our internal valuation specialist has reviewed the reasonableness of the applied discounts rate. 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.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

RESPONSIBILITIES OF THE STATUTORY AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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.

Signed at Gent.
The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Charlotte Vanrobaeys

Contact information

NV TER BEKE
Beke 1 - B-9950 Lievegem
RPR Gent 0421.364.139
+32 9 370 12 11
E-mail: info@terbeke.be
Website: www.terbeke.com

READY MEALS

NV FRESHMEALS
Beke 1 - B-9950 Lievegem
RPR Gent 0884.649.304

LES NUTONS SA
Chaussée de Wavre 259a - B-4520 Wanze
RPM Huy 0442.475.396
Exploitatiezetel:
5 Chemin Saint-Antoine, 6900 Marche-en-Famenne

COME A CASA SA
Chaussée de Wavre 259a - B-4520 Wanze
RPM Huy 0446.434.778

TER BEKE FRANCE SA
ZI Espace Zuckermann BP 56
F-14270 Mézidon-Vallée d'Auge
Registre de commerce Lisieux 322 304 197

FRESHMEALS IBERICA S.L.
Vía de las Dos Castillas 33
Complejo Empresarial Ática
Edificio 6, planta 3a, Officina B1
E-28224 Pozuelo de Alarcón (Madrid) ES B 82656521

FRESHMEALS NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
kvk Utrecht 200.53.817

PASTA FOOD COMPANY SP. Z.O.O.
Ul. Północna 12
PL - 45-805 Opole
KRS 0000403908

STEFANO TOSELLI SAS
ZI Espace Zuckermann BP 56
F-14270 Mézidon-Vallée d'Auge
Registre de commerce Lisieux 322 304 197

KK FINE FOODS LTD
Estuary House 10th Avenue Zone 3 Deeside Industrial Park Deeside
Flintshire CH5 2UA United Kingdom
Company House 02077911

Freshmeals Deutschland GmbH
Krefelder Strasse 24941066 Mönchengladbach
Deutschland
HRB Krefeld 16709

PROCESSED MEATS

NV TERBEKE-PLUMA
Antoon Van der Pluymstraat 1 - B-2160 Wommelgem
RPR Antwerpen 0475.089.271

NV PLUMA
Antoon Van der Pluymstraat 1 - B-2160 Wommelgem
RPR Antwerpen 0404.057.854

TERBEKE-PLUMA NEDERLAND BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
kvk Amsterdam 18024675

NV TER BEKE VLEESWARENPRODUKTIE
Beke 1 - B-9950 Lievegem
RPR Gent 0406.175.424

NV HEKU
Ondernemingenstraat 1 - B-8630 Veurne
RPR Veurne 0436.749.725

BERKHOUT LANGEVELD BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
kvk Limburg Noord 12032497

CONTACT INFORMATION

LANGEVELD/SLEEGERS BV
Bijsterhuizen 24/04 - NL-6604 LL Wijchen
kvk Limburg Noord 12036519

H.J. BERKHOUT VERSSNIJLIJN BV
Scheepmakerstraat 5 - NL-2984 BE Ridderkerk
kvk Rotterdam 24140598

TERBEKE-PLUMA UK LTD
Dixcart House Addlestone Road Bourne Business Park Addlestone
KT15 2LE - Surrey
United Kingdom

PLUMA FLEISCHWARENVERTRIEB GmbH
Krefelder Strasse 249 – D-41006 Mönchengladbach
117 / 5830 / 1047 - DE 123 114 501

OFFERMAN BORCULO BV
Parallelweg 21 - NL-7271 VB Borculo
kvk 06039901

OFFERMAN AALSMEER BV
Turfstekerstraat 51 - NL-1431 GD Aalsmeer
kvk 34053874

COLOFON
Copywriting: Ter Beke NV
Translation: Ter Beke NV
Concept and Layout: Action NV
Responsible Editor: Ter Beke NV

Photography
Portraits:
Foto Rudesign te Lievegem + Studio Foton
Other images: Ter Beke NV

The Dutch version of this annual report is the sole official version.

We thank all our employees for their commitment and dynamism. It is thanks to them that we have achieved the results reported here.
And it is thanks to them that we have full confidence in the future.

driven by **the zeal for your everyday meal**