

# GREENYARD

Annual Report 2019/2020



*for a healthier future*

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# Annual Report 2019/2020

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# MESSAGE FROM THE CO-CEOs

Dear customers, business partners, employees and shareholders,

Looking back, the fiscal year 2019/2020 was a challenging period for Greenyard. It began right after the announcement of our Transformation Plan and was marked by much hard work and many tough decisions that were required to bring about much needed change for our company. But the biggest surprise didn't come until the very end of the year, with the impact of the lockdown in the final weeks of March.

Despite the challenges, it was also a very successful year for Greenyard in many ways. We managed to continue our company's financial recovery and regain stakeholders' trust, using our Transformation Plan as a guide.

First, we deepened our commercial relationships with several key customers. We took important steps to develop our co-operation into long-term, integrated relationships. We have been working hard with all of our customers – whether they are active in retail, food service or industry – to strengthen co-operation, with a clear focus on product innovation, co-creation and added-value services.

Operational excellence is another cornerstone of our Transformation Plan. We managed to gain important savings through rigorous cost discipline and through improved co-operation between countries and divisions. We realised significant efficiencies by working smarter and through synergies in logistics and transport, group sourcing of fruit and vegetables and leveraging our purchasing power by bundling volumes. It is important to stress that these initiatives are not one-offs, but ongoing efforts to rationalise our cost structure. Many of the projects are already starting to bear fruit today, but some will take more than a single fiscal year to reveal their benefits.

Finally, divesting non-core businesses and assets as we rationalised our footprint allowed us to free up financial and non-financial resources to focus on core activities. Based on a strategic review of our activities, several parallel operations were initiated last year. Examples include our Freiburg distribution centre, the Hungarian Greenyard Frozen factory, Greenyard Flowers UK and our Portuguese logistics company. By the end of the fiscal year 2019-2020, we had realised divestments amounting to a total of €20.7 million. We will continue our efforts in this area, in line with our strategy, changes in our markets and the new economic realities following the COVID-19 crisis.

All these efforts resulted in a strong turn-around of our financial situation. Sales have improved for both the Fresh and Long Fresh segments while overall costs have significantly decreased. This has led to an increase in EBITDA of almost 50 %, exceeding our own expectations and those of the markets. The improvements in profitability and working capital, along with a reinvigorated cash focus, allowed us to further reduce our net financial debt.

It is important to stress, however, that we are not there yet. In the next few years, we will continue our revitalisation efforts and sustain the discipline to diligently carry out what we set out to do. We need to ensure that continuous improvement and a relentless customer focus become central values and a permanent mindset for everyone in our organisation.

Our financial recovery does put us in a sound position to pursue our path to profitable growth and realise our unique mission, which has become more relevant than ever in today's society. By making fruit and vegetables easily available and affordable for everyone, we directly contribute to health and well-being. Our ultimate ambition is to become a game-changer in our industry and a driving force for the larger societal change towards a more sustainable food chain and a healthier future for everybody.

The social relevance of our business was once again in evidence when the world was confronted by the COVID-19 crisis in the final weeks of the fiscal year. With millions of people in lockdown, consumer demand made a sudden shift from out-of-home consumption to the aisles of supermarkets, putting a severe strain on the existing logistics. Along with our customers and growers, we have risen to the challenge and played a vital role in securing healthy food supplies in times of great need.



What has been particularly encouraging to see is that we have shown the resilience and agility to adapt to new and unprecedented situations. In these turbulent times, we may not know what the future holds but we are more confident than ever that we will be able to handle any challenges that lie ahead.

Stay safe and stay healthy!

Hein Deprez and Marc Zwaaneveld  
Co-CEOs Greenyard

“Our Transformation Plan has enabled us to regain our position in the market and win the trust of customers, growers and suppliers.”



# HIGHLIGHTS

## 2019

### March

Greenyard starts to implement its **Transformation Plan** with full support from all stakeholders.

### April

**Tesco** and Greenyard Frozen UK enter into a strategic partnership for Tesco's full range of frozen fruits, vegetables and herbs.

Greenyard to supply **Carrefour Belgium** with fresh fruit and vegetables year-round.

### September

Breakthrough in the German fresh produce market: **REWE Group** and Greenyard resolve to extend their current relationship to form a long-term partnership.

### May

Bakker Belgium signs a strategic agreement to become **Delhaize Belgium's** dedicated service provider for fresh fruit and vegetables.



Greenyard expands its joint venture with **Bardsley England** and strengthens its position in the UK market.



# 2020

## October

**Greenyard Flowers UK** acquired by Yellow Holdings Ltd.

## November

Based on encouraging half year results, Greenyard opts for a stand-alone **recovery scenario**.

## January



Inauguration of a new state-of-the-art **warehouse in Boom**, Belgium to supply Belgian Delhaize stores.

## March



In close cooperation with retailers, Greenyard plays a major role in securing food supplies during the **COVID-19** crisis.

## February

Greenyard announces a significant **increase in sales figures** for the third quarter of fiscal year 2019-2020.

# GREENYARD

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**GREENYARD**



*On the road for a healthier future.*

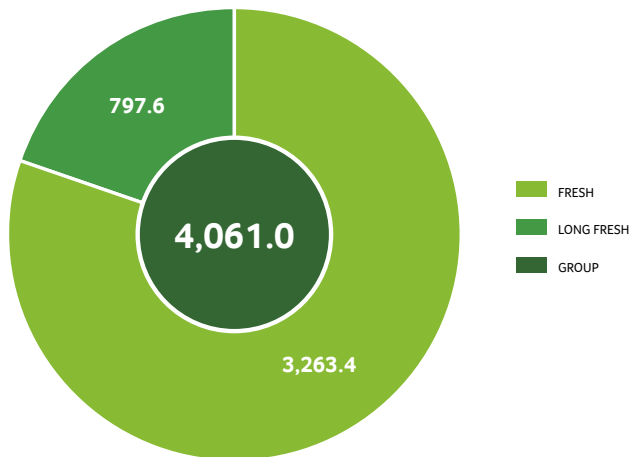
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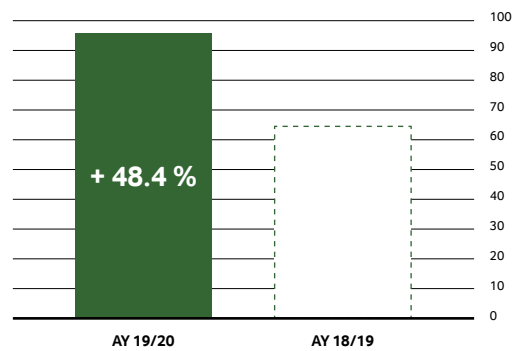
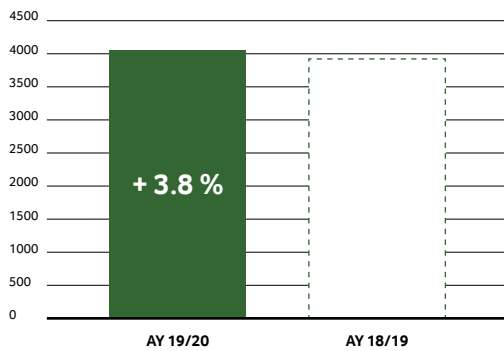
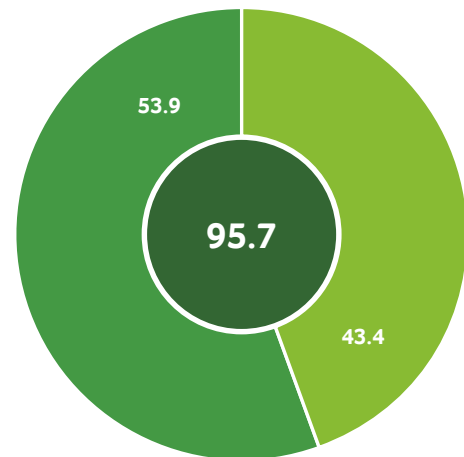
GREENYARD

# KEY FIGURES

Sales (€ 000 000)

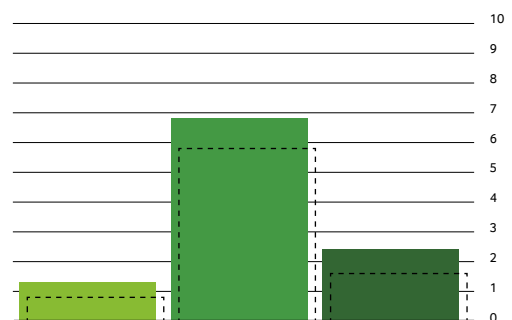


Adjusted EBITDA (€ 000 000)



Adjusted EBITDA-margin (%)

	AY 19/20	AY18/19
Fresh	1,3	0,8
Long Fresh	6,8	5,8
Group	2,4	1,6



# BUSINESS & STRATEGY

## Who we are

**A unique vision for a healthier future**

To make lives **healthier** by helping people **enjoy** fruit and vegetables at any moment, in an **easy, fast** and **pleasurable** way, whilst **fostering nature**.

“As the world’s population grows, so will the demand for food. The only way to fulfil this demand in a sustainable manner is to drive consumption of fruit and vegetables, as they have a smaller ecological footprint than most other food categories. This will enable us to produce high-quality food on limited surface areas, with a minimum of resources and generally closer to the consumer.”

Hein Deprez,  
co-CEO of Greenyard







“We are a company with a clear and unique purpose, which has become more relevant than ever in today’s society. To make fruit and vegetables easily available and affordable for everyone, we will continue to directly contribute to the health and well-being of people.”

Marc Zwaaneveld,  
co-CEO of Greenyard

## What we do

Many of the world's largest food retailers count on us every day for a steady and high-quality supply of fruit and vegetables to their stores. We build strong relationships with our customers, putting our expertise at their service to jointly develop a product offer that enhances their business.

### Fruit and vegetables in any shape or form

Greenyard offers fruit and vegetables in fresh, frozen and prepared forms, catering to the needs of any lifestyle, age group or consumption moment.

### FRESH

Our Fresh segment is a worldwide market leader in fresh fruit and vegetables, flowers and plants, and fresh logistics services.



**LONG FRESH**

Our Long Fresh segment comprises two divisions, Frozen and Prepared, processing freshly harvested fruit and vegetables into convenient products.



**PREPARED**

 <b>3</b>	facilities	 <b>320,000</b>	tons/year	production	 <b>ca. 1,000</b>	employees
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**FROZEN**

 <b>10</b>	facilities	 <b>450,000</b>	tons/year	production	 <b>ca. 2,000</b>	employees
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## Growing together

### Pursuing our unique mission in a rapidly changing world

As the world changes in so many ways, Greenyard continues to pursue its unique, innovative mission. By deepening our relationships with all major stakeholders in the value chain, we create a better and more sustainable model for growing, producing and consuming fruit and vegetables.

### Why retail is changing

The retail landscape is rapidly evolving, and competition is becoming fiercer. Consumers have taken control of their destiny: they choose what they want to buy, where they buy it, when they buy it, and how they buy it. The most forward-looking retailers have responded by shifting focus and putting consumers at the heart of their business: understanding and fulfilling their demands, anticipating new trends and enhancing their shopping experience. Most importantly for Greenyard, retailers are turning to partners that have the expertise, consumer insight and power of innovation to help them develop their more strategic product categories, such as fruit and vegetables.

### A breakthrough year for our commercial relationships

In 2019, we deepened our commercial relationship with some of our most important customers. In the course of the year, we signed agreements with four major European retailers, with the intention of becoming strategic partners. We not only make sure their shelves are filled with a wide variety of fruit and vegetables, but we also take care of crucial tasks within the supply chain, including sourcing, ripening, planning, promotions, logistics and packaging. Ultimately, such extended co-operations will lead to sustainable and profitable growth for all parties in the chain.

“By building long-term, integrated relationships with our major customers, we are laying strong foundations for the future growth and health of our company.”







### STATE-OF-THE-ART LOGISTICS

A new partnership agreement, concluded in early 2019, makes us the dedicated service provider of fresh fruit and vegetables for one of Belgium's major retailers. As part of the agreement, the Belgian supermarket giant is serviced from a new 23,000 m<sup>2</sup> warehouse in Boom, Belgium. The warehouse was inaugurated in January 2020 and is one of the most advanced of its kind with no less than 28 ripening cells. The partnership has also resulted in many new products appearing on store shelves, including our CO<sub>2</sub> neutral bananas.

### MAJOR GERMAN RETAILER EXPANDS COLLABORATION WITH GREENYARD

In September 2019, Greenyard signed an agreement with a large German customer, one of Europe's largest retail and travel groups. This long-time Greenyard customer is looking to expand the collaboration into a strategic partnership. The agreement marks an important breakthrough in one of our largest markets and entails optimisation and sharing of resources in the supply chain of certain product categories, improving efficiency and capacity utilisation. Additionally, Greenyard is providing a wide range of added-value services, including the ripening of fresh produce.

## Innovating for a healthier world

As consumers strive for a healthier lifestyle, the market for fruit and vegetables has enormous growth potential. But innovation will be key to unleashing this potential and help more people enjoy the many benefits of what nature has to offer.

“The European market for fruit and vegetables is expected to grow from €441 billion to €768 billion over the next ten years.”

### Consumers expect more

Although the market for healthy food is expanding, consumers have come to expect more from the food they buy. They look for products that are not only healthy, but which also fit their lifestyles. And that means they put a premium on convenience and timesaving. They love to be surprised on occasion and are eager to discover new tastes and varieties. They are also increasingly conscious of their food's origins and the impact of their choices on the environment and society.

### At the forefront

Greenyard uses its expertise and power of innovation to help retailers tap into promising markets and jointly develop fruit and vegetables sections that truly set them apart from those of their competitors. Innovation may take on many forms: from ground-breaking convenience concepts and smart packaging solutions to simply introducing new varieties or expanding locally sourced or organic ranges.





## CO-CREATION IS KEY

The Long Fresh divisions within Greenyard – Frozen and Prepared – have a long tradition of close cooperation with retailers and foodservice companies. The two divisions have dedicated Research and Development teams to translate consumer insights, eating habits and food trends into new concepts, products and recipes. Convenience, health and sustainability are the main drivers for innovation. Co-creation is the keyword, with cross-collaboration within multiple levels of our customers' organisations, from product and category management to the marketing and sustainability departments. Innovation highlights in the Prepared division include a full range of 100 % natural and biological soups and a completely new range of Tex-Mex toppings. In the Frozen category, there has been a remarkable rise in the popularity of vegan and vegetarian meals, side dishes and pulses.



## MEAL KITS – AN ENDURING SUCCESS

Greenyard's meal kits have been a success in the Dutch market ever since they were launched through a successful collaboration between Bakker Barendrecht and one of the Netherlands' major retailers. The concept is simple: the kits include most of the necessary ingredients to cook fresh, tasty and healthy meals, saving time shopping for groceries and in the actual preparation. The meal kits provide consumers with an easy answer to the daily dilemma: what's for dinner? Greenyard is steadily introducing the meal kits in other markets, each time finetuning the recipes to local tastes and habits.



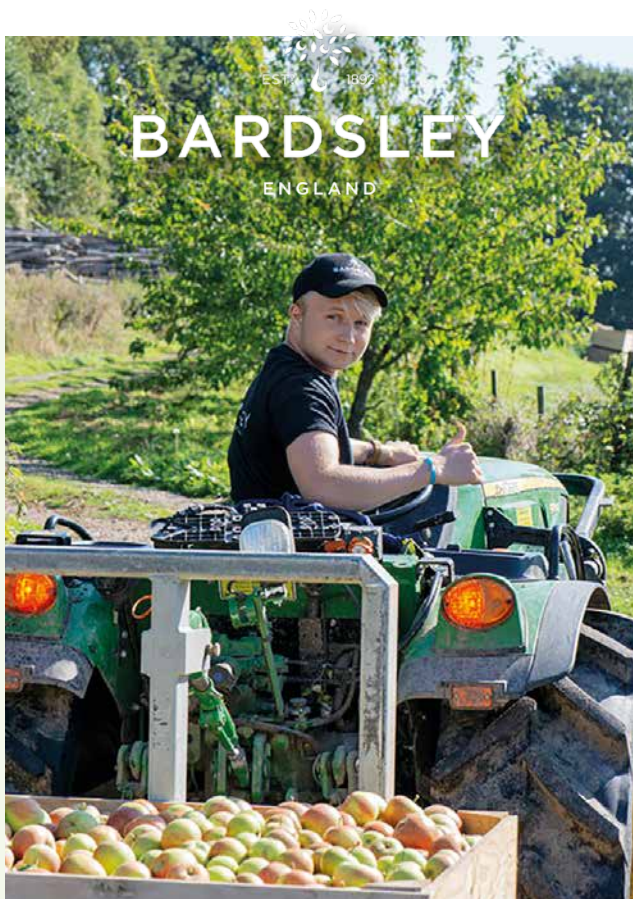
## Strengthening our ties with the world's greatest growers

Greenyard is supplying a steady flow of high-quality fruit and vegetables to retailers, sourced from a worldwide network of growers and suppliers. To ensure supply meets demand and to guarantee quality, we are strengthening our ties with some of the world's greatest growers.

### Investing for the long run

Greenyard has always strived for close collaboration with its network of more than 4,000 growers. This collaboration may take on many forms, from providing training on optimising cultivation and reducing environmental impact to contract growing and even joint ventures.

By stimulating technological innovation and investing in long-term relationships, our growers have the chance to build a healthy and sustainable business for themselves. For Greenyard, the partnerships improve efficiency of supply, the availability of produce and transparency for customers.



### BARDSLEY – HOME-GROWN QUALITY

In May 2019, Greenyard strengthened its successful joint venture with Bardsley England. The Bardsley family have been growing top quality fruit for five generations in the UK and are well-known for their premium apples and pears. Today, Bardsley uses an innovative approach to increase agricultural yield and improve overall fruit quality, whilst ensuring sustainable returns for growers. This forward-looking vision is very much aligned with Greenyard's mission. The strengthened joint venture will continue to focus on new technology and automation to improve operational efficiency, whilst satisfying UK consumers' increasing appetite for local produce.





### VALVILLA PRODUCE – PARTNERS IN AVOCADOS

Avocados are enjoying huge popularity among health-conscious consumers. Greenyard has been a big player in the avocado market for many years, offering retailers a wide range of flexible packaging and ripening solutions adaptable to their needs. In 2019, Greenyard USA entered into a long-term partnership with Valvilla Produce, a family business of Mexican farmers with at least three generations of experience growing avocados on more than 900 acres in Michoacán, Mexico. The partnership involves the development of direct programmes with growers to fulfil retail demand and year-round shipments to our state-of-the-art cold storage and repack facility in Swedesboro, New Jersey.



### PROTERRA – A DIRECT LINE TO GROWERS

In 2019, Greenyard Frozen entered into a partnership with Protterra, a family-owned company in Colombia specialising in individually quick frozen (IQF) fruit for processing purposes. The company will supply Greenyard Frozen with bananas and papayas, whilst avocado and mango may soon follow. The partnership is marked by a unique, integrated approach, with the Greenyard Fresh and Frozen divisions, Protterra and retail partners successfully collaborating to ensure quality, full traceability, food safety and ethical compliance.

### A GREAT PLACE TO BE(E)

Bees are very important for the planet, but their numbers are dwindling due to a lack of places where they can make their nests. Greenyard Prepared and the growers' association BND undertook a joint project to increase biodiversity and create a network of bee hotels and accompanying flower strips across their fields. In 2019, 39 bee hotels were set up, with another 22 planned for 2020.



## We are transforming

### Laying the foundations for a healthier future

Greenyard announced its Transformation Plan in March 2019 with the aim of creating a leaner and stronger organisation that can adapt to changing market conditions in an agile manner and fully benefit from economies of scale.

#### Rationalising our footprint

Over the years, Greenyard has built a strong organisation based on partnerships and close cooperation with customers and a world-wide network of growers.

Additionally, we have built up considerable expertise in packaging, logistics and product innovation. We are now in the process of reviewing our sourcing, procurement, logistics and supply chain processes to identify possible optimisations and economies of scale.

But it's not just about costs, it's also about avoiding waste, reducing complexity and building stronger relationships with fewer but better partners.

#### Driving our strategy

All transformation initiatives are supervised by the Transformation Office, led by the Executive Leadership Team. All decisions are taken and implemented in close cooperation with the divisions and local entities. By early 2020, the Transformation Office had become a continuing programme within the business entities.



“Our Transformation Plan will not only bring considerable financial savings to our company, but also introduce new and better ways of working, enabling a more sustainable use of resources and improved service for our customers.”

## A FIRM FOCUS ON OUR CORE BUSINESS

Divesting non-core activities is an integral part of the Transformation Plan, since it allows us to free up financial and non-financial resources to focus on our core business. In the fiscal year 2019-2020 we have successfully divested several assets, and we continue to strategically review our activities and assets to optimise our business portfolio for a sustainable future. In June 2019, we divested our Freiburg distribution center (part of Greenyard Fresh Germany) to the Heizmann family, a long-time Greenyard partner. In early 2019, Roger & Roger acquired the Frozen Hungary factory, with volumes being re-allocated to our other Frozen production sites. In October 2019, Greenyard Flowers UK was sold to Yellow Holdings, assuring the further development of the company into a sustainable flowers business in the UK. At the beginning of 2020, Greenyard announced its intention to divest its logistics company in Portugal to a local private equity firm and the local management team.



## THE ROAD TO BETTER PROCUREMENT

Greenyard has set up a dedicated Group Procurement Team and an accompanying strategy to make better use of its buying power as an international group. These efforts have already resulted in considerable savings and synergies across divisions, entities and countries. Highlights for the fiscal

year 2019-2020 are a 360° review of sea freight procurement, greater use of low-cost carriers for international road transportation, a group-wide tender for material handling equipment such as forklifts, and the selection of a preferred airfreight supplier for all the Benelux activities of Greenyard Fresh. A groupwide functional organization was established with the specific objective of identifying and sharing best practices and promoting cross-division and cross-entity procurement initiatives.



## Safeguarding the food supply chain in a time of crisis

The COVID-19 pandemic has had a devastating impact on lives and the economy and this will continue for the foreseeable future. Along with all its stakeholders, Greenyard has played a vital role in securing healthy food supplies.

### Swift measures to ensure safety

The safety and well-being of employees has always been Greenyard's first priority, especially during the Corona crisis. We immediately issued the necessary guidelines and preventive measures to limit any risk of contamination.

Measures included working from home wherever possible and severe restrictions on physical meetings, business travel and external visitors. Warehouses, production units and reception desks that are essential to our business have been reorganised and equipped with plexiglass shields to ensure social distancing. As a company active in the food industry, we have been applying our normal strict hygiene rules, such as washing hands and cleaning surfaces, even more thoroughly than usual.

### An agile response to demand disruption


With millions of people at home in quarantine lockdown, the Corona crisis has caused major disruption to normal food consumption patterns. Demand shifted from restaurants to the aisles of supermarkets, putting a severe strain on our own supply chains and those of our customers. Using the basic principles behind our partnership model – agility, transparency and close collaboration – we helped retailers to cope with the sudden increase in demand and secure the supply of healthy food.



### Thanks to our #foodheroes

We are deeply grateful to our healthcare professionals and medical personnel for their heroic efforts and the courage they have shown during the COVID-19 crisis. As part of the food and distribution sector we have – in our own modest way – also contributed to tackling this unprecedented crisis. We would like to thank all our employees, growers, partners and customers for their commitment and hard work in these extraordinary times. Together, we have spared no effort to make sure shelves remain stocked with healthy food and will continue to do so. We are proud of our #foodheroes!





“We realise, now more than ever, that providing people with healthy food is a vital service in our society.”







# SUSTAINABILITY

Sustainability is an integral part of the company mission. Fruit and vegetables have a relatively small carbon footprint when compared to other food categories. By driving consumption, we are contributing to a healthier future for everyone and feeding the world more sustainably.

Greenyard, along with many of its stakeholders, is directly confronted with the consequences of climate changes such as drought and extreme weather events. This makes everyone in the company acutely aware of the need to grow and market our products in the most sustainable way possible.

Every day, together with customers and suppliers, we take steps to minimise environmental impact, reduce waste and improve social standards across the entire value chain.

## Clear targets, transparent reporting

Greenyard has identified four areas on which to focus its sustainability efforts: climate action, water stewardship, responsible sourcing and zero waste. Measurable targets and KPIs have been set out for each, and details on progress will be published later this year in the Sustainability Report.

We are also offering ever more transparency about the impact of operations and our value chain. Greenyard's performance is monitored by specialist ESG rating agencies including MSCI, Sustainalytics and Gaïa Rating. Later this year, we will start to disclose environmental impact information through the Climate Disclosure Project (CDP).



## Climate action

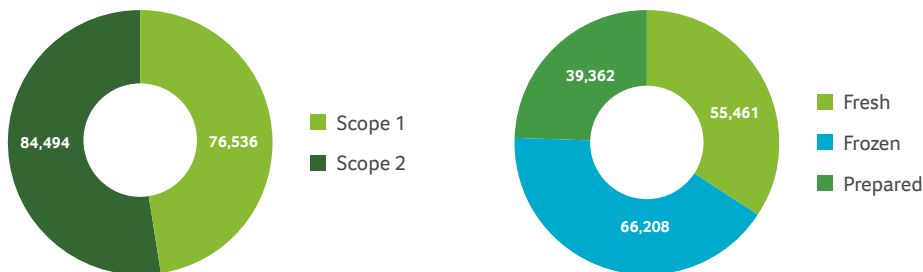
We are proud to be active in fruit and vegetables, a food category with an exceptionally low carbon footprint. Nonetheless, we are constantly striving to reduce our carbon emissions along the value chain. The prime source of carbon emissions in our operations is energy use. With an annual consumption of 2.35 million GJ of energy, Greenyard is continuously investing in the latest technologies to reduce consumption in all of its processes – cooling, heating, warehousing, transport, logistics and packaging. We actively seek to use alternative energy sources, such as solar panels and biomass production.

Greenyard is aware of its responsibility to reduce carbon emissions that are beyond its direct influence. In recent months, we have made the necessary efforts to map our company carbon footprint (scope 1 & 2), including an initial analysis of our indirect emissions (scope 3). Further efforts to finetune data are ongoing to guide improvement actions throughout our entire value chain.



**TARGET:**  
Full publication  
of our company  
carbon footprint.

**Total scope 1 & 2 emissions** (in ton CO<sub>2</sub>-eq.)



### REDUCING AND RECOVERING ENERGY

The Frozen division has been investing heavily in the latest technology to reduce energy consumption in its processes. The new engine room at its site in Comines, France, uses the latest low-carbon thermal insulation technology to achieve lower temperatures in a much more energy efficient way. The system also recovers heat from its operations, which is then used for peeling and blanching. Greenyard Frozen has installed a biogas storage facility at its King's Lynn site in the UK. The system captures biogas created in the anaerobic water treatment process, which is then used to generate electricity and heat for vegetable processing operations.

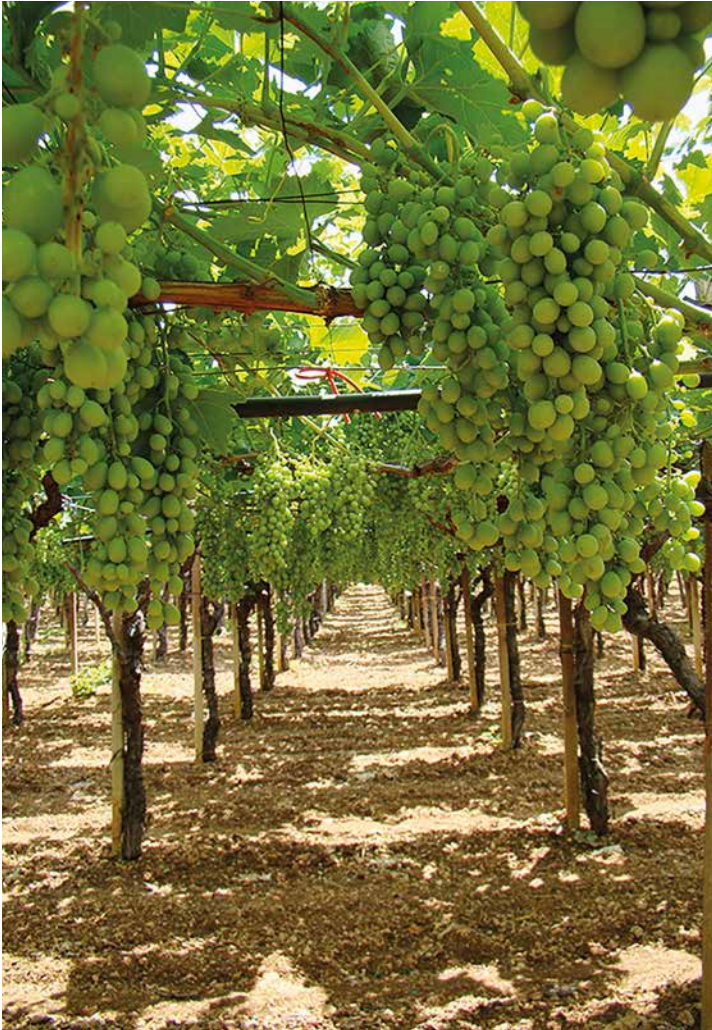


# Water stewardship

Water is a critical resource for growing fruit and vegetables, and Greenyard is particularly conscious of the need for rational and sustainable water usage in its own operations and throughout the value chain. Our water risk assessment initially focused on water-intensive crops such as avocado and mango. The scope of the assessment will now be extended to contract growers for the Long Fresh segment. In risk areas, we are developing dedicated programmes to ensure sustainable water management in close cooperation with growers.



**TARGET:**  
**Water risk assessment**  
**for 90 % of our**  
**grower base by 2022,**  
**100 % by 2025.**



## HELPING ITALIAN GROWERS SAVE WATER

Table grapes is the most important category for Greenyard Fresh Italy, requiring a lot of water, especially in summer. As water supplies come at a high cost, growers are already making efforts to use it wisely. All farms and vineyards supplying Greenyard have been equipped with micro-irrigation systems, ensuring rational water use. We have also provided pluviometers to measure rainfall accurately and tensiometers to indicate precisely when the next round of irrigation is needed. Greenyard Fresh Italy has also put together a practical guide to educate growers on sustainable water management.

# Responsible sourcing

Every year, Greenyard sources more than 2.5 million tonnes of fruit and vegetables from a worldwide network of carefully selected growers. Assuring social standards is of the utmost importance for Greenyard throughout the value chain. For this reason, Greenyard has established the ambition to conduct business with suppliers that can assure compliance with international and national employment legislation, particularly in risk countries. Suppliers are requested to assure compliance using assessment tools such as GLOBALG.A.P. Risk Assessment on Social Practice (GRASP) or certification schemes such as the Rainforest Alliance, SEDEX, ETI and SA8000.



**TARGET:**  
**90 % of our grower base in risk origins certified for social compliance by 2022, 100 % by 2025.**

## STRENGTHENING THE MANGO SUPPLY CHAIN IN WEST AFRICA

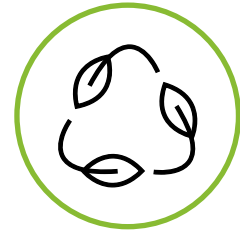
Greenyard Fresh Germany is co-funding an Integrated Development Partnership to strengthen the fresh mango supply chain in Mali, working with German Development Agency GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit - GIZ) and Bayer. Greenyard is providing training sessions in Mali for growers, harvesting teams, exporters, and local institutions covering areas including tree pruning, fertilizer use, water management, tree nursery, disease control, social standards and specifications for European retailers. Running until 2020, the partnership is already delivering results with a productivity increase of 40 %, improved quality and the creation of additional jobs.





## Zero waste

In 2019, Greenyard used 80,000 ton of primary packaging for its products. Since most waste is generated during the consumption phase, Greenyard faces a major trade-off between packaging and shelf life. By being careful to use packaging only when necessary and by designing it to be recyclable, reusable and lighter, the company protects and extends product life, while helping to reduce food waste at the consumer end.



**TARGET:**  
**99 % of our consumer packaging will be recyclable by 2022, 100 % by 2025.**

### BANDEROL WRAPPING FOR BANANAS SAVES 85 TONNES OF PLASTIC

Bakker Barendrecht initiated a programme to reduce packaging material by 25 % for all its products by 2025. The company is well on the way to achieving its target. A recent example is the introduction of banderol wrapping for bananas. A small band now holds the bananas together and replaces the traditional plastic foil packaging. The move meant that Bakker Barendrecht could save more than 85 tonnes of plastic foil packaging without compromising on protection or food safety.



### THINNER PACKAGING FILM FOR FROZEN PRODUCTS

In a joint effort with one of its main customers, Greenyard Frozen undertook a project to reduce the thickness of its packaging film for frozen fruit and vegetables without changing the contents. Previously, Greenyard Frozen had been using a white LDPE, with vegetables packed in 70-80µ film, and fruits in 90µ film. By switching to film packaging of 60µ thickness, 155 tonnes of plastic is saved every year.







# FINANCIAL REPORT

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# KEY FINANCIAL INFORMATION

Key financials	AY 19/20	AY 18/19	Difference
Sales (€'000 000)	4.061,0	3.911,5	3,8%
Adjusted EBITDA (€'000 000)	95,7	64,5	48,4%
Adjusted EBITDA-margin %	2,4%	1,6%	
Net result continuing operations (€'000 000)	-68,0	-192,0	
EPS continuing operations (€)	-1,59	-4,48	
NFD (€'000 000)	425,6	456,3	-6,7%
Leverage	4,4	7,1	

Sales increased by 3,8% to € 4.061,0m in AY 19/20, mainly due to a revitalisation of the commercial relationships and ramping up of the partnerships. This increase is due to an improved performance in both Fresh and Long Fresh segments. Organic growth amounted to 3,9% with slight tailwinds from FX (+0,2%), whereas M&A and divestitures impacted the sales negatively by -0,3%. During the last month of the financial year, increased volumes were sold in both the Fresh and Long Fresh segment due to the hoarding trend and shift from out-of-home consumption to at-home consumption due to COVID-19.

Adjusted EBITDA also increased by 48,4% to € 95,7m. The € 31,2m increase in AY 19/20 is mainly the result of the ramping up of our partnerships and a clear focus on costs, installed thanks to the Transformation Plan. The adjusted EBITDA also includes an exceptional unexpected negative operational result for our Fresh operation in France of around € 3,5m, due to the execution of the final steps in the Transformation Plan. During the last weeks of the financial year, the COVID-19 pandemic had a positive impact of € 1,5m to € 2,0m on Greenyard's adjusted EBITDA.

Net result from continued operations amounted to € -68,0m, up from € -192,0m.

Net financial debt<sup>1</sup> decreased by € 30,7m to € 425,6m in AY 19/20. This translates into a leverage<sup>1</sup> of 4,4x, down from 7,1x last year. The decrease is driven by the improvement in profitability, the improvement in working capital<sup>1</sup> and the re-installed cash focus within the Group to drive down nominal debt. As regards indebtedness and leverage, Greenyard has obtained consent from its relationship banks to waive its leverage and interest covenants until December 2021. Further information is provided under note 7.17. *Interest-bearing loans*.

<sup>1</sup> Please refer to *Financial definitions* for the definition.

EBIT - Adjusted EBITDA	AY 19/20				AY 18/19			
	Fresh	Long	Unallocated	TOTAL	Fresh	Long	Unallocated	TOTAL
	€'000	Fresh €'000	€'000	€'000	€'000	Fresh €'000	€'000	€'000
<b>EBIT</b>	<b>-8.813</b>	<b>12.918</b>	<b>-6.681</b>	<b>-2.576</b>	<b>-19.342</b>	<b>-105.528</b>	<b>-8.543</b>	<b>-133.413</b>
Depreciation and amortisation	57.313	37.382	1.181	95.876	28.835	37.197	608	66.641
Impairment goodwill	-	-	-	-	-	78.910	-	78.910
Impairment property, plant & equipment	-	7.566	-	7.566	-	-	-	-
<b>EBITDA</b>	<b>48.500</b>	<b>57.866</b>	<b>-5.500</b>	<b>100.866</b>	<b>9.493</b>	<b>10.579</b>	<b>-7.935</b>	<b>12.138</b>
Reorganisation costs and reversal of provision for reorganisation costs (-)	57	-998	401	-540	10.400	3.368	1.274	15.043
Disposal project costs	144	1.186	211	1.541	-	-	1.879	1.879
Financing project costs	456	170	3.114	3.741	-	154	2.444	2.598
Costs related to legal claims	2.463	494	81	3.038	118	250	-	368
Impairment long-term receivables	780	-	-	780	4.228	-	-	4.228
Result on change in control of equity accounted investments	1.375	-	-	1.375	593	-	-	593
Result on sale of subsidiaries	22.538	-	-	22.538	-	-	-	-
Result on sale of assets	-3.814	81	-	-3.733	-400	-373	-	-773
Listeria related net result	-	-1.746	-	-1.746	-	25.661	-	25.661
Other	773	223	443	1.439	529	127	-354	302
<b>Adjustments</b>	<b>24.774</b>	<b>-589</b>	<b>4.249</b>	<b>28.435</b>	<b>15.469</b>	<b>29.187</b>	<b>5.243</b>	<b>49.899</b>
<b>IFRS 16 impact</b>	<b>-32.902</b>	<b>-4.470</b>	<b>-369</b>	<b>-37.741</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Divestitures (not in IFRS 5 scope)</b>	<b>3.030</b>	<b>1.112</b>	<b>-</b>	<b>4.141</b>	<b>-</b>	<b>2.086</b>	<b>-</b>	<b>2.086</b>
<b>Net intercompany transactions between continuing and discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353</b>	<b>353</b>
<b>Adjusted EBITDA</b>	<b>43.401</b>	<b>53.919</b>	<b>-1.619</b>	<b>95.701</b>	<b>24.962</b>	<b>41.852</b>	<b>-2.339</b>	<b>64.475</b>

EBIT from continuing operations amounted to a loss of € -2,6m compared to a loss of € -133,4m last year. AY 18/19 was significantly impacted by the goodwill impairment of € -78,9m and by € -49,9m one-off adjustments mainly related to the Listeria recall and reorganisation accruals. In AY 19/20, the operational result improved and the impairment expenses and one-off adjustments were much lower (€ -7,6m and € -28,4m respectively), however still in a loss position due to the loss on the sale of subsidiaries.

Based on an impairment test on the level of Greenyard Prepared Netherlands an impairment loss was recorded bringing the equipment to its fair value.

Reorganisation costs have mainly been accrued for in the previous accounting year consequent to the Transformation Plan and mostly relate to redundancy costs. This cost saving program has been diligently executed and the accrual could be partially reversed.

Disposal and financing project costs relate to several corporate finance processes that have been explored aiming for deleveraging as a part of the Transformation Plan. This includes several disposals of core (up to November 2019) and non-core assets/business, the search for a cornerstone investor (up to November 2019) and the bank waiver process.

With respect to the sale of Greenyard Flowers UK, a loss was accounted for because long-term cashflow projections on biological assets became non-realizable. On the contrary, a gain was realised on the sale of several assets in Germany and the Netherlands.

As to the Listeria recall, insurance proceeds have been fully received and agreements on most of the Listeria-related costs have been reached. A remaining cost accrual on pending cases with customers has been reviewed. On a net basis, this has led to a positive result as compared to the estimation end of March 2019.

Reconciliation net financial debt	31 March 2020	31 March 2019
	€'000	€'000
Cash and cash equivalents	-132.709	-67.880
Restricted cash	-	-125.000
Interest-bearing loans (non-current/current)	550.107	637.264
Lease liabilities (non-current/current)	235.191	274
<b>As reported</b>	<b>652.588</b>	<b>444.658</b>
Net capitalised transaction costs related to the refinancing	2.889	4.537
Net value of the conversion option at inception after amortisation	4.613	7.071
IFRS 16 impact	-234.509	-
<b>Reconciling items</b>	<b>-227.007</b>	<b>11.608</b>
<b>Net financial debt</b>	<b>425.581</b>	<b>456.266</b>



# Sales and adjusted EBITDA per operating segment

## Fresh

Fresh	AY 19/20	AY 18/19	Difference
Sales (€'000 000)	3.263,4	3.188,7	2,3%
Adjusted EBITDA (€'000 000)	43,4	25,0	73,9%
Adjusted EBITDA-margin %	1,3%	0,8%	

Sales increased again by +2,3% YoY thanks to the revitalisation of the commercial relationships and the ramping up of the partnerships in the second half of the fiscal year. The segment showed an organic growth of +2,4%, with slight foreign exchange tailwind of +0,2%, and M&A and divestitures impact of -0,2%. This entails a recovery of the loss-making volumes that were terminated in the Fresh segment.

In the last weeks of the fiscal year, the COVID-19 induced quarantine measures resulted in a shift from out-of-home consumption to at-home consumption. This has resulted in higher volumes in the Fresh segment.

Greenyard was able to reverse the negative trend in its adjusted EBITDA by a strong cost control, workforce resizing, efficiency improvements and waste control. Together with volume growth in the second half of the fiscal year, this has offset continuing margin pressure. The adjusted EBITDA increased by +73,9% YoY.

Greenyard expects its margin to become less volatile over the coming periods thanks to an increasing part of sales being generated in the partnership models which are long-term oriented and partially cost-plus based.

## Long Fresh

Long Fresh	AY 19/20	AY 18/19	Difference
Sales (€'000 000)	797,6	722,8	10,4%
Adjusted EBITDA (€'000 000)	53,9	41,9	28,8%
Adjusted EBITDA-margin %	6,8%	5,8%	

In its Long Fresh segment, Greenyard was able to generate an important volume increase, resulting in a double-digit growth of +10,4% (of which 0,1% FX impact, -0,8% M&A and divestitures and an organic growth of 11,0%), proving the full recovery after the recall of last year. The additional volumes were mainly sold to customers in the food service and industry in the first half of the year, while sales to retail customers boomed in the second half of the year, in part due to the new partnership with Tesco in the Frozen division.

In the last weeks of the fiscal year, the COVID-19 induced quarantine measures resulting in a shift from out-of-home consumption to at-home consumption. In addition, consumers hoarded long fresh products in fear of running out. Both tendencies have resulted in higher volumes in the Long Fresh segment through its retail customers, though this was slightly compensated by lower volumes in food service.

The Long Fresh segment has shown a better adjusted EBITDA than last year thanks to better capacity utilisation and production efficiency as well as savings on logistics and overhead costs. This increase of +28,8% was realised despite some adverse impact from price pressure in mushrooms and the external sourcing of corn after the sale of the Frozen factory in Baja, Hungary.

# REPORT OF THE BOARD OF DIRECTORS

## Comments on the consolidated financial statements

These comments relate to the consolidated financial statements of Greenyard NV ('the Company') and its subsidiaries (together, 'the Group') for the year ending 31 March 2020.

### 1. Consolidated income statement

#### Sales

Sales are up 3,8% or € 149,5m year on year (€ 4.061,0m). This increase is due to improved performance in both the Fresh and Long Fresh segment. The lower performance in AY 18/19 was caused by lower volumes from ongoing market pressure, mainly in Fresh, on top of exceptional weather conditions that impacted both segments, and a recall in the Frozen division. In Fresh, sales amount to € 3.263,4m, up 2,3% versus last year (€ 3.188,7m) thanks to a revitalisation of the commercial relationships, alongside a ramping up of the partnerships. In Long Fresh, sales increased to € 797,6m versus € 722,8m last year (+10,4%), resulting largely from stronger sales to customers in the food service and industry in the first half of the year, while sales to retail customers boomed in the second half of the year, in part due to the new partnership with Tesco in the Frozen division.

Foreign exchange (FX) had a slightly positive impact on sales (+0,2%), whereas mergers and acquisitions (M&A)/divestitures impacted sales negatively by -0,3%. Therefore, internal or organic sales growth amounted to 3,9%.

Fresh represents 80,4% of consolidated sales, while Long Fresh represents 19,6%.

Compared to last year, COVID-19 resulted in higher volumes in the month of March 2020 for both segments. The increase was due to the shift from out-of-home consumption to at-home consumption and the trend of consumers to hoard at the initial stages of the quarantine measures, only slightly offset by lower sales to the Food service and industry customer segment during this period.

#### Gross profit

Gross profit has increased by € 48,7m from € 199,0m to € 247,7m (+24,5%), following the increase in sales and improved gross profit margin (from 5,1% to 6,1%). The latter is the result of efficiency improvements, waste control, the termination of loss-making volumes and other projects in the Transformation Plan.

### Earnings before interest and tax (EBIT)

EBIT has improved significantly from € -133,4m to € -2,6m given the increased gross profit for AY 19/20, strong cost control and the goodwill impairment in AY 18/19 (€ 78,9m), partly offset with the impairment cost for property, plant and equipment (€ 7,6m). Selling, general and administrative expenses (SG&A) slightly decreased by € 11,9m to 5,9% of sale compared to 6,5% in AY 18/19.

### Net finance income / cost

Net finance cost increased by € 22,9m YoY to € 60,8m mainly due to higher interest expenses of € 16,3m and which can be explained by higher interest rates on bank borrowings as a consequence of a higher leverage ratio, higher usage of funding and higher costs on additional funding (impact of approximately € 10,4m) and interest on leasing debt of € 10,8m resulting from the implementation of IFRS 16 in AY 19/20, partially offset by lower interest expenses on the retail bond as this bond was repaid in July 2019, at maturity date (-€ 5,5m).

The bank and other financial costs consist primarily of the following non-recurring items in AY 19/20: fees related to waiver agreements of € 1,9m (an increase of € 0,9m compared to AY 18/19) and write-offs of financial assets € 1,8m. Last year was positively impacted by a gain of € 1,3m on the sale of financial assets.

### Income tax expense / income

The income tax expense for AY 19/20 amounts to € 4,6m. This implies a consolidated effective tax rate of -7,3% (AY 18/19 -12,0%). The effective tax rate for AY 19/20 was highly impacted by the non-recognition of deferred tax assets on tax losses, the loss on the sale of subsidiaries, the impairment of property, plant & equipment and the adjustments in the rates used to calculate deferred taxes resulting from the evolution in local tax rates.

## 2. Consolidated statement of financial position

### Non-current assets

Non-current assets increased by € 161,0m to € 1.264,8m, primarily due to the impact of IFRS 16 resulting in right-of-use assets for € 226,8m and the decrease in biological assets for € 21,7m following the disposal of Greenyard Flowers UK. Property, plant and equipment decreased by € 27,4m as net result of mainly depreciation and impairment for € 53,2m compensated by investments of € 33,3m. The investments consist of land and buildings (€ 6,0m), plant, machinery and equipment (€ 8,2m), furniture and vehicles (€ 2,4m) and assets under construction (€ 16,7m).

Other intangible assets decreased by € 11,7m mainly due to the amortisation of customer relations for € 13,3m.

### Current assets

Current assets decreased by € 53,4m to € 700,1m. The decrease is mainly clarified by the restricted cash release of € 125,0m and is partly offset by an increase in trade and other receivables (€ 18,8m) and cash and cash equivalents (€ 64,8m). The restricted cash was used to repay the retail bond in July 2019.

### Equity

Total equity amounts to € 406,1m and represents 20,7% of total equity and liabilities at 31 March 2020. The decrease by € 61,8m compared with 31 March 2019 mainly results from the loss over the period (€ 68,0m).



### Non-current liabilities

Non-current liabilities increased by € 552,8m to € 750,7m. This is mainly due to the increase in lease liabilities (€ 208,6m) following IFRS 16 and an increase in long-term interest-bearing loans of € 354,9m.

The increase in interest-bearing loans follows the shift in classification of the term loan and the revolving credit facility which were entirely presented as a short-term loans on 31 March 2019 as Greenyard was still in negotiation with its banks to waive a breach of certain conditions of the term loan agreement. As the consent agreement relating to the breach was signed, the relevant bank debt is presented again as a long-term debt per 31 March 2020.

### Current liabilities

Current liabilities amount to € 808,1m, representing a € 383,4m decrease compared with 31 March 2019. This decrease is the net result of a decrease in interest-bearing loans (€ 442,0m) and provisions (€ 8,2m) and an increase in trade and other payables (€ 41,2m) and short-term lease liabilities (€ 26,3m).

The decrease in interest-bearing loans is mainly the result of the repayment of the retail bond (€ 150,0m) and the shift in presentation of the term loan (€ 126,0m per 31 March 2019) and the revolving credit facility (€ 230,6m per 31 March 2019).

There are no changes in valuation rules with a significant impact on the Group's reported results or financial position, apart from those included in note 2.3. *Basis of consolidation*.

## 3. Consolidated statement of cash flows

The net increase in cash and cash equivalents for AY 19/20 amounts to € 65,1m, an improvement of € 55,1m compared with AY 18/19 (€ 10,0m).

The cash inflow from operating activities amounts to € 126,6m in AY 19/20, compared with a cash inflow from operating activities of € -51,1m in AY 18/19, or an increase of € 177,7m. This improvement is the result of (i) a higher EBIT corrected for mainly non-cash EBIT adjustments i.e. € 81,8m from € 31,1m in AY 18/19 to € 112,9m in AY 19/20, as explained by the transformation of the Group and (ii) a lower working capital cash outflow for i.e. € 95,1m from € -75,3m in AY 18/19 to € 19,9m in AY 19/20. This is mainly due to better working capital management, as well in inventory as in accounts payable/accounts receivable and improvement of supplier payment terms after some pressure last year.

The cash outflow from investing activities amounts to € 16,6m, which is € -72,5m worse than in AY 18/19. The main explanation is the difference in disposal proceeds being € 20,7m in AY 19/20 as compared to € 126,9m in AY 18/19. Last year's proceeds were much higher due to the sale of the Horticulture segment for € 117,4m. Acquisitions of property, plant and equipment and subsidiaries have been reduced by € 33,8m (from € 71,0m in AY 18/19 to € 37,3m in AY 19/20).

The cash outflow from financing activities has worsened by € 50,2m to € 44,9m. This is mainly the result of the repayment of the retail bond (€ 150,0m), partly compensated by the restricted cash release of € 125,0m. Furthermore, the full lease payments have been presented within financing activities as from AY 19/20 following IFRS 16 (€ 37,7m).

In November 2018 Greenyard paid out a dividend of € 8,6m to its shareholders with respect to AY 17/18 following the decision of the Annual Shareholders' Meeting of 21 September 2018. Given the challenges Greenyard faced, the Board of Directors proposed not to pay a dividend with respect to AY 19/20. At the same time, Greenyard was confronted with

increased interest payments i.e. € 8,5m from € 29,2m in AY 18/19 to € 37,7m in AY 19/20 given the higher debt usage and higher interest rates as a consequence of the increased leverage.

## Dividends

The Board of Directors is proposing not to pay a dividend for the current accounting year AY 19/20, based on the year's ongoing recovery.

## Position of the company: risks and uncertainties

The Group is required to disclose the key risks and uncertainties which have affected or may impact its financial position and results. Together with their associated mitigating actions, these risks are described below. The list does not, however, rank the risks by priority; nor is it an exhaustive description of all risks currently faced.

### Availability and prices produce and consumables

The results of the Group may be adversely affected by shortages in produce and consumables. With regard to the production of frozen fruit and vegetables, Long Fresh obtains fresh supplies from 800 farmers in Belgium, France and Poland. The UK supplies are secured by agricultural cooperatives and various dealers. For canned fruit and vegetable production, on the other hand, the supply of fresh produce is sourced from approximately 4,500 ha of agricultural land within a radius of 100 km of the main processing sites in Belgium and the Netherlands. Long Fresh sources with pre-season fixed-price annual contracts. Possible shortfalls can be compensated for by purchasing raw materials on the spot market. Depending on the type of fresh produce, the number of hectares and the expected yield (tons per hectare) are set.

Fresh obtains most of its supply directly from third-party growers. For all its business models, sourcing is done at market prices or price ranges negotiated in advance. In general, growers are compensated based on the prices obtained from the customers, occasionally with a minimum guaranteed price (through well monitored pre-season advances to growers) or based on a fixed price or agreed price ranges.

Despite the attention and efforts dedicated to these aspects and active supplier relationship management, the Group is also greatly exposed to temporary weather phenomena, while climate and soil conditions can also influence supplies and raw materials prices (see below).

### Energy prices

Due to the high energy intensity of the production, cooling, ripening and storage processes, the Group is affected by trends in energy prices (mainly gas, electricity and oil prices). The majority of these costs are secured through mid- to long-term contracts.

### Sales prices

While price increases in produce and consumables may allow the Group to renegotiate contracts with its customers or pass on the cost increase to them, in certain cases price increases cannot be passed on, in whole or in part. This is due to the bargaining power of certain key customers, such as large retail distribution chains, which affects the Group's margins.

In some cases, in the interest of greater flexibility and responsiveness, the Group applies a decentralised pricing policy, leaving it up to its local management to set product prices taking into account local demand and market characteristics.

Additionally, changing climate conditions, the internationalisation of the market and the competitive environment have an important influence on pricing and profitability.

### Customer dependence

The Group faces a high customer concentration, i.e. its top ten customers, primarily retailers, represent approximately 67% of its total sales. The Group believes its customers make purchase decisions based on, among other things, price, product quality, consumer demand, customer service performance and desired inventory levels. Changes in customer strategies or purchasing patterns may adversely affect the operating profit, as the Group may not be in a position to sell surplus produce or hedge its position given long-term obligations towards certain growers. Customers may also reduce their purchases in response to (i) any price increase implemented by the Group, (ii) a decision to switch to another supplier or begin sourcing (or to source a greater amount of) fresh produce directly from growers and through own purchase organisations, and/or (iii) changing trends in the industry.

The Group believes its customer intimacy strategy is key to its pursuit of margin and volume stability. All levels of the Group's management increasingly focus on innovation and customer preferences, and aim to continue building long-term relationships by meeting customer needs through innovative solutions in areas such as logistics and product ranges. In this context, the Group has been focusing on customer and portfolio management in order to achieve a profitable rate of growth. Its portfolio management includes a strong focus on countries, customers and products.

### Partnership model

The Group's strategy of establishing holistic partnerships with major retailers and vertically integrating with them may not be successful. The Group is pursuing a transition from a trading model to a partnership model (implying, among other things, a change from transaction-based purchasing to category purchasing agreements) in its customer relationships. Such a partnership model allows the Group to provide an assortment of products and services to its customers creating an interdependence between the Group and its customers, and making it more difficult for the relevant customers to switch supplier.

Certain frictions have arisen in the course of the Group's transition from a trading to a partnership model, which is proceeding at a slow pace: this transition temporarily combines high service levels with margin vulnerability, allowing adverse market conditions to generate disappointing short-term results. In addition, it cannot be guaranteed that a new partnership (post-transition) will be as profitable as the existing partnership models.

### Climatic conditions

From time to time, the Group's growers experience crop disease, insect infestation, severe weather conditions (such as floods, droughts, windstorms and hurricanes), natural disasters (such as earthquakes) and other adverse environmental conditions. Severe weather conditions can be further exacerbated due to the impacts of climate change. These adverse environmental conditions, and more specifically unpredictable weather patterns, can result in production and price volatility. As far as possible, the Group seeks to mitigate this risk by expanding the geographical spread of its sourcing.

Even though as regards produce from growers, the Fresh segment may work to some extent on a free consignment basis, in practice, it often shares the risk of adverse environmental conditions given its long-term relationship with growers. In addition, the Fresh segment may occasionally finance crop production of some growers and suppliers and can be adversely



affected if it is not repaid or repayment is postponed due to adverse environmental conditions affecting those growers and suppliers.

Where the Long Fresh segment is concerned, notwithstanding the large majority of its raw materials for processing are contracted, adverse environmental conditions may cause raw material shortages forcing the Group to buy additional volumes at higher prices on the spot market.

Along with other elements, such as soil fatigue in fields for specific crops, weather conditions are a compelling reason for the Group to reduce its dependence on the harvest in a specific region as much as possible. This risk is mitigated by the geographical spread of the activities and by sustainable relations with the growers.

### Seasonality and working capital

Seasonality is a key issue for the Group. Opposing underlying trends exist across the operating segments. Long Fresh has a production peak in the period from July to November with a corresponding inventory build-up, whereas demand is relatively stable throughout the year. This gives rise to high swings in working capital in the last two quarters of the calendar year. On the other hand, Fresh achieves a greater portion of its sales during the first two quarters of the calendar year, whereas the third and fourth calendar quarters typically have slightly lower sales and less homogenous sales patterns than the first half of the calendar year. As Fresh reports a negative working capital figure, the positive working capital of Long Fresh is partly offset at Group level.

Due to high seasonality, the reduction of production capacity can greatly influence the Group's results during high season and large inventories have to be held and financed. The Group actively manages and closely monitors working capital and liquidity<sup>2</sup>, in order to cope with large swings in working capital and continuously aims at securing its funds and resources accordingly.

### Geopolitical changes

Governmental measures to curb inflation and speculation about possible future governmental measures have contributed to the negative economic impact of inflation and created general economic uncertainty. Depreciation of local currencies relative to the euro may also create additional inflationary pressures in local jurisdictions that may negatively affect the Group as depreciation generally curtails access to foreign financial markets and may prompt government intervention, including recessionary governmental policies. In the past few years, the US, the EU and the UN have increased their imposition of various sanctions and embargoes on trade with countries such as Iran, Syria, Sudan and others. Similar sanctions were taken by the US and EU against the Russian Federation and subsequently by the Russian Federation against the US and the EU. As the activities and operations of the Group are worldwide, the Group and its competitors, distributors, suppliers and customers may have difficulties complying with or may suffer from such trade sanctions and embargoes.

The Group's management monitors global geopolitical trends and promptly takes the appropriate measures, where required. The geographical spread of operations and sourcing channels also partly mitigates the geopolitical risks.

### Product liability

Should produce sourced by the Group be alleged to or proven to contain contaminants or bacteria affecting the safety or quality of its products, the Group may need to find alternative produce, delay the production of its products, or discard or otherwise dispose of its products. Taking any of these actions can adversely affect the results of its operations. Additionally, if the presence of these contaminants or bacteria is not alleged or discovered until after the product in

<sup>2</sup> Please refer to *Financial definitions* for the definition.

question has been distributed, the Group may need to withdraw or recall the product and thus may experience adverse publicity and product liability claims.

The Group may also be exposed to product recalls, including voluntary recalls or withdrawals, and adverse public relations if its products are alleged to cause injury or illness, or if the Group is alleged to have mislabelled or misbranded its products or otherwise violated governmental regulations. The Group may also voluntarily recall or withdraw products that it considers below its standards, whether for taste, appearance or other reasons, in order to protect its (brand) reputation. Consumer or customer concerns (whether justified or not) regarding the safety of the Group's products can adversely affect its business. A product recall or withdrawal can result in substantial and unexpected expenditure, the destruction of product inventory, and lost sales due to the unavailability of the product for a period of time, all of which can reduce profitability and cash flow.

The Group applies HACCP and ISO standards and Group and segment management actively monitor quality and compliance with these standards. Long-standing relationships have been developed with key growers who offer the required commitment and compliance with the Group's quality standards and requirements.

### **Changes in legislation and regulations**

The Group's activities are subject to extensive regulation in the countries in which it operates, including corporate governance, labour, tax, competition, environmental and health and safety legislation. Failure to comply with existing laws and regulations could result in damages, fines and criminal sanctions being levied on the Group or the loss of its operating licenses and could adversely affect its reputation. Compliance with future material changes in food safety or health-related regulations and increased governmental regulation of the food industry (such as proposed requirements designed to enhance food safety, impose health-protection requirements or to regulate imported ingredients) could result in material increases in operating costs and could require interruptions in the Group's operations to implement such regulatory changes, thereby affecting its profitability.

There has been a broad range of regulations aimed at reducing the effects of climate change which have been proposed and adopted at national and international level. Such regulations apply or could apply in countries where the Group has or could have interests in the future. The Group reviews the impact of any changes on a regular basis, and seeks to ensure it budgets appropriately for future capital and operating expenditures to maintain compliance with environmental and health and safety regulations.

### **Talent attraction and retention**

The Group's future success depends on its ability to attract, retain and motivate qualified and talented employees. Being unable to do so would compromise its ability to fulfil its strategic ambitions. To enhance its recruitment pool, it has initiated a global employer brand, supporting its recruitment activities and communication with potential candidates. Furthermore, attractive development and training programmes, adequate remuneration and incentive schemes, and a safe and healthy work environment, also mitigate this risk.

### **Human rights and anti-corruption**

Risks from the improper behaviour of employees and business partners, breaching fundamental human rights, could adversely affect the Group's reputation and its business prospects, operating results and financial situation. It could thus be liable under human rights, corruption, environmental, health and safety laws or regulations, or fines, penalties or other sanctions. Therefore, high ethical standards are maintained throughout the entire Group at all levels with zero tolerance for corruption or bribery.

### Exchange rate risk

The Group operates internationally and is exposed to foreign exchange risk in relation to various currencies. The US dollar and the British pound are the most important non-euro currencies. Of lesser importance are the Polish zloty and the Czech koruna. The Group's management has introduced guidelines requiring subsidiaries to manage their foreign exchange risk against their functional currency. These guidelines require subsidiaries to hedge their entire foreign exchange risk exposure with Corporate Treasury. To manage its foreign exchange risk arising from future commercial transactions, the Group uses foreign exchange forward contracts. Although the Group engages in natural and transactional hedging, there can be no assurance that the Group will be able to successfully mitigate foreign exchange exposure, particularly over the long term. A case in point are concerns regarding the Eurozone sovereign debt crisis which could result in the increased volatility of euro exchange rates. Further reference is made in note 7.19. *Risk management policy*.

### Interest rate risk

The Group's financing positions are exposed to both fixed and floating interest rates. The Group issued a convertible bond with a fixed interest rate of 3,75%. The Group is also exposed to floating interest rates through a revolving credit facility, factoring programmes and term loans. The Group partly hedges floating interest rate exposure through interest rate swaps. Further reference is made to this in note 7.19. *Risk management policy*.

### Credit risk

The Group is exposed to the risks associated with their counterparties being unable to perform their contractual obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's customers have varying degrees of creditworthiness, exposing it to the risk of non-payment or other forms of default of its contracts and other arrangements with them. To protect itself against customer defaults and bankruptcies, the Group uses the services of international credit insurance companies and also applies internal customer credit limits.

Credit insurance is mandatory for all trade receivables sold to the factor company. For entities excluded from the factoring programme, the receivables are included in the credit insurance.

The Group also makes advances to key suppliers, generally to secure produce in key categories. Advances made are generally interest-bearing and recovered by deductions from the payments made in respect of the produce delivered by the counterparty. Further reference is made to this in note 7.19. *Risk management policy*.

### Financing, liquidity risk and covenant compliance

The Group is financed by syndicated term and revolving credit facilities and a convertible bond all having a maturity date on 22 December 2021. Due to lower results in AY 18/19 and increasing leverage, LTM based covenant targets were not met but waived periodically. Thanks to a proven strong recovery based on the implementation of a transformation plan starting in April 2019, trust has been gradually rebuilt. Consequently, as per 15 November 2019 the covenants have been waived over the whole remaining period by the lending banks to fully support the Group to further pursue its transformation path on its own strength. As described in note 7.17. *Interest-bearing loans*, this waiver is conditional on achieving profitability and liquidity headroom targets which are based on the Group's budget including significant contingencies. The continuous successful execution of the transformation plan which is fully on track as well in profitability as in satisfactory liquidity headroom, will remain key.



Furthermore, liquidity is dependent on maintaining working capital conditions with suppliers and customers. At customer side the Group relies on factoring of outgoing invoices and partially on reversed factoring. At supplier side credit limits granted by credit insurers for the Group are important. As to working capital after a year of pressure in AY 18/19, the situation normalised in AY 19/20. The Group also manages to grow working capital in line with its sales and profitability growth. Regarding the maturity of the financial debt end 2021, management and the Board of Directors are confident that based on the strengthening leverage ratio and profitability, new financing will be attracted well in time at prevailing market conditions.

## Brexit

On 23 June 2016, the UK held a referendum in which a majority of voters approved the country's exit from the EU, commonly referred to as Brexit. Subsequently, the British government began negotiating the terms of the UK's withdrawal from the EU (referred to as the Article 50 procedure). The announcement of Brexit caused significant volatility in global stock markets and currency exchange fluctuations, including a sharp decline in the value of the pound sterling and the euro compared with the US dollar and other currencies.

After extensive negotiations between the European Council and the United Kingdom, and two consecutive extensions of the two-year extension period provided for by Article 50 of the Treaty on European Union, a third and final extension until 31 January 2020 was granted to the UK on 28 October 2019. On 24 January, the Withdrawal Agreement between the UK and The European Union was signed and subsequently ratified on 30 January 2020, resulting in the withdrawal of the UK from the European Union on 31 January 2020. At that point in time, the United Kingdom has become a third country.

The Group trades with and supplies the UK. The majority of the sales to the UK market are driven by the Group's UK subsidiaries. These subsidiaries have good relationships with their local UK growers, strengthening the position of the Group in the UK. Based on recent experiences, the Group considers a short-term negative impact associated with importing goods (fruit and vegetables) into the UK and / or sales from the mainland subsidiaries to the UK, to be limited. Brexit might therefore (in time) also have positive effects on the UK subsidiaries' sales since import tariffs will increase.

Until the terms and timing of the free trade agreement to be entered into between the UK and the EU become clearer, it is not possible to determine the precise impact that the referendum, the UK's departure from the EU and/or any related matters will have on the Group on the long term;

The Group has therefore identified and acted upon a number of initiatives that need to be taken to prepare for and mitigate the effects of a (hard) Brexit. These initiatives include setting up the necessary customs and VAT procedures, as well as applying for certifications, such as AEO certification, checking regulatory requirements for specific products, preliminary movements of stock, etc. In addition, clients and suppliers have been/are being contacted, where required, to discuss the next steps as well as the supply and incoterms to be applied.

## COVID-19 pandemic

Since the 2<sup>nd</sup> week of March 2020, the Group has been confronted with gradually locking down of economies in its countries of operation and of produce origin consequent to government measures to slow down the COVID-19 spreading. As the Group is mainly selling to retailers and this distribution channel boosted due to closure of the catering industry and the hoarding reflex of many consumers, the commercial impact was slightly positive. Only a part of the food service related to catering, in which Long Fresh is to a limited extent active, was scaled down. The Group decided to continue full operations in all countries and took pride in securing the vital fresh and long fresh F&V produce supply. To fulfil this mission, the Group proved to be agile in tackling numerous operational challenges right from the beginning. Firstly, it managed to quickly and effectively introduce the necessary safety measures to protect its employees, on one hand workers physically present in the warehouses (plexiglass, mouth mask, distancing procedures, ...), on the other hand by

remote working from home for most of the administrative staff. As a result, COVID-19 illnesses of employees remained very limited and absence rates apart from a temporary hike normalised quickly.

Secondly, the Group encountered sudden extra work due to increased volumes consequent to a shift from out-of-home to at-home consumption and due to more complex operations, which put most pressure on Prepared but also on some Fresh operations, while availability of temporary staffing in the market was low. Although causing extra costs, the Group managed to cope with the additional work thanks to an exceptional effort and flexibility of its employees. Last but not least, the Group was vulnerable to availability and transport of produce and therefore was very active in advising government and sector organisations on how to secure the food supply. Latter reacted effectively by installing a.o. food transport corridors between countries and flexible labour regulations for harvesting at growers. Not only in Europe, but also in import countries local governments mostly protected harvest and supply of fresh produce. Moreover, the Group has a diversified grower and supply country base which enables it to draw from several alternatives. Apart from some temporary and limited issues, the Group managed well to fulfil the increased demand of its customers and supplied with good service levels.

As currently economies are gradually restarting, we estimate that the COVID-19-related risk on the Group is gradually decreasing. In the unfortunate case that a second or prolonged lock-down would be introduced later this year, the Group feels comfortable to cope with all challenges based on its deep experience built up in the course of March to May. On a more macroeconomic level, the Group assumes that the retailer distribution channel will remain strong. At the same time, it faces some risk of a hard landing of the economy which might lead to bankruptcies of e.g. transport companies and food service clients. Also uncertain is how the economy will impact the purchase power and behaviour of the consumers in the F&V category. But, it is believed that fresh and long fresh produce will remain the major cornerstone in a healthy alimentation package. Additionally, the exploded government debt levels might trigger for example higher taxes to corporates.

## Research and development, innovation and sustainability

### 1. Product development and innovation

The Group has a consumer-centric approach to product development which involves taking into account consumer needs such as health, convenience, pleasure and sustainability with the goal of driving forward product innovation in each division. In the past accounting year, as well as in previous years, many new products, product varieties, dishes and packaging have been developed and successfully marketed. Some of these products have also been recognised for their innovative character and nominated for industry awards.

Development quality and the circulation of information throughout the organisation are monitored throughout the process by the internal research and development (R&D) departments. Fresh and Long Fresh employ respectively 20 and 10 dedicated permanent staff in order to develop new products and engage in research partnerships. There are currently a number of R&D programmes in place, which are co-financed by external national and international institutions. The Group's R&D budget amounts to € 3,0m.

The Group's food processing operations continue to invest in the best-performing and innovative machinery and installations, allowing them to develop products at a rapid pace, in step with market trends.

## 2. Sustainability

Sustainability is an important pillar of the Group’s strategy. It is integrated within the Group’s vision and mission and is supported by a clear commitment to supply its markets in the most sustainable way possible with healthy and safely produced fruits and vegetables.

The Group has prepared a sustainability report for AY 19/20 which complies with the requirements of Directive 2014/95/EU with regard to the disclosure of non-financial and diversity information by certain large undertakings and groups. The EU’s reporting requirement directly affects capital market companies such as Greenyard with more than 500 employees and/or a balance sheet total of over € 20,0m and/or a net turnover of over € 40,0m. The report includes information on the Group’s efforts with regards to the environment, society, employees, human rights, anti-corruption and diversity.

By publishing a dedicated sustainability report, the Group aims to provide a more comprehensive overview of its sustainability efforts at local level and how these can help to solve the global challenges in the food sector. To this end, the Group has developed a sustainability framework consisting of five pillars and twelve drivers.



The framework is based on the United Nations Sustainable Development Goals (SDGs). The United Nations 2030 Agenda for Sustainable Development is a plan of action for our planet centred around people and their prosperity, and for peace and justice. The 17 SDGs define global sustainable development priorities and aspirations for 2030 and seek to mobilise global efforts around a common set of goals and targets. The SDGs call for worldwide action among governments, business and civil society to end poverty and create a life of dignity and opportunity for all, within the boundaries of the planet.

As one of the largest suppliers of fruit and vegetables in the world, the Group is deeply committed to the implementation of the 2030 Agenda. The strategic framework outlines the direction that the Group will take and serves as the foundation for planning and budgeting, mobilising resources, crafting partnerships and delivering results. The Group is looking



forward to further implementing the framework together with its partners and for the benefit of their stakeholders. The five pillars - People, Planet, Prosperity, Peace and Partnership - of the 2030 Agenda for Sustainable Development guide the Group's work.

## 2.1. Promoting people's well-being (PEOPLE)

### Greenyard's ambition

The Group's mission is to strive for a '*healthier future*', especially when considering the current global challenges such as the increase in obesity and the lack of physical activity. Promoting the well-being of employees, customers and final consumers is therefore one of its key ambitions.

### Greenyard's approach

The Group encourages people around the world to follow healthy diets by offering a broad range of convenient products and tastes that are available throughout the year. This is backed up by ensuring that stringent food safety standards to protect people's health are at the top of the Group's priorities. The Group is also fully committed to safeguarding the well-being, health and safety of its employees. This pillar aims to empower everyone working for the Group and to encourage and support them in developing their knowledge, skills and talents.

### Greenyard's impact

#### A. Offering a healthy diet

Fruit and vegetables are the basis for a healthy and balanced diet. They contain fibres, minerals and vitamins that are good for us. However, research shows that on average people eat only 60% of the recommended daily allowance.

The Group offers a broad variety of fruit and vegetables which means that there is a great potential to raise this percentage. By working closely with retailers, the Group aims to offer consumers healthy, convenient and pleasurable products. Moreover, the Long Fresh segment makes sure that fruit and vegetables are available year-round, independent of the season.

Additionally, the Group takes into account the nutritional value, by reducing salt and sugar content without compromising the unique taste of the products.

#### B. Ensuring food safety

The Group shares a fundamental responsibility in ensuring that consumers can trust the safety and quality of all its products. Therefore, all the Group sites comply with the most stringent international food quality standards (e.g. IFS, QS, BRC).

In order to comply with these standards, the Group's focus on food safety and quality covers the entire production chain. It starts literally in the field with the raw materials. All farmers have to comply with strict growing terms. From that point onwards, the Group assures the quality throughout the entire length of the production chain by means of a combination of advanced control systems and inspection equipment, as well as by carrying out visual inspections.

### C. Providing a safe and healthy work environment

The Group values its employees as its most important asset. Thanks to the commitment of its close to 9.000 employees, the Group has been able to become the thriving company it is today. The Group is therefore deeply committed to providing a safe and healthy working environment for every single one of them.

The Group creates a safe working environment by actively preventing workplace accidents and fatalities. The Group also inspires its employees to take initiative and improve the safety of the organisation in any way they can. In 2019, the Group recorded 362 working accidents resulting in lost time, an increase of 6% compared to 2018. The Group aims to continuously reduce this number.

By encouraging all its employees to maintain a healthy diet and take regular exercise, the Group seeks to make its own people's lives healthier, both at work and at home.

### D. Empowering employees

Learning is crucial to promoting people's well-being. The Group invests in its employees by bringing them together and encouraging everyone to work on their personal development. To support this, the Group offers several formal and informal training and development programmes. In 2019, the Group provided on average 11 hours of training per employee.

The Group's workforce is a reflection of social diversity with more than 80 different nationalities working at the various locations. Recruiting the right people with the right skills and mindset is a key priority of its human resources strategy. The Group recognises its role in society and therefore wants to be an active provider of social employment.

## 2.2. Fostering responsible resource use (PLANET)

### Greenyard's ambition

One of the Group's most valuable suppliers is nature. Without nature, the Group would not be able to conduct its business. This is why the Group is always aware of its vision on '*fostering nature*'. Greenyard believes in the responsible and sustainable production of food and agricultural products. However, this is only possible if the Group deals with its resources in a responsible way.

### Greenyard's approach

The drivers under this pillar focus on water and energy efficiency in all operations, closing the loop through an effective waste policy, the responsible use of land, and the maintenance of biodiversity.

### Greenyard's impact

#### A. Water and energy efficiency in our own operations

To process fruit and vegetables, the Group requires a lot of water, energy and other resources. The ambition is to use these raw materials as efficiently as possible. By measuring and monitoring the use of these resources in our operations, it is possible to optimise efficiency.

The Group pays specific attention to its water use when washing fruit and vegetables. Advanced water treatment installations and water collectors measure exactly how much water is used in each process. In addition, by purifying and

reusing water, water consumption can be decreased by enormous amounts. In total, the Group consumed 4,1 million m<sup>3</sup> water in 2019, compared to 4,25 million m<sup>3</sup> water in 2018.

Besides water, the Group's operations also require energy. In 2019, the Group used 2,35 million GJ of energy, compared with 2,38 million GJ of energy in 2018. To reduce energy use, the Group continues to actively seek alternative energy sources. Solar panels and biomass production allow a share of its total energy needs to be produced internally. Also, its focus on more efficient processing solutions in production through investments in the latest technologies, warehousing, intermodal transport and logistics has resulted in a reduction of energy use.

#### B. Waste management

The Group recognises various waste streams related to its business. Food waste, both in its own production processes as at the consumer side, is a global problem. As a food producer, the Group can have a significant impact on reducing food waste. Another stream is material waste, such as paper, plastic and metals, coming from the Group's operations and the packaging of its products. The Group sees it as its duty to manage its resources in a responsible manner, with as little waste as possible. As the majority of waste is generated during the consumption phase, the Group faces the important trade-off between packaging and the shelf-life of food. By using packaging only when necessary and by designing recyclable, reusable and lighter packaging, the Group can extend and protect the life of products and in so doing, can help reduce the overall food waste from the consumer end.

#### C. Preserving biodiversity and encouraging responsible land use

The process of delivering high-quality fruit and vegetables to consumers starts in the field as does the focus on responsible resource use. The Group is committed to taking good care of the land so that it can keep on producing healthy food without exhausting its potential. It has therefore taken measures in its operations to safeguard the natural balance and biodiversity. These measures include educating the growers and supporting them to work in more efficient ways.

### 2.3. Ensuring food availability (PROSPERITY)

#### Greenyard's ambition

One of the main challenges for global agriculture is the rising demand for products. Driven by a growing world population, a higher average life expectancy and land scarcity, agriculture needs to find solutions to ensure that enough high-quality food is accessible for everyone. The Group's ambition is to support new alternatives, such as innovative techniques, technologies and infrastructure, which will be key enablers of future food security.

#### Greenyard's approach

As a global market leader of fresh, frozen and prepared fruit and vegetables, the Group stimulates efforts that lead to innovative techniques and products. It supports research and development, aligned with circular economy models, so it can lead to a prosperous progress in harmony with nature and the limits of our planet.

#### Greenyard's impact

The Group focuses on innovative growing methods such as vertical farming which help ensure quality fresh products all year round without having to rely on skilled labour, favourable weather, pesticides, high soil fertility or heavy water usage. Moreover, with R&D, the Group explores new varieties of fruit and vegetables that can be more resilient to the external environment as well as post-harvest techniques that can provide a longer shelf life and ensure better quality for fresh products.



## 2.4. Stimulating sustainable trade (PEACE)

### Greenyard's ambition

Worldwide, food chains are becoming longer and more complex. The Group sees this as an incentive to generate social, economic and environmental benefits throughout the entire chain and is also committed to the highest standards of business ethics and compliance.

### Greenyard's approach

On the supply side, the Group actively focuses on social standards, responsibility, transparency and traceability by working closely with its growers and suppliers. Internally, the Group is taking measures to maintain an ethical business spirit through its Code of Conduct.

### Greenyard's impact

#### A. A responsible supply chain

Throughout the value chain, ensuring social standards is of utmost importance for the Group. For this reason, the Group has established the ambition to conduct business with suppliers that can prove their compliance with international and national employment legislation, particularly in high risk countries. In order to foster a responsible supply chain, the Group works in close collaboration with its suppliers and provides direct training and support.

#### B. In Greenyard's own operations

The basis of sustainable trade is present in the Group's own operations. Through its new Code of Conduct, drawn up in 2017, the Group has a set of rules outlining the unified social norms and responsibilities for all its operations. It explains and details the commitment in respect to diversity, human rights, fair employment, fraud, anti-corruption, environment, health and safety and privacy issues.

Every person working at the Group is subject to the Code. It provides the employees with guidance and solid principles to follow, even in complex situations. The Group has made a special effort to reach all employees by translating the Code into 12 languages.

Diversity (cultural, inter-generational, linguistic, between men and women, etc.) and equal opportunities are also important values for the Group. Greenyard focuses on moving towards a gender balance at all levels and retaining older, experienced employees, by providing a supportive work environment. Female employees represent 35% of our workforce, while 26% of the employees were older than 50.

This year, the Group has not recorded any lawsuits regarding non-compliance with human right, anti-corruption and fraud regulations.

## 2.5. Strengthening collaboration in the chain (PARTNERSHIP)

### Greenyard's ambition

The Group recognises that fostering a sustainable and responsible chain is not a path it can take alone. For achieving its ambition to be a responsible supplier of high-quality, healthy and sustainable products, the Group needs to have strong collaboration with several partners.

### Greenyard's approach

Since the very beginning, the Group has always worked closely together with its food suppliers and growers. This close collaboration has allowed the Group to give sustainability a central focus. Several entities collaborate with other business partners, both in food and non-food sectors, who share similar belief. In addition to this, Greenyard is working to develop partnerships with customers and end-consumers. The Group's ambition is to develop product ranges that appeal to modern consumers and inspire them to live a healthier life.

The Group's engagement for partnerships goes beyond the supply chain by supporting several local and social engagement projects.

### Greenyard's impact

#### A. Strong partnerships with growers and suppliers

The Group sources its fruit and vegetables from a worldwide network of growers and suppliers. All products are largely the result of their hard work. The Group believes that by providing training, and by building strong, long-term partnerships with this network of growers and suppliers, it can work together with them and constantly improve efficiency, availability, sustainability and working conditions. The Group's training includes optimising cultivation, reducing environmental impacts, transitioning to organic cultivation, and conserving nature.

#### B. Strong partnerships with customers

The Group actively partners with its customers and shares expertise and know-how to ensure that its products are ideally suited to their needs. In working closely with customers, the Group mainly focuses on optimising its product range and on innovative packaging. The collaboration also allows Greenyard to optimally tailor production and logistics to customers and, as a result, work more efficiently and time-effectively.

## Important events after balance sheet date

In December 2019 Greenyard signed an agreement for the divestment of Greenyard Logistics Portugal through a management buyout (MBO). This Greenyard company operates since 2001 in Portugal in the food products transport and logistics market, with a strong focus on perishable food products, including fruits and vegetables. After completion of the transaction, Greenyard Logistics Portugal will be owned and managed by its current management team supported by Vallis Capital Partners, an independent and solid holding company focused on managing private equity and investment funds. Due to the impact of the COVID-19 pandemic on the financial markets, the transaction could not be closed end of April 2020 as initially envisaged. An amended and restated Share Purchase Agreement was signed on 19 May 2020 with an ultimate closing date set on 31 July 2020.

As to the COVID-19 pandemic, please refer to the dedicated section *Position of the company: risks and uncertainties* in the report of the Board of Directors for an assessment on how COVID-19 impacts Greenyard. Subsequent to March 2020, Greenyard noted that the retail hoarding demand gradually faded away and normalised in the second half of April 2020. Except for ongoing costs and procedures related to health protection measures, also the pressure on our operations is getting back to normal. Based on the first signals end of May 2020, Greenyard also noticed that food service demand is restarting prudently. Over the last periods Greenyard managed to collect outstanding receivables with only minor delays granted. Greenyard does not yet have a view on how food service will be ramping up in the coming months and whether historical demand levels will be restored soon. Furthermore, at this moment Greenyard cannot yet assess whether stocks built-up by its consumers 'at home' will temporarily impact demand in Long Fresh in the coming months. Finally, as its

current in-company Long Fresh stocks have decreased significantly, Greenyard agreed with the growers to adapt the sowing plans in order to sufficiently replenish with new produce over the summer.

There are no other major events subsequent to the balance sheet date which have a major impact on the further evolution of the Group.

## Corporate governance statement

The Extraordinary Shareholders' Meeting of 20 September 2019 took the decision to apply the new Belgian Companies and Associations Code (BCAC) early, and consequently to amend Greenyard's articles of association to align with it. The BCAC has been fully applicable to Greenyard since 17 October 2019, the date the amended articles of association were published in the Belgian Official Gazette.

On 1 January 2020, the new Belgian Code on Corporate Governance (*the 2020 Code*) came into force. Greenyard applies the 2020 Code, and uses it as a reference code, in accordance with article 3:6 (§2) BCAC and the Royal Decree of 12 May 2019 laying down the corporate governance code to be complied with by listed companies.

The 2020 Code applies the 'comply or explain' principle, meaning that any deviations from the recommendations must be justified. It replaces the 2009 Code and is available online at [www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be).

### Governance principles

The most important aspects relating to Greenyard's governance policy - in particular the role, responsibilities, composition and functioning of the Board of Directors, its advisory Committees, the Executive Management and the Leadership Team - are set out in Greenyard's Corporate Governance Charter.

The Board of Directors revises the Corporate Governance Charter regularly and, where needed, makes modifications. The Charter, adopted by the Board of Directors on 2 July 2015, was amended on 26 March 2020 to comply with the 2020 Code. The most recent version of the Corporate Governance Charter may be consulted on the Company's website, under the heading Investor Relations: Corporate Governance ([www.greenyard.group](http://www.greenyard.group)).

The Corporate Governance Charter and its annexes include the terms of reference of the Board of Directors, its advisory Committees, the Executive Management and the Leadership Team respectively, as well as the Code of Conduct and the Dealing Code (see 7., below). These internal policy documents are available on the Greenyard website and give an overview of Greenyard's governance.

### 2020 Corporate Governance Code

The Company meets the provisions provided for by the 2020 Code, except as explicitly otherwise stated and justified in this Corporate Governance Statement.

As at the date of this financial report, Greenyard fully complies with the provisions of the 2020 Code, except for a limited number of deviations in relation to executive and non-executive remuneration as set out in provisions 7.3, 7.6, 7.9 and 7.12 of the 2020 Code. The deviations are indicated and explained in more detail in the relevant sections of this Corporate Governance Statement.

## Governance structure

Greenyard has opted to maintain a one-tier governance structure, as referred to in articles 7:85 *et seq.* BCAC. At least every five years, the Board of Directors will evaluate whether the chosen governance structure is still appropriate.

The Board of Directors - as a collegial management body - is therefore empowered to carry out all acts necessary or useful to accomplish Greenyard's aims, except those reserved, by law or articles of association, for the Shareholders' Meeting. The Board of Directors has delegated specific management powers to Greenyard's co-Chief Executive Officers who, together with the Chief Financial Officer, act within the framework of an Executive Management.

## 1. Board of Directors

### 1.1. Composition of the Board of Directors

#### Principles

In accordance with Greenyard's articles of association, the Board of Directors consists of at least three directors. The Corporate Governance Charter stipulates that at least half of the directors are non-executive and at least three are independent within the meaning of article 7:87 (§1) BCAC, and therefore meet the criteria as set out in provision 3(5) of the 2020 Code.

The composition of the Board of Directors is such that:

- there is sufficient expertise in the various activities of Greenyard, and sufficient diversity in competencies, background, age and gender, for the Board of Directors to be able to fulfil its role in the best possible way;
- each director meets the specific qualitative requirements set out in the Corporate Governance Charter;
- the directors do not execute more than five mandates as director of a listed company; and
- the directors' mandate will end at the Annual Shareholders' Meeting in the calendar year in which the director turns 70 years of age, unless the Board of Directors decides otherwise, on the recommendation of the Nomination and Remuneration Committee.

#### Membership of the Board of Directors as at 31 March 2020

As at 31 March 2020, the Board of Directors is composed of nine members as follows:

- one executive director;
- eight non-executive directors, of whom four are independent directors meeting the criteria set out in article 7:87 (§1) BCAC and provision 3(5) of the 2020 Code;
- one third of the directors are of a different gender than the other directors in accordance with article 7:68 BCAC.

The mandates of all directors, with the exception of Mr Koen Hoffman (as permanent representative of Ahok BV) and Mr Aalt Dijkhuizen (as permanent representative of Aalt Dijkhuizen B.V.), expired at the end of the Annual Shareholders' Meeting of 20 September 2019 and were renewed for a further term of four years, expiring at the end of the Annual Shareholders' Meeting with respect to AY 22/23. Mr Thomas Borman voluntarily resigned as non-executive director, effective from 19 July 2019.

The rationale behind the Board of Directors' decision, on the recommendation of the Nomination and Remuneration Committee, to propose to re-appoint the directors whose mandate had expired for a new term of office is mainly to cover Greenyard's current transformation phase which requires experience and knowledge of the business and the Company, as



well as constructive and effective interaction with the Executive Management. These are key elements for restoring Greenyard's profitability. Moreover, in its current composition, the Board of Directors meets the diversity requirements in respect of educational background, professional experience, knowledge and expertise (see below).

The directorship of Mr Aalt Dijkhuizen (as permanent representative of Aalt Dijkhuizen B.V.) expires at the Annual Shareholders' Meeting of 18 September 2020. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors will propose to the Annual Shareholders' Meeting that his mandate as an independent director be renewed for a new term of four years, expiring at the end of the Annual Shareholders' Meeting with respect to AY 23/24.

Director's name	Appointment Date	Re-appointed at	End of term
Deprez Invest NV, rep. by Mr Hein Deprez <sup>(2)</sup>	19/06/2015	20/09/2019	AGM 2023
Ahok BV, rep. by Mr Koen Hoffman <sup>(1)and(3)</sup>	4/10/2017	-	AGM 2022
Ms Hilde Laga <sup>(1)</sup>	25/11/2014	20/09/2019	AGM 2023
Gescon BV, rep. by Mr Dirk Van Vlaenderen <sup>(1)</sup>	5/07/2016	20/09/2019	AGM 2023
Aalt Dijkhuizen B.V., rep. by Mr Aalt Dijkhuizen <sup>(1)</sup>	21/02/2017	-	AGM 2020
Management Deprez BV, rep. by Ms Veerle Deprez	19/06/2015	20/09/2019	AGM 2023
Omorpha Invest BV, rep. by Ms Valentine Deprez	26/01/2018	20/09/2019	AGM 2023
Mr Thomas Borman	19/06/2015	-	19/07/2019
Bonem Beheer BV, rep. by Mr Marc Ooms	19/06/2015	20/09/2019	AGM 2023
Intal BV, rep. by Mr Johan Vanovenberghe	19/06/2015	20/09/2019	AGM 2023

<sup>(1)</sup>Independent director within the meaning of article 7:87 (§1) BCAC.

<sup>(2)</sup>The Board of Directors delegated the daily management of Greenyard to director Mr Hein Deprez (as permanent representative of Deprez Invest NV) for an indefinite period from 1 February 2018. He bears the title of co-Chief Executive Director and Managing Executive Director.

<sup>(3)</sup>Chairman of the Board of Directors.

### **Hein Deprez (as permanent representative of Deprez Invest NV) – co-Chief Executive Officer and Managing Executive Director**

Please refer to the *Composition of the Executive Management* for Mr Hein Deprez's biography.

### **Koen Hoffman (as permanent representative of Ahok BV) – independent director and Chairman of the Board of Directors**

Mr Koen Hoffman obtained a master's in Applied Economics and an MBA at Vlerick Business School. Between 1992 and July 2016, he was active at KBC Group where he began his career in the corporate finance department becoming CEO of KBC Securities in October 2012. Since August 2016, he has been the CEO of the asset management company Value Square. Mr Koen Hoffman serves also as an independent board member at listed companies Fagron (Chairman), Mithra Pharmaceuticals, MDxHealth (Chairman) and SnowWorld (Chairman).

### **Hilde Laga – independent director**

Holding a Ph.D. in Law, Ms Hilde Laga is founding partner of Laga, the law firm which she led as Managing Partner, and where she was head of the corporate M&A practice until 2013. Until 2014 she served as a member of the supervisory board of the Financial Services and Markets Authority. She is a member of the Belgian Corporate Governance Committee and serves as an independent board member at listed companies Barco, Gimv (Chairman) and Agfa-Gevaert.

### **Aalt Dijkhuizen (as permanent representative of Aalt Dijkhuizen B.V.) – independent director**

Mr Aalt Dijkhuizen has a Ph.D. in Animal Health Economics and a master's degree in Agricultural Economics. He is a former Managing Director of the Agri Northern-Europe Business Group of Nutreco and, from 2002 to 2014, served as President and CEO of Wageningen University & Research. Since 2014, he has been President of Topsector Agri & Food in the Netherlands. He is currently a supervisory board member at several companies including Royal De Heus and Ploeger Oxbo

Group (Chairman). He is co-director of the Holland Center in China and Chairman of the Food & Beverage Innovation Forum in Shanghai and a high-level expert to the European Commission in Brussels. Mr Dijkhuizen was awarded Honorary Citizen of Fujian Province in 2008, and Commander of the Order of Orange-Nassau in the Netherlands in 2014.

**Dirk Van Vlaenderen (as permanent representative of Gescon BV) – independent director**

Mr Dirk Van Vlaenderen has a master's degree in Applied Economics. He was an Arthur Andersen LLP partner from 1993 and a member of the audit management committee and Managing Partner at Deloitte from 2002 until 2016. He has served a wide range of national and international companies as statutory auditor. He was also a lecturer at the Universities of Brussels and Leuven in IFRS Basics and Reporting in an International Context. He serves as a board member at other companies including IEP Invest, a listed company.

**Veerle Deprez (as permanent representative of Management Deprez BV) – non-executive director**

Ms Veerle Deprez started her career with Alcatel Bell in 1980. In 1987, with her brother, Mr Hein Deprez, she laid the foundations of Univeg, which would later become the Greenyard Fresh segment. Ms Deprez also serves as a board member at listed companies Fagron and Tessenderlo Group, as well as at various companies belonging to the Group and De Weide Blik group.

**Valentine Deprez (as permanent representative of Omorphia Invest BV) – non-executive director**

Ms Valentine Deprez holds an MA in Art History from the Catholic University of Leuven. She studied at Vlerick Business School and holds a postgraduate Diploma in Hospitality from the Glion Institute of Higher Education in Switzerland. Born into the Company's founding family, Ms Deprez has been involved with the business from a very early stage. In addition to her mandate as director, she manages historical real estate projects.

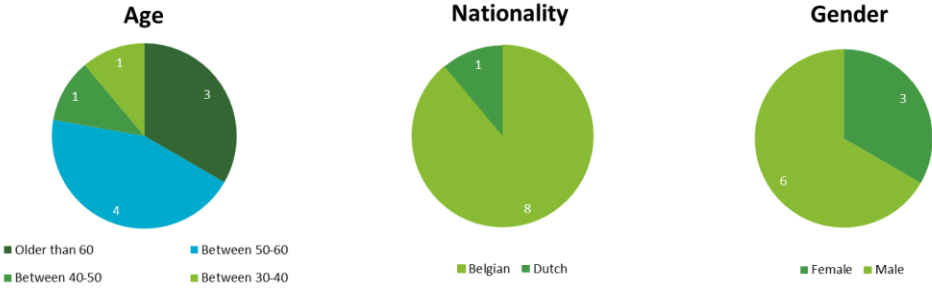
**Marc Ooms (as permanent representative of Bonem Beheer BV) – non-executive director**

Mr Marc Ooms was General Partner of the Petercam group, a Benelux Investment Bank, and Chairman of Petercam Bank Nederland until 2011. He is currently a private equity investor and on the board of several companies including SEA-invest Corporation, Baltisse, BMT, Universal Partners and De Weide Blik.

**Johan Vanovenberghe (as permanent representative of Intal BV) – non-executive director**

Mr Johan Vanovenberghe began his career in 1987 at the audit firm Grant Thornton where he became a Partner in 1995. From 2006 to 2009, he was Chief Financial Officer at the Univeg group. He then acted as advisor to the companies which would become Greenyard in 2015. Since 2015, in addition to his mandate as director, he has provided consultancy services to Greenyard. In February 2018, Mr Vanovenberghe became a board member of the listed company Resilux, and member of its audit committee and its remuneration and nomination committee.

**Diversity in the Board of Directors**



The Board of Directors complies with its obligations on gender diversity as laid down in article 7:86 BCAC, which stipulates that at least one third of the members of the Board of Directors must be of the opposite gender to the remaining members. In addition, as regards the composition of the Board of Directors, Greenyard values complementary skills, experience and knowledge and age diversity.

Although the Company does not have a formal diversity policy, consideration is given to diversity in gender, age, and educational and professional background, as well as complementary skills, experience and knowledge, when appointing and renewing the mandates of directors as well as appointing members of the advisory Committees. In the context of the self-assessment exercise, particular attention is also given to ensuring complementarity and diversity in the composition of the Board of Directors and its Committees.

As at 31 March 2020, three female directors serve on the Board of Directors, out of a total of nine. The Board has representatives of two nationalities and from different age categories, and the directors have complementary experience and knowledge and come from diverse educational and professional backgrounds, as evidenced in their biographies (see above).

**1.2. Role and responsibilities of the Board of Directors**

**Role of the Board of Directors**

The role of the Board of Directors is to define a value-based strategy to achieve sustainable long-term success for Greenyard. As a collegial body, the Board of Directors oversees the performance of the Company and strives to create sustainable value by establishing and assuring effective, responsible and ethical leadership as well as an efficient risk management and control.

It determines, following proposals from Executive Management, the Company’s strategic direction over the medium and long term, and regularly reviews and evaluates the implementation of this strategy.

The Board evaluates the levels of risk Greenyard is willing to take to achieve its strategic objectives and assures the necessary financial and human resources for Greenyard to achieve its goals.

**Role of the Chairman of the Board of Directors**

On 26 January 2018, the Board of Directors appointed independent director Mr Koen Hoffman (as permanent representative of Ahok BV) as Chairman, effective from 1 February 2018, for the duration of his term of office as director.

The Chairman presides over the meetings of the Board of Directors to ensure that decision-making is carried out in the most constructive and efficient way, in an open and respectful atmosphere. He chairs the Shareholders’ Meetings, ensures

effective communication with shareholders and has the prime liaison role with shareholders for all matters falling within the Board of Directors' competence. He seeks to develop effective interaction between the Board of Directors and the Executive Management.

### Activities of the Board of Directors in AY 19/20

The Board of Directors meets at least six times a year on predefined dates and as necessary. In AY 19/20, the Board met on 15 occasions. All meetings were attended by the Company Secretary, Ms Fran Ooms, legal counsel.

In AY 19/20, the Board of Directors has engaged in the following:

- Convening and setting the agenda of the Shareholders' Meeting, including submitting to the Extraordinary Shareholders' Meeting the opt-in for early application of the new BCAC for approval, as well as the resulting proposed amendments to the articles of association;
- Instructing an update of the Corporate Governance Charter to comply with the amended articles of association and the 2020 Code, and discussing and approving amendments to this Charter. In this respect, the Board of Directors has considered, in accordance with provision 8.7 of the 2020 Code, that it is currently not required for the Company to enter into a relationship agreement, but that this will be reassessed at an appropriate time;
- Approving the changes to the Code of Conduct in the context of the Corporate Governance Charter update;
- Following-up on the progress of the AY 20/21 budget reviews at country level carried out by the Executive Management, and subsequently analysing and approving the AY 20/21 budget;
- Approving and following-up on investment opportunities and CAPEX requests;
- Monitoring, within the framework of the implementation of the Transformation Plan, the various Transformation Office workflows and the savings and upsides they achieved, as well as turn-around actions taken and the status of the envisaged potential divestments and closing of non-core and non-strategic operations and assets;
- Assessing the Group's financial and operational results, and analysing and approving the FY forecasts for the Group for AY 19/20;
- Determining the competences of the Executive Management and approving changes to the positions held by Leadership Team members;
- Evaluating and analysing the performance of the members of the Executive Management and the Leadership Team;
- Monitoring compliance with the Market Abuse Regulation requirements, particularly the disclosure of inside information;
- Discussing the remuneration policy for non-executive directors, taking into account recommendations in the 2020 Code;
- Conducting a formal self-assessment exercise to evaluate the Board's composition, functioning and effectiveness;
- Assessing the press releases prepared for the announcement of the bi-annual and annual financial results, as well as the press releases to announce the H1 profitability guidance (as published on 27 August 2019) and the upwardly revised H1 forecast (as published on 29 October 2019);
- Monitoring and approving changes in the organisational chart at corporate and divisional level;
- Following-up on the steps taken by the Executive Management to establish and build new strategic partnerships with key customers;
- Following-up on the steps taken by the Executive Management to deliver on the commitments made by Greenyard to its lending banks under the Syndicated Facilities Agreement (SFA) (as amended by the consent letters of 11 April and 3 June 2019);
- Discussing the option of a stand-alone recovery of Greenyard as the best way forward to further deleverage and strengthen the Group, obviating the need to further explore possible debt or equity investment options or to continue investigating the sale of its Belgian Prepared activities;
- Following-up on discussions with the lending banks under the SFA on the conditions of a new consent letter, amending the agreement between Greenyard and its lending banks in respect of the terms of the SFA, in view of such stand-alone recovery and further implementation of the Transformation Plan;



- Following-up on communication with the FSMA;
- Following-up on the impact of COVID-19 on Greenyard and the measures taken to protect Greenyard employees to safeguard the supply of fruit and vegetables, and to mitigate the effects on the business;
- Taking all necessary steps and decisions with respect to the divestment of the entire share capital of Greenyard Flowers UK Ltd to Yellow Holdings Ltd on 11 October 2019, on the advice of the committee of independent directors in accordance with the procedure for related parties' transactions as set out in article 7:97 BCAC (see 6.3, below);
- Taking all necessary steps and decisions with respect to the divestment of the entire share capital of Greenyard Logistics Portugal SA through a management buyout expected to be completed in AY 20/21.

### 1.3. Evaluation of the Board of Directors – self-assessment

In accordance with the 2020 Code and its terms of reference, the Board of Directors regularly evaluates (at least every three years) the Board's size, composition and functioning, and that of its advisory Committees, as well as its performance and its interaction with the Executive Management. The aim is to encourage continuous improvement in the corporate governance of Greenyard by recognizing the Board of Directors' strengths while identifying areas for improvement. The Board of Directors' self-assessment exercise is coordinated by the Company Secretary and the Group HR Director, under the leadership of its Chairman, and is monitored by the Nomination and Remuneration Committee.

This self-assessment has the following main objectives:

- to verify whether the current Board's composition represents sufficient expertise in the Greenyard's areas of activity,
- to verify whether the chosen one-tier governance structure is still appropriate,
- to appraise the Board's operation and the execution of its responsibilities,
- to verify whether the interaction with the Executive Management takes place transparently, and
- to seek views on the current remuneration policy for non-executive directors.

The Board of Directors carried out its most recent self-assessment at the end of AY 19/20, noting that it had been a challenging year for Greenyard where continuity and stability were important pillars for the Board's composition and operation. The directors' responses were collated and summarized to produce a collegiate consideration of the contribution and performance of the Board, and measures deemed appropriate to improve its effectiveness.

The summary findings were reviewed by the Nomination and Remuneration Committee and discussed by the Board of Directors on 26 March 2020. The outcome of the evaluation was satisfactory and positive in respect of the current governance structure, the cooperation and dynamic within the Board of Directors, the interaction with its advisory Committees and the Executive Management and the contribution of each director and their level of commitment. Certain proposals to continue to improve the Board's efficient functioning will be further elaborated and implemented.

When the renewal of a directorship is being considered, the Nomination and Remuneration Committee will assess the commitment and constructive involvement of the director concerned in Board discussions and decision-making in the light of its recommendation to the Board of Directors.

## 2. Advisory Committees to the Board of Directors

The Board of Directors has set up two advisory Committees: the Audit Committee (see 2.1, below) and the Nomination and Remuneration Committee (see 2.2, below). Their roles, tasks, functioning and composition have been set out in accordance with the BCAC and the recommendations of the 2020 Code and are described in their respective terms of reference, as attached in annex to the Corporate Governance Charter.

Until 24 September 2019, Greenyard had a Strategic Committee, but the Board of Directors decided not to maintain this as a separate Committee, in line with the recommendations of the 2020 Code and taking into account that the Committee had not met since the beginning of AY 19/20. All strategic proposals are now discussed directly within the Board of Directors.

## 2.1. Audit Committee

### Composition

The Audit Committee comprises at least three non-executive directors appointed by the Board of Directors. At least one member of the Committee is an independent director in accordance with article 7:87 (§1) BCAC, who satisfies the criteria set out in provision 3(5) of the 2020 Code.

As at 31 March 2020, the Audit Committee comprises the following members:

- **Mr Dirk Van Vlaenderen** independent director and Chairman of the Audit Committee  
(as permanent representative of Gescon BV)
- **Ms Hilde Laga** independent director
- **Mr Johan Vanovenberghe** non-executive director  
(as permanent representative of Intal BV)

During AY 19/20, Mr Thomas Borman voluntarily resigned as non-executive director and member of the Audit Committee, effective from 19 July 2019.

All the members of the Audit Committee have expertise related to the activities of the Company and relevant experience and competence in accounting, auditing and finance to fulfil their roles effectively, as evidenced by their biographies under *Composition of the Board of Directors* (see above).

The Chief Financial Officer has a standing invitation to attend meetings of the Audit Committee. The Audit Committee decides whether and when the co-Chief Executive Officers, the statutory auditor and other persons may attend its meetings. At least twice a year the Audit Committee meets the statutory auditor and the corporate internal auditor.

### Role and responsibilities

The Audit Committee supports the Board of Directors in fulfilling its supervisory and monitoring responsibilities with a view of a monitoring to the largest extent, including risk control. In this respect, the Audit Committee is, at a minimum, responsible for notifying the Board of Directors of the outcome of the statutory audit of the annual and consolidated accounts and explaining how the audit contributes to the integrity of the financial reporting and what role the Audit Committee had in that process.

The Audit Committee also monitors the financial reporting process, the efficiency of the internal control and risk management systems, and the internal audit and its efficiency. In addition, the Audit Committee assesses the independence of the statutory auditor and verifies whether the provision of additional services to Greenyard is appropriate. It reports regularly to the Board of Directors on the fulfilment of its duties.

The Audit Committee regularly, at least every three years, evaluates its functioning, efficiency and terms of reference. The most recent formal self-assessment exercise was conducted at the end of AY 19/20. The members' responses reflect the Audit Committee's strengths in respect of its current composition and efficiency. Some suggestions for further improvement to its current functioning were made, and these will be further discussed in the Audit Committee. Where necessary, recommendations may be made to amend the terms of reference of the Audit Committee.

After each Audit Committee meeting, the Chairman of the Committee (or, in his absence, a designated member of the Committee) gives an oral report to the next meeting of the Board of Directors on the items discussed at the Audit Committee meeting and on any recommendations made or decisions to be taken by the Board. The approved minutes of Audit Committee meetings are made available to directors in the Company Secretary's office.

### Activities during AY 19/20

The Audit Committee met on four occasions during AY 19/20. The statutory auditor Deloitte attended three of the meetings.

The Audit Committee has been engaged in the following main dossiers and items during AY 19/20:

- Monitoring the Group's consolidated half-yearly and annual results and the Company's annual and consolidated financial statements;
- Monitoring the accounting treatment for specific IFRS operations and applications;
- Monitoring and evaluating the statutory auditor's performance;
- Monitoring and evaluating the internal audit function, including the internal audit plan defining the planned audit activities and risk assessment for AY 20/21 and the audit charter for AY 20/21, in the presence of the corporate internal auditor;
- Evaluating and controlling the one-to-one rules;
- Monitoring the Group's internal control improvements and risk management systems and their efficiency, including with respect to cybersecurity;
- Following-up on pending litigations and material claims reported by Group entities;
- Following-up on the reporting to and communication with the FSMA;
- Discussing and making a recommendation to the Board of Directors about the renewal of the statutory auditor's mandate at the Annual Shareholders' Meeting with respect to AY 20/21, given the mandatory audit firm rotation pursuant to the Belgian legislation of 29 June 2016;
- Monitoring the main regulatory developments, such as changes in IFRS standards, and their potential impact.

## 2.2. Nomination and Remuneration Committee

### Composition

The Nomination and Remuneration Committee comprises at least three non-executive directors appointed by the Board of Directors. At least the majority of its members are independent directors in accordance with article 7:87 (§1) BCAC, who satisfies the criteria set out in provision 3(5) of the 2020 Code.

As at 31 March 2020, the Nomination and Remuneration Committee comprises the following members:

- **Mr Aalt Dijkhuizen**  
(as permanent representative of Aalt Dijkhuizen B.V.) independent director and Chairman of the Nomination and Remuneration Committee
- **Mr Koen Hoffman** independent director

(as permanent representative of Ahok BV)

- **Ms Veerle Deprez** non-executive director  
(as permanent representative of Management Deprez BV)

The members of the Nomination and Remuneration Committee have collective competence and expertise in matters of remuneration and remuneration policy.

The co-Chief Executive Officers are invited to attend meetings of the Nomination and Remuneration Committee when it discusses the appointment or remuneration of the other members of the Leadership Team. The Nomination and Remuneration Committee has the freedom to invite other individuals to the meetings at its own discretion.

### Role and responsibilities

The Nomination and Remuneration Committee assists and makes proposals to the Board of Directors in matters relating to individual remuneration (including variable remuneration, long-term performance bonuses and severance payments), remuneration policy and the appointment or reappointment of directors and members of the Executive Management and the Leadership Team. The Committee also prepares the remuneration report included in the Corporate Governance Statement and presented to the Annual Shareholders' Meeting. The Committee assists the Chairman of the Board of Directors in respect of the evaluation of the Board of Directors' performance and functioning.

After each Nomination and Remuneration Committee meeting, the Chairman of the Committee (or, in his absence, a designated member of the Committee) gives an oral report to the next meeting of the Board of Directors on the items discussed and on any recommendations made or decisions to be taken by the Board of Directors. The approved minutes of a Nomination and Remuneration Committee meeting are made available to directors in the Company Secretary's office.

### Activities during AY 19/20

The Nomination and Remuneration Committee met on three occasions in AY 19/20 and discussed the following main issues:

- Monitoring changes to the regulatory framework and recommendations relating to governance and remuneration, in respect of the 2020 Code and the Shareholders Rights Directive (EU) 2017/828;
- Assisting in the performance evaluation of the Board of Directors;
- Assessing and discussing potential changes to the remuneration policy for non-executive directors following the recommendations of the 2020 Code;
- Making proposals in respect of the appointment or reappointment process for directors;
- Discussing and making proposals to the Board of Directors, in consultation with the co-Chief Executive Officers, regarding changes to the composition of and positions held within the Leadership Team;
- Monitoring the establishment of a succession plan for senior management positions;
- Advising on the terms and modalities of the contract to be concluded with Leadership Team members in the event of recruitment or termination of further cooperation;
- Assessing and determining performance criteria and targets for members of the Executive Management and the Leadership Team;
- Dealing with matters pertaining to granting bonuses and long-term incentive rewards to Leadership Team and Executive Management members and selected key management personnel;
- Making recommendations about the individual remuneration of Executive Management and Leadership Team members;
- Following-up on management changes at country and division level;
- Preparing and reviewing the remuneration report.



### 3. Attendance at Board of Directors and Advisory Committees meetings

AY 19/20	Board of Directors	Audit Committee	Nomination & Remuneration Committee
<b>Number of meetings<sup>(1)</sup></b>	<b>15</b>	<b>4</b>	<b>3</b>
Deprez Invest NV, rep. by Mr Hein Deprez	15/15		
Ahok BV, rep. by Mr Koen Hoffman	15/15		3/3
Ms Hilde Laga	12/15	4/4	
Gescon BV, rep. by Mr Dirk Van Vlaenderen	14/15	4/4	
Aalt Dijkhuizen B.V., rep. by Mr Aalt Dijkhuizen	11/15		2/3
Management Deprez BV, rep. by Ms Veerle Deprez	15/15		3/3
Omorphia Invest BV, rep. by Ms Valentine Deprez	15/15		
Mr Thomas Borman	4/9 <sup>(2)</sup>	1/2 <sup>(2)</sup>	
Bonem Beheer BV, rep. by Mr Marc Ooms	15/15		
Intal BV, rep. by Mr Johan Vanovenberghe	15/15	4/4	

<sup>(1)</sup> The first figure represents attendance and the second figure the number of meetings.

<sup>(2)</sup> Mr Thomas Borman voluntarily resigned as non-executive director and member of the Audit Committee, effective from 19 July 2019.

### 4. Executive Management

Since 9 February 2019, the responsibility for day-to-day management has been exercised by two Chief Executive Officers (co-CEOs), in close cooperation with the Chief Financial Officer (CFO), with whom they jointly form the Executive Management. The Executive Management is assisted by the Leadership Team (see 4.3) in the exercise of the Company's day-to-day and operational management.

#### 4.1. Composition of the Executive Management

##### Principles

The Executive Management comprises the two co-CEOs and the CFO. The members are appointed and dismissed by the Board of Directors on the advice of the Nomination and Remuneration Committee. The appointment or dismissal of the co-CEOs is subject to a two-thirds majority in the Board of Directors. The CFO is appointed after consultation with and on the recommendation of the co-CEOs.

Executive directors are *de jure* members of the Executive Management.



### Membership of the Executive Management as at 31 March 2020

**Hein Deprez** (as permanent representative of Deprez Invest NV)  
**co-Chief Executive Officer**

Mr Hein Deprez started out in 1983 with a small mushroom farm. In 1987, he founded Univeg, which later became the Greenyard Fresh segment. It was the foundation on which he built one of the biggest fruit and vegetable companies in the world. At the beginning of 2018, he took up the role of Greenyard CEO, focusing on the Company's long-term vision and strategy, while also being personally engaged with some of its key customers. Since mid-February 2019, Mr Deprez and Mr Marc Zwaaneveld have jointly shared the role of CEO. Mr Deprez is also member of the Board of Directors as an executive director.

**Marc Zwaaneveld** (as permanent representative of MZ-B BV)  
**co-Chief Executive Officer**

Mr Marc Zwaaneveld advised various international companies and consulted on investments, restructuring and interim management during the periods 2002–2005 and 2011–2014. From 2005 until 2011, he was CFO and Vice Chairman of the Management Board at SUEZ Benelux - Germany. In 2014, he became COO at Van Gansewinkel Group. After six months, he was appointed CEO (until 2017) and led the company's turnaround. In early 2019, he took up the newly created position of Chief Transformation Officer at Greenyard to lead the Transformation Office. To ensure that the Transformation Plan was implemented throughout the whole organisation, Mr Zwaaneveld was appointed co-CEO, alongside Mr Deprez in February 2019.

**Geert Peeters** (as permanent representative of Chilibri BV)

#### **Chief Financial Officer**

Mr Geert Peeters started his career as a Management Consultant at PwC advising international companies on business processes, reporting and systems. He became a Senior Manager at PwC and later at Deloitte, working in corporate finance and recovery, where he supervised various acquisitions and reorganisations. In 2005, he moved to SUEZ, where he was promoted to Controlling Manager and later became Finance Director Belux. In 2012, Mr Peeters became Metallo Group CFO where he also served as a director before joining Greenyard as CFO in September 2018.

## **4.2. Role and responsibilities of the Executive Management**

### **Duties of the Executive management**

The Board of Directors has delegated day-to-day management to the co-CEOs, each of whom may act alone. Day-to-day management includes all actions and decisions that do not go beyond the daily needs of the Company, as well as those actions and decisions that do not justify the intervention of the Board of Directors for reasons of minor importance or urgency.

The co-CEOs have individual representational powers in matters of daily management. They each may validly represent the Company upon being accorded a specific mandate by the Board of Directors and may sub-delegate any of the specific powers granted to them.

The co-CEOs submit Executive Management proposals to the Board of Directors or the advisory Committees, depending on the subject-matter.

The Executive Management's main responsibilities are:

- Developing and implementing the vision, mission, strategic objectives and direction of the Group, and advising the Board of Directors in these areas, with a focus on the Company creating long-term value;
- Assuring the day-to-day and operational management of Greenyard;
- Investigating possible interesting investment opportunities and making proposals in this respect to the Board of Directors;
- Rolling out strategic partnerships with key customers, and building and maintaining strong customer relationships;
- Organising and monitoring internal controls, without prejudice to the supervisory role of the Board of Directors;
- Supervising the complete, timely, reliable and accurate preparation of the annual accounts, in accordance with Greenyard's accounting principles and policies;
- Following up the mandatory publication by Greenyard of annual accounts, annual reports and other material financial and non-financial information;
- Assessing Greenyard's financial situation and budget, and providing information to the Board of Directors on the Company's financial results and financial position;
- Leading Greenyard's Leadership Team;
- Reporting to and preparing correspondence with the FSMA;
- Generally advising and implementing decisions taken by the Board of Directors and exercising the powers the Board of Directors delegates to them.

The Executive Management also provides all the information necessary, in a timely manner, for the Board of Directors to carry out its duties.

## Reporting to the Board of Directors

At each meeting of the Board of Directors, except in exceptional circumstances, the Executive Management provides the Board of Directors with relevant information on the progress of matters falling within the competence of the Board, as well as on key aspects of the Company's day-to-day and operational management.

During AY 19/20 the Executive Management reported to the Board *inter alia* on the following:

- Updates on the progress of the strategic partnerships and commercial discussions with key customers;
- Information on developments affecting the business, including the implementation status of the Transformation Plan and progress on the envisaged divestments of non-core or non-strategic assets and activities;
- Reporting on the Company's financial results, financial position and forecasts, and the press releases prepared in respect of the biannual and annual results and the (revised) full-year forecast;
- Reporting on the budget status;
- Reporting on the position of financial stakeholders and investors;
- Updates on discussions and the regular update meetings with the lending banks under the SFA, and the steps taken to deliver Greenyard's commitments under the SFA (as amended by the consent letters of 11 April, 3 June and 15 November 2019 respectively);
- Updates on operational results per division as well as management performance and changes at country and division level;
- Reporting on circumstances potentially affecting the Company's financial position, such as the COVID-19 crisis and the measures taken in this respect;
- Updates on communication with the FSMA.

The Executive Management must inform the Board of Directors, in a timely manner, of relevant information in relation to pending judicial litigations, comments by the statutory auditor, planned reorganisations, and any matters which could have a significant influence on the financial situation of Greenyard, to allow the Board of Directors to implement an effective risk management policy.

The Executive Management also reports periodically on the Leadership Team's activities and on the performance of individual Leadership Team members.

## Functioning of the Executive Management

The Executive Management is a collegial body which, in principle, is convened every week and can be convened at any time, as necessary, to ensure the Company's smooth operation. The Group Legal Director has been appointed to act as secretary at the meetings. During AY 19/20, the Executive Management met once a week on average and, at each meeting, a report is drawn-up to reflect the deliberations and decisions taken.

### 4.3. The Leadership Team

The Leadership Team provides advice and assistance to the Executive Management in carrying out the Company's day-to-day management and operational direction.

## Composition

The members of the Leadership Team are appointed by the Board of Directors, based on proposals from the Nomination and Remuneration Committee and after consultation with and on the recommendation of the co-CEOs. Members of the Leadership Team may at any time be dismissed by the Board of Directors from their position. The remuneration and the conditions for dismissal of a member of the Leadership Team are governed by an agreement between the member and the Company.



The members of the Executive Management are part of the Leadership Team.

At 31 March 2020 the Leadership Team consists of:

- **Mr Hein Deprez** co-Chief Executive Officer  
(as permanent representative of Deprez Invest NV)
- **Mr Marc Zwaaneveld** co-Chief Executive Officer  
(as permanent representative of MZ-B BV)
- **Mr Geert Peeters** Chief Financial Officer  
(as permanent representative of Chilibri BV)
- **Mr Alexander Verbist** Group Legal Director  
(as permanent representative of Qualexco BV)
- **Ms Bénédicte Vandaele** Group HR Director  
(as permanent representative of HR Plus Consult BV)
- **Mr Charles-Henri Deprez** Managing Director of Fresh division  
(as permanent representative of Alvear International BV)
- **Ms Irénke Meekma** Managing Director of Fresh-Bakker division  
(as permanent representative of Meekma Day B.V.)
- **Mr Erwin Wuyts** Managing Director of Frozen division  
(as permanent representative of Dinobryon BV)
- **Mr Dominiek Stinckens** Managing Director of Prepared division
- **Mr Yannick Peeters** Managing Director of Fresh Belgium  
(as permanent representative of Gemini Consulting BV)

#### **Changes to the composition of and positions held within the Leadership Team during AY 19/20**

Ms Bénédicte Vandaele (as permanent representative of HR Plus Consult BV) became temporary Group HR Director on 5 April 2019 before concluding a long-term agreement on 1 October. She joined the Leadership Team as from 5 April 2019.

Mr Tim Van Londersele (as permanent representative of VLT Consulting BV) left Greenyard and stepped down as Managing Director Fresh German Markets from 1 November 2019. Mr Charles-Henri Deprez (as permanent representative of Alvear International BV) - considered the most suitable candidate for the position - agreed to move from Managing Director of the Frozen division to Managing Director of the Fresh division, with particular focus on the German markets. Mr Erwin Wuyts became the new Frozen division Managing Director on 19 September 2019.

In order to effectively execute the further transformation of the Group, there should be a unified corporate culture across the four divisions. Therefore, since January 2020, each of the four divisions has been represented in the Leadership Team by its managing director.

Mr Yannick Peeters (as permanent representative of Gemini Consulting BV), formerly Group Strategic Director, agreed to take up the position of Managing Director of Fresh Belgium from 6 January 2020, and remains part of the Leadership Team. This new role aligns with the latest phase of Greenyard's transformation during which governance of the planned initiatives and further improvement processes are gradually being embedded in the local organisations.

#### **Role and responsibilities of the Leadership Team**

The Leadership Team's role is to supervise and manage the Group's global operations, under the direction of the Executive Management and taking into account overall Company strategy as defined by the Board of Directors. The Leadership

Team’s main responsibilities include supporting the Executive Management in day-to-day management of the Group, developing strategic guidelines, analysing budgets and operational objectives, and supervising local management teams.

Individual members of the Leadership Team have powers and responsibilities assigned to them by the Board of Directors, based on the proposals of the Nomination and Remuneration Committee, and after consultation with and on the recommendation of the co-CEOs.

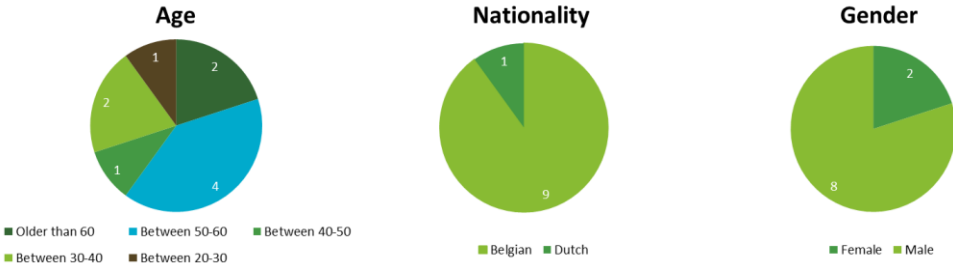
Depending on the subject matter or the decision proposed to the Board of Directors, a member of the Leadership Team may, at the request of the co-CEOs and with the consent of the Chairman of the Board of Directors, be invited to a Board meeting to provide the necessary explanations or advice. The Board may also request, through one of the co-CEOs, special written or oral reports from members of the Leadership Team individually.

In exercising its responsibilities, the Leadership Team is assisted by a team of key personnel drawn from the different divisions of the Group.

**Functioning of the Leadership Team**

The Leadership Team meets weekly, and any member may request that a meeting be convened. It is chaired by a co-CEO, while the Group Legal Director has been appointed to act as secretary. At each meeting, a report is drawn up of the deliberations and decisions taken.

**4.4. Diversity in the Executive Management and Leadership Team**



As at 31 March 2020, the Leadership Team is composed of two female members out of the ten members in total and represents two different nationalities and different age categories. As their function within Greenyard indicates, there are differences in educational background, professional experience and career paths between members, ensuring a complementary set of knowledge and skills within the Leadership Team. The members of the Executive Management also represent a balanced team in its knowledge and experience, as reflected in their biographies (see above).

**5. Statutory auditor**

Deloitte Bedrijfsrevisoren CVBA were appointed as the Company’s statutory auditor for a period of three years, due to end immediately after the Annual Shareholders’ Meeting with respect to AY 20/21. To exercise its duties in relation to the Company’s annual accounts and consolidated financial statements, the statutory auditor is represented by Mr Kurt Dehoorne in his capacity as permanent representative, with offices at Raymonde de Larocheaan 19A, 9051 Sint-Denijs-Westrem. Deloitte Bedrijfsrevisoren CVBA’s registered offices are at Luchthaven Nationaal 1J, 1930 Zaventem.

## 6. Rules for preventing conflicts of interest

### 6.1. Principles

To prevent conflicts of interest, Greenyard is governed by:

- the applicable legal provisions for listed companies: articles 7:96 and 7:97 BCAC (see 6.2 and 6.3, below), and
- the additional rules specified in Greenyard's Corporate Governance Charter (see 6.4, below).

### 6.2. Application of the conflict of interest procedure in accordance with article 7:96 BCAC

Pursuant to article 7:96 BCAC, if a director has a direct or indirect financial interest that conflicts with a decision or transaction that falls under the competence of the Board of Directors, the director must notify the other members of the Board of Directors of such an interest at the start of the meeting, and will act in accordance with article 7:96 BCAC. The director may not take part in the discussions of the Board of Directors relating to the transaction or decision, nor take part in the vote.

In AY 19/20, the procedure laid down in article 7:96 BCAC has been applied at four Board of Directors' meetings (24 May 2019, 4 July 2019, 3 October 2019 and 20 February 2020).

#### Suspension of short-term incentive for AY 18/19 and setting short-term incentive components and objectives for Leadership Team members for AY 19/20

Prior to the start of deliberations, Mr Hein Deprez (as permanent representative of Deprez Invest NV), Managing Director and co-CEO of Greenyard, in which capacity he is a member of the Leadership Team, declared at the Board of Directors' meeting of 24 May 2019 that he has a conflicting financial interest within the meaning of article 7:96 BCAC (old article 523 of the Company Code) with respect to the proposals to be submitted to the Board of Directors, upon recommendation by the Nomination and Remuneration Committee, as recorded in the minutes as follows:

*"Prior to the deliberation and decision-making, Mr Hein Deprez, in his capacity as legal representative of Deprez Invest NV, managing director of the Company, declared to have a conflicting financial interest within the meaning of article 523 of the Company Code with respect to agenda item 4.1 [Reporting by the Nomination and Remuneration Committee of 24 May 2019] which arises from the fact that the Board of Directors will be requested to decide, upon advice of the Nomination and Remuneration Committee, on the Executive Management's proposal on the bonus payment for AY 18/19 and the short term incentive related to AY 19/20 for the Leadership Team members, including Deprez Invest NV, as co-Chief Executive Officer. The financial consequences of the relevant decisions pertain to respectively the grant of short-term incentive awards to Mr Hein Deprez, as co-Chief Executive Officer [...]. After having made the above-mentioned statement, the director[s] concerned declared not to participate in the deliberation and voting on agenda item 4.1. [He] will inform the Company's statutory auditor of the application of article 523 of the Company Code immediately after the Board meeting."*

With respect to the short-term incentive for AY 18/19 and AY 19/20, the following decisions were taken by the Board of Directors, as recorded in the minutes as follows:

*"The Board of Directors decided to act on the Nomination and Remuneration Committee's positive advice on the proposal of the Executive Management, as presented to the Nomination and Remuneration Committee of today. [...] This proposal includes, amongst others, the suspension of the bonus payment for AY 18/19 and the approval of the short-term incentive related to AY 19/20, consisting of the bonus components and relative weight of the KPIs for the Leadership Team members, taking into account the specifics thereof as foreseen in the presentation."*

For the financial impact on the Company of the remuneration policy as it concerns members of the Leadership Team, reference is made to the remuneration report (see 8.1.2, below).

### **Deviation from remuneration policy for non-executive directors regarding the remuneration of the Chairman of the Board of Directors**

On 24 May 2019 and on 4 July 2019, the Board of Directors decided on the proposed deviation from the remuneration policy for non-executive directors regarding the remuneration of the Chairman of the Board of Directors, on the advice of the Nomination and Remuneration Committee.

At the beginning of these meetings, Mr Koen Hoffman (as permanent representative of Ahok BV) informed the Board of Directors of a conflicting financial interest within the meaning of article 7:96 BCAC (old article 523 of the Company Code) in his capacity as Chairman of the Board of Directors.

This statement is recorded as follows:

- In the minutes of the Board of Directors' meeting of 24 May 2019:

*“Mr Koen Hoffman, in his capacity as legal representative of Ahok BVBA, informed the Board of Directors to have a potential financial conflict within the meaning of article 523 of the Company Code on the proposed decision on his remuneration package as Chairman of the Board of Directors, which will be discussed in agenda item 4.1 [Reporting by Nomination and Remuneration Committee of 24 May 2019]. The financial consequences of the relevant decision[s] pertain to [...] the payment of additional fixed remuneration to Mr Koen Hoffman in his role as Chairman of the Board of Directors. After having made the above-mentioned statement, the director[s] concerned declared not to participate in the deliberation and voting on agenda item 4.1. [He] will inform the Company's statutory auditor of the application of article 523 of the Company Code immediately after the Board meeting.”*

- In the minutes of the Board of Directors' meeting of 4 July 2019:

*“At the beginning of the meeting, Mr Koen Hoffman (as permanent representative of Ahok BVBA) declared, in his capacity of Chairman of the Board of Directors to have a conflicting financial interest within the meaning of article 523 of the Company Code with respect to agenda item 4 (Recommendation by the Nomination and Remuneration Committee in view of the 2019 AGM). The conflict of interest arises from the fact that the Board of Directors will have to decide, upon recommendation by the Nomination and Remuneration Committee, on the proposal to amend the remuneration policy for the Chairman of the Board of Directors. After having made the above-mentioned statement, the director concerned declared not to participate in the deliberation and voting on this agenda item. He will inform the Company's statutory auditor of the application of article 523 of the Company Code immediately after the Board meeting.”*

After deliberation and discussion, the following decision was taken by the Board of Directors:

*“The Chairman of the Nomination and Remuneration Committee reminds the directors of the decision taken by the Board of Directors on May 24, 2019 to increase, with effect as of April 1, 2019, the fixed annual fee of the Chairman of the Board of Directors with € 40.000, to be paid in treasury shares, given the responsibilities and time commitment resulting from his role. This additional fixed fee of € 40.000 in treasury shares will be paid on top of the additional fixed annual fee of € 10.000 in cash and the remuneration which he receives as non-executive director (being a fixed remuneration of € 30.000 per annum plus an additional attendance fee of € 2.500 per meeting). The Board of Directors approved, on recommendation by the Nomination and Remuneration Committee, to grant to the Chairman of the Board of Directors, in deviation from the previous decision of May 24, 2019 and in deviation from the applicable remuneration policy for non-executive directors, a fixed annual remuneration of € 142.500, to be fully paid in cash, which also includes the additional attendance fees for participation in the meetings of the Board of Directors or an advisory committee, with effect as of April 1, 2019.*



*The proposed amount of fixed annual remuneration is equal to the sum of (i) the total remuneration of € 102,500 which has been paid to the Chairman of the Board of Directors for the previous AY 18/19 and (ii) the additional fixed annual fee of € 40,000, as approved by the Board of Directors held on May 24, 2019. The proposed amendment of the remuneration policy for the Chairman of the Board of Directors will be submitted for approval to the annual general shareholders' meeting which will be held on September 20, 2019.*

*The Board of Directors is of the opinion that the financial impact on the Company equals the fixed annual remuneration of € 142,500 which - subject to approval by the annual general shareholders' meeting - will be paid to the Chairman of the Board of Directors with effect as of April 1, 2019 and which is considered an at arms' length remuneration."*

### **Reduction of the amount of fixed remuneration paid to a non-executive director for consultancy services provided to Greenyard**

Prior to the start of deliberations, the Board of Directors meeting on 20 February 2020 was informed about a conflict of interest within the meaning of article 7:96 BCAC on the proposed adjustment to the amount of compensation paid to Mr Johan Vanovenberghe (as permanent representative of Intal BV), who is member of the Board of Directors and the Audit Committee, for consultancy services provided to Greenyard. Mr Vanovenberghe does not receive any remuneration or attendance fees in his capacity as director and member of the Audit Committee.

Mr Vanovenberghe made the following statement at the beginning of the meeting (as recorded in the minutes (freely translated)):

*"Mr J. Vanovenberghe, in his capacity as permanent representative of Intal BV, director of the Company, declares that he should be deemed to have a conflicting financial interest within the meaning of article 7:96 BCAC with respect to the decision to be taken by the Board of Directors, on the advice of the Nomination and Remuneration Committee, within the framework of agenda item 6.2.2. [Reporting by the Nomination and Remuneration Committee of 20 February 2020] on the proposed adjustment to the compensation which he receives from the Company for the consultancy services he provides. This compensation also includes the remuneration for his mandate as director and as a member of the Audit Committee of the Company. Subsequently, the director concerned declares to leave the meeting when discussing and voting on this agenda item 6.2.2. The Company Secretary will inform the statutory auditor of the application of the conflict of interest procedure by making the minutes of this meeting available."*

After deliberation and discussion, the Board of Directors took the following decision (freely translated):

*"On the Nomination and Remuneration Committee's recommendation, the Board of Directors agrees with the proposal to amend the remuneration policy for the non-executive director Mr J. Vanovenberghe, as permanent representative of Intal BV, consisting of a monthly fixed remuneration of € 15,300 (excl. VAT), by granting him an annual fixed remuneration of € 142,500 (excl. VAT) as from 1 April 2020 for the consultancy services he provides to the Company, which is in line with his changed time allocation. He does not receive any additional remuneration in his capacity as non-executive director. In this respect, the Board of Directors is of the opinion that the financial impact of this decision for the Company is equal to the amount of the annual fixed remuneration of € 142,500 (excl. VAT), which is lower than the current remuneration which Mr J. Vanovenberghe receives (€ 183,600 (excl. VAT) on annual basis) for his consultancy services to Greenyard."*

### **Divestment of the Greenyard Flower business in the UK to Yellow Holdings Ltd**

On 28 March 2019, the Board of Directors was informed of the envisaged divestment by Greenyard Fresh Holding NL B.V. (Greenyard Fresh), a Greenyard subsidiary, of its participation in Greenyard Flowers UK Ltd (GYFLUK), representing the entire share capital. The transaction forms part of Greenyard's policy under the Transformation Plan to divest non-core activities to use the proceeds for the purposes of further deleveraging Greenyard. The Board of Directors noted that Yellow Holdings

Ltd (*the Yellow Consortium*) had expressed its interest as candidate-purchaser. In relation to this, it was pointed out that Mr Gilles Deprez, Managing Director of GYFLUK, is a minority shareholder of Yellow Holdings Ltd.

Given that:

- Mr Gilles Deprez is a member of the Deprez family, which indirectly through Deprez Holding NV and Food Invest International NV is presumed to have control over the Company within the meaning of article 1:14 BCAC, and
- the Deprez family also controls De Weide Blik NV which, in turn, indirectly holds shares in Winchester Real Estate Ltd. Winchester Real Estate Ltd owns real estate used in the activities of GYFLUK,

the procedures set out in articles 7:96 and 7:97 BCAC will have to be complied with if negotiations evolve to a more advanced stage.

On 3 October 2019, the Board of Directors was informed that negotiations between Greenyard Fresh and the Yellow Consortium with respect to the sale by Greenyard Fresh of its 100% participation in GYFLUK have resulted in a share purchase agreement (the *Transaction*) which is close to finalization. The total cash proceeds from the envisaged Transaction are expected to amount to GBP 8.54 million (rounded).

Prior to the start of deliberations, the following directors declared a potential conflict of interest within the meaning of article 7:96 BCAC, with respect to the Transaction:

- Mr Hein Deprez (as permanent representative of Deprez Invest NV);
- Ms Veerle Deprez (as permanent representative of Management Deprez BV);
- Ms Valentine Deprez (as permanent representative of Omorphia Invest BV).

The above-mentioned directors made the following declaration in accordance with article 7:96 BCAC (as recorded in the minutes):

*“The above-mentioned directors explained that their potential conflict of interest arises from the fact that they are related to Mr Gilles Deprez, who is the managing director of GYFLUK and more importantly is a minority shareholder of the Yellow Consortium, who will act as the purchaser in the framework of the Transaction.”*

Given the foregoing: *“The Board of Directors acknowledged the declarations of the potential conflict of interest made by the aforementioned directors and, in accordance with article 523 of the old BCC / article 7:96 of the new BCCA, set out the following legally required elements. [...]”* and *“Following this, the aforementioned directors, being Deprez Invest NV, represented by Mr Hein Deprez, Management Deprez BVBA, represented by Ms Veerle Deprez and Omorphia Invest BVBA, represented by Ms Valentine Deprez, left the meeting.”*

The procedure in article 7:97 BCAC is applicable to the Transaction. For detailed information on the financial consequences and the justification of the Transaction as well as the decision of the Board of Directors in respect of this Transaction, reference should be made to section *Application of the conflict of interest procedure in accordance with article 7:97 BCAC* (see 6.3).

### **6.3. Application of the conflict of interest procedure in accordance with article 7:97 BCAC**

The Company must also comply with the procedure set out in article 7:97 BCAC where the Company, or a subsidiary, is contemplating a transaction with an affiliated company (subject to certain exceptions). Such a decision or transaction must be reviewed and assessed in advance by a committee of three independent directors, assisted by one or more independent experts of their choice. Pursuant to article 7:97 BCAC, after having taken note of the advice of the committee, the Board of Directors shall deliberate on the proposed decision or transaction. The statutory auditor must deliver an opinion as to the accuracy of the information contained in the committee’s advice and the Board minutes.

## Divestment of the Greenyard Flower business in the UK to Yellow Holdings Ltd

On 21 August 2019, the Board of Directors determined that the envisaged Transaction, as defined under section *Application of the conflict of interest procedure in accordance with article 7:96 BCAC* (see 6.2, above) could be regarded as applicable to relations between the Company and the Deprez family, and therefore decided to apply the procedure in accordance with article 7:97 BCAC with respect to the proposed Transaction, the negotiations for which were at that time evolving to a more advanced stage.

On 24 September 2019, the Board of Directors was informed that, pursuant to article 7:97 BCAC, the committee of independent directors (the *Committee*), composed of all four independent directors, met on 30 August 2019 and had decided to appoint Finvision Bedrijfsrevisoren BV as independent expert (the *Independent Expert*) to carry out a valuation of the GYFLUK activities on a stand-alone basis and to carry out a thorough analysis of the competitive process to sell GYFLUK shares. The four independent directors on the committee were Mr Koen Hoffman (as permanent representative of Ahok BV), Ms Hilde Laga, Mr Dirk Van Vlaenderen (as permanent representative of Gescon BV) and Mr Aalt Dijkhuizen (as permanent representative of Aalt Dijkhuizen B.V.).

Prior to preparing its advice, the Committee was provided with the opinion of the Independent Expert with respect to the Transaction (the *Expert Opinion*). After receiving the Expert Opinion, the Committee convened on 25 September 2019 to discuss and evaluate the Transaction.

The conclusion of the advice of the Committee issued on 2 October 2019 (the *Committee's Advice*) was as follows:

With respect to the financial consequences, the Committee has determined that “*on the basis of both the stand-alone valuation and the analysis of the competitive process, the [Independent] Expert has concluded that the [...] conditions of the Transaction are fair. Moreover, the [Independent] Expert has confirmed that the contract conditions for the Transaction are not uncommon.*”

[...]

*Taking into account the Expert Opinion, the Committee has assessed the envisaged Transaction in the light of the criteria included in article 524 of the old BCC / article 7:97 of the new BCCA and concluded that the expected advantages of the Transaction are greater than the expected disadvantages thereof, which leads to the conclusion that the Transaction is to the advantage and in the interest of the Company.*

*Therefore, the Committee provides a positive advice in relation to the Transaction.”*

Following deliberation, the Board of Directors decided on 3 October 2019 (as recorded in the minutes) “*to concur with the Committee's Advice.*”

*Considering the above, the directors are of the opinion that the Transaction is in the corporate interest of the Company, as the expected advantages of the Transaction are greater than the expected disadvantages thereof.*

[...]

*Following the deliberations, the Board of Directors unanimously took the following resolutions:*

*The Board of Directors decided to approve the Transaction, including the terms of the Transaction and any documents/actions in relation to the Transaction.*

[...]

*The Board of Directors assigned the auditor with the role as statutory auditor of the company to provide an opinion in accordance with article 524 §3 of the old BCC / article 7:97 §4 of the new BCCA on the fairness of the details and whether there are any inconsistencies of material interest in the financial and accounting details, which are mentioned in the Advice of the Committee or the present minutes. The opinion of the auditor will remain attached to the present minutes.”*

The conclusions of the statutory auditor, as described in their opinion of 24 April 2020, are as follows (freely translated):

*“We have verified the consistency of the financial and accounting information given in the opinion of the committee of independent directors and in the minutes of the Board of Directors with the information available to us in connection with our task.*

*As a result of our work, nothing came to our attention that would cause us to believe that the financial and accounting information given in the opinion of the committee of independent directors or in the minutes of the Board of Directors contained any material inconsistency with the information available to us within the scope of our mission.”*

#### **6.4. Policy concerning transactions with directors or Leadership Team members not covered by article 7:96 BCAC**

Greenyard's Corporate Governance Charter contains a procedure applying to any transaction contemplated between the following parties:

- a. Greenyard or one of its subsidiaries, and
- b. Directors, members of the Leadership Team (including the members of the Executive Management), their respective permanent representatives, or companies that do not belong to the Group, and where the director or the Leadership Team member concerned holds a board management position.

All such transactions must be notified to the Board of Directors which has the sole authority to decide whether Greenyard or the subsidiary concerned may enter into such a transaction. The Board of Directors must justify its decision in its meeting minutes and ensure that any such transaction is at arm's length. The Company Secretary will notify the statutory auditor by making the minutes available to the auditor for consultation. This prior approval by the Board is not required if the contemplated transaction concerns a customary transaction for the Company or its subsidiary and is carried out under conditions in accordance with general market practice for comparable transactions.

During AY 19/20, no transaction or decision gave rise to the application of the rules for the prevention of conflicts of interest not covered by article 7:96 BCAC.

## **7. Internal governance rules: Dealing Code – Code of Conduct**

The Company has adopted a Dealing Code intended to ensure that any persons in possession of inside information do not misuse it, do not place themselves under suspicion of misuse, and that such persons maintain the confidentiality of such information and refrain from market manipulation. This specifically relates to precise information about the Group or Greenyard securities that is not public and that would, if it were made public, be likely to have a significant effect on the price of these securities.

The legal basis of the Dealing Code is Regulation (EU) No. 596/2014 of 16 April 2014 on market abuse (MAR), together with its implementing regulations and ESMA and FSMA guidelines. The Dealing Code was most recently modified on 23 August 2018.



In this respect, the Company reports that the FSMA is currently investigating Greenyard's compliance with MAR in the context of its communication on the recall action in its Frozen division based on a potential Listeria contamination in the summer of 2018. This matter is still in the investigation phase.

In addition, every individual working within the Group is subject to the Code of Conduct and is expected to understand and follow this Code and all legal requirements currently in force in their daily work. The Code of Conduct aims to build a strong and sustainable business by upholding Greenyard's ethical values and giving guidance to all employees, directors and managers of Greenyard in making ethical and legal conduct a vital part of their daily business activities. The Code of Conduct was most recently modified on 10 February 2020.

The Dealing Code and Code of Conduct may be consulted on the Company's website under the heading Investor Relations: Corporate Governance ([www.greenyard.group](http://www.greenyard.group)).

## 8. Remuneration report

### 8.1. Procedures applied in AY 19/20 to develop a remuneration policy and determine the remuneration of directors and members of the Leadership Team

The components and the amount of remuneration for non-executive directors are proposed to the Annual Shareholders' Meeting by the Board of Directors, upon the advice of the Nomination and Remuneration Committee, thereby taking into account the listed character and the scope of the Company, the industry in which the Group operates and relevant benchmarks against appropriate peer companies and general international market practice. In determining the remuneration of non-executive directors, due attention is paid to ensuring that it is in line with their general and specific responsibilities and the related risks.

The Board of Directors determines remuneration policy for members of the Leadership Team (including the members of the Executive Management) following the recommendations of the Nomination and Remuneration Committee. The remuneration seeks to attract, motivate and retain highly qualified and promising management talent and to align the interests of the managers with the interests of all Greenyard's stakeholders. The level and components of their remuneration are analysed annually by the Nomination and Remuneration Committee, taking into account relevant benchmarks and the Group's performance rating system.

In deviation from provision 7.3 of the 2020 Code, the remuneration policy is not yet submitted as a separate agenda item to the Annual Shareholders' Meeting, however is part of the remuneration report which is submitted to the Annual Shareholders' Meeting of 18 September 2020. In accordance with the Law of 16 April 2020 implementing Shareholders' Directive II, the remuneration policy will be mentioned as a separate agenda item at the Annual Shareholders' Meeting with respect to AY 20/21.

### 8.2. Statement on the remuneration policy for directors and members of the Leadership Team with respect to AY 19/20

#### Remuneration policy for non-executive directors

The remuneration of non-executive directors consists of a fixed remuneration of € 30.000 per annum, plus an attendance fee of € 2.500 per meeting of the Board of Directors or an advisory Committee (including attendance through video or telephone conferencing), payable semi-annually. The directors are not entitled to an attendance fee for meetings held by video or telephone conference if the meeting is convened solely for the purpose of a status update or exclusively to make an urgent decision requiring immediate action. This remuneration covers all expenses in the exercise of their mandate,

except for international travel expenses incurred by directors domiciled outside Belgium. All remuneration is paid on a pro-rata basis according to the duration of the director's term of office.

The Annual Shareholders' Meeting of 20 September 2019 agreed to maintain the existing remuneration policy for those non-executive directors re-appointed following expiry of their mandate at the close of the meeting.

In view of the responsibilities and the time allocated to carrying out his duties, the Annual Shareholders' Meeting of 20 September 2019 decided to pay a fixed annual remuneration of € 142.500 to the Chairman of the Board of Directors by way of derogation from the remuneration policy for non-executive directors, effective from 1 April 2019. This fixed amount includes the attendance fees for participation in Board meetings and advisory Committees and represents an increase of € 40.000 over AY 18/19. The increase is considered to be justified in view of the additional time and efforts required for his role as Chairman of the Board of Directors.

Mr Johan Vanovenberghe (as permanent representative of Intal BV) receives a fixed fee for consultancy services to the Company and does not receive any additional compensation in his capacity as non-executive director and member of the Audit Committee. The monthly fee invoiced by Intal BV for the consultancy services provided during AY 19/20 amounts to € 15.300 (VAT exclusive). The Board of Directors decided, on the recommendation of the Nomination and Remuneration Committee, to grant Mr Vanovenberghe a fixed fee of € 142.500 (VAT exclusive) per annum, from 1 April 2020, for the consultancy services he provides. The reduction in compensation reflects the revised time allocation.

Acting on proposals by the Nomination and Remuneration Committee, the Annual Shareholders' Meeting may decide to grant additional remuneration to any independent or other non-executive directors for additional effort. The Board of Directors will propose that the Annual Shareholders' Meeting of 18 September 2020 approve additional remuneration of € 3.000 for the following three independent directors: Ms Hilde Laga, Mr Dirk Van Vlaenderen (as permanent representative of Gescon BV) and Mr Aalt Dijkhuizen (as permanent representative of Aalt Dijkhuizen B.V.) for the additional work carried out during AY 19/20 in analysing and advising on the proposed divestment of Greenyard Flowers UK Ltd to Yellow Holdings Ltd, in accordance with the procedure laid down in article 7:97 BCAC.

Non-executive directors are not entitled to performance-related remuneration. There are no pension plans for non-executive directors, and they do not receive any benefits in kind. Taking into account the input received from the directors in the framework of the self-assessment exercise of the Board of Directors' performance, the Board of Directors decided, following the advice of the Nomination and Remuneration Committee, to deviate from provision 7.6 of the 2020 Code and not to provide Greenyard shares to its non-executive directors, as part of their remuneration. Greenyard is currently of the view that its directors are already acting and taking decisions with respect to the Company based on a long-term vision. Ownership of Greenyard shares by all the non-executive directors may make alignment and consensus in the Board of Directors more difficult since more conflicts of interest may be involved. Moreover, it cannot be excluded that the independence of the independent directors will be compromised as a result. This independence is considered to contribute to balanced decision-making in the Company's interest. The Board of Directors has instructed the Nomination and Remuneration Committee to re-evaluate this at the end of AY 20/21.

Notwithstanding the foregoing, there are currently no plans to substantially depart from the current remuneration policy for non-executive directors in AY 20/21 and AY 21/22.

### Remuneration policy for executive directors

Executive directors, who hold executive positions in the Company or one of its subsidiaries, do not receive any additional compensation for their work on the Board of Directors or advisory Committees, since this is part of the total remuneration package they receive in their executive function.

The Board of Directors has one executive director, Mr Hein Deprez (as permanent representative of Deprez Invest NV) who received a management fee for AY 19/20 in his co-CEO capacity.

### Remuneration policy for members of the Leadership Team

The remuneration of members of the Leadership Team (including the members of the Executive Management) consists of a fixed remuneration and a variable remuneration in the form of an annual bonus (short-term incentive) and, in some cases, long-term incentives.

The variable remuneration always relates to performance over the previous accounting year and is based on both quantitative and qualitative parameters. When meeting the objectives set forward (i.e. performance at target), the variable remuneration of the members of the Leadership Team varies between 25 % and 35 % of the fixed annual remuneration, depending on the function of the respective Leadership Team member. For the members of the Executive Management, the variable remuneration is equal to 50 % of their fixed annual remuneration when the objectives set for the annual bonus are achieved. The Annual Shareholders' Meeting of 20 September 2019 approved a dispensation with the application of article 7:91, second paragraph BCAC (or old article 520ter, second paragraph of the Belgian Company Code) for AY 19/20.

The variable remuneration in the form of an annual cash bonus is performance-related and is based on individual performance combined with performance at Group and/or divisional level (depending on the function of the respective Leadership Team member), including financial and corporate objectives which are determined annually.

The financial and corporate objectives as well as the individual objectives of the co-CEOs are determined by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. The individual objectives of the other members of the Leadership Team are determined annually by the co-CEOs depending on the financial and corporate objectives determined by the Board of Directors. The Nomination and Remuneration Committee annually evaluates the performance of the co-CEOs against the objectives set. The performance of other members of the Leadership Team is assessed based on the recommendation of the co-CEOs.

The long-term incentives are based solely on quantitative parameters. Under the Performance Share Units plan (*PSU Plan*) applying from AY 17/18, long-term incentives are paid in the form of PSUs. These are Greenyard ordinary shares, which qualify as "performance shares" since their vesting depends on the performance of Greenyard shares over a period of three years.

From AY 19/20, this long-term incentive plan was replaced by the 2019 stock option plan (*2019 SOP*) approved and ratified on 20 September 2019 by the Annual Shareholders' Meeting. Under the 2019 SOP, certain stock options are granted to selected staff members, including Leadership Team members and key employees. Upon the achievement of the vesting conditions under the 2019 SOP, the options are definitively acquired (vested) after a vesting period of three years, which ends in the third calendar year following the year of the grant.

As a result of the applicable long-term incentive plans within Greenyard, such as the PSU Plan and the 2019 SOP, Leadership Team members can build up their shareholdings in Greenyard over time through the opportunity given under these plans to acquire shares. Greenyard deviates from provision 7.9 of the 2020 Code since the Board of Directors has not formally set any explicit minimum thresholds for Greenyard shareholdings for Leadership Team members, since it wants to allow a degree of flexibility to the persons concerned. However, the long-term incentive plans demonstrate that the Company wishes to stimulate the long-term vision of the Leadership Team members by allowing them to participate financially in Greenyard's growth.

In deviation from provision 7.12 of the 2020 Code, the contracts concluded by the Company with the individual members of the Leadership Team do not include a clawback clause for incentive-based pay (such as bonuses). Such a clawback

clause would enable a company in certain cases to require a management member to repay to the company variable remuneration that has already been paid out. The Board of Directors will, together with the Nomination and Remuneration Committee, consider the appropriateness of including such a specific contractual clause in contracts concluded with new members. On the other hand, the applicable long-term incentive plans within Greenyard provide for a 'bad leaver' clause stipulating that, in certain cases (such as termination for cause), the holder or beneficiary concerned loses the stock options or PSUs previously granted, which will be automatically annulled and will no longer vest, with no compensation of any kind being due from the Company. Under the 2019 SOP applicable from AY 19/20, the stock options will in such cases be lost, regardless of whether they have already vested.

There are currently no plans to depart substantially from the current remuneration policy for the Leadership Team members in AY 20/21 and AY 21/22.

### 8.3. Remuneration of the directors and the members of the Leadership Team with respect to AY 19/20

#### 8.3.1. Total annual remuneration of directors

The total annual remuneration paid to the non-executive directors for the performance of their mandate during AY 19/20 amounts to € 546.127 (VAT exclusive). This represents a decrease of € 102.345 compared with the total annual remuneration paid to the non-executive directors for AY 18/19.

The table below lists the individual remunerations paid to each director with respect to AY 19/20. These amounts are calculated based on fifteen meetings of the Board of Directors (four of which were update meetings organised by conference call). In AY 19/20, the Audit Committee met four times and the Nomination and Remuneration Committee met three times. An additional remuneration of € 3.000 was paid to each of the three independent directors (Ms Hilde Laga, Mr Dirk Van Vlaenderen (as permanent representative of Gescon BV) and Mr Aalt Dijkhuizen (as permanent representative of Aalt Dijkhuizen B.V.)) for the additional work carried out in the framework of article 7:97 BCAC, and which will be subject to approval by the Annual Shareholders' Meeting of 18 September 2020.

Directors' remuneration	Fixed remuneration €'000	Attendance fee per Board meeting €'000	Attendance fee per Committee meeting €'000	Additional fee - article 7:98 BCAC €'000	Total €'000
Deprez Invest NV, rep. by Mr Hein Deprez*	-	-	-	-	-
Ahok BV, rep. by Mr Koen Hoffman <sup>(1)</sup>	142,5	-	-	-	142,5
Ms Hilde Laga	30,0	22,5	10,0	3,0	65,5
Gescon BV, rep. by Mr Dirk Van Vlaenderen	30,0	27,5	10,0	3,0	70,5
Aalt Dijkhuizen B.V., rep. by Mr Aalt Dijkhuizen <sup>(2)</sup>	30,0	22,5	5,0	3,0	61,5
Management Deprez BV, rep. by Ms Veerle Deprez	30,0	27,5	7,5	-	65,0
Omorpha Invest BV, rep. by Ms Valentine Deprez	30,0	27,5	-	-	57,5
Mr Thomas Borman <sup>(3)</sup>	9,0	7,5	2,5	-	26,1
Bonem Beheer BV, rep. by Mr Marc Ooms	30,0	27,5	-	-	57,5
Intal BV, rep. by Mr Johan Vanovenberghe <sup>(4)</sup>	-	-	-	-	-
<b>TOTAL</b>	<b>331,5</b>	<b>162,5</b>	<b>35,0</b>	<b>9,0</b>	<b>546,1</b>

\* Executive directors receive no additional compensation for the execution of their mandates as directors.

<sup>(1)</sup> In his capacity as Chairman of the Board of Directors, Mr Koen Hoffman (as permanent representative of Ahok BV) receives a fixed annual remuneration of € 142.500, which includes his attendance fees as director and member of the Nomination and Remuneration Committee as well as any additional fee to be paid for the additional work carried out in the framework of article 7:97 BCAC.

<sup>(2)</sup> The total director's remuneration of Mr Aalt Dijkhuizen, as permanent representative of Aalt Dijkhuizen B.V., having its registered office in the Netherlands, includes international travel expenses incurred in the performance of his mandate during AY 19/20, amounting to €1.013,71.



<sup>(3)</sup> Mr Thomas Borman voluntarily resigned, effective from 19 July 2019, and received his remuneration on a pro-rata basis for the duration of his term of office (including the international travel expenses he incurred in the performance of his mandate during the relevant period in AY 19/20, amounting to € 7.081,44).

<sup>(4)</sup> Mr Johan Vanovenbergh (as permanent representative of Intal BV) received a monthly fee of € 15.300 (VAT exclusive) in AY 19/20 for consultancy services.

### 8.3.2. Annual remuneration of each of the co-Chief Executive Officers

In their capacity as co-CEOs, Mr Hein Deprez (as permanent representative of Deprez Invest NV) and Mr Marc Zwaaneveld (as permanent representative of MZ-B BV) were each paid a fixed management fee of € 600.000 for AY 19/20.

Mr Marc Zwaaneveld (as permanent representative of MZ-B BV) received a cash bonus payment of € 835.500 for AY 19/20, which includes an exceptional bonus of € 600.000, paid in two instalments, for the achievement of specific personal objectives set for AY 19/20 linked to certain milestones in the framework of the Transformation Plan implemented in view of the further deleveraging of Greenyard.

Mr Hein Deprez (as permanent representative of Deprez Invest NV) decided for himself to waive the bonus that would have been paid to him in his capacity as co-CEO for AY 19/20 in order to contribute to Greenyard's accelerated recovery.

The co-CEOs are entitled to customary fringe benefits. Mr Hein Deprez (as permanent representative of Deprez Invest NV) has a company car, the costs of which amounted in AY 19/20 to € 10.000. For Mr Marc Zwaaneveld (as permanent representative of MZ-B BV), costs totalling € 24.000 were reimbursed in AY 19/20 because of his work-related stay in Belgium as a resident of the Netherlands covering amongst others housing expenses. No pension contributions were made.

Greenyard also reimburses their travel and accommodation expenses incurred in the exercise of their mandate.

The Board of Directors agreed on 9 April 2020, on the advice of the Nomination and Remuneration Committee, to the proposal to increase the fixed management fee for the CEO position to € 750.000 per annum as from 1 April 2020. Mr Hein Deprez has waived such remuneration increase as regards himself for AY 20/21.

### 8.3.3. Total annual remuneration of the members of the Leadership Team (excluding the co-CEOs)

#### Total annual remuneration

Components of total annual remuneration	AY 19/20 €'000	AY 18/19 €'000
Total basic remuneration	2.050	2.492
Total variable remuneration	1.233	-
Pensions	50	20
<b>TOTAL</b>	<b>3.333</b>	<b>2.512</b>

For AY 19/20, the total annual remuneration paid to the members of the Leadership Team (excluding the co-CEOs) was € 3,3m. This represents an increase on AY 18/19, due to the fact that no bonus was paid for AY 18/19.

All remuneration is paid on a pro-rata basis according to the length of the term of office of the members of the Leadership Team.

For the members who are employees, defined contributions were made within the framework of pension schemes.

Greenyard reimburses the travel and accommodation expenses incurred by the members in the exercise of their mandate.

### Annual short-term incentive components and targets for AY 19/20

Leadership Team members receive variable remuneration in addition to their fixed remuneration. The variable remuneration consists of annual bonuses (short-term incentives) and, in particular cases, long-term incentives.

For AY 19/20, the variable remuneration in the form of an annual cash bonus is based on personal objectives (up to a maximum of 30 %) in combination with financial objectives (up to a maximum of 70 %) at Group and/or divisional level, depending on the function of the Leadership Team member. The financial objectives consist of an adjusted EBITDA component and a Cash Flow component, to be achieved at Group and/or divisional level. The personal objectives reflect the corporate goals and strategy and include elements of business development and strategic partnerships roll out, as well as transformation and cost savings, but are also related to the efficiency of certain processes and the delivery of certain projects by the member concerned.

The evaluation period coincides with AY 19/20, starting on 1 April 2019 and ending on 31 March 2020. The level of achievement of the objectives is reviewed in the first quarter of the following AY 20/21 by the Nomination and Remuneration Committee, in consultation with the co-CEOs if it concerns the other Leadership Team members, before being discussed and finally determined by the Board of Directors. The quantitative calculation is carried out on the basis of audited figures.

### Long-term incentive plans applicable in AY 19/20 for members of the Leadership Team

The current long-term incentive plans consist of a Performance Share Units Plan applicable from AY 17/18, which is replaced from AY 19/20 by the 2019 Stock Option Plan. Members of the Leadership Team participate in one or both of the long-term incentive plans depending on when they joined Greenyard and when they became members of the Leadership Team as well as the components of their individual remuneration package.

#### Performance Share Units Plan – applicable in AY 17/18 and AY 18/19

On 21 September 2018, the Annual Shareholders' Meeting approved and ratified the long-term incentive plan in the form of the Performance Share Units Plan (*PSU Plan*) applicable from AY 17/18. Under the PSU Plan a target number of Performance Share Units (*PSUs*) with a notional value is granted, depending on the position level of the Leadership Team member concerned. These PSUs will vest at the end of the three-year performance cycle, subject to and upon realisation of the performance condition. The realisation of the performance condition shall be measured on the basis of the total shareholder return (*TSR*), calculated using the average Greenyard share price, at the end of the performance period which begins on 16 June and ends on 15 June of the third calendar year following the year of the grant.

The realisation of the performance condition shall determine the fraction or the multiple (if any) of performance shares the PSUs will effectively entitle. The number of performance shares to which a beneficiary is entitled will vary depending on whether the performance condition is exceeded or not reached, as follows:

Performance condition (cumulative annual average increase during the performance period)	% of performance shares one PSU entitles to
Maximum: TSR increase $\geq$ 10%	200%
Above target: 5% $\geq$ TSR increase < 10%	150%
On target: 0% $\geq$ TSR increase < 5%	100%
Below threshold: TSR increase < 0%	0%

Table: Performance Share Units granted to the persons who are member of the Leadership Team in AY 19/20

Leadership Team member during AY 19/20	Grant date					
	15 June 2017 (AY 17/18)			15 June 2018 (AY 18/19)		
	Number of PSUs	Share price	year of vesting	Number of PSUs	Share price	year of vesting
<b>Hein Deprez</b> (as permanent representative of Deprez Invest NV)	- <sup>(1)</sup>			25.219		
<b>Marc Zwaaneveld</b> (as permanent representative of MZ-B BV)	- <sup>(2)</sup>			- <sup>(2)</sup>		
<b>Geert Peeters</b> (as permanent representative of Chilibri BV)	- <sup>(2)</sup>			4.707		
<b>Alexander Verbist</b> (as permanent representative of Qualrexco BV)	1.891			2.354		
<b>Bénédictte Vandaele</b> (as permanent representative of HR Plus Consult BV)	- <sup>(2)</sup>			- <sup>(2)</sup>		
<b>Charles-Henri Deprez</b> (as permanent representative of Alvear International BV)	540 <sup>(1) and (3)</sup>	€ 18,51	2020	2.354	€ 14,87	2021
<b>Irénke Meekma</b>	-			2.354		
<b>Erwin Wuyts</b> (as permanent representative of Dinobryon BV)	- <sup>(2)</sup>			- <sup>(2)</sup>		
<b>Dominiek Stinckens</b>	1.891 <sup>(3)</sup>			2.354 <sup>(3)</sup>		
<b>Yannick Peeters</b> (as permanent representative of Gemini Consulting BV)	- <sup>(2)</sup>			403 <sup>(3)</sup>		
<b>Tim Van Londersele</b> (as permanent representative of VLT Consulting BV) <sup>(4)</sup>	540 <sup>(1) and (3)</sup>			2.354		

<sup>(1)</sup> No member of the Leadership Team on the grant date.

<sup>(2)</sup> Not yet working for Greenyard on the grant date.

<sup>(3)</sup> PSUs have not been granted in relation to their capacity as a Leadership Team member, but in the framework of the long-term incentive scheme for Managing Directors at divisional and country level and for selected key management personnel in the Group.

<sup>(4)</sup> In accordance with article 9.1 of the PSU Plan, a PSU holder who voluntarily resigns loses the PSUs which have not yet vested.

The PSUs which were granted on 15 June 2017 will, in accordance with the PSU Plan, vest on 15 June 2020 at the end of the performance period of three years, subject to the achievement of the performance condition as set out above. In the second quarter of AY 20/21, the Board of Directors will determine, on the recommendation of the Nomination and Remuneration Committee, the extent to which the performance condition has been realised and whether the PSU beneficiaries are entitled to performance shares, and how many. In the case where the TSR increase is less than 0% at the end of the performance period ending on 15 June 2020, the performance condition will be deemed not to have been reached, and the PSUs granted in AY 17/18 will not give entitlement to performance shares.

#### Stock Option Plan – applicable from AY 19/20

On 20 September 2019, the Annual Shareholders' Meeting approved and ratified the long-term incentive plan in the form of the Stock Option Plan (2019 SOP), which applies from AY 19/20 replacing the PSU Plan.

Under the 2019 SOP, a certain number of options are granted free of charge to certain members of the Leadership Team. Upon acceptance of the offer, each option grants its owner the right to acquire a Greenyard share under the exercise conditions and against payment of the exercise price, as determined in the 2019 SOP. The options are valid for six years from the date they are granted, after which they become null and void.

Upon realisation of the vesting conditions (*i.e.* the beneficiary is still performing services in the context of an agreement with Greenyard at time of vesting) after a vesting period of three years (starting on the first day of the month following the grant date and ending on the last day of the preceding month in the third calendar year following the year of the grant), the options will be vested and definitively acquired.

When the options are vested, they may be exercised against payment of the exercise price, which equals the average closing price of the share for thirty days preceding the grant date, as a result of which an equal number of Greenyard shares will be transferred to the beneficiary (it being understood that one option gives the right to one Greenyard share). These shares will benefit from the same rights and advantages as the existing shares of Greenyard.

Table: Stock options granted to persons who are member of the Leadership Team in AY 19/20

Member of Leadership Team in AY 19/20 Exercise price € 3,4360	Number of options	Grant date	Vesting period
Marc Zwaaneveld	450.000	15/03/2019	01/04/2019 - 31/03/2022
Geert Peeters	250.000	15/03/2019	01/04/2019 - 31/03/2022
Alexander Verbist	50.000	15/03/2019	01/04/2019 - 31/03/2022
Charles-Henri Deprez	50.000	15/03/2019	01/04/2019 - 31/03/2022
Yannick Peeters	50.000	15/03/2019	01/04/2019 - 31/03/2022
Tim Van Londersele <sup>(1)</sup>	50.000	15/03/2019	01/04/2019 - 31/03/2022
Bénédicte Vandaele <sup>(2)</sup>	50.000	24/09/2019	01/10/2019 - 30/09/2022

<sup>(1)</sup> Considered to be a 'good leaver' under the 2019 SOP. In accordance with the 2019 SOP, the number of options of the grant that will vest on 1 April 2022 has been limited to 21.000 options, which will be exercisable during a period of twelve months after the time of vesting.

<sup>(2)</sup> Ms Bénédicte Vandaele was granted options under the 2019 SOP when she was appointed Group HR Director under a long-term agreement starting on 1 October 2019.

#### 8.4. Severance pay for members of the Leadership Team

In accordance with article 7:92 BCAC, the agreements concluded with the members of the Leadership Team provide for severance pay not exceeding twelve months' remuneration. More specifically, the agreements concluded with the members of the Executive Management provide for a severance pay of twelve months' remuneration. For the other members of the Leadership Team, the severance pay is in principle equal to six months' remuneration or, if the member is an employee, this is calculated in accordance with the applicable legal provisions under the employment contract.

In the event of early termination, the Board of Directors justifies and decides, on the recommendation of the Nomination and Remuneration Committee, whether the Leadership Team member concerned qualifies for severance pay, and the basis on which it is calculated.

No severance pay was paid following the decision of Mr Tim Van Londersele (as permanent representative of VLT Consulting BV) to step down as Managing Director of the Fresh German Markets and to leave Greenyard. He retains part of the stock options initially granted and these will vest in accordance with the terms of the 2019 SOP (see 8.1.2, above).

## 9. Other information to be communicated pursuant to article 3:6 (§1) BCAC and article 34 of the Royal Decree of 14 November 2007 on the obligations of issuers of financial instruments admitted to trading on a regulated market

This section contains the information required to be disclosed under this legislation and not included in other parts of this report.

### Specific rights of control

No special rights of control have been granted to any shareholders of Greenyard.

### Restrictions on transfers of securities

The Company's articles of association do not impose any restrictions on the transfer of shares in Greenyard.

### Limitations by law or the articles of association on the exercise of voting rights

Article 8 of the Company's articles of association states that if a shareholder fails to pay a call on his shares within the time set by the Board of Directors, exercise of the voting rights attaching to the relevant shares is suspended *ipso jure* until such time as the call is satisfied. On 31 March 2020, the capital was fully paid up.

In accordance with article 10 of the Company's articles of association, the Board of Directors may suspend exercise of the rights attaching to a share if the rights attaching thereto are divided among several persons until such time as a single person is designated as the shareholder vis-à-vis the Company. The same rules apply to other securities issued by the Company.

### Rules on amendments to the articles of association

Pursuant to article 7:153 BCAC, any amendment to the Company's articles of association may only be authorised with the approval of at least 75 % of the votes validly cast at an Extraordinary Shareholders' Meeting where at least 50 % of the Company's share capital is present or represented. Abstentions shall not be included in the numerator or denominator for the purpose of calculating votes. If the attendance quorum of 50 % is not met, a new Extraordinary Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting.

### Rules on appointment and replacement of directors

The directors are appointed by the Shareholders' Meeting. The Chairman of the Nomination and Remuneration Committee is in charge of the appointment process. The Nomination and Remuneration Committee recommends suitable candidates to the Board of Directors. The Board then makes a proposal to the Shareholders' Meeting for the appointment as director. The Nomination and Remuneration Committee determines the requirements regarding the independence, competency and other qualifications of the members of the Board of Directors. After consultation with the Chairman of the Board of Directors, the Nomination and Remuneration Committee takes all the initiatives necessary for the best composition of the Board of Directors.

Before each new appointment, an assessment of the skills, know-how and experience already available and required at the Board level is carried out and a profile of the required role is determined. Greenyard has no formal diversity policy, but special attention is paid to diversity and complementarity with regard to varied backgrounds and competences when proposing candidates for director.

In the case of the appointment of a new director, the Chairman of the Nomination and Remuneration Committee ascertains that the Board of Directors, prior to taking into consideration the candidate, has sufficient information on the candidate (such as a curriculum vitae, the assessment based on a first interview, a list of mandates the candidate already holds and, if required, the information necessary to assess the independence of the director). After consultation with the Nomination and Remuneration Committee, the Board determines the profile of each new independent director, taking into account the applicable independence requirements set out in Greenyard's Corporate Governance Charter. The Nomination and Remuneration Committee initiates the search for suitable candidates for each vacant position as independent director and can engage an external consultant to assist with the selection procedure.



The Nomination and Remuneration Committee's candidate proposal to the Board of Directors for a vacant position as independent director includes the following information: (i) overview of all persons contacted and all candidatures received, (ii) detailed curriculum vitae of the proposed candidate, (iii) detailed written advice from the Committee in respect of the proposed candidate, including the proposed remuneration, and (iv) any report submitted to the Committee by an external consultant (if appointed).

The decision of the Board of Directors to propose a candidate for independent director for nomination to the Shareholders' Meeting requires a special two-thirds majority. The proposal is accompanied by a recommendation by the Board of Directors and by relevant information on the professional qualifications of the candidate director, including a list of the positions already held. This procedure also applies to the reappointment of a director.

The Company's articles of association provide that directors are appointed for a maximum term of six years. The Board of Directors will propose to the Shareholders' Meeting to appoint directors only for a duration of four years. The mandate ends at the closure of the Annual Shareholders' Meeting which was determined to be the end date of the appointment. Retiring directors are eligible for reappointment. The mandate of a director may be revoked at any time by simple majority at the Shareholders' Meeting. The Board of Directors will propose to the Shareholders' Meeting that the mandate of the directors will end at the Annual Shareholders' Meeting of the calendar year in which he or she reaches the age of seventy, unless the Board, on the recommendation of the Nomination and Remuneration Committee, decides otherwise.

In accordance with article 16 of the Company's articles of association, in the event of an early vacancy on the Board of Directors, the remaining directors will manage the Company and are entitled to temporarily fill the vacancy until the Shareholders' Meeting appoints a new director. The appointment is placed on the agenda of the next Shareholders' Meeting.

#### **Authority of the Board of Directors to issue or purchase own shares**

In accordance with article 12 of the Company's articles of association, the Board of Directors is explicitly authorised to acquire, during a five-year period counting from the date of the Extraordinary Shareholders' Meeting of 15 September 2017, and within the limits of the law, whether on or outside of the stock exchange, directly or indirectly, by way of purchase or exchange, contribution or any other way of acquisition, the maximum number of Company's shares permitted by law, without requiring Shareholders' Meeting's approval or resolution, for a price or an exchange value per share inferior or equal to the highest current independent bid price of the share on Euronext Brussels on the date of the acquisition, and minimum € 1 per share. The authorisation granted extends to any acquisitions (by way of purchase or exchange, contribution or any other way of acquisition) of the Company's shares, directly or indirectly, by the direct subsidiaries of the Company within the meaning of article 7:221 BCAC. The Company and its direct subsidiaries are also explicitly authorised to dispose of the shares acquired by the Company on or outside of the stock exchange by way of sale, exchange, conversion of bonds or any other way of transfer (whether or not for valuable consideration), to offer these shares to the personnel, or, on the other hand, to dispose of or cancel these shares, without requiring Shareholders' Meeting approval or resolution and without limitation in time. In the case of cancellation of the shares thus acquired by the Company, the corresponding amendments to the articles of association will be enacted before the notary public at the request of two directors of the Company.

In addition, the Board of Directors is explicitly authorised, during a three-year period counting from the publication of the authorisation in the annexes of the Belgian Official Gazette on 31 October 2017 (*i.e.* until 31 October 2020), whether on or outside of the stock exchange, directly or indirectly, to acquire (by way of purchase or exchange, contribution or any other way of acquisition) or to dispose of (by way of sale, exchange, contribution, conversion of bonds or any other way of transfer (whether or not for valuable consideration)) of own shares, if such acquisition or disposal is necessary to prevent an imminent serious disadvantage to the Company. The authorisation granted to the Board of Directors also applies to the

acquisition or disposal of the Company's shares by direct subsidiaries of the Company within the meaning of article 7:221 BCAC.

### Shareholders' agreements that are known to the issuer and that could give rise to share transfer restrictions and/or limitations to the exercise of the voting rights

The Board of Directors has no knowledge of the existence during AY 19/20 of shareholders' agreements that could give rise to share transfer restrictions and/or limitations to the exercise of voting rights.

### Important agreements that take effect, undergo changes or expire in the event of change of control over the Company

The following agreements take effect, undergo changes or expire in the event of change of control over the Company:

- The Multi-Country Factoring Syndication Agreement originally dated on 1 March 2016 as amended and restated from time to time, and all its addenda which constitute an integral part of the Agreement, between the Company, Greenyard Fresh NV and certain of its other subsidiaries as *the Clients* and *the Additional Clients*, of the one part, and ING Commercial Finance Belux NV as *the Agent*, BNP Paribas Fortis Factor NV, KBC Commercial Finance NV and Belfius Commercial Finance NV as the original *Factors*, of the other part; and
- The Senior Facilities Agreement originally dated 22 December 2016, as amended and/or restated from time to time and most recently on 15 November 2019 between, among others, Greenyard and certain of its subsidiaries named therein as *original borrowers* and/or *original guarantors*, BNP Paribas Fortis SA/NV, KBC Bank NV, ING Belgium SA/NV, Belfius Bank NV/SA, ABN AMRO Bank NV and Coöperatieve Rabobank U.A. as *arrangers*, the financial institutions named therein as *original lenders* and ING Bank NV as *agent* and *security agent*;
- The Intercreditor Agreement originally dated 22 December 2016 between, of the one part, ING Bank N.V. as *senior agent* and *security agent*, the financial institutions listed therein as *senior lenders*, ING Belgium NV/SA, BNP Paribas Fortis NV/SA and KBC Bank NV as *senior arrangers*, Greenyard as *company*, the companies listed therein as *intra-group lenders* and certain of Greenyard's subsidiaries as *original debtors*; and
- The Subscription Agreement relating to € 125.000.000 3,75% convertible bonds concluded on 8 December 2016 between Greenyard Fresh NV and Greenyard NV, of the one part, and Joh. Berenberg, Gossler & Co. KG, Frankfurt Branch and BNP Paribas Fortis SA/NV as *Joint Global Coordinators* and Bank Degroof Petercam SA/NV, KBC Bank NV, Daiwa Capital Markets Europe Limited as *Joint Bookrunners*, of the other part.

## 10. Internal control and risk management

The Board of Directors is responsible for monitoring the risks that are specific to the Group and for the evaluation of the effectiveness of the internal control system.

The Board of Directors has approved an internal control system based on the Committee of Sponsoring Organisations of the Treadway Commission ('COSO') model. The following pillars are discussed below: control environment, risk management systems and internal control, financial reporting and communication, and, to conclude, oversight and monitoring.

Management has implemented a variety of controls to manage the risks that could undermine the achievement of the strategic objectives.

## 10.1. Control environment

### 10.1.1. General

The Group performs a conscious risk management based on the implementation of an internal control system and achieved by encouraging a company culture in which all personnel are empowered to fulfil their roles and responsibilities in accordance with the highest standards of integrity and professionalism.

### 10.1.2. Audit Committee

Without prejudice to the responsibilities of the Board of Directors as a whole, the Audit Committee monitors the effectiveness of the internal control and risk management systems set up by the management of the Group in order to confirm that the principle risks (including those related to compliance with legislation and regulations) are identified, managed and brought to the notice of the responsible individuals, in accordance with the framework established by the Board of Directors.

At least twice per year, the Audit Committee meets the statutory auditor to discuss the subjects that fall under his remit and all matters that arise from the auditing process.

In addition, the management team gives a regular update to the Audit Committee on pending disputes. In that respect, a quantified risk assessment and classification is carried out.

### 10.1.3. Internal audit

The Group has a professional internal audit department. The Audit Committee reviews the internal audit's risk assessment, the internal audit charter and annual internal audit plan and regularly receives internal audit reports for review and discussion. The mission of the internal audit department is to provide independent, objective quality assurance and support, designed to add value and improve the Group's operations and systems of internal controls.

The internal audit department assists the Group with accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal control deficiencies identified by internal audit are communicated in a timely manner to management and periodic follow-up is performed to ensure corrective action has been taken.

## 10.2. Risk management systems and internal control

The most important aspects of the risk management and internal control process can be summarised as follows:

- The risk position of the Company, the possible financial impact and the required action points are evaluated regularly by management and the Board of Directors, advised by the Audit Committee; hereby risks are prioritised and action plans are implemented;
- The Board of Directors discusses the strategy and investment projects; an evaluation is also made of the associated risks. Where needed, appropriate measures are taken;
- The internal audit reports are always discussed with local management and a summary is discussed with the Audit Committee on a regular basis.

For a discussion of the principal risks and the associated control activities, please see note 7.19. *Risk management policy*.

### **10.3. Financial reporting and communication**

The financial reporting and communication process of the Group can be summarised as follows:

A closing plan with checklist is drawn up with the tasks that must be accomplished by the quarterly, semi-annually and year-end closing of the Company and its subsidiaries. The financial department provides the accounting figures under the supervision of the chief accountant or financial director of each subsidiary. The controllers verify the validity of those figures and issue a report. Both coherence testing by making comparisons with historical or budgetary figures and transaction controls using random samples are performed. As part of the closing process, an extensive reporting set with financial and operational data must also be provided in each case.

The Audit Committee supports the Board of Directors in overseeing the integrity of the financial information provided by Greenyard. In particular, it reviews the relevance and the consistency of the application of the accounting standards used within the Group and the criteria for the consolidation of the accounts of the companies of the Group. The oversight covers the periodic information before it is published and is based on the audit program used by the Audit Committee. Management informs the Audit Committee about the methods that are used to account for significant and unusual transactions of which the accounting treatment could be open to a variety of interpretations. The Audit Committee discusses the financial reporting methods with both the Leadership Team and the external auditor.

### **10.4. Oversight and monitoring**

Oversight of internal controls is exercised by the Board of Directors, supported by the activities of the Audit Committee and the internal audit department.

The external auditor carries out an annual evaluation of the internal controls related to the risk associated with the financial statements of the Group. In that regard, the external auditor makes recommendations concerning the internal control and risk management systems when appropriate, which are formalised in a management letter that is already issued. Management undertakes actions to handle the findings and thereby achieve an even better control environment. Those measures are followed up and the Audit Committee is monitoring if the Leadership Team is fulfilling the recommendations presented by the external auditor.

# Information for shareholders

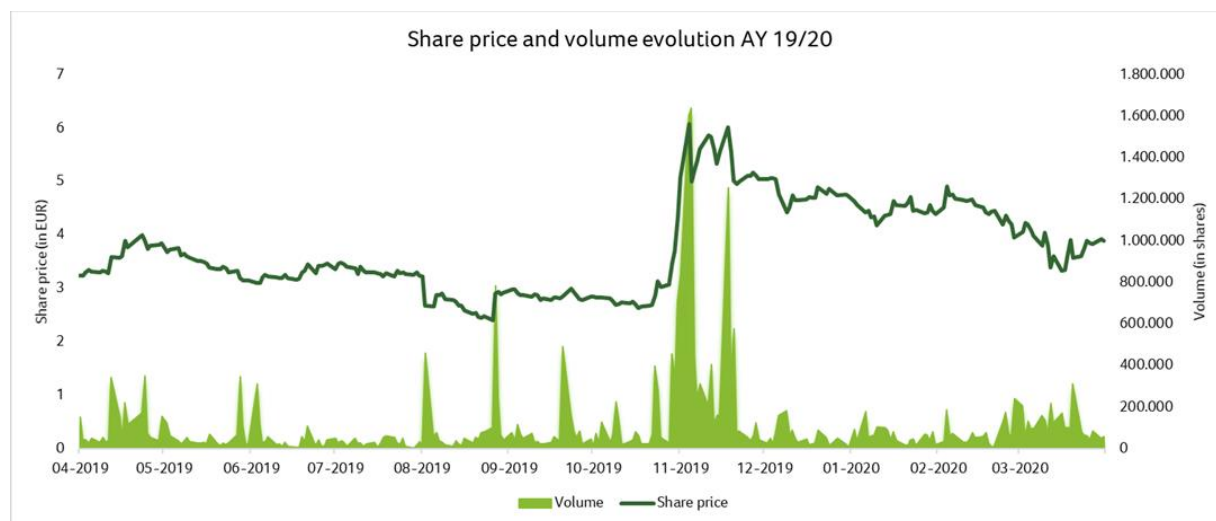
## 1. Shares

The Company's shares are listed on the continuous market of Euronext Brussels (ticker: GREEN), more specifically in the compartment B (mid-caps) of this market, since 1 March 2005. The Greenyard share was introduced to the Brussels Stock Exchange in June 1999. Greenyard NV has a liquidity contract with ABN AMRO Bank. As per 31 March 2020, the Company holds 1.363.854 treasury shares.

## 2. Share trading evolution

	AY 19/20	Date	AY 18/19	Date
Highest price	€ 6,94	18/11/2019	€ 18,56	11/04/2018
Lowest price	€ 2,34	26/08/2019	€ 3,21	28/02/2019
Opening price	€ 3,36	1/04/2019	€ 18,12	3/04/2018
Closing price	€ 3,89	31/03/2020	€ 3,34	29/03/2019
Average daily trading volume	108.620		91.635	
Turnover	€ 117.040.178		€ 183.541.217	
Total number of shares including treasury shares	44.372.585		44.372.585	
Market capitalisation	€ 172.609.356		€ 148.204.434	

The average daily trading volume in AY 19/20 was 108.620 shares, compared with 91.635 shares the year before, or an 18,5% increase. Due to a fall in the share price, total turnover has decreased from € 183.541.217 to € 117.040.178.





### 3. Capital structure

#### Authorised capital

In accordance with article 7 of the Company's articles of association, the Board of Directors is authorised to increase the capital of the Company in one or more instalments by an amount equal to the share capital amounting to € 293.851.765,23. This authorisation is valid for a period of five years as from 17 October 2019, the date the resolutions of the Extraordinary Shareholders' Meeting of 20 September 2019 were published in the Belgian Official Gazette. This authorisation to the Board of Directors is renewable. Pursuant to this authorisation, the Board of Directors is authorised to increase the share capital by means of a contribution in cash or in kind within the limits set forth by the BCAC, by conversion of reserves into share capital, whether or not available or unavailable for distribution, with or without the issuance of new shares. The Board of Directors may also use this authorisation for the issuance of convertible bonds, subscription rights, bonds which other securities are attached to and other securities. In addition, the Board of Directors is authorised, when it increases the share capital or issues convertible bonds, subscription rights, bonds which other securities are attached to or other securities, to limit or exclude the preferential subscription right, also for the benefit of one or more specific persons, other than members of the personnel. If an issue premium is paid as a result of a capital increase decided upon within the framework of the authorised capital, it will automatically be booked to the 'issue premiums' account, which will constitute a guarantee for third parties to the same extent as the share capital and which, subject to the possibility of converting this reserve into share capital, can only be reduced or written off by a new decision of an Extraordinary Shareholders' Meeting taken in accordance with the conditions for amending articles of association.

In addition, the Board of Directors is expressly authorised to increase the share capital in one or more instalments after the Company has received a notification from the FSMA that it has been notified of a public takeover bid on the Company's securities by means of a contribution in kind or in cash with the cancellation or exclusion of the preferential subscription right of the shareholders, and/or by the issue of voting securities, whether or not representing the share capital, or securities giving the right to subscribe to or acquire such securities, even if such securities or rights are not offered to the shareholders in preference to others in proportion to the share capital represented by their shares, under the conditions provided for in the BCAC. This authorisation is granted for a period of three years as from the date of the resolutions of the Extraordinary Shareholders' Meeting of 20 September 2019.

#### Issuance of convertible bonds

On 7 December 2016, the Board of Directors approved the issuance by Greenyard Fresh NV of senior unsecured convertible bonds for an aggregate amount of € 125.0m, guaranteed by the Company and convertible into ordinary shares of the Company, due 22 December 2021. These convertible bonds carry a coupon of 3.75% per annum and are listed on the Open Market segment of the Frankfurt Stock Exchange (*Freiverkehr*). The Board of Directors considered it in the Company's interest to suspend the preferential subscription rights of the existing shareholders, in accordance with Articles 596 and subsequent articles of the Company Code, in order to benefit from the current market opportunities and to involve the capital markets in time and efficiently, taking into account the formalities which need to be complied with in the case of offering convertible bonds with preferential subscription rights.

The Board of Directors made use of its powers under the authorised capital when, on 15 December 2016, it approved the capital increase in kind, within the limits of its authorised capital, by means of the contribution by the holders of convertible bonds in Greenyard Fresh NV of their receivable against Greenyard Fresh NV into the Company, subject to the effective exercise of their conversion right. On 22 December 2016, the Board of Directors enacted the implementation of the convertible bonds' issuance.

On 23 November 2017, the Issuer unilaterally, irrevocably and unconditionally waived its right to make a Cash Alternative Election as provided in clause 6(m) of the terms and conditions.

As per 31 March 2020, no conversion options had been exercised.

### Acquisition of own shares

In accordance with article 12 of the Company's articles of association, the Board of Directors is authorised to acquire own shares up to the maximum number of shares as permitted under article 7:215 BCAC, without a preliminary resolution of the General Shareholders' Meeting being required. The Board of Directors was authorised for a period of five years as from 10 October 2014. This authorisation was renewed for an additional period of five years by decision of the Extraordinary Shareholders' Meeting held on 15 September 2017.

### Share buyback programme

On 14 March 2017, the Board of Directors approved, within the authority granted by the General Shareholders' Meeting, the launch of a share buyback programme of up to 1.750.000 shares. The programme is designed to mitigate the potential dilution from the convertible bond and to create a pool of own shares to finance potential future acquisitions and/or long-term incentive plans. By the end of August 2017, the Company had repurchased all 1.750.000 shares or almost 3,94% of the total issued share capital. The total consideration amounted to € 30,0m or € 17,17 per share.

As of 31 March 2020, the Group holds 1.363.854 treasury shares, representing 3,1% of the shares.

## 4. Shareholder structure

Every shareholder with at least 3,0% of voting rights is required to comply with the Act of 2 May 2007, the Royal Decree of 14 February 2008 concerning the disclosure of the major holdings and the Company Code. The shareholders concerned are required to send a notification to the Financial Services and Market Authority (FSMA) and to the Company.

The Company's shareholder structure as at 31 March 2020 is as follows:

Shareholder structure	Number of shares	%
Deprez Holding NV	15.327.254	34,5%
Food Invest International NV	6.534.173	14,7%
Sujajo Inv.	3.657.145	8,2%
Treasury shares	1.363.854	3,1%
Public	17.490.159	39,4%
<b>TOTAL</b>	<b>44.372.585</b>	<b>100,00%</b>

An actual overview of the shareholder structure can be consulted on our website [www.greenyard.group](http://www.greenyard.group) under the heading *Investor relations > Share Information*.

## 5. Major changes in shareholder structure

On 8 May 2019, Kabouter Management LLC has notified Greenyard that on 2 May 2019 its shareholding in Greenyard has downwards crossed the 5,0% statutory threshold.

On 10 September 2019, Kabouter Management LLC notified the Company that, on 4 September 2019, its shareholding in Greenyard had downwards crossed the notification threshold of 3,0% of the total number of shares. According to the transparency notification, Kabouter Management LLC holds 1.282.290 Greenyard shares (representing 2,9% of the total number of Greenyard shares).

## 6. Contacts

The Investor Relations team is available to answer shareholder and investor questions about the Group's activities, shares and other information requests:

For the attention of Mr Dennis Duinslaeger

Investor Relations Manager

Greenyard NV  
Strijbroek 10  
BE – 2860 Sint-Katelijne-Waver

Or by e-mail: [ir@greenyard.group](mailto:ir@greenyard.group)

## 7. Financial calendar

Q1 trading update AY 20/21:	27 August 2020 (before market)
General Assembly AY 19/20:	18 September 2020 (2 pm)
Announcement of half-year results (01/04/2020 - 30/09/2020):	17 November 2020 (before market)
Q3 trading update AY 20/21:	25 February 2020 (before market)



# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated income statement

Consolidated income statement	Note <sup>(1)</sup>	AY 19/20 <sup>(2)</sup> €'000	AY 18/19 €'000
<b>CONTINUING OPERATIONS</b>			
Sales	6.1.	4.060.992	3.911.468
Cost of sales	6.2.	-3.813.320	-3.712.509
<b>Gross profit/loss (-)</b>		<b>247.672</b>	<b>198.959</b>
Selling, marketing and distribution expenses	6.2.	-94.275	-100.469
General and administrative expenses	6.2.	-147.310	-153.005
Impairment goodwill	6.2.	-	-78.910
Impairment property, plant & equipment	6.2.	-7.566	-
Other operating income/expense (-)	6.4.	-1.194	-413
Share of profit/loss (-) of equity accounted investments	7.6.	97	425
<b>EBIT</b>		<b>-2.576</b>	<b>-133.413</b>
Interest expense	6.5.	-51.865	-35.649
Interest income	6.5.	283	465
Other finance result	6.5.	-9.227	-2.771
<b>Net finance income/cost (-)</b>		<b>-60.808</b>	<b>-37.955</b>
<b>Profit/loss (-) before income tax</b>		<b>-63.384</b>	<b>-171.368</b>
Income tax expense (-)/income	6.6.	-4.597	-20.592
<b>Profit/loss (-) for the period from continuing operations</b>		<b>-67.981</b>	<b>-191.960</b>
<b>DISCONTINUED OPERATIONS</b>			
Profit/loss (-) for the period from discontinued operations	6.8.	-	-45.723
<b>PROFIT/LOSS (-) FOR THE PERIOD</b>		<b>-67.981</b>	<b>-237.683</b>
Attributable to:			
The shareholders of the Group		-68.533	-238.243
Non-controlling interests		552	560
<b>Earnings per share from continuing and discontinued operations (in € per share)</b>			
	Note <sup>(1)</sup>	AY 19/20	AY 18/19
Basic	6.7.	-1,59	-5,54
Diluted	6.7.	-1,59	-5,54
<b>Earnings per share from continuing operations (in € per share)</b>			
	Note <sup>(1)</sup>	AY 19/20	AY 18/19
Basic	6.7.	-1,59	-4,48
Diluted	6.7.	-1,59	-4,48

<sup>(1)</sup> The attached notes form an integral part of this income statement.

<sup>(2)</sup> The consolidated income statement of AY 19/20 is not comparable to AY 18/19 because of the adoption of IFRS 16 Leases as of AY 19/20. Please refer to note 2.2. for more information.



# Consolidated statement of comprehensive income

Consolidated statement of comprehensive income	Note <sup>(1)</sup>	AY 19/20 €'000	AY 18/19 €'000
<b>Profit/loss (-) for the period</b>		<b>-67.981</b>	<b>-237.683</b>
Remeasurements on post employment benefit obligations, gross	7.15.	1.109	-820
Deferred tax on remeasurements on post employment benefit obligations		-210	77
<b>Items that will not be reclassified to profit or loss</b>		<b>899</b>	<b>-743</b>
Cash flow hedges, gross	7.19.	1.817	2.500
Deferred tax on cash flow hedges		-537	-738
Currency translation differences on foreign operations		-342	1.863
Reclassification adjustment currency translation differences to profit or loss	8.1.	1.368	128
Fair value reserve		6	6
<b>Items that may be reclassified to profit or loss</b>		<b>2.310</b>	<b>3.758</b>
<b>Other comprehensive income</b>		<b>3.209</b>	<b>3.015</b>
<b>TOTAL</b>		<b>-64.772</b>	<b>-234.668</b>
Attributable to:			
The shareholders of the Group		-65.355	-235.251
Non-controlling interests		583	583

<sup>(1)</sup> The attached notes form an integral part of this statement of comprehensive income.

# Consolidated statement of financial position

Assets	Note <sup>(1)</sup>	31 March 2020 <sup>(2)</sup> €'000	31 March 2019 €'000
<b>NON-CURRENT ASSETS</b>		<b>1.264.810</b>	<b>1.103.798</b>
Property, plant & equipment	7.1.	323.179	350.572
Goodwill	7.2.	477.500	477.247
Other intangible assets	7.3.	209.515	221.230
Right-of-use assets	2.2., 7.4.	226.791	-
Biological assets	7.5.	-	21.713
Investments accounted for using equity method	7.6.	7.193	9.833
Other financial assets	7.7.	5	5
Deferred tax assets	7.8.	15.575	16.704
Trade and other receivables	7.10.	5.052	6.494
<b>CURRENT ASSETS</b>		<b>700.113</b>	<b>753.555</b>
Biological assets		-	13
Inventories	7.9.	261.867	271.625
Trade and other receivables	7.10.	303.311	284.509
Other financial assets	7.7.	2.226	1.137
Cash and cash equivalents	7.11.	132.709	67.880
Restricted cash	7.11.	-	125.000
Assets classified as held for sale		-	3.391
<b>TOTAL ASSETS</b>		<b>1.964.923</b>	<b>1.857.354</b>

Equity and liabilities	Note <sup>(1)</sup>	31 March 2020 <sup>(2)</sup> €'000	31 March 2019 €'000
<b>EQUITY</b>		<b>406.109</b>	<b>467.882</b>
Issued capital	7.13.	288.392	288.392
Share premium and other capital instruments	7.13.	317.882	317.882
Consolidated reserves		-209.961	-144.467
Cumulative translation adjustments		-4.949	-5.943
Non-controlling interests		14.744	12.018
<b>NON-CURRENT LIABILITIES</b>		<b>750.669</b>	<b>197.890</b>
Employee benefit liabilities	7.15.	17.971	19.046
Provisions	7.16.	8.149	10.700
Interest-bearing loans	7.17.	472.214	117.347
Lease liabilities	2.2., 7.4.	208.782	190
Other financial liabilities	7.7.	-	26
Trade and other payables	7.18.	2.228	4.063
Deferred tax liabilities	7.8.	41.325	46.517
<b>CURRENT LIABILITIES</b>		<b>808.146</b>	<b>1.191.583</b>
Provisions	7.16.	4.239	12.458
Interest-bearing loans	7.17.	77.893	519.917
Lease liabilities	2.2., 7.4.	26.409	84
Other financial liabilities	7.7.	860	1.572
Trade and other payables	7.18.	698.745	657.552
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1.964.923</b>	<b>1.857.354</b>

<sup>(1)</sup> The attached notes form an integral part of this statement of financial position.

<sup>(2)</sup> The statement of financial position of 31 March 2020 is not comparable to 31 March 2019 because of the adoption of IFRS 16 Leases as of AY 19/20. Please refer to note 2.2. for more information.

# Consolidated statement of changes in equity

Equity AY 19/20	Attributable to shareholders of the Group									Non-controlling interests	Total equity
	Share capital	Share premiums	Treasury shares	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Fair value reserve	Defined benefit liability	Total		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000		
Balance at 31 March 2019	288.392	317.882	-22.439	-118.357	-895	-5.943	46	-2.822	455.863	12.018	467.882
Profit/loss (-) for the period	-	-	-	-68.533	-	-	-	-	-68.533	552	-67.981
Other comprehensive income	-	-	-	-	1.279	994	6	899	3.178	31	3.209
<b>Total comprehensive income for the period</b>	-	-	-	<b>-68.533</b>	<b>1.279</b>	<b>994</b>	<b>6</b>	<b>899</b>	<b>-65.355</b>	<b>583</b>	<b>-64.772</b>
Dividend payment	-	-	-	-	-	-	-	-	-	-45	-45
Step-up acquisition Bardsley Fruit Enterprises (note 8.1.)	-	-	-	-	-	-	-	-	-	2.188	2.188
Share based payments, gross (note 7.14.)	-	-	-	766	-	-	-	-	766	-	766
Deferred tax on share based payments	-	-	-	-290	-	-	-	-	-290	-	-290
Other	-	-	-	380	-	-	-	-	380	-	380
Balance at 31 March 2020	288.392	317.882	-22.439	-186.035	384	-4.949	52	-1.923	391.363	14.744	406.109

Equity AY 18/19	Attributable to shareholders of the Group									Non-controlling interests	Total equity
	Share capital	Share premiums	Treasury shares	Retained earnings	Cash flow hedge reserve	Foreign currency translation reserve	Fair value reserve	Defined benefit liability	Total		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000		
Balance at 31 March 2018	288.392	317.882	-30.039	132.069	-2.657	-7.893	40	-2.097	695.697	13.521	709.218
Profit/loss (-) for the period	-	-	-	-238.243	-	-	-	-	-238.243	560	-237.683
Other comprehensive income	-	-	-	-	1.762	1.950	6	-725	2.992	23	3.015
<b>Total comprehensive income for the period</b>	-	-	-	<b>-238.243</b>	<b>1.762</b>	<b>1.950</b>	<b>6</b>	<b>-725</b>	<b>-235.251</b>	<b>583</b>	<b>-234.668</b>
Dividend payment (note 7.13.)	-	-	-	-8.602	-	-	-	-	-8.602	-11	-8.613
Acquisition 49% Greenyard Fresh Direct Belgium	-	-	-	-4.439	-	-	-	-	-4.439	-3.361	-7.800
Acquisition of Mor International	-	-	-	-	-	-	-	-	-	1.286	1.286
Disposal of treasury shares	-	-	7.600	-	-	-	-	-	7.600	-	7.600
Share based payments, gross (note 7.14.)	-	-	-	781	-	-	-	-	781	-	781
Deferred tax on share based payments	-	-	-	-303	-	-	-	-	-303	-	-303
Other	-	-	-	380	-	-	-	-	380	-	380
Balance at 31 March 2019	288.392	317.882	-22.439	-118.357	-895	-5.943	46	-2.822	455.863	12.018	467.882

# Consolidated statement of cash flows

Consolidated statement of cash flows	Note <sup>(1)</sup>	AY 19/20 <sup>(2)</sup> €'000	AY 18/19 €'000
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS, OPENING BALANCE</b>		<b>67.186</b>	<b>57.432</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>126.643</b>	<b>-51.060</b>
<b>EBIT from continuing operations</b>		<b>-2.576</b>	<b>-133.413</b>
<b>EBIT from discontinued operations</b>		<b>-</b>	<b>-43.789</b>
<b>Income taxes paid</b>	6.6.	<b>-6.096</b>	<b>-6.918</b>
<b>Adjustments</b>		<b>115.461</b>	<b>208.324</b>
Fair value adjustments biological assets	7.5.	27	-507
Amortisation of intangible assets	7.3.	18.072	18.797
Depreciation and impairment of property, plant & equipment and right-of-use assets	7.1., 7.4.	85.369	52.311
Impairment on goodwill	7.2.	-	78.910
Write-off on stock/trade receivables		498	7.182
Increase/decrease (-) in provisions and employee benefit liabilities	7.15., 7.16.	-9.086	1.577
Gain (-)/loss on disposal of property, plant & equipment		-3.796	-1.072
Result on change in control of subsidiaries and equity accounted investments		23.328	50.389
Share based payments and other	7.14.	1.146	1.161
Share of profit/loss (-) of equity accounted investments	7.6.	-97	-425
<b>Increase (-) /decrease in working capital</b>		<b>19.854</b>	<b>-75.265</b>
Increase (-)/decrease in inventories	7.9.	7.894	18.358
Increase (-)/decrease in trade and other receivables	7.10.	-22.007	46.003
Increase/decrease (-) in trade and other payables	7.18.	33.967	-139.626
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>-16.584</b>	<b>55.871</b>
<b>Acquisitions (-)</b>		<b>-37.280</b>	<b>-71.044</b>
Acquisition of intangible assets and property, plant & equipment	7.1., 7.3.	-36.069	-68.010
Acquisition of subsidiaries	8.1.	-1.211	-3.034
<b>Disposals</b>		<b>20.696</b>	<b>126.915</b>
Disposal of intangible assets and property, plant & equipment	7.1., 7.3.	11.085	7.976
Disposal of subsidiaries	8.1.	9.610	117.436
Disposal of associates/joint ventures		-	1.503
<b>CASH FLOW FROM FINANCING ACTIVITIES (C)</b>		<b>-44.939</b>	<b>5.228</b>
Dividend payment	7.13.	-147	-8.613
Long- and short-term funds obtained		93.133	182.390
Long- and short-term funds paid	7.17.	-186.474	-12.286
Payment of principal portion of lease liabilities	7.4.	-37.741	-
Net interests paid		-37.685	-29.230
Other financial expenses		-1.026	-2.032
Transfer from restricted cash	7.11.	125.000	-125.000
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>65.119</b>	<b>10.038</b>
Effect of exchange rate fluctuations		-674	-283
<b>CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS, CLOSING BALANCE</b>		<b>131.632</b>	<b>67.186</b>
Of which:			
Cash and cash equivalents	7.11.	132.709	67.880
Bank overdrafts	7.11.	1.077	694

<sup>(1)</sup> The attached notes form an integral part of this consolidated statement of cash flows.

<sup>(2)</sup> The statement of cash flows of AY 19/20 is not comparable to AY 18/19 because of the adoption of IFRS 16 Leases as of AY 19/20. Please refer to note 2.2. for more information.







# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General information

Greenyard (Euronext Brussels: GREEN), domiciled in Belgium in Sint-Katelijne-Waver, is one of the largest suppliers of fruit and vegetables in the world. We offer healthy food products for any lifestyle, age group or consumption. Fresh, frozen or prepared. Traditional or new varieties. Exotic or local. Pre-packaged or in bulk. The Group has approximately 8.800 employees in 25 countries around the world.

The consolidated financial statements of Greenyard NV ('the Company') and its subsidiaries (together, 'the Group') for the year ending 31 March 2020 were authorised for issue by the Board of Directors on 11 June 2020.

## 2. Significant accounting policies

### 2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and with the legal and regulatory requirements applicable in Belgium. The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, biological assets, quoted equity investments and pensions that have been valued at fair value.

### 2.2. Changes in accounting policies and disclosures

The accounting policies adopted in preparing the consolidated financial statements are consistent with those applied when preparing the consolidated financial statements for the 2018-2019 financial year ending on 31 March 2019, except for the items below.

#### Amendments to IFRS mandatory for the current year

- IFRS 16 Leases;
- IFRIC 23 Uncertainty over Income Tax Treatments;
- Amendments to IAS 19 Employee benefits - Plan Amendment, Curtailment or Settlement;
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures;

- Amendments to IFRS 9 Financial Instruments – Prepayment Features with Negative Compensation;
- Annual improvements to IFRS Standards 2015–2017 Cycle.

With regard to the standards and interpretations which became applicable during the period April 2019 – March 2020, the Group believes that these have little or no impact on its consolidated financial statements except for the adoption of IFRS 16.

### IFRS 16 Leases

The Group adopted IFRS 16 Leases as of 1 April 2019 following the modified retrospective approach, meaning that the liability is based on the discounted future cash flows, using the discount rate at transition date i.e. 1 April 2019 and comparative amounts of AY 18/19 are not restated.

IFRS 16 replaces the current lease accounting requirements and introduces significant changes to lessee accounting, removing the distinction between operating and finance leases under IAS 17 *Leases* and related interpretations and requiring a lessee to recognise a right-of-use asset and a lease liability at lease commencement date. IFRS 16 also requires the recognition of depreciation expenses relating to right-of-use assets and interest expenses on lease liabilities, as compared to the recognition of operating lease expenses or rental costs on a straight-line basis over the lease term, as was the case under prior requirements. In addition, the Group has amended the consolidated cash flow statement presentation in order to segregate the payment of leases into a principal portion and an interest component, both presented within financing activities.

The Group elected to apply exemptions for short-term leases and leases for which the underlying asset is of low value and to exclude the initial direct costs from the right-of-use asset. The non-lease components are not included to determine the right-of-use assets and lease liabilities. The practical expedient available on transition to IFRS 16 related to onerous contracts is used, adjusting the right-of-use assets at 1 April 2019 by the amount of any provision for onerous leases recognised in the statement of financial position immediately before 1 April 2019.

At transition on 1 April 2019, the Group recognised € 244,5m lease liabilities, and € 242,5m right-of-use assets. The difference between both is due to the onerous lease provision reported prior to the adoption of IFRS 16. Lease liabilities are measured at the present value of the remaining lease payments. The weighted average incremental borrowing rate was 4,59%. There is no impact on equity as a result of the adoption of IFRS 16.

Additional information is presented in note 7.4. *Leases* and note 7.19. *Risk management policy*. In note 8.3.2. *Commitments concerning rent and operating leases* of the 2018–2019 consolidated financial statements, future minimum rentals payable under the non-cancellable operating leases at 31 March 2019 were disclosed and amounted to € 373,3m. The table below provides the reconciliation between these non-cancellable lease commitments and the lease liability of € 244,5m recognised in the opening balance sheet at IFRS 16 adoption:

<b>Measurement of lease liabilities (in €'000)</b>	
Operating lease commitments disclosed as at 31 March 2019	373.336
Less: impact of discounting using the weighted average incremental borrowing rate at 1 April 2019	-66.980
Add: finance lease liabilities recognised as at 31 March 2019	274
Less: short-term leases not recognised as a liability	-3.087
Less: low value leases not recognised as a liability	-7
Less: leases without an identified asset	-33.830
Less: service charges not recognised as a liability	-10.801
Less: adjustments as a result of a different treatment of extension and termination options	-14.410
<b>Lease liability recognised as at 1 April 2019</b>	<b>244.496</b>

### New and revised IFRS issued but not yet effective

In AY 19/20, the Group did not prospectively apply the following new or revised standards and interpretations, which have been issued but are not effective at the date of approval of the consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU);
- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020);
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU);
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (applicable for annual periods beginning on or after 1 January 2020);
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020);
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU).

At the present time the Group does not expect that the new standards will significantly affect the financial statements of the Group during their first-time application.

## 2.3. Basis of consolidation

### Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and entities controlled by the Company and their subsidiaries. The Group controls an investee if the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Profit and loss, and each component of other comprehensive income, are attributed to the shareholders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Group accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full in consolidation.

Changes in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The carrying amounts of the Group's net interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the shareholders of the Group.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is initially recognised at fair value.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition-date fair value, and the amount of any non-controlling interests in the acquiree.

Acquisition-related costs are expensed as incurred. 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Changes in the fair value of the contingent consideration, qualifying as measurement period adjustments, are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. Subsequent changes to the fair value of the contingent consideration that do not qualify as measurement period adjustments and are deemed to be an asset or liability are recognised either in profit and loss or as a change to other comprehensive income. A contingent consideration classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if those interests were disposed of.

### Investments in joint ventures and associated companies

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment.

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of equity accounted investments is shown on the face of the income statement within EBIT, which represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interests in that associate or joint venture, the Group discontinues recognising its share of losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence, or joint control and the fair value of the retained investment and proceeds from disposal, is recognised in profit or loss.

## 2.4. Summary of significant accounting policies

### Foreign currencies

#### A. Foreign currency transactions

Foreign currency transactions are accounted for at exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the reporting date rate. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction.

Foreign exchange gains and losses that relate to borrowings, and cash and cash equivalents, are presented in the income statement within the finance result. All other foreign exchange gains and losses are presented in the income statement within EBIT.

#### B. Translation of the results and financial position of foreign operations

Assets and liabilities of foreign operations are translated to euro at foreign exchange rates prevailing at the reporting date. Income statements of foreign operations are translated to euro at exchange rates for the year approximating the foreign exchange rates prevailing at the dates of the transactions. The components of shareholders' equity are translated at historical rates. Exchange differences arising from the translation of shareholders' equity to euro at period-end exchange rates are taken to other comprehensive income (currency translation differences). In cases where the operation is not fully owned, the relevant proportionate share of the translation adjustment is allocated to the non-controlling interests. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the Group's shareholders are reclassified to profit and loss.



## C. Exchange rates

The more pertinent exchange rates used in preparing the financial statements are:

	Closing rate		Average rate	
	31 March 2020	31 March 2019	AY 19/20	AY 18/19
1 USD =	€ 0,9127	€ 0,8901	€ 0,8999	€ 0,8637
1 GBP =	€ 1,1281	€ 1,1651	€ 1,1426	€ 1,1338
1 PLN =	€ 0,2198	€ 0,2325	€ 0,2324	€ 0,2330
1 BRL =	€ 0,1754	€ 0,2280	€ 0,2187	€ 0,2283
1 CZK =	€ 0,0366	€ 0,0388	€ 0,0390	€ 0,0389
1 CLP =	€ 0,0011	€ 0,0013	€ 0,0012	€ 0,0013

## Goodwill

In conformity with IFRS 3 Business Combinations, goodwill is stated at cost and not amortised but tested for impairment on an annual basis and whenever there is an indication that the cash generating unit to which goodwill has been allocated may be impaired. The carrying amount of the goodwill is compared with the recoverable amount, which is the higher of the value-in-use and the fair value, less cost to sell.

## Other intangible assets

### A. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, future economic benefits are probable and the company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

### B. Software and licences

Purchased software and licences are measured at cost less accumulated amortisation and impairments. Expenditure on internally developed software is capitalised when the expenditure qualifies as development activity; otherwise, it is recognised in the income statement when incurred. Software and licences are amortised using the straight-line method over their estimated useful life.

### C. Customer relationships

The customer relationships acquired in a business combination are initially measured at fair value at the date of the acquisition. Fair value is determined based on an external valuation report. Following their initial recognition, customer relationships are carried at cost less any accumulated amortisation and impairment losses.

Item	Years	Method
Software and licences	3 - 7	Straight-line
Customer relationships	15 - 20	Straight-line
Other intangible assets	3 - 5	Straight-line

The carrying amount of intangible assets is reviewed at each reporting date to determine whether there is any indication of impairment. If there is any such indication, the asset's recoverable amount is estimated so that the amount of the impairment loss may be determined.

### Biological assets

As of AY 19/20 the Group no longer recognises biological assets due to the sale of Greenyard Flowers UK. Up to AY 18/19 the accounting principles were as follows.

The Group recognises bulbs and flowers (until harvested) as biological assets within the scope of IAS 41 Agriculture. The bulbs reproduce during the growing cycle, resulting in the so-called 'multiplication effect' and are therefore not considered as bearer plants since it is a common practice to sell bulbs each year as bulbs.

For mixed packed bulbs no sales price statistics per variety exist and the market has limited competitors. Consequently, the most appropriate and representative method for assessing the fair value in accordance with IAS 41 Agriculture is considered to be the net present value of the flowers held for production.

A gain or loss arising from a change in fair value less costs to sell of a biological asset is included in profit or loss for the period in which it arises. Farming costs such as day-to-day maintenance are expensed.

### Property, plant & equipment

The Group has opted for the historical cost model rather than the revaluation model. Items falling within the property, plant and equipment category, separately acquired, are initially measured at cost. Property, plant and equipment acquired in a business combination is initially measured at fair value, which thus becomes its deemed cost. After initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. The cost includes all direct costs and all expenditure incurred to bring the asset to its working condition and location for its intended use. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Depreciation is provided over the estimated useful lives of the various classes of property, plant and equipment on a straight-line basis.

The useful life, residual value and depreciation methods are reviewed at least at each financial year-end

Item	Years	Method
Owned buildings	18 - 40	Straight-line
Owned buildings - refurbishments	5 - 25	Straight-line
Land improvements	3 - 13	Straight-line
Plant, machinery and equipment	3 - 15	Straight-line
Vehicles	3 - 10	Straight-line
Hardware	3 - 5	Straight-line
Furniture	3 - 10	Straight-line

Government grants relating to the purchase of property, plant and equipment are deducted from the cost of those assets. They are recognised in the statement of financial position at their expected value at the time of initial government approval and corrected, if necessary, after final approval. The grant is amortised over the depreciation period of the underlying asset.

The carrying amount of property, plant and equipment is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated so that the amount of the impairment loss may be determined.

### Accounting for leases as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As from 1 April 2019, the Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

#### A. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, including the period of renewable options, in case it is probably that the option will be exercised.

The right-of-use assets are also subject to impairment.

#### B. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and purchase options if the Group is reasonably certain to exercise these options. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

A lease liability is remeasured upon a change in the lease term, changes in an index or rate used to determine the lease payments or reassessment of exercise of a purchase option. The corresponding adjustment is made to the related right-of-use asset.

Until 31 March 2019, leases of property, plant & equipment where the Group assumes substantially all the risks and rewards of ownership were classified as financial leases. Financial leases were recognised as assets and liabilities (interest-bearing loans) at amounts equal to the lower of the fair value of the leased property and the present value of the minimum lease payments at inception of the lease. Depreciation and impairment testing for depreciable leased assets was the same as for depreciable assets that are owned. Lease payments were apportioned between the outstanding liability and financial expenses so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Leases of assets under which all the risks and rewards of ownership were substantially retained by the lessor were classified as operating leases. Payments made under operating leases were expensed to the income statement on a straight-line basis over the term of the lease.

### Financial assets

The Group classifies its financial assets as subsequently measured at amortised cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVTPL). Management determines the classification of its financial assets at initial recognition, which is based on two criteria: the objective of the company's business model for

managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the 'SPPI criterion').

The classification and measurement of the company's financial assets is as follows:

**A. Financial assets at amortised costs**

Loans and receivables are non-derivative financial assets with fixed or determinable payments which are not quoted in an active market and are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interests. The Group's financial assets at amortised costs, less any impairment comprise, unless stated otherwise, trade and other receivables, bills of exchange received, short-term deposits and cash and cash equivalents in the statement of financial position. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

An estimate of impairment losses for doubtful receivables is made based on a review of all outstanding amounts at the reporting date. An allowance for impairment of trade and other receivables is established if the collection of a receivable becomes doubtful. Such a receivable becomes doubtful when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows. An impairment loss is recognised in the income statement, as are subsequent recoveries of previous impairments.

**B. Financial assets at FVOCI**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Assets classified in this category are stated at fair value, with any resultant gains or losses recognised directly in equity with no recycling through profit or loss upon disposal. The Group elected not to apply FVOCI for equity instruments that do not have a quoted price in an active market and for which their fair value cannot be reliably measured by alternative valuation methods. In this case, the instrument is stated at cost.

**C. Financial assets at fair value through profit or loss (FVTPL)**

This category includes derivative instruments and equity investments held for trading or for which the Group had not irrevocably elected to classify them at FVOCI.

## **Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The FIFO (first-in, first-out) method is used in assigning the cost of inventories.

The cost of finished products and work in progress comprises raw material, other production material, direct labour, other direct costs and an allocation of fixed and variable overhead based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated completion and selling costs. In the case of contracted sales, the average contract price is used to calculate the net realisable value.

Inventories are written down on a case-by-case basis if the anticipated net realisable value declines below the carrying amount of the inventories. The calculation of the net realisable value takes into consideration specific characteristics of each inventory category, such as expiry date, remaining shelf life and slow-moving indicators.

### Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with a maturity of three months or less from the date of acquisition that are readily convertible into cash. They are stated at face value, which approximates their fair value. In the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

### Equity

#### A. Repurchase of share capital

When the Group buys back its own shares, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity under treasury shares. The result on the disposal of treasury shares sold or cancelled is recognised in retained earnings.

#### B. Dividends

Dividends are recognised in the consolidated financial statements on the date that the dividends are declared.

#### C. Share issuance costs

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### Provisions

Provisions are recognised where (i) the company has a present legal or constructive obligation as a result of past events, (ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (iii) a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### A. Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Costs relating to the ongoing activities of the company are not provided for.

#### B. Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract by the Group are lower than the unavoidable cost of meeting its obligations under the contract. Such provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.



### C. Disputes and litigations

A provision for disputes and litigations is recognised when it is more likely than not that the Group will be required to make future payments as a result of past events. Such items may include but are not limited to several claims, environmental matters, employment related disputes and claims from tax authorities.

### D. Decommissioning

A provision for decommissioning is recognised when the Group has the obligation to decommission a building at the end of the lease agreement.

## Employee benefits

### A. Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the income statement when incurred. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

### B. Belgian defined contribution plans with guaranteed return

By law, defined contribution pension plans in Belgium are subject to minimum guaranteed rates of return and therefore classify as defined benefit plans. IASB and IFRIC acknowledge that accounting for these plans in accordance with IAS 19 can be problematic. Considering the uncertainty of the future minimum guaranteed rates of return in Belgium, the Group calculates the net liability as the sum of any individual differences between the mathematical reserves and the minimum guarantee as determined by the Belgian law enforcing the minimum guaranteed rates of return, being the intrinsic value approach.

### C. Defined benefit plans

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

For defined benefit plans, the pension expenses are assessed separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of the plans at least every three years. The amounts charged to the income statement include current service costs, net interest expense (income), past service costs and the effect of any curtailments or settlements. Past service costs are recognised at the earlier of when the amendment / curtailment occurs or when the Group recognises related restructuring or termination costs.

The pension obligations recognised in the statement of financial position are measured at the present value of the estimated future cash outflows using interest rates based on high quality corporate bond yields, which have terms to maturity approximating the terms of the related liability, less the fair value of any plan assets. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets (excluding net interest) are recognised in full in the period in which they occur in the statement of comprehensive income. Re-measurements are not reclassified to profit or loss in subsequent periods.

#### D. Other long-term employee benefits

Other long-term employee benefits, such as jubilee awards, are accounted for using the projected unit credit method. However, the accounting method differs from the method applied for defined benefit plans, as actuarial gains and losses are recognised immediately through profit or loss.

#### Interest-bearing loans

Interest-bearing loans are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between the initial amount and the maturity amount being recognised in the income statement (as interest expense) over the expected life of the instrument on an effective interest rate basis.

#### Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### Derivatives, hedging and hedging reserves

The Group uses derivatives to hedge its exposure to foreign exchange and interest rate risks arising from operating, financing and investing activities. The net exposure of all subsidiaries is managed on a centralised basis by Corporate Treasury in accordance with the aims and principles laid down by general management. As a matter of policy, the Group does not engage in speculative or leveraged transactions.

Derivatives are initially and subsequently measured and carried at fair value. The fair value of traded derivatives is equal to their market value. If no market value is available, the fair value is calculated using standard financial valuation models, based on the relevant market rates at the reporting date.

The Group applies hedge accounting in accordance with IFRS 9 to reduce income statement volatility. Depending on the nature of the hedged risk, a distinction is made between fair value hedges, cash flow hedges and hedges of a net investment in a foreign entity.

Fair value hedges are hedges of the exposure to variability in the fair value of recognised assets and liabilities. The derivatives classified as fair value hedges are carried at fair value and the related hedged items (assets or liabilities) are re-measured for fair value changes due to the hedged risk. The corresponding changes in fair value are recognised in the income statement. When a hedge ceases to be highly effective, hedge accounting is discontinued and the adjustment to the carrying amount of a hedged interest-bearing financial instrument is recognised as income or expense and will be fully amortised over the remaining period to maturity of the hedged item.

Cash flow hedges are hedges of the exposure to variability in future cash flows related to recognised assets or liabilities, highly probable forecast transactions or currency risk on unrecognised firm commitments. Changes in the fair value of a hedging instrument that qualifies as a highly effective cash flow hedge are recognised directly in shareholders' equity. The ineffective portion is recognised immediately in the income statement. If the hedged cash flow results in the recognition of a non-financial asset or liability, all gains and losses previously recognised directly in equity are transferred from equity and included in the initial measurement of the cost or carrying amount of the asset or liability. For all other cash flow hedges, gains and losses initially recognised in equity are transferred from the hedging reserve to the income statement when the hedged firm commitment or forecast transaction results in the recognition of a profit or loss. When the hedge ceases to be highly effective, hedge accounting is discontinued prospectively, and the accumulated gain or loss is retained

in equity until the committed or forecast transaction occurs. If the forecast transaction is no longer expected to occur, any net cumulative gain or loss previously reported in equity is transferred to the income statement.

If a net investment in a foreign entity is hedged, all gains or losses on the effective portion of the hedging instrument, together with any gains or losses on the foreign currency translation of the hedged investment, are taken directly to equity. Any gains or losses on the ineffective portion are recognised immediately in the income statement. The cumulative re-measurement gains and losses on the hedging instrument, that had previously been recognised directly in equity, and the gains and losses on the currency translation of the hedged item are recognised in the income statement only on disposal of the investment.

To comply with the requirements of IFRS 9 regarding the use of hedge accounting, the strategy and purpose of the hedge, the relationship between the financial instrument used as the hedging instrument and the hedged item, and the estimated (prospective) effectiveness are documented by the Group at the inception of the hedge. The effectiveness of existing hedges is monitored quarterly. Hedge accounting for ineffective hedges is discontinued immediately.

The Group also uses derivatives that do not satisfy the hedge accounting criteria of IFRS 9 but provide effective economic hedges under the Group's risk management policies. Changes in the fair value of any such derivatives are recognised immediately in the income statement.

### Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case the tax effect is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the reporting date, and any adjustments to tax payables in respect of previous years. In accordance with IAS 12 Income Taxes, deferred taxes are provided using the so-called comprehensive balance sheet method. This means that, for all taxable and deductible differences between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position a deferred tax liability or asset is recognised. Under this method a provision for deferred taxes is also made for differences between the fair values of assets and liabilities acquired in a business combination and their tax base. IAS 12 prescribes that no deferred taxes are recognised on i) the initial recognition of goodwill, ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and affects neither accounting nor taxable profit and iii) differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future and to the extent that the company is able to control the timing of the reversal. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using currently or substantively enacted tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

The Group recognises deferred tax assets, including assets arising from losses carried forward, to the extent that future probable taxable profit will be available against which the deferred tax asset can be utilised, or the extent of the recognised deferred tax liability. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax claims are recorded within provisions on the statement of financial position.

## Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable.

Fresh operates using three different business models:

- Trading model: Fresh generates revenues through programmed sourcing or spot buying transactions, whereby the margin is determined based on the purchase pricing structure of the respective transaction, i.e. a sales-based purchase price (majority), a fixed price, a minimum guaranteed price or an agreed price range
- Production model: Fresh generates revenues from own-produced fresh convenience and flowers.
- Service model: Fresh operates some or all of the fresh supply chain of some of its customers, with the added-value services remunerated on a cost-plus basis. For the sale of goods where added-value services, such as ripening or packing, are provided, Fresh is the primary entity responsible for fulfilling the promise to provide the goods to the customer. Some Fresh entities also enter into specific logistics agreements with customers whereby a fixed price per serviced item is agreed.

For all transactions, except some logistical services, the Group acts as a principal since the main risks related to the purchase and sale of goods are borne by the Group. For the sale of goods for which added-value services, such as ripening or packing, have been delivered, the Group is the primary entity responsible for fulfilling the promise to provide the goods to the customer. The Group checks the quality of purchased goods and bears the inventory risk and the added-value services are not all in response to customer requests. As a consequence, the gross inflows received from the customers are recognised as revenue.

For all operating models, the revenue is recognised when performance obligations are satisfied by transferring control of the goods or services to the customer. Recognition of revenue typically takes place at a point-in-time upon delivery of the goods to the customer in accordance with the incoterm. At the time of delivery, risk and rewards are transferred, Greenyard has a right to payment and the customer has taken physical possession of the goods. Customer acceptance occurs in a very short period (maximum three days) after the goods are delivered to the customer's premises. In the case of service contracts, revenue is recognised over time to the extent that the performance obligation has been satisfied, which in practice is a very short period of time for all services, such as transport, provided by Fresh.

The sale of frozen and prepared fruit and vegetables is mainly based on contractually agreed prices, while the volumes sold are mostly order-based. Fresh vegetable supplies are mainly subject to annual contracts negotiated with the suppliers, determining volumes and prices, whereas the supply of fresh fruit is mainly negotiated on an order by order basis, each of which determines volumes and prices.

In general, the goods and added value services are invoiced as they are delivered or carried out. The amounts are directly recognised in the income statement and do not require the measurement of the stage of completion.

Government grants are recognised where there is a reasonable assurance that the Group will comply with the conditions attached to the grants and the grants will be received. Grants compensating the Group for expenses incurred are systematically recognised as other operating income in the same period in which the expenses are incurred.

Rental income is recognised in other operating income on a straight-line basis over the term of the lease.

### Finance result

Interest income comprises interest received or receivable on funds invested and is recognised as it accrues (taking into account the effective yield on the asset) unless collectability is in doubt.

Interest expense comprises interests on interest-bearing loans, calculated using the effective interest rate method, factoring interests and net interests on interest rate swaps settlements. All interest expenses incurred in connection with interest-bearing loans or financial transactions are expensed as incurred as part of interest expense. Any difference between the initial amount and the maturity amount of interest-bearing loans, such as transaction costs and fair value adjustments, are recognised in the income statement over the expected life of the instrument on an effective interest rate basis. The interest expense component of financial lease payments is also recognised in the income statement using the effective interest rate method.

Other finance result comprises dividend income, net gains or losses in the areas of foreign exchange and arising from interest rate swaps that are not part of a hedge accounting relationship, financial assets classified as trading, net fair value on the conversion option, as well as losses resulting from ineffective hedges.

### Events after balance sheet date

Events after the balance sheet date which provide additional information about the Group's position as at the reporting date (adjusting events) are reflected in the financial statements. Events after the balance sheet date which are not adjusting events are disclosed in the notes, if material.

## 3. Critical accounting judgments and key sources of estimation uncertainty

In applying the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. These judgments, estimates and assumptions are reviewed on an ongoing basis.

### 3.1. Critical judgments in applying the entity's accounting policies

The following are the critical judgments made by management, apart from those involving estimations (see note 3.2. *Key sources of estimation uncertainty*), that have a significant effect on the amounts reported in the consolidated financial statements.

- The obligations related to the Belgian defined contribution plans are measured based on the intrinsic value approach since a calculation in accordance with IAS 19 is not feasible (see note 7.15. *Pension and other employee benefit liabilities*);
- The convertible bond is a hybrid debt instrument which contains a host contract and an embedded derivative. Based on IFRS 9, paragraph 4.3.1. the Group separated the embedded derivative from the host contract and did not opt for the "fair value option".
- Following the waiver of the Cash Alternative Election in November 2017, the conversion option was reclassified from the financial derivatives to equity-based on IFRS 9. The Group considers that the conversion option meets the "fixed-



for-fixed” criterion in IAS 32.16 and is therefore classified within equity and was, as of November 2017 onwards, no longer remeasured at fair value through profit and loss (see note 7.17. *Interest-bearing loans*).

### 3.2. Key sources of estimation uncertainty

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Group’s accounting policies described above, the Directors have identified that the following areas are the key estimates that have a significant risk of resulting in a material adjustment to the carrying value of assets and liabilities within the next financial year:

- The Group determines whether goodwill is impaired at least once a year. This requires an estimate of the value in use of the CGUs to which the goodwill is allocated. To estimate the value in use, the Group estimates the expected future cash flows from the CGUs and discounts them to their present value at a given discount rate, which is appropriate for the territory to which the goodwill is allocated. Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. The resulting calculation is sensitive to the assumptions in respect of sales growth rate, adjusted EBITDA growth rate and the discount rate applied. A sensitivity analysis has been performed on the estimates (see note 7.2. *Goodwill*). The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows involved. Budgets comprise forecasts based on current and anticipated market conditions that have been considered and approved by the Board of Directors. Although based on the sensitivity analysis performed, there is no impairment charge to goodwill of the Fresh segment, it is considered appropriate to disclose this as an area of significant estimation due to the size of the balance and the fact that it could change as a result of future events within the next five years.
- Current tax provisioning: In determining the income tax assets and liabilities recognised in the consolidated statement of the financial position, the Group is required to estimate the outcome of multiple tax years remaining open to tax authority audit in each of the jurisdictions in which it has companies. In making estimates for tax provisioning purposes, management makes use of in-house tax expertise, third-party studies prepared by professional advisors and any other information available. In the event of an audit, the Group may liaise with the relevant taxation authorities to agree an outcome. The tax liability provided for each tax year and jurisdiction is reassessed in each period to reflect our best estimate of the probable outcome in light of all the information available. A final position agreed with a tax authority or through expiry of a tax audit period could differ from the estimates made by us which would impact the current tax liability recognised in the consolidated statement of financial position. Several tax audit discussions are ongoing in different countries and entities. Should a tax audit commence, this would give additional visibility over maximum potential exposures as the tax authorities’ own position becomes clearer. Such developments would then further inform our best estimate in line with the approach above. Conversely, should tax audit windows close without audits commencing, this would enable tax provisions to be released.
- Deferred tax assessment: Deferred taxes are recognised in respect of temporary differences between the tax treatment and the treatment within the financial statements for assets and liabilities. Deferred tax assets are only recognised to the extent they are expected to be recovered. Recoverability is assessed on an ongoing basis. Deferred tax is calculated at the substantively enacted rate which is expected to apply in the period the asset or liability is expected to be realised. The Corporate Tax team, which has the overview of the Group’s deferred tax positions, is involved in assessing deferred tax assets. Deferred tax assets for tax losses carried forward are based on five-year revenue forecasts. The Group has taken into account advice provided by internal as well as external experts to determine the deferred tax asset positions relating to the tax losses carried forward. Deferred tax assets relating to tax losses carried forward, unused tax credits and temporary differences are recognised only to the extent that it is probable that sufficient taxable profit will exist in the foreseeable future. In estimating this, the Group takes into account aspects such as tax laws, regulations,

budgets and long-term business strategies (disregarding potential tax planning opportunities). Further details are provided in note 6.6. *Income tax expense/income* and note 7.8. *Deferred tax assets and liabilities*. There is also estimation involved for those potential tax assets that remain unrecognised. The nature and amounts of unrecognised potential tax assets are disclosed in note 7.8. *Deferred tax assets and liabilities*. Although the Group does not believe that there is significant risk of a material adjustment to deferred tax assets within the next financial year, there is significant uncertainty at each year end and therefore the Group's overall tax position could change within the next 12 months. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

- Employee benefit obligations: the determination of the defined benefit obligations is based on actuarial assumptions such as discount rate, salary increases, inflation and average duration of plans which are detailed in note 7.15. *Pension and other employee benefit liabilities*. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Group's financial statements within the next year. Further information on the carrying amounts of the Group's defined benefit obligation and the sensitivity of those amounts to changes in discount rate are provided in note 7.15. *Pension and other employee benefit liabilities*.
- Leases: Determining the lease term requires judgement. Elements that are considered include assessing the probability that early termination option or extension options will be exercised. All facts and circumstances relevant to the assessment are considered.
- COVID-19 pandemic: In case the COVID-19 pandemic would have long lasting consequences to our business or stakeholders, it could impact cash flow projections on which impairment testing was based. However, as explained in the section *Position of the company: risks and uncertainties*, being mainly active in retail which proved to be thriving by the increased 'at home' fresh and long fresh F&V consumption, we believe based on our experience today that our cash flow projections are sufficiently COVID-proof. We have also assessed our exposure to receivable collections in food service, since a major part of this food service was abruptly locked down since the 2<sup>nd</sup> week of March 2020. We have been monitoring these receivables diligently over the last weeks and can confirm that all amounts due have been collected. Only a limited number of repayment plans for modest amounts were granted. We have no signals at this moment of Greenyard customers that experience financial difficulties with a potential impact on the AY 19/20 results. Moreover, in the beginning of June in most countries catering activities are gradually restarting.

## 4. Going concern

Over the previous AY 18/19 Greenyard has suffered a sudden and steep decrease in profitability. On one hand, this was due to market pressure coming from changes in the retail landscape putting price pressure and from the transitional impact consequent to shifting from a trading to a partnership model with a selection of retailers. On the other hand, the Group experienced the one-off financial consequences of a recall pursuant to a potential Listeria contamination in June of 2018. These events triggered uncertainties related to liquidity and compliance with covenants. This was caused by lower operational cash generation, one-off costs, imbalance of profitability and increasing debt levels and shaken trust with main stakeholders.

In order to react in a decisive way, executive management has been reorganised and strengthened begin 2019 with Marc Zwaaneveld as a Co-CEO, next to Hein Deprez, Co-CEO, and Geert Peeters, CFO. To restore profitability and decrease financial debt, an in-depth transformation and business plan was developed by mid-March 2019. This company-wide plan consisted of a concrete portfolio of actions defined over eight work streams including cost efficiency gains, rightsizing of personnel, revenue improvements and asset disposals. A dedicated team was set up to ensure a diligent execution of the plan. On top, some key management changes throughout the organisation have been executed.

Over last year AY 19/20 the Group realised its transformation and business plan in line with the targets set and has restored step-by-step profitability and operational cash generation of Greenyard. As presented in this annual report, the adjusted EBITDA rose from € 64,5m last year to € 95,7m, and the leverage ratio declined from 7,1x to 4,4x. To achieve this, the Group realised significant structural cost savings in personnel, logistics, overhead, procurement and sourcing. Moreover, it further developed its long-term partnerships driving up sustainable sales throughout the year. Last but not least, several non-core disposals have been realized being factory/personnel of Frozen Hungary, sales of several buildings in Germany and Netherlands, sale of the Flowers UK business and, expected to be closed by July, the disposal of Logistics Portugal.

For the new year AY 20/21 a bottom-up budget has been prepared incorporating the positive impact of realised and new transformation actions but also including sufficient contingencies. Furthermore, ownership and follow-up of the actions have been fully embedded in the line organisation. The budget confirms the expected further recovery of the Group.

Thanks to the proven results, the syndicated banks have confirmed their belief in the stand-alone deleveraging of the Group on its own strength and have shaped the conditions to maximally support this 'revitalisation' scenario. Concretely, the Company obtained a consent letter on 15 November 2019 with a waiver period until 22 December 2021 which is the date on which the SFA expires and the Convertible Bond matures. The conditions are limited and have been disclosed under the note 7.17. *Interest-bearing loans* of this report. Moreover, the costs related to the bank credit facilities have been normalised.

The key challenges for the Group underpinning the going concern assessment are concentrated around following matters:

- (i) The further realisation of the transformation and business plan supporting the projected EBITDA levels and to maintain the required liquidity headroom;
- (ii) Maintain trust with financial and commercial stakeholders in order to keep current working capital levels as a basis for further improving liquidity and debt levels;
- (iii) No substantial negative impacts from escalation of the COVID-19 pandemic. Please refer to the dedicated section on 'risks and uncertainties' for an assessment on how COVID-19 impacts Greenyard;
- (iv) The absence of adverse conditions not within control of the Company that could substantially impact financial performance or lead to a default or early redemption under the current finance agreements (such conditions could be the resignation of co-CEO M. Zwaaneveld and CFO G. Peeters, events triggering change of control clauses; substantial new adverse regulatory, trade and market conditions, etc.).

The above challenges can individually or jointly trigger a material uncertainty that could significantly impact the going concern assumption if the Company would not be able to implement timely the necessary corrective actions.

Given the current progress, financial performance and information available, Executive Management and the Board of Directors believes based on an assessment at date that the financial commitments of Greenyard can be fulfilled, the above challenges will be met and significant potential adverse events are unlikely. In case it would be necessary, corrective actions can be proposed in order to remedy any deviation.

By the end of the waiver period the Company has the intention to gradually deleverage to a level below 4,0x based on its operational cash generation, and between 3,0x and 3,5x in the subsequent year. As the main credit facilities end by 22 December 2021, Executive Management believes there is sufficient time to secure healthy new financing before the expiration date at prevailing market conditions.

The conclusion of the Executive Management and the Board of Directors is that the consolidated financial statements can be prepared under the going concern assumption.

## 5. Segment information

For management purposes, the Group is organised into two operating segments based on the Group's activities.

The Fresh segment is a worldwide market leader and supplier of fresh fruit and vegetables, flowers and plants, and fresh produce logistics. Segment Long Fresh includes the Frozen and Prepared activities. Frozen is a pioneer and market leader that processes freshly harvested fruits and vegetables into frozen food products that are easy to store and take little or no time to prepare. Prepared is a global player in freshly preserved fruit, vegetables, mushrooms and other ambient food products that are easy to store and ready to eat.

An overview of the companies included in the different segments is provided in note 8.1. *Subsidiaries, associates, joint ventures and investments recorded at cost.*

Management assesses segment performance and allocates resources based on adjusted EBITDA and sales.

The segment's assets are assets belonging directly to it. Segment assets and segment sales are presented before elimination of intersegment transactions. Sales between segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment information AY 19/20	Continuing operations				
	Fresh €'000	Long Fresh €'000	Eliminations <sup>(1)</sup> €'000	Unallocated <sup>(2)</sup> €'000	Consolidated €'000
Sales	3.264.386	797.976	-1.370	-	4.060.992
Third party sales	3.263.356	797.636	-	-	4.060.992
Intersegment sales	1.030	340	-1.370	-	-
Adjusted EBITDA	43.401	53.919	-	-1.619	95.701
Total assets at 31 March 2020	1.276.383	548.064	-57.094	197.571	1.964.923

Segment information AY 18/19	Continuing operations				
	Fresh €'000	Long Fresh €'000	Eliminations <sup>(1)</sup> €'000	Unallocated <sup>(2)</sup> €'000	Consolidated €'000
Sales	3.190.603	722.789	-1.923	-	3.911.468
Third party sales	3.188.690	722.778	-	-	3.911.468
Intersegment sales	1.913	11	-1.923	-	-
Adjusted EBITDA	24.962	41.852	-	-2.339	64.475
Total assets at 31 March 2019	1.077.400	582.854	-49.981	247.081	1.857.354

<sup>(1)</sup> Long-term intersegment receivables and intersegment participations are not included in the segment assets and therefore not included in the eliminations.

<sup>(2)</sup> Unallocated adjusted EBITDA includes adjusted EBITDA allocated to corporate. Unallocated assets include derivative financial instruments, cash and cash equivalents, restricted cash and other assets allocated to corporate.

We refer to the section *Key Financial Information* for the reconciliation from EBIT to adjusted EBITDA.

### 5.1. Information about major customers

The segments have built an elaborated and diversified client portfolio, both in type of clients and geographical spread.

Sales to the three major customers slightly increased and amounted to 48,4% of total sales in AY 19/20 (AY 18/19 46,5%). Other than these customers, no individual customers represent more than 10% of total sales (for current and previous accounting year). Sales to the ten major customers amount to 66,9% of total sales in AY 18/19 (AY 18/19 65,7%).

## 5.2. Geographical information

The Group sells its products in more than 100 countries across the world. The table below gives an overview of sales by customer location.

Sales	AY 19/20	AY 18/19
Germany	26,9%	29,3%
The Netherlands	25,9%	25,4%
Belgium	12,7%	10,4%
The United Kingdom	7,9%	8,4%
France	4,8%	5,2%
Other - Europe	16,3%	15,3%
Other - non-Europe	5,5%	5,8%
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

The table below shows the geographical spread of non-current assets. Non-current assets as shown below do not include goodwill, other financial assets and deferred tax assets.

Geographical spread of non-current assets	31 March 2020 €'000	31 March 2019 €'000
Belgium	259.617	209.544
The Netherlands	151.799	92.854
The United Kingdom	68.895	96.489
Germany	99.328	77.901
Poland	58.302	30.641
France	61.441	56.517
Other	72.349	45.897
<b>TOTAL</b>	<b>771.730</b>	<b>609.842</b>



## 6. Notes to the consolidated income statement

### 6.1. Sales

Sales fully relate to contracts with customers and can be disaggregated based on the type of goods and services delivered, being sales related to fresh, frozen and prepared goods. The sales of both frozen and prepared goods are allocated to the Long Fresh segment.

Fresh sales comprise the sale of high-quality top, tropical, citrus and stone fruit, vegetables, salads, fresh-cut flower products and related services.

Frozen sales are based on the processing of freshly-harvested vegetables and fruits into frozen food products that are easy to store, conserve and consume. Greenyard offers a wide range of innovative and high-quality frozen vegetables, fruits, vegetable mixes, convenience products and herbs.

Prepared sales comprise the sale of freshly-preserved fruit, vegetables and other ambient food products that are easy to store and ready to eat. Greenyard offers customers an extensive product portfolio, from classic preserved products in cans or jars to ready-made soups, sauces, dips and pasta dishes in a variety of packaging.

Sales	AY 19/20 €'000	AY 18/19 €'000
<b>Fresh</b>	<b>3.263.356</b>	<b>3.188.690</b>
Frozen	472.345	420.224
Prepared	333.957	311.456
Intercompany eliminations	-8.665	-8.903
<b>Long Fresh</b>	<b>797.636</b>	<b>722.778</b>
<b>TOTAL</b>	<b>4.060.992</b>	<b>3.911.468</b>

The performance obligations relating to the sales are satisfied at a point in time determined by the incoterms. For sales of fresh goods, the performance obligation is predominantly satisfied at the moment the customer accepts the goods at its premises. For frozen and prepared sales, the incoterms vary from 'ex-work' to 'delivered duty paid'. In the event of quality issues, the goods are not accepted or can be returned.

## 6.2. Operating expenses

Operating expenses	AY 19/20 €'000	AY 18/19 €'000
Cost of goods	2.855.137	2.733.647
Transport	292.518	301.642
Packing, warehousing and farming	342.966	349.672
Personnel and temporary workforce costs	269.299	271.631
Other	53.401	55.917
<b>Cost of sales (*)</b>	<b>3.813.320</b>	<b>3.712.509</b>
<b>Impairment goodwill</b>	<b>-</b>	<b>78.910</b>
<b>Impairment property, plant &amp; equipment</b>	<b>7.566</b>	<b>-</b>
Rentals	685	15.503
Maintenance and repair	3.845	3.821
Personnel expenses	137.073	143.880
Utilities	2.595	2.981
Travel and representation	6.730	8.571
Office expenses	2.988	3.606
Fees	19.391	21.047
Insurance	3.066	3.339
Information and communication technology	12.361	9.819
Depreciation	33.319	19.881
Quality	351	360
Indirect tax	4.745	6.291
Other	14.436	14.373
<b>Selling, marketing and distribution &amp; general and administrative expenses</b>	<b>241.585</b>	<b>253.474</b>
<b>TOTAL</b>	<b>4.062.470</b>	<b>4.044.893</b>

(\*) Contain personnel expenses, depreciation and other direct operating expenses.

Depreciation and amortisation expenses included in the cost of sales amounts to € 62,6m (AY 18/19 € 46,7m). This increase of € 15,9m is largely due to the implementation of IFRS 16 (+ € 20,1m). Also, the depreciation expenses in selling, marketing and distribution and general and administrative expenses increase steeply due to this (+ € 11,9m). On the contrary, the rent expenses decrease by € 37,8m. € 24,3m of this amount is included in the packing, warehousing and farming cost within cost of sales.

## 6.3. Personnel expenses

Personnel expenses	AY 19/20 €'000	AY 18/19 €'000
Wages and salaries	238.262	238.796
Social security costs	44.004	44.826
Pension costs - defined benefit plans	1.139	294
Pension costs - defined contribution plans	4.042	4.586
Termination benefits	176	845
Temporary workforce	102.580	104.840
Other employee benefit expenses	16.170	21.324
<b>TOTAL</b>	<b>406.372</b>	<b>415.511</b>
<b>Included within cost of sales</b>	<b>269.299</b>	<b>271.631</b>
<b>Included within selling, marketing and distribution &amp; general and administrative expenses</b>	<b>137.073</b>	<b>143.880</b>

The total number of full-time equivalents (FTEs) at 31 March 2020 amounted to 8.800 (including temporary staff), compared with 9.600 at 31 March 2019. This decrease is mainly due to the net effect of the sale and acquisitions of subsidiaries (700 FTEs) and 400 FTE's related to the rightsizing of workforce. The remainder relates for  $\frac{3}{4}$  to structural

growth and for ¼ to seasonal impact including the increased workload in March 2020 due to COVID-19. The average number of FTEs over AY 19/20 amounted to 8.900, which is a decrease of 500 FTE compared with AY 18/19.

## 6.4. Other operating income/expense

Other operating income/expenses (-)	AY 19/20 €'000	AY 18/19 €'000
Income from rentals	1.585	1.670
Indemnities due	-	-14.338
Indemnities recovery	12.924	10.008
Sale of waste	933	811
Recharge costs	2.501	532
Gain/loss (-) on disposal of property, plant & equipment	3.733	773
Result on change in control of equity accounted investments	-1.375	-593
Result on sale of subsidiaries	-22.538	-
Other	1.042	724
<b>TOTAL</b>	<b>-1.194</b>	<b>-413</b>

The indemnities recovery in AY 19/20 mainly relates to the insurance proceeds for the fire in our Fresh UK entity (€8,8m), of which €3,2m was already received. The indemnities due and recovery in AY 18/19 were mainly related to the recall of frozen products from the Hungarian facility. The gain on disposal of property, plant and equipment mainly relates to the sale of a building in the Netherlands and several buildings in Germany.

The result on sale of subsidiaries entirely relates to the sale of Greenyard Flowers UK.

## 6.5. Net finance income/cost

Net finance income/cost (-)	AY 19/20 €'000	AY 18/19 €'000
Interest expense - retail bond	-1.952	-7.500
Interest expense - convertible bond	-4.700	-4.688
Interest expense - bank borrowings	-23.175	-12.738
Amortisation transaction costs - retail bond	-23	-79
Amortisation transaction costs - convertible bond	-565	-525
Amortisation conversion option	-2.458	-2.287
Amortisation transaction costs - term loan / revolving credit facility	-1.061	-1.061
Interest expense - factoring	-6.153	-4.622
Interest expense - IRS	-432	-1.486
Interest expense - Leasing	-10.762	-
Other	-583	-663
<b>Interest expense</b>	<b>-51.865</b>	<b>-35.649</b>
Interest income	283	465
<b>Interest income</b>	<b>283</b>	<b>465</b>
Foreign exchange gains/losses (-)	-3.052	-417
Fair value gains/losses (-) on IRS	10	124
Bank and other financial income/cost (-)	-6.185	-2.478
<b>Other finance result</b>	<b>-9.227</b>	<b>-2.771</b>
<b>TOTAL</b>	<b>-60.808</b>	<b>-37.955</b>

The interest expenses on the retail bond have decreased as it was repaid in July 2019, at maturity date.

Interest expenses on bank borrowings have increased due to the higher interest rates related to the higher leverage ratio, higher usage of funding and the higher cost on additional funding. Please refer to note 7.17. *Interest-bearing loans*.

As of AY 19/20 interest expenses on leasing for an amount of € 10,8m are reported due to the implementation of IFRS 16, please refer to note 7.4. *Leases*.

The bank and other financial costs consist primarily of the following non-recurring items in AY 19/20: fees related to waiver agreements of € 1,9m (an increase of € 0,9m compared to AY 18/19) and write-offs of financial assets € 1,8m. Last year was positively impacted by a gain of € 1,3m on the sale of financial assets.

## 6.6. Income tax expense/income

Income tax expense (-)/income	AY 19/20 €'000	AY 18/19 €'000
Current tax on profits for the year	-9.755	-7.639
Adjustments in respect of prior years	428	-74
<b>Current tax</b>	<b>-9.328</b>	<b>-7.713</b>
Origination and reversal (-) of temporary differences	5.745	6.689
Recognition and reversal (-) of deferred tax assets on tax losses and forfeited losses	-1.015	-19.568
<b>Deferred tax</b>	<b>4.731</b>	<b>-12.879</b>
<b>TOTAL</b>	<b>-4.597</b>	<b>-20.592</b>

Effective tax rate reconciliation	AY 19/20 €'000	AY 18/19 €'000
<b>Profit/loss (-) before income tax</b>	<b>-63.384</b>	<b>-171.368</b>
Theoretical tax rate	29,58%	29,58%
Tax calculated at statutory Belgian tax rate applicable to profits	18.749	50.691
Tax effects of:		
Effect of different tax rates in other countries	-2.682	-7.861
Income not subject to income tax	895	653
Non-deductible items	-17.006	-29.902
Non-recognised deferred tax assets on tax losses and forfeited losses	-11.450	-32.494
Recognition and use of deferred tax assets not previously recognised	1.049	34
Adjustments in respect of prior years	775	-149
Nominal tax rate changes	5.249	370
Other	-176	-1.935
<b>Effective income tax expense (-)/ income</b>	<b>-4.597</b>	<b>-20.592</b>
<b>Effective tax rate</b>	<b>-7,25%</b>	<b>-12,02%</b>

For a detailed discussion please refer to note 7.8. *Deferred tax assets and liabilities*.

Income tax for AY 19/20 amounts to € 4,6 m (AY 18/19 € 20,6 m). This implies a consolidated effective tax rate of -7,25% (AY 18/19 -12,02%). The effective tax rate for AY 18/19 was highly impacted by the non-deductible goodwill impairment and reversal and non-recognition of deferred tax assets on tax losses. The effective tax rate for AY 19/20 was highly impacted by non-recognition of deferred tax assets on tax losses, the loss on the sale of subsidiaries, the impairment of property, plant & equipment of Greenyard Prepared Netherlands and the adjustments in the rates used to calculate deferred taxes resulting from the evolution in local tax rates.

## 6.7. Earnings per share

Earnings per share AY 19/20	Basic	Diluted
Weighted average number of ordinary shares	43.008.731	43.008.731
Dilution effect of convertible bond (issued in December 2016)	-	-
<b>Total</b>	<b>43.008.731</b>	<b>43.008.731</b>
Profit/loss (-) attributable to the shareholders of the Group:		
Continuing operations (in €'000)	-68.533	-68.533
Discontinued operations (in €'000)	-	-
<b>Earnings per share</b>	<b>-1,59</b>	<b>-1,59</b>

Earnings per share AY 18/19	Basic	Diluted
Weighted average number of ordinary shares	43.007.709	43.007.709
Dilution effect of convertible bond (issued in December 2016)	-	-
<b>Total</b>	<b>43.007.709</b>	<b>43.007.709</b>
Profit/loss (-) attributable to the shareholders of the Group:		
Continuing operations (in €'000)	-192.541	-192.541
Discontinued operations (in €'000)	-45.702	-45.702
<b>Earnings per share</b>	<b>-5,54</b>	<b>-5,54</b>

Earnings per share (EPS) is the amount of post-tax profit attributable to each share. Basic EPS is calculated as the result for the period attributable to the shareholders of the Group divided by the weighted average number of shares outstanding during the year. The weighted average number of shares outstanding is calculated taking into account the treasury shares acquired as part of a buyback programme (1.363.854 as per 31 March 2020). Diluted EPS reflects any commitments the Group has made to issue shares in the future. These comprise of (i) the convertible bond issued in December 2016 and (ii) potential share based awards (see note 7.14. *Stock option, warrant plans and performance share units*):

- The convertible bond tends to affect both the denominator and the numerator of the EPS ratio. The dilution effect of the convertible bond on the earnings (to be used in the numerator of the EPS ratio) consists of a reversal of all income and expenses directly related to the convertible bond and having affected the 'basic' earnings for the period. The following income statement items are affected by the convertible bond: (i) the effective interest expense (€ 4,7m); (ii) the amortisation of transaction costs and embedded conversion option component (€ 3,0m) and (iii) taxes (€ 1,3m).
- Dilutive share based awards affect the denominator and represent the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The convertible bond is anti-dilutive in AY 19/20, since it causes the calculated diluted EPS ratio to improve. To calculate the impact, it is assumed that all conversion options of the convertible bond are exercised in their entirety at the beginning of the period. The number of shares to be converted has been set at 7.171.543. Approximately 118.170 stock options were considered as anti-dilutive for the period AY 19/20 but could potentially dilute basic earnings per share in the future.

## 6.8. Discontinued operations

On 24 September 2018 the Group announced that they have signed a Share Purchase Agreement for the sale of the Horticulture segment to Straco for a total consideration of € 120,9m, consisting of a € 95,6m consideration for its shares and € 25,3m for debt settlement. The net cash received amounts to € 117,4m. The disposal was completed on 18 December 2018, on which date control of the Horticulture segment passed to the acquirer. Pursuant to the agreement, all the operations and assets of both the Horticulture and Mycoclature division were transferred to Straco.

Hence in AY 18/19 the Horticulture segment is presented in the income statement as a discontinued operation in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.



The consolidated loss on the sale of the Horticulture segment amounts to € 49,7m.

Loss on sale of Horticulture	31 March 2019
	€'000
Consideration received	95.587
Net assets disposed of	-145.119
Non controlling interests included in net assets disposed of	147
Cumulative translation differences related to net assets disposed of	-275
<b>Loss (-) on sale</b>	<b>-49.660</b>

#### Analysis of assets and liabilities over which control was lost

Analysis of assets and liabilities over which control was lost	18 December 2018
	€'000
Property, plant & equipment	54.257
Goodwill	73.696
Other intangible assets	24.801
Other financial assets	4
Deferred tax assets	247
Inventories	21.448
Trade and other receivables	11.519
Cash and cash equivalents	3.415
<b>TOTAL ASSETS OVER WHICH CONTROL WAS LOST</b>	<b>189.387</b>
Employee benefit liabilities	350
Provisions	589
Interest-bearing loans	522
Deferred tax liabilities	5.777
Trade and other payables	37.030
<b>TOTAL LIABILITIES OVER WHICH CONTROL WAS LOST</b>	<b>44.269</b>
<b>NET ASSETS DISPOSED OF</b>	<b>145.119</b>

#### Analysis of the result of the period from discontinued operations

The results from the discontinued operations included in the consolidated income statement in AY 18/19 are presented below.

Profit/loss (-) for the period from discontinued operations	AY 18/19
	€'000
Sales	71.344
Cost of sales	-58.471
<b>Gross profit/loss (-)</b>	<b>12.873</b>
Selling, marketing and distribution expenses	-1.890
General and administrative expenses	-5.327
Other operating income/expense (-)	216
Loss on the remeasurement to fair value less costs to sell	-47.013
Loss on disposal of discontinued operations	-2.647
<b>EBIT</b>	<b>-43.789</b>
<b>Net finance income/cost (-)</b>	<b>-194</b>
<b>Profit/loss (-) before income tax</b>	<b>-43.982</b>
Income tax expense (-)/income	-1.741
<b>PROFIT/LOSS (-) FOR THE PERIOD</b>	<b>-45.723</b>
Attributable to:	
The shareholders of the Group	-45.702
Non-controlling interests	-21

Cash flows from discontinued operations	AY 18/19
	€'000
Cash flow from operating activities	5.690
Cash flow from investing activities	-5.329
Cash flow from financing activities	-10.715
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>-10.353</b>

## 7. Notes to the consolidated statement of financial position

### 7.1. Property, plant & equipment

Property, plant & equipment AY 19/20	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	TOTAL
	€'000	€'000	€'000	€'000	€'000
<b>ACQUISITION VALUE</b>					
<b>Balance at 31 March 2019</b>	<b>293.977</b>	<b>575.374</b>	<b>56.015</b>	<b>6.572</b>	<b>931.938</b>
Additions	6.011	8.226	2.397	16.664	33.298
Change in scope: business combinations	4.946	3.473	173	-	8.592
Sales and disposals	-16.108	-6.632	-1.694	-177	-24.611
Change in scope: disposal of subsidiaries	-6.391	-3.855	-186	-4	-10.436
Transfer from one heading to another	-271	6.484	-115	-6.522	-424
Translation differences	-2.460	-3.357	-321	-147	-6.285
<b>Balance at 31 March 2020</b>	<b>279.704</b>	<b>579.713</b>	<b>56.268</b>	<b>16.387</b>	<b>932.072</b>
<b>DEPRECIATION AND IMPAIRMENT LOSSES</b>					
<b>Balance at 31 March 2019</b>	<b>153.907</b>	<b>380.949</b>	<b>46.504</b>	<b>7</b>	<b>581.367</b>
Depreciation	9.856	32.520	3.307	-	45.683
Impairment losses	-	7.566	-	-	7.566
Change in scope: business combinations	785	720	89	-	1.594
Reversals after sales and disposals	-12.920	-6.530	-1.276	-	-20.726
Change in scope: disposal of subsidiaries	-1.083	-2.378	-105	-	-3.566
Transfer from one heading to another	-848	779	-170	-	-239
Translation differences	-582	-1.943	-262	-	-2.787
<b>Balance at 31 March 2020</b>	<b>149.115</b>	<b>411.684</b>	<b>48.087</b>	<b>7</b>	<b>608.893</b>
<b>Net carrying amount at 31 March 2020</b>	<b>130.589</b>	<b>168.029</b>	<b>8.181</b>	<b>16.381</b>	<b>323.179</b>

Property, plant & equipment AY 18/19	Land and buildings	Plant, machinery and equipment	Furniture and vehicles	Assets under construction	TOTAL
	€'000	€'000	€'000	€'000	€'000

#### ACQUISITION VALUE

<b>Balance at 31 March 2018</b>	<b>336.783</b>	<b>626.138</b>	<b>64.250</b>	<b>17.626</b>	<b>1.044.797</b>
Additions	1.256	25.468	3.639	13.248	43.611
Finalisation purchase price allocation	2.755	370	1.097	-	4.222
Change in scope: business combinations	-	98	236	-	334
Sales and disposals	-10.448	-32.118	-5.616	-294	-48.476
Change in scope: disposal of subsidiaries	-36.459	-50.455	-8.848	-4.453	-100.215
Classification as assets held for sale	-4.836	-6.637	-414	-7	-11.893
Transfer from one heading to another	4.712	11.928	1.595	-19.460	-1.225
Translation differences	213	582	76	-88	783
<b>Balance at 31 March 2019</b>	<b>293.977</b>	<b>575.374</b>	<b>56.015</b>	<b>6.572</b>	<b>931.938</b>

#### DEPRECIATION AND IMPAIRMENT LOSSES

<b>Balance at 31 March 2018</b>	<b>161.360</b>	<b>410.659</b>	<b>52.681</b>	<b>587</b>	<b>625.286</b>
Depreciation	11.405	34.827	3.942	-	50.174
Impairment losses	215	2.368	-	-480	2.102
Change in scope: business combinations	-	2	160	-	162
Reversals after sales and disposals	-4.729	-31.444	-5.357	-89	-41.619
Change in scope: disposal of subsidiaries	-11.673	-29.356	-4.928	-	-45.957
Classification as assets held for sale	-2.437	-5.946	-120	-	-8.502
Transfer from one heading to another	-328	-547	74	-	-801
Translation differences	95	386	52	-11	522
<b>Balance at 31 March 2019</b>	<b>153.907</b>	<b>380.949</b>	<b>46.504</b>	<b>7</b>	<b>581.367</b>
<b>Net carrying amount at 31 March 2019</b>	<b>140.070</b>	<b>194.425</b>	<b>9.511</b>	<b>6.566</b>	<b>350.572</b>

Property, plant & equipment decreases by € 27,4m over AY 19/20. € 6,9m of this amount is related to the sale of Greenyard Flowers UK. In addition, the current performance of Greenyard Prepared Netherlands triggers an impairment test resulting in an impairment loss of € 7,6m bringing the equipment to its fair value.

The remaining fluctuation is related to the depreciation (€ 45,7m) and the combined impact of disposals and foreign exchange rate fluctuations (€ 7,4m). This decrease is largely compensated by the investments (€ 33,3m) on one hand and the full consolidation of Bardsley Fruit Enterprises (€ 7,0m) as of AY 19/20. The main additions concern investments for refurbishments to the leased distribution centre of Bakker Belgium (a.o. ripening rooms), a new building in the Netherlands and new machinery in several countries. The disposal of assets mainly relates to disposals in Germany.

## 7.2. Goodwill

Goodwill	31 March 2020	31 March 2019
	€'000	€'000

#### ACQUISITION VALUE

<b>Balance at the end of the preceding period</b>	<b>556.157</b>	<b>633.852</b>
Change in scope: business combinations (note 8.1.)	253	218
Purchase price allocation adjustment (note 7.1.)	-	-4.222
Change in scope: disposal of subsidiaries	-	-73.691
<b>Balance at the end of the period</b>	<b>556.410</b>	<b>556.157</b>

#### IMPAIRMENT LOSSES

<b>Balance at the end of the preceding period</b>	<b>78.910</b>	<b>-</b>
Impairment losses	-	78.910
<b>Balance at the end of the period</b>	<b>78.910</b>	<b>78.910</b>
<b>Net carrying amount at the end of the period</b>	<b>477.500</b>	<b>477.247</b>

The Group tests the goodwill for impairment annually and where there are indications that the value of goodwill has decreased. The Group's impairment test for goodwill is based on value-in-use calculations which are, in turn, based on a discounted cash flow model.

In AY 18/19, the goodwill related to the Long Fresh segment of € 78,9m was fully impaired and thus the remaining goodwill of € 477,5m relates to the Fresh segment.

At 31 March 2020, the Group performed its annual impairment test for the Fresh segment. The recoverable amount has been determined based on a value-in-use calculation of cash flow projections from the financial budget of AY 20/21 and long-range plan for the subsequent financial periods until AY 24/25 (together referred to as 'LRP'), in conjunction with a perpetuity of cash flows to determine terminal value.

The LRP takes into account a margin improvement resulting in an expected average yearly adjusted EBITDA margin of 1,9% (which is an increase from 1,5% to 2,1% over the period AY 20/21 - AY 24/25, compared to 1,3% for the period AY 19/20) and an average sales growth of 4,6% (over the period AY 20/21 - AY 24/25), in accordance with the strategic targets. The value in use is based on cash flow forecasts over a period of five years, in conjunction with a perpetuity of cash flows as of then with a growth rate of 1,0%. Cash flows are discounted at an after-tax discount rate of 7,8% which was benchmarked with the weighted average cost of capital (WACC) provided by the analysts. The results of this test have shown that the value in use exceeds the carrying value of the cash flow generating unit (the 'headroom') by € 144,0m. The major sensitivities for the impairment tests are the sales growth rate, the adjusted EBITDA growth rate and the discount rate. This headroom would reduce to zero (keeping other key parameters constant) if the yearly sales growth rates applied in calculating the value in use were to fall by 451 base points (to an average yearly sales growth of 0,1% and a perpetual sales growth rate of -3,5%), or the yearly adjusted EBITDA growth rates were to fall by 268 base points (reducing the average yearly adjusted EBITDA margin to 1,7%) or if the after-tax discount rate was to rise by 182 base points (or a rate of 9,7%) in all periods until AY 24/25 and thereafter. Based on the above assumptions the Group has concluded that no impairment losses need to be recorded at 31 March 2020 on the goodwill of the Fresh segment.

At 31 March 2019, the applied methodology was similar to the one discussed above.

The key parameters of the impairment test of the Fresh segment are presented below.

Goodwill impairment test - key parameters	31 March 2020	31 March 2019
<b>Fresh</b>		
Average sales growth rate	4,6%	5,7%
Perpetual growth rate	1,0%	1,0%
Average adjusted EBITDA margin	1,9%	1,6%
Discount rate (*)	7,8%	7,8%
Headroom (in €'000 000)	144,0	100,4

(\*) The discount rate is calculated as the Weighted Average Cost of Capital (WACC). Since AY 18/19 the WACC increases with 1% risk premium to reflect the current financial position of the Group. We refer to note 4. *Going Concern*.

### 7.3. Other intangible assets

Other intangible assets AY 19/20	Software and licences €'000	Customer relationships €'000	Other €'000	TOTAL €'000
<b>ACQUISITION VALUE</b>				
Balance at 31 March 2019	57.837	250.535	610	308.982
Additions	6.031	-	-	6.031
Change in scope: business combinations	69	-	-	69
Sales and disposals	-311	-	-	-311
Change in scope: disposal of subsidiaries	-215	-	-	-215
Transfer from one heading to another	125	-	656	781
Translation differences	-196	-	-8	-204
Balance at 31 March 2020	63.340	250.535	1.258	315.133
<b>AMORTISATION AND IMPAIRMENT LOSSES</b>				
Balance at 31 March 2019	37.711	49.639	403	87.752
Amortisation	4.694	13.308	69	18.072
Change in scope: business combinations	8	-	-	8
Reversals after sales and disposals	-298	-	-	-298
Change in scope: disposal of subsidiaries	-215	-	-	-215
Transfer from one heading to another	58	-	371	429
Translation differences	-126	-	-3	-129
Balance at 31 March 2020	41.832	62.947	840	105.618
Net carrying amount at 31 March 2020	21.508	187.588	418	209.515

Other intangible assets AY 18/19	Software and licences €'000	Customer relationships €'000	Other €'000	TOTAL €'000
<b>ACQUISITION VALUE</b>				
Balance at 31 March 2018	46.657	273.425	9.681	329.764
Additions	11.879	-	13	11.892
Change in scope: business combinations	148	-	-	148
Sales and disposals	-892	-	-	-892
Change in scope: disposal of subsidiaries	-430	-22.631	-9.084	-32.145
Transfer from one heading to another	424	-	-	424
Translation differences	51	-260	-	-209
Balance at 31 March 2019	57.837	250.535	610	308.982
<b>AMORTISATION AND IMPAIRMENT LOSSES</b>				
Balance at 31 March 2018	34.699	37.091	5.268	77.057
Amortisation	4.002	14.525	270	18.797
Change in scope: business combinations	32	-	-	32
Reversals after sales and disposals	-764	-81	-	-845
Change in scope: disposal of subsidiaries	-296	-1.911	-5.137	-7.344
Translation differences	39	15	1	55
Balance at 31 March 2019	37.711	49.639	403	87.752
Net carrying amount at 31 March 2019	20.126	200.896	207	221.230

The decrease in the other intangible assets of € 11,7m mainly results from amortisations of the period (€ 18,1m), partly compensated by investments (€ 6,0m).

Customer relationships mainly relate to the client portfolio of the Fresh segment, acquired in the business combination in AY 15/16. The portfolio has a remaining useful life of 15 years.



## 7.4. Leases

The Group leases many assets including land and buildings, vehicles, machinery and IT equipment.

Right-of-use assets	Land and buildings €'000	Plant, machinery and equipment €'000	Furniture and vehicles €'000	TOTAL €'000
Balance at 1 April 2019	217.916	9.869	15.155	242.940
Additions	9.984	2.776	4.235	16.994
Depreciation	-22.328	-3.540	-6.252	-32.120
Other movements	476	-1.003	-496	-1.022
Balance at 31 March 2020	206.048	8.101	12.642	226.791

Lease liabilities	31 March 2020 €'000	31 March 2019 €'000
Non-current	208.782	190
Current	26.409	84
<b>TOTAL</b>	<b>235.191</b>	<b>274</b>

The maturity analysis of lease liabilities is disclosed in note 7.19. *Risk management policy*.

Amounts recognised in the income statement	AY 19/20 €'000
Depreciation	32.120
Interest on lease liabilities	10.762
Expenses relating to short-term leases	4.167
Expenses relating to leases of low-value assets	42
<b>TOTAL</b>	<b>47.091</b>

The total cash outflow for leases in AY 19/20 amounts to € 37,7m.

## 7.5. Biological assets

Biological assets	AY 19/20 €'000	AY 18/19 €'000
Net carrying amount at the end of the preceding period	21.713	20.711
Change in scope: disposal of subsidiaries	-21.686	-
Change in fair value through P&L	-27	507
Translation differences	-	495
Net carrying amount at the end of the period	-	21.713

The Group's biological assets were all related to bulbs in Greenyard Flowers UK. Following the disposal of this entity in AY 19/20 no biological assets are reported anymore.

## 7.6. Investments accounted for using equity method

Name of investment	Description of interest	Type of investment	31 March 2020	31 March 2019
Grupo Yes Procurement Marketing SL	Procurement of fruit and vegetables for export purposes in Spain	Joint venture	50%	50%
Logidis Sistem SL	Bundling transport of fresh products using subcontractors in Spain	Joint venture	50%	50%
Mahindra Greenyard Pvt Ltd	Import and export hub in India	Joint venture	40%	40%
Lunasoft	Software developer	Subsidiary	100%	50%
Bardsley Fruit Enterprises Ltd	A premium apple and fruit producer	Subsidiary	50%	30%
Agritalia Srl	Bio certified cooperative with growers network across Italy	Associate	33%	33%

During AY 19/20 the share in Lunasoft and Bardsley Fruit Enterprises increased and control was obtained, consequently the consolidation method changed from equity consolidated to full consolidation. Please refer to note 8.1. *Subsidiaries, associates, joint ventures and investments recorded at cost.*

Investments accounted for using equity method	AY 19/20 €'000	AY 18/19 €'000
<b>Balance at the end of the preceding period</b>	<b>9.833</b>	<b>9.435</b>
Share of profit/loss (-)	97	425
Acquisition	30	-
Change in scope: business combination (note 8.1.)	-2.813	-
Change in scope: disposal of associate	-	-79
Translation differences	46	52
<b>Balance at the end of the period</b>	<b>7.193</b>	<b>9.833</b>

The amounts below represent sales and expenses, assets and liabilities of all the joint ventures and associates as currently in scope.

Investments accounted for using equity method	Assets		Liabilities		Net assets	
	31 March 2020 €'000	31 March 2019 €'000	31 March 2020 €'000	31 March 2019 €'000	31 March 2020 €'000	31 March 2019 €'000
Grupo Yes Procurement Marketing SL	12.535	11.182	2.914	2.413	9.621	8.769
Logidis Sistem SL	5.906	6.929	3.812	5.132	2.094	1.797
Mahindra Greenyard Pvt Ltd	1.180	2.609	1.515	1.767	-334	843
Agritalia Srl <sup>(1)</sup>	3.629	2.402	3.253	2.069	377	333

Investments accounted for using equity method	Sales		Expenses		Profit after tax	
	AY 19/20 €'000	AY 18/19 €'000	AY 19/20 €'000	AY 18/19 €'000	AY 19/20 €'000	AY 18/19 €'000
Grupo Yes Procurement Marketing SL	26.882	22.902	26.030	22.097	852	805
Logidis Sistem SL	20.960	22.846	20.663	22.571	297	275
Mahindra Greenyard Pvt Ltd	10.013	6.103	10.473	6.507	-460	-403
Agritalia Srl <sup>(1)</sup>	9.320	7.923	9.276	7.926	44	3

<sup>(1)</sup> Figures at 31 December.

There are no contingent liabilities relating to the Group's interest in the associates or joint ventures incurred jointly with other investors, and none arising because the investor is severally liable for all or part of the liabilities of the associate or joint venture.

## 7.7. Other financial assets and liabilities

Other financial assets and liabilities	31 March 2020		31 March 2019	
	Assets	Liabilities	Assets	Liabilities
	€'000	€'000	€'000	€'000
IRS - cash flow hedging	-	-	-	26
<b>Non-current derivatives</b>	-	-	-	<b>26</b>
IRS - held-for-trading	-	37	-	48
Forward agreements -held-for-trading	14	-	13	-
Forward agreements - cash flow hedges	2.111	823	1.021	1.524
<b>Current derivatives</b>	<b>2.125</b>	<b>860</b>	<b>1.034</b>	<b>1.572</b>
<b>Equity investments</b>	<b>106</b>	-	<b>108</b>	-
<b>TOTAL</b>	<b>2.232</b>	<b>860</b>	<b>1.142</b>	<b>1.598</b>

## 7.8. Deferred tax assets and liabilities

Deferred taxes (net carrying amount)	AY 19/20		AY 18/19	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€'000	€'000	€'000	€'000
<b>Balance at the end of the preceding period</b>	<b>16.704</b>	<b>46.517</b>	<b>19.630</b>	<b>41.432</b>
Increase/decrease (-) via income statement	-4.933	-9.664	-16.765	-3.886
Increase/decrease (-) via equity	-747	290	-661	-303
Change in scope: business combinations	44	-	-128	15
Change in scope: disposal of subsidiaries	-187	-427	-247	-5.777
Translation differences	-8	-93	-195	-32
Set-off of assets and liabilities	4.702	4.702	15.069	15.069
<b>Balance at the end of the period</b>	<b>15.575</b>	<b>41.325</b>	<b>16.704</b>	<b>46.517</b>

Deferred taxes (allocation)	31 March 2020		31 March 2019	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€'000	€'000	€'000	€'000
Intangible assets	106	40.921	7.815	48.950
Property, plant & equipment	14.432	11.260	5.823	13.778
Derivatives	-303	-	123	-
Interest-bearing loans	59	-	120	-
Inventories	14	2.214	100	3.076
Trade and other receivables	310	4.440	389	415
Provisions	3.344	372	6.191	878
Current liabilities	217	19	639	9
Fiscal losses and other tax credits	16.134	-	17.149	-
Tax reserves	-1.796	-958	-	1.056
<b>Total deferred taxes related to temporary differences</b>	<b>32.517</b>	<b>58.268</b>	<b>38.348</b>	<b>68.162</b>
Set-off of assets and liabilities	-16.942	-16.942	-21.644	-21.644
<b>Net deferred tax assets/liabilities</b>	<b>15.575</b>	<b>41.325</b>	<b>16.704</b>	<b>46.517</b>

The total amount of fiscal losses for which a deferred tax asset has been set up amounts to € 51,4m (gross) at 31 March 2020 (AY 18/19 € 57,2 m). These losses mainly relate to tax losses originated in Belgium.

Maturity date of unrecognised fiscal losses and other tax credits (gross)	31 March 2020	31 March 2019
	€'000	€'000
Within one year	2.074	988
Between one and five years	9.234	15.674
Indefinite	184.002	183.929
<b>TOTAL</b>	<b>195.310</b>	<b>200.592</b>

## 7.9. Inventories

Inventories	31 March 2020	31 March 2019
	€'000	€'000
Raw materials and consumables	28.877	29.887
Work in progress and finished goods	232.990	241.739
<b>TOTAL</b>	<b>261.867</b>	<b>271.625</b>

Raw materials and consumables mainly include fresh fruit and vegetables and packing materials. Fresh fruit and vegetables are either used for trading (Fresh segment) or for processing (Long Fresh segment).

Work in progress and finished goods mainly relate to the Long Fresh segment. Work in progress includes frozen vegetables which are stored in bulk (not yet packed).

A part of inventories is pledged under the Group's current financing programmes. We refer to note 8.3. *Off-balance sheet commitments*.

## 7.10. Trade and other receivables

Trade and other receivables	31 March 2020	31 March 2019
	€'000	€'000
Trade receivables	99	99
Valuation allowances on trade receivables	-99	-99
<b>Trade receivables net</b>	<b>-</b>	<b>-</b>
Other receivables	2.677	4.341
Guarantee deposits	602	566
Prepayments	1.773	1.588
<b>Other receivables net</b>	<b>5.052</b>	<b>6.494</b>
<b>Non-current</b>	<b>5.052</b>	<b>6.494</b>
Trade receivables	236.414	199.635
Valuation allowances on trade receivables	-10.270	-8.452
<b>Trade receivables net</b>	<b>226.144</b>	<b>191.182</b>
Other receivables	49.105	45.002
Prepaid expenses and accrued income	15.732	24.181
Prepayments	12.329	24.144
<b>Other receivables net</b>	<b>77.167</b>	<b>93.327</b>
<b>Current</b>	<b>303.311</b>	<b>284.509</b>

Trade receivables relate fully to sales from contracts with customers. The payment terms for the sale of fresh goods vary but the majority are 60 days. For the sale of frozen and prepared goods, the payments terms vary to a maximum of 110 days.

The other receivables mainly relate to VAT, other recoverable taxes and deposits. Prepaid expenses and accrued income mainly relate to prepayments on maintenance contracts, rent and IT costs. Prepayments mainly relate to prepayments to growers and suppliers.

Management believes that the fair value does not differ significantly from the carrying value.

A major part of trade and other receivables are pledged under the Group's current financing and factoring programmes. For more information, refer to note 8.3. *Off-balance sheet commitments*.

## Ageing analysis of trade receivables and valuation allowances

Ageing of trade receivables	31 March 2020			31 March 2019		
	Gross	Valuation allowances	Net	Gross	Valuation allowances	Net
	€'000	€'000	€'000	€'000	€'000	€'000
Not overdue	116.230	-	116.230	98.900	-	98.900
Overdue less than 30 days	94.291	-	94.291	79.695	-104	79.590
Overdue between 30 and 60 days	4.858	-	4.858	5.267	-256	5.011
Overdue more than 60 days	21.035	-10.270	10.765	15.773	-8.092	7.681
<b>TOTAL</b>	<b>236.414</b>	<b>-10.270</b>	<b>226.144</b>	<b>199.635</b>	<b>-8.452</b>	<b>191.182</b>

The valuation allowances on trade and other receivables are determined by management. When amounts are more than 30 days overdue, an estimation is made with regard to recoverability and, if relevant (bankruptcy, etc.), an appropriate provision is recorded. No valuation allowances are taken by the Group for overdue amounts where collection is still deemed probable, for example, because outstanding amounts are recoverable from credit insurance, tax authorities or because the Group holds sufficient securities.

The Group's exposure to credit risks is described in note 7.19. *Risk management policy*.

Valuation allowances on short-term receivables	AY 19/20	AY 18/19
	€000	€000
<b>Balance at the end of the preceding period</b>	<b>-8.452</b>	<b>-4.699</b>
Additions	-2.321	-4.992
Change in scope: business combinations	-	-241
Change in scope: disposal of subsidiaries	-	589
Non-recoverable amounts (use)	322	619
Reversals	182	271
<b>Balance at the end of the period</b>	<b>-10.270</b>	<b>-8.452</b>

## Current and non-current trade and other receivables in foreign currencies

Trade and other receivables: foreign currencies	31 March 2020	31 March 2019
	€'000	€'000
GBP	21.676	21.946
USD	29.508	26.431
PLN	9.021	7.890
CZK	26.856	22.669
Other	6.630	11.083

## Factoring

Most of the Group's subsidiaries benefit from a multi-country syndicated factoring agreement. In accordance with the syndicated factoring agreement, undisputed trade receivables are sold to certain commercial finance companies on a basis which is non-recourse, including the receivables of the ten largest customers, to the extent the Group is not making use of their supply chain financing program. The financing obtained through the factoring has an off-balance character. The syndicated factoring agreement also contains a negative pledge (meaning that the receivables can only be sold to the syndicate of commercial finance companies), a maximum dilution ratio (meaning that at least 95% of the payments should be on the bank account of the syndicate of commercial finance companies), and a leverage test (the test used for the Facilities Agreement).

Subsidiaries in the United Kingdom, France, Germany, the Netherlands, Italy, Austria, Poland, Spain, Portugal and Belgium participate in the syndicated factoring programme which is subject to an overall maximum programme amount of



€ 475,0m. This maximum programme amount is the maximum that can be drawn for the Group, subject to the receivables sold to the factoring syndicate.

Apart from the multi-country syndicated factoring programme mentioned earlier, only one US entity entered into a bilateral factoring agreement.

Factoring is used when the transferred receivables are subject to credit insurance through credit insurers with at least an investment grade rating, since the syndicate of commercial finance companies bears the ultimate credit risk.

As at 31 March 2020, € 353,6m of financing had been obtained through the multi-country syndicated factoring programme (€ 418,1m as at 31 March 2019). The late-payment risk related to the factoring has been assessed as immaterial.

In accordance with IFRS 9 Financial instruments: Recognition and Measurement, all non-recourse trade receivables, included in these factoring programmes, are derecognised for the non-continuing involvement part.

## 7.11. Cash and cash equivalents, restricted cash and bank overdrafts

Cash and cash equivalents and bank overdrafts	31 March 2020	31 March 2019
	€'000	€'000
Cash and cash equivalents	132.709	67.880
Bank overdrafts	-1.077	-694
<b>TOTAL</b>	<b>131.632</b>	<b>67.186</b>

As per 31 March 2019 the restricted cash related to the sale of Horticulture (€ 120,0m) and the sale of a building in the Netherlands (€ 5,0m). This was used for the repayment of the retail bond due in July 2019.

The cash, cash equivalents and the restricted cash are held at reputable banks.

## 7.12. Financial instruments by category

Financial assets by category at 31 March 2020	Note	Assets at amortised cost €'000	Assets at fair value through profit and loss €'000	Derivatives used for hedging €'000	TOTAL €'000
Equity investments	7.7.	-	106	-	106
Derivatives	7.7.	-	14	2.111	2.125
Trade and other receivables excluding prepayments	7.10.	294.260	-	-	294.260
Cash and cash equivalents	7.11.	132.709	-	-	132.709
<b>TOTAL</b>		<b>426.970</b>	<b>120</b>	<b>2.111</b>	<b>429.201</b>

Financial assets by category at 31 March 2019	Note	Assets at amortised cost €'000	Assets at fair value through profit and loss €'000	Derivatives used for hedging €'000	TOTAL €'000
Equity investments	7.7.	-	108	-	108
Derivatives	7.7.	-	13	1.021	1.034
Trade and other receivables excluding prepayments	7.10.	265.272	-	-	265.272
Cash and cash equivalents	7.11.	67.880	-	-	67.880
Restricted cash	7.11.	125.000	-	-	125.000
<b>TOTAL</b>		<b>458.152</b>	<b>121</b>	<b>1.021</b>	<b>459.294</b>

## 7.13. Issued capital, share premium and other capital instruments

There was no movement in the issued capital, authorised capital, share premium and other capital instruments during AY 18/19 and AY 19/20. The capital of the Group at 31 March 2020 consists of 44.372.585 shares without par value.

The Board of Directors is authorised, for a period of five years as from 17 October 2019, the date the resolutions of the Extraordinary Shareholders' Meeting of 20 September 2019 were published in the Belgian Official Gazette, to increase the capital of the Company in one or more instalments up to a maximum amount equal to the share capital amounting to € 293.851.765,23.

As stipulated in article 12 of Greenyard's articles of association, the Board of Directors is explicitly authorised to acquire, during a five-year period counting from the date of the Extraordinary Shareholders' Meeting of 15 September 2017, and within the limits of the law, whether on or outside the stock exchange, directly or indirectly, by way of purchase or exchange, contribution or any other way of acquisition, the maximum number of Company's shares permitted by law, without requiring shareholders' meeting's approval or resolution. In AY 17/18, the Group bought back 1.750.000 treasury shares for an amount of € 13,6m. In AY 18/19, the total amount of treasury shares decreased by € 7,6m, following the acquisition of the remaining 49 % stake in Greenyard Fresh Direct Belgium NV. As per 31 March 2020, the Group holds 1.363.854 treasury shares, representing 3,1% of the total shares.

No dividend payment was made in AY 19/20.

## 7.14. Stock option, warrant plans and performance share units

On the recommendation of the Remuneration Committee, on 31 May 2017, the Board of Directors approved the Long Incentive (LTI) Performance Share Plan for Greenyard NV (the Plan). The Plan awarded in 2017 ("Series 2017") and 2018 ("Series 2018") the Leadership Team and other key persons at Greenyard (the Beneficiaries) performance share units (PSUs) which are optional constructions granting the beneficiaries Greenyard shares. The number of shares granted to beneficiaries depends on total shareholder return (TSR) increase over a 3-year period (the performance period) times a performance factor. The TSR at the end of the performance period is calculated as follows: average share price during the period 15 May – 14 June preceding the end date of the performance period, minus the average share price at the start of the performance period, plus the dividends per share distributed by Greenyard during the performance period. As of AY 19/20, no new Performance Share Units were granted under the existing long-term incentive Performance Share Units Plan (*PSU Plan*), in view of the implementation of the 2019 Stock Option Plan which replaces the PSU Plan as long-term incentive plan.

Performance condition	Number of shares granted per PSU
TSR increase $\geq$ 10% per year	2,0
5% per year $\geq$ TSR increase $<$ 10% per year	1,5
0% $\geq$ TSR increase $<$ 5% per year	1,0
TSR increase $<$ 0%	-

Because of the pay structure of PSUs (including averages of closing prices at the maturity of the structure), the economic value must be valued using numerical techniques. The technique used here to value the PSUs consists in Monte-Carlo simulations using geometric Brownian motion assumptions. The estimation for the relevant implied volatility assumption is based on benchmarking techniques considering the premium of listed equity options with comparable maturities. As a result, volatilities assumptions used were 21,3% for the Series 2017 and 20,9% for the Series 2018.

Using this valuation approach, the value per PSU for the Series 2017 was calculated at € 20,23 and for the series 2018 at € 10,49 per PSU.

Based on the value calculated at grant date, the cost of the share-based payments affects the income statement and the equity, spread over the 3-year vesting period. In the event of PSUs being forfeited, the cost for the remainder of the vesting period impacts the income statement in the period when the PSUs are forfeited.

Number of PSU's	31 March 2019	Granted AY 19/20	Forfeited AY 19/20	31 March 2020
Series 2017	20.361	-	-11.728	8.633
Series 2018	64.023	-	-7.328	56.695
<b>TOTAL</b>	<b>84.384</b>	<b>-</b>	<b>-19.056</b>	<b>65.328</b>

Number of PSU's	31 March 2018	Granted AY 18/19	Forfeited AY 18/19	31 March 2019
Series 2017	31.442	-	-11.081	20.361
Series 2018	-	90.282	-26.259	64.023
<b>TOTAL</b>	<b>31.442</b>	<b>90.282</b>	<b>-37.340</b>	<b>84.384</b>

	AY 19/20		AY 18/19	
	Impact income statement €'000	Impact equity €'000	Impact income statement €'000	Impact equity €'000
Series 2017	157	157	337	337
Series 2018	256	256	443	443
<b>TOTAL</b>	<b>413</b>	<b>413</b>	<b>781</b>	<b>781</b>

On 14 March 2019, the Board of Directors approved the 2019 Stock Option Plan enabling it to grant certain stock options to selected staff members, consisting of Leadership Team members and key employees. The 2019 Stock Option Plan is applicable as from AY 19/20, upon acceptance by the beneficiaries concerned of the options granted within 60 days after the grant date. Upon the achievement of the vesting conditions under the Plan, the options are definitively acquired (vested) after a vesting period of three years (ending on 31 March of the third calendar year following the year of the grant, i.e. on 31 March 2022).

Number of options	31 March 2019	Granted AY 19/20	Forfeited AY 19/20	31 March 2020
Plan 2019	-	1.000.000	-29.000	971.000

	AY 19/20	
	Impact income statement €'000	Impact equity €'000
Plan 2019	353	353

The options granted are recognised at fair value at grant date in accordance with IFRS 2. The fair value of the options is determined using a Black Scholes pricing model.

Pricing model details Stock Option Plan 2019	
Share price at grant date (€)	3,500
Exercise price (€)	3,436
Expected volatility	62%
Expected dividend yield	5,67%
Vesting period	3 years
Risk free interest rate	0,106%
Fair value (€)	1,090

## 7.15. Pension and other employee benefit liabilities

### Defined contribution plans

For defined contribution plans, the Group pays contributions to pension funds or insurance companies. Once the contributions have been paid, the Group has no further payment obligation. These contributions constitute an expense for the year in which they are due. The contributions paid during AY 19/20 amounted to € 4,0m (AY 18/19 € 4,6m).

In Greenyard Prepared Netherlands the pension plan has been funded through the multi-employer pension fund BPL. Greenyard cannot be liable for any possible underfunding of the fund. The contributions are determined as a percentage of remuneration.

### Belgian defined contribution plans – presented as defined benefit plans

By law, Belgian defined contribution pension plans are subject to minimum guaranteed rates of return and therefore must be considered as defined benefit plans. Pension legislation was amended at the end of 2015 and defines the minimum guaranteed rate of return as a variable percentage linked to government bond yields observed in the market from 1 January 2016 onwards. For contributions paid from 1 January 2016 onwards, the minimum guaranteed rate of return equals 1,75% on employer and employee contributions. The former rates (3,25% on employer contributions and 3,75% on employee contributions) continue to apply to contributions paid up to 31 December 2015. The minimum guaranteed rates of return did not lead to a material net obligation to be accounted for by the Group. The net obligation was estimated using individual information provided by the insurance companies, analysing the difference between the guaranteed rates of return and the return offered by the insurance companies

### Defined benefit plans and other employee benefits

The costs relative to IAS 19 provisions are recorded under personnel costs, whereas the interest component is recognised in finance costs.

The Group operates several defined benefit plans, one for employees in the Netherlands, three for employees in Germany and additional plans in Italy and France.

The actuarial valuation method used is the projected unit credit cost method. This method allocates future accruals to the year in which the benefit is earned. The sum of accruals for prior years is the liability for the present value of defined benefit obligations. The plan assets were valued using the fair value method. For the insured plans, the fair value takes into account the present value of the expected future cash flows.

One of the plans in which the Group participates is the Gustav Scipio Stiftung Fund (GUSS), a multi-employer defined-benefit pension fund. The assets and liabilities attributable to each member of the fund at the end of each accounting year are determined by an independent actuary, as are the contributions due from members. The ratio of contribution obligations is determined within the GUSS articles of association. Contributions are based upon the ratio of unfunded liabilities between members. Unfunded liabilities are determined as the fund liabilities minus assets allocated to members. If, according to the annual actuarial report, the Group has no further obligations to beneficiaries of the plan and ceases to be liable under the GUSS, it will be entitled to a reimbursement payment in cash minus any negative tax impact on the other members. According to the GUSS articles of association, entities are not liable for the liabilities of the other entities within the fund. In the event of a wind-up of the fund, all assets and liabilities will be split between the members in the proportions determined by an independent actuary. Such a wind-up would require the approval from the GUSS Board of Directors and the Bremen State Authority.

The Group has several other long-term benefit liabilities (e.g. jubilee) and post-employment benefit liabilities.

Employee benefit liabilities	31 March 2020	31 March 2019
	€'000	€'000
Obligations for defined benefit plans	16.172	17.156
Obligations other employee benefits	1.799	1.891
<b>TOTAL</b>	<b>17.971</b>	<b>19.046</b>

Defined benefits - income statement	AY 19/20	AY 18/19
	€'000	€'000
Employee benefit expense	1.139	294
Interest expense	283	332
<b>TOTAL</b>	<b>1.422</b>	<b>625</b>

The expected employer contributions to be paid during AY 20/21 amount to € 0,9m.

Defined benefit - amounts recognised in the statement of financial position	31 March 2020	31 March 2019
	€'000	€'000
Present value of defined benefit obligation	31.648	41.909
Fair value of plan assets	-15.476	-24.753
<b>Net liability</b>	<b>16.172</b>	<b>17.156</b>

Movement in defined benefit obligation	AY 19/20	AY 18/19
	€'000	€'000
<b>Balance at the end of the preceding period</b>	<b>41.909</b>	<b>61.553</b>
Current service cost	1.201	1.672
Past service cost	-	-1.403
Interest cost	404	686
Remeasurements: Experience gain (-)/loss	-555	1.093
Remeasurements: Gain (-)/loss due to demographic assumption changes	-29	-41
Remeasurements: Gain (-)/loss due to financial assumption changes	-906	931
Expected plan participant contributions	82	199
Benefits paid	-563	-1.014
Plan closure	-9.837	-19.004
Settlements	-67	-3.021
Translation differences	9	257
<b>Balance at the end of the period</b>	<b>31.648</b>	<b>41.909</b>

Movement in fair value of plan assets	AY 19/20	AY 18/19
	€'000	€'000
<b>Balance at the end of the preceding period</b>	<b>24.753</b>	<b>42.129</b>
Interest income	121	355
Actual expenses, taxes and premiums paid	-5	-49
Employer contributions	1.006	2.359
Plan participant contributions	82	199
Return on plan assets (excluding interest income)	-398	1.156
Benefits paid from plan assets	-252	-655
Plan closure	-9.837	-17.929
Settlements	-	-2.996
Translation differences	6	183
<b>Balance at the end of the period</b>	<b>15.476</b>	<b>24.753</b>



Defined benefit - development of accumulated other comprehensive income	AY 19/20	AY 18/19
	€'000	€'000
Experience gain (-)/loss	-555	1.093
Gain (-)/loss due to demographic assumption changes	-29	-41
Gain (-)/loss due to financial assumption changes	-906	931
Return on plan assets (excluding interest income)	398	-1.156
Translation differences	-17	-7
<b>Total movement in other comprehensive income</b>	<b>-1.109</b>	<b>820</b>

Defined benefit - expense recognised in the income statement	AY 19/20	AY 18/19
	€'000	€'000
Current service cost	1.201	1.672
Past service cost	-	-1.403
Settlements	-67	-25
Interest cost	404	686
Interest income	-121	-355
Actual expenses, taxes and premiums paid	5	49
<b>Expense recognised in income statement</b>	<b>1.422</b>	<b>625</b>

In AY 18/19, the plan closure related primarily to a fully insured defined benefit plan in The Netherlands (Fresh segment), which has been amended so that the insurance company will bear all the risks related to the plan. This plan is accounted for as a defined contribution plan.

As from 1 April 2019, the pension plan for Greenyard Prepared Netherlands (Long Fresh segment) is also considered as a defined contribution plan because since early 2019 the plan is funded through an industry wide multi-employer pension fund BPL (for the agriculture and green sector) and consequently it is not possible, due to the nature of multi-employer funds, to separate the plan assets and liabilities of Greenyard Prepared Netherlands. The past service benefits remain funded through an insurance arrangement and the net-liability related to this plan is zero. The risk of the company related to this plan is insignificant and for this reason this plan is considered fully insured and is treated as a defined contribution plan.

The actuarial assumptions and average duration of the major plans are detailed below.

Principal actuarial assumptions	The Netherlands		Germany	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount rate	1,9%	1,7%	1,9%	1,7%
General wage increases	1,4%	1,9%	2,0%	2,0%
Inflation	1,4%	1,9%	2,0%	2,0%
Average duration of pension plans	26	27	14	13

Principal actuarial assumptions	Italy		The US	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Discount rate	1,9%	1,7%	N/A	3,8%
General wage increases	1,9%	2,3%	N/A	N/A
Inflation	1,4%	1,9%	N/A	0,0%
Average duration of pension plans	12	13	N/A	-

From 31 March 2019 onwards, the discount rate is calculated as the single equivalent discount rate which more accurately reflects the amount and timing of the benefit payments.

For the major plans the sensitivity of the defined benefit obligation is as follows:

Sensitivity of defined benefit obligation - major plans	31 March 2020			31 March 2019		
	DBO at discount rate	Impact increase of 0,50%	Impact decrease of 0,50%	DBO at discount rate	Impact increase of 0,50%	Impact decrease of 0,50%
The Netherlands	5.575	-659	769	5.424	-674	791
Germany	14.457	-956	1.066	15.145	-1.046	1.171
Italy	2.262	-136	139	2.172	-134	139
<b>TOTAL</b>	<b>22.294</b>	<b>-1.751</b>	<b>1.974</b>	<b>22.742</b>	<b>-1.854</b>	<b>2.100</b>

Detail of plan assets	31 March 2020				31 March 2019			
	Insurance contracts	Equity instruments	Corporate bonds	Cash	Insurance contracts	Equity instruments	Corporate bonds	Cash
The Netherlands	100%	-	-	-	100%	-	-	-
Germany	-	-	100%	-	-	-	100%	-

## 7.16. Provisions

Provisions AY 19/20	Legal claims	Decommissioning	Onerous contracts	Environment Costs	Restructuring	Tax exposure	TOTAL
	€000	€000	€000	€000	€000	€000	€000
<b>Balance at 31 March 2019</b>	<b>3.238</b>	<b>6.653</b>	<b>2.862</b>	<b>-</b>	<b>10.401</b>	<b>3</b>	<b>23.158</b>
Additions	1.965	28	-	-	222	-	2.215
Unused amounts reversed	-309	-641	-999	-	-4.424	-	-6.373
Used during period	-16	-55	-615	-	-3.879	-3	-4.567
Translation differences	-3	-	-	-	-69	-	-72
Transfer to lease liabilities	-	-	-	-	-1.972	-	-1.972
<b>Balance at 31 March 2020</b>	<b>4.876</b>	<b>5.984</b>	<b>1.248</b>	<b>-</b>	<b>279</b>	<b>-</b>	<b>12.389</b>
<b>Analysis of total provisions</b>							
Non-current	2.020	5.985	32	-	113	-	8.149
Current	2.855	-	1.217	-	167	-	4.239
<b>TOTAL</b>	<b>4.875</b>	<b>5.985</b>	<b>1.248</b>	<b>-</b>	<b>280</b>	<b>-</b>	<b>12.389</b>

Provisions AY 18/19	Legal claims	Decommissioning	Onerous contracts	Environment Costs	Restructuring	Tax exposure	TOTAL
	€000	€000	€000	€000	€000	€000	€000
<b>Balance at 31 March 2018</b>	<b>3.396</b>	<b>7.170</b>	<b>301</b>	<b>250</b>	<b>7.884</b>	<b>-</b>	<b>19.001</b>
Additions	516	730	2.633	26	7.993	29	11.927
Unused amounts reversed	-406	-173	-	-87	-1.378	-	-2.044
Unwinding of discounts and changes in discount	-	9	-	-	-	-	9
Used during period	-95	-695	-72	-150	-4.118	-26	-5.155
Change in scope: disposal of subsidiaries	-170	-378	-	-40	-	-	-589
Translation differences	-4	-9	-	1	21	-	9
<b>Balance at 31 March 2019</b>	<b>3.238</b>	<b>6.653</b>	<b>2.862</b>	<b>-</b>	<b>10.401</b>	<b>3</b>	<b>23.158</b>
<b>Analysis of total provisions</b>							
Non-current	3.200	6.653	732	-	116	-	10.700
Current	38	-	2.131	-	10.286	3	12.458
<b>TOTAL</b>	<b>3.238</b>	<b>6.653</b>	<b>2.862</b>	<b>-</b>	<b>10.401</b>	<b>3</b>	<b>23.158</b>

The decrease in provisions of € 10,8m is mainly attributable to the decrease restructuring provisions (€ 10,1m). In Fresh Germany the restructuring provision decreases by € 7,5m which can be split into usage of provision for € 2,8m, reversal of provision for € 2,7m and a reclass to lease liabilities for € 2,0m. This reclass to lease liabilities is due to the implementation of IFRS 16 Leases. The remaining part of the decrease in restructuring provisions can be allocated to Frozen Hungary,

where the provision of € 1,8m could be reversed since the acquirer also took over the employees of the company, and Fresh UK, where the provision was used for € 0,9m.

The onerous contracts provision also decreases by € 1,6m, which is also mainly attributable to Fresh Germany where € 0,6m of the provision was used and € 0,7m was reversed. The reversal of the decommissioning provision of € 0,6m follows the sale of the related asset in Germany. The increase in provisions for legal claims mainly relates to the provision set up in Agrisol. For further information concerning pending disputes, refer to note 8.2. *Main Disputes*.

## 7.17. Interest-bearing loans

Interest-bearing loans at 31 March 2020	Due within 1 year €'000	Due between 1 and 5 years €'000	Due after 5 years €'000	TOTAL €'000
Bank loans	76.816	352.887	-	429.702
Convertible bond	-	119.327	-	119.327
Bank overdrafts	1.077	-	-	1.077
<b>TOTAL</b>	<b>77.893</b>	<b>472.214</b>	<b>-</b>	<b>550.107</b>

Interest-bearing loans at 31 March 2020	Fixed €'000	Floating €'000	TOTAL €'000
Total	120.404	429.702	550.107

Interest-bearing loans at 31 March 2020	Secured €'000	Non-secured €'000	TOTAL €'000
Total	430.779	119.327	550.107

Interest-bearing loans at 31 March 2019	Due within 1 year €'000	Due between 1 and 5 years €'000	Due after 5 years €'000	TOTAL €'000
Bank loans	369.245	950	93	370.288
Convertible bond	-	116.305	-	116.305
Retail bond	149.977	-	-	149.977
Bank overdrafts	694	-	-	694
<b>TOTAL</b>	<b>519.917</b>	<b>117.254</b>	<b>93</b>	<b>637.264</b>

Interest-bearing loans at 31 March 2019	Fixed €'000	Floating €'000	TOTAL €'000
Total	266.976	370.288	637.264

Interest-bearing loans at 31 March 2019	Secured €'000	Non-secured €'000	TOTAL €'000
Total	370.983	266.281	637.264

### Bank loans

In December 2016 the Facilities Agreement for the amount of € 375,0m was signed. On 20 November 2017, the banks participating in the syndicated Facilities Agreement made an additional revolving commitment of € 50,0m available, as the Accordion Option was exercised by the Group. On 11 April 2019, within the framework of a consent agreement with the syndicated banks, the latter participated in an additional revolving commitment of € 85,5m, resulting in a total cash facility of € 510,5m.

The Facilities Agreement encompasses a term loan for an original nominal amount of € 150,0m (partially repaid) and a revolving credit facility for a nominal amount of € 360,5m.

The term loan bears a margin of between 1,50% and 3,75%, based on a leverage grid. The outstanding amount on the term loan as at 31 March 2020 amounted to € 126,0m. Each year, in April, € 12,0m is repaid.

The revolving credit facility bears a margin of between 1,25% and 3,50%, based on a leverage grid as revised in the new consent agreement with the lending banks as per 15 November 2019. Short-term bank debt varies in function of cash generated by operations, working capital needs and factoring drawdown. The withdrawn amount on the revolving credit facility as at 31 March 2020 amounted to € 300,0m.

The other bank loans consist of a term loan within the Long Fresh segment.

The Group also avails of bilateral facilities with individual financial institutions for an amount of € 12,8m, € 1,1m of which was used as a bank overdraft at 31 March 2020.

All interest-bearing bank liabilities at 31 March 2020 are expressed in euros and concluded at market conditions.

Following contractual agreements with some financial institutions, most overdrafts are presented net of cash.

Per 31 March 2019, the entire bank debt under the Facilities Agreement was presented as a short-term liability as Greenyard was still in negotiations with its banks to waive a breach with certain conditions of the agreement. On 11 April 2019, a consent agreement relating to the breach was signed and consequently as per 31 March 2020, the bank debt is presented again based on its contractual terms.

Consequent to a new consent agreement with lending banks as per 15 November 2019, the covenants for the Facilities Agreement have been waived until 22 December 2021. Main conditions for the waiver are:

- Repayment of € 85,5m cash accordion facilities by 31 March 2021, of which at least € 20,0m by March 2020 and at least € 35,0m in aggregate by September 2020;
- Minimum adjusted EBITDA level based on 85% of a business plan provided to the lending banks, tested monthly on a 12- month trailing basis, quarterly after fulfilling the previous condition;
- Minimum liquidity requiring a headroom of € 20,0m at month-end, two times over a 12-month period it is allowed to be less than € 20,0m, but in any case, the liquidity headroom cannot be below € 10,0m. These two times cannot be in two consecutive months.

Prior to the consent agreement, the top layer of the leverage grid for the term loan was 4,50% and for the revolving credit facility 5%. On the € 85,5m cash accordion line an additional PIK interest of 1,5% (and prior to 15 November 2019 2%) was applied.

On 31 March 2020, € 22,9m of the € 85,5m cash accordion facilities has been repaid and cancelled.

For further information on bank covenants and the rights and commitments not included in the financial statement, refer to note 8.3. *Off-balance sheet commitments*.

The bank loans are recorded at amortised cost, net of transaction costs.

Reconciliation nominal to carrying amount bank loans at 31 March 2020	Term loan €'000	Revolving credit facility €'000	Other bank loans €'000	TOTAL €'000
<b>Nominal amount</b>	<b>126.000</b>	<b>300.020</b>	<b>6.588</b>	<b>432.608</b>
Transaction costs at inception	-1.872	-2.807	-	-4.679
Amortisation transaction costs	1.223	1.627	-	2.850
<b>Carrying amount</b>	<b>125.352</b>	<b>298.839</b>	<b>6.588</b>	<b>430.779</b>

Reconciliation nominal to carrying amount bank loans at 31 March 2019	Term loan	Revolving credit facility	Other bank loans	TOTAL
	€'000	€'000	€'000	€'000
<b>Nominal amount</b>	<b>138.000</b>	<b>232.500</b>	<b>3.372</b>	<b>373.872</b>
Transaction costs at inception	-1.872	-2.807	-	-4.679
Amortisation transaction costs	849	940	-	1.789
<b>Carrying amount</b>	<b>136.978</b>	<b>230.633</b>	<b>3.372</b>	<b>370.983</b>

### Bond loans

The Long Fresh retail bond issued in 2013 for a nominal amount of € 150,0m carried a gross coupon of 5,0% fixed interest, and was repaid in July 2019.

In December 2016, the Group issued a convertible bond with a nominal amount of € 125,0m, a gross coupon of 3,75% fixed interest and due in December 2021. The terms and conditions allowed Greenyard to redeem the convertible bonds in cash, new and/or treasury ordinary shares or a combination thereof at choice upon conversion of the convertible bonds by the bondholders. In November 2017, Greenyard gave notice to the bondholders it would unilaterally, irrevocably and unconditionally waive its right to make a Cash Alternative Election from the date of the notice. At 31 March 2020, no conversion of convertible bonds into shares occurred.

The convertible bond is considered as a hybrid debt instrument containing a host contract and an embedded derivative. The host contract, being the obligation to make scheduled repayments of interests and principal on maturity, is considered as a financial liability presented within the interest-bearing loans. The initial carrying amount of the host contract was determined as the residual amount between the fair value of the convertible bond and the fair value of the embedded derivative, net of transaction costs. Subsequently, the host contract is measured at amortised cost, using the effective interest method allowing for the transaction costs that are included in the effective interest rate over the expected life of the debt.

Reconciliation nominal to carrying amount bond loans at 31 March 2020	Convertible bond	Long Fresh retail bond	TOTAL
	€'000	€'000	€'000
<b>Nominal amount</b>	<b>125.000</b>	-	<b>125.000</b>
Conversion option at inception	-12.059	-	-12.059
Amortisation conversion option	7.446	-	7.446
Transaction costs at inception	-2.771	-	-2.771
Amortisation transaction costs	1.711	-	1.711
<b>Carrying amount</b>	<b>119.327</b>	-	<b>119.327</b>

Reconciliation nominal to carrying amount bond loans at 31 March 2019	Convertible bond	Long Fresh retail bond	TOTAL
	€'000	€'000	€'000
<b>Nominal amount</b>	<b>125.000</b>	<b>150.000</b>	<b>275.000</b>
Conversion option at inception	-12.059	-	-12.059
Amortisation conversion option	4.988	-	4.988
Transaction costs at inception	-2.771	-429	-3.200
Amortisation transaction costs	1.146	406	1.551
<b>Carrying amount</b>	<b>116.305</b>	<b>149.977</b>	<b>266.281</b>



## 7.18. Trade and other payables

Trade and other payables	31 March 2020	31 March 2019
	€'000	€'000
<b>Other payables</b>	<b>2.228</b>	<b>4.063</b>
<b>Non-current</b>	<b>2.228</b>	<b>4.063</b>
<b>Trade payables</b>	<b>592.821</b>	<b>553.183</b>
Tax	23.150	19.693
Remuneration and social security	37.822	42.580
Accrued charges	28.435	26.503
Other	16.516	15.593
<b>Other payables</b>	<b>105.923</b>	<b>104.369</b>
<b>Current</b>	<b>698.745</b>	<b>657.552</b>

The accrued charges include accrued interest charges for an amount of € 8,6m at 31 March 2020 (31 March 2019 € 9,4m).

The table below gives an overview of the current and non-current trade and other payables in foreign currency.

Trade and other payables: foreign currencies	31 March 2020	31 March 2019
	€'000	€'000
GBP	33.358	35.360
USD	10.320	21.018
PLN	9.556	12.531
CZK	8.153	11.537
Other	9.124	11.519

## 7.19. Risk management policy

The Group's activities are exposed to a variety of financial risks: market risk (foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects of the financial risks on the Group's financial performance. In order to manage certain market risks, the Group uses derivative financial instruments.

The Board of Directors has overall responsibility for the establishment and management of the Group's risk management, including financial risk management. The Audit Committee is responsible for developing and monitoring the Group's risk management policies. Internal audit, under the direction of the Audit Committee, undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The daily financial risk management is carried out by Corporate Treasury under the corporate treasury policies. Corporate Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

### 7.19.1. Market risk

Market risk is the risk of changes in market parameters, such as foreign exchange rates and interest rates, which can influence the Group's performance. The objective is to control and manage this market risk within the limits of acceptable parameters, while optimising the return earned by the Group.

In the normal course of business, the Group uses financial derivatives to manage the market risks. All these transactions are carried out in line with corporate treasury policy. It is Group policy not to undertake speculative transactions.

## Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The currency exposure is partly linked to the Group's operations in the UK, the Czech Republic, the US, Poland and Hungary and to non-euro transactions in eurozone entities. Foreign exchange exposure arises from future commercial transactions and recognised assets and liabilities.

Foreign exchange risk arises when future commercial transactions are denominated in a currency that is not the entity's functional currency.

The receivables and liabilities in foreign currency can give rise to a realised gain or loss depending on whether the daily exchange rate at the time of receipt or payment differs from the exchange rate at which the receivable or payable is recorded.

Management has set up guidelines to require Group entities to manage their foreign exchange risk with regard to their local currency. Subsidiaries are required to hedge their entire foreign exchange risk exposure with Corporate Treasury. To manage its foreign exchange risk arising from future commercial transactions, the Group uses foreign exchange forward contracts.

Corporate Treasury's foreign exchange risk management practice applies the following hedging ratios per currency pair:

Period	Hedging ratio
Up to 3 months	100%-75%
Over 3 months up to 6 months	75%-50%
Over 6 months and up to 1 year	50%-0%

If required for commercial reasons, a cash flow can be hedged at 100%.

## Foreign exchange sensitivity

The sensitivity analysis is applied to third-party and intercompany loans and deposits and trade and other receivables and liabilities, in so far as the foreign currency differs from the functional currency of the Group. A 10% fluctuation in foreign exchange rates is taken into account when calculating the foreign exchange sensitivity below. These fluctuations would affect the profit before income tax.

The sensitivity analysis is also applied on the outstanding forward agreements for a 10% fluctuation in the foreign exchange rate. These fluctuations would affect equity.

The analysis below reflects the sensitivity for US dollar and British pound. The exposure to foreign currency changes for all other currencies is not material. A positive sign represents a gain; a negative sign represents a loss.

Foreign exchange sensitivity	Effect on profit before income tax 31 March 2020 €'000	Effect on equity at 31 March 2020 €'000	Effect on profit before income tax 31 March 2019 €'000	Effect on equity at 31 March 2019 €'000
GBP				
+10%	-227	1.200	1.006	3.367
-10%	278	-1.466	-1.229	-4.115
USD				
+10%	-1.042	-2.177	-337	-2.840
-10%	1.273	3.020	412	3.471

The sensitivity is based on a net receivable position per 31 March 2020 of € 2,5m for GBP (31 March 2019 € 11,1m) and € 11,5 for USD (31 March 2019 € 3,7m).

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The floating interest rate debt of the Group arises mainly from its Facilities Agreement, the financing retrieved from the multi-country factoring programme and the outstanding Long Fresh term loan.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate interest-bearing loans. The Group kept 21,9% of its interest rate exposure at fixed rates of interest. For the financing facilities with floating interest rates, given the current low interest rate environment and maturity of the financing in December 2021, substantially no financial instruments were used to hedge the risk of interest rate fluctuations.

The average effective fixed interest rate decreased from 4,43% to 3,75% thanks to the repayment of the retail bond, which carried a coupon of 5%.

Interest-bearing loans at amortised cost	31 March 2020		31 March 2019	
	€'000	Average effective interest rate	€'000	Average effective interest rate
<b>Floating interest rate</b>				
EUR	429.702	3,57%	370.288	3,59%
<b>Fixed interest rate</b>				
EUR	120.404	3,75%	266.976	4,43%
<b>TOTAL</b>	<b>550.107</b>		<b>637.264</b>	

### Interest rate sensitivity

Despite the hedging strategy on the basis of financial derivatives, it cannot be excluded that the Group's future net result will be subject to interest rate fluctuations.

Interest rate sensitivity	Nominal value at 31 March 2020	Impact 20 base points increase of interest rate	Impact 20 base points decrease of interest rate	Nominal value at 31 March 2019	Impact 20 base points increase of interest rate	Impact 20 base points decrease of interest rate
	€'000	€'000	€'000	€'000	€'000	€'000
Bank loans	432.608	91	-91	373.872	143	-143
IRS	462	2	-2	180.554	94	-94

### Interest rate risk: maturity of financial assets and liabilities

Remaining terms of financial assets and liabilities at 31 March 2020	Average effective	Total carrying value	< 1 year	1- 5 year	> 5 year
	interest rate %	€'000	€'000	€'000	€'000
<b>Assets and liabilities with fixed interest rates</b>					
Bond loans	3,75%	119.327	-	119.327	-
Lease liabilities	4,61%	235.191	26.409	87.575	121.207
<b>Assets and liabilities with floating interest rates</b>					
Cash and cash equivalents	-	132.709	132.709	-	-
Bank loans	3,57%	429.702	76.816	352.887	-
Bank overdrafts	3,21%	1.077	1.077	-	-

Remaining terms of financial assets and liabilities at 31 March 2019	Average effective	Total carrying value	< 1 year	1- 5 year	> 5 year
	interest rate %	€'000	€'000	€'000	€'000
<b>Assets and liabilities with fixed interest rates</b>					
Bond loans	4,43%	266.281	149.977	116.305	-
Finance leases	2,00%	274	84	190	-
<b>Assets and liabilities with floating interest rates</b>					
Cash and cash equivalents	-	67.880	67.880	-	-
Restricted cash	-	125.000	125.000	-	-
Bank loans	3,59%	370.288	369.245	950	93
Bank overdrafts	3,42%	694	694	-	-

All financial assets and liabilities are classified at amortised cost at 31 March 2020 and 31 March 2019.

### Foreign exchange risk and interest rate risk: derivative financial instruments

Outstanding derivatives: nominal amounts at maturity date	31 March 2020			31 March 2019		
	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Due within 1 year	Due between 1 and 5 years	Due after 5 years
	€'000	€'000	€'000	€'000	€'000	€'000
<b>Foreign exchange risk</b>						
Forward agreements	198.122	-	-	133.126	163	-
<b>Interest rate risk</b>						
IRS	-	462	-	180.000	-	554
<b>TOTAL</b>	<b>198.122</b>	<b>462</b>	<b>-</b>	<b>313.126</b>	<b>163</b>	<b>554</b>

Derivatives are reported at fair value and hedge accounting is applied for all derivatives. For financial derivatives, no offsetting has been applied.

The forward agreements expire on 26 February 2021 at the latest. The maturity date of the IRS is no later than 21 November 2024.

The fair value of derivatives is calculated using pricing models taking into account current market rates. For IRS, this information is provided by the Group's financial institutions with which the financial instruments have been concluded. For the forward agreements, Corporate Treasury calculates the fair value.

Fair value by type of derivative	31 March 2020					31 March 2019				
	Assets	Liabilities	Net Position	Movement in income statement	Movement through equity	Assets	Liabilities	Net Position	Movement in income statement	Movement through equity
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>Foreign exchange risk</b>										
Forward agreements	2.125	823	1.302	1	1.791	1.034	1.524	-489	10	1.185
<b>Interest rate risk</b>										
IRS	-	37	-37	11	26	-	74	-74	127	1.315
<b>TOTAL</b>	<b>2.125</b>	<b>860</b>	<b>1.265</b>	<b>12</b>	<b>1.817</b>	<b>1.034</b>	<b>1.598</b>	<b>-563</b>	<b>137</b>	<b>2.500</b>

### 7.19.2. Credit risk

Credit risk is the risk of financial loss to the Group through a customer or a financial counterparty being unable to fulfil its contractual obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group's exposure to credit risk on operating activities is influenced mainly by the individual characteristics of each customer. To protect itself against customer defaults and bankruptcies, the Group uses the services of international credit insurance companies, and also applies internal customer credit limits.

Credit insurance is mandatory for all trade receivables sold to the factor company. Certain entities benefit also from credit insurance although their receivables are not factored.

Credit risk exposure on non-credit insured customers is continuously monitored by Corporate Treasury and any customer whose credit limit exceeds a predefined amount, is subject to a credit check. The credit check and customer rating are based upon the customers' shareholders and group structure, the balance sheet and profit and loss accounts of the last two calendar years and related audit report and the weighted average days paid late. An internal credit limit is mandatory for non-credit insured customers before confirming the order to the customer and before shipping the goods. Approval of the internal credit limits is subject to the Greenyard Authority Matrix as approved by the Audit Committee in December 2019.

The Group's credit policy does not identify any material credit risk exposure on its customers. Receivables for the ten largest debtors are credit insured and the three largest customers represent 48,4% of sales, as disclosed in note 5.1. *Information about major customers*. Please also refer to note 3.2. *Key sources of estimation uncertainty*, where the impact of COVID-19 on the outstanding receivables has been addressed and the potential impact on AY 19/20 is considered to be limited.

Non-credit insured receivables are reviewed for impairment risk, based on the ageing of the receivables. Impairment losses are recorded on an individual basis.

The Group also makes advances to key suppliers, generally to secure produce in key categories. Advances made are generally interest bearing and recovered through deduction from payments made in respect of produce delivered by the counterparty.

Financial investments are only allowed if the counterparties meet the minimum acceptable credit ratings at the time of initiation of the investment without exceeding a maximum concentration per counterparty. Investment counterparties must be of Western government credit (US, Canada, EC-countries) with banks and issuers with a credit rating of BBB (Standard & Poor's), Baa (Moody's Investor Service) or better.

Credit risk covers only the instrument category of 'loans and receivables' (L&R). For the other instrument categories, the credit risk is limited or non-existent, given that counterparties are banks with a high creditworthiness.

### 7.19.3. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations on their due date. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions without incurring unacceptable losses or risking damage to its reputation.

The Group monitors its risk of a shortage of funds using a cash positioning tool. Short-term cash flow forecasting is performed in the operating entities of the Group and aggregated by Corporate Treasury. Corporate Treasury monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Most of the subsidiaries are part of a cash pool scheme, as such funds are collected on a daily basis on the bank accounts held by Corporate Treasury. For subsidiaries not part of a cash pool scheme, surplus cash above balances required for working capital purposes are transferred to Corporate Treasury.

The Group's policy is to have adequate facilities available at all times to cover unanticipated financing requirements. The Group has approval of committed term and revolving borrowings of up to € 463,6m per 31 March 2020 (€ 425,0m per 31 March 2019).

At 31 March 2020, the Group has € 37,6m of unused available lines under its Facilities Agreement (31 March 2019 € 42,5m). The total uncommitted bilateral facilities for an amount of € 12,8m were unused for € 10,3m at 31 March 2020 (31 March 2019 € 16,2m).

For a discussion of the existing lines and their terms and conditions, see note 7.17. *Interest-bearing loans*.

The table below categorises the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The undiscounted cash flows reflect net interest payments and principal repayments. Derivative financial assets and liabilities are included in the analysis for the residual cash flows.

Remaining terms of financial debts at 31 March 2020	Contractually agreed undiscounted cash flows			TOTAL €'000
	Due within 1 year €'000	Due between 1 and 5 years €'000	Due after 5 year €'000	
Bank loans	82.861	385.564	-	468.426
Bond loans	4.700	127.350	-	132.051
Lease liabilities	36.720	117.193	147.355	301.269
Trade and other payables	637.772	2.228	-	640.000
<b>Non-derivatives</b>	<b>762.054</b>	<b>632.335</b>	<b>147.355</b>	<b>1.541.745</b>
IRS	-	462	-	462
Forward agreements	198.122	-	-	198.122
<b>Derivatives</b>	<b>198.122</b>	<b>462</b>	<b>-</b>	<b>198.583</b>
<b>TOTAL</b>	<b>960.176</b>	<b>632.797</b>	<b>147.355</b>	<b>1.740.328</b>



Remaining terms of financial debts at 31 March 2019	Contractually agreed undiscounted cash flows			TOTAL €'000
	Due within 1 year	Due between 1 and 5 years	Due after 5 year	
	€'000	€'000	€'000	
Bank loans	386.938	397	94	387.429
Bond loans	162.188	134.388	-	296.575
Trade and other payables	595.279	4.063	-	599.342
<b>Non-derivatives</b>	<b>1.144.405</b>	<b>138.847</b>	<b>94</b>	<b>1.283.346</b>
IRS	336	32	4	372
Forward agreements	643	6	-	649
<b>Derivatives</b>	<b>979</b>	<b>38</b>	<b>4</b>	<b>1.021</b>
<b>TOTAL</b>	<b>1.145.384</b>	<b>138.885</b>	<b>98</b>	<b>1.284.367</b>

Per 31 March 2019, the entire bank debt under the Facilities Agreement was presented as a short-term liability as Greenyard was still in negotiations with its banks to waive a breach with certain conditions of the agreement. On 11 April 2019, a consent agreement relating to the breach was signed and consequently as per 31 March 2020, the bank debt is presented again based on its contractual terms.

All instruments held at the reporting date and for which payments had been contractually agreed are included. Forecasted data relating to future, new liabilities are not included. Amounts in foreign currencies have been translated at the closing rate. The variable interest payments arising from financial instruments were calculated using the applicable forward interest rates.

#### 7.19.4. Financial assets and liabilities – fair value

Derivative financial instruments are measured at fair value at inception and at each reporting date, with the movement recognised in the income statement unless they are designated as cash flow hedges. Where instruments are classified as cash flow hedges, they are accounted for under hedge accounting rules with gains or losses arising on the effective portion of the derivative instrument recognised in the cash flow hedge reserve, as a separate component of equity. Gains or losses on any ineffective portion of the derivative are recognised in the income statement. When the hedged transaction matures, the related gains or losses in the cash flow hedge reserve are transferred to the income statement. The net carrying amounts and respective fair values are analysed for the various classes of financial assets and liabilities. The table below only includes the financial assets and liabilities for which the fair value differs from the carrying amount. For all other financial assets and liabilities, the Group considers the carrying amounts to approximate the fair values.

The fair value of bank loans is calculated as the present value of the future cash flows (level 2 input). The fair value of the host component of the convertible bond is calculated as the present value of the future cash flows taking into account the reference swap rate and credit spread (level 3 input).

Financial assets and liabilities by class and category at 31 March 2020	Net carrying €'000	Fair value €'000
Host component of the convertible bond	119.327	86.875
Bank loans	429.702	431.872

Financial assets and liabilities by class and category at 31 March 2019	Net carrying €'000	Fair value €'000
Retail bond	149.977	145.500
Host component of the convertible bond	116.305	81.250
Bank loans	370.288	380.541

### 7.19.5. Capital structure

To maintain a strong capital base and sustain market confidence, the Board of Directors regularly reviews and monitors the Group's capital structure. This involves evaluating dividend policy and return on capital (based on shareholders' equity).

The Board of Directors is authorised to acquire own shares up to a legal maximum of 20%. On 31 August 2017, the Group completed a share buyback programme started in March 2017 with a total of 1.750.000 ordinary shares repurchased at a total cost of € 30,0m, including associated costs. These shares are held as treasury shares unless reissued or cancelled.

The Group also constantly seeks to optimise its capital structure (balance between debts and equity) to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt to equity ratio. The Group is determined to reduce its leverage ratio below 3,0x.

The Group targets a flexible structure in terms of periodicity and credit type, which enables it to seize potential opportunities. Note 7.13. *Issued capital, share premium and other capital instruments* and note 7.17. *Interest-bearing loans* provide more detail on equity and debt components.

The Group has leverage ratio covenants as detailed in note 8.3. *Off-balance sheet commitments*. In this respect, reference is made to the disclosure made under note 4. *Going concern*.

### 7.19.6. Fair value hierarchy included in the statement of financial position

Assets and liabilities at fair value	31 March 2020				31 March 2019			
	Level 1 €'000	Level 2 €'000	Level 3 €'000	TOTAL €'000	Level 1 €'000	Level 2 €'000	Level 3 €'000	TOTAL €'000
Financial assets at fair value								
Derivatives - Forward agreements, IRS and equity investments	-	2.125	106	2.232	-	1.034	106	1.141
Biological assets	-	-	-	-	-	-	21.713	21.713
<b>Total</b>	-	<b>2.125</b>	<b>106</b>	<b>2.232</b>	-	<b>1.034</b>	<b>21.819</b>	<b>22.854</b>
Financial liabilities at fair value								
Derivatives - Forward agreements and IRS	-	860	-	860	-	1.598	-	1.598
<b>Total</b>	-	<b>860</b>	-	<b>860</b>	-	<b>1.598</b>	-	<b>1.598</b>

The table above analyses the Group's financial instruments of initially measured at fair value, sorted by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurement: the fair values of other financial assets and liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This mainly relates to derivative financial instruments.
  - Forward agreements are measured using quoted forward exchange rates and yield curves derived from quoted interest rates with matching maturities.
  - Interest rate swaps are measured at the present value of future cash flows estimated and discounted using the applicable yield curves derived from quoted interest rates.
- Level 3: fair value measurement: the fair value of the remaining financial assets and liabilities is derived from valuation techniques which include inputs that are not based on observable market data.

During the past financial year, there were no transfers of financial assets or liabilities between levels 1 and 2.

## 8. Other elements

### 8.1. Subsidiaries, associates, joint ventures and investments recorded at cost

The parent company of the Group is Greenyard NV, Sint-Katelijne-Waver, Belgium. The subsidiaries, associates, joint ventures and investments recorded at cost of the Group as per 31 March 2020 are presented below.

#### Long Fresh

Long Fresh: Subsidiaries	Country of incorporation	Consolidation method	31 March 2020 % of interest	31 March 2019 % of interest
Greenyard Frozen Langemark NV	Belgium	Full	100%	100%
Greenyard Frozen Belgium NV	Belgium	Full	100%	100%
Pinguin Langemark NV	Belgium	Full	100%	100%
Greenyard Prepared Investments BE NV	Belgium	Full	100%	100%
Greenyard Prepared Belgium NV	Belgium	Full	100%	100%
BND CV <sup>(5)</sup>	Belgium	Full	25%	25%
Greenyard Frozen Brazil Ltda	Brazil	Full	100%	100%
Greenyard Frozen Investments FR (Moréac) SAS	France	Full	66%	66%
Greenyard Frozen Investments FR (Comines) SAS	France	Full	66%	66%
Greenyard Frozen Comines SAS	France	Full	100%	100%
Greenyard Frozen France SAS	France	Full	100%	100%
Greenyard Frozen Holding FR SAS	France	Full	100%	100%
Greenyard Frozen Investments PL Sp. Z o.o.	Poland	Full	100%	100%
Greenyard Frozen Poland Sp. Z o.o.	Poland	Full	100%	100%
LiliCo Hungary Kft.	Hungary	Full	100%	100%
Greenyard Frozen UK Ltd.	UK	Full	100%	100%
Greenyard Prepared UK Ltd.	UK	Full	100%	100%
Greenyard Prepared Netherlands B.V.	The Netherlands	Full	100%	100%

Long Fresh: Investments recorded at cost	Country of incorporation	Consolidation method	31 March 2020 % of interest	31 March 2019 % of interest
Alberts NV	Belgium	Not consolidated	7%	8%

## Fresh

Fresh: Subsidiaries	Country of incorporation	Consolidation method	31 March 2020 % of interest	31 March 2019 % of interest
Bakker Belgium NV	Belgium	Full	100%	100%
Greenyard Fresh NV	Belgium	Full	100%	100%
Greenyard Fresh Belgium NV	Belgium	Full	100%	100%
Greenyard Fresh Direct Belgium NV	Belgium	Full	100%	100%
Greenyard Transport Belgium NV	Belgium	Full	100%	100%
Greenyard Logistics Belgium NV	Belgium	Full	100%	100%
Lunasoft BV	Belgium	Full	100%	50%
Greenyard Fresh Holding NL B.V.	The Netherlands	Full	100%	100%
Greenyard Fresh Netherlands B.V.	The Netherlands	Full	100%	100%
Greenyard Finance B.V. <sup>(1)</sup>	The Netherlands	Full	-	100%
Greenyard Fresh Investments NL B.V. <sup>(1)</sup>	The Netherlands	Full	100%	100%
Bakker Barendrecht B.V.	The Netherlands	Full	100%	100%
Bakker Barendrecht Transport B.V.	The Netherlands	Full	100%	100%
Holland Crop B.V.	The Netherlands	Full	100%	100%
Bakker Centrale Inkoop B.V.	The Netherlands	Full	100%	100%
Greenyard Flowers Netherlands B.V.	The Netherlands	Full	100%	100%
Greenyard Supply Chain Services B.V.	The Netherlands	Full	100%	100%
Greenyard Fresh France SAS	France	Full	100%	100%
Agrisol SAS	France	Full	100%	100%
Delta Stocks Sarl	France	Full	100%	100%
Greenyard Fresh Beteiligungs GmbH	Germany	Full	100%	100%
Greenyard Fresh Holding DE GmbH & Co KG	Germany	Full	100%	100%
Greenyard Fresh Trade International GmbH	Germany	Full	100%	100%
Greenyard Fresh Germany GmbH <sup>(6)</sup>	Germany	Full	100%	94%
Fresh Solutions GmbH <sup>(2)</sup>	Germany	Full	100%	-
Greenyard Fresh Services GmbH <sup>(2)</sup>	Germany	Full	100%	-
Greenyard Fresh Austria GmbH	Austria	Full	100%	100%
Greenyard Fresh Spain SA	Spain	Full	100%	100%
Greenyard Logistics Portugal - logistica e transportes SA	Portugal	Full	100%	100%
Mor K.B. International Ltd	Israel	Full	65%	65%
Amore Srl	Italy	Full	46%	46%
Biofarm Srl	Italy	Full	100%	100%
Greenyard Fresh Italy Srl	Italy	Full	100%	100%
Bardsley Fruit Enterprises Ltd.	UK	Full	50%	30%
Greenyard Flowers UK Ltd. <sup>(3)</sup>	UK	Full	-	100%
Greenyard Fresh UK Ltd.	UK	Full	100%	100%
Pastari International Ltd <sup>(4)</sup>	Turkey	Full	60%	60%
Greenyard Logistics Poland Sp. Z o.o.	Poland	Full	100%	100%
Bakker Trans sro	Czech Republic	Full	100%	100%
Bakker sro	Czech Republic	Full	100%	100%
Greenyard USA Co	US	Full	100%	100%
Seald Sweet LLC	US	Full	90%	90%
Greenyard Logistics USA Inc	US	Full	100%	100%
Mor U.S.A. Inc	US	Full	65%	65%
DFM Brazil Ltda	Brazil	Full	100%	100%
Greenyard Fresh Brazil Ltda	Brazil	Full	100%	100%
Greenyard Fresh Peru SAC	Peru	Full	100%	100%
Greenyard Fresh Chile Ltda	Chili	Full	100%	100%
Greenyard Fresh Colombia SAS	Colombia	Full	100%	100%
M.I.S.A. Int. (Pty) Ltd	South Africa	Full	65%	65%

Fresh: Joint ventures and associates	Country of incorporation	Consolidation method	31 March 2020 % of interest	31 March 2019 % of interest
Grupo Yes Procurement Marketing SL	Spain	Equity method	50%	50%
Logidis Sistem SL	Spain	Equity method	50%	50%
Mahindra Greenyard Private Ltd.	India	Equity method	40%	40%
Agritalia Srl	Italy	Equity method	33%	33%

Fresh: Investments recorded at cost	Country of incorporation	Consolidation method	31 March 2020 % of interest	31 March 2019 % of interest
Pison Srl <sup>(4)</sup>	Italy	Not consolidated	25%	25%
Campoverde Spa Agricola	Italy	Not consolidated	2%	2%
Carpe Naturam Soc. Consortile ARL	Italy	Not consolidated	9%	9%
Kiwi Passion S.r.l. Consorzio <sup>(2)</sup>	Italy	Not consolidated	7%	-

<sup>(1)</sup> Merger

<sup>(2)</sup> Incorporation

<sup>(3)</sup> Divestment

<sup>(4)</sup> In liquidation/liquidated

<sup>(5)</sup> Greenyard has 'de facto' control based on certain statements in the articles of association: on the one hand they have more rights and blocking possibilities and on the other hand they are always involved in the representation in and out of court of the CV.

<sup>(6)</sup> Up to AY 18/19 the Group held 94% of the shares in Greenyard Fresh Germany, but consolidated the latter for 100% based on the agreements made with the holder of the remaining 6% of the shares. On 31 March 2020, the minority shareholder transferred its 6% share participation to the Group, as a result of which the Group holds 100% of the shares in Greenyard Fresh Germany as from the aforementioned date.

### Significant restrictions

There are no significant restrictions (e.g. resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with significant influence over a subsidiary) on the ability of subsidiaries to transfer funds to their parent company in the form of cash dividends, or to repay loans or advances made by the parent company, except for those mentioned in note 8.3. *Off-balance sheet commitments*, with the approval of the majority shareholder. In addition, there are no significant restrictions on the Company's or its subsidiaries' ability to access or use the assets and settle the liabilities of the Group, except for those mentioned in note 8.3. *Off-balance sheet commitments*.

### Changes in the consolidation scope

During AY 19/20 the following changes to the consolidation scope occurred:

- In May 2019, Greenyard reached an agreement to increase the investment in Bardsley Fruit Enterprises (formerly known as Bardsley England). Greenyard now owns 50,1% of the shares and has control over the entity. Consequently, the consolidation method changed from equity to full consolidation method.
- Greenyard acquired the remaining 50% of the shares in Lunasoft in May 2019. Consequently, the consolidation method changed from equity to full consolidation method.
- On 14 October 2019 the Group announced the divestment of Greenyard Flowers UK to Yellow Holdings Ltd. The total consideration amounts to € 9,7m, consisting of € 5,7m for the shares and € 4,0m for the debt settlement. Cumulative translation adjustments for an amount of € -1,4m has been recycled to the income statement. A loss on disposal of € 22,5m was recognised.

## 8.2. Main disputes

### Tax dispute - Greenyard Frozen Brazil Ltda.

Greenyard Frozen Brazil Ltda. imports frozen fruit and vegetables from Europe for which the company has received an exemption from paying ICMS (tax on circulation of goods and services) from the state of São Paulo. Frozen fruit and vegetables are considered basic and natural products which are generally exempt from ICMS. However, local tax authorities do not consider frozen fruit and vegetables to be natural products and claim administrative penalties for such imports. This is general practice in the frozen vegetables business. The total litigations of Greenyard in this respect amount to R\$ 22,5m (€ 6,1m) relating to the period 2010-2016 for which no amounts were paid nor accrued. A final favourable court decision was pronounced by the Supreme Court on 17 August 2017. Procedures before the courts of first instance

to execute the Supreme Court judgement and cancel the total amount of fines imposed by the local tax authorities are pending.

#### **Banana license dispute - Greenyard Fresh Italy S.r.l.**

In 2002, Greenyard Fresh Italy S.r.l. (formerly Univeg Trade Italia S.r.l. and previously Bocchi Import Italia S.r.l.) received a claim relating to allegedly unpaid customs duties on banana imports between October 1998 and November 1999. The tax authorities claimed that false licenses to trade bananas were used by the company. It appears that the company purchased the false licenses in good faith. The Greek tax authorities claim a payment of € 2,8m (including interest), for which provision has been made by the company. However, because of new legislation which has recently entered into force, there is likely to be a positive outcome in favour of the company. Legal proceedings before the Greek High Court are pending.

#### **Garlic dispute - Greenyard Fresh Italy S.r.l.**

In total, 31 claims have been brought against Greenyard Fresh Italy S.r.l. (formerly Univeg Trade Italia S.r.l.) and other Group companies currently within the Fresh segment regarding the customs clearance of garlic imported from China in the period 2005-2007. The claims relate to the fact that at the time of export, Greenyard Fresh Italy S.r.l. had not yet identified the final customers and therefore issued the required documents in its own name and paid the customs invoice. Once the final customers were identified, the Chinese importer issued credit notes to Greenyard Fresh Italy S.r.l. and issued correct invoices to the final customers. The tax authorities allege that this is considered to be the prohibited sale of licenses. In order to avoid further accrual of interest while awaiting the outcome of the legal proceedings, the total claimed amount of € 2,1m has been paid to the tax authorities, without prejudice and with reservation of all rights. Recently the Supreme Court decided against the company in most of the pending proceedings. However, in nine of the cases (representing a total value of € 0,8m), the Supreme Court ruled in favour of Greenyard Fresh Italy S.r.l. Hence, Greenyard Fresh Italy S.r.l. has initiated new proceedings in front of the Court of Appeal in an attempt to recover the relevant amounts based on the favourable Supreme Court ruling.

#### **Dispute between Greenyard Fresh Germany GmbH and a large banana supplier**

Greenyard Fresh Handelsgesellschaft GmbH, which was merged into Greenyard Fresh Germany GmbH, entered into a banana ripening and distribution agreement in 2013 with a large banana supplier, who unilaterally decided to partly deviate from this agreement, whereas Greenyard continued to comply with it. A writ of summons has been filed against Greenyard Fresh Germany GmbH and Greenyard NV in the amount of € 6,0m, against which an objection has been filed. The legal proceedings are pending in first instance before the commercial court. Given that the risk of an unfavourable outcome is considered to be remote, no provision has been recorded at this stage.

#### **Outstanding receivables towards Polish customer**

Greenyard Logistics Poland is taking part as a creditor in the restructuring proceedings initiated before the Polish court by a Polish customer which owes outstanding receivables of PLN 5,7m (or approximately € 1,3m) in total to the company. Given uncertainty about the adoption and confirmation of the arrangement which will be binding for all creditors involved, a provision equal to 75 % of the outstanding amount has been recorded.

#### **Dispute with a Central American banana supplier**

Greenyard's German subsidiary Greenyard Fresh Germany GmbH and Greenyard's French subsidiary Agrisol SA both entered into a supply agreement with a supplier for the sourcing of bananas in Central America. The sea freight of the bananas was organised by Greenyard Supply Chain Services B.V. at the expense of the supplier. In the course of 2018, Greenyard Fresh Germany GmbH and Agrisol SA brought claims against the supplier as a result of certain quality issues.



During the same period, there were also arrears on the part of the supplier with regard to the freight costs. In France, interlocutory proceedings initiated by the supplier were followed by legal proceedings initiated by Agrisol SA for outstanding receivables amounting to € 287k. The French court in first instance however dismissed Agrisol SA's claim and awarded the supplier's counterclaim for the amount of € 1,3m, for which a provision has been recorded. The appeal procedure is currently pending. In Germany, the supplier has filed a writ of summons against Greenyard Fresh Germany GmbH in the amount of € 2,3m, against which objection as well as a counterclaim in the amount of € 1,7m has been filed. The legal proceedings are pending in first instance before the regional court. Given that the risk of an unfavourable outcome is considered as limited, no provision has been recorded at this stage.

#### Loan debt due by Peruvian grower

Greenyard Fresh Peru SAC and a local grape grower signed an agreement whereby the grower undertook to deliver (at least) 2k tons of grapes per season, in the period between 2014 and 2018. In order to finance the purchase of additional plantations by the grower, the company granted a long-term loan of USD 500k, repayable in annual instalments from 2015 to 2019. Since the grower remains in breach of its obligation to repay the loan, Greenyard Fresh Peru SAC has initiated proceedings to enforce its collateral. Since the likelihood that the amount of the loan will be recovered, is estimated to be low, the receivable has been impaired in full.

#### Dispute regarding the bankruptcy of a contractor

In 2016, Greenyard Frozen UK Ltd. entered into an agreement with a Belgian contractor for the construction and rental of a combined heat and power plant on its site. Greenyard NV issued a corporate guarantee, securing the obligations of its subsidiary under the lease agreement. The contractor has not completed the work, so the installation has never been put into use and the lease has never started. The contractor was declared bankrupt in February 2019.

The contractor's financing institution (which claims to be a subrogated creditor) disputes the fact that the lease never commenced and sued Greenyard for the payment of allegedly outstanding lease and interest payments of € 1,1m. Legal proceedings in first instance are pending. Given that the risk of an unfavourable outcome is considered as limited, no provision has been recorded at this stage.

## 8.3. Off-balance sheet commitments

### 8.3.1. Commitments concerning purchases of property, plant and equipment and fresh vegetables

Per 31 March 2020 and 31 March 2019, the Group committed for the purchase of property, plant and equipment, and fresh fruit and vegetables an amount of:

Purchase commitments	31 March 2020 €'000	31 March 2019 €'000
Fresh fruit and vegetables	85.234	91.247
Property, plant & equipment	5.385	2.411
Other	483	3.615
<b>TOTAL</b>	<b>91.102</b>	<b>97.273</b>

The Group has concluded sowing and purchase contracts with a number of farmers for the procurement of fresh fruit and vegetables. The contracted amounts can still fluctuate as a function of climate conditions and market prices for fresh fruit and vegetables.

### 8.3.2. Factoring

In accordance with IFRS 9 Financial instruments: Recognition and Measurement, all non-recourse trade receivables, including in factoring programmes, are derecognised for the non-continuing involvement part.

As of 31 March 2020, total derecognised trade receivables amounted to € 353,6m.

### 8.3.3. Bank and bond covenants and undertakings

The Group has a convertible bond (€ 125,0m) and a Facilities Agreement (€ 375,0m) issued in December 2016. In November 2017, the Group exercised the Accordion Option of the revolving credit facility, increasing the Facilities Agreement to € 425,0m. A second Accordion was granted in April 2019, for an amount of 85,5m, bringing the total to € 510,5m. On 31 March 2020, € 22,9m was repaid and cancelled. The financing received under the Facilities Agreement amounts to € 463,6m.

#### Group convertible bond

In December 2016, Greenyard Fresh NV, a wholly-owned subsidiary of the Company, issued a senior, unsecured, guaranteed convertible bond of € 125,0m with a gross coupon of 3,75% fixed interest rate, due in December 2021. The convertible bond is guaranteed by the Company. The terms and conditions allowed Greenyard Fresh NV to redeem the convertible bonds in cash, new and/or treasury ordinary shares or a combination thereof at choice upon conversion of the convertible bonds by the bondholders. On 23 November 2017, Greenyard Fresh NV gave notice to the bondholders that it was unilaterally, irrevocably and unconditionally waiving its right to make a Cash Alternative Election, as provided in clause 6(m) of the terms and conditions, effective from that date.

Greenyard Fresh NV has the option of calling in all outstanding convertible bonds on or after 22 January 2020 at par plus accrued interest, in accordance with the terms and conditions of the convertible bonds, provided that the volume weighted average price of the Company's shares exceeds 130% of the conversion price over a specified period, or, at any time, if 15% or less of the principal amount of the convertible bonds remains outstanding.

The conversion price of the convertible bond was set at € 17,430 at the launch, representing a premium of 25% on the volume weighted average price of the Company's shares on Euronext Brussels between opening and closing of the market on the placement date. On 2 October 2017, Greenyard Fresh NV gave notice to the bondholders that, as a result of the € 0,20 per share dividend payable to holders of ordinary shares of Greenyard NV of record on 3 October 2018, the conversion price would be adjusted to € 16,8249, effective as of 4 October 2018.

The terms and conditions of the convertible bond include, amongst other things, some specific clauses on dividend protection and change of control. The convertible bond is not subject to financial covenants.

#### Group Facilities Agreement

In December 2016, the Group entered into a Facilities Agreement of € 375,0m consisting of a € 150,0m term loan facility and a € 225,0m revolving credit facility with a consortium of banks and maturing in December 2021. In November 2017, the Group exercised the Accordion Option of the revolving credit facility, increasing the Facilities Agreement to € 425,0m. On 11 April 2019, within the framework of a consent agreement with the syndicated banks, the latter participated in an additional cash revolving commitment of € 85,5m, of which € 22,9m was repaid and cancelled on 31 March 2020. Total cash credit facility with the consortium of banks amounts to € 463,6m as per 31 March 2020. The term loan is repayable in periodical instalments of € 12,0m per year.

The facilities bear interest composed of EURIBOR plus a margin. The margin is not the same for the term loan as it is for the revolving credit facility. The margin is based on the Group's leverage. Between 12 September 2018 and 15 November 2019, with a maximum of 4,50% for the term loan and 4,25% for the revolving credit facility (in euros) and 4,35% (other currencies). The top margins of the leverage grid were decreased to resp. 3,50 %; 3,25 % and 3,35% on 15 November 2019 as a result of a new consent agreement with our relationship banks.

Next to customary general covenants, the Facilities Agreement includes financial covenants being an interest cover ratio and a leverage ratio which are tested on a semi-annual basis (30 September and 31 March) and reported to the lenders. However, on 11 April 2019 complemented on 15 November 2019, the Group agreed with its lending banks to a consent for a waiver of its covenants until 22 December 2021 being the maturity date of the Facilities Agreement.

Consequent to the consent agreement with the lending banks as per 15 November 2019, the following two new 'light' covenants have been introduced:

- Minimum adjusted EBITDA level based on 85% of a business plan provided to the lending banks, tested monthly on a 12- month trailing basis, quarterly after the repayment of the € 85,5m cash accordion facilities;
- Minimum liquidity requiring a headroom of € 20,0m at month-end, two times over a 12-month period it is allowed to be less than € 20,0m, but in any case, the liquidity headroom cannot be below € 10,0m. These two times cannot be in two consecutive months.

The Facilities Agreement also foresees a Guarantor Cover requirement for which the Guarantors need to meet certain minimum levels on coverage of total consolidated gross assets, total consolidated net sales and consolidated adjusted EBITDA. The guarantor cover test is required annually at year-end and Guarantors need to be added to the Facilities Agreement in case that the guarantor test is not met.

### Long Fresh retail bond

In July 2013, Greenyard NV issued a retail bond with a nominal amount of € 150,0m and a gross coupon of 5,0%, maturing in July 2019. The retail bond was repaid on its maturity date.

### 8.3.4. Securities

In December 2016, the Group successfully refinanced its bank facilities and entered into the Facilities Agreement. These facilities are secured through different types of asset pledges. In general, main assets, mostly including shares, cash balances, property, plant and equipment, inventories, trade and other receivables of the Group's subsidiaries, located in Belgium, France, the Netherlands, Poland, UK, Spain, Germany and the US, are pledged or secured through mortgages. On a consolidated basis, meaning excluding intercompany positions, total pledged assets amounted to € 2.828,2m at 31 March 2020 of which € 2.310,0m related to business assets, € 182,2m to property, plant and equipment, € 209,6m to inventories and receivables, € 126,4 to cash and cash equivalents and € 0,1m to shares.

The Long Fresh retail bond was not secured at issue date. However, as a result of the negative pledge clause, the same securities provided under the Facilities Agreement by Long Fresh entities, including the Company, were also granted to the benefit of the retail bondholders as of December 2016 until repayment on its maturity date in July 2019.

The convertible bond is not secured.

The Company will issue comfort letters to some of its subsidiaries confirming financial support until their General Shareholders' Meeting in 2021.

### 8.3.5. Bank and corporate guarantees

On 31 March 2020, the Group has outstanding bank guarantees amounting to € 16,5m and outstanding corporate guarantees amounting to € 120,5m. The main beneficiaries are tax/customs authorities, landlords, tenants, lenders, suppliers and customers. Of these amounts, bank guarantees amounting to €0,6m are not considered to be in the ordinary course of business.

### 8.3.6. Contingent liabilities

There are no contingent liabilities, other than the above-mentioned responsibilities and warranties.

## 8.4. Related parties

Transactions between Greenyard NV and its subsidiaries have been eliminated in the consolidation and are therefore not included in this note. Transactions with joint ventures and associates are included.

For an overview of the application of articles 7:96 and 7:97 BCAC, reference should be made to the *Corporate Governance Statement* chapter.

### The Fruit Farm Group

The Fruit Farm Group, acting on behalf of its subsidiaries, entered into a fruit sales, marketing and distribution agreement with Greenyard Fresh NV, acting on behalf of its affiliated companies, for the period December 2014 to December 2019. Under this agreement, The Fruit Farm Group appointed Fresh as its strategic partner to handle, distribute and market fruit on a free consignment basis with a floor-price mechanism. The goods are transported by The Fruit Farm Group's subsidiaries to the port of destination on an FOB or CIF basis. Fresh makes pre-season advances available to The Fruit Farm Group's subsidiaries. The advances are deducted from the final sales price realised by Fresh, net of expenses, prior to payment to The Fruit Farm Group's subsidiaries. In the event that at the end of a season there is a balance owing to Fresh, The Fruit Farm Group's subsidiary and Fresh will agree on payment terms.

The Fruit Farm Group is ultimately owned by the preference shareholder of the Group.

### Joint ventures

Transactions with joint ventures relate to sourcing, packing and selling of fruit and vegetables and logistic services.

Related parties	31 March 2020 €'000	31 March 2019 €'000
<b>The Fruit Farm Group</b>		
Purchase of products, services and other goods	47.745	83.218
Sales of services and other goods	2.085	8.619
Interest and similar revenue	9	15
Interest and similar cost	-	47
Trade receivable incl advances	1.061	977
Trade payables	1.084	485
Other receivables	-	516
<b>Orchards Invest Group</b>		
Purchase of products, services and other goods	-	7.845
Sales of services and other goods	-	52
Trade receivable incl advances	-	1.206
<b>De Weide Blik</b>		
Purchase of products, services and other goods	-	99
<b>Joint ventures</b>		
Purchase of products, services and other goods	12.756	15.037
Sales of services and other goods	75	1.514
Trade receivable incl advances	17	628
Trade payables	3.344	2.171

### Remuneration of the Board of Directors and Leadership Team

Remuneration	AY 19/20 €'000	AY 18/19 €'000
Board of Directors <sup>(1)</sup>	546	649
Leadership Team	5.368	3.538

<sup>(1)</sup> Excluding Mr Hein Deprez (as permanent representative of Deprez Invest NV) who receives a management fee in his capacity of co-CEO, and Mr Johan Vanovenberghe (as permanent representative of Intal BV), who receives a monthly fee for the consultancy services provided to Greenyard, which fees include their director's remuneration

The total annual remuneration paid to the Board of Directors for AY 19/20 decreased with €0,1m compared with AY 18/19. This decrease is due to the difference in the number of Board of Directors' meetings held in AY 19/20 (15 meetings, 4 of which were update meetings which do not entitle directors to attendance fees) compared to AY 18/19 (24 meetings, 10 of which were update meetings). In addition, the Strategic Committee has not met in AY 19/20 (and no longer exists even as a separate committee as from 24 September 2019), while in AY 18/19 the Strategic Committee met 3 times. The Audit Committee and the Nomination and Remuneration Committee met 4 and 3 times respectively in AY 19/20, in difference to AY 18/19, during which both Committees met 5 times.

The Leadership Team's total annual remuneration includes the remuneration of both co-CEOs, Mr Hein Deprez (as permanent representative of Deprez Invest NV) and Mr Marc Zwaaneveld (as permanent representative of MZ-B BV), and the remuneration of the other Leadership Team members. The remuneration for AY 19/20 represents an increase on AY 18/19, which is due to the fact that no bonus was paid for AY 18/19.

For more detailed information in this respect and with respect to disclosures relating to the 2020 Code, reference should be made to the *Corporate Governance Statement* chapter.

## 8.5. Events after balance sheet date

In December 2019 Greenyard signed an agreement for the divestment of Greenyard Logistics Portugal through a management buyout (MBO). This Greenyard company operates since 2001 in Portugal in the food products transport and logistics market, with a strong focus on perishable food products, including fruits and vegetables. After completion of the transaction, Greenyard Logistics Portugal will be owned and managed by its current management team supported by Vallis Capital Partners, an independent and solid holding company focused on managing private equity and investment funds. Due to the impact of the COVID-19 pandemic on the financial markets, the transaction could not be closed end of April 2020 as initially envisaged. An amended and restated Share Purchase Agreement was signed on 19 May 2020 with an ultimate closing date set on 31 July 2020.

As to the COVID-19 pandemic, please refer to the dedicated section *Position of the company: risks and uncertainties* in the report of the Board of Directors for an assessment on how COVID-19 impacts Greenyard. Subsequent to March 2020, Greenyard noted that the retail hoarding demand gradually faded away and normalised in the second half of April 2020. Except for ongoing costs and procedures related to health protection measures, also the pressure on our operations is getting back to normal. Based on the first signals end of May 2020, Greenyard also noticed that food service demand is restarting prudently. Over the last periods Greenyard managed to collect outstanding receivables with only minor delays granted. Greenyard does not yet have a view on how food service will be ramping up in the coming months and whether historical demand levels will be restored soon. Furthermore, at this moment Greenyard cannot yet assess whether stocks built-up by its consumers 'at home' will temporarily impact demand in Long Fresh in the coming months. Finally, as its current in-company Long Fresh stocks have decreased significantly, Greenyard agreed with the growers to adapt the sowing plans in order to sufficiently replenish with new produce over the summer.

There are no other major events subsequent to the balance sheet date which have a major impact on the further evolution of the Group.

## 8.6. Fees group auditor

During AY 19/20, additional services for a total amount of € 0,4m were provided by the statutory auditors and persons working under cooperative arrangements with them. These services mainly consist of supplementary audit and advisory services.

The audit fees charged to the Group for the accounting year ending 31 March 2020 amounted to € 1,7m.

All additional fees were presented in advance to the Audit Committee for approval. The Group's Audit Committee gave a positive decision on this extension.





# STATEMENT OF RESPONSIBLE PERSONS

Declaration regarding the information given in this financial report for the 12-month period ended 31 March 2020.

Sint-Katelijne-Waver, 11 June 2020

The undersigned, in the name and on behalf of Greenyard NV, declare that, as far as they are aware:

- The financial statements, established in conformity with the applicable accounting standards, give a true and fair view of the equity, the financial position and the results of Greenyard NV, including its consolidated subsidiaries;
- The financial report for the 12-month period ended 31 March 2020 contains a true and fair statement of the important events, the results and the position of Greenyard NV, including its consolidated subsidiaries, as well as a comment on the principal risks and uncertainties confronting the Group.

Ahok BV, represented by Mr Koen Hoffman, Chairman of the Board of Directors

Deprez Invest NV, represented by Mr Hein Deprez, co-CEO and managing director

MZ-B BV, represented by Marc Zwaaneveld, co-CEO

Chilibri BV, represented by Mr Geert Peeters, CFO





# STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

## Statutory auditor's report to the shareholders' meeting of Greenyard NV for the year ended 31 March 2020 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Greenyard NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 21 September 2018, in accordance with the proposal of the board of directors ("bestuursorgaan") issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 March 2021. Due to a lack of online archives dating back prior to 1997, we have not been able to determine exactly the first year of our appointment. We have performed the statutory audit of the consolidated financial statements of Greenyard NV for at least 22 consecutive periods.

### Report on the consolidated financial statements

#### Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 March 2020, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 1 964 923 (000) EUR and the consolidated income statement shows a loss for the year then ended of 67 981 (000) EUR.

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

#### Basis for the unqualified opinion

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

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

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

#### Material uncertainty relating to going concern

We draw attention to Note 4 "Going Concern" in the consolidated financial statements, which indicates that the Company is facing ongoing operational challenges that put pressure on its financial position and triggered uncertainties related to liquidity. As stated in Note 4, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the paragraph 'Material uncertainty relating to going concern', we have determined the matters described below to be the Key audit matters to be communicated in our report.

Key audit matters	How our audit addressed the key audit matters
<p><b>Goodwill impairment assessment</b></p> <p>The group's goodwill is related to the Cash Generating Unit 'Fresh' and amounts to 477 MEUR.</p> <p>We focused on this area due to the size of the goodwill balance (477 MEUR as at 31 March 2020) and because the directors' assessment of the 'value in use' of the Group's CGUs involves judgements about the future results of the business and the discount rates applied to future cash flow forecasts.</p> <p>The group disclosed the nature and the value of the assumptions used in the impairment test in note 7.2 to the consolidated financial statements. The key estimates embedded in the impairment test are disclosed in note 3.2 to the consolidated financial statements.</p>	<p>In response to this key audit matter we inquired with central group management on the internal control procedures in place to ensure accuracy of the goodwill impairment assessment.</p> <p>Our substantive audit procedures included amongst others the review of the methodology and management's assumptions. Key assumptions relate to forecasted revenue growth, average EBITDA margin and discount rate applied. We involved internal valuation experts to assist us in this review especially in respect of assessing the reasonableness of the discount rate.</p> <p>We challenged management's assumptions with reference to historical data, and where applicable, to external benchmarks.</p> <p>We carried out audit procedures on management's sensitivity calculations and related available information.</p> <p>We critically challenged and assessed the historical accuracy of management's budgets and forecasts. We compared current performance with forecasts and corroborated previous forecasts with actual data.</p> <p>We assessed the adequacy of the disclosures with respect to the impairment test and the sensitivity analyses.</p>





### **Responsibilities of the board of directors for the preparation of the consolidated financial statements**

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

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

### **Responsibilities of the statutory auditor for the audit of the consolidated financial statements**

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

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

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

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





- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

### Other legal and regulatory requirements

#### Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report.

#### Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary (Revised in 2018) to the International Standards on Auditing (ISA), our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report, as well as to report on these matters.

#### Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in the directors' report on the consolidated financial statements. This non-financial information has been established by the company in accordance with the GRI standards. In accordance with article 3:80 § 1, 5° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with these standards.

### Statements regarding independence

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

### Other statements

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

Ghent, 15 June 2020

### The statutory auditor



**Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL**  
Represented by Kurt Dehoorne

## **Deloitte.**

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises  
Coöperatieve vennootschap met beperkte aansprakelijkheid/Société coopérative à responsabilité limitée  
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Member of Deloitte Touche Tohmatsu Limited







# CONDENSED STATUTORY ACCOUNTS OF THE PARENT COMPANY GREENYARD NV, ACCORDING TO BELGIAN ACCOUNTING STANDARDS

The statutory financial statements of the parent company, Greenyard NV, are presented below in a condensed form. The statutory auditor issued an unqualified report on the financial statements of Greenyard NV. In accordance with Belgian company law, the directors' report and financial statements of the parent company, Greenyard NV, together with the statutory auditor's report, will be deposited with the National Bank of Belgium.

They are available on our website [www.greenyard.group](http://www.greenyard.group) and on request from:

Greenyard NV  
Strijbroek 10  
BE – 2860 Sint-Katelijne-Waver  
Belgium  
[www.greenyard.group](http://www.greenyard.group)

ASSETS	Codes	31 March 2020 €'000	31 March 2019 €'000
<b>NON-CURRENT ASSETS</b>	<b>20/28</b>	<b>233.319</b>	<b>232.663</b>
<b>Formation expenses</b>	<b>20</b>	<b>208</b>	<b>908</b>
<b>Intangible assets</b>	<b>21</b>	<b>1.465</b>	<b>2.079</b>
<b>Tangible assets</b>	<b>22/27</b>	<b>11.234</b>	<b>10.765</b>
Land and buildings	22	9.094	8.883
Plant, machinery and equipment	23	56	51
Furniture and vehicles	24	33	39
Leasing and other similar rights	25	121	40
Other tangible assets	26	-	-
Assets under construction and advance payments	27	1.930	1.751
<b>Financial assets</b>	<b>28</b>	<b>220.411</b>	<b>218.911</b>
Affiliated enterprises	280/1	220.211	218.711
Participating interests	280	220.211	218.711
Amounts receivable	281	-	-
Other enterprises linked by participating interests	282/3	-	-
Participating interests	282	-	-
Amounts receivable	283	-	-
Other financial assets	284/8	200	200
Shares	284	200	200
Amounts receivable and cash guarantees	285/8	-	-
<b>CURRENT ASSETS</b>	<b>29/58</b>	<b>378.312</b>	<b>523.334</b>
<b>Amounts receivable after more than one year</b>	<b>29</b>	<b>340.370</b>	<b>353.345</b>
Trade receivables	290	-	-
Other amounts receivable	291	340.370	353.345
<b>Stocks and contracts in progress</b>	<b>3</b>	<b>-</b>	<b>-</b>
Stocks	30/36	-	-
Raw materials and consumables	30/31	-	-
Work in progress	32	-	-
Finished goods	33	-	-
Goods purchased for resale	34	-	-
Immovable property acquired or constructed for resale	35	-	-
Advance payments	36	-	-
Contracts in progress	37	-	-
<b>Amounts receivable within one year</b>	<b>40/41</b>	<b>3.467</b>	<b>14.141</b>
Trade receivables	40	2.991	13.601
Other amounts receivable	41	476	540
<b>Investments</b>	<b>50/53</b>	<b>-</b>	<b>-</b>
Own shares	50	-	-
Other investments and deposits	51/53	-	-
<b>Cash at bank and in hand</b>	<b>54/58</b>	<b>11</b>	<b>125.882</b>
<b>Deferred charges and accrued income</b>	<b>490/1</b>	<b>34.464</b>	<b>29.967</b>
<b>TOTAL ASSETS</b>	<b>20/58</b>	<b>611.631</b>	<b>755.997</b>

LIABILITIES	Codes	31 March 2020 €'000	31 March 2019 €'000
<b>EQUITY</b>	<b>10/15</b>	<b>332.838</b>	<b>336.909</b>
<b>Capital</b>	<b>10</b>	<b>293.852</b>	<b>293.852</b>
Issued capital	100	293.852	293.852
Uncalled capital	101	-	-
<b>Share premiums</b>	<b>11</b>	-	-
<b>Revaluation surplus</b>	<b>12</b>	-	-
<b>Reserves</b>	<b>13</b>	<b>46.241</b>	<b>46.241</b>
Legal reserve	130	9.474	9.474
Reserves not available for distribution	131	23.930	23.930
In respect of own shares held	1310	23.905	23.905
Other	1311	25	25
Untaxed reserves	132	1.477	1.477
Reserves available for distribution	133	11.360	11.360
<b>Profit/ loss (-) carried forward</b>	<b>14</b>	<b>-7.254</b>	<b>-3.184</b>
<b>Investment grants</b>	<b>15</b>	-	-
<b>Advance to shareholders on the split of net assets</b>	<b>19</b>	-	-
<b>PROVISIONS AND DEFERRED TAXATION</b>	<b>16</b>	-	-
Provisions for liabilities and charges	160/5	-	-
Pensions and similar obligations	160	-	-
Taxation	161	-	-
Major repairs and maintenance	162	-	-
Environment liabilities	163	-	-
Other liabilities and charges	164/5	-	-
Deferred taxation	168	-	-
<b>CREDITORS</b>	<b>17/49</b>	<b>278.792</b>	<b>419.088</b>
<b>Amounts payable after more than one year</b>	<b>17</b>	<b>206.697</b>	<b>206.658</b>
Financial debts	170/4	205.891	205.800
Subordinated loans	170	-	-
Unsubordinated bonds	171	-	-
Leasing and other similar obligations	172	91	-
Credit institutions	173	-	-
Other loans	174	205.800	205.800
Trade debts	175	805	858
Suppliers	1750	805	858
Bills of exchange payable	1751	-	-
Advances received on contracts in progress	176	-	-
Other amounts payable	178/9	-	-
<b>Amounts payable within one year</b>	<b>42/48</b>	<b>70.129</b>	<b>205.244</b>
Current portion of amounts payable after more than one year	42	36	150.036
Financial debts	43	-	-
Credit institutions	430/8	-	-
Other loans	439	-	-
Trade debts	44	3.659	6.137
Suppliers	440/4	3.659	6.137
Bills of exchange payable	441	-	-
Advances received on contracts in progress	46	-	-
Taxes, remuneration and social security	45	781	665
Taxes	450/3	86	94
Remuneration and social security	454/9	695	571
Other payables	47/48	65.654	48.408
<b>Accrued charges and deferred income</b>	<b>492/3</b>	<b>1.966</b>	<b>7.186</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10/49</b>	<b>611.631</b>	<b>755.997</b>



INCOME STATEMENT	Codes	AY 19/20 €'000	AY 18/19 €'000
<b>Operating income</b>	<b>70/76A</b>	<b>21.114</b>	<b>18.205</b>
Turnover	70	19.100	16.168
Increase (+); Decrease (-) in stocks of finished goods and work and contracts in progress	71	-	-
Own construction capitalised	72	-	-
Other operating income	74	2.014	2.037
Non-recurring operating profit	76A	-	-
<b>Operating charges</b>	<b>60/66A</b>	<b>22.753</b>	<b>21.734</b>
Raw materials, consumables and goods for resale	60	-	-
Purchases	600/8	-	-
Increase (-); Decrease (+) in stocks	609	-	-
Services and other goods	61	14.827	13.289
Remuneration, social security costs and pensions	62	3.585	3.203
Depreciation of and other amounts written off formation expenses, intangible and tangible assets	630	2.111	1.695
Increase (+); Decrease (-) in amounts written off stocks, contracts in progress and trade receivables	631/4	1	-
Increase (+); Decrease (-) in provisions for liabilities and charges	635/8	-	-
Other operating charges	640/8	2.229	3.547
Operating charges capitalised as reorganisation	649	-	-
Non-recurring operating charges	66A	-	-
<b>Operating profit/loss (-)</b>	<b>9901</b>	<b>-1.639</b>	<b>-3.530</b>
<b>Financial income</b>	<b>75/76B</b>	<b>10.833</b>	<b>12.401</b>
Recurring financial income	75	10.833	12.401
Income from financial assets	750	8	-
Income from current assets	751	10.823	11.130
Other financial income	752/9	1	1.271
Non-recurring financial income	76B	-	-
<b>Financial charges</b>	<b>65/66B</b>	<b>13.259</b>	<b>114.690</b>
Recurring financial charges	65	13.259	16.508
Interest and other debts charges	650	12.855	15.411
Increase (+); Decrease (-) in amounts written off current assets other than stocks, contracts in progress and trade receivables	651	-	-
Other financial charges	652/9	404	1.098
Non-recurring financial charges	66B	-	98.181
<b>Profit/loss (-) for the period before taxes</b>	<b>9903</b>	<b>-4.066</b>	<b>-105.819</b>
<b>Transfer from deferred taxation</b>	<b>780</b>	<b>-</b>	<b>-</b>
<b>Transfer to deferred taxation</b>	<b>680</b>	<b>-</b>	<b>-</b>
<b>Income taxes</b>	<b>67/77</b>	<b>5</b>	<b>5</b>
Income taxes	670/3	5	5
Adjustment of income taxes and write-back of tax provisions	77	-	-
<b>Profit/loss (-) of the period</b>	<b>9904</b>	<b>-4.070</b>	<b>-105.824</b>
<b>Transfer from untaxed reserves</b>	<b>789</b>	<b>-</b>	<b>-</b>
<b>Transfer to untaxed reserves</b>	<b>689</b>	<b>-</b>	<b>-</b>
<b>Profit/loss (-) for the period available for appropriation</b>	<b>9905</b>	<b>-4.070</b>	<b>-105.824</b>

APPROPRIATION ACCOUNT	Codes	AY 19/20 €'000	AY 18/19 €'000
<b>Profit/loss (-) to be appropriated</b>	<b>9906</b>	<b>-7.254</b>	<b>-3.184</b>
Profit/loss (-) for the period available for appropriation	(9905)	-4.070	-105.824
Profit/loss (-) brought forward	14P	-3.184	102.640
<b>Transfers from equity</b>	<b>791/2</b>	-	-
From capital and share premiums	791	-	-
From reserves	792	-	-
<b>Transfers to equity</b>	<b>691/2</b>	-	-
To capital and share premiums	691	-	-
To legal reserve	6920	-	-
To other reserves	6921	-	-
<b>Profit/loss (-) to be carried forward</b>	<b>(14)</b>	<b>-7.254</b>	<b>-3.184</b>
<b>Shareholders' contribution in respect of losses</b>	<b>794</b>	-	-
<b>Distribution of profit</b>	<b>694/7</b>	-	-
Dividends	694	-	-
Directors' emoluments	695	-	-
Employees	696	-	-
Other allocations	697	-	-

# FINANCIAL DEFINITIONS

CAPEX	Capital expenditures
EBIT	Operating result
EPS	Earnings per share
IRS	Interest rate swap
Liquidity	Current assets (including assets classified as held for sale)/Current liabilities (including liabilities related to assets classified as held for sale)
Leverage	NFD/LTM adjusted EBITDA
Net financial debt (NFD)	Interest-bearing debt (at nominal value) before the impact of IFRS 16 as of AY 19/20, less derivatives, bank deposits, cash and cash equivalents and restricted cash
Net result	Profit/loss (-) for the period
Adjusting items	Adjusting items are one-off expenses and income that in management's judgement need to be disclosed by virtue of their size or incidence. Such items are included in the consolidated income statement in their relevant cost category, but separately disclosed in the chapter <i>Key financial information</i> reconciling EBIT to adjusted EBITDA. Transactions which may give rise to adjusting items are principally restructuring and reorganisation activities, impairments, disposal of assets and investments, claims, IFRS 3 acquisition accounting and merger & acquisition projects and the effect of the accelerated repayment of certain financial indebtedness.
Adjusted EBITDA	EBIT corrected for depreciation, amortisation and impairments excluding adjusting items, excluding EBIT corrected for depreciation, amortisation and impairments from minor divested operations (not within the scope of IFRS 5) and as of AY 19/20 also excluding the impact of IFRS 16.
LTM	Last twelve months
LTM adjusted EBITDA	Last twelve months adjusted EBITDA, corrected for acquisitions
Working capital	Working capital is the sum of the inventories, trade and other receivables (non-current and current) and trade and other payables (current). In this respect trade and other receivables are corrected for long-term (financing) receivables and accrued interest income and trade and other payables exclude accrued interest expenses and dividend payable.
AY 19/20	Accounting year ended 31 March 2020
AY 18/19	Accounting year ended 31 March 2019



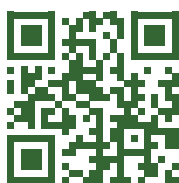
### About Greenyard

Greenyard (Euronext Brussels: GREEN) is a global market leader of fresh, frozen and prepared fruit & vegetables, flowers and plants. Counting Europe's leading retailers amongst its customer base, Greenyard provides efficient and sustainable solutions to customers and suppliers through best-in-class products, market leading innovation, operational excellence and outstanding service.

Our vision is to make lives healthier by helping people enjoy fruit & vegetables at any moment, easy, fast and pleasurable, whilst fostering nature.

With ca. 8,500 employees operating in 25 countries worldwide, Greenyard identifies its people and key customer and supplier relationships as the key assets which enable it to deliver goods and services worth ca. € 4 billion per annum.

**Greenyard NV** / Strijbroek 10 / 2860 Sint-Katelijne-Waver / Belgium



[www.greenyard.group](http://www.greenyard.group)

*for a healthier future*