terbeke

driven by the zeal for your everyday meal

ANNUAL REPORT 2021

STRONGER TOGETHER

ANNUAL REPORT
2021

INTRODUCTION

We are an innovative savoury food group, providing consumers with delicious convenient and nutritious products, freshly prepared with love, and care for people and planet.

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 packaging

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

The group has two core activities: 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 2750 employees. Ter Beke generated a turnover of EUR 696,9 million in 2021.

READY MEALS DIVISION

- Produces freshly prepared ready meals for the European market
- Market leader in freshly prepared lasagne in Europe
- 2 specialised production sites in Belgium (Wanze and Marche-en-Famenne), 1 in 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 1350 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

Stronger Together with our core values

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 2021

Prospects for 2022

TURNOVER
696,9
million EUR

NUMBER OF EMPLOYEES
about
2750

INVESTMENTS
18,7
million EUR

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

CASH GENERATION / SHARE
20,28
EUR/share

UEBITDA
52,8
million EUR

Consolidated results 2021.

Ter Beke confirms progress with results and net debt reduction in 2021.

Imperial-Stegeman acquisition process on track.

Focus on sustainable and profitable long term growth.

Headlines and important events.

TER BEKE GROUP

Due to the ending of non-profitable contracts in the Processed Meats division and the impact of Covid19 in Ready Meals the consolidated turnover decreases by 2,9%: from 717,4 million to 696,9 million EUR. This despite a further growth in the net turnover within the Ready Meals division.

In the first half of the year the Group confirmed its recovery of the underlying results. In the second half, the focus remained on the profitability of the Processed Meats segment and managing the cost inflation which especially affects the Ready Meals segment. The Group also announced the intended acquisition of Imperial-Stegeman, the Benelux activities of the Campofrio Group. The non-underlying costs (EUR 6,9 million in total for 2021) were high in the first semester due to the sale of the reinsurance company (captive) which had a negative impact on EBITDA and EAT (EUR 4,2million) as well as the expenses linked to the CEO change (EUR 0,9 million). In the second half of the year, there were only expenses linked to the proposed acquisition of Imperial-Stegeman (EUR 1,8 million). In 2020 the non-underlying expenses were significantly higher (EUR 10,6 million) and contained mainly the restructuring expenses in The Netherlands and Belgium (EUR 6,3 million cash costs and EUR 2,0 million non-cash costs) as well as expenses related to the Covid-19 pandemic (EUR 1,9 million).

As a result of the above:

- UEBITDA in 2021 amounts to EUR 52,8 million compared to EUR 45,7 million in 2020 (+16%)
- EBITDA in 2021 amounts to EUR 45,9 million compared to EUR 37,1 million in 2020 (+24%)
- UEBIT in 2021 amounts to EUR 24,0 million compared to EUR 15,5 million in 2020 (+55%)
- EBIT in 2021 amounts to EUR 17,1 million compared to EUR 4,8 million in 2020 (+254%)
- The result after taxes amounts to EUR +7,3 million in 2021 against EUR -2,5 million in 2020

At EUR 48,3 million, the cash flow from operating activities was significantly better compared to 2020 (EUR 35,8 million).

The net financial indebtedness was reduced by EUR 26,1 million, from EUR 99,9 million to EUR 73,8 million. The group thus confirms the focus on a net debt reduction, after having already reduced the net debt by more than EUR 25 million in 2020.

The Group – lead by the new CEO – works on the execution of a long term strategic plan in which sustainability will play a key role: sustainability in terms of E.S.G., of the financial results and profitable organic growth of the Group. This despite the challenges present in the short term, as elaborated further below.

IMPACT COVID-19

Covid-19 remained to impact the operations in 2021. Especially the increased absence figures due to illness and the volatile sales to foodservice customers as well as the supply issues with respect to purchases remained a topic in 2021. Thanks to the dedication of all employees and the focus on preventative measures the group was however able to limit the financial impact on the results.

PROCESSED MEATS DIVISION

The division's turnover decreased by 5%: from EUR 447,2 million to EUR 422,9 million, mainly due to the cancellation of non-profitable contracts. The merging of the Dutch activities (Project 'Unity') which was started in 2020 and completed in 2021 ensured an even greater focus on a sustainable, profitable growth. New concepts and products were launched and ensured a further improvement of the results. Except for the cost of pork meat, all ingredients and packaging expenses increased significantly. The pass-through of these cost increases will remain crucial for the Group in 2022.

The following projects and improvements were equally implemented in 2021:

- An investment in a new retail concept for the Dutch market where the focus is on artisanal slicing and packaging.
- Various investments in sustainability of our facilities and products.

The above resulted in an improvement of the underlying EBITDA result of the segment by 59%: from EUR 12,1 million in 2020 to EUR 28,9 million in 2021.

The intended acquisition of Imperial-Stegeman (after approval of the transaction) should allow the business unit to offer branded product next to the existing offering of private label products. In addition, there will also be a focus on the production and sales of vegetarian and hybrid (meat and vegetables) products, as well as the sale of snacking products in the Benelux and abroad. The Group has meanwhile received the positive advice of the works councils. The group counts on an approval from the competition authorities and is 'on track' to complete this acquisition as soon as this approval is obtained.

READY MEALS DIVISION

The division revenues increased by 1% despite the impact of Covid-19 on sales towards foodservice customers. In 2020, there was no impact of Covid-19 in the first quarter of the year. KK Fine Foods, which business is focused on supplying UK Foodservice customers, was hit the hardest but was able to – thanks to the agile and pro-active growth in the retail segment- limit the impact of the pandemic.

The high inflation in costs of raw materials, other ingredients, packaging, logistic expenses and energy costs triggered a very significant and continuing inflation in the cost of our products. The persistent passthrough of cost inflation is a permanent focus point for the group. We also refer to the paragraph 'Prospects for 2022'.

The group continued to invest in new product introductions – amongst others the 'summer lasagna' (the first cold-served lasagna for retail and foodservice customers, launched in the summer of 2021) as well as the Come a casa® "Pastalini" and "Balleroni" products which were launched at Belgian retailers in late 2021 (tasty Mediterranean frozen snacks). The continued efforts in launching new products and the expansion of the Come a casa® brand are will remain at the core of the group's strategy.

DIVIDEND PROPOSAL

The Board of Directors will propose to the General Meeting that the gross dividend per share for 2021 be maintained at EUR 4.00 in the form of a scrip dividend.

POST BALANCE SHEET EVENTS

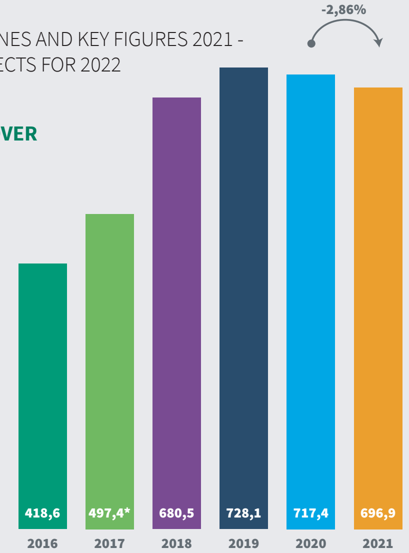
See page 101, point 33.

OUTLOOK 2022

Ter Beke stands for sustainability - towards the environment, but also in its relationships with suppliers and customers. In this context, the group continues to focus on passing on the continuing inflation of the cost price of its products. Sustainability of margins is crucial to be able to continue investing in the long term and to respond to new consumer trends, in order to further support customers in their strategy.

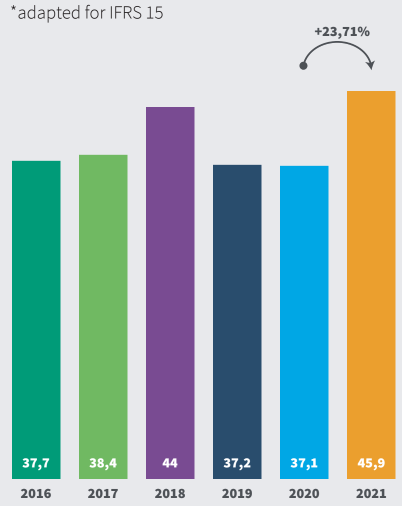
We also refer to the press release of 15 February 2022 regarding the outlook for 2022 and the related challenges. Since 15 February, raw material costs including pork have continued to rise sharply. These increases confirm the need to pass on inflation in both segments.

TURNOVER

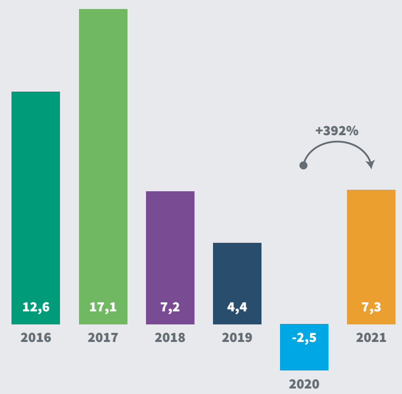


*adapted for IFRS 15

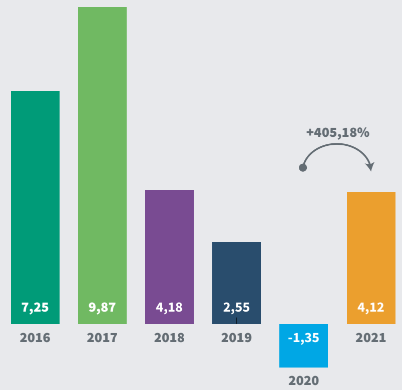
EBITDA



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.

MESSAGE FROM THE CHAIRMAN

Dirk Goeminne,
Chairman of the Board of Directors

Foreword by the chairman

Dear shareholder,

2021 was a year in which Ter Beke showed Resilience.
The first six months were still guided by Francis Kint, who left us on 30 June 2021. The search for a new CEO was successfully completed by the recruitment of Piet Sanders, who started on October 1st. In the meantime, I as chairman, temporarily covered the CEO position from June 1st to September 30th and we succeeded in agreeing the proposed acquisition of Imperial-Stegeman. We are now waiting for the outcome of the Belgian and Dutch competition authorities and expect to receive approval as soon as possible in 2022.

Under the leadership of the new CEO, the group is working on a strategic plan for the coming years. The focus will be on long-term value growth of the company without losing sight of the short-term results. The theme "Stronger Together" is a powerful expression of the mutual cooperation between departments, between colleagues from all our companies in the group and of course the strong cooperation with our customers.

The strategic relevance of the acquisitions of the past years has transformed Ter Beke from a national player to an international player with plants in Belgium, the Netherlands, France, the United Kingdom and Poland.

This requires a different management of the company where reinforcements in various areas are needed to further raise the level of professionalism. We are therefore working to fill the existing needs so that we are becoming stronger as a company.
This also includes a further focus on Sustainability, where we aim to become a leader in our industry in terms of Environmental & Social Governance.

I am therefore proud of what we have achieved over the past years and I would like to thank all employees for their efforts and contribution in sometimes difficult circumstances.

The coming year will not be an easy year, mainly because of the exceptional cost inflation and the difficult negotiations with all stakeholders to jointly bear the burden of this. This is, however, necessary to be able to continue investing in innovation of products and processes and ultimately to continue surprising the consumers.

I have confidence in the future and it has been an honor to serve Ter Beke as chairman.

Dirk Goeminne
Chairman of the Board

STRONGER TOGETHER

Piet Sanders
CEO Ter Beke group

Interview with the CEO, Stronger Together

You joined the company in October 2021. What were your first impressions?

Well, I got to know a fantastic food company with great and committed people, but that was going through some turbulent crisis times, as you know. Resilience was the key word in those difficult times, but I also immediately felt the need for a new purpose, strategy and an inspiring plan for the future for Ter Beke, that can unite all colleagues behind our common banner. That was also an important mission I was given by the shareholders when I signed up for this job. Here, the concept of "Stronger Together" emerged for the first time.

After 1 week you announced the intended acquisition of Campofrio Benelux, or Imperial-Stegeman as you call it. This can contribute to that future plan, won't it? How do you see that?

Mid July, right after I signed my contract and a Non Disclosure Agreement, Dirk Goeminne, our Board Chairman, brought me up to speed on the ongoing project. So, I immediately joined the acquisition team and was involved after working hours in my previous company. That was a chance to learn rapidly about the industry. It quickly became apparent that the potential merger would bring great synergies, and indeed add some important new acceleration elements for the group strategy going forward.

Can you be more specific?

Sure. Apart from some traditional post-merger synergies when merging similar activities, allowing e.g. a more efficient and better structured production set-up, we see the leading position and know-how of Imperial-Stegeman in vegetarian & plant-based products, as a lever for growth, also outside the Benelux. The lower carbon-footprint of alternative proteins & vegetables in our sliced and spread-products, combined with a great taste, under a strong A-brand, will contribute to a more nutritious and sustainable diet of our consumers, and as such to a better organic growth of the Business Unit. Expert reports forecast that alternative protein sources will replace up to 30% of animal-proteins within the next 10 to 15 years, so we intend to be the undisputable leader in our category of slices & spreads.

Ter Beke was also embarking on more snacking and tapas items, but also here, the market-leading position of Imperial-Stegeman will allow us to grow faster in this segment, which is a food-category that is enjoying above-average growth rates already. Participating in more moments of consumption – such as the appetizer moment – is the idea. Here, we will be able to provide our retail customers with their private label items, whilst giving consumers also a wide and innovative range of top quality products under their trusted A-brands, such as Aoste.

Ter Beke's Operational Excellence program and healthy cost-base in producing, slicing and packing processed meat, will in its turn serve as guidance to the new factories .

So, "Stronger Together" – Ter Beke and Imperial-Stegeman colleagues – will really be lived and experienced in all our business domains.

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INTERVIEW CEO

STRONGER TOGETHER

You did not yet obtain all formal approvals for the acquisition?

No, we are still waiting for approval of the deal, but are confident that we will obtain it in the weeks to come. It goes without saying that we have been very intensively preparing for "Day 1", as we call it, when the Post Merger Integration process can formally kickoff.

Did COVID-19 negatively impact the company operations and results?

Yes, and like in many other companies it still does. Our priority always remained the safety & well-being of our staff, which we can say was successful as we did not have any cluster contamination inside our walls. Still, we had to face the challenge of people being absent because they were sick or in quarantine, mainly from infections in their private life, and this obviously came with a cost. Furthermore, and more importantly, the Group suffered from the overall dramatic cost increase across all categories, which directly or indirectly were caused by the worldwide corona-induced supply crisis. I cannot name one raw or packaging material or ingredient that did not increase in cost, plus of course the energy prices, the salary inflation, and so on…

How did you handle this overall cost increase?

Rather than only seeing where we could cut extra costs on top of all the cost-saving initiatives we already were implementing, we mobilized our team around a theme, called "Perfect Storm". Our procurement team focused on providing our plants with all necessary raw and packaging materials, which often is a challenge, given the disrupted supply chains worldwide. They also provided and informed our sales teams with relevant data & graphs to demonstrate to our customers the need to accept price increases. In this way, we brought different teams together – again "Stronger Together" – to jointly work on the required solutions. We can't say that we scored already a perfect report in achieving our initial goals, also because of some annual contracts with retailers that were concluded over the summer - prior to the big rise in prices – need to be renegotiated, but overall we can say that we managed to sail the Ter Beke ship through this unseen storm, even if our results are being impacted by this supply and cost crisis.

We haven't spoken about the ready meals yet…

Well, it goes without saying that this Business Unit also suffered from the corona virus in the ways explained above: some absence challenges, tremendous cost price increases, and also an affected demand in the Out-of-Home channel, where particularly our U.K. business was impacted. Still, our teams kept on innovating, with a brand new and unique appetizer – frozen, a first under the Come a casa brand, – launched just before Christmas 2021: our Balleroni's & Pastalini's, another example of new moments of consumption, this time with great tasting Italian products. The brand perfectly added such high quality snacking items to its range.
Also, sadly, the supply and cost crisis impacts the Ready Meals business even more than Processed Meat business.

A company like Ter Beke must also consider to become more sustainable.

Absolutely, and much more than considering. First, over the past few years we already made a number of investments that contributed to the reduction of our carbon footprint, such as the 2.900 solar panels on the carpark in our Wommelgem site. More examples are mentioned in this annual report under the E.S.G. (Environmental & Social Governance) chapter. Secondly, we're leading our industry in developing more sustainable innovative packaging solutions for our customers: we've reduced the plastic content per kg of processed meat in The Netherlands with 10% and intend to bring that to 20% and more in the entire Group, collaborating with our suppliers. And last but not least, we have dedicated a small team on making Ter Beke a leading company in Environmental & Social Governance for our industry, also supporting our customers on this crucial mission. Another nice illustration of "Stronger Together": more sustainable, with our suppliers and our customers!

Thank you, Piet. The mission you've embarked on at Ter Beke sounds like a truly inspiring and exciting one.

It is. The huge inflation causes a big short term challenge, but I am grateful to have been given the chance to work with a great team on some very important, challenging but really exciting programs, ensuring Ter Beke keeps emerging long term as winning and attractive employer, satisfying all stakeholders.

A multidisciplinary focus resulted in a reduction of our net debt.

Yves Regniers,
CFO Ter Beke group

In the past year, the Group made a number of strategic decisions - how do you look back at these?

Indeed, we had the sale of the captive reinsurance company, the change in CEO but also the announced acquisition of Imperial-Stegeman and various other initiatives such as the focus on sustainability, staff engagement and so on. A busy year, but one in which we have taken a step forward thanks to the cooperation between the various teams within Ter Beke.

Can you elaborate a little on the various large 'projects'?

> We started the sale of the captive insurance company at the end of 2020 because we noticed that the insurances we subscribe to as a group are more available in the external market and that the costs for running a reinsurance company are continuously increasing. The decision to sell the captive should therefore be seen as a longer-term strategic decision. The sale also ensured that the deferred tax liability if the technical ceiling of the reserves was reached would not be a cost for Ter Beke.

> The planned acquisition of Imperial-Stegeman should enable us as a company to respond even better to consumer demand and trends in the market. New developments are often marketed as brands and through the Imperial-Stegeman brands the group should be able to respond even better. For example: new vegetarian products, hybrid products but also a wider range of snacking products and truly innovative developments. We have already obtained the approval of the works councils and hope to receive the approval of the competition authorities soon as well, so we can continue to build together with our customers and serve consumers even better.

> In the Netherlands, project 'Unity' was completed. This resulted in a recovery of our result in the Processed Meats segment, after a difficult period.

The recovery within the processed meats segment is indeed remarkable. There's a slight drop in turnover though...

Correct, that turnover dropped slightly because a number of contracts could not be renewed. However, we fully focused on improving our operational efficiency and reducing our overhead costs. Project 'Unity' in the Netherlands ensured that the various teams there now operate as a single team, "Stronger Together". This gives the organisation a new dynamic and even more focus. Operationally, we also made progress again after a difficult period.

The reduction of the net debt was also remarkable. How did Ter Beke achieve this?

The reduction of the net debt and the improvement of our leverage were achieved by focussing on a number of items. Firstly, there was the improved operational cash flow. This is, of course, the basis.

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In addition, we succeeded in further improving the working capital. This was due to strong 'teamwork': proper monitoring of debtors and creditors, increased attention to cash forecasting, and so on. The relatively low stock levels also helped - although this was neither expected nor really desired. However, the very challenging supply chain for a whole range of raw materials and packaging made it impossible to build up stock.

In addition to the above elements, there were also a number of other elements that helped reduce net debt: we sold two unused factory buildings (in Aalsmeer, the Netherlands and Deeside, UK) and also the optional dividend ensured that part of the dividend cash could be kept within the company. On the other hand, there was the cash out related to the discontinuation of the captive reinsurance company.

In short: a multidisciplinary focus resulted in a nice reduction of our net debt.

How would you summarise 2021?

An exciting year, in which the power of working together was expressed in various initiatives: working together as one team in the Netherlands, teamwork on reducing working capital, a joint commitment to sustainability and innovation, but also a joint commitment to improving the workplace by continuously measuring and focusing on the engagement of our staff and on offering growth opportunities... A year in which we have become stronger by working well together: "Stronger Together", which is also the title of our annual report.

Meanwhile, 2022 has begun and the inflation of raw materials and packaging costs continues. How does Ter Beke deal with this?

As previously announced, raw materials, packaging costs, logistics costs and virtually all other costs are rising sharply. Initially, pig prices remained low, but in the meantime, pork prices have also risen sharply. This is logical when we see that feed prices and energy prices have risen enormously. Ter Beke stands for sustainability throughout the chain - "from farm to fork" and passing on the increased costs in a transparent manner is an essential element in this. Only in this way, it is possible to continue investing and thus continue producing efficiently and safely in the long term.

Price increases are therefore really necessary to compensate for the increased costs, but are not always easy to implement, as indicated earlier. Meanwhile, the group continues to pay constant attention to the availability of raw materials and packaging, something that remains difficult given the enormous pressure on certain commodities since the Covid pandemic and certainly since the outbreak of the war in Ukraine.

Does the conflict in Ukraine have a major impact on Ter Beke?

Our sales of Ready Meals in Ukraine and Russia were very limited, so this has no impact at all, but the increase in energy prices, commodity prices and costs of, for example: aluminium, oil, wheat and other raw materials do have a major impact on the cost increases... even if we do not buy any significant raw materials from the region. The sustainable pass-through of cost increases in full transparency is again the only option for the group.

Finally - the group indicated that it will focus more on communication around sustainability and ESG - how is it going to do this?

We have already taken a number of initiatives in the past that significantly improve the sustainability of the Group. A number of these initiatives are discussed in this annual report, but there are many initiatives within the group: a reduction in packaging materials, increasing the recyclability of materials, reductions in waste flows, donating overstocks to charities, investments in solar panels, heat recovery systems, LED lights, sustainable raw materials, etc.

Here too, under the motto "Stronger Together", we will work with multidisciplinary teams to further improve the group's sustainability.

I see great enthusiasm within the company for these sustainability initiatives and look forward to the further improvements we will achieve in this area!

STRONGER TOGETHER

Eric Kamp,
COO Ter Beke group

2021, a year full of challenges and also with strong progress.

The year 2021 was a turbulent year that was mainly determined by corona troubles and sharply rising raw material prices. In this difficult period, our employees showed that it is possible to achieve a good performance through teamwork.

The purchasing world was hit very hard in the second half of 2021. Dramatic price increases were announced for aluminum, plastic, carton packaging, tomato puree, wheat, vegetable products, beef and chicken. Only pork prices showed a downward trend, due to swine fever in Germany and China becoming more self-sufficient. In addition, the availability of many raw materials has also come under pressure. Switching between suppliers became essential in order to be able to continue to meet the demands of our customers.

As far as indirect costs are concerned, the first successes are visible. The Purchasing Department has in fact launched several projects in the past year to optimize indirect costs, whereby harmonization and standardization in the various factories has led to a clear improvement of these costs.

The Operational Excellence Strategy is operational and all plants have now adapted it to their local needs. The essence of Operational Excellence is Continuous Improvement, where we have launched various initiatives to raise Safety, Quality, Performance, Sustainability and Service to a higher level.

However, this is not possible without committed and dedicated employees. This is why we started measuring the engagement of our employees in all plants at the end of 2021. Important in this regard is communication, training of operators, upskilling of team leaders and strengthening their leadership skills. Measuring competencies in the different departments of the organization is essential in this process.

In 2021, the number of accidents decreased by 11%, of which the number of serious accidents fell sharply by 22%. The Environment, Health & Safety system was set up and employees are trained in all layers of the company. The safety organization has been strengthened in various countries and plants to make it possible to establish a clear Safety Culture within Ter Beke. This means that we strive to ensure that every Ter Beke employee comes home "safe".

In the area of Food Safety and Quality, we again made several investments in 2021 to allow the factories to speed up with the requirements set by IFS or BRC (International Food Safety - British Retail Consortium) quality standards. Here, too, we have started to raise Food Safety and Quality to a higher level by offering targeted training to operators and management by using the right tools. Digitization has also made its appearance in this domain. A Food Safety and Quality culture requires an agile organization that continuously adapts to the requirements of its customers. Furthermore, we have strengthened the organization at senior level.

Continuous Improvement is at the heart of our Operational Excellence. We have trained several managers as "Green Belts" and recruited "Black Belts" in various strategic positions to implement our "Continuous Improvement Policy". The first steps are also being taken in the training of operators to include them in the Continuous Improvement process. A European maintenance system for Ter Beke was launched in various plants to better manage preventive maintenance and maintenance costs. In the field of packaging development, we have made progress by further optimizing our packaging and therefore using less packaging material. The goal is to bring less packaging material into the chain by 2025 and thereby reduce the CO_2 footprint. We have installed 1 MW of solar panels in Wommelgem and are looking into further expanding solar panels in our factories.

A thorough Capability Assessment was done in the field of Supply Chain Management. The entire S&OP process (Sales & Operations Planning) has been thoroughly improved. An Integrated Supply Chain Planning Platform is also being also considered, which should further support the entire S&OP process in terms of Demand forecasting, Supply planning and Scheduling. The Service Level has improved compared to 2020, but is still not at desired level, due to the corona impact and flooding in Wallonia.

In short, 2021 was a year with many challenges but also with strong progress in all the pillars of Operations. In 2022 we will of course continue on this path with the entire team.

STRONGER TOGETHER

INTERVIEW CEO READY MEALS

Christophe Bolsius,
CEO Ready Meals

Teamwork & focus have led us through a turbulent but exciting 2021.

Looking back on the past year, how did it go?

2021 was another volatile year full of uncertainties, closures of catering outlets and reopenings of shops and restaurants with a significant impact on our sales as a result. We still have countries where markets have not reached pre-covid levels.

Climate change, covid and China have severely disrupted the commodity market in 2021 - especially in Q4 - with unprecedented inflation on all the ingredients we use to produce our Mediterranean meals. Global supply and raw material issues have caused a huge increase in the cost of producing lasagne, from packaging to energy, agricultural raw materials and transport capacity issues. Passing this inflation on to our customers is inevitable. We have already reached an agreement with some customers, while negotiations are ongoing with others. For customers who do not show understanding for the global increases, we will reconsider future cooperation and deliveries.

Even in the special year 2021, we continued to invest despite the challenges. It is precisely now that we must invest in order to be ready for the period after Corona, because we want to remain relevant to our customers even then.

What were the most important achievements for Ready Meals in 2021? We look back and ahead.

Completely new for Come a casa® in Belgium are our delicious Aperitivo's: "Balleronis" and "Pastalinis". We were launching a first product in the frozen food section instead of the fresh section. Come a casa®'s market leadership in Belgium is reinforced even more with this extension, and its brand awareness among the general public as a favourite Mediterranean brand is further expanded in the meantime. We continue to surprise our loyal customers. With Come a casa® we want to be relevant to every consumer at every moment of the day with delicious, healthy meals and snacks.

An achievement I am proud of is the marketing of our cold lasagnes in Belgium, the Netherlands and France. A real innovation within the category that responds to the trend for cold lunches. In the UK, we have successfully launched a number of Foodservice brands in the retail channel with KK Fine Foods. The first results exceed our customer's expectations. Further expansion is planned for 2022.

Meanwhile, we continue our geographical expansion. Our organisation is driven by a combination of new customers in existing countries and introduction in new countries.

This year, we won the Taste of the Year Award in both Portugal and the Netherlands with our lasagne. In 2021, with our new launches in the UK with KK Fine Foods products, we were again voted best product and innovation in the frozen food sector. Innovations and product development continue to be a key pillar of our growth strategy, and we are proud of it.

Read more on page 29 >

INTERVIEW CEO READY MEALS

You clearly remain the largest in Lasagne in Europe

True, we are the biggest, but this is not a goal in itself. In the first place, we want to be the best, the best in taste, the best in nutritional values and the best in sustainability. With this mission, our 1350 enthusiastic employees are ready every day to ultimately offer our customers/consumers the best product. The fact that we are the largest in this respect is a nice bonus.

Covid takes us out of our comfort zone. The past two years, new B2C channels have been developed at an accelerated pace. As a team we have responded to this at an accelerated pace, as a result of which, in a ready meals retail market impacted by Covid, we can still record a nice top-line growth in 2021.

In Western and Southern Europe, after a short absence, we can once again count a few major retailers among our customers. In the CEE countries, we are steadily working on successfully introducing our Come a casa® brand. In order to consolidate our future growth - a number of our factories are producing at maximum capacity - we have made important investments in two of our establishments, Stefano Toselli in Normandy, and Pasta Food Company in Poland, where we started up a completely new production line in May. A word of thanks to our employees who, also in 2021, in difficult covid circumstances, contributed every day to our growth path and made a difference!

How does the health trend affect your business?

That health is now high on the agenda is not a bad thing for Ter Beke. We have shown that we have made enormous steps in this category. We intend to add the necessary assortment in the coming year, and at the same time to make our category even more visible in the shops. Then we will profile ourselves even more so as a health player, with better nutritional values, reduced sugars and salt, reduced saturated fats, etc. It is our mission to make our products, which are easy to consume and made with love and especially care for the planet and people, even healthier.

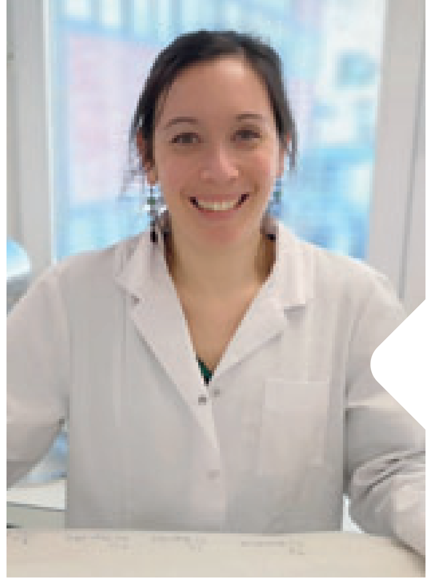
Fresh, that's what we stand for! We prepare our lasagnes every day according to our own recipes and with grated cheese, bolognaise sauce prepared with fresh ingredients, herbs, meat and tomatoes. We make our pasta sheets ourselves from A to Z using the best wheat. It is actually just like cooking at home, but in a large kitchen. Vegetarian and vegan are a new trend, where we have come up with new product developments in different countries. Developments of our products with NutriScore A are also already in the market, because Health and Food Safety are at the centre of our broad business operations.

Besides health, sustainability is becoming increasingly important. What steps is Ready Meals taking?

The common thread throughout all those commercial stories: sustainability. A hot topic, because while the offline prepared meals market in Europe is under pressure, we also have to respond to the ever increasing pressure on E.S.G. (Environmental, Social and Governance). As market leader we take our responsibility here, making sustainability a building block of our mission.

We have taken important steps and started projects (read investments) that should contribute to a further reduction of our CO_2 emissions. Also in terms of reducing waste and plastic consumption for packaging, in 2022 we will continue along the path we have already taken. I am also counting on being able to come up with some surprising innovations in 2022, provided that the supply chain of the required materials is not further disrupted by Covid and other factors.

The main challenge for 2022, however, is to correctly translate the sharp increases in the prices of raw materials, energy and transport to the market in agreement with our customers. A healthy profitability is the basis for further investments in our Avanti mission: onwards and upwards!



Futuro Viaggio, let's draw together new roads for our next trip.

Fanny Nuguyen,
R&D Manager Ready Meals

Wakey Wakey, it's time to be more disruptive

Wakey Wakey! It all started with a call out from our Ready Meals CEO, Christophe Bolsius. When you are the leader in the chilled ready meals market, you sometimes have to leave the traditional paths and be more disruptive in innovation. Exploring new routes, developing new concepts and growing our expertise outside of the small recipe changes & adaptations we had been doing traditionally. This was the challenging question: next to the "smaller easier" innovation and dynamic we have, are we able to handle disruptive innovations?

Futuro Viaggio: innovate without constraints

A challenge that we took up as a team in our "Futuro Viaggio". program. Driven by the Marketing & Development Team, with the participation of key change agents from other departments, we jumped into the trajectory of innovation with this time one clear motto: forget about the production constraints which so often inhibited our ideas.

Thanks to some brainstorm sessions, with some external speakers to open up our mind and help us generate ideas, we explored various topics at the cross roads of new consumption moments, new packaging, new diets,… Some of the 400 big ideas were worked out into concepts, tested and prototyped before going to the industrialization stage and a possible go to market.

The projects coming from the "Futuro Viaggio" are of course far from being the easiest ones. It often deeply challenges our operations and traditional habits. More than for any other project, the team work, the drive and the passion of our whole company is needed to make them come true. This is the case for the 2 innovations we put on the market this year: The **Summer Lasagna** and the **Come a casa® Aperitivo Range**.

The Summer Lasagna: from a crazy impossible idea to a delicious product

The summer lasagna required a completely adapted and revised production process. Our traditional lasagnas are ready to heat products, with a shelf life of 28 days while the summer lasagna is the very first lasagna you can enjoy cold for lunch or tapas. You see the challenge? It is ensuring the perfect taste from production, while guaranteeing the food safety for a ready-to-eat product together with a good visual.

Without the dedication of the whole project team - which not only consists of the marketing and development team but also of the people in production, purchasing and quality assurance - we would never have been able to launch it this successfully with traiteurs and retailers in many different countries.

Watch out, we have more in our pipeline

The Summer Lasagna is the perfect example illustrating that together, as a team within our division, we can jump over higher fences than we had ever been thinking of. We did so for the Summer Lasagna, and we also did it for the Come a casa® Aperitivo Range. The pastalini's & the balleroni's, which are also conceived through the Futuro Viaggio project, are delicious Italian-inspired apéro snacks…

Now, don't think that with those ones, we'll stop… As mentioned before, we had more than 400 ideas and we keep on adding new ones at each "Futuro Viaggio" meeting.

To be continued!

EACH YEAR - 238.771 KG PLASTIC

Because sometimes less is more!

Geertje Terhaerdt,
Jr. Packaging specialist

ENVIRONMENTAL AND SOCIAL GOVERNANCE

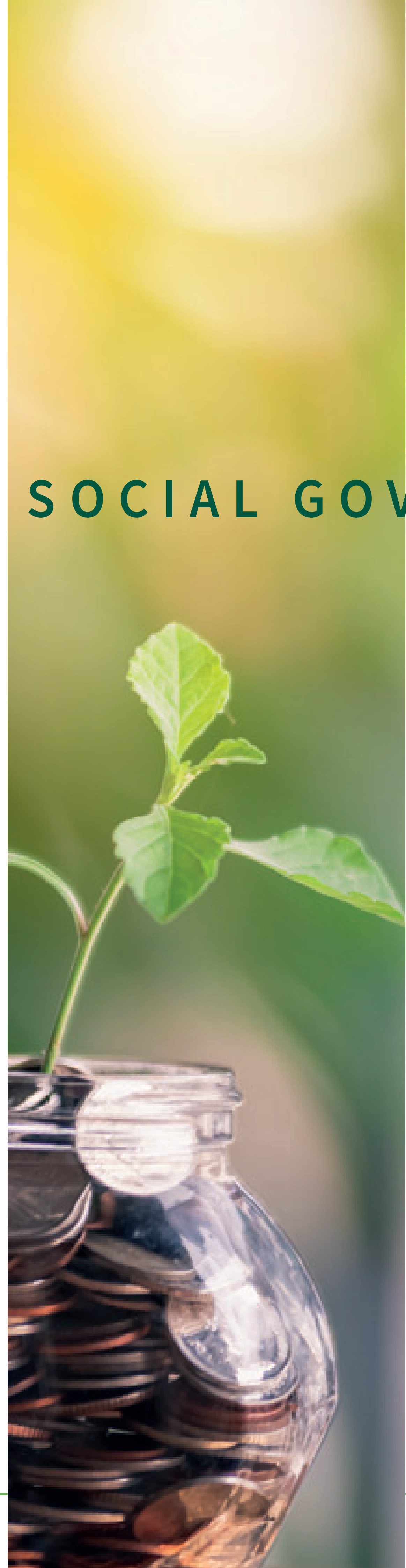
239 metric tons of plastic are saved from the Dutch market by the sliced meat division of Ter Beke, each year. This is just one small but tangible step towards a more sustainable Ter Beke!

E.S.G. or **Environmental and Social Governance** has been getting more traction at Ter Beke. One sustainable achievement that catches the eye of our customer and the end-consumer on the shop floor, is the plastic reduction that has been realized over the last years. While some changes in packaging design are easily visible (e.g. complete reduction of a thermoformed tray and substitution with a top film, directly sealed on an aluminum tray), even more less noticeable changes have been made. This means that the customer perception and convenience of the products is not diminished, but the impact on the environment is significantly lowered. Examples are thinner films, thinner trays, or usage of lighter materials. All together, the plastic content of sliced meat supplied to the Dutch market by Ter Beke is reduced with >10% compared to 2018 . Our goal is to reduce the plastic content even further to 20% by 2025. To do so, we are already testing thinner materials. Meanwhile, we may be approaching the limits, as we should not forget that plastic has great characteristics and protects our products. Due to barriers against oxygen and other gases, the shelf life of the packed product is prolonged which reduces food waste. With thinner films, the chance that the package is not hermetically sealed, will increase unfortunately. Therefore, we are simultaneously exploring other ways to reduce the plastic content of our products. We collaborate with our customers, students, material suppliers and machine suppliers in the search for new innovative ways to pack products whilst using less plastic. Also here “Stronger Together” applies!

In terms of greenhouse gas emissions, the impact of the product itself is much larger than the impact of the packaging. For years, we have been working on improving the sustainability of our products. Examples are minimizing slicing losses, valuing waste streams and developing vegetarian and vegan products. At our production sites, product development teams are producing innovative products with new flavors, spices and textures. Furthermore, we slice vegan meat alternatives in our slicing plants. This means we can supply our delicious products to all types of customers.

The above mentioned actions all mainly cover the environmental aspect of sustainability. Besides reduction of energy consumption and reducing direct and indirect greenhouse gas emissions, sustainability also means keeping the balance with economic and social concerns. One example of how this is provided, is by maintaining honest and long lasting relationships with our suppliers and employees. Furthermore, we offer our customers products that answer their desire for a healthy lifestyle. We facilitate them in choosing the product they wish for, for instance via the NutriScore that has been introduced for some products in 2021.

To summarize, E.S.G. is such a wide topic that many more actions taken at Ter Beke can be described. And for sure, many more actions will follow and are truly needed to build future proof sustainable products and services!



Solar car park Ter Beke.

Johan Meire,
Group Technical Director

Smart companies no longer hesitate to invest in taking sustainable measures: after all, they are a must to prepare your company for the future. Stricter environmental legislation, rising energy prices and the effect that our energy consumption has on the climate, imply that more and more companies are choosing to invest in their own future and that of the planet. This is now embedded in E.S.G.: **Environmental and Social Governance**.

Ter Beke signed up for the Flemish “Energy Policy Agreement” right from the start in 2014, and committed itself to a sustainable approach in order to be able to work more energy-efficiently and environmentally friendly.

At the beginning of 2019, the possibility of installing a solar panel installation in the form of a carport in the car park was detected for the site in Wommelgem.

In this project, the optimal installation was sought from the study in terms of location, cabling and the entire permit process. The latter proved to be not easy, on the one hand because of the specific and special construction we wanted to go for, and on the other because this was one of the very first solar panel carports of this type in Flanders.

Thanks to an approval and choice in August 2020, construction was started quickly and Ter Beke still enjoyed all sustainable benefits in the spring of 2021.

This project includes 2900 solar panels and generates a yield of more than 1 million kilowatt-hours per year, generating a large part of the energy needed for the permanent cooling of the site itself. .

A nice step towards CO_2 neutrality by Ter Beke, which contributes to the Flemish target of reducing emissions by at least 30% by 2030. This is also a good example of the enormous potential offered by solar panel installations above paved car parks, but which, at least for the time being, is still untapped in Flanders.

Stronger Together: multidisciplinary product- and concept development makes the difference.

Greet Van Laecke,
Business Development & Export Manager

E.S.G. or Environmental and Social Governance at Ter Beke also drove our attention to providing healthier, more sustainable and animal-friendly products for the consumer.

Within the Processed Meats division we are constantly striving to improve our products, respond to consumer trends and invest in new product and packaging concepts.
Through a driven development process; validated by external panels, we meet consumer expectations in terms of taste, nutritional values and corporate social responsibility when marketing our honest fine meat products.

Multidisciplinary teams, consisting of sales, category & product management, technologists and developers, work together on projects. We are convinced that this is the most efficient way to incorporate all perspectives on new developments and thus to meet and exceed the expectations of our customers and consumers.

A constant in our developments is the improvement of nutritional values, better known as NutriScore. We are actively working on reducing the salt and fat content in our products to improve the overall score and composition. With this approach, we have already improved the composition of a considerable part of our product portfolio. This gives our developers a double challenge: to strive for a better composition, without compromising on taste!
In addition to NutriScore optimisation, food safety is a permanent concern for our technologists, who have built up industry-leading expertise in this field.

Within the framework of corporate social responsibility, we are always actively working, in consultation with our customers, on increasing the use of more sustainable and animal-friendly specifications. A recent case involved the complete conversion of poultry products into the animal friendly "better-life" alternative.

New trends in packaging and nutrition; such as plant-based concepts and products & the use of alternative, plant-based proteins; are a constant source of inspiration for our innovation strategy.

Meanwhile, our development process has become smooth and streamlined. We start with a joint briefing of the project, in which as much information as possible is shared with our developers and technologists. Our product development is then usually validated with independent taste panels. For us, the preference and taste of the consumer is paramount and this remains our most important principle throughout the entire process. Recipes are really fine-tuned based on these insights.
We also find it very important to do the development process in consultation with the customer, whereby we work in partnership on the development of a specific recipe, product or concept.

Teamwork insights-driven approach to our innovation development strategy combined with very close cooperation with our customers are the real key to success!

Delighting our consumers with healthy, innovative, socially responsible products is what drives us every day.

Engaged employees as the basis for success.

Rob Lammers,
HR Manager Ter Beke Nederland

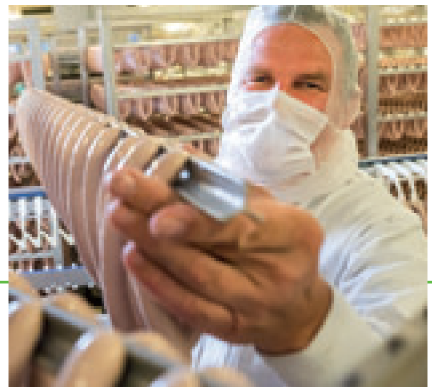
At Ter Beke, every employee is important to achieve our results. We must embed the importance of committed employees in our DNA. With this approach, we have been continuously working on improving our organization since 2020, frequently listening to our employees and acting accordingly.

We find the connection that every employee feels with the results of the company very important. We therefore pay a lot of attention to improving our open communication with people in order to inform them, ask for feedback and to conclude together where things can be improved. Think of monthly updates, canteen sessions, but also personal performance conversations.

This asks a lot from our leaders. They must therefore continuously exercise important qualities such as listening and coaching. In addition, they must inspire people to get the most out of themselves and to work towards the intended results together with their colleagues. Leadership is thus a crucial factor for our future success. We therefore invest in leadership development to guide leaders and their teams in this. In this way we support them to develop into the effective leaders they want to be.

Stronger Together

We implement these improvements in all our factories. Since the merger in 2020, we have been working increasingly on one Ter Beke Netherlands.
We ensure that the contribution to the joint result becomes visible for everyone and that we do business in the same way. Not because we standardize to standardize, but for the sake of



efficiency and because we know we are stronger together. By doing things in the same way, in close consultation, we can learn more from each other and create an environment where people feel part of the bigger picture. Of course, there is always room for local entrepreneurship and initiative.

Due to our continuous focus on the involvement of our employees and on the further improvement of our leadership, I am convinced that we are an attractive employer that can retain its people in a tight labor market, and attract new talent. In this way, involvement actually forms the basis for our successes.

Stronger Together in Switzerland.

Habiba Aissa,
Key Account Manager Retail BeNeLux & Export

A fast-growing and innovative market: that is the least that can be said of Switzerland, the small country in the center of Europe, yet not part of the E.U. Also a country with a very special FMCG landscape, where the two most powerful supermarket players do not only sell, but also produce themselves. It is not obvious for a Belgian supplier to penetrate in this market where both customer and consumer consider "Swissness" so important. It quickly became clear that Ter Beke needed a partner with local know-how to gain a foothold in this unique retail environment.

Gemma Gastronomie, the company of local entrepreneur Gerard Christin, shared the ambition and drive of Ter Beke - at the time lead by Jacques Massillon, founder of our first ready meals factory in Wanze - to put lasagna on the menu in Switzerland.

Our high-quality and dynamic portfolio, in combination with their knowledge of the market and logistics expertise, seemed like the ideal association to conquer the market together.

The collaboration between Gemma and Ter Beke was launched with great enthusiasm and determination in 1993, the key moment for the partnership. After all, both companies were at the start of what was then a new world of ready meals for them, whereby we were able to build together the foundations of the category in Switzerland, and we were able to convince the retailers with our strategic vision.

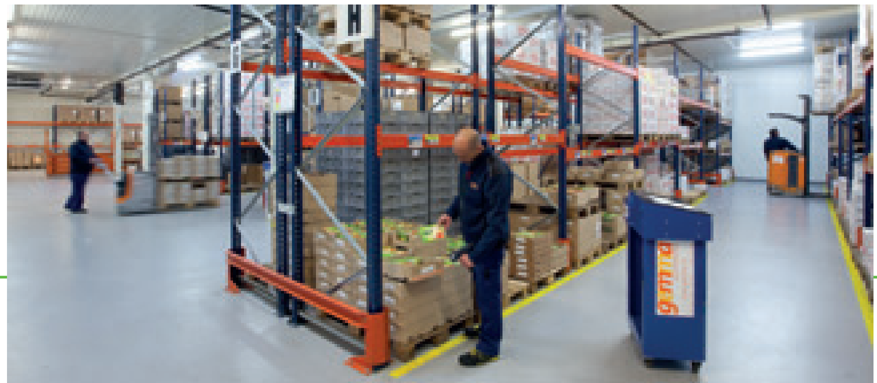
Over the years and in commercial tandem with Pierre-Laurent Fortès, current CEO of Gemma Gastronomie, Ter Beke has been able to fill the shelf with the driver of the category, namely the Lasagna Bolognese, to later expand to new formats, recipes and also other consumption moments.

We have incorporated the dynamics of the Swiss market into our relationship from day one, with significant success, thanks to a two-pronged approach: tailor-made developments and growth plans specifically focused on the customer on one hand, and strong concepts driven by important consumer trends on the other. Delivering superior value and quality, in line with our 3 shared value disciplines: operational excellence, product leadership and customer intimacy, has brought us where we are today and that is in the leadership position.

The creation of a sustainable supply chain is only possible if everyone within the chain speaks the same language, and that is what makes Ter Beke & Gemma so unique and strong: constant and transparent communication, a relationship of trust and above all, joint dedication to always lead the way together, well-prepared.

We look back with great pride today - 28 years in this partnership - to this modus operandi and joint trajectory, but we also look forward to our further collaboration with great energy and enthusiasm.

Time doesn't stand still, with Ter Beke's Ready Meals division having grown larger and larger over the years, and with Gemma that was able to significantly expand its distribution. They are - as we speak - in full construction of a new depot in Orbe that will give them double capacity, and an even greater added value in the supply chain and service to our joint customers. We grew up together, and together we will continue our further expansion in the market.



Gemma Gastronomie SA and Ter Beke started a collaboration in 1993 to develop the market for fresh lasagna in Switzerland, which at the time was almost non-existent.

Step by step, hand in hand, we have made known and built with our customers a lasagna market which is one of the largest in Europe per capita. Together, we have been able to create a real relationship of trust, and integrated an efficient and exemplary supply chain in terms of sustainability.

Despite increased competition and occasional difficulties in the market, including the horse meat crisis in 2013 for example, our strong links, common listening to market trends and customer needs, allow us today to be the leading player in Switzerland, a market dominated by private labels.

Ter Beke and Gemma have, during all these years, pooled their strengths while sharing strong values common to our 2 companies: it has been almost 30 years of fun, sharing and success!

Pierre Laurent Fortès,
CEO Gemma Gastronomie SA


FOUNDRY2

STRONGER TOGETHER

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 2021, Ter Beke has made further inroads in making its processes more sustainable. A number of examples were highlighted in the previous pages of this annual report. In addition, the Group decided to continue focussing on quantifying sustainability data in 2022 in preparation of a full sustainability / ESG report in the future.

The Group uses (amongst others) the United Nations Sustainable Development Goals (UNSDG) as a basis for its sustainability management.

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.

STRONGER TOGETHER

3 CORPORATE GOVERNANCE

Corporate Governance

The Corporate Governance Statement is based on articles 3:6§2 and 3:32 of the BCAC (Company and Associations Code in Belgium) and on the Corporate Governance Code 2020. It contains factual information on Ter Beke's Corporate Governance policy in 2021, including:

- a description of the most important characteristics of the internal control and risk management systems
- the required legal 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 BCAC.

For the 2021 financial year, we are still using the Belgian Corporate Governance Code 2020 as a reference. This code is publicly available at 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 the 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 in 2021:

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

  Ter Beke does not provide share based compensation. This is valid for both non-executive directors and executive management. In view of the limited nature of the remuneration, the Board of Directors does not consider it appropriate to incur the cost of setting up a share plan. If a plan were to be considered in the future, the Board of Directors will also consider a lock-up of the shares for a sufficiently long period.

- Recommendation 7.12: The claw-back of paid variable remuneration or the withholding of variable remuneration. Given the limited variable pay and its short-term nature - as well as the fact that the payment of variable remuneration only takes place after the audit of the financial figures and internal controls has been fully completed - the board of directors decided not to introduce a claw-back clause to date.

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. The mandate of Dirk Goeminne will end after the General Meeting of May 25th 2022.

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. A new mandate will be proposed at the General Meeting of May 25th 2022. The appointment of Famcoo Invest NV permanently represented by Dominique Coopman will be proposed.

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. PIET SANDERS (°1966), CEO – Leading for Growth BV

Piet Sanders (° 1966) holds a Masters Degree of Law (KU Leuven) and a Master Degree in Management (Vlekho) , and has spent nearly all 30 years of his career in the food ingredient industry. From 1990 till 2002, he developed a career in sales inside Amylum / Tate & Lyle, being Global Sales Director Food during his last 3 years in this world leading starch, cereal derived sweetener & wheat proteins company. After two years as Chief Sales & Marketing Officer in a leading European aluminium fenestration systems company (Reynaers Aluminium), he returned to the food ingredients business in 2004, joining Puratos as Managing Director for Central & Eastern Europe. As of 2006 he became the Managing Director for Asia-Pacific & Eastern Europe, and joined in 2014 the Puratos Group Executive Committee as Managing Director for Northern & Eastern Europe, a region with 28 subsidiaries. In 2020, he took up the role of Global Sales & Channels Director for the group. On October 1st 2021, he joined Ter Beke as their new CEO. Piet lives in Bonheiden, Belgium, is married and has 23 year old twins.

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. An extension of the mandate will be proposed at the General Meeting of May 25th 2022.

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.

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. Mrs. Plochaet also holds a mandate at Sligro.

CORPORATE GOVERNANCE

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 2021, with an overview of the meetings and attendances in 2021.

Name	Type*	End of mandate	Committees**	Meetings 2021 (x = present)								
				6/1	26/2	15/4	17/6	28/6	10/8	26/8	6/10	25/11
Dirk Goeminne (1)	NE	2022	AC/RNC	x	x	x	x	x	x	x	x	x
Dominique Coopman	NE	2022		x	x	x	x	x	x	x	x	x
Frank Coopman (5)	NE	2024		x	x	x	x	x	x	x	x	x
Eddy van der Pluym	NE	2023		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
Dominique Eeman(3)	I	2025	AC/RNC	x	x	x	x	x	x	x	x	x
Kurt Coffyn (6)	I	2024	AC/RNC	x	x	x	x	x	x	x		x
Inge Plochaet (7)	I	2024	AC/RNC	x	x	x	x	x	x	x	x	x
Francis Kint (4)	E	2021		x	x	x	x					
Piet Sanders (8)	E	2022									x	x

As permanent representative for:
(1) NV Fidigo, (2) BV Ann Vereecke, (3) BV Deemanco, (4) BV Argalix, till 30 June 2021, (5) NV Holbigenetics, (6) BV C:Solutio, (7) BV Tower Consulting, (8) BV Leading for Growth, as of 1 October 2021

*
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

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 2021.

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. During 2021, a formal evaluation started, using an external consultant. This evaluation will be completed in 2022.

APPOINTMENTS/REAPPOINTMENTS IN 2022

The general meeting of May 25th, 2022 will be asked:

- to re-appoint Ann Vereecke bv, permanently represented by Ann Vereecke, as independent director for a period of four years, concluding at the time of the annual general meeting of 2026.
- to appoint Famcoo Invest NV, permanently represented by Dominique Coopman, as a director for a period of four years, concluding at the time of the annual general meeting of 2026.
- to appoint Leading For Growth BV, permanently represented by Piet Sanders, as a director for a period of four years, concluding at the time of the annual general meeting of 2026.
- to appoint a new independent director (proposal pending at the time of going to press) as a director for a period of four years, concluding at the time of the annual general meeting of 2026.

COMMITTEES WITHIN THE BOARD OF DIRECTORS

In 2021, 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 2021, with an overview of the meetings and attendances in 2021.

Name	Meetings 2021 (x = present)			
	20/2	15/4	24/8	25/11
NV Fidigo (Dirk Goeminne)	x	x	x	x
BV Deemanco (Dominique Eeman)*	x	x	x	x
BV Ann Vereecke (Ann Vereecke)	x	x	x	x
BV C:Solutio (Kurt Coffyn)	x	x		x
BV Tower Consulting (Inge Plochaet)	x	x	x	x

* Chair

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 2020
- Interim results 2021
- 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 2021, with an overview of the meetings and attendances in 2021.

Name	Meetings 2021 (x = present)						
	22/2	15/4	27/4	26/5	26/8	27/10	25/11
Ann Vereecke BV (Ann Vereecke)*	x	x	x	x	x	x	x
Deemanco BV (Dominique Eeman)	x	x	x	x	x	x	x
C:Solutio BV (Kurt Coffyn)	x	x	x	x	x	x	x
Fidigo NV (Dirk Goeminne)	x	x	x	x	x	x	x
Tower Consulting BV (Inge Plochaet)	x	x	x	x	x	x	x

* 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

Dirk De Backer was secretary to the Board of Directors and to the committees set up within the Board of Directors until July 31, 2021. Afterwards, each meeting appointed an ad hoc secretary. The Group meanwhile recruited a new Secretary General.

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

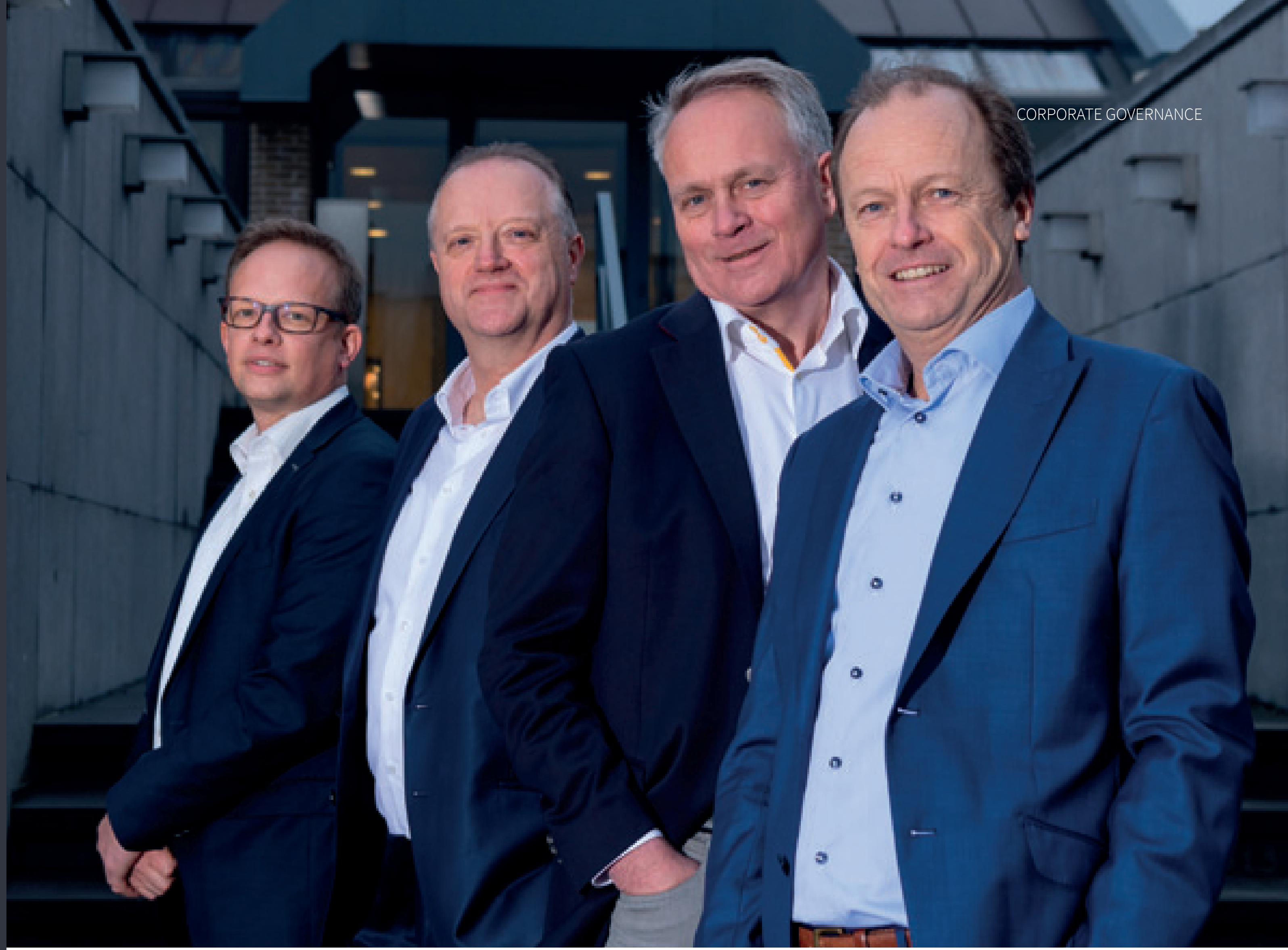
- Argalix BV, permanently represented by Francis Kint, Group CEO / Chairman of the executive committee / Managing Director until June 30th 2021 and afterwards Leading For Growth BV, permanently represented by Piet Sanders, Group CEO and Chairman of the executive committee / Managing Director from October 2021.
- Sagau Consulting BV, permanently represented by Christophe Bolsius, CEO of the ready meals division.
- Eric Kamp, COO and Managing Director of the Processed Meats Netherlands business.
- BV Esroh, represented by Yves Regniers, Group CFO.

FUNCTIONING

In 2021, 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

The board of directors once a year evaluates the functioning of the CEO (without the CEO present) and once a year the other members of the executive committee (with the CEO present). The board performs this review upon recommendation of the remuneration and nomination committee. This evaluation also took place in 2021. The board uses quantitative and qualitative parameters for its analysis. There is no direct link between the evaluation and the annual variable remuneration awarded.



PIET SANDERS (°1966) – Leading for Growth BV
Group CEO / Managing Director of NV Ter Beke

Piet Sanders (° 1966) holds a Masters Degree of Law (KU Leuven) and a Master Degree in Management (Vlekho) , and has spent nearly all 30 years of his career in the food ingredient industry. From 1990 till 2002, he developed a career in sales inside Amylum / Tate & Lyle, being Global Sales Director Food during his last 3 years in this world leading starch, cereal derived sweetener & wheat proteins company. After two years as Chief Sales & Marketing Officer in a leading European aluminium fenestration systems company (Reynaers Aluminium), he returned to the food ingredients business in 2004, joining Puratos as Managing Director for Central & Eastern Europe. As of 2006 he became the Managing Director for Asia-Pacific & Eastern Europe, and joined in 2014 the Puratos Group Executive Committee as Managing Director for Northern & Eastern Europe, a region with 28 subsidiaries. In 2020, he took up the role of Global Sales & Channels Director for the group. On October 1st 2021, he joined Ter Beke as their new CEO. Piet lives in Bonheiden, Belgium, is married and has 23 year old twins.

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.

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.

CHRISTOPHE BOLSIUS (°1969) – Sagau Consulting BV
CEO Ready Meals

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.

In May 2022, a 'Chief People Officer' will join the Group.

CORPORATE GOVERNANCE

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 27th 2021 appointed KPMG Bedrijfsrevisoren, represented by Filip De Bock, as Statutory Auditor of NV Ter Beke. The appointment was for a term of three years and we regularly consulted with the Statutory Auditor. He 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. In 2021, we paid 318 thousand EUR for audit services to KPMG Bedrijfsrevisoren and to the persons with whom KPMG Bedrijfsrevisoren is associated. Non-audit services of 5 thousand EUR were provided in 2021. The companies with which the auditor has a partnership did not invoice additional fees to the group.

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 2021 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 policy is made available separately on the Group's website (www.terbeke.com) and will be submitted for approval to the General Meeting of May 25th 2022.
The remuneration policy for the members of the Board of Directors, CEO and the 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 for the members of the Board of Directors for the financial year 2021 was approved by the General Meeting of Shareholders on May 27th, 2021.

The remuneration level of the CEO and members of the Executive Committee for the financial year 2021 was confirmed by the Board of Directors based on the advice of the Remuneration and Nomination Committee

REMUNERATION

In 2021, 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 share based remuneration, nor to any other remuneration for the performance of their mandate as director, except for the fixed remuneration.
The remuneration of the CEO and 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 company guidelines for employees.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, EAT and ROCE.
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 2021 it concerned only the aforementioned parameters. .
The variable allowance is always one quarter or less of the total annual remuneration, except for the CEO, for whom a minimum agreement was valid in 2021. In addition to the variable remuneration, the Board of Directors may grant the CEO and/or (some of) the members of the executive management an (additional) bonus for specific performance or merit. This is done on the proposal of the remuneration and nomination committee. The condition is that the total budget for the variable remuneration for the CEO and the members of the executive management is not exceeded. For 2021 an additional bonus was granted in the context of additional work carried out by the CFO - related to the intended acquisition of Imperial-Stegeman.

If a variable remuneration was 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 reclaim 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 an LTI (Long Term Incentive) for the members of the Executive Committee and possible additional compensation in the context of additional work linked to the planned acquisition of Imperial-Stegeman. The latter will, in any event, be conditional on achievement of financial metrics.

Long-term incentives (LTI) were established for the former CEO of the Group and for the CEO of the Ready Meals Division in 2018. In this context an amount was paid to the CEO Ready Meals. For the CEO of the group - given his departure, the pro rata allocated amount of the LTI was included in the severance payment.

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 2021 can be summarised as follows:

	Mandate of director	Mandate Remuneration and Nomination Committee	Mandate Audit Committee	Total
Fidigo NV (Dirk Goeminne)	75,000.00	5,000.00	6,000.00	86,000.00
Argalix BV (Francis Kint)	10,000.00			10,000.00
Leading for Growth BV (Piet Sanders)	5,000.00			5,000.00
Tower Consulting BV (Inge Plochaet)	20,000.00	5,000.00	6,000.00	31,000.00
Holbigenetics NV (Frank Coopman)	20,000.00			20,000.00
Dominique Coopman	20,000.00			20,000.00
Eddy van der Pluym	20,000.00			20,000.00
Ann Vereecke BV	20,000.00	7,000.00	6,000.00	33,000.00
Deemanco BV (Dominique Eeman)	20,000.00	5,000.00	10,000.00	35,000.00
C:Solutio BV (Kurt Coffyn)	20,000.00	5,000.00	6,000.00	31,000.00
Total mandates				**291,000.00**

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.

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

The individual remuneration of the former Managing Director/Chairman of the Executive Committee until June 30th, 2021 (Argalix BV, represented by Francis Kint), the individual remuneration of the new Managing Director/Chairman of the Executive Committee (Leading For Growth BV, represented by Piet Sanders as of October 1st, 2021) and the combined gross remuneration of the other members of the Executive Committee and the executive directors: Esroh BV, represented by Yves Regniers, Sagau Consulting BV, represented by Christophe Bolsius, Eric Kamp and also Dirk De Backer (until July 31st 2021) are shown in the table below.

	Former CEO***	New CEO***	Other members of the executive management
Base pay	255,942	125,000	1,154,856
Variable pay (cash - on a yearly basis)	194,999	129,000	302,791
Pensions*	NA**	NA**	19,099
Other insurance (hospitalisation insurance)	NA**	NA**	1,491
Other benefits (company car)	NA**	NA**	27,828
Long Term Incentive provision 2021	-293,000 (Reversal)	0	40,303
Termination / Severance Pay	775,764	NA**	NA**

* The pension scheme relates to fixed contribution contracts
**NA = Not Applicable
*** Mandate of director of Ter Beke NV excluded

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 2021 to any of the members of 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. Given the limited nature of the remuneration, the Board of Directors does not consider it appropriate to incur the cost of setting up a share plan. If a plan were to be considered in the future, the Board of Directors will also consider a lock-up of the shares for a sufficiently long period.

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 2017-2021:

	2017	2018	2019	2020	2021
Chairman of the Board of Directors	€ 67,000	€ 75,000	€ 75,000	€ 75,000	€ 75,000
Member of the Board of Directors	€ 18,000	€ 20,000	€ 20,000	€ 20,000	€ 20,000
Chairman of the Audit Committee	€ 9,000	€ 10,000	€ 10,000	€ 10,000	€ 10,000
Member of the Audit Committee	€ 5,000	€ 6,000	€ 6,000	€ 6,000	€ 6,000
Chairman of the Remuneration and Nomination Committee	€ 6,000	€ 7,000	€ 7,000	€ 7,000	€ 7,000
Member of the Remuneration and Nomination Committee	€ 4,000	€ 5,000	€ 5,000	€ 5,000	€ 5,000
CEO - fixed remuneration - excl, board mandate remuneration	€ 482,000	€ 482,000	€ 484,725	466,194	€500,000*
Sales (in million EUR)	497.4	680.5	728.1	717.4	696.9
EBITDA (in million EUR)	38.4	44	37.2	37.1	45.9
Result after taxes (in million EUR)	17.1	7.2	4.4	-2.5	7.3

*For 2021 it concerns the remuneration of the new CEO. As of October 1st, 2021, 3/12 of this amount was invoiced pro rata by Leading For Growth BV.

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

	2017	2018	2019	2020	2021
Average gross salary for a full time equivalent in the group	100	101.05	104.12	106.66	110.45

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 of December 2021.

CONTRACTUAL PROVISIONS RELATED TO RECRUITMENT AND SEVERANCE PAYMENTS

No appointment arrangements were agreed upon 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, of the Corporate Governance Code 2020 or common market practices.

The remuneration paid to Argalix BV upon departure was equivalent to the remuneration for 6 months supplemented by the pro rata variable remuneration and a settlement for the Long Term Incentive. The contractual notice periods for Sagau Consulting BV (Christophe Bolsius), Esroh BV (Yves Regniers) and Leading For Growth BV (Piet Sanders) is always 12 months, while the notice period for Eric Kamp will, in principle, be calculated in accordance with the statutory provisions applicable to his employment contract.

Key features of the internal control and risk management systems

We attach great importance to high-performance internal control and risk management and we try to integrate them 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 the 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 Executive Committee. 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 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.

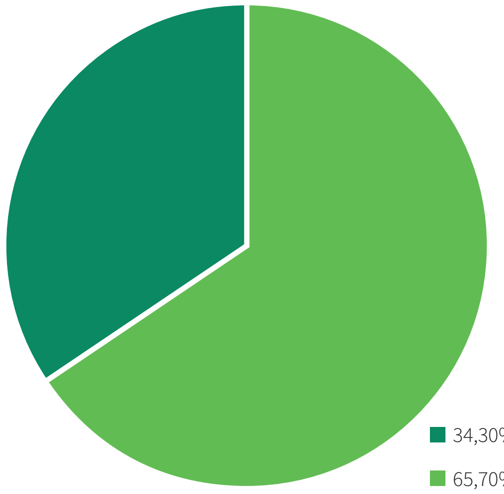
We also have a clear policy regarding the protection of and access to financial data, as well as a proper system for the backup and storage this data.

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 2021



TRANSPARENCY

In 2021, 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 the Companies and Associations Code. The objective of the company may be altered with a majority of four-fifths of the votes present. On December 31st, 2021 Ter Beke NV did not hold any treasury shares (neither did Ter Beke NV hold any treasury shares on December 31st 2020).

The procedure for the appointment/reappointment of directors (see forementioned 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 27th, 2021 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 27th, 2021 also authorised the Board of Directors to acquire, in accordance with Belgian Company and Association Code, shares of 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.

CORPORATE GOVERNANCE

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 2021 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 lured 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 2021 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 2021 IN PARTICULAR?
FINANCIAL RISKS (SEE ALSO EXPLANATORY NOTE 26 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 28 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.

4 STOCK AND SHAREHOLDER INFORMATION

SHARE QUOTATION

On 31 December 2021, the capital of Ter Beke was represented by 1.794.217 shares. The shares are quoted on the spot market (continuous market) of Euronext Brussels. As part of the scrip dividend related to accounting year 2020, 26.936 new shares were issued on July 1st 2021.

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 2021, there were no share-related instruments, such as stock options or warrants in circulation.

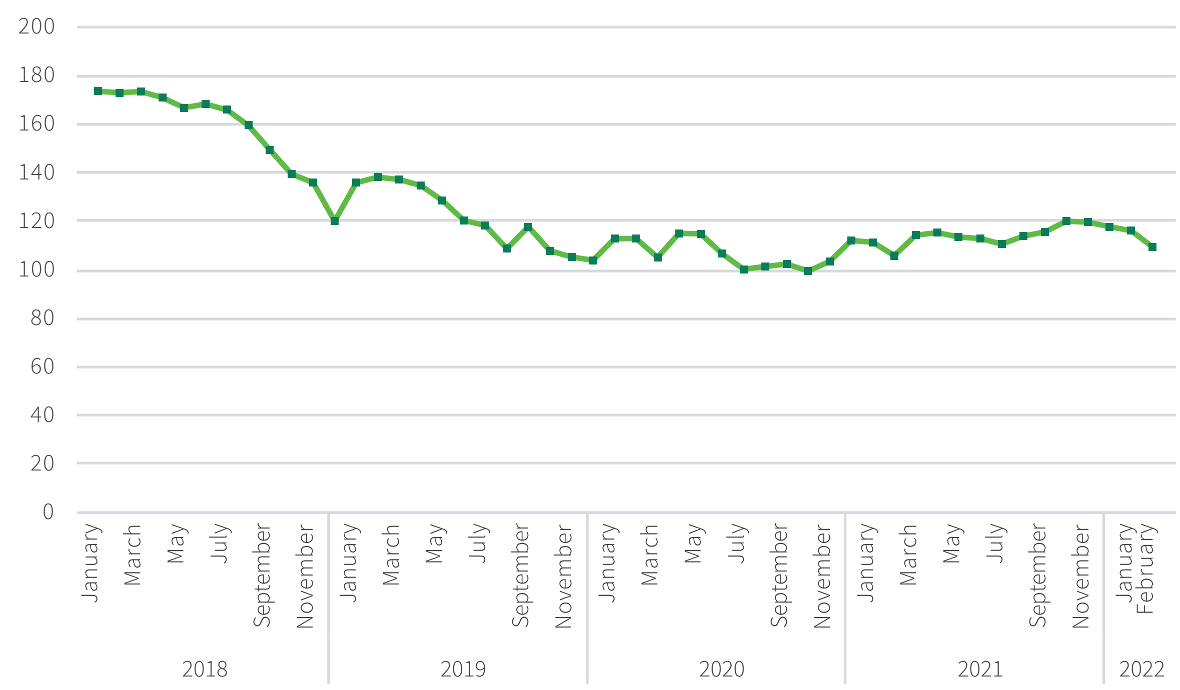
DIVIDEND

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 25th, 2022 to distribute a gross dividend of EUR 4.00 per share for 2021 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 2021.

PROPOSALS TOWARDS THE GENERAL SHAREHOLDERS MEETING

- To approve the financial statements as at 31 December 2021 and to agree with the appropriation of profit. The non-consolidated result for the financial year amounts to EUR 8.275.148,22.
- To distribute a gross dividend of 4 euros per share in the form of a scrip dividend.
- To grant discharge to the members of the Board of Directors and to the auditor for the performance of their duties in 2021.
- To decide by separate vote on the remuneration policy and the remuneration report.
- To re-appoint Ann Vereecke BV, permanently represented by Ann Vereecke as independent director for a period of 4 years, ending at the General Shareholders Meeting of 2026.
  To Appoint Famcoo Invest NV, permanently represented by Dominique Coopman as a director for a period of 4 years ending at the General Shareholders Meeting in 2026.
  To appoint Leading For Growth BV, permanently represented by Piet Sanders as a Director for a period of 4 years ending at the General Shareholders Meeting in 2026.
  To appoint an independent Director for a period of 4 years ending at the General Shareholders Meeting in 2026. (Name will be determined later as not yet available at the time of drafting this annual report).
- To approve the annual remuneration of EUR 300,000 for the directors for the performance of their mandate in 2022.

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

FINANCIAL CALENDAR

Shareholders' Meeting	May 25th, 2022 at 11 a.m.
Results first semester 2022	August 26th, 2022

5 CONSOLIDATED FINANCIAL STATEMENTS

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All amounts in EUR x 1000, unless stated otherwise.

Consolidated income statement

as at 31 December 2021 and 2020

	Note	2021	2020
Revenue	4	696,906	717,422
Trade goods, raw and auxiliary items	5	-415,414	-442,650
Services and miscellaneous goods	6	-110,131	-110,518
Employee expenses	7	-122,696	-126,376
Depreciation costs	15 +16	-28,468	-31,450
Impairments, write-downs, and provisions	8	-322	-851
Other operating income	9	3,892	3,839
Other operating expenses	9	-6,618	-4,577
Result of operating activities	10	17,149	4,839
Financial income	11	717	760
Financial expenses	12	-4,369	-5,892
Results of operating activities after net financing expenses		13,497	-293
Taxes	13	-6,164	-2,170
Result in the financial year		7,333	-2,463
Result in the financial year: share third parties		-13	-77
Result in the financial year: share group		7,346	-2,386
Basic earnings per share	31	4.09	-1.39
Diluted earnings per share	31	4.09	-1.39

Consolidated overview of the comprehensive income

as at 31 December 2021 and 2020

	2021	2020
Profit in the financial year	7,333	-2,463
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	1,560	-2,374
Cash flow hedge	129	97
Other elements of the result that may not subsequently be reclassified to the results		
Revaluation of the net liabilities regarding defined benefit pension schemes	165	656
Related deferred taxes	-41	-175
Comprehensive income	9,146	-4,259

Consolidated balance sheet

as at 31 December 2021 and 2020

	Note	2021	2020
ASSETS			
Non-current assets		231,701	245,108
Goodwill	14	78,332	77,759
Intangible non-current assets	15	20,464	22,224
Tangible non-current assets	16	124,978	136,463
Deferred tax assets	17	7,852	8,587
Other long-term receivables		75	75
Current assets		150,104	156,492
Inventories	18	38,596	37,865
Trade and other receivables	19	99,964	99,484
Cash and cash equivalents	20	11,544	19,143
TOTAL ASSETS		381,805	401,600
LIABILITIES			
Shareholders' equity	21	121,445	116,578
Capital and share premiums		59,572	56,782
Reserves		60,196	58,041
Non-controlling interest		1,677	1,755
Deferred tax liabilities		6,525	4,636
Long-term liabilities		87,993	114,631
Provisions	22	3,878	3,897
Long-term interest-bearing liabilities	23	79,728	106,873
Other long-term liabilities	24	4,387	3,861
Current liabilities		165,842	165,755
Current interest-bearing liabilities	23	5,579	12,179
Trade liabilities and other payables	25	138,132	133,197
Social liabilities		20,257	18,603
Tax liabilities		1,874	1,776
TOTAL LIABILITIES		381,805	401,600

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of changes in equity

as at 31 December 2021 and 2020

	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 2020	**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**
Capital increase	76	2,714						2,790		2,790	26,936
Treasury shares reserve								0		0	
Minority intrests as result of business combination								0		0	
Dividend			-7,069					-7,069		-7,069	
Decrease of minority intrests as result of call/put option			-174			352	-3	175	-175	0	
Results in the financial year			7,346					7,346	-13	7,333	
Other elements of the comprehensive income for the period				129	124		1,450	1,703	110	1,813	
Comprehensive income for the period			**7,346**	**129**	**124**	**0**	**1,450**	**9,049**	**97**	**9,146**	
Movements via reserves											
Result from treasury shares											
Balance on 31 December 2021	**5,077**	**54,495**	**62,430**	**-121**	**234**	**-2,944**	**597**	**119,768**	**1,677**	**121,445**	**1,794,217**

Consolidated cash flow statement

as at 31 December 2021 and 2020

	2021	2020
OPERATING ACTIVITIES		
Result before taxes	13,497	-293
Interest	2,000	2,678
Depreciation	28,468	31,450
Write-downs (*)	567	2,032
Provisions	-27	-50
Realised gains / losses	3,812	28
Cash flow from operating activities	**48,317**	**35,845**
Decrease/(increase) in receivables more than 1 year		
Decrease/(increase) in inventory	-687	1,701
Decrease/(increase) in receivables less than 1 year	-334	17,610
Decrease/(increase) in operational assets	**-1,021**	**19,311**
Increase/(decrease) in trade liabilities	6,488	7,688
Increase/(decrease) in debts relating to remuneration	2,003	-754
Increase/(decrease) in other liabilities, accruals and deferred income	**-1,126**	-3,046
Increase/(decrease) in operational debts	**7,365**	**3,888**
(Increase)/decrease in the operating capital	6,344	**23,199**
Taxes paid	-3,901	-2,696
NET CASH FLOW FROM OPERATING ACTIVITIES	**50,760**	**56,348**
INVESTMENT ACTIVITIES		
Acquisition of intangible and tangible non-current assets	-19,279	-27,656
Total increase in investments	**-19,279**	**-27,656**
Sale of intangible and tangible non-current assets	5,112	1,723
Sale of shares in associated companies	-3,900	
Total decrease in investments	**1,212**	**1,723**
CASH FLOW FROM INVESTMENT ACTIVITIES	**-18,067**	**-25,933**
FINANCING ACTIVITIES		
Increase/(decrease) in short-term financial debts	-1,451	-2,742
Increase in long-term debts	921	857
Repayment of long-term debts	-33,316	-30,062
Interest paid interest (via income statement)	-2,000	-2,678
Acquisition of non-controlling interest	-266	
Capital increase (decrease) (**)	2,791	3,591
Dividend paid by parent company (***)	-7,069	-6,930
CASH FLOW FROM FINANCING ACTIVITIES	**-40,390**	**-37,964**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**-7,697**	**-7,549**
Cash funds at the beginning of the financial year	19,143	26,825
Translation differences	98	-133
CASH FUNDS AT THE END OF THE FINANCIAL YEAR	**11,544**	**19,143**

(*) Also includes adjustments that are part of the financial result.
This was 1 132 KEUR in 2020 and 219 KEUR in 2021

(**) Capital increase as a result from the Scrip Dividend

(***) Dividend paid for 2020: €4.00 (net €2.80) per share or €7,069 thousand of which €4,278 thousand was paid in cash and the balance paid through the creation of 26,936 new shares, leading to a strengthening of equity of €2,791 thousand.

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 21st 2022. 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 2021

- Amendments to IFRS 9, IAS39 and IFRS 7, IFRS 4 and IFRS 16: Restructuring of the reference rates – phase 2
- Amendment to IFRS 16: Lease agreements, Rent concessions related to Covid-19.

The above mentioned standards do not have a material impact on the balance sheet.

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON JANUARY 1ST 2021

- 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)
- Annual improvements 2018-2020 (applicable for accounting years beginning on or after January 1st 2022 but not yet endorsed in the European Union)
- Amendments to 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 Statutory Accounts and classification as short or long term liabilities, (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 and IFRS Practice Statement 2: Disclosure of Bijkomende bullet: Accounting Policies (applicable for accounting years beginning on or after 1 January 2023 but not yet endorsed within the European Union)
- Amendments to IAS 8 Foundations for Financial Reporting , changes in estimates and errors. Definition of estimates, (applicable for accounting years beginning on or after January 1st 2023 but not yet endorsed in the European Union)
- Amendments to IAS 12 taxes , deferred taxes related to the assets or liabilities that are derived from individual transactions.

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 ventures and associates. A list of these entities is included in Note 32.

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

CONSOLIDATED FINANCIAL STATEMENTS

- 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 32 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 2021, the Ter Beke Group reached an agreement with Sigma, to acquire their activities in Belgium (Imperial) and The Netherlands (Stegeman). The intended transaction (which has obtained works council co-determination approval) will hopefully close in the second quarter of 2022 after approval by the competition authorities. This new combination is therefore not yet included in the Group 2021 figures. As soon as the group receives further information, around the approval it will communicate this.

In 2020 and 2021, no new business combinations were conducted. However, the Group did implement a number of simplifications in its legal structure in 2020. A number of dormant companies were liquidated and a number of Dutch companies were merged as part of 'Project Unity'. In 2021 the Group also sold its captive Ter Beke Luxembourg to a third party – given the decreased relevance & availability of external insurance cover and the costs linked to the running of an insurance company as well as changed market circumstances.

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:

	2021	2020
British pound		
Closing rate	0.8403	0.8990
Average rate	0.8601	0.8909
Polish zloty		
Closing rate	4.5994	4.6148
Average rate	4.5657	4.4447

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 2021 and 2020 did not fulfil the criteria for capitalization, these were recognized as expenditure in the income statement.

CONSOLIDATED FINANCIAL STATEMENTS

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 2021 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 and 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, nonrefundable 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.

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 under IFRS 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 2021, our weighted average 'marginal interest rate' was 3.41%. (2020: 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 9% 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 made 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.

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.

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. We refer to note 28- off balance sheet rights & obligations.
- 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.

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- On December 10, 2020, the HMRC (UK tax authorities) started an audit into the processing of remuneration and working hours of employees at KK Fine Foods. The investigation was still ongoing at the end of the year. Management estimates the outgoing cash flow at EUR 175 thousand.
- A MAP (Mutual Agreement Procedure) and Arbitration Request has been submitted by Ter Beke to the Dutch and Belgian tax authorities regarding a double taxation that occurred after a tax audit for the 2016 financial year. Ter Beke is currently still awaiting the outcome of the proceedings that runs between the competent authorities in Belgium and the Netherlands around the effective date of the new transfer pricing model (transfer pricing). In the same context, the Group received an assessment from the Dutch tax authorities at the beginning of 2022 for 0.9 million euros for the 2017 financial year. The Group has filed a notice of objection against this as well as a request to extend the procedure as described above to the fiscal year 2017. According to the Dutch Tax Authorities, the new transfer pricing model could only be applied from the date of formal signature of the contractual agreements already entered into between the entities of the Group. Ter Beke and its advisors are of the opinion that the actual behavior of the various entities and the oral contractual agreements of Ter Beke as from 1 January 2017 justify the application of the revised transfer pricing model. As such, management has determined that it is not probable that the claim will be successful in the event of arbitration and no accounting provision has been made for this for the additional assessment relating to the fiscal year 2017. The uncertainty surrounding the MAP procedure also indirectly contributes to that an acknowledgment of the DTA (Deferred Tax Asset) in Ter Beke-Pluma NV cannot currently be expressed on the balance sheet.
- On 23 April 2021, Ter Beke received a request for information from the FSMA regarding timely informing the market in the Listeria case. On September 23, the Group received an additional request for information. Both petitions have since been answered on 21 May and 25 November respectively. Management has made a provision for the costs that the Group expects to incur in connection with this investigation.

2. GROUP CONSOLIDATION

The Group consolidated annual accounts for 2021 include: Ter Beke NV and consolidated subsidiaries over which Ter Beke exercises full control (Note 32) and one joint venture over which the Group does not exercise full control: KK Fine Foods Limited. In 2021 the Group acquired an additional 1% of KK Fine Foods Limited to bring the total to 91%.

On June 1st 2021, Ter Beke sold its 100% owned subsidiary Ter Beke Luxembourg SA to ITM Enterprises. The group recorded a loss on disposal of EUR 3,977 thousand on this transaction. De sale equally resulted in a cash outflow of EUR 3,9 million.

On October 7th 2021, Ter Beke reached an agreement with Sigma' to take over its activities in Belgium (Imperial) and in the Netherlands (Stegeman). The proposed transaction has already been approved by the works councils but has yet to be approved by the relevant competition authorities. The figures for 2021 therefore only include the costs for due diligence and advice with regard to the acquisition for an amount of EUR 1.8 million.

In 2020, the production activities of the company Vleeswaren E. De Kock-De Brie NV are fully integrated in our production facility in Wommelgem De Kock-De Brie NV was subsequently liquidated. In 2020, the group implemented a reorganization in the Netherlands. 6 companies were merged and 1 dormant company was liquidated.

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 2021, the Ter Beke Group had a workforce of approximately 2,750 people. This number denotes the full-time equivalents on 31 December 2021 and the average number of temporary workers in 2021. In 2020, Ter Beke employed approximately 2,650 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.

Fixed 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 69% of the turnover (2020: 67%). 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. Three external clients each achieved more than a 10% share (i.e. respectively 13%, 12% and 11%) compared to two external customers in 2020. 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 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. The place of residence of the customer is decisive in determining the geographic region.

KEY DATA PER BUSINESS SEGMENT

	2021			2020		
	Processed meats	Ready Meals	Total	Processed meats	Ready Meals	Total
SEGMENT INCOME STATEMENT						
Segment net turnover	422,863	274,043	696,906	447,241	270,181	717,422
Segment results	11,985	17,691	29,676	-7,127	19,480	12,353
Non-allocated results			-12,527			-7,514
Net financing cost			-3,652			-5,132
Taxes			-6,164			-2,170
Consolidated result			7,333			-2,463
SEGMENT BALANCE SHEET						
Segment non-current assets	113,790	113,718	227,508	120,935	118,524	239,459
Non-allocated non-current assets			4,193			5,649
Total consolidated non-current assets			231,701			245,108
Segment liabilities	101,039	64,056	165,095	105,570	53,244	158,814
Non-allocated liabilities			216,710			242,786
Total consolidated liabilities			381,805			401,600
OTHER SEGMENT INFORMATION						
Segment investments (*)	10,988	6,688	17,676	11,693	16,674	28,367
Non-allocated investments			1,027			1,059
Total investments			18,703			29,426
Segment depreciation and non-cash costs	16,922	10,682	27,604	19,247	10,441	29,688
Non-allocated depreciation and non-cash costs			1,186			2,613
Total depreciation and non-cash costs			28,790			32,301

(*) Investments including new capital grants

KEY DATA PER GEOGRAPHIC REGION

Third party turnover	2021	2020
Belgium	192,632	203,670
Netherlands	302,610	315,388
UK	63,183	61,479
Germany	17,407	24,879
France	50,686	43,539
Other	70,388	68,467
	696,906	717,422

Investments per region (*)	2021	2020
Belgium	10,933	13,405
Netherlands	4,175	3,739
France	1,988	2,371
UK	521	691
Other	1,086	9,220
	18,703	29,426

Liabilities per region	2021	2020
Belgium	130,832	89,425
Netherlands	106,962	132,931
France	71,361	67,189
UK	39,311	40,668
Other	33,339	71,387
	381,805	401,600

Non-current assets	2021	2020
Belgium	81,660	85,165
Netherlands	55,435	61,199
France	36,247	35,851
UK	26,399	29,829
Other	31,960	33,064
	231,701	245,108

(*) Investments including new capital grants

4. REVENUE FROM SALE OF GOODS

Due to the non-renewal of non-profitable contracts in the Processed Meats division and the impact of Covid-19 in the Ready Meals division, consolidated revenues decreased by 2.9% from EUR 717.4 million to EUR 696.9 million. This despite a further growth in net revenues in the Ready Meals division.

Covid-19 continued to have an impact on revenues in 2021. Our Foodservice customers were confronted with volatile sales in 2021. (In 2020, the first quarter was still Covid-free whilst this was not the case in 2021.)

5. TRADE GOODS, RAW AND AUXILIARY MATERIALS

	2021	2020
Purchases	416,058	441,285
Change in inventory	-644	1,365
Total	415,414	442,650

The costs of purchasing raw materials, consumables and goods for resale decreased in 2021, partly as a result of the decline in turnover. In 2020 we were confronted with the consequences of sharply increased raw material prices in the first half of the year and raw material prices normalized in the second half of that year. In 2021 we temporarily enjoyed the benefits of better purchasing conditions. In the second half of 2021, we saw sharp increases in purchase prices for packaging, ingredients and other items. The cost inflation touched almost all raw materials, consumables and other costs, with the exception of the costs of pork, which remained at a fairly low level during this second half of the year. Passing on cost inflation remains essential for the group.

6. SERVICES AND MISCELLANEOUS GOODS

	2021	2020
Interim staff and consultants to the organisation	22,925	23,463
Maintenance and repairs	19,523	21,048
Cost of marketing and sales	3,978	3,611
Transport costs	27,910	29,642
Gas and electricity	13,597	13,244
Rent	4,687	5,519
Advisory expenses and consultants	10,206	8,593
Other	7,305	5,398
Total	110,131	110,518

The focus on cost control leads to a stagnation of costs related to services and miscellaneous goods of EUR 111 million in 2021 compared to EUR 110 million in 2020. The costs for gas and electricity are rising due to the strongly increased energy prices, despite a partial hedging of these costs. cost. The costs for advice and consulting include 1.8 million in costs related to the proposed acquisition of Imperial-Stegeman. The 'Other' account includes office expenses and insurance, among other things.

7. EMPLOYEE EXPENSES

In 2021, personnel costs amounted to EUR 122,696 thousand. In 2020 this was EUR 126,376 thousand. Personnel costs show a decrease in 2021 due to the decline in the average number of FTE's employed in the first 3 quarters, as well as the impact of the 2020 restructuring in the Netherlands. In the fourth quarter, the number of employed FTE's increased again. The number of employed staff expressed in full-time equivalents at year-end exceeded the effective rate of 2020. In 2021, the group was confronted with a labor shortage mainly at KK Fine Foods (United Kingdom) and Pasta Food Company (Poland). In general, the group has invested heavily in retention, recruitment and selection of employees in 2021.

In 2021 we see an increase in social security contributions of EUR 1 million as a result of a decrease in employment subsidies.

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

For further details on employee benefits, please refer to note 22.

We can break down the employee costs as follows

	2021	2020
Wages and salaries	88,632	92,959
Social security contributions	20,549	19,485
Other employee expenses	13,515	13,932
Total	122,696	126,376
Number of employees expressed in FTEs (excl. temporary employees) at year end	2,407	2,363

8. WRITE-DOWNS AND PROVISIONS

	2021	2020
Write-downs	349	901
on inventories	236	852
on trade receivables	113	49
Provisions	-27	-50
Total	322	851

9. OTHER OPERATING INCOME AND EXPENSES

Other operating expenses increased from EUR 4.6 million to EUR 6.6 million. In 2021, the loss on disposal of the captive reinsurance company Terbeke Luxembourg of EUR 3.9 million has been recognized in other company operating expenses. (Sales price: 28.7 million EUR minus 32.6 million related to the repayment of a former intercompany loan by Ter Beke NV towards to the purchaser of the captive.)

The other operating income stagnates at around 3.8-3.9 million EUR. This EUR 3.9 million comes from one-off income, including subsidies and recuperation of local taxes.

	2021	2020
OTHER OPERATING INCOME		
Recovery of wage-related costs	758	749
Recovery of logistics costs	205	0
Grants	812	
Profits from the disposal of assets	222	231
Insurance recoveries	188	1,076
Claims	295	1,120
Rent	78	93
Recovery local taxes	638	
Others	696	569
Total	3,892	3,838
OTHER OPERATING EXPENSES		
Local taxes	2,265	2,719
Realised loss on disposal of assets	4,034	259
Claims	190	1,288
Others	129	310
Total	6,618	4,576
Other operating income and expenses	-2,726	-738

10. RESULT OF OPERATING ACTIVITIES

	2021	2020
EBITDA	45.939	37.140
Depreciations costs and impairments	-28.468	-31.450
Impairments, write offs and provisions	-322	-851
Result of operating activities (EBIT)	17.149	4.839

	2021	2020
Result of operating activities (EBIT)	17,149	4,839
Severance payment (incl social costs)		3,942
Project 'unity Netherlands'		4,361
Recall		379
Covid-19 expenses		1,886
Costs of acquisitions	1,754	
Others		63
Costs due to change in CEO	875	
Impacte sale captive TB Luxemburg	4,238	
Underlying operating result (UEBIT)	24,016	15,470

	2021	2020
EBITDA	45,939	37,140
Severance payment (incl social costs)		3,942
Project 'unity Netherlands'		2,364
Costs of acquisitions	1,754	
Costs due to change in CEO	875	
Impacte sale captive TB Luxemburg	4,238	
Covid-19 expenses		1,886
Recall		379
Underlying EBITDA	52,806	45,711

The EBITDA increased from EUR 37,140 thousand in 2020 to EUR 45,939 thousand in 2021. The UEBITDA increased by 16% from EUR 45,711 thousand in 2020 to EUR 52,806 thousand in 2021.

In 2021, Covid-19 still had an impact on our figures, partly due to high illness percentages and volatile sales to foodservice customers, as well as supply problems due to the shortage of drivers logistics partners faced and the shortage of certain raw materials and packaging products which pushed up prices. However, the Group has managed to reduce this to a minimum.

In the *Ready Meals Division*, turnover increased by 1% despite the impact on sales to foodservice customers in 2021 due to Covid-19, which in the first quarter of the comparative year 2020 did not impact sales. KK Fine Foods, whose business is mainly situated with British foodservice customers, was hit hardest, but thanks to a resolute and proactive growth in its retail business, it was ultimately able to limit the impact.

The high inflation of raw materials, consumables, packaging, logistics costs and energy costs resulted in a very large and continuous increase in the cost of our products. The continued passing on of inflation is a permanent focus of the group.

The cost increases and the delayed effect of passing on to customers is reflected in a 5% decrease in EBITDA and a 9% decrease in EBIT.

The group invested in the introduction of new products, including the 'summer lasagna' (the first cold served lasagna for retail and food service customers launched in the summer of 2021) and the Come a casa® Pastalini's and Balleroni's launched in the autumn, were sold to Belgian retailers (tasty Mediterranean frozen snacks).

The turnover of the Processed Meats Division fell from EUR 447.2 million to EUR 422.8 million (-5%), mainly as a result of the termination of several unprofitable contracts.

The merger of the Dutch activities (Project 'Unity') launched in 2020 and completed in 2021, increased the focus on sustainable, profitable growth. New concepts and products were rolled out and resulted in a further improvements in the results. In addition to the costs for pork, the costs for other ingredients and packaging rose quite sharply. The passing on of increased costs will continue to be crucial for the group in 2022.

All this resulted in a 59% improvement in the segment's underlying EBITDA result, from EUR 12.1 million in 2020 to EUR 28.9 million in 2021. This evolution is reflected in the underlying EBIT, which increases from EUR 630 thousand in 2020 to EUR 11,985 thousand in 2021. The following projects and improvements were also implemented in 2021:

- An investment in a new retail concept for the Dutch market with a focus on crafty slicing and packaging.
- Various investments in sustainability of our sites and products

11. FINANCIAL INCOME

	2021	2020
Interest income	5	5
Positive exchange rate differences	685	552
Other	27	203
Total	717	760

12. FINANCING EXPENSES

	2021	2020
Interest cost on loans	1,727	2,355
Interest cost on leasing	273	324
Negative exchange rate differences	1,042	1,765
Bank charges	841	950
Revaluation of financial instruments	285	246
Other	201	252
Total	4,369	5,892

Financial costs decreased by 26% due to a decrease in interest charges by EUR 0.6 million as a result of a EUR 26.1 million decrease in our financial debt and a decrease in leverage (net debt compared to UEBITDA) which gave us a better interest rate. On the other hand, there were lower exchange losses on the Polish Zloty of EUR 1.1 million and higher exchange losses of 0.4 million on the British Pound.

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13. TAXES

TAXES BOOKED IN INCOME STATEMENT

	2021	2020
Tax on profits		
Financial year	3,608	2,990
Previous financial years	53	-45
Deferred tax liabilities		
Effect of temporary differences	2,503	-775
Total tax in the income statement	6,164	2,170

Taxes in the current financial year are still high (especially in the first half of 2021), when compared to the pre-tax result due to disallowed expenses (including the realized loss on the sale of the captive reinsurance company Ter Beke Luxembourg.

The Group has received a tax assessment of the Dutch tax authorities for EUR 0.9 million that is part of the audit of our transfer pricing model for which it has not made a provision. The Group has filed an objection in respect of this and requested a merger in the MAP and Arbitration procedure that the Group filed with the Dutch and Belgian tax authorities (cf. management assessments).

RELATIONSHIP BETWEEN TAX BURDEN AND THE ACCOUNTING PROFIT

	2021	2020
Accounting profit before tax	13,497	-293
Tax at Belgian tax rate (2021: 25% and 2020: 25%)	3,374	-73
Effect of the different tax rates of the foreign companies	872	1,290
Effect of not recognising DTA during the financial year	1,161	991
Effect timing differences	-435	-290
Effect sale of Captive	994	
Effect of the expenses not deductible for tax purposes	-4	592
Other effects: minimum tax	202	-340
Actual tax burden	6,164	2,170
Effective tax percentage	45.7%	-740.5%

In 2021 we were confronted for the first time with the deduction limitation for 'definitively taxed income related to dividends received' and tax losses carried forward due to the increased profitability compared to previous years.

14. GOODWILL

	2021	2020
GOODWILL		
Start of the financial year	79,499	79,964
Acquisitions	0	0
Transfers and decommissioning	0	0
Translation differences	573	-465
End of the financial year	80,072	79,499
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	78,332	77,759

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 recognize or 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 2021, the goodwill amounted to EUR 33,714 thousand (2020: EUR 33,714 thousand) for Processed Meats. For Ready Meals this was EUR 44,618 thousand (2020: EUR 44,045 thousand). The increase 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 -1.4% and 9.3% for the processed meats division and between 1.4% and 14.4% 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 1.4 % 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 7.6% (2020: 7.73%). 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.
- 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 27%.

In both Divisions, the realizable value exceeds the book value significantly. The impairment analysis therefore does not result in any impairment in any segment.

Even with a more conservative estimate of the parameters, the recoverable amount exceeds the book value, so that no impairment is applicable in these scenarios either. The following sensitivity analyzes were performed:

- Increasing the WACC by 200 basis points and decreasing long-term growth by 100 basis points;
- Increasing the WACC by 200 basis points and decreasing EBITDA residual values by 200 basis points;

15. INTANGIBLE NON-CURRENT ASSETS

	Software	Brands, licences and patents	Customer relations-hips	R&D	Total	Software	Brands, licences and patents	Customer relations-hips	R&D	Total
	2021					2020				
ACQUISITION VALUE										
Start of the financial year	24,679	2,165	23,868	156	50,868	24,193	2,222	24,478	156	51,049
Group consolidation extension					0					0
Acquisitions	883			37	920	703				703
Transfers and decommissioning	-7				-7	-175				-175
Transfer from / to other entries					0					0
Translation differences	0	71	752		823	-42	-57	-610		-709
End of the financial year	**25,555**	**2,236**	**24,620**	**193**	**52,604**	**24,679**	**2,165**	**23,868**	**156**	**50,868**
DEPRECIATION										
Start of the financial year	21,305	1,735	5,448	156	28,644	19,437	1,495	3,845	156	24,933
Group consolidation extension					0					0
Depreciation*	1,314	188	1,740	1	3,243	2,077	269	1,712		4,058
Transfers and decommissioning	-2				-2	-168				-168
Transfer from / to other entries					0					0
Translation differences	4	52	199		255	-41	-29	-109		-179
End of the financial year	**22,621**	**1,975**	**7,387**	**157**	**32,140**	**21,305**	**1,735**	**5,448**	**156**	**28,644**
Net book value	**2,934**	**261**	**17,233**	**36**	**20,464**	**3,374**	**430**	**18,420**	**0**	**22,224**

The Group invested EUR 0.9 million in intangible assets in 2021. In 2020, this was EUR 0.7 million. The investment is mainly related to the further roll-out of the ERP system in Poland.

16. TANGIBLE NON-CURRENT ASSETS

2021

	Land and buildings	Installations, machines, and equipment	Furniture and rolling equipment	Leasing	Other	Assets under construction	Total
ACQUISITION VALUE							
Start of the financial year	131,777	352,287	5,030	17,403	115	335	506,947
Group consolidation extension							0
Acquisitions	2,965	12,958	601	1,235		84	17,843
Transfers and decommissioning	-9,233	-11,084	-179	-1,585			-22,081
Transfer from / to other entries		210	48			-258	
Translation differences	608	1,149	56	2		2	1,817
End of the financial year	**126,117**	**355,520**	**5,556**	**17,055**	**115**	**163**	**504,526**
DEPRECIATION							
Start of the financial year	83,133	272,229	4,036	7,470	96	0	366,964
Group consolidation extension							0
Depreciation *	3,703	18,069	381	3,009	7	44	25,213
Transfers and decommissioning	-3,913	-10,799	-179	-1,411			-16,302
Translation differences	184	691	45				920
End of the financial year	**83,107**	**280,190**	**4,283**	**9,068**	**103**	**44**	**376,795**
IMPAIRMENT							
Start of the financial year	1,150	0	0	0	0	0	1,150
Group consolidation extension							0
Addition*	289						289
Reduction*	-839						-839
Transfers and decommissioning							0
End of the financial year	**600**	**0**	**0**	**0**	**0**	**0**	**600**
NET CAPITAL GRANTS							
Start of the financial year	229	2,133	8	0	0	0	2,370
Group consolidation extension							0
New allocations		60					60
Other							0
Depreciation *	-28	-249					-277
End of the financial year	**201**	**1.944**	**8**	**0**	**0**	**0**	**2.153**
Net book value as per 31 December 2021	**42,209**	**73,386**	**1,265**	**7,987**	**12**	**119**	**124,978**

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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**

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 2021, the group invested EUR 18.7 million, of which EUR 17.8 million in tangible fixed assets and EUR 0.9 million in intangible assets. The investments mainly consist of efficiency investments, infrastructure adjustments and sustainability projects in the various sites of the group. Two unused production buildings located in Aalsmeer (Netherlands) and Deeside (United Kingdom) were sold in 2021 at a value that did not deviate much from the net book value. In 2021 EUR 11 million was invested in the Processed Meats Division. This mainly concerns replacement investments with regard to quality and safety. In the Ready Meals Division, only 6.7 million was invested in 2021. In 2020, the division had invested heavily in the Polish factory in Opole - our base for Central and Eastern Europe - in doubling the production capacity. In the Eastern European 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 to be able to offer an even more sustainable product together with strategic customers.

17. DEFERRED TAX ASSETS AND LIABILITIES

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

	2021	2020
Tangible non-current assets	5,631	6,404
Receivables	0	-18
Provisions	-146	-84
Debts	1,040	831
Transferred losses	0	-2,497
Deferred tax liabilities	**6,525**	**4,636**

	2021	2020
Tangible non-current assets	2,011	2,069
Receivables		0
Provisions	611	156
Debts	132	84
Tax losses carried forward	5,098	6,278
Deferred tax assets	**7,852**	**8,587**

In 2021, the Group did not recognise EUR 9.987 thousand in deferred tax assets on carry forward losses (2020: EUR 10.721 thousand) because the Group is insufficiently certain that these will be utilized in the near future. These carryforward 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 and 2021, this was adjusted because Pasta Food Company has ended the financial year with a profit. The non-recognized deferred tax asset still amounts to EUR 3.3 million at the end of 2021 because we are not sure that we will be able to realize it. This benefit is time limited to 2026.

18. INVENTORIES

	2021	2020
Raw and auxiliary items	22,417	21,572
Work in process	5,794	5,607
Finished products	10,120	7,255
Goods for resale	265	3,431
Total	**38,596**	**37,865**

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

19. TRADE AND OTHER RECEIVABLES

	2021	2020
Trade receivables	86,784	87,513
VAT to be reclaimed	2,762	2,076
Taxes to be reclaimed	1,004	1,058
Adjustment accounts	3,698	2,334
Empties	5,466	5,988
Other	250	515
Total	**99,964**	**99,484**

Our trade receivables are not interest-bearing

The average number of days of customer credit for the Group is 45 days (2020: 44 days). In 2021, write-downs on trade receivables to the value of EUR 113 thousand were recognized as a cost in the income statement (EUR 49 thousand in 2020). The percentage of trade receivables owed older than 60 days amounted to 0.2% in 2021 and to 1.3% in 2020 (see also Note 26).

20. CASH AND CASH EQUIVALENTS

	2021	2020
Cash investments	450	8,662
Current accounts	11,076	10,471
Cash	18	10
Total	**11,544**	**19,143**

Cash is held at reputable banks. Given the sale of the captive reinsurance company, the obligation to maintain a certain liquidity in this subsidiary also dropped away. This positively influenced 'surplus-cash', which the Group aims to limit in view of an efficient treasury policy. The sale of the captive reinsurance company Ter Beke Luxembourg thus triggered a decrease in cash investments.

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21. SHAREHOLDERS' EQUITY

DIVIDENDS

Ter Beke's General Meeting of 27 May 2021 decided to approve the Board's proposal to distribute a gross dividend of 4 euros per share. In total, 56.39% of the shareholders opted for the issuance of new shares (share capital increase) in exchange for the dividend cash.

This increased the equity of Ter Beke by EUR 2,790,569.60 (share capital and premium) via the creation of 26,936 new shares. The total number of shares after the capital increase therefore equates to 1,794,217 from July 1, 2021. Due to the increase in share capital, the denominator in the calculation of profit per share increases for the entire accounting year. The remaining cash dividends were paid on July 5th, 2021. Including the payment of withholding taxes, this equates to a total cash out of EUR 4,278,554.40. The share capital increase triggered a decrease in the indebtedness of approximately 0.7% compared to a 100% cash dividend payment.

Because of the scrip dividend, a cash out is avoided (for the equivalent of the dividend rights that are used to subscribe to the share capital increase of Ter Beke). For the dividend proposal related to 2021, we refer to page 64.

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 2021, the total net debt for pension schemes and similar liabilities was EUR 3,878 thousand for the Group's Belgian and French companies.

On 31 December 2020, this was EUR 3,897 thousand.

	obligations under IAS 19 Defined benefit plan	Other provisions	Total provisions
1 January 2020	3,451	1,137	4,588
Group consolidation extension			
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
Group consolidation extension			0
Service costs	1,414		1,414
Interest costs and income	9		9
Actuarial effect by OCI	-165		-165
Payments			0
Allocations and redemptions		-241	-241
Other	-1,036		-1,036
31 December 2021	3,027	851	3,878

EMPLOYEE BENEFITS AND PROVISIONS FOR PENSION AND SIMILAR OBLIGATIONS

	2021	2020
Defined benefit pension schemes		
Net liability / (asset)	3,011	2,805
Of which liabilities	24,156	23,280
Of which investments in investment funds	-21,145	-20,475
Amounts recognised in the income statement:		
Pension costs allocated to the year of employment	1,414	1,125
Interest cost	9	10
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	1,447	1,159
Amounts allocated to the shareholders' equity via the comprehensive result (OCI)	-339	-174
Recognised actuarial (profits)/losses	-165	-656
Cumulative of via OCI recognised actuarial results at the beginning of the period	-174	482
Present value of the gross liability at the beginning of the year	23,280	23,841
Impact of PUC method on the Belgian fixed contribution plans		
Employer's contributions		
Interest cost	115	91
Pension costs allocated to the year of employment	1,091	982
DBO(profit) loss for the period	143	-1,037
Other	-465	-597
Present value of the gross liability at the end of the year	24,164	23,280
Fair value of the investments in investment funds at the beginning of the year	-20,474	-20,390
Expected employer's contributions	-1,131	-1,172
Expected employee's contributions	-38	-39
Expected benefits paid (excl. interest)	1,429	731
Expected return on investments in investment funds		
Expected taxes on contributions paid	122	124
Expected administrative expenses	24	25
Expected value of the investments in investment funds at the end of the year	-20,068	-20,721
Fair value of the investments in investment funds to the beginning of the year	-20,474	-20,390
Impact of PUC method on the Belgian fixed contribution plans		
Actual employer's contributions	-1,072	-1,115
Actual employees contributions	-36	-35
Actual benefits paid	705	657
Interest revenue	-106	-81
Actual taxes on contributions paid	119	119
Actual administrative expenses	23	23
Actuarial profit (losses) on the investments in investment funds	-366	348
Fair value of the investments in investment funds at the end of the year	-21,207	-20,474
Amount not recognised as investment in investment funds in accordance with the limit in §58(b)	62	-1
Fair value of the investments in investment funds at the end of the year	-21,145	-20,475

The primary actuarial assumptions are:

	2021		2020	
	Belgium	France	Belgium	France
Discount rate	0.16%	0.65%	0.08%	0.64%
Future salary increases including inflation	2.10%	2.10%	2.10%	2.10%
Inflation	1.70%	1.70%	1.70%	1.70%

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 2021, this net liability amounts to EUR 93 thousand (2020: EUR 94 thousand).

The periodic contributions constitute a cost for the year in which related rights are acquired. In 2021, this cost amounted to EUR 2,892 thousand (2020: EUR 2,706 thousand).

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

OTHER PROVISIONS

- Other provisions in 2021 and 2020 consisted mainly of severance payments and a provision in favor 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 and COO. During 2021, an additional cash allowance was granted to the former CEO at the end of his agreement.

23. INTEREST-BEARING LIABILITIES

2021

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Interest-bearing liabilities				
Credit institutions	2,725	74,156	0	76,881
Lease liabilities	2,854	5,572		8,426
Total	5,579	79,728	0	85,307

2021

	Maturity period			
	Within the year	Between 1 and 5 years	After 5 years	Total
Other liabilities	0	4,387		4,387

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

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).

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The loans from credit institutions in 2021 include:

- Long-term term loans with a fixed interest rate amounting to EUR 1,357 thousand
- Long-term loans amounting to EUR 74,156 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 1,368 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).

At the end of 2021, the Group has lease payables of EUR 8,426 thousand compared to EUR 10,454 thousand in 2020. Since 2019, the group purchases its factory fork lift trucks etc. rather than leasing them.

	2021	2020
Loans with fixed interest rate	1.26%	1.50%
Loans with variable interest rate	0.65%	1.95%

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

	2021	2020
Less than 1 year	1,808	7,817
More than 1 year and less than 5 years	74,631	103,669
More than 5 years	0	0

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 was 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 31/12/2021 this liquidity headroom amounted to EUR 138 million. The interest rates under the RCF were also adjusted.

The Group complied with its covenants in both 2021 and 2020.

	31/12/20	Cash Flow	non-cash adjustments				31/12/21
			Acquisitions	opening balance IFRS 16	Exchange rate adjustment	Fair value adjustments	
Long term interest-bearing liabilities							
Credit institutions	99,803	-25,739			92		74,156
Lease liabilities	7,070	-1,502			4		5,572
Short term Interest-bearing liabilities							
Credit institutions	8,529	-6,065			261		2,725
Lease liabilities	3,384	-540			10		2,854
Other long term interest-bearing liabilities	3,861				276	250	4,387
Other short term interest-bearing liabilities	266		-278		12		0
Total	122,913	-33,846	-278	0	655	250	89,694

	31/12/19	Cash Flow	non-cash adjustments				31/12/20
			Acquisitions	opening balance IFRS 16	Exchange rate adjustment	Exchange rate adjustment	
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 short term interest-bearing liabilities		268			-2		266
Total	149,660	-7,151	0	12,333	520	0	155,362

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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 4,387 thousand as at 31 December 2021 compared to EUR 3,861 thousand in 2020. This amounts to the liability for the purchase of the 9% remaining shares in KK Fine Foods Limited that are not owned by the Group). On January 5th 2021, the Group purchased 1% of these shares for a value of EUR 266 thousand. 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 their 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

	2021	2020
Trade liabilities	132,341	126,001
Dividends	87	88
Other	5,704	7,108
Total	138,132	133,197
Of which empties	4,354	3,943

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

The other liabilities include 4,2 million related to contracts for the use of crates. (Returnable trays for a more sustainable supply chain.)

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 73 million (on December 31st 2021). On 28 June 2018, the Group had drawn EUR 120 million on the RCF. On 31 December 2021, the Group had drawn EUR 73 million (of which 2.5 million denominated in GBP) 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 2021, the group had a net position in British pounds of GBP 4,353 thousand. At 31 December 2020, the figure was GBP 4,702 thousand. To hedge against exchange rate risk, we had forward contracts for sale of GBP 1,000 thousand against EUR at 31 December 2021. At 31 December 2020, this was GBP 3,500 thousand against EUR. In Poland, we had a net position in Polish Zloty of PLN 2,747 thousand on 31 December 2021. On 31 December 2020, this was a net debt position of PLN 3,197 thousand.

Contract date	Maturity date	Contract type	Initial notional
6/10/2021	1/04/2022	Flexiterm	£500,000.00
6/10/2021	1/04/2022	Accumulateur protégé	£500,500.00

CREDIT RISK

Credit risk is the risk that one of the contracting parties fails to honor 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 69% of the turnover (2020: 67%). In 2021 three external clients achieved the cap threshold of 10% (respectively 13%, 12% and 11%) compared to two external clients at each 12% in 2020. 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.

	2021	2020
Total outstanding client receivables	86,784	87,513
Overdue < 30 days	4,662	3,993
Overdue between 30 and 60 days	1,105	797
Overdue > 60 days	178	1,099

Consolidated balance sheet	Note	2021		2020	
as at 31 December 2019 and 2018		Book value	Fair value	Book value	Fair value
Current assets					
Trade and other receivables	19	99,964	99,964	99,484	99,484
Cash and cash equivalents	20	11,544	11,544	19,143	19,143
Long-term liabilities					
Long-term interest-bearing liabilities	23	79,728	79,728	106,873	106,873
Other long-term liabilities	24	4,387	4,387	3,861	3,861
Current liabilities					
Current interest-bearing liabilities	23	5,579	5,579	12,179	12,179
Trade liabilities and other payables	25	138,132	138,132	133,197	133,197

Assets and liabilities measured at fair value: hierarchy				
as at 31 December 2021				
	2021	Level 1	Level 2	Level 3
	Fair value			
Trade and other receivables	68	68		
Other long-term liabilities	4,387			4,387
Other short-term liabilities	282	282		

Assets and liabilities measured at fair value: hierarchy				
as at 31 December 2020				
	2020	Level 1	Level 2	Level 3
	Fair value			
Trade and other receivables	165	165		
Other long-term liabilities	3.861			3.861
Other short-term liabilities	688	422		266

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 honor 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.

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 was 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 31/12/2021 this liquidity headroom amounted to EUR 138 million. The interest rates under the RCF were also adjusted.

As at December 31st 2021, a total amount of EUR 73 million was drawn of which 2.5 million in GBP at a variable interest rate. The covenants are tested at 30/6 and 31/12 each year. In 2021 and 2020, the group complied with 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 2021, total purchase commitments for important investment projects (mainly a large number of smaller projects) amounted to EUR 16,397 thousand (2020: EUR 3,070 thousand). For these, we already awarded contracts or placed orders. As at 31 December 2021, the Group also had outstanding purchase obligations with meat suppliers for EUR 3,600 thousand (2020: 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 2021 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	2021	2020
Remuneration to Board of Directors Ter Beke NV for the execution of their mandate	0.29	0.27

in EUR million	2021	2020
Short-term employee benefits	2.21	1.83
Post-employment benefits		
Other long-term employee benefits		
Termination benefit	0.78	0
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 2021, 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 result to be allocated to ordinary shareholders of EUR 7,346 thousand (2020: EUR -2,386 thousand)
- a weighted average number of ordinary shares outstanding during the year of 1,780,860 (2020: 1,749,951)

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

	2021	2020
Number of outstanding ordinary shares on 1 January financial year	1,767,281	1,732,621
Effect of ordinary shares issued		
Weighted average number of outstanding ordinary shares on 31 December financial year	1,780,860	1,749,951
Group share in net profit of financial year	7,346	-2,386
Average number of shares	1,780,860	1,749,951
Earnings per share	**4.12**	**-1.36**

On 31 December 2021, the capital is represented by 1,794,217 shares. On July 1st 2021, the capital was increased by incorporating 39.5% (EUR 2,791 thousand) 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 2021 and 2020.

	2021	2020
Net group result	7,346	-2,386
Average number of shares	1,780,860	1,749,951
Dilution effect warrant plans	0	0
Adjusted number of shares	1,780,860	1,749,951
Diluted earnings per share	**4,12**	**-1,36**

31. IMPACT OF BUSINESS COMBINATIONS

On October 7th, 2021, an agreement was reached with Sigma for the acquisition of its Dutch (Stegeman) and Belgian (Imperial) activities. On 31/12/2021, we were still awaiting the approval by the relevant competition authorities.

In 2020, the Group did not make any acquisitions.

32. GROUP COMPANIES

In 2021, the Group sold its captive reinsurance company Ter Beke Luxembourg.

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 2021 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 - Belgium	100
Heku NV - Ondernemingenstraat 1, 8630 Veurne - Belgium	100
Ter Beke Immo NV - Beke 1, 9950 Lievegem - Belgium	100
FreshMeals Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
FreshMeals Ibérica SL - Vía de las Dos Castillas , 33 - Complejo Empresarial Ática, Edificio 6, Planta 3a - Officina B1, 28224 Pozuelo de Alarcón, Madrid - Spain	100
Les Nutons SA - Chaussée de Wavre 259 A, 4520 Wanze - Belgium	100
Come a Casa SA - Chaussée de Wavre 259 A , 4520 Wanze - Belgium	100
Ter Beke France SA - ZI Espace Zuckermann - BP56 - 14270 Mézidon-Canon - France	100
Berkhout Langeveld BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
Langeveld/Sleegers BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
TerBeke-Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
Pluma NV - Antoon Van der Pluymstraat 1, 2160 Wommelgem - Belgium	100
TerBeke-Pluma UK Ltd - Addlestone Road, Bourne Business Park, Addlestone, Surrey KT15 2LE – UK	100
Pluma Fleischwarenvertrieb GmbH - Krefelder Strasse 249 - 41066 Mönchengladbach - Germany	100
TerBeke-Pluma Nederland BV - Bijsterhuizen 24/04, 6604 LL Wijchen - The Netherlands	100
FreshMeals NV - Beke 1, 9950 Lievegem - Belgium	100
H.J. Berkhout Verssnijlijn BV - Scheepmakerstraat 5 , 2984 BE Ridderkerk – The Netherlands	100
Pasta Food Company Sp. z.o.o. - Ul. Północna 12 - 45-805 Opole - Poland	100
Stefano Toselli SAS - ZI Espace Zuckermann - BP56 - 14270 Mézidon-Canon – France	100
KK Fine Foods LTD - Estuary House 10th Avenue - Zone 3 Deeside Industrial Park – Deeside – Flintshire - CH5 2UA - United Kingdom	91
Offerman Borculo B.V. - Parallelweg 21, 7271 VB Borculo - The Netherlands	100
Offerman Aalsmeer B.V. - Turfstekerstraat 47, 1431 GD Aalsmeer - The Netherlands	100
FreshMeals Deutschland GmbH -Krefelder Strasse 249 - 41066 Mönchengladbach - Germany	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.

CONSOLIDATED FINANCIAL STATEMENTS

33. IMPORTANT EVENTS AFTER BALANCE SHEET DATE

We refer to the press release dated February 15, 2022 as issued by the Group and related to the impact of the cost inflation on the results of the Group. Since the February 15 publication, prices continued to increase and also pork prices saw a steep increase. Some materials also increased further because of the war in Ukraine.

34. STATUTORY AUDITOR'S FEES

In 2021, the Statutory Auditor invoiced the Ter Beke Group a fee of EUR 318 thousand with regard to the statutory audit and EUR 5 thousand for non-audit services. The companies with whom the Statutory Auditor has a working relationship invoiced no fees.

Abbreviated financial statements of Ter Beke NV

1. BALANCE SHEET

		2021	2020
Non-current assets		188,826	231,232
I.	Formation Expenses	0	0
II.	Intangible non-current assets	0	22
III.	Tangible non-current assets	2,612	2,993
IV.	Financial non-current assets	186,214	228,217
Current assets		94,789	99,078
V.	Amounts receivable after 1 year		
VI.	Inventories		
VII.	Amounts receivable within one year	90,264	92,753
VIII.	Cash investments	0	0
IX.	Cash and cash equivalents	3,168	5,563
X.	Accrued income and deferred charges	1,357	762
TOTAL ASSETS		283,615	330,310

Shareholders' equity		101,656	97,768
I.	Capital	5,077	5,001
II.	Share premiums	54,495	51,781
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	38,724	37,626
Provisions and deferred taxes		0	293
	Provisions for risks and costs	*0*	*293*
	Deferred taxes		*0*
Debts		181,959	232,249
X.	Debts payable after 1 year	72,975	98,372
XI.	Debts payable within 1 year	108,977	133,833
XII.	Accrued charges and deferred income	7	44
TOTAL LIABILITIES		283,615	330,310

2. INCOME STATEMENT

	2021	2020
Operating income		
Turnover	20,300	19,502
Change in inventory		
Produced non-current assets		
Other operating income	20,300	19,502
Operating costs	16,838	20,475
Trade goods, raw and auxiliary items		
Services and miscellaneous goods	10,431	12,531
Remuneration, social security costs and pensions	5,173	5,522
Depreciation and write-downs on intangible and tangible non-current assets	1,269	2,091
Write-downs on inventory and trade receivables	0	0
Provisions for risks and costs	-293	293
Other operating costs	258	38
Operating result	3,462	-973
Financial income	7,742	40,600
Financial charges	-2,592	-3,070
Result from ordinary business operations before tax	8,612	36,557
Profit before tax	8,612	36,557
Tax on profits	-337	-15
Result for the financial year after tax	8,275	36,542

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 2017-2021

	2021	2020	2019	2018	2017
Consolidated income statement					
Revenue (net revenue)	696,906	717,422	728,132	680,460	508,555
EBITDA	45,939	37,140	37,243	44,036	38,409
Result of operating activities (EBIT)	17,149	4,839	6,205	16,218	22,018
Result after taxes before share in the result of enterprises is accounted for using the equity method	7,333	-2,463	4,415	7,241	16,568
Earnings after taxes (EAT)	7,333	-2,463	4,415	7,241	17,139
Net cash flow	36,123	29,838	35,453	35,059	32,959
Consolidated balance sheet and financial structure					
Non-current assets	231,701	245,108	252,148	243,591	242,573
Current assets	150,104	156,492	186,874	181,387	157,163
Equity	121,445	116,578	124,176	125,028	125,308
Total of balance sheet	381,805	401,600	439,022	424,978	399,736
Net financial debts	73,763	99,909	124,434	122,679	126,925
Net financial debts / Equity	60.7%	85.7%	100.2%	98.1%	101.3%
Equity/Total of balance sheet	31.8%	29.0%	28.3%	29.4%	31.3%
Stock and dividend information					
Number of shares	1,794,217	1,767,281	1,732,621	1,732,621	1,732,621
Average number of shares	1,780,860	1,749,951	1,732,621	1,732,621	1,732,621
Average stock price (December)	118.24	112.59	104.45	120.60	175.73
Basic profit per share	4.09	-1.35	2.44	4.15	9.87
Diluted profit per share	4.09	-1.35	2.44	4.15	9.87
EBITDA per share	25.80	21.22	21.50	25.42	22.17
Net cash flow per share	20.28	17.01	20.57	20.27	19.04
Dividend per share	4.00	4.00	4.00	4.00	4.00
Payout ratio	97.70%	-296.28%	164.04%	96.50%	40.51%
Dividend return (December)	3.40%	3.60%	3.80%	3.30%	2.30%
Valuation					
Market capitalisation (December)	212,148	198,978	180,972	208,867	304,473
Net financial debt	73,763	99,909	124,434	122,679	126,925
Market value of the company	285,911	298,887	305,406	331,546	431,398
Market value / Result	39.0	-121.4	69.2	46.0	26.000
Market value / EBITDA	6.2	8.0	8.2	7.5	11.2
Market value / Net cash flow	7.9	10.0	8.6	9.5	13.1

Declaration by the responsible persons

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

- The financial statements for the financial year 2021 and 2020, 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 consolidation. The annual report also gives a fair description of the principal risks and uncertainties they face.

Yves Regniers*
Chief Financial Officer

Piet Sanders°
Managing Director

*Permanent representative of BV Esroh

° Permanent representative of BV Leading For Growth

Report from the Statutory Auditor on the consolidated annual accounts

STATUTORY AUDITOR'S REPORT TO THE GENERAL MEETING OF TER BEKE NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2021

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 provide you with our statutory auditor's report. This includes our report on the consolidated financial statements for the year ended 31 December 2021, as well as other legal and regulatory requirements. Our report is one and indivisible.

We were appointed as statutory auditor by the general meeting of 27 May 2021, in accordance with the proposal of the board of directors issued on the recommendation of the audit committee and as presented by the workers' council. Our mandate will expire on the date of the general meeting deliberating on the annual accounts for the year ended 31 December 2023. This is the first year that we have performed the statutory audit of the consolidated financial statements of the Group.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

UNQUALIFIED OPINION

We have audited the consolidated financial statements of the Group as of and for the year ended 31 December 2021, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated balance sheet as at 31 December 2021, the consolidated income statement and the consolidated overview of the comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated balance sheet amounts to 381.805 (000) EUR and the consolidated income statement shows a profit for the year of 7.333 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and financial position as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

BASIS FOR OUR UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") as adopted in Belgium. In addition, we have applied the ISAs as issued by the IAASB and applicable for the current accounting year while these have not been adopted in Belgium yet. Our responsibilities under those standards are further described in the "Statutory auditors' responsibility for the audit of the consolidated financial statements" section of our report. We have complied with the ethical requirements that are relevant to our audit of the consolidated financial statements in Belgium, including the independence requirements.

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 we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, 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.

Impairment of goodwill

We refer to Note 14 'Goodwill' of the consolidated financial statements.

Description

As described in Note 14 – 'Goodwill' of the consolidated financial statements, the Company has recorded a goodwill for an amount of 78.332 (000) EUR as per 31 December 2021. Goodwill is assessed for impairment on an annual basis in accordance with IAS 36 "Impairment of Assets". Management prepares an analysis in which the recoverable amount is assessed by discounting future cashflow projections at the level of the cash generating units. This recoverable amount is compared to the carrying amount at balance sheet date in order to determine if goodwill is impaired as well as the level of impairment charge to be recognized, if any.

Due to its significance to the balance sheet total and the significant degree of judgement required by management in developing the estimate, which mainly relates to the inputs used in forecasting as well as discounting the future cash flows in order to determine the recoverable amount, we determined impairment of goodwill as a key audit matter.

Our audit procedures

We have performed the following audit procedures

- We assessed the process of cash flow forecasting by management, including testing the underlying calculations and reconciling them to financial targets and plans approved by the board of directors;
- We analysed management's ability to forecast cash flows accurately and challenged the reasonableness of current forecasts by comparing the key assumptions to historical results;
- We evaluated the Group's valuation methodology and its determination of discount rates and terminal growth rates by involving valuation specialists in our audit team;
- We challenged the appropriateness of the sensitivity analysis around the key assumptions used in determining and discounting cash flow expectations, in particular discount rates and growth rates; and
- We evaluated the completeness and appropriateness of the Group's disclosures in respect of impairment, as included in note 14 to the consolidated financial statements.

OTHER MATTER

The consolidated financial statements of the Group as of and for the year ended 31 December 2020 have been audited by another statutory auditor who issued an unqualified opinion.

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

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as 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 related to 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 realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 ISAs 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 the users taken on the basis of these consolidated financial statements.

When performing our audit we comply with the legal, regulatory and professional requirements applicable to audits of the consolidated financial statements in Belgium. The scope of the statutory audit of the consolidated financial statements does not extend to providing assurance on the future viability of the Group nor on the efficiency or effectivity of how the board of directors has conducted or will conduct the business of the Group. Our responsibilities regarding the going concern basis of accounting applied by the board of directors are described below.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also perform the following procedures:

- 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 error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal controls 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 board of directors;
- Conclude on the appropriateness of board of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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, including the disclosures, 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 or 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, among 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes 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 board of directors' annual report on the consolidated financial statements.

STATUTORY AUDITOR'S RESPONSIBILITIES

In the context of our engagement and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, the board of directors' annual report on the consolidated financial statements, and to report on these matters.

ASPECTS CONCERNING THE BOARD OF DIRECTORS' ANNUAL REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Based on specific work performed on the board of directors' annual report on the consolidated financial statements, we are of the opinion that this report is consistent with the consolidated financial statements for the same period and has been prepared in accordance with article 3:32 of the Companies' and Associations' Code.

In the context of our audit of the consolidated financial statements, we are also responsible for considering, in particular based on the knowledge gained throughout the audit, whether the board of directors' annual report on the consolidated financial statements contains material misstatements, that is information incorrectly stated or misleading. In the context of the procedures carried out, we did not identify any material misstatements that we have to report to you.

The non-financial information required by article 3:32 §2 of the Companies' and Associations' Code has been included in the board of directors' annual report on the consolidated financial statements. The Company has prepared this non-financial information based on UN Sustainable Development Goals. In accordance with art 3:80 §1, 1st paragraph, 5° of the Companies' and Associations' Code, we do not comment on whether this non-financial information has been prepared in accordance with the mentioned UN Sustainable Development Goals.

CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ABOUT THE INDEPENDENCE

- Our audit firm and our network have not performed any engagement which is incompatible with the statutory audit of the consolidated accounts and our audit firm remained independent of the Group during the term of our mandate.
- The fees for the additional engagements which are compatible with the statutory audit referred to in article 3:65 of the Companies' and Associations' Code were correctly stated and disclosed in the notes to the consolidated financial statements.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF

In accordance with the draft standard on the audit of compliance of the Financial Statements with the European Single Electronic Format (hereafter "ESEF"), we have audited as well whether the ESEF-format is in accordance with the regulatory technical standards as laid down in the EU Delegated Regulation nr. 2019/815 of 17 December 2018 (hereafter "Delegated Regulation").

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

It is our responsibility to obtain sufficient and appropriate information to conclude whether the format and the tagging of the digital consolidated financial statements comply, in all material respects, with the ESEF requirements under the Delegated Regulation.

In our opinion, based on our work performed, the format of and the tagging of information in the English version of the digital consolidated financial statements as per 31 December 2021, included in the annual financial report of Ter Beke NV are, in all material respects, prepared in compliance with the ESEF requirements under the Delegated Regulation.

OTHER ASPECT

- This report is consistent with our additional report to the audit committee on the basis of Article 11 of Regulation (EU) No 537/2014.

Zaventem, 21 April 2022

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises
Statutory Auditor
represented by

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Bedrijfsrevisor / Réviseur d'Entreprises

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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**