Annual Report

2022

Vion FOOD GROUP

Food that Matters

Contents

Company profile

Headquartered in Boxtel, the Netherlands, Vion is an international food company with production sites in the Netherlands, Germany and Belgium, and sales support offices and representatives in 16 countries around the globe. Our Pork, Beef, Food Service and Retail business units produce fresh pork and beef, meat products and plant-based foodstuffs for the retail, food service and meat processing industries.

We provide Food that Matters for a world in which people enjoy safe and healthy food from sustainable sources. To ensure this, we have set up future-proof protein supply chains that neither deplete resources nor put undue pressure on the planet.

In our view, food must be tasty and healthy, produced with care and respect for animals and people, and it must be affordable. As part of this, food must be sourced via enhanced demand-driven supply chains that provide a fair income to farmers and other supply chain partners, and which reduce the environmental impact. We are dedicated to making food production more sustainable in our industry. Only by making a difference to consumers we will be able to create a better future for farmers.

Vion's sole shareholder, Stichting Administratiekantoor SBT, is a trust office that has issued depository receipts for its shares to NCB Ontwikkeling, the investment fund of ZLTO (Zuidelijke Land- en Tuinbouworganisatie). The association's approximately 12,000 members are agricultural entrepreneurs in Noord-Brabant, Zeeland and the southern part of Gelderland, all in the Netherlands.

Vion Holding N.V. is a Dutch public limited liability company. Although we are not listed on the stock exchange, Vion adheres to the Dutch Corporate Governance Code as much as possible to ensure transparency to our stakeholders.

11,838

Employees (FTEs), including flex workers

7,645 Own employees

4,193 Flex workers

5.3

Revenue for 2022
(in billions of euros)

Over 100 million

consumers per day enjoy our meat

12 Production sites

11 Production sites

2 Production sites

4 Production sites

Our four Business Units

	Pork	Beef	Food Service	Retail
Products	Pork, raw materials & finished products	Fresh beef, semi-finished and finis-hed products	Frozen meat and vegetarian products e.g. hamburger patties, schnitzels, ham hocks, spare ribs, minced -meat products, poultry and vegetarian/ plant protein-based products	Prepacked fresh meat and plant-based products
Customers	Retail, foodservice, food processors	Retail, foodservice, food processors	Food service and quick service restaurants, catering, home delivery services	Retail-companies
Regions	Europe, Asia, Oceania, Africa	Europe, Canada	Germany and neighbouring countries	Germany, The Netherlands and neighbouring countries
Plants	Apeldoorn, Boxtel, Groenlo, Scherpenzeel (NL) Ahlen, Crailsheim, Emstek, Holdorf, Landshut, Perleberg, Twist, Vilshofen (DE)	Tilburg, Enschede, Dokkum (NL) Altenburg, Bad Bramstedt, Buchloe, Crailsheim, Eching-Weixerau, Furth im Wald, Hilden, Memmingen, Waldkraiburg (DE) Zottegem (BE)	Großostheim, Holzwickede (DE)	Groenlo, Boxtel, Leeuwarden (NL) Großostheim (DE)
Employees (FTEs)	7,115 (incl. flex-workers)	2,671 (incl. flex-workers)	633 (incl. flex-workers)	1,188 (incl. flex-workers)
Headquarters	Boxtel (NL)	Buchloe (DE)	Großostheim (DE)	Groenlo (NL)
Corporate	Vion's operating Business Units are supported by 232 employees (2022), mainly based in Boxtel, the Netherlands, providing the following corporate services:	· Leadership and Strategic Planning · Information Management and Technology (IM&T) · Finance (Group Control, Treasury, Legal and Tax, and Credit Risk Management) · Communications · Human Resources · Quality Assurance · Result Delivery Office (responsible for the implementation and monitoring of strategic initiatives and projects) · Internal Audit		

Production sites

Business Unit **Beef**

Business Unit **Pork**

Business Unit **Food Service**

Business Unit **Retail**

Foreword

Markets have fundamentally changed; Vion is adapting to market transformation

The past year has been marked by simultaneous and extraordinary external forces. Global market dynamics, increasing costs, labour shortages, and volatile pricing have been a persistent challenge for Vion. We also faced the impact of the energy crisis following the invasion of Ukraine, which amplified the inflation rate that was already increasing in 2021. As we move forward, we are committed to transforming our company to become the most sustainable and resilient food business, offering millions of people food that matters, every day.

Impact on profitability

The severe impact of these developments was felt in our profitability, particularly in the German pork market, in which the pork sector faced a large slaughter overcapacity combined with diminished export opportunities due to export bans on pork meat, as a result of the African Swin Fever desease in wild boars in Germany. We also saw many farmers exiting their businesses due to the changing regulatory environment, lack of financing possibilities, and crisis-related problems such as high energy prices and high inflation rates, particularly in Germany.

Despite similar challenges in our beef market, we were able to respond to these while maintaining good results. However, higher prices in the supply chain for both pork and beef directly impacted our Foodservice and Retail businesses. Our Food Service business turned in a strong performance, while our Retail business experienced a decrease in volume and margin due to the steep increase in purchase prices. Together, these factors significantly impacted our 2022 financial performance, particularly in our German operations. Our normalised EBITDA amounted to € 47.8 million (2021: € 40.0 million).

Adapting to the New Market Reality

We see structural changes in our markets and industry that we need to adapt to, such as an imbalance in the supply of animals versus demand. Next are the demographics of our home countries, resulting in high competition for labour, and changing eating habits due to the high price of food and greater focus on sustainable attributes like regional products and full transparency in the supply chain. Immediately after the war in Ukraine began, Vion started increasing its sales prices to reflect the high energy and pork and cattle prices. We had to pass on several rounds of price increases in 2022 to keep up with inflationary forces. Due to the nature of the supply systems, it takes an average of a few months after each price increase for it to take effect. In addition, we pay our farmers within 10 days and our customers pay us, on average, after 23 days, using extra financing resources.

Reduced supply in Germany (both cattle and pigs) due to the factors mentioned above led to our decision to align our capacity with the market and, as a consequence, we reduced and merged a fair amount of our German slaughtering capacity. Further measures in our footprint are planned or being executed. However, we remain committed to adapting to the changing market circumstances, transforming our company for sustainable growth, and building partnerships with our farmers and customers in the supply chain.

Stronger Together

We have seen successful implementations of our strategy, particularly in deepening our working relationship with cattle farmers in Germany through the acquisition of a trading & distribution centre in Bavaria and the opening of a state-of-the-art pre-pack centre in eastern Germany. The supply chains for Bavarian Origin and the further implementation of animal welfare standards are taking shape in Germany. We also started a new sustainable beef supply chain for cattle from within the Netherlands. These regional partnerships create sustainable strategies and have a positive impact on the profitability of the whole supply chain, making our farmers and customers more resilient to market circumstances and societal changes.

Transformation of Vion

As we look to the future, we are committed to accelerating our pace of transformation to become the most sustainable and resilient food company by 2030. This means embracing innovation, digitalisation and sustainability practices to improve efficiency, reduce environmental impact, and to create value for all our stakeholders. We also launched our Change That Matters programme to accelerate our strategy of building sustainable chains that provide a future for farmers and a choice in sustainable food chains for the consumer. The programme focuses on adapting our organisation in order to accellerate our strategy of building balanced chains with farmers and customers faster and more effectively. Significant cost savings and increased productivity are also part of our programme. Change That Matters is designed to ensure Vion's future during the transformational times ahead.

Good food must be sustainable and affordable for all

We strongly believe that meat – produced in our home countries with respect for the animal and with care for climate impact – will remain an essential element in our diet. We believe that wholesome food, animal and plant-based proteins must be accessible and affordable for all, and we are committed to playing our part in making this a reality.

We will continue to collaborate with our partners to build more sustainable and resilient supply chains, adapt to the changing market dynamics, and create a better future for all.

Sincerely,
Ronald Lotgerink
Chief Executive Officer

Strategy development

Vion’s strategy 2020-2024 towards a sustainable future

In 2019, we launched our Building Balanced Chains strategy, anticipating the transition in our industry. Meat is an effective source of essential nutrients. In a global marketplace with a growing population, production of nutritious food needs to respect the limits of natural resources, while people enjoy safe, tasty and healthy food from sustainable sources. Our meat products, produced according to high Dutch and German production standards, should be affordable to consumers of all income levels. While global demand for meat is increasing, herd sizes are decreasing in Germany, and to a lesser extent, in the Netherlands, while growing in other geographies albeit at a rate below the demand growth. In the coming years, our industry in the Netherlands, Germany and Belgium must realign with the supply of animals and focus further on improving the sustainability of our food production regarding animal welfare, emissions, biodiversity, and social responsibility.

Change That Matters

Following the global market developments in 2022 with high inflation, increasing costs, labour shortages, volatile pricing, decreasing herd sizes, climate impact, biodiversity issues and animal deseases, we decided to accellerate our strategy in October 2022 through the introduction of a strategic programme called: Change That Matters (CTM). The programme is designed to accellerate our strategy in order to become the most sustainable meat company in Europe and serves 3 goals:

1. Deliver an annualised € 150 - € 200 million improvement by 2025 in order to ensure sustainable operations while investing in a regionalised and sustainable footprint;
2. Improve our Operating Model with effective chains (BBC) between farmers and customers;
3. Accelerate the building of sustainable chains by optimising farmer relations, improving valorisation (optimal use of animal parts) tailored to our customers needs.

At the beginning of 2023 we established a dedicated team under leadership of our new Chief Transformation Officer (CTO) in our Executive Committee, who will drive and execute the initiatives of CTM. Over 275 colleagues are contributing to the programme which resulted in a strong operational plan. In the improved Operating Model the chain strategies will form the core of the business and our way of working. We introduced a new country structure with Germany and Benelux (Belgium, Netherlands and Luxemburg) that will integrate our Pork, Beef and Retail Business Units in countries. The Ingredients activities are carved out to form a new business unit in order to create a better focus and more growth opportunities for our ingredients business. To further increase our capabilities around innovation and sustainability we will establish a Science and Sustainability function in our Executive Committee.

Every day we connect farmers with our 100 million consumers

To do this according to our high standards, and with a fair income throughout the chain to ensure sustainable supply, we build future-proof protein chains that meet these requirements. We continue to invest in new sustainable platforms that meet consumers' changing preferences, including meat alternatives. Our purpose – providing Food that Matters – involves caring for people, animals, and the planet. That is our task. This in turn implies providing the safe, tasty, and healthy food that is affordable, while at the same time respecting people and animals and reducing the environmental impact. The only way we can guarantee that food meets these requirements is to connect farmers, processing companies, customers, and consumers. To deliver this requires chain-wide optimisation and long-term partnerships between chain partners and stakeholders that build on mutual trust and transparency. Being positioned at the midpoint of the chain, we see it as our role to act as an orchestrator and balance supply with demand. We call this Building Balanced Chains (BBC). The conditions in the market, with a sharp reduction in herd sizes that accelerated following ASF in Germany in 2021, and the geographical relocation of pigs and cattle to countries with less stringent measures regarding animal welfare and sustainability, require us to accelerate the execution of our strategy through this transition period. To achieve this, we launched our Change That Matters programme. This will change the way we work in order to be faster and more effective during the transformation of our markets.

Building Balanced Chains to give farmers a future and consumers a choice

Delivering the best products, fresh to your plate, demands the shortest possible supply chains. Balanced chains are demand-driven and address the key needs and concerns of our customers, consumers, society and governments. This implies that we tailor products to consumer preferences and meet requirements regarding traceability, animal welfare, biodiversity, carbon footprint, regionality and last but not least affordability. Collaboration, information and valorisation are key ingredients in Building Balanced Chains. Collaboration to create trust, long-term security and mutually beneficial goals. Information to optimise the entire supply chain, from farm to fork, and to provide reliable insight to consumers on how their food is produced. Valorisation to balance supply with demand and so create optimal value from animals, from 'Head to Tail'.

Collaboration

As a trusted partner at the midpoint of food supply chains, we connect specific farmers to a specific group of customers. Together, we aim to build tailor-made, customer-specific chains that create and deliver products with unique propositions and added value concepts. Examples include specific origin, higher animal welfare or lower carbon footprint. We also connect various other industries we deliver to and other applications for collaboration.

Information

BBCs depend on advanced IT systems that connect every supply chain partner to one another. The data exchange between feed producer, farmer, animal trader, slaughterhouse, meat processor, retailer and

consumer needs to be open and transparent. In the coming years, these data systems should provide consumers with reliable information on food safety, animal welfare, sustainability and product integrity. The consumer has the right to know how their food is produced. It is our responsibility, together with our supply chain partners, to provide this information.

Valorisation

Closer collaboration and information sharing in the supply chain helps to align supply and demand better. It improves visibility on chain optimisation opportunities and ensures all parts of the animal are used in the best possible way. This results in lower costs, less waste, increased transparency and, ultimately, optimal value creation from animals across the chain. Strong chains are less volatile and depend less on price increases or decreases. Supply chain partners are assured of a fair price and financial security.

Over the last few years, we have been actively involved in building a number of balanced supply chains. Examples include Robusto, Geprüfte Qualität Bayern, Good Farming Star, Initiative Tierwohl Haltungsform Stufe 2, De Groene Weg (Organic) and a plant-based meat alternatives supply chain based on Dutch-sourced faba beans. More recently, we have launched a Haltungsform 3 Standards chain for Oxen in Germany, together with our partners, and in September 2022, De Groene Weg started building a chain for organic beef and lamb from the Netherlands.

Dedicated team led by CTO to improve business performance and profitability

The pivotal position of Vion in the protein chain gives us the responsibility to shape the future of our industry. The rapidly changing market environment and concurrent challenges this brings for the entire sector requires us to accelerate our strategy. This entails taking concrete action to build strategic relationships with farmers and customers, capture efficiencies in the chain, and place agricultural sustainability at the centre of our work, whilst improving business performance in all areas in order to maintain and protect affordable and wholesome food products with high quality standards for all. At the end of 2022, we established a dedicated team, led by our newly appointed Chief Transformation Officer, to coordinate and drive this.

Strategic highlights 2022

Expansion in eastern Germany

In 2022, Vion Retail increased its production capacity by expanding in Altenburg, Germany. Consumer trends are increasingly shifting towards sustainable products that are produced locally under high animal welfare standards. German retailers today pay close attention to animal welfare. They also want to be seen as being local and regional. This begins by selling and producing local products. The expansion in Altenburg opens eastern Germany to creating future-proof partnerships with the country's largest retailers. The additional takeover by Business Unit Beef of a livestock dealer in eastern Germany further strengthens Vion's regional sourcing position and market prospects.

Acquisition of Vriesoord cold storage

In summer 2022, Vion expanded its freezing capacity at logistics subsidiary Distrifresh by taking over the activities of cold storage specialist Vriesoord, in 's Hertogenbosch, the Netherlands. Through this strategic move, we are reducing our CO2 footprint, safeguarding the quality of our products and minimising our transportation costs. By organising our freezing and storage activities centrally, close to existing production locations, we improve our logistics enormously. The supply chain is shorter, which leads to fresher meat and more efficient production. This way of working is also more sustainable and cost-effective because using the new cold storage in 's- Hertogenbosch reduces the distances travelled in truck transport kilometres.

Organic Dutch Beef Chain

For a number of years, De Groene Weg has operated two strong chains in the Netherlands for pork (over 110 pig farmers) and lamb (over 35 sheep farmers). In 2022, De Groene Weg took the next step by setting up a third chain, for Dutch organic beef, covering both dairy and beef cattle farmers. Through this, De Groene Weg is responding to consumers' growing demand for regionality and lower carbon footprints, as well as to organic dairy farmers wanting to raise and valorise their offspring organically into the beef supply chain.

And in a separate additional development, De Groene Weg has begun to participate in a ‘Calf with Cow’ project. This initiative enables calves born at a Dutch organic dairy farm to grow under organic standards, including spending the first three months of their lives in the pasture with their mother.

Bayerischer Ochse

In October 2022, Vion, a retailer and VVG Oberbayern-Schwaben launched a premium regional programme for ox meat in Germany. "Bavarian Ox" will become another example of why strong, sustainable and demand-driven supply chains deliver greater value for everyone involved, from farmers to the products that food retailers can offer their consumers. With "Bavarian Ox", we not only guarantee regional origin, but also the high-quality taste of an excellent meat. It is a premium product due to both the additional effort put in by farmers and to the improved animal welfare – the animals come exclusively from farms that meet Haltungsform 3 standards.

Key figures

Amounts in millions of euros	2022	2021	2020	2019
Results				
Revenue	**5,340.7**	4,597.9	4,901.9	4,670.2
Normalised EBITDA[1]	**47.8**	40.0	122.3	60.5
Impairment of non-current assets and restructuring costs	**63.4**	4.1	10.6	19.3
Earnings before interest and taxes	**(86.6)**	(30.8)	52.6	16.8
(Loss)/profit for the year	**(108.0)**	(29.0)	52.9	10.2
Cash Flow				
Net cash flow from operating activities	**41.2**	2.7	271.7	90.0
Net cash flow from investment activities	**(85.4)**	(60.8)	(73.5)	(58.5)
Balance Sheet				
Group Equity	**371.2**	449.1	493.1	448.2
Balance sheet total	**1,203.6**	1,126.2	1,071.6	987.7
Net debt[2]	**191.0**	114.8	6.9	35.1
Ratios				
Added Value as % of revenue[3]	**25.0%**	27.4%	26.7%	24.6%
Staff Costs as % of revenue	**12.3%**	14.0%	12.6%	12.3%
Normalised EBITDA as % of revenue	**0.9%**	0.9%	2.5%	1.3%
Normalised EBITDA as % of added value	**3.6%**	3.2%	9.4%	5.3%
Solvency	**30.8%**	39.9%	46.0%	45.4%
Return on average capital employed[4]	**(3.7%)**	(4.5%)	8.9%	3.2%
Employees				
Number of employees (FTEs) at year-end	**7,645**	7,974	4,673	4,544
number of employees (FTEs) including flex workers at year-end	**11,838**	12,281	12,124	12,445
Average number of employees (FTEs)	**7,821**	7,692	4,454	4,539
Average number of employees (FTEs) including flex workers	**12,140**	12,446	11,984	11,969

1 Excluding impairments, restructuring costs, acquisition costs, results from disposals and divestments of group companies.
2 Total long term and current interest-bearing loans and borrowings and other non-current financial liabilities less cash and cash equivalents.
3 Revenue less raw materials and consumables as percentage of revenue.
4 Normalised earnings before interest and taxes divided by average capital employed (intangible assets, property plant & equipment, investment properties, right of use assets, working capital excluding interest bearing loans and borrowings).

-/- 5.4%

Sales volume
compared to last year

+ 16.2%

Revenue
compared to last year

+ 19.6%

Normalised EBITDA
compared to last year

-/- 3.6%

FTE at year-end
compared to last year

Management review

Global developments had a significant impact on Vion's full-year results for 2022. A significant rise in inflation was compounded by the increase in energy costs that followed Russia's invasion of Ukraine. In addition, we were hit by rising labour shortages and overall personnel cost increases. In Germany the ongoing impact of African Swine Fever (ASF) continued to hinder our Business unit Pork and limited our exports, with ASF accelerating the reduction in pig herd sizes there. Our Business Unit Beef experienced scarcity in cattle supply. We also saw results and improvements from strategic initiatives and pricing adjustments. Overall, the full-year result was heavily impacted by these market circumstances resulting in a normalised EBITDA of € 47.8 million. We started our Change That Matters programme to improve our performance and to accelerate our strategy. The programme is scheduled to deliver an annualised € 150 - € 200 million improvement by 2025 in order to ensure sustainable operations while investing in a regionalised and sustainable footprint.

The European pork industry remained impacted by the continued reduction of herds in Germany, constraints on exports, and the dampened demand for meat within Europe. Market conditions underwent further strain due to labour shortages, escalating labour costs, and an inflation surge. This inflationary wave, in turn, exerted pressure on consumer spending habits, prompting a more discerning approach that ultimately led to a reduction in meat consumption. Additionally, the ongoing COVID-19 restrictions in China further dented demand. The eruption of conflict in Ukraine propelled inflation to unprecedented recent levels, thereby triggering an energy crisis and a extreme escalation in energy costs. Though our long-term purchasing strategy provided some protection by hedging against these energy costs, we still experienced a significant increase.

The beef sector faced challenges due to even higher cattle prices as supply struggled to meet persistent demand. The concurrent rise in both beef and pork costs imposed significant effects on our Retail and Food Service divisions. The Retail Business Unit was faced with the need to accommodate these escalating costs. Meanwhile, a shift in consumer preference towards more affordable items put additional pressure on our overall profit margins. This transition towards less expensive food items can be attributed to the downturn in disposable income of the end consumer. Contrarily, our Food Service Business Unit demonstrated resilience by successfully augmenting both its pricing and market share.

As in previous years, Vion took several compensatory steps. These included implementing further cost saving measures, accelerating the rollout of strategic initiatives, raising prices and improving valorisation to maximize added value by optimizing operational decisions to match end-product supply and demand across customers, segments and geographies. We also adjusted our operations in line with a reduction in exports and began preparations to align our operations at a more sustainable cost level.

In relation to market share, we implemented strategic decisions tailored to each Business Unit's unique circumstances. We aimed to maintain market share in the Retail Business Unit, expand it in the Food Service Business Unit, and let go unprofitable shares within certain segments of the Pork Business Unit. We further continued to work on our strategic goals and ambitions. Both our customers and suppliers have indicated that these strategic goals remain critical and continue to be relevant to them going forward. Animal welfare and climate, for example, have clearly become non-negotiable elements in our business proposition. We believe that being a frontrunner in these areas will deliver sustainable results for Vion in the mid to long-term.

Financial review

Results

(in millions of euros)	**2022**	**2021**
Sales volume (in millions of kg)	1,888.4	1,996.2
Revenues	5,340.7	4,597.9
Other operating income	16.2	11.2
Total operating costs	(5,309.1)	(4,569.1)
Normalised EBITDA	**47.8**	**40.0**
Depreciation and amortisation	(71.3)	(68.2)
Normalised EBIT	**(23.5)**	**(28.2)**
Impairment of non-current assets and restructuring costs	(63.4)	(4.1)
Disposal results and acquisition costs	0.3	1.5
Earnings before interest and taxes (EBIT)	**(86.6)**	**(30.8)**
Financial income and expenses	(9.0)	(5.3)
Income taxes	(14.4)	5.5
Share of profit of associates and joint ventures	2.0	1.5
Profit for the year	**(108.0)**	**(29.0)**
Attributable to non-controlling interests	0.1	0.7
Attributable to equity holders of the parent	**(108.1)**	**(29.7)**

The financial results for 2022 were strongly impacted by global developments and market dynamics. The situation in Ukraine, plus general economic developments, had a major impact on our cost levels. Inflation rose higher compared with previous years, and the economic climate raised our energy costs significantly. Although our energy strategy led to costs that were below market rates, the expenditure on energy was still substantially higher. Total variable and fixed costs were up by € 137.0 million in 2022, mainly driven by impairment losses of € 56.9 million. Vion has embarked on a transformative journey, titled "Change That Matters." This initiative represents a proactive step towards elevating our operational efficiency and increasing profitability. It underscores our commitment to strategically revamp our business processes, paving the way for optimized performance. Most of the increase in variable costs was caused by the rise in energy prices. Fixed cost increases caused by inflation were partially offset by lower costs for measures related to COVID-19.

Compared with the previous year, impairment losses were higher at € 56.9 million. A large part is related to impairments of assets impacted by decisions in line with our Change That Matters programme. Furthermore, rising interest rates and the prevailing global market outlook had an impact. Further to this, the impairment losses related to the write-off of unused software. In 2022, restructuring charges amounted to € 6.5 million, relating the restructuring of our pork business in the northern part of Germany, retail business in Grossostheim and transition costs. Depreciation and amortisation increased by € 3.1 million, rising to € 71.3 million (2021: € 68.2 million) due to investments made during the year.

Financial income and expenses increased by € 3.7 million, rising to € 9.0 million in 2022. This increase was driven by a rise in interest rates as well as an increased use of our working capital facility. Due to the abnormal rise of the German pork prices, caused by ASF followed by overcapacity, our Price Indexation Guarantee Fund (PIG) was impacted by € 14.0 million. Leading to a high pay out to our farmers. Vion rebalanced the Reference Price Basket end of 2022 to reflect a more realistic market situation.

However, taking into account the challenging circumstances and non-recurring finanical impact, our normalised EBITDA improved towards € 47.8 million in 2022 compared to € 40.0 million in 2021, indicating that the first improvement measures taken in 2022 are already delivering some benefits.

In 2022, we achieved a 16.2% increase in revenue, reaching a milestone of € 5.3 billion. This increase was primarily fueled by a substantial rise in livestock prices, a portion of which we were able to successfully transfer to the market, thereby amplifying our pricing strategy's efficacy. Despite the contraction of 5.4% in total sales volume, largely observed in

Germany, our strategic approach allowed us to secure revenue growth.

In 2022, Vion income tax expense amounted to € 14.4 million. This was mainly the result of a change in valuation of the deferred tax assets. The loss for the year amounted to € 108.0 million, compared with a loss of € 29.0 million in 2021. This was mainly caused by impairment losses, restructuring expenses and the deferred tax movement.

Financial position

(in millions of euros)	**2022**	2021
Balance sheet		
Non-current assets	479.2	501.6
Current assets, including assets held for sale	724.4	624.6
Total equity	371.2	449.1
Provisions	94.5	131.8
Long term liabilities	129.6	120.4
Current liabilities	608.3	424.7
Balance sheet total	**1,203.6**	**1,126.2**
Net debt	191.0	114.8
Solvency[1]	30.8%	39.9%
Liquidity[2]	1.2	1.4

1 Total equity / balance sheet total
2 Total current assets / total current liabilities

Costs related to acquisitions, impairments and restructuring have been adjusted to determine normalised EBIT.

Intangible fixed assets were up by € 9.0 million, at € 79.4million (2021: € 70.4 million). In 2022, € 22.4 million was invested in software-related projects to support Vion's strategy, including blockchain solutions and business intelligence. Software amortisation amounted to € 9.7 million.

No significant acquisitions were made in 2022. The announced acquisition by Business Unit Beef of a cattle trader is closed at 31 March 2023 and was subsequently integrated in operations.

Much of the € 94.5 million in provisions is formed by net employee-defined benefit obligations, amounting to € 82.8 million at year-end (2021: € 119.1 million). These include pension plans, pre-pension and early retirements schemes, plus other long-term benefits (anniversary and leave arrangements). Pension plan obligations apply fully to the defined benefit pension schemes of employees and former employees of our German companies. The decrease in the year was mainly a result of the actuarial revaluation of the liability and pension payments made during the year.

Apart from these, the balance sheet includes provisions for reorganisation and restructuring costs of € 8.0 million (2021: € 5.4 million).

Following the reduced performance and the € 17.5 million decrease in working capital, Vion made use of the working capital facility and ended 2022 with a facility drawn of € 51.3 million and a positive bank balance of € 4.6 million. The interest-bearing loans at year-end mostly relate to a € 75 million Schuldschein facility and € 55.6 million in lease liabilities. These are accounted for under IFRS 16. The increase in lease liabilities was driven by the additional Distrifresh location in 's Hertogenbosch, the Netherlands.

As a result of the increased working capital and a weaker financial performance, the solvency ratio and liquidity ratio decreased respectively to 30.8% (2021: 39.9%) and 1.2 (2021: 1.4) but remain healthy.

Net debt

(in millions of euros)	**2022**	2021
Non-current interest bearing loans and borrowings	87.9	87.6
Non-current lease obligations	40.3	29.2
Current interest bearing loans and borrowings	50.6	(0.9)
Current lease obligations	15.4	14.0
Other non-current financial liabilities	1.5	3.7
Cash and cash equivalents	(4.6)	(18.7)
Net debt	**191.0**	**114.8**

Vion will continue to use a committed € 250 million sustainability-linked working capital facility. The facility highlights Vion's efforts to align our funding with the company's commitment to sustainability ambitions. Through this facility, we have linked our borrowing costs to achieving our ambitions in animal welfare, carbon footprint, product integrity and renewable energy.

The committed facility has been provided by ABN AMRO Bank, Deutsche Bank, UniCredit, NIBC and Rabobank. All banks except Rabobank (new lender) renewed their commitment in 2020, thus confirming their confidence in Vion's strategy.

Cash flows

(in millions of euros)	**2022**	2021
Cash flow statement		
Net cash flow from operating activities	41.2	2.7
Net cash flow from investment activities	(85.4)	(60.8)
Net cash flow from financing activities, including foreign exchange differences	30.1	28.1
Increase / (decrease) in cash and cash equivalents	(14.1)	(30.4)
Cash and cash equivalents at year-end	**4.6**	**18.7**

Vion generated a positive cash flow from operating results that was more than offset by a major change in working capital. Resulting cash flow from operating activities was € 41.2 million versus € 2.7 million in 2021. The major change in the working capital position was mostly driven by the increased value of our inventories on the back of the high livestock prices and an increase in receivables and payables.

Cash flow from investing activities stood at € 85.4 million in the reporting period (2021: € 60.8 million). These investments were partly offset by the proceeds from the sale of property, plant and equipment for a total amount of € 1.2 million. In 2022, the company paid its minority shareholders a dividend of € 2.7 million.

Cash flow from financing activities was up, driven primarily by the need to finance the increase in working capital and capital expenditures.

As a result of the above, cash and cash equivalents fell by € 14.1 million to € 4.6 million at year-end following the significant changes in working capital

Investments and operational improvements

We are committed to achieving our strategic goals, streamlining our processes and improving our efficiency. Based on this, we increased our capital expenditures to € 86.3 million in 2022 (2021: € 63.7 million). These investments related mostly to new initiatives, like the investment in a regional hub for animals to limit transporting times for cattle in Germany, further optimisation of the company's production facilities and IT landscape and to efficiency improvements at our various production locations.

The investments in Business Unit Retail to improve our position in eastern Germany by growing our pre-packed bushiness have been completed. The investments in Business Unit Pork focused on optimisation at our main sites. In Boxtel, the Netherlands, we continued to invest in robotisation, security and further modernisation. In Perleberg, Germany, we invested in the cooling area to ready us for sustainable growth. In Groenlo, the Netherlands, we invested in improving the stables. These investments will also help us to continue to grow volumes and expand the product range.

Part of our investment focus is related to improving animal welfare through investments in our stables with artificial intelligence camera's as well as improvements to our CO_2 footprint by investments in heat exchanges and better machinery. Going forward, the programme will embed advanced tooling and analytics, such as blockchain solutions and business intelligence, into our processes.

Besides investments to optimise our footprint, we invested in operational improvements to facilities and information systems and in health, safety, quality and maintenance.

In 2022, we continued to optimise our ability to valorise in both our pork and beef business units. Our investment focus aims to deliver both the right products and secure optimal access to herds.

Outlook 2023

Vion is a company with more than 11,000 skilled employees, who together with 55,000 farmers provide 100 million people a responsible piece of meat every day. Safe food, sustainably produced, with respect for animal welfare is best produced in transparent chains. With these chains, we give farmers a future with a fair income and customers a choice. The past two years have been marked by a combination of extreme factors such as COVID-19, ASF, war, employee shortages, high inflation and lower consumer demand. Although some of these effects are diminishing in intensity, the sector developments remain challenging in the coming years, specifically we see declining livestock numbers and an even greater focus on climate and animal welfare. In 2023, inflation and market factors continue to be factors to consider as well as a more reluctant consumer worldwide.

Regulation from the EU and local governments will lead to more reporting and accountability pressure for both industry and retailers. Listed companies will have to present their Corporate Sustainability Reporting Directive (CSRD) reports as early as 2024. We see a strong increase in interest from customers to buy more sustainable products. Vion, with its sustainable chains, is well positioned for this. We foresee a strong increase in demand for sustainable meat products for 2023 and beyond. Vion has addressed the increased costs and lower volume with the design and implementation of its Change That Matters programme. Effects of the programme are already visible throughout 2023. Vion agreed with the Working Capital Facility Lenders on a full package of supportive measures as described in note 2.1 of the financial statements.

Vion has addressed the increased costs and lower volume with the design and implementation of its Change That Matters programme. The programme is scheduled to deliver an annualised € 150 - € 200 million improvement by 2025 in order to ensure sustainable operations while investing in a regionalised and sustainable footprint. The programme will do this by focusing on various levers that drive our performance improvement such as but not limited to operational efficiency, non-livestock procurement at scale, improved key account management, cash management, footprint measures as well as divestment of idle assets. The current year to date impact is ahead of the plan. Delivery of the programme is done by a rigorous execution mechanism that has been installed. The programme is based on a proven concept and has been assessed by external firms and found very comprehensive and robust. Implementation is executed by a dedicated Vion team and supported by an external resource. Vion is confident that it can successfully execute its strategy and significantly improve its results. In the event that adverse developments would require additional funding, the Company has enough lead time and options available.

Pork

In 2022, our revenue experienced an 11.3% surge, primarily driven by significant inflation across the supply chain. In Germany, however, a decline in our sales volumes was observed due to the reduction in herd sizes. This decrease was the aftermath of export restrictions brought about by the 2020 ASF (African Swine Fever) outbreak.

Consequently, many farmers were compelled to exit their businesses over the course of the year, leading to a 6.4% contraction in the German pig market and subsequently causing high price volatility. Meanwhile, the performance of the Dutch market was affected by lower exports, attributable to COVID-19 related restrictions and inflation. Despite these challenges, ASF did not pose a problem in the Netherlands, and the overall result in the country was positive.

-/- 6.4%

Sales volume
compared to last year

+ 11.3%

Revenue
compared to last year

-/- 8.4%

FTE
compared to last year

Market developments

In Germany, high inflation coupled with the persistent presence of African Swine Fever (ASF) exerted considerable strain on pork margins, thereby negatively impacting our financial performance in the region. Since the ASF outbreak in Germany in 2020, export restrictions to the sizeable Chinese market have been in place. In 2022, Chinese production levels rebounded after their own encounter with ASF, leading to diminished demand for imported pork and resulting in an oversupply in the European market. These market conditions continue to affect our domestic markets.

In both the Netherlands and Germany, pig purchase price and production costs increased sharply, which transitioned to the selling prices with a short delay in line with the nature of our industry. The increase of the sales price, due to the special circumstances in Germany, impacts the ability to export. In Germany, specifically, the combination of inflation and ASF not only applied pressure on pork margins but also hindered valorisation opportunities, thus capping the maximum revenue achievable per pig. Due to the abnormal rise of the German Pork prices caused by ASF in combination with overcapacity, our Price Indexation Guarantee Fund (PIG) was impacted by € 14.0 million. Leading to a high pay out to our farmers. Vion rebalanced the Reference Price Basket end of 2022 to reflect a more realistic market situation.

12
Production locations
2021: 12

1,434
Sales volume
(in millions of kg)
2021: 1,532

3,212
Revenues
(in millions of euros)
2021: 2,866

7,114
FTEs
2021: 7,766

In general, elevated inflation rates had an impact on almost every Vion production location. This was further amplified by the energy crisis that followed Russia's invasion of Ukraine. Export limitations and market speculation impacted both feed- and food prices which rose to historic levels in 2022. The impact of increasing energy prices was felt throughout the supply chain, from transport and stunning operations to packaging and freezing. We implemented several commercial surcharges to compensate for the increased prices to the market.

Demand-driven supply chains

Vion's Building Balanced Chains strategy is central to how we want to move forward as a company. A key aspect is the rollout of the advanced blockchain solution that supports this strategy, and in 2022 we continued implementing it for organic farmers and our Robusto chain. Our blockchain solution replaces traditional methods of aligning data and leverages detailed insight into the supply chain.

For instance, CO_2 impact is now visible across a large number of our Good Farming Balance farmers who we previously brought into our blockchain. This is an important step in creating future-proof and sustainable food supply chains.

The multiple balanced chains we have built in the Netherlands represent another important step in developing sustainable food chains. The Dutch chains feature an integrated price system that links our customers to pig prices throughout the supply chain. Balanced chains offer a stable and robust way to produce a quality product at a fair price to the farmers involved. The process is sustainable and lays a foundation for further investment and optimisations across the chain.

In 2022, we went live with Vion Intelligent Production Scheduling (VIPS) at our Apeldoorn site in the Netherlands. This setup almost completely automates the process of matching supply and demand, and optimises gross margins, labour and logistics in one model. We are preparing to roll out VIPS at our largest plant, in Boxtel, the Netherlands, in 2023.

Leveraging the resources working on our long-term CSR goals,we introduced additional initiatives to reduce our energy consumption. The intitial focus was on measuring throughput to assess the energy usage in our plants. Next we developed an optimal order in which to make improvements to maximise our energy efficiency and cut our direct and indirect emissions.

Operational investments and improvements

We started to expand the cooling area in our Perleberg facility, and this work is expected to finish in early 2023. Once in operation, it will create a future-proof pork plant in eastern Germany. In the Netherlands, we implemented the optimizations planned for our Boxtel plant.

Investing in the future

Vion will continue to invest in modernising the way we work so we remain closely focused on the key challenges facing the meat industry. For instance, our farming portal will be enhanced and back-end systems will be renewed. We will also invest in stables and stunning facilities at our pork plant in Groenlo, the Netherlands, to maintain our high standards for animal welfare and create a more efficient flow through the plant. Multiple cooling projects are planned to decrease CO_2 emissions and energy usage. At our site in Twist, Germany, we will modernise our operations to enable us to capture as much value as possible from the parts of pigs that are typically less popular for consumption.

Beef

Our revenue saw a strong increase of 22.2%, primarily driven by higher sales prices, despite a 4.9% decline in volume. Throughout the year, our Beef Business Unit managed to sustain its market share and demonstrated strong performance in comparison to other segments. This unit, however, grappled with a beef supply shortage and inflated cattle prices, primarily triggered by escalating feed costs, inflation, and transportation issues. Despite these challenges, the business succesfully responded by adjusting prices and effectively managing the valorisation of the entire animal.

While the demand in our home markets remained robust, the supply was hindered by the lower availability of livestock. Nevertheless, we adapted our strategy to maintain a steady margin. To further secure our supply chain, we finalized the acquisition of a cattle trader in eastern Germany. We remain proud of our standing as the largest supplier of organic beef in Germany.

-/- 4.9%

Sales volume
compared to 2021

+ 22.2%

Revenue
compared to 2021

= 0.0%

FTE
compared to 2021

Market developments

The Beef Business Unit was majorly impacted by factors such as high inflation and energy prices, as well as supply chain disruptions resulting from the conflict in Ukraine. Rising feed and energy costs drove up livestock prices, while decreasing livestock supplies intensified market competition. These developments exerted significant pressure on the Beef Business Unit in 2022, but they managed to surmount these challenges.

The steep inflation rate triggered a marked shift in consumer behaviour. Demand for premium products lowered as consumers moved towards more affordable options like minced meat, which became bestsellers. As a result, beef consumption saw an overall decline of 9% in Germany and 6% in Belgium, while the Netherlands recorded a marginal increase of 1%.

Despite facing livestock shortages, the conjunction of economic instability, high inflation, and diminishing meat consumption led to market overcapacity and an overall reduction in beef slaughtering during the final quarter of 2022.

11
Production locations

2021: 11

404
Sales volume
(in millions of kg)

2021: 425

1,703
Revenues
(in millions of euros)

2021: 1,394

2,671
FTEs

2021: 2,671

Demand-driven supply chains

Vion's strong position in the beef market enabled us to forge new partnerships with suppliers and to deepen long-term existing ones. We took significant steps in our strategy of Building Balanced Chains with the creation of new, demand-oriented chains. We improved our connection to farmers in eastern Germany by successfully negotiating the acquisition of a cattle distribution centre. This is deal is set to complete in 2023.

Despite the challenging market situation and reduced consumption, as a result of the inflation impact on consumer income, we succeeded in growing our volumes in several geographic areas. The increasing demand for local supply chains and consumers' willingness to pay for the attributes arising from these, created a positive environment in which to build and expand our regional chains. With "Wat'n Rind", we created a regional premium chain based on the north-German heifer. This aims to meet the requirements of traditional and in-shop butchers and gastronomy supply. BU Beef established regional partnerships with farmers who supply our site in Bad Bramstedt and connected these farmers with selected butchers' shops in northern Germany.

In the third quarter, we started a new balanced chain with REWE Süd and producers' cooperative VVG Oberbayern-Schwaben. Called "Bavarian Ox", it supplies over 500 stores with high quality ox meat from Bavaria.

We also achieved significant volume growth in the veal meat segment, which is typified by limited availability and high prices. Responding to the increasing demand for rosé veal, we expanded veal slaughtering to provide German and international retail and wholesale customers with this special meat.

Operational investments and improvements

In 2022, we continued with the large-scale conversion of our Tilburg site in the Netherlands. This included modifying the stables and driveway as well as adapting the production. One of the aims was to secure a significant energy saving. This will be achieved through gas-free production, including the use of industrial heat pumps and water buffers.

Other investments included bio-digestion and the installation of solar panels at Vion Adriaens in Belgium and significant investments in improving cooling systems at several locations in Germany. BU Beef also renewed its truck fleet.

Investing in the future

Vion will continue to invest in modernising the way we work so we remain closely focused on the key challenges facing the meat industry. For instance, our farming portal will be enhanced and back-end systems will be renewed. Multiple cooling projects are planned to decrease CO_2 emissions and energy usage.

Food Service

Price adjustments, largely driven by inflation, resulted in a significant 51.8% revenue increase for the Food Service Business Unit (BU Food Service) compared to a volume increase of 15.0%. Inflation was especially prominent in the beef and other raw materials. Our volume growth was largely attributed to the revival of the out-of-home sector, which had been severely impacted by COVID-19 restrictions in 2021. However, in 2022, after enduring two years of limitations, this sector witnessed a substantial resurgence in consumer demand, propelling our sales volumes to exceed pre-COVID-19 levels.

+ 15.0%

Sales volume
compared to 2021

+ 51.8%

Revenue
compared to 2021

+ 3.4%

FTE
compared to 2021

Market developments

While 2021 saw sales fluctuate due to COVID-19 lockdowns, 2022 was heavily influenced by inflation in raw materials, especially in the beef segment, as well as a sharp rise in costs for raw materials and energy. This was caused by the disruption to supply chains resulting from the outbreak of the war in Ukraine.

BU Food Service's performance returned to pre-COVID-19 levels. An adjustment of the sales price structure as well as strict cost management and targeted sales and marketing activities contributed to improved profit.

Vion has two Food Service brands: Salomon FoodWorld and FVZ Convenience. These serve two segments of the food market: gastronomy and impulse channels (snacks).

Salomon FoodWorld is positioned as an innovative convenience foods company, with a focus on customer impulses, successes and emotions. FVZ Convenience specialises in convenience products and is positioned as a modern traditionalist.

2
Production locations
2021: 2

69
Sales volume
(in millions of kg)
2021: 60

390
Revenues
(in millions of euros)
2021: 257

633
FTEs
2021: 612

In Germany, Vion is market leader in the Business Unit's three business segments, with Schnitzel & More (schnitzel and mince-based products), Finger Food (e.g. buffalo chicken wings and appetisers), and Burger & Wraps (mainly hamburgers). Salomon FoodWorld and FVZ Convenience are international brands and are positioned to face an altered market situation and the change in consumer behaviour.

During 2021, higher purchase prices of beef for hamburgers put pressure on margins. The price increases continued in 2022 and reached their highest point in mid-2022. We responded and adjusted our sales prices, passing on some of the inflationary pressures.

When raw materials were scarce, BU Food Service used its integration with Business Units Beef and Pork to gain an edge in fulfilling customer orders. This integration also lays a foundation for creating balanced chains with key account customers. BU Food Service has once again proven itself to be a reliable partner in customer and supplier relationships.

Operational investments and improvements

In 2022, BU Food Service invested in expanding and optimising our production technology and ERP systems, as well as increasing production capacity.

The new meat-alternatives product category continues to develop well and sales are above expectations. This range will be expanded further.

Investing in the future

BU Food Service has strong sales and innovation capabilities, and these help to strengthen our position in the market. In particular, our focus today is on expanding our international business and we are investing to increase our sales force in southern and eastern Europe, both areas we want to concentrate on.

Retail

Sales volume decreased 3.4% compared with last year, but revenue increased by 17.5%. This increase mostly reflected adjustments to sales prices in response to high inflation rates in raw materials, packaging, energy and labour costs. Business Unit Retail had a tough year, with the steep increase in purchase prices resulting in lower volumes and lower margins. Consumer behaviour in the retail market in 2022 also shifted to buying fewer and less expensive meat products. Despite these challenges, we managed to retain our market share. And, in a significant step, we also completed our investment in the Altenburg site in Germany to produce pre-packed fresh products.

-/- 3.4%

Sales volume
compared to 2021

+ 17.5%

Revenue
compared to 2021

+ 18.1%

FTE
compared to 2021

Market developments

The retail market was confronted with some challenging circumstances in 2022. After a year of COVID-19-driven lockdowns driving increased retail spending, markets in 2022 returned to the lower sales volumes of the pre-COVID-19 era. Business Unit Retail succeeded in maintaining our market share in a shrinking market.

Another feature of 2022 was the high cost of raw materials and the high energy prices. These led to increases in the cost of packaging. Furthermore, labour costs were impacted by inflation and minimum wage adjustments.

The increase in the purchase prices of beef raw materials continued in 2022 and put our raw margin under pressure. The significant increase in raw material costs and our limited ability to pass all these on to our customers led to a disappointing result.

4
Production locations
2021: 4

56
Sales volume
(in millions of kg)
2021: 58

396
Revenues
(In millions of euros)
2021: 337

1,188
FTEs
2021: 1,006

Demand-driven supply chains

In line with Vion's strategic focus on Building Balanced Chains, BU Retail serves our supply chain stakeholders by translating consumer demand into new concepts and proposals for end-products. For instance, western European consumers are increasingly demanding more sustainable, regional and healthy products, with animal welfare a priority.

Working with our farming partners, we translate these demands into-consumer driven concepts. Examples include Bavarian ITW2 pork and PGI Bavarian beef, organic product ranges based on our De Groene Weg organic supply chain and local meat alternatives made with fava beans.

Operational investment and improvements

In 2022, BU Retail continued the rollout of its long-term strategy to augment its market position. One important initiative that was realised was to improve key account management. The goal here is to increase customer intimacy and improve category development, supported by innovation.

For example, retailers choose to work with us because of our clear focus on innovation and building balanced chains. On the other side of the equation, consumers are increasingly concerned about the origin of their food, the environmental impact of its production and whether it poses a risk to their health. Our regional-sourcing programmes in Bavaria demonstrated the relevance of origin in the consumer purchasing decision. Meanwhile, BU Retail's product development team is focusing on reducing salt and additives, plus improving the Nutriscore of our products. 2022 saw the successful launch of several new products by our Meat Alternatives product group.

Investing in the future

BU Retail continues to explore market and growth opportunities. The main drivers are innovation and automation. New products and processes will strengthen our partnerships with existing retailers and offer new market opportunities.

In the summer of 2022, we completed a large investment in our pre-packing facility in Altenburg, to combine a BU Beef and BU Retail location in Germany, in the summer of 2022. This investment will enable us to service retail customers with full assortments of fresh pre-packed meat and it also improves our local presence in eastern Germany. In addition, we upgraded our production facility in Bavaria to the latest standards. This will will enable us to offer a full Bavarian regional-products programme.

For many years, BU Retail has supplied and operated the fresh food departments of supermarket chain Nettorama through a shop in shop concept. In 2022, we expanded this activity by adding a second retailer, Boni, growing our business from 32 shops to approximately 80 shops. This move aligns with our strategy to increase customer intimacy.

The processed meat market has seen several changes over recent years, including a further consolidation that has reduced the number of players. To strengthen our position in this segment, BU Retail has invested in packing and dry sausage and ham production capabilities linked to our processed meat strategy. The main focus is on offering an organic assortment and reducing waste and inefficiency in the chain.

Meat Alternatives is a stable but developing segment. Our focus is on product development, with healthy ingredients and excellent taste and texture. The BU Retail team is now moving from a start-up into a scale-up phase. We managed to capture market share in the Netherlands and we are expanding our position into Germany and Belgium. Our ambition is to be recognised as the meat alternative category leader.

To do so, we are developing local supply chains with farmers and widening our product range to meet flexitarian, vegetarian and vegan consumer protein needs with fresh meat-like products, deli products, pre-cooked and even spreads and snacks.

Composition of the Executive Committee

From left to right: Philippe Thomas (COO Retail), Mattijn Bak (CTO), Simon J. Morris (COO Food Service), Tjarda Klimp (CFO), Ronald Lotgerink (CEO), Leon Kuijpers (COO Pork), David De Camp (COO Beef), Binne Visser (CHRO).

Personal details of the members of the Executive Committee as at 27 June 2023

Ronald Lotgerink

1960, Dutch
Chair of the Management Board and Executive Committee

Principal position
CEO since 1 September 2018

Former positions
CEO Zwanenberg Food Group, CFO Zwanenberg Food Group, member of the Supervisory Board Vion and consultant KPMG

Main other positions
Board member of Federatie Nederlandse Levensmiddelen Industrie (FNLI), board member of AgriNL, board member of the European Meat Network (EMN), advisory Board Member Raps GmbH

Tjarda Klimp

1972, Dutch
Member of the Management Board and Executive Committee

Principal position
CFO since 1 November 2021

Former positions
Senior Vice President of strategic development Corbion, various financial management positions at AkzoNobel and various financial and operational management roles at GE

Main other positions
Member of the Supervisory Board of Wageningen University & Research, Member of the Supervisory Board of Topigs Group

Binne Visser

1970, Dutch
Member of the Executive Committee

Principal position
CHRO since 3 September 2018

Former positions
Director HR Kramp Group, Director HR at ForFarmers and held several HR, change management and organizational development roles within different industries

Leon Cuypers

1979, Dutch
Member of the Executive Committee

Principal position
Chief Operating Officer Business Unit Pork since1 September 2022

Former positions
Joined Vion in 2015 and worked in various roles: Director Business Development, Director of Vion's northern Pork companies and Director Supply Chain. Former employers include akzoNobel, Bolletje, DFE Pharma and VolkerWessels

Main other positions
Executive board member at Centrale Organisatie voor de Vleessector (COV), board memberat Stichting CBS and board member at Vlees.nl and board member World Meat Congress 2023

David De Camp

1973, American

Member of the Executive Committee

Principal position

Chief Operating Officer Business Unit Beef since July 2020

Former positions

David joined Vion in 2016 as Plant General Manager of Vion Zeven AG and became Cluster Director North for Pork Operations in Germany. Before joining Vion he worked in several management positions at Tillmann's Convenience and Tönnies Fleisch

Simon J. Morris

1970, dual Canadian and British

Member of the Executive Committee

Principal position

Chief Operating Officer Business Unit Food Service since July 2020

Former positions

Simon started working for Vion as Chief Sales Officer for Salomon FoodWorld GmbH in 2019. In July 2020, he became Managing Director for Salomon FoodWorld and for FVZ Convenience GmbH. Simon started his career in the food industry in 1997 at Maple Leaf Foods and subsequently held several management positions at Maple Leaf Foods, McCain Foods and European Convenience Foods

Main other positions

Vice-Chairman and board member of the German Frozen Food Association (Deutsche Tiefkühlinstitut)

Philippe Thomas

1979, French

Member of the Executive Committee

Principal position

Chief Operating Officer Business Unit Retail since 1 November 2019

Former positions

Joined Vion in 2002 and has worked in several roles: Sales Director Europe Industry & Retail for Beef, Country Manager Vion France, Project Manager South Europe Vion Italy

Mattijn Bak

1968, Dutch

Member of the Executive Committee

Principal position

Chief Transformation Officer since 1 January 2023

Former positions

Joined Vion in 2015 as Group Treasurer. Before Vion Mattijn worked in several management positions for Sperwer Group / Plus Retail, Nutreco, Royal Friesland Foods NV and ING

Corporate governance

Vion Holding N.V. is a public limited liability company under Dutch law with its registered office in Best, the Netherlands. As an international holding company, Vion is exempted from applying the Dutch large company regime (structuurregime). Vion has a two-tier board. The Management Board is responsible for managing the company, while the Supervisory Board oversees the policies set by the Management Board and the general affairs of the company. The Management Board is supported by the Executive Committee. Vion's corporate governance structure is based on Dutch legislation, its articles of association, the Dutch Corporate Governance Code, and Vion's own code of conduct.

Management Board

The Management Board is responsible for Vion's strategy, its portfolio policy, the deployment of people and resources, the risk management system and the financial performance. The Management Board focuses on long-term value creation for the company and develops a view on the relevance of value creation. The Management Board is accountable to the General Meeting.

Management Board decisions must be taken by absolute majority. The Supervisory Board oversees the policies pursued by the Management Board. To do so, the Management Board provides the Supervisory Board members with all information its members need to perform their duties properly. Important Management Board decisions are subject to the approval of the Supervisory Board.

The Supervisory Board evaluates the performance of the Management Board as a whole and that of the individual Management Board members. It does this at least once a year in a session that is not attended by the members of the Management Board. The Management Board likewise evaluates its collective and individual performance at least once a year.

The Management Board's rules on its composition and performance are laid down in its rules of procedure. For details, please visit our website.

Appointment, composition and conflict of interest

Management Board members are appointed by the General Meeting following a binding recommendation of the Supervisory Board. The General Meeting may only ignore the binding recommendation of the Supervisory Board with the consent of at least two-thirds of the votes cast, which in turn represents at least half of the issued capital. The Management Board members are appointed for an indefinite period of time.

The composition of the Management Board will be such that the required expertise, background and competencies are present for the Management Board members to properly fulfil their duties. Vion aims for diversity within the Management Board with one of our diversity aims being to achieve a reasonable gender balance.

Vion's Supervisory Board has adopted a diversity policy for the composition of the Management Board, Supervisory Board and Executive Committee (Diversity Policy). For details, please visit our website. The Diversity Policy contains the following specific objective with regard to gender diversity within the Management Board namely that if the Management Board consists of a least two members it should maintain gender diversity by ensuring that at least one member of the Management Board is female and one member of the Management Board is male. The Management Board currently has one male and one female member, which means this objective has been met.

Should a conflict of interest arise with regard to a particular topic, the Management Board member in question will not take part in the discussion or the decision-making on that topic.

Remuneration

The Supervisory Board determines the remuneration of the Management Board and the other employment terms for the Management Board members. It does this within the parameters of the general remuneration policy adopted by the General Meeting.

Executive Committee

The Executive Committee supports the Management Board in achieving Vion's objectives and implementing the strategic objectives set out in the strategy and business plan. Along with the Management Board members, the other members of the Executive Committee currently are the Chief Operating Officers (COOs) of the Business Units Pork, Beef, Retail and Food Service, the Chief Human Resources Officer (CHRO) and the Chief Transformation Officer (CTO). The Management Board is ultimately responsible for the actions and decisions taken within the Executive Committee and for the overall management of Vion. The COOs, CHRO and CTO regularly provide updates on their lines of business in meetings of the Supervisory Board.

Vion's Diversity Policy contains the following specific objective with regard to gender diversity within the Executive Committee namely if the Executive Committee consists of seven or more members at least two members of the Executive Committee should be female. Currently the Executive Committee has one female and seven male members. This means this objective has not yet been met. Gender diversity will continue to be an important element in the profile for future vacancies on the Executive Committee. An action plan to reach the objective with regard to gender diversity within the Executive Committee has been drawn up. In addition, if a vacancy in a senior position needs to be filled, specific attention is paid to female talent.

Supervisory Board

The Supervisory Board oversees the policies pursued by the Management Board and the general affairs of the company. The Supervisory Board offers advice and assistance to the Management Board. The Supervisory Board also supervises how the Management Board develops and implements its view on long-term value creation. In doing this, the Supervisory Board focuses on the interests of the company and its business. Important Management Board decisions are subject to the prior approval of the Supervisory Board. Examples of important decisions include decisions on the nature and scale of its business operations, and decisions affecting the company's capital structure.

All decisions of the Supervisory Board must be taken by absolute majority. Decisions by the Supervisory Board are only valid when the majority of the Supervisory Board members in office are either present or otherwise represented. The Supervisory Board may only take decisions outside its meetings if all the Supervisory Board members have expressed themselves in favour of the proposal in question. The Supervisory Board discusses its performance, the performance of its committees and that of the individual Supervisory Board members at least once a year in a session in which the members of the Management Board are not present. For more information, please read the Report of the Supervisory Board on page 50.

The Supervisory Board's rules on its composition and performance are laid down in its rules of procedure. For details, please visit our website.

Independence

The Supervisory Board aims for the majority of its members to be independent in the sense of best practice provision 2.1.8 of the Dutch Corporate Governance Code. The Report of the Supervisory Board on page 50 includes information on the independence of the members of the Supervisory Board.

Appointment, composition and conflict of interest

Supervisory Board members are appointed by the General Meeting following a binding recommendation of the Supervisory Board. The General Meeting may only ignore the binding recommendation of the Supervisory Board with the consent of at least two-thirds of the votes cast, which in turn represents at least half of the issued capital. Supervisory Board members are appointed for a term of four years and may be reappointed for one further four-year period. A Supervisory Board member may subsequently be reappointed for a period of two years and this appointment may be extended by another period of not more than two years. In the event of reappointment after eight years, the reasons for reappointment should be given in the Report of the Supervisory Board.

The General Meeting may grant a fixed remuneration to the Supervisory Board members. For details on their remuneration see the section on Remuneration on page 57. In addition, the Supervisory Board members are reimbursed for all reasonable costs.

The composition of the Supervisory Board will be such that the combination of experience, expertise and independence are present for the Supervisory Board members to properly fulfil their duties. Vion aims for diversity within the Supervisory Board. This diversity includes a broad range of aspects such as nationality, age, gender, education and work background. One of Vion's diversity aims is to achieve a reasonable gender balance in the Supervisory Board.

Vion's Diversity Policy contains the following specific objective with regard to gender diversity within the Supervisory Board namely if the Supervisory Board consists of fewer than six members diversity is maintained by ensuring that at least one member of the Supervisory Board is female. At 31 December 2022 the Supervisory Board had one female and four male members, which means this objective was met in 2022. However, the Supervisory Board currently has five male members, which means this objective had not yet been met in 2023 . Gender diversity will in 2023 continue to be an important element in the profile for vacancies on the Supervisory Board. An action plan to reach the objective with regard to gender diversity within the Supervisory Board has been drawn up.

Should a conflict of interest arise with regard to a particular topic, the Supervisory Board member in question will not take part in the discussion or the decision-making on that topic.

The Supervisory Board has appointed an Audit Committee and a Remuneration, Selection and Appointment Committee from among its members. These committees advise the Supervisory Board on matters relating to their respective areas of interest and therefore do not take on the responsibilities of the Supervisory Board.

Audit Committee

The Audit Committee prepares the Supervisory Board's decision-making on the supervision of the integrity and quality of the company's financial reporting and the effectiveness of the company's internal risk management and control systems. The Audit Committee's rules on its composition and performance are laid down in its rules of procedure. For details, please visit our website.

Remuneration, Selection and Appointment Committee

The Remuneration, Selection and Appointment Committee prepares the Supervisory Board's decision-making on the selection, appointment and remuneration of the company's Management Board members and Supervisory Board members. The Remuneration, Selection and Appointment Committee's rules on its composition and performance are laid down in its rules of procedure. For details, please visit our website.

For more information about the Supervisory Board and its committees see the Report of the Supervisory Board on page 50.

General Meeting of Shareholders

The annual General Meeting of Shareholders is held once a year to adopt the annual accounts. Other General Meetings of Shareholders may be convened whenever the Management Board or the Supervisory Board feel this is necessary. Shareholders representing at least 10% of the issued share capital are entitled to ask the Management Board or the Supervisory Board to convene a General Meeting of Shareholders. When convening a General Meeting of Shareholders, the topics to be discussed must be stated. Each shareholder is entitled to attend the General Meeting of Shareholders, to address the meeting and to exercise their voting rights. The chair of the General Meeting of Shareholders is appointed by the Supervisory Board.

All decisions of the General Meeting of Shareholders must be taken by absolute majority, unless the law or articles of association stipulate a larger majority of votes for a particular decision. The articles of association stipulate that an amendment to the articles of association or the dissolution of the company requires a two-thirds majority of the votes cast, representing at least two-thirds of the issued capital if the initiative to do so was taken by the General Meeting of Shareholders and is not supported by the Management Board or the Supervisory Board.

Important Management Board decisions are subject to the prior approval of the General Meeting. Examples of important decisions include decisions on a material change to the identity or nature of the company's business.

Stichting Administratiekantoor SBT

Stichting Administratiekantoor SBT (SBT) is the sole shareholder of Vion. SBT has issued depositary receipts for its shares in the company. The depositary receipts have been issued without the cooperation of the company. All depositary receipts are held by Noordbrabantse Christelijke Boerenbond, Rooms-Katholieke Vereniging van Boeren en Tuinders-Ontwikkeling (NCB-Ontwikkeling). The board of SBT consists of five members. In accordance with the articles of association of SBT three of the five board members are appointed by NCB-Ontwikkeling. The two remaining board members are appointed by NCB-Ontwikkeling in its capacity as the holder of all depositary receipts. Three board members of SBT are currently also members of the board of NCB-Ontwikkeling. NCB-Ontwikkeling is related to Zuidelijke Land- en Tuinbouworganisatie (ZLTO), mainly because the board of NCB-Ontwikkeling has the same members as the board of ZLTO and the members of NCB-Ontwikkeling are also members of ZLTO. ZLTO is an association for entrepreneurs working in agricultural sectors and has approximately 12,000 members in Noord Brabant, Zeeland and the southern part of Gelderland.

Audit of the financial statements

Every year the Management Board draws up financial statements and a management report. The financial statements are approved by the signatures of both the Management Board and the Supervisory Board and are presented to the General Meeting of Shareholders for adoption. Vion engages an external auditor for the audit of the financial statements. The General Meeting is primarily responsible for the appointment of the auditor.

The General Meeting can choose to fully or partially release the Management Board from all liability for its management and the Supervisory Board from liability for its supervision.

Registered office and principal office

The company has its registered office in Best, the Netherlands. Vion's principal office is in Boxtel, the Netherlands.

Dutch Corporate Governance Code

Vion is not listed on a stock exchange, which means that the Dutch Corporate Governance Code does not apply to Vion. Nevertheless Vion applies the code as its provisions provide a sound and transparent system of checks and balances for a company to regulate relations between the Management Board, the Supervisory Board and the General Meeting of Shareholders. This instils confidence in the proper and responsible management of companies and their integration into society.

In accordance with the code's "comply-or-explain" principle Vion explains where it does not follow the code's principles and best practice provisions. Generally speaking, this is the case where the provisions are not compatible with Vion's legal structure and the nature of its business, or are specifically written with broadly owned listed companies in mind.

Vion does not, or not fully, comply with the following principles and best practice provisions of the Dutch Corporate Governance Code for the reasons set out below.

Provision 2.2.1

(Appointment of Management Board)

Best practice provision 2.2.1 of the code states that a member of the Management Board is appointed for a period of a maximum of four years. The Management Board members of Vion are appointed for an indefinite period of time given the importance of their long-term commitment to the company.

Provision 2.2.4

(Succession)

Best practice provision 2.2.4 of the code states that the Supervisory Board should ensure that the company has a sound plan in place for the succession of Management Board and Supervisory Board members that is aimed at retaining the balance in the requisite expertise, experience and diversity. Vion has a plan in place for the succession of the members of the Management Board and Executive Committee. A plan for the succession of the Supervisory Board members has yet to be implemented.

Provision 2.3.2

(Supervisory Board key committees)

The remuneration committee and the selection and appointment committee have, for practical reasons, been combined into the Remuneration, Selection and Appointment Committee.

Provision 2.3.4

(Composition of the committees)

Although best practice provision 2.3.4 of the code states that the remuneration committee should not be chaired by the chair of the supervisory board, the Remuneration, Selection and Appointment Committee is currently chaired by the chair of the Supervisory Board. This is an interim situation given the vacancy in the Supervisory Board.

Provisions 2.8.1-2.8.3, 3.3.3, 4.1.7, 4.2.2-4.2.6, 4.3.1-4.3.6, 4.4.1-4.4.8 and 5.1.1-5.1.5

These provisions do not apply to Vion as it is not listed on a stock exchange and all shares in its capital are held by a sole shareholder.

On 20 December 2022 the updated Dutch Corporate Governance Code 2022 was published. Listed companies must report on their compliance with the updated Code during the 2023 financial year. Vion will report on its compliance with the revised Code 2022 in its annual report for 2023.

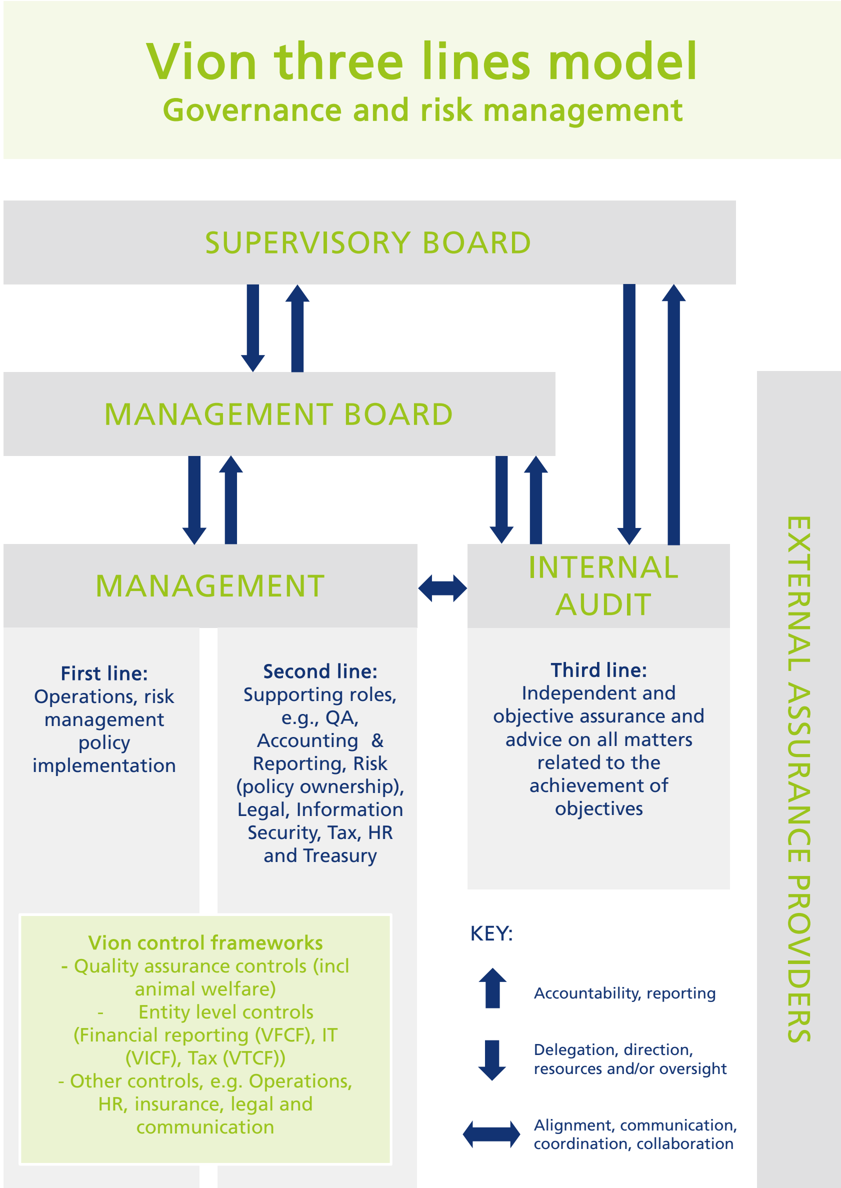
Risk management

Risk management is an integral part of doing business. While we want to make the most of the opportunities our markets offer, we also need to be conscious about managing the associated risks. This section explains Vion's approach to risk management, the nature of the main risks we face and how we deal with them.

Risk management approach

Our approach to risk management aims to achieve a reasonable level of assurance that we will achieve our objectives. It is based on the 2013 Enterprise Risk Management framework adopted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Using this model, we can both identify the principal risks we face and how to respond to them. We aim to embed risk awareness and risk management at all levels of our organisation to ensure that decisions reflect calculated risks that are in line with our risk appetite. Risk management is the responsibility of the Management Board but has been delegated to the first and second lines.

Our risk management approach is illustrated by the Vion three lines model. The model shows that we view risk management as a responsibility of all business units and corporate support departments. As part of the second line, a risk and compliance committee facilitates and coordinates risk management and oversees compliance with relevant laws, regulations and policies. This committee is chaired by the Chief Financial Officer (CFO), who is assisted by specialists in the different risk areas.



The duties of the risk and compliance committee include:

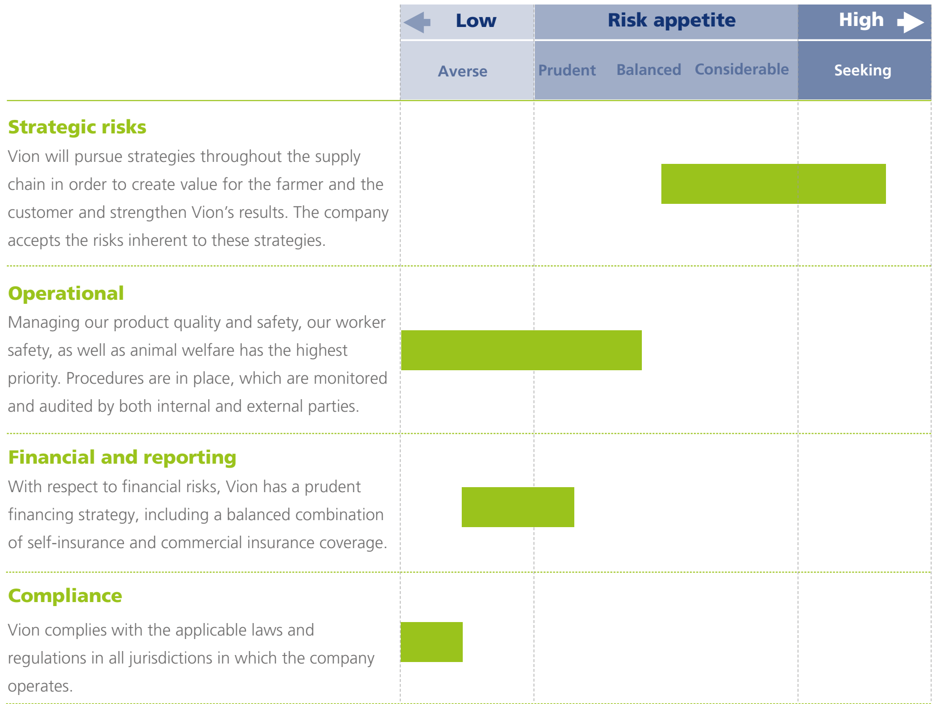
- To advise the Management Board in setting the "tone" regarding risks within the company, developing a risk-conscious culture and promoting an open debate about risks so that people at all levels manage the key risks in accordance with the company's risk appetite and strategy.
- To provide input to the Management Board on the risk appetite and strategy and to assist the Management Board in defining and communicating the company's risk appetite and strategy.
- To monitor and report on the company's risk profile, i.e. Vion's ongoing and potential exposure to risks of various types, including the actions taken to keep the risk profile within an acceptable range.
- To oversee and facilitate the company's enterprise risk assessment and its risk management activities, and to take a consistent approach to identifying, mitigating and monitoring key business risks throughout Vion.
- To ensure that adequate internal controls are in place and that self-assessments are being performed, including the remediation of any deficiencies that have been noted.
- To oversee the company's compliance efforts with respect to the relevant laws, regulations and policies, including a quarterly internal certification process.
- To assist the Management Board in informing the Audit Committee of the Supervisory Board on matters concerning risk management, compliance with the relevant laws and regulations and the effectiveness of the code of conduct.

Vion's internal audit department (IAD) forms the third line. Its objective is to provide independent and objective assurance as well as advice on adding value and improving the organisation's operations.

Vion considers risk management to be very important. However, we are also aware that there are limits to each form of risk management and internal control. Management systems and procedures will never be able to prevent all inaccuracies or errors from occurring, or every instance of fraud or non-compliance.

Risk appetite

The definition of risk appetite is an important aspect of our risk management approach. Our risk appetite is the level of risk we are willing to accept to achieve our strategic goals. Deciding this calls for adequate understanding and awareness of potential risks and their possible implications for Vion.
Vion is transparent about risk and our risk appetite differs per risk area. Our top priorities are product quality and safety, animal welfare, worker safety and compliance with laws and regulations. This means that food and worker safety and meeting statutory obligations take priority over any other business objectives. We distinguish between strategic, operational, financial and reporting and compliance risks. Our risk appetite is as follows:



Risks

We have identified various risk categories. In the following section we describe the risks in each category, how we mitigate them and what the general trend is for the risk.

Strategic

Decrease in supply of animals

Agriculture-related policy discussions around climate change and environmental issues, plus the future economic outlook for farmers, could lead to a decline in livestock numbers and the movement of pigs and cattle to other geographies with less regulation, resulting in a reduction in the sourcing base for Vion's production.

General risk trend

We aim to offset the effects of a reduced supply of animals by developing demand-driven initiatives that focus on value rather than volume, and by adjusting our footprint accordingly. We will continue to develop unique concepts with our partners in order to build future-proof protein value chains.

Access to markets

Losing access to a market is a major risk and can arise for various reasons, such as an outbreak of African Swine Fever, breaches of statutory requirements or supply chain errors.

General risk trend

The risk of an outbreak of an animal disease remains high. We therefore have measures in place to mitigate the consequences as much as possible. We also manage the customer supply chain in a standardised and controlled manner to prevent documentation errors and/or the delivery of sub-standard products. We closely monitor geopolitical developments and we are prepared for different scenarios. Through our access to global markets, we are confident that we can adapt quickly to changing circumstances.

Changing meat consumption patterns

While meat is advised as part of a healthy, balanced diet, consumer behaviour regarding meat consumption is changing. In north western European markets, consumers increasingly prefer healthy, local and plant-based products that have less impact on the environment, offered at a fair price. At the same time, we expect that the economic climate will drive an increase in demand for affordable meat products.

General risk trend

We acknowledge these trends and constantly adapt our product portfolio to the changing preferences of the market. An example is the balanced supply chains we are building with major retailers to provide local meat offerings, such as the creation of new, demand-oriented supply chains by BU Beef. Also, Vion is expanding its organic supply chain via De Groene Weg. Finally, we are expanding our plant-based meat replacement product range, supplied by the Business Unit Retail (produced in a dedicated plant in Leeuwarden, the Netherlands) and Food Service.

Operational

Food safety

Producing food that is wholesome and safe is a top priority. We adhere to high standards. A quality issue, or even a change in the quality perception of our customers or the authorities, could have major consequences for our reputation and market position. Demographic changes, such as an ageing population, also impact on consumer requirements for food safety.

General risk trend

Food safety and quality are part of the codes of practice at all Vion facilities. All Vion facilities are ISO 9001-certified as a way to manage our processes to ensure customer satisfaction and operational excellence. In addition to adhering to the Vion-HACCP and the quality standards within our operations, all Vion facilities are certified under at least one of the food safety and quality schemes recognised by the Global Food Safety Initiative (GFSI), such as IFS and BRC.

Food safety is an inherent risk in our sector. In addition to following the Vion-HACCP procedures, we will continue to emphasise the importance of food safety, provide training and pursue continuous monitoring at local and central level.

Traceability and product integrity

Vion recognises that product and process integrity are essential to being a trustworthy supplier and preventing public health issues. Traceability is also key to improving sustainability in the supply chain. Consumers and customers expect our products to have the attributes we communicate, and that we can demonstrate this anytime and anywhere.

General risk trend

Vion implements process integrity schemes at our operations to assure product integrity. Product integrity and full transparency are viewed as important challenges today. To professionalise our integrity schemes, we are working with standard-setting bodies to move to an internationally recognised and accredited standard, such as IFS-PIA. We make these efforts to ensure a fair chain of custody around supply.
We will continue to implement product integrity schemes with standard-setting bodies. Together with partners in the supply chain, we have implemented modern DNA technology for pork and beef. The idea here is to control product integrity throughout the supply chain, including involving consumers. These efforts also help to protect the level playing field among supply chains for high-end market schemes.

Animal welfare in transportation and slaughtering

Only healthy livestock can produce wholesome and safe animal products. There is a strong correlation between the welfare and health of livestock. Vion is committed to animal integrity.

The way we handle livestock within the food supply chain is integrated into our company's quality schemes. The goal is to ensure that animals are treated humanely at farm level, during transport and at meat processing plants. We demand that intermediaries and hauliers in the supply chain also adopt these standards. Every Vion meat processing plant has several animal welfare officers. They monitor the handling of animals to ensure that our animal welfare standards are met. Our animal welfare standards go beyond statutory requirements. Artificial Intelligence systems have been implemented and are operational in our slaughterhouses at critical positions in the lairage in order to improve the supervision of animal welfare. A system to monitor tail-length and tail quality of pig carcasses is currently being piloted successfully and will be rolled out to other slaughterhouses. Active feedback of the information gathered to the supplying farmers fuels farm management changes for further improvements within this topic.

A number of government schemes feature programmes to monitor animal welfare at slaughter, either directly by assessing the live animals ante-mortem, or indirectly by ensuring carcasses do not contain residues of certain substances, such as pain relief substances, which can influence the assessment during an ante-mortem inspection. Detection of residues inevitably leads to an order to dispose of all products from any animals affected. In addition to separating and storing the carcasses until laboratory results are available, we mitigate this risk by actively being part of the stakeholder dialogue concerning animal welfare on a national and international level with farmers, governments and NGOs, as well as promoting the sharing and use of relevant data in the production chain (e.g., through block chain initiatives).

General risk trend

Catastrophes at production facilities and/or animal diseases

Despite our continuous efforts to prevent them, there is always a risk that a catastrophe might occur. It could be an outbreak of animal disease, fire, long-term disruption of the water or electricity supply or failures of integrated IT systems. Another risk is that of people intruding into our facilities to interfere with our business continuity.

General risk trend

Vion's efforts to reduce so-called catastrophic risks include preventive measures at farms, fire safety management at production and other facilities, strict access control and safety inspections. In the event of a catastrophe, the loss of animals or substantial production capacity could cause a major disruption throughout our product supply chain. This possibility is mitigated by having alternative capacity arrangements, business continuity plans, emergency plans that are continuously tested and improved, and insurance cover.
African Swine Fever (ASF) spread through eastern Europe, reaching Germany in 2020. Measures have been taken in the German pig supply chain to minimise the impact and assure market access for German pork in the EU. We have also taken precautionary measures at our Dutch locations and we are in close contact with the Dutch authorities, who are monitoring the situation. The aim is to act quickly if needed.

Health, safety and environment

Risks in production processes can adversely affect our financial performance. Unlikely scenarios can result in major incidents with a high impact on the company's internal organisation. This can cause business continuity risks and reputational damage. Vion is firmly committed to the health, safety and environment (HSE) of all employees.

General risk trend

We take a systematic approach to HSE management that aims to help us achieve our demanding goals. This approach is designed to (i) maintain and promote our workers' health and employability, (ii) improve the working environment and ensure that workplace practices are conducive to safety and health, and (iii) to develop work organisations and working cultures in ways that are conducive to health and safety at work.
HSE risks are inherent in a labour-intensive industry. Based on our systematic approach to HSE, we will continue to roll out the Vion Operating System (VOS), which focuses on safe working conditions.
Worker Safety procedures and monitoring have also been embedded in our systems to ensure focused attention, ownership and support. This includes extensive internal auditing and benchmarking.
Working closely with the respective authorities, Vion continued in 2022 to implement and adapt new ways of working in line with measures introduced during the COVID-19 pandemic. The measures sought to keep individuals healthy, minimising the risk of infections, and ensure production continuity as much as possible.

Attracting and retaining human capital

Our success depends on employing the right people with the necessary skills, experience and mindset. Regulations and labour shortages will see labour costs continue to increase. Along with changing requirements in respect of skills, this will make it even more difficult for us to find qualified people.

Our people strategy is to be an employer of choice, create engagement among our people and to attract the right talent to produce Food that Matters. It is vital that we hire and retain suitably qualified personnel for the right positions, and that we keep our employees motivated so they continue to make a meaningful contribution to the company's success. We further seek to streamline our processes (including introducing automation, where possible) to balance production needs and the availability of qualified staff.

Investing in staff development is key to retaining and engaging our human capital. We facilitate individual competence development and employee training in order to grow and embed the right level of skills within the company. Building our own recruitment capabilities is key to finding and selecting the right talent. Social integration and improved communication via our internal 'field' coaches, as native intermediaries between our foreign workers, HR representatives and local management, is proving to be a key asset.

General risk trend

Cyber security

The threat of unauthorised access to IT systems and the misuse of sensitive information or disruption to our operations continues to increase. Unauthorised access or misuse could impede our business operations in a number of ways, potentially causing disruption to our sales and production processes.

Based on a revised privacy & security roadmap, we are now working to continuously improve our cybersecurity. Supported by numerous security assessments, we are closely monitoring our cybersecurity risks and our business resilience. Vion is a founding member of the cyber resilience initiative for the agri-food sector, created in 2020. Through this, we lead in setting the standards for cybersecurity in our sector.

Given the relentless rise in global ransomware attacks, we enhanced internal awareness of the needs around business resilience and to prepare disaster recovery scenarios. Our regular phishing test campaigns are having a positive impact in training all personnel to recognise and report suspicious emails. Monitoring the security of our directly internet-connected IT infrastructure, plus scanning for vulnerabilities, strengths our cyber defences and detection capabilities.

General risk trend

Financial and reporting

Financing

Vion uses equity and external financing to finance our operations. This exposes the company to capital markets and financial risks. As Vion also conducts transactions in currencies other than the euro (our functional currency), we are exposed to foreign currency risks as well.

General risk trend

Vion is adequately financed with a committed working capital facility and a Schuldschein. The five-year working capital facility was renewed in 2020, while the Schuldschein was issued in 2021 and matures in 3, 5 and 7 years. We prefer to have committed credit facilities that put us in a strong liquidity position. Our potential to raise loans from financial institutions and investors depends mainly on Vion's financial position, our outlook and our reputation. The variable interest rate of the working facility has been partially hedged by an interest rate cap, whereas the Schuldschein is mostly based on fixed interest rates.
We have a professional credit risk management function in place to reflect the industries in which we operate and the significant amount invested in working capital. We use financial instruments to hedge our exposure to foreign currency risks arising from our operational, financing and investing activities. Based on the current financial position and sector developments, Vion foresees an increased risk on future financing. This is already being mitigated by various options to increase profitability and liquidity in future as well as options to secure non pledged assets or sell non-core assets. Detailed explanation of the measures taken or to be taken are explained in the going concern assessment in note 2.1 of the financial statements.

Compliance

Non-compliance risk

This is a risk that Vion is found to be non-compliant with applicable laws and regulations. This may adversely affect our reputation and expose the company to financial losses. In general, the trend is towards increasing and more complex legislation.

General risk trend

We are committed to complying with the rules and regulations in every country in which we operate. We have adopted policies and procedures aimed at ensuring we comply with the applicable legislation and regulations, and we believe in sharing our corporate social responsibility policies with the public. We also have a code of conduct that goes beyond the statutory requirements for employee conduct. The Vion whistle-blower policy demonstrates our commitment to being compliant with applicable laws, to integrity in financial management, to ensuring a healthier and safer work environment and to effective corporate governance. Any employee can report something with the assurance of confidential treatment.

Vion control frameworks

To ensure the effectiveness of our financial reporting, Vion has a Financial Control Framework. In addition, a Tax and IT Control Framework are in place, while HR and CSR frameworks are in development. Each of these frameworks is subject to a quarterly self-assessment. Internal Audit verifies the effectiveness of this process as part of its audits. If controls are found to be inadequate, measures are taken to solve this. Vion's business principles, core values, code of conduct and whistle-blower policy have been formalised in the company's Good Business Practice Guide. In 2022, we received five reports under the whistle-blower policy (2021: four). Four were HR-related and one related to product integrity. Every report was followed up and appropriate action was taken.

Transparency

We are subject to demanding quality requirements across our production locations. Food safety, animal welfare, product integrity and workers safety are all key elements. Vion takes full responsibility for these aspects of doing business. To underline this, we will issue a separate CSR report for 2022. This report will cover everything important that relates to social responsibility, based on the defined materiality matrix. The CSR report should be read in conjunction with the annual report to gain a comprehensive understanding of what we do and how we do it.

Vion runs two transparency websites: www.vion-transparenz.de and www.vion-transparantie.nl. There we use videos, text, photographs and charts to illustrate the facts regarding the production and processing of meat, and we provide a platform to hold a dialogue with visitors.

Management statements

The Management Board is responsible for managing the risks inherent in the company's objectives and for the reliability of the internal and external financial and non-financial reporting. The Management Board is also responsible for evaluating the effectiveness of all risk-management measures. To fulfil its responsibilities, the Management Board relies on the following information:

- Letters of representation signed by the management of the operating companies, Business Units and functional management.
- Internal control framework self-assessments.
- Fraud risk analysis, in which the risks of fraud related to misappropriation of assets and financial reporting, based on the fraud triangle, are mapped.
- Reports by the internal audit and quality assurance departments on reviews and audits. The internal audit department tracks and reports the follow-up.
- Management letters from the external auditor containing findings and comments on the internal control measures.

On the basis of this evaluation, and to the best of its knowledge and belief, the Management Board is of the opinion that, at the end of the 2022 financial year and at the date of this annual report, the internal risk management procedures and controls were sufficiently effective to provide a reasonable degree of assurance that:

- The Management Board will duly be informed of the degree to which the company's objectives are being achieved.
- The internal and external reporting provide an adequate understanding of any significant failings in the effectiveness of the internal risk management and control systems, and the financial statements do not contain any material misstatements.
- Based on the current situation, it is justified that the financial statements have been prepared on a going-concern basis.
- The annual report specifies all material risks and uncertainties that are relevant to the company's expected ability to continue as a going concern for the period of 12 months after the preparation of this report.

All procedures and reports relating to the internal risk management and control systems, along with the resulting findings, recommendations and measures, have been discussed with the Audit Committee, the Supervisory Board and the external auditor.

Report of the Supervisory Board

The Supervisory Board operates independently. It is responsible for supervising and advising Vion's Management Board and overseeing the company's general affairs, long- term strategy and operational performance. In performing its duties, the Supervisory Board is guided by the interests of Vion, focusing on the overall good of the company and the relevant interests of all its stakeholders.

This report gives an overview of the activities of the Supervisory Board and its committees in 2022.

Supervisory Board activities

The principal item in 2022 was the negative impact on the results of the company because of challenging global developments and market dynamics, such as the Ukraine war and the ASF situation in Germany. The Management Board updated the Supervisory Board regularly on Vion's approach to the negative impact on the results of the company, the impact on price volatility and the impact on working capital and liquidity.

Major investment decisions and workforce management were further recurring themes for the Supervisory Board in 2022. Other topics the Supervisory Board discussed with the Management Board included key developments in the field of CSR, worker safety and risk management. The implementation of the IT and HR strategy were also discussed.

The Supervisory Board visited the Leeuwarden, Netherlands, facility in November 2022 to hear about the progress of ME-AT the alternative. This visit was very insightful with full access to senior local staff.

The findings and recommendations arising from the annual evaluation of the Supervisory Board, its committees, and individual members were discussed during a dedicated session held in November 2022. These outcomes were acknowledged by the Supervisory Board. As part of the annual review in 2023, the Board intends to assess whether the proposed recommendations have been implemented.

In December 2022 the Supervisory Board discussed and approved the internal audit department's annual plan for 2023 and adopted the Diversity Policy for the Supervisory Board, Management Board and the Executive Committee. Details of the Diversity Policy along with the specific objectives with regard to gender diversity within the Supervisory Board, Management Board and the Executive Committee can be found in the Corporate Governance section.

Finally, the Management Board regularly updated the Supervisory Board on the progress of the Change That Matters transformation programme.

Composition of the Supervisory Board

The composition of the Supervisory Board changed in 2022.

Martine Snels stepped down as a member on 17 September 2022. The Supervisory Board regrets but respects Martine's decision to resign and wishes her all the best for the future.

In addition, Peter van Deursen was appointed as a new member of the Supervisory Board on 1 January 2023 and Marieke Bax stepped down as a member of the Supervisory Board on 10 March 2023. The Supervisory Board is very grateful for the valuable contribution of Marieke Bax to the Board over the past eight years. The Supervisory Board is very pleased with the appointment of Peter van Deursen. His international experience as an executive at Cargill is in line with the further development of Vion's international supply chain strategy.

The Supervisory Board currently has the following five members: Theo Koekkoek (chair), Rogier Jacobs (vice-chair), Peter Broeckx, Peter van Deursen and Cis van Doninck.

Composition of the Management Board

The composition of the Management Board did not change in 2022. The members of the Management Board are Ronald Lotgerink (CEO) and Tjarda Klimp (CFO).

The Supervisory Board evaluated the performance of the Management Board as a whole and that of the individual members in November 2022. The Management Board evaluated its own performance and effectiveness in December 2022. The Management Board members gave each other feedback on their strengths and points to consider and reflected on this feedback.

Executive Committee

The Management Board is supported by the Executive Committee in achieving the objectives of the company and implementing the strategic objectives set out in the strategy and business plan.

Along with the Management Board members, the other members of the Executive Committee are Leon Cuypers, who succeeded John de Jonge as of 1 September 2022 as COO Business Unit Pork, David de Camp (COO Business Unit Beef), Simon Morris (COO Business Unit Food Service), Philippe Thomas (COO Business Unit Retail) and Binne Visser (CHRO). Mattijn Bak in his role as Chief Transformation Officer joined the Executive Committee as of 1 January 2023.

The members of the Executive Committee other than the Management Board members are regularly invited to inform the Supervisory Board about the opportunities and risks they face in their lines of business.

Independence

The Supervisory Board confirms that all Supervisory Board members were independent within the meaning of best practice provision 2.1.8 of the Dutch Corporate Governance Code during the reporting period and up to 27 June 2023.

Corporate governance

The members of the Supervisory Board do not receive any remuneration that is linked to the company's financial performance. In the event of a conflict of interest with regard to a particular topic, the Supervisory Board member in question will not take part in the discussion or the decision-making on that topic. The Supervisory Board has rules of procedure regarding the performance of its duties and its tasks.

Supervisory Board meetings

The Supervisory Board held 14 meetings in 2022 in the presence of the CEO and CFO. With a limited number of exceptions, which occurred for valid reasons, all Supervisory Board members attended every meeting. Before each meeting of the Supervisory Board, the members of the Supervisory Board meet in an executive session to reflect on the agenda items. The chair interacts regularly with the CEO, the chair of the Remuneration, Selection and Appointment Committee and the chair of the Audit Committee. In 2022, the Management Board and the company's external auditors provided the Supervisory Board with all the information it needed to perform its duties. The agendas of the Supervisory Board meetings were drawn up by its chair, in discussion with the Management Board and the company secretary.

Remuneration, Selection and Appointment Committee

The composition of the Remuneration, Selection and Appointment Committee changed in 2022.

Martine Snels stepped down as chair and member of the Committee on 17 September 2022. She was succeeded as interim chair by Theo Koekkoek on the same date.

Peter van Deursen joined the Committee on 8 February 2023.

The current members of the Remuneration, Selection and Appointment Committee are Theo Koekkoek (chair), Peter Broeckx and Peter van Deursen.

The Remuneration, Selection and Appointment Committee met four times in 2022 in the presence of the CHRO. The CEO was invited to attend parts of the Committee meetings, depending on the topics being discussed. At its February meeting the Committee discussed the financial, personal and strategic objectives of the individual Management Board members for the 2022 short term incentive plan. In addition to the selection of Supervisory Board members and succession planning, the Committee also prepared a proposal for the Diversity Policy for the Supervisory Board, Management Board and Executive Committee to be adopted by the Supervisory Board.

Audit Committee

The composition of the Audit Committee did not change in 2022.

As of 1 January 2023 Cis van Doninck succeeded Marieke Bax as chair. Marieke Bax stepped down as a member on 10 March 2023.

The current members of the Audit Committee are Cis van Doninck (chair) and Rogier Jacobs.

The Audit Committee met six times in 2022 in the presence of management, including the CFO and the officers responsible for the relevant corporate services departments. Both the external auditor and the internal auditor attend the Audit Committee meetings. The members of the Audit Committee meet in an executive session to discuss the agenda before each meeting of the Audit Committee. The chair of the Audit Committee is in regular contact with the chair of the Supervisory Board, the CFO and the internal and external auditor. In addition, before each Audit Committee meeting, the chair of the Audit Committee met with the external auditor without the Management Board members being present. In 2022, much of the Audit Committee's attention was focused on the negative development of the results of the company. The Audit Committee pays ongoing attention to risk management (including those related to ESG challenges, sector developments and going concern), compliance and internal control and these are fixed items on the agenda.

Each year the Audit Committee discusses the Internal Audit Plan and advises the Supervisory Board accordingly. At each meeting the internal auditor reports to the Audit Committee on the audit findings and the progress on follow-up actions arising from earlier findings. The Audit Committee is also informed about the effectiveness of the internal control framework, including fraud prevention, and the improvements being implemented in this area. In 2022, the Audit Committee was also briefed on the outcome of an analysis of key business risks and the measures being implemented to mitigate these risks. The treasury officer provided an update on working capital developments and insurance cover. Regarding IT special attention was given to cybersecurity and the standardisation of the IT landscape within Vion.

Financial statements

The annual report and financial statements for 2022 were first discussed by the Audit Committee and subsequently by the Supervisory Board in the presence of the Management Board and EY, the external auditor. The financial statements were then approved by the Supervisory Board. The Supervisory Board proposes that the General Meeting of Shareholders adopts the financial statements for 2022.

The Supervisory Board would like to thank Vion's management and all its employees for their efforts over the past year.

Boxtel, the Netherlands, 27 June 2023

On behalf of the Supervisory Board,
Theo Koekkoek, chair

Personal details of the members of the Supervisory Board as at 27 June 2023

Theo Koekkoek

Chair

1971, male, Dutch

Principal position

Agricultural entrepreneur

Main other positions

Member of Advisory Board Coöperatie Cosun, Member of Advisory Board Aeres and Chair of Supervisory Board Efteling B.V.

Rogier Jacobs

Vice-chair

1960, male, Dutch

Principal position

ONE Program Owner ASML

Former positions

CIO Cofco International, CIO Cargill Animal Nutrition and various management functions at amongst others Océ, Toyota, Ericsson and Capgemini

Main other positions

Sounding board IT Defensie

Peter Broeckx

1963, male, Belgian

Principal position

Dairy farmer

Main other positions

-

Peter van Deursen

1966, male, Dutch

Former positions

Various international management positions at Cargill among which CEO Asia Pacific (Cargill Singapore) and President Global Starches, Sweeteners & Texturizers (Cargill Singapore/Mechelen)

Main other positions

-

Cis van Doninck

1961, male, Belgian

Former positions

CFO Cargill's Food Agricultural & Supply Chain platform (United States), various CFO roles at Cargill in Europe and also country manager Belgium, after acquisition Provimi by Cargill CFO Cargill's Animal Nutrition and Global CFO Cargill's Food Ingredients & Bioindustrial

Main other positions

Member of Supervisory Board Cargill B.V. and Cargill Bioindustrial B.V.

Rotation plan of the Supervisory Board

	Commencement date first appointment	Current term expires in	Commencement date of latest term	Reappointment possible
Rogier Jacobs	15 May 2019	2023		Yes
Theo Koekkoek	27 November 2017	2025	18 March 2021	Yes[1]
Peter Broeckx	18 March 2021	2025		Yes
Cis van Doninck	1 June 2021	2025		Yes
Peter van Deursen	1 January 2023	2027		Yes

1 Theo Koekkoek was a member of the Supervisory Board of Vion from 9 May 2007 to 9 September 2010. Allowance will be made for this period when determining his maximum appointment period.

Remuneration

Summary of remuneration policy

The objective of Vion's remuneration policy is to attract, motivate and retain experienced executives with an international outlook and to reward them appropriately for their ability to achieve stretched performance targets.

The remuneration policy was adopted by the General Meeting of Shareholders on 13 February 2017. No changes were made to this policy in 2022. For details on the remuneration policy, please visit our website.

The Supervisory Board is responsible for ensuring the remuneration policy is implemented and that it supports our general objectives. To make sure that remuneration is linked to performance, a significant share of the remuneration package is variable, meaning that it is dependent on the short-term performance of the individual board member and the company. The performance targets set must be both realistic and sufficiently challenging. Particularly with regard to variable remuneration components, the Supervisory Board ensures that there is a correlation between the chosen performance criteria and the strategic objectives, as well as a correlation between awarded remuneration and performance. These are properly reviewed and accounted for, both in setting them and assessing their achievement.

In accordance with the requirements of the Dutch Corporate Governance Code, the Remuneration, Selection and Appointment Committee carried out scenario analyses before setting targets that were presented to the Supervisory Board for adoption. The scenarios were based on possible outcomes if certain target and maximum performance levels were achieved, and how this may affect the level and structure of the total remuneration package of the members of the Management Board.

The Remuneration, Selection and Appointment Committee engaged a professional independent remuneration expert to apply an industry benchmark. This expert reviewed the impact on pay differentials within the company, which was taken into account by the Supervisory Board when determining the overall remuneration. Any other benefits or allowances awarded are reviewed by the Supervisory Board for their competitiveness in the market.

When setting the remuneration levels for the Management Board, allowance is made for the relevant statutory requirements, corporate governance guidelines and best practices in the Netherlands. The point of reference of the total executive remuneration package is the median of the peer group in the labour market. To make sure that we attract and are able to retain highly skilled and qualified executives, Vion aims at a total remuneration level that is commensurate with the levels paid by other Dutch and European companies that are similar to Vion in terms of size, complexity and/or industry. The company is benchmarked every few years.

Variable compensation, which forms a considerable share of the total remuneration package, is linked to measurable, predetermined targets. The incentive targets and performance conditions reflect the key drivers for the company's value creation and growth in shareholder value, and they are closely aligned with Vion's strategies.

Remuneration components

The remuneration for members of the Management Board comprises the following components:

- a base salary, which is reviewed annually by the Supervisory Board,
- a short-term cash incentive, ranging from 0% to 67.5% of the base salary, depending on the achievement of the performance targets; and
- pension contributions.

In addition to their remuneration, the members of the Management Board are entitled to a number of additional benefits, such as reimbursement of expenses, a contribution towards health insurance premiums, and a company car.

Base salary in 2022

Upon joining the Management Board, members receive a base salary that is commensurate with the median of the peer group in the labour market. The base salary can be changed at the discretion of the Supervisory Board to take account of both the external and internal developments. The reference date for determining the base salary is 1 January of each year.

The Supervisory Board decided to increase the base salary with an inflation correction as of January 2022.

Amounts in €	Base salary in 2022	Base salary in 2021
Management Board	1,308,003	1,222,616

Short-term cash incentives in 2022

The short-term incentive plan (STIP) rewards the Management Board for delivering a sound operational performance in the competitive environment in which Vion operates. 60% of the target incentive is linked to Vion's financial results and 40% is linked to the achievement of both strategic and personal objectives including Corporate Social Responsibility.

The STIP objectives, including the personal objectives, are set at a challenging level each year, taking into account the general trends in the relevant markets. The incentive that is linked to financial targets will only be paid if the minimum targets have been achieved.

The STIP objectives are revised annually, to ensure that they are up-to-date, stretching and realistic. Considerations regarding the targets are influenced by the operational and strategic course taken by Vion and by Vion's ambitions. The targets are determined by the Supervisory Board at the beginning of each year, for each member of the Management Board individually.

If the Management Board members have achieved all their targets, they will be awarded an incentive of 50% of their annual base salary. An outstanding performance with regard to the financial targets can increase the STIP level to a maximum of 67.5% of their annual base salary. The Supervisory Board has approved and reviewed the extent to which the targets were met in 2022. The appropriate short-term incentives have been paid out in 2023.

Short-term cash incentives

Amounts in €	2022	2021
Management Board	130,800	145,680

Changes in remuneration

As ultimate remedy, the Supervisory Board has the power to change the amount of the variable remuneration components that are awarded if, for any reason, the regular result determination produces an unfair result. In addition, a variable remuneration component awarded to a member of the Management Board can be clawed back if it turns out that this component was awarded on the basis of incorrect financial or non-financial data. No bonuses that were awarded for the financial year 2021 were revised or clawed back in 2022.

Pensions

Vion offers the following pension provisions to its Management Board members:

- participation in the Group defined contribution plan, whereby Vion contributes an average of 19.23% for all Management Board members. The Management Board members, in their capacity as employees, contributed 6% (2021: Vion average contribution for management members: 14.38%; employees: 6%) of their base salary, up to the maximum tax-facilitated amount for 2022 of € 114,866 (2021: € 112,189) per annum, and starting from a level of € 14,802 (2021: €14,544) (the so-called franchise); and
- an allowance of 20% of the base salary exceeding € 114,866 (2021: € 112,189) per annum; this allowance is taxable.

Pay ratio

Vion has disclosed the pay ratio between the members of Management Board and the other staff on the company's own payroll. We have defined the total Vion population as the average number of FTEs during the year, excluding flex-workers.

The table below shows the average cost of executive remuneration for the past two years:

Amounts in €	2022	2021
Pay ratio (A/B)	16.2	17.1

The ratio between the annual total executive remuneration and the average annual total compensation of employees was 16.2 in the reporting period and 17.1 in the 2021 financial year. For both years, the annual total compensation figures are based on the annual base salary, including social security contributions, variable remuneration and pension benefits, which include some defined-benefit plan elements.

Management Board contracts

Agreements with members of the Management Board are concluded for an indefinite period of time. The notice period for terminating the agreement to be observed by the board member is three months, whereas notice by the company is subject to a six-month term. Members of the Management Board will normally retire in the year in which they reach the statutory retirement age.

Contract termination

The employment contracts of the incumbent members of the Management Board provide for severance pay. This has been determined in accordance with best practice provision 3.2.3 of the Dutch Corporate Governance Code (i.e. a sum equivalent to the annual base salary).

Remuneration of the Supervisory Board

The remuneration package for the Supervisory Board comprises an annual fixed fee and an annual committee membership fee.

Remuneration awarded to the Supervisory Board in 2022

The annual remuneration of the members of the Supervisory Board was determined by the General Meeting of Shareholders on 15 February 2023. The total remuneration (annual fixed fee and annual committee membership fee) of the members of the Supervisory Board amounted to €0.3 million in the reporting period (2021: €0.3 million).

Loans

The company does not provide any loans to the members of the Management Board and the Supervisory Board.

Chair of the Supervisory Board (including membership of the remuneration, selection and appointment committee)	€ 75,000
Vice-chair Supervisory Board	€ 45,000
Member Supervisory Board	€ 40,000
Chair Audit Committee	€ 10,000
Member Audit Committee	€ 7,500
Chair and member Remuneration, Selection and Appointment Committee	€ 7,500

Financial statements 2022

1 Consolidated Financial Statements

(in thousands of euros)

1.1 Consolidated Income Statement

for the year ended 31 December 2022

	note	**2022**	2021
Continuing operations			
Sale of goods		5,285,124	4,552,103
Rendering of services		55,605	45,758
Revenue from contracts with customers	5	**5,340,729**	**4,597,861**
Other operating income	6	16,195	11,183
Raw materials and consumables used		(4,003,632)	(3,340,083)
Subcontracted work and external costs		(645,056)	(575,167)
Employee benefits expenses	7	(656,314)	(645,984)
Depreciation and amortisation	8	(71,332)	(68,239)
Impairment of non-current assets	9	(56,894)	(787)
Other operating expenses	10	(10,276)	(9,581)
Total operating expenses		**(5,443,504)**	**(4,639,841)**
Earnings before interest and taxes		**(86,580)**	**(30,797)**
Finance costs	11	(9,199)	(5,300)
Finance income	11	195	42
Share of profit of associates and joint ventures		1,959	1,526
Loss before tax from continuing operations		**(93,625)**	**(34,529)**
Income tax (expense)/income	12	(14,395)	5,523
Loss for the year		**(108,020)**	**(29,006)**
Attributable to:			
Equity holders of the parent		(108,132)	(29,704)
Non-controlling interests		112	698
Total		**(108,020)**	**(29,006)**

(in thousands of euros)

1.2 Consolidated Statement of Comprehensive Income

for the year ended 31 December 2022

	note	2022	2021
(Loss)/profit for the year		**(108,020)**	**(29,006)**
Other comprehensive income Items that may be reclassified subsequently to profit or loss (net of tax):			
Exchange difference on translation of foreign operations	23	34	(26)
Net gain/(loss) on cash flow hedges	23	804	(1,305)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods		**838**	**(1,331)**
Items that will not be reclassified subsequently to profit or loss (net of tax):			
Remeasurement gains on defined benefit obligations	23	29,390	3,883
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**29,390**	**3,883**
Other comprehensive income for the year, net of tax		**30,228**	**2,552**
Total comprehensive loss for the year, net of tax		**(77,792)**	**(26,454)**
Attributable to:			
Equity holders of the parent		(77,904)	(27,152)
Non-controlling interests		112	698
Total		**(77,792)**	**(26,454)**

1 Consolidated Financial Statements
(in thousands of euros)

1.3 Consolidated Statement of Financial Position

as at 31 December 2022

Assets	note	**2022**	2021
Non-current assets			
Property, plant and equipment	13	303,579	335,297
Investment properties	14	819	859
Intangible assets	15	79,392	70,373
Right of use assets	29	50,985	41,312
Investment in associates and joint ventures	16	12,344	10,385
Other non-current financial assets	18	650	710
Deferred tax assets	19	31,464	42,687
Total non-current assets		**479,233**	**501,623**
Current assets			
Inventories	20	269,817	224,338
Trade and other receivables	21	436,510	363,999
Prepayments		11,806	12,806
Other current financial assets	18	1,592	2,921
Income tax receivable		88	1,797
Cash and cash equivalent	22	4,594	18,708
Total current assets		**724,407**	**624,569**
Total assets		**1,203,640**	**1,126,192**

1 Consolidated Financial Statements
(in thousands of euros)

Equity and liabilities	note	**2022**	2021
Equity			
Issued share capital	23	2,285	2,285
Share premium	23	372,716	372,716
Legal reserves	23	30,437	25,466
Retained earnings		60,084	64,531
Result for the year		(108,132)	(29,704)
Equity attributable to equity holders of the parent		**357,390**	**435,294**
Non-controlling interests	17	13,804	13,820
Total equity		**371,194**	**449,114**
Non-current liabilities			
Interest-bearing loans and borrowings	24	128,120	116,784
Other non-current financial liabilities	25	1,489	3,659
Provisions	26	2,290	2,191
Net employee defined benefit liabilities	27	82,835	119,071
Deferred tax liabilities	19	27	70
Total non-current liabilities		**214,761**	**241,775**
Current liabilities			
Trade and other payables	28	534,945	403,060
Interest-bearing loans and borrowings	24	65,978	13,059
Other current financial liabilities	25	5,326	6,240
Contract Liability	5	1,623	1,059
Income tax payable		389	1,323
Provisions	26	9,424	10,562
Total current liabilities		**617,685**	**435,303**
Total liabilities		**832,446**	**677,078**
Total equity and liabilities		**1,203,640**	**1,126,192**

(in thousands of euros)

1.4 Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

	Attributable to the equity holders of the parent									
			Legal reserves							
	Issued share capital	Share Premium	Cash flow hedge reserve	Foreign currency translation reserve	Other legal reserves	Retained earnings	Result for the year	Total	Non-controlling interests	Total Equity
Balance at 1 January 2021	**2,285**	**372,716**	**1,228**	**643**	**20,272**	**31,076**	**51,727**	**479,947**	**13,141**	**493,088**
Appropriation of net result	-	-	-	-	-	51,727	(51,727)	**-**	-	**-**
Loss for the year	-	-	-	-	-	-	(29,704)	**(29,704)**	698	**(29,006)**
Other comprehensive income	-	-	(1,305)	(26)	-	3,883	-	**2,552**	94	**2,646**
Total comprehensive income	**-**	**-**	**(1,305)**	**(26)**	**-**	**3,883**	**(29,704)**	**(27,152)**	**792**	**(26,360)**
Dividends	-	-	-	-	-	(17,500)	-	**(17,500)**	(114)	**(17,614)**
Transfer to legal reserves	-	-	-	-	4,654	(4,654)	-	**-**	-	**-**
Balance at 31 December 2021	**2,285**	**372,716**	**(77)**	**617**	**24,926**	**64,531**	**(29,704)**	**435,294**	**13,820**	**449,114**
Appropriation of net result	-	-	-	-	-	(29,704)	29,704	**-**	-	**-**
Loss for the year	-	-	-	-	-	-	(108,132)	**(108,132)**	112	**(108,020)**
Other comprehensive income	-	-	804	34	-	29,390	-	**30,228**	-	**30,228**
Total comprehensive loss	**-**	**-**	**804**	**34**	**-**	**29,390**	**(108,132)**	**(77,904)**	**112**	**(77,792)**
Dividends	-	-	-	-	-	-	-	**-**	(128)	**(128)**
Transfer to legal reserves	-	-	-	-	4,133	(4,133)	-	**-**	-	**-**
Balance at 31 December 2022	**2,285**	**372,716**	**727**	**651**	**29,059**	**60,084**	**(108,132)**	**357,390**	**13,804**	**371,194**

(in thousands of euros)

1.5 Consolidated Statement of Cash Flows

for the year ended 31 December 2022

	note	2022	2021
Operating activities			
Loss before tax from continuing operations		**(93,625)**	**(34,529)**
Adjustments to reconcile (loss)/profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment	13	95,327	41,843
Depreciation and impairment of right-of-use-assets	29	19,869	17,418
Depreciation and impairment of investment properties	14	40	102
Amortisation and impairment of intangible assets and impairment of goodwill	15	12,990	9,663
Gain on disposal of property, plant and equipment	6	(634)	(2,741)
Finance income	11	(195)	(42)
Finance costs	11	8,354	4,959
Net foreign exchange differences	11	845	341
Share of profit of associates and joint ventures	16	(1,959)	(1,526)
Movement in provisions and pensions		(8,835)	(4,518)
Acquisition costs		306	1,228
Working capital changes:			
(Increase)/decrease in trade and other receivables and prepayments		(67,613)	(12,251)
(Increase)/decrease in inventories		(45,479)	(35,634)
Increase/(decrease) in trade and other payables		130,559	28,666
Cash generated from operating activities		**49,950**	**12,979**
Interest received		92	(20)
Interest paid		(6,286)	(4,861)
Income tax paid		(2,533)	(5,428)
Net cash flows from operating activities		**41,223**	**2,670**

	note	2022	2021
Investment activities			
Proceeds from sale of property, plant and equipment		1,206	4,205
Purchase of property, plant and equipment		(63,957)	(47,187)
Purchase of intangible assets	15	(13,366)	(7,195)
Development expenditures	15	(9,051)	(9,563)
Proceeds from sale of financial assets		(229)	308
Acquisition of subsidiaries - net of cash acquired		-	(1,611)
Dividends received from associates and joint ventures		-	241
Net cash flows used in investment activities		**(85,397)**	**(60,802)**
Financing activities			
Proceeds from borrowings		51,272	75,000
Repayments of borrowings		-	(10,602)
Payment of principal portion of lease liabilities		(18,517)	(17,135)
Proceeds from non-bank debts		20	544
Dividend paid to equity holders of the parent	24	-	(17,500)
Dividend paid to non-controlling interests	26	(2,700)	(2,194)
Net cash flows from/(used in) financing activities		**30,075**	**28,114**
Net (decrease)/increase in cash and cash equivalents		(14,099)	(30,018)
Net foreign exchange differences		(15)	(332)
Cash and cash equivalents at 1 January		18,708	49,058
Cash and cash equivalents at 31 December		**4,594**	**18,708**

2 Notes to the Consolidated Financial Statements

1 General information

The Consolidated Financial Statements of Vion Holding N.V. and its subsidiaries (collectively, Vion or the company) for the year ended 31 December 2022 were authorised for publication by the management board of the company following the approval by the supervisory board on 27 June 2023.
The financial statements will be submitted to the general meeting of shareholders for adoption.

Vion Holding N.V. is a public limited liability company under Dutch law incorporated and domiciled in the Netherlands. The registered office is located in Best, the Netherlands. Vion has one shareholder and ultimate controlling party: Stichting Administratiekantoor SBT. Vion Holding N.V. is registered with the Dutch Trade Register under number 17053901.

Vion Holding N.V. is a holding company. Vion's product portfolio consists of fresh pork and beef and derived convenience food products.

2 Significant accounting policies

2.1 Basis of preparation

Statement of IFRS compliance

The Consolidated Financial Statements of Vion have been prepared in accordance with International Financial Reporting Standards adopted by the European Union (IFRS) and part 9 of the Book 2 of the Dutch Civil Code. The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statements of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes the Consolidated Financial Statements.

The Consolidated Financial Statements have been prepared on a historical cost basis, except for deferred receipts and derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The Consolidated Financial Statements are presented in euros and all values are rounded to the nearest thousand (€000), unless stated otherwise.

Going concern

Current financial situation and performance

In 2022, Vion showed a net loss of € 108.0 million, of which € 56.9 million are impairment losses for capacity adjustments related to our transformation programme 'Change That Matters' and adjusted weighted average cost of capital (WACC) and € 14.4 million from lower deferred tax assets. EBIT amounted to € 86.6 million negative, including impairment losses and restructuring expenses. Normalised EBIT in 2022 amounted to € 23.5 million negative compared to € 28.2 million negative in 2021. Looking at cash flow from operating activities, Vion generated € 41.2 million positive cash flow. Total net amount spent in investments amounted to € 85.4 million. These investments have been made in line with the Company's strategic goals and hence will contribute to the future cash flows and efficiencies. At the end of 2022, the financial position of the Company shows an equity amount of € 371.2 million (30.8% of total assets).

Although the group improved its normalised EBIT in 2022, having a positive operating cash flow and a healthy balance structure, results are still under pressure. The total net cash flow was negative due to high strategic investments with its peak in 2022, where in coming years capital expenditure will be lower. This is a direct result of changing market conditions, and could impact the Company's financial position and financing ability for the upcoming year. The fundamentally and unexpectedly changing markets have had an impact on the entire food industry, including Vion. Especially overcapacity and shortage of livestock, in turn triggering historically high prices for livestock, as well as high inflation leading to increasing energy and labour costs, each require an acceleration of the execution on our

2 Notes to the Consolidated Financial Statements

strategy and a strong performance improvement. This was already planned in 'Change That Matters'.

In 2021 and 2022, there were also unforeseen effects: the widespread inflation that followed the war in Ukraine has also impacted cost and consumer spendings, the speed of the reduction of pigs in Germany following African Swine Fever (ASF) in turn drove pig prices to a historically high level and the extended COVID-measures in China have led to lower export volumes for Vion. The combination of these market trends have led to lower than planned results. Due to the nature of the supply chain, it takes an average of 12 weeks to pass through increased cost prices to our customers. Therefore, price increases have impact on our margin and our financial results, while sales margins restored over time. That effect is magnified since Vion finances part of the supply chain, by paying farmers within 10 days and receiving payment from customers in average after 23 days. The combination of lower than planned results as well as higher working capital, resulted in additional utilization of the Working Capital Facility during 2022.

Current and expected profitability

To address the current and long term market conditions, management performed detailed analyses on expected results for the period 2023 till 2027. These analyses showed that under unchanged circumstances and without intervention, compliance with Working Capital Facility and Schuldschein covenants would be at risk. Based on this analysis we have implemented actions, supported by external specialists, that should improve profitability, cash flow and liquidity, both in the short and long term. Vion's Working Capital Facility lenders and key credit insurers support these actions by granting the requested changes in covenants and agreements.

In October 2022, we started our 'Change That Matters' programme to accelerate our strategy of building sustainable chains that provide a future for farmers and a choice in sustainable food chains for the consumer. The programme, which is assessed by external firms, focuses on adapting our organisation in order to Build Balanced Chains with farmers and customers faster and more effectively. We are in a constructive dialogue with all relevant stakeholders including Working Capital Facility Lenders and key credit insurers on the progress of the 'Change That Matters' programme, as well as the direction of the market.

Significant cost savings and increased productivity are also part of this programme. The programme is scheduled to deliver an annualised € 150 - € 200 million improvement by 2025 in orderto ensure sustainable operations while investing in a regionalised and sustainable footprint. The programme will do this by focusing on various levers that drive our performance improvement such as but not limited to operational efficiency, non-livestock procurement at scale, improved key account management, cash management, footprint measures as well as divestment of idle assets.
In 2022 and 2023, Vion adjusted and announced adjustments to production capacity in several sites, addressing financially under-performing facilities and over-capacity. The current year to date impact is slightly ahead of the plan. Delivery of the programme is done by a rigorous execution mechanism that has been installed. The programme is based on a proven concept and has been assessed and found very comprehensive and robust. Implementation is executed by a dedicated Vion team and supported by external resources and relevant stakeholders.

Vion is confident that it can successfully execute 'Change That Matters', reinforce its strategy and significantly improve its financial results.

Aligned with the CTM programme, Vion announced a strategic transformation on 7 June 2023 which involves the establishment of two country units, Germany and Benelux, to oversee livestock purchase, site operations (slaughtering, deboning, processing, packaging), and meat sales. This move aims to foster closer connections between farmers and customers within the home markets. Vion is confident that these strategic changes will drive sustainable growth, an acceleration of Vion’s chain strategy, foster innovation, and strengthen the company’s leading position in the European food industry. For both 2023 and 2024 this plan is expected to contribute to Vion's results, cash flow and liquidity.

Looking to the years 2023 and 2024, many of the market risk factors mentioned above may continue, which will continue to lead to a high use of our finance facilities and pressure on results in case nothing is done. In order to execute our transformation in our current market conditions with historically high pig prices, Vion engaged its Working Capital Facility Lenders and key credit insurers, which also provide the main funding lines for the Vion Food Group. In an agreement with the Working Capital Facility Lenders signed in June 2023, Vion agreed on a full package of supportive measures, so Vion can focus on the execution of our 'Change That Matters' programme. Also, it needs to be taken into account that there will always be an inherent market risk due to volatility in this specific market. In the event that adverse developments would require additional funding, the company has enough lead time and options available. Included in that package are the following bank covenants:

- A lower Interest Coverage Ratio covenant – 4.5x for Q4 2023 and Q1 2024, before reverting to the original level of 5.00 from Q2-2024. No testing will be applied for Q2 2023 and Q3 2023.
- A lower Net Working Capital covenant – € 35m until and including Q4 2024, € 65m for Q1 2025, before reverting to the original level of € 100m from Q2-2025.

An uncommitted facility was increased and became part of the committed financing creating additional liquidity. We note that through the reset of the Working Capital facility Interest Ratio Covenants are largely in line with the similar Schuldschein Covenant.

Because of all measures taken, Vion is of the opinion that it is able to operate as a going concern and hence prepared its financial statements on a going concern basis, despite the unpredictability in the market. In the scenario that external factors and risks would have such a negative impact that covenants are at risk, the company has enough time and options available to mitigate this impact. Based on a strong balance sheet position, with an estimated solvency at year end 2023 of 28% and non-pledged assets of over € 500 million, there will be multiple refinancing options. These options include amongst others the sale of non-core assets, refinancing of the existing and/or engaging new financing facilities based on current secured and unsecured assets within a reasonable timeline.

The amended banking covenants are based on our forecast for 2023 and 2024 and accordingly, management expects that Vion's result, cash flow and liquidity will allow compliance with these covenants, also after taking into account the ongoing market risks mentioned earlier in this paragraph. Vion has for that purpose run sensitivities analyses, to test adverse developments. The outcome of these scenarios provide comfort that the company will be able to absorb the impact of such risk factors, taken into account the mitigation options as described in prior paragraph. Executing these options include both fully controlled actions by Vion only as well as options that only can be realised in cooperation with external stakeholders. Given this situation and based on the experiences so far, management assesses that co-operation from external stakeholders will be acquired when needed. This is an important assumption supporting the going concern assessment.

2.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of Vion Holding N.V. and its subsidiaries as at 31 December 2022. Control is achieved when Vion is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Vion controls an investee if, and only if, Vion has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when Vion has less than a majority of the voting or similar rights of an investee, Vion considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- Vion's voting rights and potential voting rights

Vion re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when Vion obtains control over thesubsidiary and ceases when Vion loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date Vion gains control until the date Vion ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of Vion and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Vion's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of Vion are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If Vion 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 Consolidated Income Statement. Any investment retained is recognised at fair value.

2.3 Summary of significant accounting policies

a) Business combinations and goodwill

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. For each business combination, Vion elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses in Consolidated Income Statement.

When Vion 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. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the Consolidated Income Statement in accordance with IFRS 9.
Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being 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, Vion 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 Consolidated Income Statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of Vion's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

b) Investment in associates and joint ventures

An associate is an entity over which Vion has significant influence.

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.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Vion's investments in its associate and joint venture 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 Vion'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 and is not tested for impairment separately.

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

The aggregate of Vion's share of profit or loss of an associate and a joint venture is shown on the face of the Consolidated Income Statement outside operating profit and 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 Vion. If financial information is not available for an associate or joint venture when the annual report of Vion is presented, most recently available information is used in determining the value of the associate or joint venture. When necessary, adjustments are made to bring the accounting policies in line with those of Vion.

After application of the equity method, Vion determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, Vion determines whether there is objective evidence that the investment in the associate or joint venture is to be impaired. If there is such evidence, Vion calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as Share of profit of associates and joint ventures in the Consolidated Income Statement.

Upon loss of significant influence over the associate or joint control over the joint venture, Vion 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 Consolidated Income Statement.

c) Current versus non-current classification

Vion presents assets and liabilities in the Consolidated Statement of Financial Position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Vion classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d) Fair value measurement

Vion measures certain financial instruments such as derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by Vion.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Vion uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, Vion determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Vion determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuators are involved for valuation of significant assets and significant liabilities. Involvement of external valuators is decided upon annually by Vion. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Vion decides, after discussions with Vion's external valuators, which valuation techniques and inputs to use for each case.

At each reporting date, Vion analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per Vion's accounting policies. For this analysis, Vion verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Vion, in conjunction with Vion's external valuators, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On a periodical basis, Vion and Vion's external valuators present the valuation results to Vion's independent auditors.This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, Vion has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

e) Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which Vion expects to be entitled in exchange for those goods or services. Vion has generally concluded that it is the principal in its revenue arrangements, except for the rendering of services as disclosed below, because it typically controls the goods or services before transferring them to the customer.

Regarding the recognition of revenue from contracts with customers, there are no specific significant judgements, estimates or assumptions made by Vion.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the products is transferred to the customer, generally on delivery of the goods.

Rendering of services

Revenue from rendering of services mainly concerns slaughtering fees. Vion acts as an agent for some slaughtering contracts, where Vion has no inventory risk and receives a fixed fee for the slaughtering services. Revenue is recognised at the point in time after the control of the services has been transferred to the customers.

Vion considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the rendering of services, Vion considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

i) Variable consideration

If the consideration in a contract includes a variable amount, Vion estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable thata significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with a right for bonuses. These customer bonuses give rise to variable consideration.

Vion provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. To estimate the variable consideration for the expected future customer bonuses, Vion applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one threshold, based on contract terms and the goods or service delivered. The selected method that best predicts the amount of variable consideration is primarily driven by the number of thresholds contained in the contract. Vion then applies the requirements on constraining estimates of variable consideration and recognises a liability for the expected customer bonus.

ii) Significant financing component

In certain situations, Vion receives short-term advances from its customers. Using the practical expedient in IFRS 15, Vion does not adjust the prepaid amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be less than one year.

Contract balances

Trade receivables

A receivable represents Vion's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section p) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which Vion has received consideration from the customer. If a customer pays consideration before Vion transfers goods or services to the customer, a contract liability is recognised when the payment is received.

f) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the amount is deducted from the asset value and is recognised as income in equal amounts over the expected useful life of the related asset.

When Vion receives grants of non-monetary assets, the asset and the grant are recorded at net amounts and released to Consolidated Income Statement over the expected useful life of the asset.

g) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where Vion operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Consolidated Income Statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

In assessing the recoverability of deferred tax assets, Vion relies on the same forecast assumptions used elsewhere in the financial statements and in other management reports.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in Consolidated Income Statement.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

h) Foreign currencies

Vion's Consolidated Financial Statements are presented in euros, which is also the parent company's functional currency. For each entity, Vion determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Vion uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to Consolidated Income Statement reflects the amount that arises from using this method.

i) Transactions and balances

Transactions in foreign currencies are initially recorded by Vion's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of Vion's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Consolidated Income Statement are also recognised in OCI or Consolidated Income Statement, respectively).

ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their income statements are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI.

On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to Consolidated Income Statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

i) Non-current assets held for sale and discontinued operations

Vion classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn.Management must be committed to sell expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations

Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Consolidated Income Statement.

j) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price and other directly attributable costs. When significant parts of plant and equipment are required to be replaced at intervals, Vion depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in Consolidated Income Statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on property plant and equipment is charged to Consolidated Income Statement and is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:
- Land: indefinite, no depreciation
- Buildings: 25 to 30 years
- Machinery and installations: 8 to 15 years
- Other equipment: 3 to 15 years

Vion reviews the estimated residual values and expected useful lives of assets at least annually.

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is includedin the Consolidated Income Statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

k) Leases

Vion 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.

Vion as a lessee

Vion applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. Vion recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

Vion 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, as follows:

- Plant and machinery 3 to 15 years
- Motor vehicles and other equipment 3 to 5 years

If the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

ii) Lease liabilities

At the commencement date of the lease, Vion recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments, excluding payments for service components related to the asset classes land and buildings and other equipment) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by Vion and payments of penalties for terminating the lease, if the lease term reflects Vion exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, Vion 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. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

Vion applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value (individual asset value below €5,000). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Vion as a lessor

Leases in which Vion does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Consolidated Income Statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

2 Notes to the Consolidated Financial Statements

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Investment properties

Investment properties are initially and subsequently measured at cost, including transaction costs. Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in Consolidated Income Statement in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use.

Depreciation of investment properties is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Land: indefinite, no depreciation
- Buildings: 25 to 30 years

n) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Consolidated Income Statement in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Income Statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level.The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Income Statement when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when Vion can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Amortisation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Software: 3 to 5 years
- Other, including concessions and trademarks: 10 to 15 years

o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and Vion's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which Vion has applied the practical expedient, Vion initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.Trade receivables that do not contain a significant financing component or for which Vion has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section e) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Vion's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e. the date that Vion commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to Vion. Vion measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in Consolidated Income Statement when the asset is derecognised, modified or impaired.

Vion's financial assets at amortised cost includes trade receivables and loan to an associate included under other non-current financial assets.

2 Notes to the Consolidated Financial Statements

Financial assets at fair value through OCI (debt instruments)

Vion measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Consolidated Income Statement and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to Consolidated Income Statement.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the Consolidated Income Statement.

This category includes derivative instruments. Dividends on listed equity investments are also recognised as other income in the Consolidated Income Statement when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Vion's Consolidated Statement of Financial Position) when:

- The rights to receive cash flows from the asset have expired; or
- Vion has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) Vion has transferred substantially all the risks and rewards of the asset, or (b) Vion has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When Vion has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, Vion continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Vion also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Vion has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Vion could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions: Note 3
- Trade and other receivables: Note 21

Vion recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Vion expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For debt instruments at fair value through OCI, Vion applies the low credit risk simplification. At every reporting date, Vion evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, Vion reassesses the internal credit rating of the debt instrument. In addition, Vion considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. Vion considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, Vion may also consider a financial asset to be in default when internal or external information indicates that Vion is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by Vion. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Vion's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by Vion that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the Consolidated Income Statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Vion has not designated any financial liability as at fair value through profit or loss.

2 Notes to the Consolidated Financial Statements

Loans and borrowings

This is the category most relevant to Vion. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Income Statement.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 24.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Consolidated Income Statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

p) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

Vion uses forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to Consolidated Income Statement, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to Consolidated Income Statement when the hedged item affects profit or loss.

For the purpose of hedge accounting, the hedges Vion uses classify as cash flow hedges, as Vion is hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, Vion formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how Vion will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that Vion actually hedges and the quantity of the hedging instrument that Vion actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the Consolidated Income Statement.

Vion uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised in other operating income or expenses. Amounts recognised in OCI are transferred to Consolidated Income Statement when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

q) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Raw materials: purchase cost on a first-in/first-out basis
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventory is reduced for estimated losses due to obsolescence. This reduction is determined based on sales in recent past and/or expected future demand.

r) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- Disclosures for significant assumptions: Note 3
- Property, plant and equipment: Note 13
- Intangible assets (including goodwill): Note 15

Vion assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, Vion estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future pre-tax cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Vion bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of Vion's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the Consolidated Income Statement in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, Vion estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Income Statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually in the fourth quarter based on the financial position as at 30 September and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

s) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents, as defined above, net of outstanding bank overdrafts as they are considered an integral part of Vion's cash management.

t) Provisions

General

Provisions are recognised when Vion has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When Vion expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Consolidated Income Statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restructuring provisions

Restructuring provisions are recognised only when Vion has a constructive obligation, which is when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline, and the employees affected have been notified of the plan's main features.

Onerous contracts

If Vion has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. An onerous contract is a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

u) Pensions and other post-employment benefits

Vion holds besides defined contribution plans, a defined benefit pension plan in Germany and several multi-employer plans and a jubilee plan in the Netherlands.

Defined contribution plan

According to this pension scheme, defined contributions are paid to independent pension funds. Besides the defined contributions, Vion has no obligation to make additional payments to the scheme to make up for deficits resulting from actuarial or investment risk.

The regular contributions in the defined contribution schemes qualify as net periodic costs in the year in which they are due and are recognised within the employee benefits expense. Employee contributions are deducted from this expense.

Defined benefit plan

Vion holds defined benefit pension schemes for employees and former employees of the German group companies. The schemes are not open to new participants. A part of the schemes will be funded using a so-called 'Unterstützungsfonds', while liabilities are direct.

The net liability related to these schemes are calculated annually by an independent actuary according to the projected unit credit method and discounted with a maturity corresponding to the time of benefit payments to the members.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements of the net liabilities comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Consolidated Income Statement in subsequent periods.

Past service costs are recognised in Consolidated Income Statement on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that Vion recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Vion recognises the following changes in the net defined benefit obligation under 'Employee benefits expense' and 'Finance costs' in the Consolidated Income Statement:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Multi-employer plan

Vion participates for its employees in the Netherlands in several multi-employer pension schemes, which are all under the supervision of an independent pension administrator. Participation to these multi-employer plans is obligatory by law. Vion can only exit these multi-employer plans if it would start its own pension plan or collective labour agreement.

As these plans qualify as a defined benefit plans, IFRS requires these plans to be accounted for as such. However, as Vion is not able to obtain sufficient information for defined benefit accounting the exception of IAS 39.34 is applied by which the plans are accounted for as defined contribution plans. The pension benefits are based on a moderate career-average scheme. Based on the contributions paid to these plans and the number of participants, it can be concluded that Vion has a limited to low level of participation in these plans.

Premiums owed in the financial year to the pension administrators are recognised as costs.

Jubilee benefit commitments

The liability and cost of providing benefits under the jubilee benefits plan are determined by actuary using the projected unit credit method. Actuarial results are recognised in the Consolidated Income Statement.

2.4 Changes in accounting policies and disclosures

New and amended standards and interpretations

Several amendments and interpretations apply for the first time in 2022, but are not applicable or do not have a material impact on the Consolidated Financial Statements of Vion:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Reference to the Conceptual Framework – Amendments to IFRS 3
- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 Leases
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
- IAS 41 Agriculture – Taxation in fair value measurements

2.5 Standards issued but not yet effective

The following new and amended standards and interpretations are issued, but not yet effective up to date of issuance of the group's financial statements:

- IFRS 17 Insurance contracts
  This standard is not applicable to Vion.
- Definition of Accounting Estimates - Amendments to IAS 8 (applicable as from 1 January 2023)
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (applicable as from 1 January 2023)
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current: In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (the amendments should be applied to transactions that occur on or after the beginning of the earliest comparative period presented, applicable as from 1 January 2023). This amendment does not have impact on Vion's financial statements as Vion.
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16 (applicable as from 1 January 2024)

Vion is currently assessing the impact of the amendments and has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.6 Restatement of items

No significant restatements in the profit or loss or notes to the consolidated financial statements were made.

3 Significant accounting judgements, estimates and assumptions

The preparation of Vion's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to Vion's exposure to risks and uncertainties includes:

- Financial instruments risk management and policies: Note 33
- Sensitivity analyses disclosures: Notes 15, 27 and 33

3.1 Judgements

In the process of applying Vion's accounting policies, management has made judgements, as described in the paragraph estimates and assumptions, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements. Judgements included in our going concern assessment have been disclosed in the going concern paragraph in note 2.1.

Determining the lease term of contracts with renewal and termination options – Vion as lessee

Vion determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Vion has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, Vion reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Vion included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). Vion typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because Vion typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to note 29 for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

3.2 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Vion based its assumptions and estimates on parameters available when the Consolidated Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of Vion (for the estimates made as per year-end 2022, Covid-19 and ASF have been considered by management on

Business Unit level). Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that Vion is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by Vion. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in note 15 on intangible fixed assets. Separately from the annual impairment test, for each CGU to which goodwill is allocated, Vion assesses each year whether there are any indications of impairment for all other classes of assets. Both external as well as internal sources of information are considered when identifying indications that an asset may be impaired.

Taxes

Deferred tax assets, including deferred tax assets for tax loss carry forward positions and tax credit carry forward positions, are recognised to the extent that it is probable that future taxable income will be available against which temporary differences, unused tax losses or unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the assets to be recovered. Further details on the recognition of deferred tax assets is included in note 19.

Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and jubilee benefits plan and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate.In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an AA rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about pension obligations are provided in note 27.1.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See note 33.4 for further disclosures.

Development costs

Vion capitalises development costs for software in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model.
In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 December 2022, the carrying amount of capitalised development costs was €21.2 million (2021: €19.0 million).

The amount includes significant investments in the common design for the new ERP system for Pork and Beef, the implementation of a new Vion wide master data management system as well as development of a blockchain which supports the Vion strategy pillar BBC (building balanced chains).

4 Acquisitions and disposals

4.1 Acquisitions

There were no acquisitions in 2022.

4.2 Disposals

During 2022, there were no disposals of subsidiaries.

(in thousands of euros)

5 Revenue from contracts with customers

5.1 Disaggregated revenue information

Set out below is the disaggregation of revenue from contracts with customers by geographical split:

	2022	2021
Geographical markets		
The Netherlands	843,024	702,653
Germany	2,017,266	1,662,451
Italy	447,293	378,517
United Kingdom	161,329	161,946
Greece	211,376	156,662
Other European countries	1,016,470	869,638
Total Europe	**4,696,758**	**3,931,867**
Asia	495,976	558,043
North America	53,196	51,190
Other countries	94,799	56,761
Total revenue from contracts with customers	**5,340,729**	**4,597,861**
Timing of revenue recognition		
Goods transferred at a point in time	5,285,124	4,552,103
Services transferred at a point in time	55,605	45,758
Total revenue from contracts with customers	**5,340,729**	**4,597,861**

(in thousands of euros)

5.2 Contract balances

	2022	2021
Trade receivables	401,095	325,435
Contract liability	1,623	1,059

During the year, €1.5 million (2021: €1.4 million) was recognised as provision for expected credit losses on trade receivables.

Generally, invoicing is done at the time the performance obligation is satisfied. Contract liabilities relate to short-term advances received, which will be settled upon delivery of the goods.

5.3 Customer bonuses

	2022	2021
Customer bonuses	26,618	20,757

The customer bonuses are expected to be settled within 3 to 12 months.

6 Other operating income

	2022	2021
Gain on sale of property, pland and equipment	634	3,400
Rental income	874	874
Insurance coverage	1,453	14
Other	13,234	6,895
Total other operating income	**16,195**	**11,183**

(in thousands of euros)

7 Employee benefits expenses

	2022	2021
Wages and salaries	343,660	332,288
Social security costs	59,317	57,758
Contributions to defined contribution plans	12,359	11,726
Expenses related to post-employment defined benefit plans	228	269
Post-employment benefits other than pensions	94	124
Termination benefits	4,399	2,908
Temporary staff	217,388	218,376
Other employee benefit costs	18,869	22,535
Total employee benefits expenses	**656,314**	**645,984**

An overview of the number of FTEs and flex workers is provided in the Key figures (see page 13).

8 Depreciation and amortisation

	2022	2021
Depreciation of property, plant and equipment	43,347	41,508
Depreciation of investment properties	40	102
Depreciation of right of use assets	17,362	17,418
Amortisation of intangible assets	10,583	9,211
Total depreciation and amortisation	**71,332**	**68,239**

(in thousands of euros)

9 Impairment of non-current assets

	2022	2021
Impairment of property, plant and equipment	51,980	335
Impairment of intangible assets	2,407	452
Impairment of right of use assets	2,507	-
Total impairment of non-current assets	**56,894**	**787**

Impairment losses have been highly impacted by increasing interest rates and global market outlook which impacted some sites that are highly depending on the current challenging circumstances. Further to this, the impairment losses relate to the announced closure of certain production activities and IM&T related projects.

For information on impairments of non-current assets, please refer to note 13 and note 15.

10 Other operating expenses

	2022	2021
Restructuring expenses	2,100	360
Lease costs buildings and non-production equipment	4,181	4,034
Other	3,995	5,187
Total other operating expenses	**10,276**	**9,581**

Restructuring expenses

Restructuring expenses include legal and consultancy costs for restructuring projects.

(in thousands of euros)

11 Finance costs and income

Finance costs	**2022**	2021
Interest accretion pension provision	(950)	(581)
Interest and charges financing facility	(2,347)	(1,034)
Finance charges payable under finance leases and hire purchase contracts	(1,541)	(1,287)
Interest accretion jubilee provision	(30)	(16)
Other	(3,196)	(1,827)
Total interest expenses	**(8,064)**	**(4,745)**
Financing fee	(290)	(214)
Currency exchange losses / gains	(845)	(341)
Total finance costs	**(9,199)**	**(5,300)**

Finance income	**2022**	2021
Other	195	42
Total finance income	**195**	**42**

(in thousands of euros)

12 Income taxes

	2022	2021
Current income tax:		
Current income tax charge	(3,367)	(649)
Adjustments in respect of prior years	41	692
Deferred tax:		
Relating to (de)recognition of tax losses	(9,650)	(2,281)
Relating to origination and reversal of temporary differences	(3,981)	7,761
Adjustments in respect of prior years	2,562	-
Income tax income reported in the Consolidated Income Statement	**(14,395)**	**5,523**

(in thousands of euros)

Reconciliation between the statutory and effective tax rate	**2022**	2021
Statutory income tax rate	25.8%	25.0%
Loss before tax from continuing operations	(93,625)	(34,529)
Profit/(loss) from joint ventures for tax purposes	2	(3)
Loss before income tax	**(93,623)**	**(34,532)**
Statutory income tax income	24,155	8,633
Change in valuation of available losses and timing differences	(44,179)	(16,311)
Non-taxable income	76	9,540
Effect of participation exemption	897	50
Non-deductible expenses for tax purposes	(2,785)	(2,055)
Tax incentives	206	-
Change in the standard rates of taxes	-	878
Effect of different foreign tax rates	4,399	4,172
Adjustment prior years	2,818	607
Other	18	9
Income tax (expense)/income including joint ventures	**(14,395)**	**5,523**
Income tax income from joint ventures	-	-
Income tax (expense)/income reported in the Consolidated Income Statement	**(14,395)**	**5,523**
Effective tax rate	**-15.4%**	**16.0%**

(in thousands of euros)

13 Property, plant and equipment

Cost	Freehold land and buildings	Plant and machinery	Equipment	Construction in progress	Total
Balance at 1 January 2021	**597,826**	**519,524**	**6,487**	**38,346**	**1,162,183**
Additions	6,427	19,360	6,227	14,946	46,960
Acquisition of a subsidiary	6,749	2,758	103	1	9,611
Disposals	(23,835)	(5,299)	(2,488)	(99)	(31,721)
Transfer from construction in progress	19,144	11,153	1,233	(31,427)	103
Exchange translation adjustment	2	-	24	-	26
Balance at 31 December 2021	**606,313**	**547,496**	**11,586**	**21,767**	**1,187,162**
Additions	13,397	25,350	7,122	17,997	63,866
Impairment	-	-	-	-	-
Disposals	(254)	(12,116)	(3,484)	-	(15,854)
Transfer from construction in progress	1,139	9,720	846	(11,327)	378
Exchange translation adjustment	(3)	-	7	-	4
Balance at 31 December 2022	**620,592**	**570,450**	**16,077**	**28,437**	**1,235,556**

Depreciation and impairment

Balance at 1 January 2021	**447,321**	**389,110**	**3,830**	**-**	**840,261**
Charge during the year	12,290	23,952	5,266	-	41,508
Impairment	54	281	-	-	335
Disposals	(23,618)	(4,631)	(1,978)	-	(30,227)
Reclassifications	(48)	88	(75)	-	(35)
Exchange translation adjustment	-	-	23	-	23
Balance at 31 December 2021	**435,999**	**408,800**	**7,066**	**-**	**851,865**
Charge during the year	12,680	25,183	5,483	-	43,346
Impairment	20,551	25,958	3,503	1,966	51,978
Disposals	(225)	(11,799)	(3,192)	-	(15,216)
Reclassifications	-	1	(1)	-	-
Exchange translation adjustment	(2)	-	6	-	4
Balance at 31 December 2022	**469,003**	**448,143**	**12,865**	**1,966**	**931,977**

(in thousands of euros)

Net book value	Freehold land and buildings	Plant and machinery	Equipment	Construction in progress	Total
Balance at 31 December 2021	170,314	138,696	4,520	21,767	335,297
Balance at 31 December 2022	151,589	122,307	3,212	26,471	303,579

Construction in progress

During the year, the transfer from construction in progress was mainly in relation to development projects across various production sites, as is the position at the 2022 balance sheet date.

Impairment

In 2022, an impairment loss of €53.7 million represented the write-down of certain property, plant and equipment to the recoverable amount as a result of challenging market circumstances and footprint adjustments. This was recognised in the statement of profit or loss. The recoverable amount as at 31 December 2022 was based on the highest of value in use and fair value less cost of disposal and was determined at the level of the CGU. The relevant CGUs are part of business units Pork, Beef and Retail and are located in the northern part of Germany. In determining value in use for the CGU, the cash flows were discounted at a rate of 7.6% on a post-tax basis.

For information on impairments of non-current assets, please refer to note 15.

14 Investment properties

	2022	2021
Balance at 1 January	**859**	**961**
Depreciation and impairment charges	(40)	(102)
Balance at 31 December	**819**	**859**

Net book value

Cost	5,170	5,170
Accumulated depreciation and impairment	(4,351)	(4,311)
Balance at 31 December	**819**	**859**

Vion’s investment properties consist of apartments, houses and a storage location in Germany that are leased to third parties. The rental income derived from these properties amounts €0.3 million (2021: €0.3 million).

(in thousands of euros)

Vion has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

15 Intangible assets

Cost	Goodwill	Software	Software under development	Other	Total
Balance at 1 January 2021	**25,924**	**67,401**	**8,170**	**7,207**	**108,702**
Additions – internally developed	-	-	9,563	-	9,563
Additions – separately acquired	2,722	804	6,391	1,282	11,199
Reclassifications	-	313	(289)	-	24
Disposals	-	(378)	-	-	(378)
Balance at 31 December 2021	**28,646**	**68,140**	**23,835**	**8,489**	**129,110**
Additions – internally developed	-	-	9,051	-	9,051
Additions – separately acquired	-	5,959	7,389	18	13,366
Reclassifications	-	16,657	(17,034)	-	(377)
Disposals	-	(2,729)	-	(631)	(3,360)
Balance at 31 December 2022	**28,646**	**88,027**	**23,241**	**7,876**	**147,790**

Amortisation and impairment

Balance at 1 January 2021	**-**	**46,989**	**252**	**2,201**	**49,442**
Charge during the year	-	8,321	-	890	9,211
Impairment	-	-	-	452	452
Disposals	-	(368)	-	-	(368)
Balance at 31 December 2021	**-**	**54,942**	**252**	**3,543**	**58,737**
Charge during the year	-	9,701	-	885	10,586
Impairment	2,384	23	-	-	2,407
Disposals	-	(2,701)	-	(631)	(3,332)
Balance at 31 December 2022	**2,384**	**61,965**	**252**	**3,797**	**68,398**

(in thousands of euros)

Net book value	Goodwill	Software	Software under development	Other	Total
Balance at 31 December 2021	28,646	13,198	23,583	4,946	70,373
Balance at 31 December 2022	26,262	26,062	22,989	4,079	79,392

Reclassifications

The transfer of assets fully relates to assets under development which were brought to use during 2022.

Software under development

Of the total €23.2 million of software under development, various projects, amounting to €8.8 million, have been put on hold that management expects to finalise after 2023.

Goodwill

For impairment testing, goodwill is allocated to groups of cash-generating units, which represent the lowest level at which the goodwill is monitored internally for management purposes. Goodwill acquired through business combinations is allocated to the Business Units Pork, Beef and Food Service.

Carrying amount of goodwill allocated to each of the Business Units:

	2022	2021
Pork	-	2,384
Beef	3,384	3,384
Food Service	22,878	22,878
Total	**26,262**	**28,646**

Pork, Beef and Food Service

The recoverable amounts of the Business Units Pork, Beef and Food Service, have been determined through a value in use calculation. No goodwill has been recognised in the Business Unit Retail.

During the annual impairment test performed in the fourth quarter of 2022, based on the financial position as per 30 September 2022, the estimated recoverable amounts of the cash-generating units Beef and Food Service exceeded the carrying value at their Business Unit level, therefore no impairment loss was recognised.

(in thousands of euros)

Vion considers the relationship between its recoverable amount and its book value, among other factors, when reviewing for indicators of impairment. As at 30 September 2022, the recoverable amount of Business Unit Pork was below the book value of its capital employed, indicating a potential impairment of goodwill and impairment of the assets of the underlying CGUs. In addition, as a result of challenging market circumstances and footprint adjustments have led to decreased results indicating a potential impairment of the assets of underlying CGUs within Business Units Beef and Retail in the northern part of Germany.

The assumptions used in the goodwill impairment analysis for 2022 are based on the strategic plan 'Building Balanced Chains'. The strategic plan includes expected market developments and our Change That Matters programme, led by our newly appointed Chief Transformation Officer, to coordinate and drive this.

Based on this strategic plan, a 5-year Long Term Financial plan was prepared, which includes the financial impact of these initiatives and takes into account expected market developments. The financial impact of only those initiatives that have been committed to and/or started before the end of the year have been included in the impairment analysis for 2022. However, still certain assumptions used in determining the financial impact of the initiatives and the expected market developments are surrounded by uncertainty.

As the strategic plan, expected market developments and the financial impact of initiatives are partly dependent on developments in the future, and these might be impacted by unforeseen circumstances causing deviations in the assumptions used, the actual results of those market developments and initiatives might be different from the assumptions used in the strategic plan. This means the actual future financial results from those initiatives, and other assumptions used in the strategic plan and long term financial plan, might differ from the foreseen results used in the impairment analysis at the end of 2022.

The key assumptions used in the impairment test are set out below. The post-tax cash flow projections were determined using the management's internal forecasts that cover an initial period from 2023 to 2027, after which a terminal value was calculated. Management believes that this period is justified due to the long-term development of the concerning markets and past experiences. The values assigned to the key assumptions represent management's assessment of future trends in the food service industry and have been based on historical data from both external and internal sources.

	2022	**2021**
Discount rate Pork (pre-tax)	**10.9%**	6.0%
Discount rate Beef (pre-tax)	**11.1%**	6.4%
Discount rate Food Service (pre-tax)	**10.8%**	6.0%
Budgeted EBITDA growth rate (average of next five years) Pork	**25.3%**	88.1%
Budgeted EBITDA growth rate (average of next five years) Beef	**6.8%**	41.6%
Budgeted EBITDA growth rate (average of next five years) Food Service	**10.8%**	17.1%
Further growth rate used	nil	nil

(in thousands of euros)

The budgeted EBITDA growth rate has been calculated using the reporting year as the base line. The cash flow projections included financial budgets approved by senior management covering a five-year period.

The estimated recoverable amount of Beef exceeded its carrying amount by approximately €70.5 million (2021: €22.7 million) and for Food Service by approximately €188.4 million (2021: €229.4 million).

The estimated recoverable amount of BU Pork of €308.9 million as at 31 December 2022 (2021: €566.3 million) has been determined based on a value in use calculation using cash flow projections from our long-term plan covering a five-year period. It was concluded that the fair value less costs of disposal did not exceed the value in use. As a result of this analysis, management has recognised an impairment charge of €2.4 million in the current year against goodwill with a carrying amount of €2.4 million as at 31 December 2021. The impairment charge is recorded within the statement of profit or loss.

Sensitivity

Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following changes to two key assumptions could, individually, cause the value of the estimated recoverable amount to become equal to the carrying amount:

	2022	**2021**
Pork		
Decrease / increase discount rate, basis points	-	8.9%
Increase / decrease forecasted EBITDA growth rate (average of next five years), basis points	-	-18.2%
Beef		
Increase discount rate, basis points	3.9%	0.7%
Decrease forecasted EBITDA growth rate (average of next five years), basis points	-3.6%	-0.6%
Food Service		
Increase discount rate, basis points	21.8%	18.2%
Decrease forecasted EBITDA growth rate (average of next five years), basis points	-17.2%	-17.0%

(in thousands of euros)

Tangible fixed assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. In the determination of the value in use, the key assumptions used in the cash general units impairment test are similar to those used for the goodwill impairment test as set out above. No deviation in the period used, terminal value and future growth rate and the discount rate. For impairment testing, fixed assets are allocated to cash-generating units, which is the smallest identifiable group of assets that generates independent cash in flows.

The key assumptions used in the impairment test are similar to those used for the goodwill impairment test as set out above. No deviation in the period used, terminal value and future growth rate and the discount rate.

For impairment testing, fixed assets are allocated to groups of cash-generating units, which is the smallest identifiable group of assets that generates independent cash in flows.

Carrying amount of fixed assets allocated to each significant CGU identified for indications of impairment:

	CGU Pork North	CGU Pork South	CGU Beef North
Carrying value (in)tangible fixed assets	39,416	18,754	14,627
Carrying value right-of-use assets	1,218	1,757	603
Total carrying value fixed assets as at 31 december 2022	**40,634**	**20,511**	**15,230**

In the beginning of 2022, our CGUs were significantly impacted by COVID-19 (additional costs, temporary closures, etc.). Further, impacted by the current situation in Ukraine with high inflation as a result. Below is a further detail of impairment indications per CGU and the valuation techniques used in determining the recoverable amount of the assets. We determined the fair value less costs of disposal based on entity or asset basis, depending on most reliable supporting documentation that we deem reasonable and fit for this purpose.

CGU Pork North

CGU Pork North is a combination of slaughterhouses and deboning sites in the northern part of Germany. The unstable situation in Europe and an imbalance in the pig market led to high pig prices that have not been fully passed through to our customers. Furthermore, the CGU is impacted by African Swine Fever (ASF) leading to an export stop to Asia. As a result, the CGU shows negative results.

(in thousands of euros)

The recoverable amount is determined based on fair value less costs of disposal. The level of the fair value hierarchy of the fair value measurement of the CGU is Level 3. A combination of valuation techniques is used including binding offers, valuation reports for land, fair value techniques specific to certain assets and cost approach in case that approach provides a reasonable estimate of the fair value. We deem these valuation techniques reasonable for this purpose.

CGU Pork South

CGU Pork South is a slaughterhouse and deboning site in the southern part of Germany. The unstable situation in Europe and an imbalance in the pig market led to high pig prices that have not been fully passed through to our customers.

The recoverable amount is determined based on fair value less costs of disposal. The level of the fair value hierarchy of the fair value measurement of the CGU is Level 2. The most important technique used is valuation reports for land. We deem the valuation techniques reasonable for this purpose.

CGU Beef North

CGU Beef North is a combination of slaughterhouses and deboning sites in the northern part of Germany. Due to low supply (milk price was significantly high) and low demand this put pressure on margins in our beef market in the Northern part of Germany leading to negative results.

The recoverable amount is determined based on fair value less costs of disposal. The level of the fair value hierarchy of the fair value measurement of the CGU is Level 2. The most important technique used is valuation reports for land. We deem the valuation techniques reasonable for this purpose.

Recoverable amount per CGU

Recoverable amount of fixed assets allocated to each significant CGU identified for indications of impairment:

	CGU Pork North	CGU Pork South	CGU Beef North
Recoverable amount as at 31 december 2022	14,577	7,751	8,223
Impairment loss for the year	**26,057**	**12,760**	**7,007**

The total impairment of tangible fixed assets and right-of-use assets amounts to €53.7 million of which €45.8 million is attributable to those CGUs described above.

(in thousands of euros)

16 Investment in associates and joint ventures

	2022	2021
Interest in associates	12,321	10,362
Joint ventures	23	23
Balance at 31 December	**12,344**	**10,385**

Associates

Immaterial associates

Vion has interests in a number of individually immaterial associates. The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these associates.

	2022	2021
Carrying amount of interest in immaterial associates	12,321	10,362
Vion's share of:		
Profit from continuing operations	1,959	1,572
Total Comprehensive Income	**1,959**	**1,572**

This relates to the following participating interests with a share of 20% or more:

LQB Landwirtschaftliche Qualitätssich. Bayern GmbH (Germany)	24.4%
Topigs Group B.V., Helvoirt (the Netherlands)	22.5%

(in thousands of euros)

Joint ventures

Immaterial joint ventures

Vion has interests in a number of individually immaterial joint ventures. The following table analyses, in aggregate, the carrying amount and share of profit and OCI of these joint ventures.

	2022	2021
Carrying amount of interest in immaterial joint ventures	23	23
Vion's share of:		
Profit/(loss) from continuing operations	-	(46)
Total Comprehensive Income	**-**	**(46)**

17 Non-controlling interests

Non-controlling interests relate to material partly-owned subsidiaries amounting to €13.8 million (2021: €13.8 million).

		2022		2021	
	Country	**Percentage held by Non-controlling interests**	**Accumulated balances of material non-controlling interests**	Percentage held by Non-controlling interests	Accumulated balances of material non-controlling interests
Vion SBL Landshut GmbH	Germany	49.0%	5,514	49.0%	5,530
Vion EGN Südostbayern GmbH	Germany	49.0%	3,218	49.0%	3,218
Best Hides GmbH	Germany	40.0%	4,669	40.0%	4,668
SFB Fleisch- und Kühlcentrale GmbH&Co KG	Germany	37.5%	414	37.5%	414
Vion FKM Furth im Wald GmbH	Germany	30.0%	(90)	30.0%	(90)
Ahlener Fleishhandel GmbH	Germany	12.5%	80	12.5%	80
Total			**13,804**		**13,820**

2 Notes to the Consolidated Financial Statements
(in thousands of euros)

Profit allocated to material non-controlling interest:

	2022	2021
Vion SBL Landshut GmbH	-	-
Vion EGN Südostbayern GmbH	-	-
Best Hides GmbH	-	-
SFB Fleisch- und Kühlcentrale GmbH&Co KG	-	-
Vion FKM Furth im Wald GmbH	3	-
Ahlener Fleishhandel GmbH	-	-

Proportion of equity interest held by Vion:

	Country	2022	2021
Vion SBL Landshut GmbH	Germany	51.0%	51.0%
Vion EGN Südostbayern GmbH	Germany	51.0%	51.0%
BestHides GmbH	Germany	60.0%	60.0%
SFB Fleisch- und Kühlcentrale GmbH&Co KG	Germany	62.5%	62.5%
Vion FKM Furth im Wald GmbH	Germany	70.0%	70.0%
Ahlener Fleishhandel GmbH	Germany	87.5%	87.5%

(in thousands of euros)

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised income statement 2022	Vion SBL Landshut GmbH	Vion EGN Südostbayern GmbH	Best Hides GmbH	SFB Fleisch- und Kühlcentrale GmbH&Co KG	Vion FKM Furth im Wald GmbH	Ahlener Fleishhandel GmbH
Revenue	199,280	148,207	49,206	96	103,945	123,950
Raw materials and consumables used	(171,594)	(126,437)	(36,348)	37	(94,019)	(113,181)
Other operational expenses	(41,819)	(26,040)	(12,040)	236	(8,360)	(15,999)
Finance costs	(349)	(120)	(446)	(315)	(974)	(62)
(Loss)/profit before tax	**(14,482)**	**(4,390)**	**372**	**54**	**592**	**(5,292)**
Income tax	(36)	(134)	(128)	(40)	(249)	-
(Loss)/profit for the year from continuing operations	**(14,518)**	**(4,524)**	**244**	**14**	**343**	**(5,292)**
Total comprehensive (loss)/income	**(14,518)**	**(4,524)**	**244**	**14**	**343**	**(5,292)**
Attributable to non-controlling interests	-	-	-	-	3	-
Dividends paid to non-controlling interests	122	718	700	821	339	-

The part of comprehensive income attributable to non-controlling interests is based on existing agreements regarding the distribution of result and therefore does not reflect the share of ownership.

2 Notes to the Consolidated Financial Statements
(in thousands of euros)

Summarised income statement 2021	Vion SBL Landshut GmbH	Vion EGN Südostbayern GmbH	Best Hides GmbH	SFB Fleisch- und Kühlcentrale GmbH&Co KG	Vion FKM Furth im Wald GmbH	Ahlener Fleishhandel GmbH
Revenue	176,842	141,932	59,910	15	84,415	96,292
Raw materials and consumables used	(147,021)	(117,364)	(44,832)	9	(75,309)	(87,148)
Other operational expenses	(41,156)	(25,628)	(14,089)	274	(7,921)	(14,323)
Finance costs	(174)	(46)	(642)	(258)	(644)	(67)
(Loss)/profit before tax	**(11,509)**	**(1,106)**	**347**	**40**	**541**	**(5,246)**
Income tax	(21)	(136)	(131)	(25)	(201)	(1)
(Loss)/profit for the year from continuing operations	**(11,530)**	**(1,242)**	**216**	**15**	**340**	**(5,247)**
Total comprehensive (loss)/income	**(11,530)**	**(1,242)**	**216**	**15**	**340**	**(5,247)**
Attributable to non-controlling interests	-	-	-	-	-	-
Dividends paid to non-controlling interests	122	1,033	700	-	339	-

The part of comprehensive income attributable to non-controlling interests is based on existing agreements regarding the distribution of result and therefore does not reflect the share of ownership.

Summarised statement of financial position as at 31 december 2022	Vion SBL Landshut GmbH	Vion EGN Südostbayern GmbH	Best Hides GmbH	SFB Fleisch- und Kühlcentrale GmbH&Co KG	Vion FKM Furth im Wald GmbH	Ahlener Fleishhandel GmbH
Total non-current assets	16,668	11,277	5,324	1,657	2,111	1,661
Total current assets	9,099	14,261	14,657	2,158	4,770	8,064
Total current liabilities	(2,486)	(11,426)	(7,013)	(2,507)	(6,488)	(9,000)
Total non-current liabilities	(10,622)	(3,088)	-	-	(339)	-
Total provisions	(749)	(2,416)	(1,020)	(154)	(17)	(87)
Total equity	**11,910**	**8,609**	**11,948**	**1,155**	**37**	**638**
Attributable to:						
Equity holders of the parent	6,074	4,391	7,169	722	26	559
Non-controlling interest	5,836	4,218	4,779	433	11	80
Total	**11,910**	**8,609**	**11,948**	**1,155**	**37**	**638**

2 Notes to the Consolidated Financial Statements

(in thousands of euros)

Summarised statement of financial position as at 31 december 2021	Vion SBL Landshut GmbH	Vion EGN Südostbayern GmbH	Best Hides GmbH	SFB Fleisch- und Kühlcentrale GmbH&Co KG	Vion FKM Furth im Wald GmbH	Ahlener Fleishhandel GmbH
Total non-current assets	22,512	11,871	5,122	1,709	2,040	1,435
Total current assets	10,255	8,173	15,562	3,632	2,995	4,019
Total current liabilities	(10,136)	(6,230)	(7,124)	(4,043)	(4,646)	(4,767)
Total non-current liabilities	(10,447)	(3,806)	(700)	-	(677)	-
Total provisions	(899)	(3,441)	(1,187)	(196)	(13)	(50)
Total equity	**11,285**	**6,568**	**11,672**	**1,103**	**(301)**	**637**
Attributable to:						
Equity holders of the parent	5,755	3,350	7,003	689	(211)	558
Non-controlling interest	5,530	3,218	4,669	414	(90)	80
Total	**11,285**	**6,568**	**11,672**	**1,103**	**(301)**	**637**

Summarised cash flow information for the year ended 31 December 2022	Vion SBL Landshut GmbH	Vion EGN Südostbayern GmbH	Best Hides GmbH	SFB Fleisch- und Kühlcentrale GmbH&Co KG	Vion FKM Furth im Wald GmbH	Ahlener Fleishhandel GmbH
Cash flow from operating activities	(3,513)	(1,877)	3,868	97	2,521	(3,241)
Cash flow from investing activities	(520)	(960)	(451)	17	(426)	(392)
Cash flow from financing activities	4,049	4,514	(1,539)	(1,695)	(953)	3,673
Net movement in cash and cash equivalents	**16**	**1,677**	**1,878**	**(1,581)**	**1,141**	**40**

Summarised cash flow information for the year ended 31 December 2021	Vion SBL Landshut GmbH	Vion EGN Südostbayern GmbH	Best Hides GmbH	SFB Fleisch- und Kühlcentrale GmbH&Co KG	Vion FKM Furth im Wald GmbH	Ahlener Fleishhandel GmbH
Cash flow from operating activities	(9,870)	(350)	(220)	(228)	1,339	(4,440)
Cash flow from investing activities	(1,059)	(2,309)	(330)	85	(500)	(279)
Cash flow from financing activities	9,754	(1,266)	(974)	(7)	(575)	4,732
Net movement in cash and cash equivalents	**(1,175)**	**(3,925)**	**(1,524)**	**(150)**	**264**	**13**

(in thousands of euros)

18 Other financial assets

	2022	2021
Non-current other financial assets		
Loan to third parties	648	710
Total non-current other financial assets	**648**	**710**
Current other financial assets		
Deferred receipts	2	1,987
Derivatives	1,592	934
Other	(2)	-
Total current other financial assets	**1,592**	**2,921**

No provision for expected credit losses has been recognised related to the other financial assets, as the risk of default is assessed to be minimal.

Derivatives

Derivatives designated as hedging instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales.

19 Deferred tax assets and liabilities

	2022	2021
Deferred tax assets	31,464	42,687
Deferred tax liabilities	(27)	(70)
Total deferred tax	**31,437**	**42,617**

(in thousands of euros)

Deferred tax assets and liabilities 2022	Net balance at 1 January	Recognised in profit or loss	Recognised directly in equity	Net balance at 31 December
Property, plant and equipment	11,143	11,678	-	22,821
Intangible assets	596	140	-	736
Provisions	19,949	(9,599)	-	10,350
Loans and borrowings	1,257	13,221	-	14,478
IFRS 16 - lease liabilities	11,777	3,156	-	14,933
Other temporary differences	(18)	29	-	11
Tax losses and tax credits	228,788	16,564	-	245,352
Total gross deferred tax assets	**273,492**	**35,189**	**-**	**308,681**
Unrecognised deductible temporary differences, tax losses and tax credits	(212,376)	(34,243)	-	(246,619)
Subtotal net deferred tax assets	**61,116**	**946**	**-**	**62,062**
Offsetting	(18,429)	(12,169)	-	(30,598)
Net deferred tax assets	**42,687**	**(11,223)**	**-**	**31,464**
Property, plant and equipment	(4,297)	1,668	-	(2,629)
Intangible assets	(1,417)	233	-	(1,184)
Derivatives	(6)	9	(95)	(92)
Provisions	(15)	12	-	(3)
Loans and borrowings	(1,284)	(11,220)	-	(12,504)
IFRS 16 - right of use assets	(11,346)	(2,886)	-	(14,232)
Other temporary differences	(134)	153	-	19
Total gross deferred tax liabilities	**(18,499)**	**(12,031)**	**(95)**	**(30,625)**
Offsetting	18,429	12,169	-	30,598
Net deferred tax liabilities	**(70)**	**138**	**(95)**	**(27)**

Vion offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

(in thousands of euros)

Deferred tax assets and liabilities 2021	Net balance at 1 January	Recognised in profit or loss	Recognised directly in equity	Net balance at 31 December
Property, plant and equipment	11,792	(649)	-	11,143
Intangible assets	650	(54)	-	596
Provisions	17,361	2,588	-	19,949
Loans and borrowings	1,003	254	-	1,257
IFRS 16 - lease liabilities	10,299	1,478	-	11,777
Other temporary differences	12	(30)	-	(18)
Tax losses and tax credits	216,655	12,133	-	228,788
Total gross deferred tax assets	**257,772**	**15,720**	**-**	**273,492**
Unrecognised deductible temporary differences, tax losses and tax credits	(204,761)	(7,615)	-	(212,376)
Subtotal net deferred tax assets	**53,011**	**8,105**	**-**	**61,116**
Offsetting	(16,178)	(2,251)	-	(18,429)
Net deferred tax assets	**36,833**	**5,854**	**-**	**42,687**
Property, plant and equipment	(3,265)	(1,032)	-	(4,297)
Intangible assets	(1,460)	43	-	(1,417)
Derivatives	(308)	(141)	443	(6)
Provisions	(15)	-	-	(15)
Loans and borrowings	(1,245)	(39)	-	(1,284)
IFRS 16 - right of use assets	(9,913)	(1,433)	-	(11,346)
Other temporary differences	(109)	(25)	-	(134)
Total gross deferred tax liabilities	**(16,315)**	**(2,627)**	**443**	**(18,499)**
Offsetting	16,178	2,251	-	18,429
Net deferred tax liabilities	**(137)**	**(376)**	**443**	**(70)**

(in thousands of euros)

Overview tax losses and other carry forwards 2022	Indefinite	Total
Expiring term deferred tax assets unused tax losses and tax credits		
Unused tax losses	1,396,605	1,396,605
Unused tax credits	71,149	71,149
Total unused tax losses and tax credits	**1,467,754**	**1,467,754**
Gross deferred tax assets on unused tax losses and tax credits	245,639	245,639
Unrecognised deferred tax assets unused tax losses and tax credits	(221,055)	(221,055)
Recognised deferred tax assets on unused tax losses and tax credits	**24,584**	**24,584**

Recognised deferred tax assets deductible temporary differences	37,478
Netted deferred tax liabilities	(30,598)
Net deferred tax assets	**31,464**

Overview tax losses and other carry forwards 2021	Indefinite	Total
Expiring term deferred tax assets unused tax losses and tax credits		
Unused tax losses	1,320,955	1,320,954
Unused tax credits	59,384	59,384
Total unused tax losses and tax credits	**1,380,339**	**1,380,338**
Gross deferred tax assets on unused tax losses and tax credits	230,873	230,873
Unrecognised deferred tax assets unused tax losses and tax credits	(196,625)	(196,625)
Recognised deferred tax assets on unused tax losses and tax credits	**34,248**	**34,248**

Recognised deferred tax assets deductible temporary differences	26,868
Netted deferred tax liabilities	(18,429)
Net deferred tax assets	**42,687**

Vion has €1,468 million (2021: €1,380 million) of tax losses carried forward and tax credits. This represents a gross deferred tax asset of €246 million (2021: €231 million). These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in Vion. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, Vion has determined that it cannot recognise deferred tax assets on the tax losses carried forward and tax credits for the amount of €1,378 million (2021: €1,211 million). This represents a write-down of the deferred tax asset for €221 million (2021: €197 million). The total amount of unrecognised losses do not expire.

(in thousands of euros)

The deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that there will be future taxable profits against which they can be utilized.

20 Inventories

	2022	2021
Finished Goods	211,839	180,649
Raw materials and consumables	54,788	40,503
Work in progress	3,190	3,186
Total	**269,817**	**224,338**
Allowance for obsolete inventory	(9,724)	(10,532)

Raw materials and consumables include packaging materials and spare parts amounting to €33.4 million (2021: €29.6 million).

21 Trade and other receivables

	2022	2021
Trade receivables	401,095	325,435
VAT receivable	28,335	31,208
Interest receivables	266	164
Other receivables	6,814	7,192
Total	**436,510**	**363,999**

Trade receivables are non-interest bearing and are generally on terms of 15 to 45 days.

(in thousands of euros)

All receivable balances are within terms with the exception of certain trade receivables which are past due and are detailed below:

			Days past due			
	Total	Current	1-7 days	8-14 days	15 - 30 days	> 30 days
2022	401,095	345,394	34,504	14,678	3,983	2,536
2021	325,435	290,492	23,354	6,778	2,858	1,954

See note 33 on credit risk of trade receivables, which explains how Vion manages and measures credit quality of trade receivables that are past due but not impaired.

Vion has provided full securities for two credit facilities with pledges on its trade receivables. At 31 December 2022, an amount of €51.3 million (2021: 0 million) was drawn under the credit facilities.

As at 31 December 2022, trade receivables with an initial carrying value of €1.5 million (2021: €1.4 million) were impaired and fully provided for. See below for the movements in the provision for individually impaired receivables:

	Total
Balance at 1 January 2021	**1,445**
Charge for the year	434
Utilised	(165)
Unused amounts reversed	(270)
Balance at 31 December 2021	**1,444**
Charge for the year	1,055
Utilised	(790)
Unused amounts reversed	(219)
Balance at 31 December 2022	**1,490**

No provision for expected credit losses has been recognised related to the other receivables, as the risk of default is assessed to be minimal.

(in thousands of euros)

22 Cash and cash equivalents

	2022	2021
Total cash and cash equivalents	4,594	18,708

The cash and cash equivalents include no amounts (2021: nil) that are only available to Vion under certain conditions, as agreed with credit insurers.

23 Equity

Issued share capital

The authorised share capital of Vion Holding N.V. amounts to € 4.5 million divided into 100,000 ordinary shares with a nominal value of € 45 each. Vion Holding N.V. holds 3,566 shares (2021: 3,566, no movements during 2021). On 31 December 2022, there were 50,784 (2021: 50,784) allotted, called up and fully paid ordinary shares of € 45 each amounting to € 2.3 million (2021: €2.3 million, no movements during 2021) issued to third party.

Vion does not actively manage the outstanding number of shares or share capital and has no capital management objective or policy to do so. As a result, the number of issued shares did not change during 2022 and 2021. The current financing facility and the loan from credit institutions include a minimum equity requirement. Vion complied with this covenant in 2022 and 2021. More information about liquidity and capital management is stated in the section liquidity risk, as part of chapter financial risk management.

Share premium

The share premium reserve consists of the income from share issues insofar as this income is higher than the nominal amount of the shares.

All other reserves are as stated in the consolidated statement of changes in equity.

(in thousands of euros)

Legal reserves

As at 31 December 2022	Cash flow hedge reserve	Foreign currency translation reserve	Other legal reserves	Total
Currency forward contracts	727	-	-	727
Foreign exchange translation reserve	-	651	-	651
Reserve for not free distributable profits and reserves of shareholdings	-	-	6,750	6,750
Reserve for capitalised internally developed software	-	-	22,309	22,309
Total	**727**	**651**	**29,059**	**30,437**

As at 31 December 2021	Cash flow hedge reserve	Foreign currency translation reserve	Other legal reserves	Total
Currency forward contracts	(77)	-	-	(77)
Foreign exchange translation reserve	-	617	-	617
Reserve for not free distributable profits and reserves of shareholdings	-	-	4,814	4,814
Reserve for capitalised internally developed software	-	-	20,112	20,112
Total	**(77)**	**617**	**24,926**	**25,466**

(in thousands of euros)

24 Interest-bearing loans and borrowings

Non-current interest-bearing loans and borrowings	Interest rate	Maturity	2022	2021
Loans from credit institutions	2.14% weighted average interest rate / based on 6 month Euribor	2024-2028	75,000	75,000
Loans from minority shareholders	5.00%	no end date	12,870	12,573
Lease liabilities	0.03%-6.0% (0.03% - 6.0%)	2024-2035 (2023-2035)	40,250	29,211
Total non-current interest-bearing loans and borrowings			**128,120**	**116,784**

Current interest-bearing loans and borrowings				
Secured financing facility of € 250 million (2021: € 250 million)	based on 1 month Euribor	running finance till 2025	50,615	(947)
Lease liabilities	0.03%-6.0% (0.03% - 6.0%)	2023 (2022)	15,363	14,006
Total current interest-bearing loans and borrowings			**65,978**	**13,059**
Total interest-bearing loans and borrowings			**194,098**	**129,843**

Secured financing facility

On 17 September 2020 Vion closed a committed €250 million sustainability linked Working Capital facility, refinancing its existing facility. The facility is provided by ABN AMRO Commercial Finance, NIBC, UniCredit, Deutsche Bank and Rabobank. The facility has a duration of 5 year. The facility is short term because the amounts due are based on receivables and frozen stock, the facility expires in 2025. The effective interest rate is 1.51% (2021: 1.02%).

The interest rate is based on Euribor plus a margin. The facility contains customary covenants including a minimum capital, minimum interest cover ratio, a minimum net working capital and maximum capital expenditure. During 2022, Vion was in compliance with these covenants. If there would be non-compliance, there is no automatic repayment obligation on Vion, but if lenders together representing two-thirds of the outstanding amount agree, they may terminate the facility and demand that Vion repay all outstanding amounts. In practice, what typically happens is that Vion would then enter into discussions (ahead of that moment) to obtain a waiver or re-set, which will likely imply more strict terms and/or higher pricing for the financing going forward. Details on our going concern assessment have been disclosed in note 2.1.

At 31 December 2022, an amount of € 51.3 million (2021: € 0 million) was drawn under the credit facility. Vion has provided full securities for both facilities with pledges on its trade receivables.

Schuldschein loan

On 11 August 2021 Vion Financial Services B.V. successfully completed its first-ever sustainability-linked debt issue in the form of a Schuldschein, an unlisted bond loan. The unsecured € 75 million Schuldschein loan holds a portfolio with mixed interest rates and mixed durations, with a maximum maturity date of November 2028.

A Schuldschein loan is a bullet loan and typically needs to be repaid at the end of its duration. The Schuldschein loan contains customary covenants including a minimum guarantee capital and a minimum interest cover ratio. During 2022, Vion was in compliance with these covenants. If there would be non-compliance, there is no obligation on Vion to redeem the Schuldschein as a whole at once. Individual investors may require repayment, while others may continue their investment and/or seek a waiver fee. Details on our going concern assessment have been disclosed in note 2.1.

The pricing of the loan is linked to Vion's performance on three strategic sustainability targets, i.e. animal welfare, product integrity and renewable energy.

At 31 December 2022, an amount of € 75 million was drawn under the Schuldschein loan.

Loans from minority shareholders

Loans provided by the minority shareholders of group companies concern their proportional share in investments made in these group entities.

(in thousands of euros)

25 Other financial liabilities

	2022	2021
Non-current other financial liabilities		
Dividend payable to minority shareholders	1,179	3,057
Other payables	310	602
Total non-current other financial liabilities	**1,489**	**3,659**
Current other financial liabilities		
Dividend payable to minority shareholders	4,582	5,253
Derivatives	744	987
Total current other financial liabilities	**5,326**	**6,240**
Total other financial liabilities	**6,815**	**9,899**

Dividend payable to minority shareholders relate to Vion's minimum dividend agreements with a number of minority shareholders.

	2022	**Financing Cash Flow 2022**	**Non-cash movements**	2021	Financing Cash Flow 2021	Non-cash movements	2020
Interest bearing liabilities	138,486	51,860	-	86,626	75,615	-	11,011
Lease liabilities[1]	55,612	(18,607)	31,002	43,217	(18,517)	22,578	39,156
Other financial liabilities	6,815	(3,084)	-	9,899	(1,742)	-	11,641
Less: derivatives	(744)	243	-	(987)	(590)	-	(397)
Total financing cash flow		**30,412**			**54,766**		

1 The comparative figures have been adjusted as new lease liabilities do not result in cash flows

(in thousands of euros)

26 Provisions

Provisions 2022	Restructuring	Onerous contracts	Other	Total
At 1 January	**5,374**	**-**	**7,379**	**12,753**
Arising during the year	6,462	-	212	6,674
Utilised	(2,081)	-	(171)	(2,252)
Unused amounts reversed	(1,972)	-	(3,489)	(5,461)
Reclassifications	182	-	(182)	-
At 31 December	**7,965**	**-**	**3,749**	**11,714**
Current	6,852	-	2,573	9,424
Non-current	1,113	-	1,176	2,290

Provisions 2021	Restructuring	Onerous contracts	Other	Total
At 1 January	**6,221**	**408**	**4,995**	**11,624**
Acquisition of a subsidiary	-	-	704	704
Arising during the year	3,876	-	2,011	5,887
Utilised	(3,576)	(408)	(325)	(4,309)
Unused amounts reversed	(1,147)	-	(6)	(1,153)
At 31 December	**5,374**	**-**	**7,379**	**12,753**
Current	4,427	-	6,135	10,562
Non-current	947	-	1,244	2,191

Restructuring

The restructuring provision is recognised for costs, mainly employee related, that occurred due to closure of several production locations in previous years and other restructuring programmes. Additions in 2022 are mainly related to the restructuring of multiple production locations at the Business Unit Pork .

Other

Other provisions are recognised for various claims and other obligations.

27 Net employee defined benefit liabilities

	2022	2021
Pension commitments	77,769	112,800
Jubilee benefit commitments	3,449	4,097
Other	1,617	2,174
Total	**82,835**	**119,071**

(in thousands of euros)

27.1 Pension commitments

Defined benefit pension schemes

The pension plan liabilities in the balance sheet fully apply to the defined benefit pension schemes for employees and former employees of the German group companies. These schemes are moderate career-average schemes with conditional indexation.

The schemes are not open to new participants. A part of the schedules will be funded using a so-called 'Unterstützungsfonds', while liabilities are direct. Since the provident fund (Südfleisch Unterstützungsfonds – UFO) was closed in 2021, all commitments are direct commitments; where benefits are paid (for reasons of age, disability or death), the Vion Group is thus required to pay benefits to the employee or to his or her survivor(s). The obligations are measured on the basis of actuarial calculations using the Projected Unit Credit method as at yearend and applying a full discount rate curve of high-quality corporate bonds. The curve is based on Towers Watson's Rate, which is comprised of data from corporate bonds rated AA or equivalent. Local mortality table 'Richttafeln 2018G' (2021: Richttafeln 2018G) is used.

An amount of € 6.8 million (2021: € 7.1 million) of the employee benefits liabilities has a term of less than one year. The anticipated yearly pension payments for the coming 5 years vary between € 6.8 million and € 5.9 million.

The following tables summarise the components of net benefit expense recognised in the Consolidated Income Statement and the funded status and amounts recognised in the statement of financial position for the respective plans:

Breakdown of pension commitments	**2022**	2021
Present value of defined benefit obligations	77,769	113,460
Less: fair value of plan assets	-	(660)
Total pension commitments	**77,769**	**112,800**

2 Notes to the Consolidated Financial Statements
(in thousands of euros)

Change in present value of defined benefit obligations	**2022**	2021
Present value as at 1 January	**113,460**	**123,652**
Current service cost	105	99
Interest expense	956	583
Net actuarial gain on financial assumptions	(26,080)	(2,770)
Net actuarial gain due to liability experience	(4,039)	(1,169)
Benefits paid	(6,632)	(6,936)
Present value as at 31 December	**77,769**	**113,460**

Change in fair value of the plan assets	**2022**	2021
Present value as at 1 January	**660**	**648**
Expected return of plan assets	6	3
Net actuarial gain	(666)	9
Present value as at 31 December	**-**	**660**

Breakdown of investments of the plan assets	**2022**	2021
Reinsured	**-**	**660**

Breakdown of pension costs	**2022**	2021
Current service cost	105	99
Interest cost on benefit obligation	950	581
Net benefit expense	**1,055**	**679**

(in thousands of euros)

Statement of other comprehensive income	2022	2021
Balance as at 1 January	**(9,207)**	**(13,156)**
Net actuarial gain on financial assumptions	26,080	2,770
Net actuarial gain due to liability experience	4,039	1,169
Difference between actual return on plan assets and expected interest income on plan assets	(666)	9
Balance as at 31 December	**20,246**	**(9,207)**

The main actuarial parameters at year-end	2022	2021
Discount rate	4.06%	0.87%
Salary increase rate	2.00%	2.00%
Pension increase rate	2.00%	1.75%
Weighted average duration of the defined benefit obligation	9.21	11.55

Sensitivity present value of pension obligations 2022		Change in %
Discount rate +0.5%	74,431	(4.21%)
Discount rate -0.5%	81,228	4.54%
Salary increase rate +0.5%	77,729	0.04%
Salary increase rate -0.5%	77,674	(0.04%)
Pension increase rate +0.5%	81,068	4.33%
Pension increase rate -0.5%	74,543	(4.07%)

Sensitivity present value of pension obligations 2021		Change in %
Discount rate +0.5%	107,330	(5.36%)
Discount rate -0.5%	120,101	5.91%
Salary increase rate +0.5%	113,461	0.05%
Salary increase rate -0.5%	113,347	(0.05%)
Pension increase rate +0.5%	119,617	5.48%
Pension increase rate -0.5%	107,676	(5.05%)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Multi-employer pension schemes

Vion participates for its employees in the Netherlands in several multi-employer pension schemes. As three of these plans qualify as a defined benefit plans, IFRS requires these plans to be accounted for as such. However, as Vion is not able to obtain sufficient information for defined benefit accounting the exception of IAS 39.34 is applied by which the plans are accounted for as defined contribution plans. The reason that the pension funds cannot provide for the required information is that they are unable to allocate the plan assets to the individual entities connected to the pension funds. The pension benefits are based on a moderate career-average scheme. The pension schemes are administered by the industry-wide pension funds ‘Stichting Bedrijfstakpensioenfonds voor Vlees, Vleeswaren, Gemaksvoeding en Pluimvee’, abbreviated as VLEP, ‘Bedrijfstak Pensioenfonds Slagers’, ‘Bedrijfstak Pensioenfonds Vervoer VLN’ and a premium pension institution.

The most important elements of the Dutch pension schemes in place are:

- VLEP runs a defined benefit scheme for pensionable salaries up to € 71,634 topped with a defined contribution scheme for pensionable salaries exceeding this, tax driven maximised at € 114,866.
- Bedrijfstak Pensioenfonds Slagers runs a defined benefit scheme for pensionable salaries up to the fiscal maximum of € 114,866.
- Bedrijfstak Pensioenfonds Vervoer VLN runs a defined benefit scheme for pensionable salaries up to € 59,706 topped with a defined contribution scheme for pensionable salaries exceeding this, tax driven maximised at € 114,866
- For Vion N.V. and ICT personnel a defined contribution pension scheme up to the fiscal maximum of €114,866 is applicable.

If there are shortfalls in these pension funds, Vion is not obliged to make additional contributions other than in the form of higher future premiums. The expected contribution to the pension funds for 2023 is € 11.0 million (2021: for 2022 expected contribution amounted €11.5 million) At year end, there were no shortfalls in the pension funds.

At year end, the coverage ratio was 110.5% for the VLEP pension fund (2021: 100.0%), 131.0% for the Pension Fund for the Butcher’s Trade (2021: 113.5%), and 110.8% for the Pension Fund for the Transport Sector (2021: 111.0%).

Risks of future wage increases, price indexations, adjustments to mortality tables and to investment yields of fund assets may lead to future adjustments in the annual contributions to the pension funds. These risks are not provided for.

(in thousands of euros)

Other than the premiums due no further liabilities from the Dutch pension schemes occur which need to be provided for.

The actuarial method ‘projected unit credit method' is used to determine the provision.

27.2 Jubilee benefit commitments

Change in present value of jubilee benefit commitments	**2022**	2021
Present value as at 1 January	**4,097**	**4,275**
Current service cost	289	295
Interest addition	30	16
Benefits paid	(251)	(259)
Transfer (out) / in	81	(90)
Net actuarial results on change in assumptions:		
Mortality rate	1	-
Retirement age	74	-
Discount rate	(872)	(140)
Present value as at 31 December	**3,449**	**4,097**

For the year 2023, the expected cost amounts to € 0.4 million and the expected benefits to be paid amounts to €0.3 million.

The main actuarial parameters at year-end	**2022**	**2021**
Discount rate	3.8%	0.8%
Salary increase rate	1.62-2.50%	1.62-2.50%
Dismissal chance	Depending on age, between 1.0-8.0%	Depending on age, between 1.0-8.0%

(in thousands of euros)

28 Trade and other payables

	2022	2021
Trade payables	376,603	264,877
Invoices to be received	54,513	49,889
Customer bonuses	26,618	20,757
Employee benefit payables	38,592	36,909
Taxes and social securities	13,042	13,219
Interest payable	23	14
Other payables	25,554	17,395
Total	**534,945**	**403,060**

29 Leases

Group as a lessee

Vion has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 3 and 15 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. Vion's obligations under its leases are secured by the lessor's title to the leased assets. Generally, Vion is restricted from assigning and subleasing the leased assets and some contracts require Vion to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

Vion also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. Vion applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(in thousands of euros)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Cost	Land and Buildings	Machinery	Motor vehicles	Other equipment	Total
Balance at 1 January 2021	**15,479**	**9,239**	**37,659**	**2,210**	**64,587**
Reclassifications	-	-	24	32	56
Additions	5,979	1,047	14,400	1,051	22,477
Disposals/early terminations	(930)	(993)	(7,757)	(277)	(9,957)
Balance at 31 December 2021	**20,528**	**9,293**	**44,326**	**3,016**	**77,163**
Additions	19,796	108	10,328	209	30,441
Disposals/early terminations	(1,047)	(75)	(8,715)	(1,458)	(11,295)
Balance at 31 December 2022	**39,277**	**9,326**	**45,939**	**1,767**	**96,309**

Depreciation and impairment

Balance at 1 January 2021	**5,447**	**4,453**	**16,403**	**890**	**27,193**
Reclassifications	-	-	24	32	56
Charge during the year	4,299	1,356	11,077	685	17,417
Disposals/early terminations	(820)	(987)	(6,798)	(210)	(8,815)
Balance at 31 December 2021	**8,926**	**4,822**	**20,706**	**1,397**	**35,851**
Reclassifications	-	-	-	-	-
Charge during the year	4,925	997	10,845	681	17,448
Impairment	1,929	2	577	-	2,508
Disposals/early terminations	(1,189)	(75)	(8,550)	(669)	(10,483)
Balance at 31 December 2022	**14,591**	**5,746**	**23,578**	**1,409**	**45,324**

Net book value

Balance at 31 December 2021	11,602	4,471	23,620	1,619	41,312
Balance at 31 December 2022	24,686	3,580	22,361	358	50,985

(in thousands of euros)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the year:

Lease liability	2022	2021
As at 1 January	**43,217**	**39,156**
Additions	32,961	24,496
Accretion of interest	1,541	1,287
Payments	(18,607)	(18,517)
Early termination / disposal	(3,500)	(3,205)
As at 31 December	**55,612**	**43,217**
Current	15,362	14,006
Non-current	40,250	29,211

The maturity analysis of lease liabilities is as follows:

	2022			2021		
	Future minimum lease payments	**Interest**	**Present Value of minimum lease payments**	Future minimum lease payments	Interest	Present Value of minimum lease payments
Less than one year	17,098	0.03%-6.0%	15,363	15,232	0.03%-6.0%	14,006
Between one and five years	32,800	0.19%-6.0%	29,622	27,413	0.03%-6.0%	25,600
More than five years	11,924	1.46%-6.0%	10,628	4,287	1.11%-6.0%	3,611

The carrying value of the related assets amounts to € 52.7 million (2021: € 41.3 million).

2 Notes to the Consolidated Financial Statements
(in thousands of euros)

The following are the amounts recognised in Consolidated Income Statement:

	2022	2021
Depreciation expense of right-of-use assets	17,362	17,418
Interest expense on lease liabilities	1,541	1,287
Expense relating to short-term leases	9,401	9,166
Expense relating to leases of low-value assets	1,776	1,502
Variable lease payments	5,711	4,865
Total amount recognised in Consolidated Income Statement	**35,791**	**34,238**

Vion has lease contracts that contain variable payments based on the usage of the leased assets. These terms are negotiated by management to align the lease expense with the usage of the assets or the revenues earned using these assets. The following provides information on Vion's variable lease payments, including the magnitude in relation to fixed payments:

2022	Fixed Payments	Variable Payments	Total
Fixed rent	17,441	-	**17,441**
Variable rent with minimum lease payments	1,166	4,705	**5,871**
Variable rent only	-	1,006	**1,006**
Total	**18,607**	**5,711**	**24,318**

Vion has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with Vion's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. No termination options are expected to be exercised and therefore not included in the lease term.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	Within five years	More than five years	Total
Extension options expected not to be exercised	437	21,748	**22,185**

(in thousands of euros)

30 Commitments and contingencies

Contractual commitments to acquire property, plant and equipment

At the end of 2022 Vion has no contractual commitments to acquire property, plant and equipment.

Rental of assets and service contracts

In 2022, some of Vion companies had long-term liabilities arising from the short term rental of assets and service contracts. The composition of these obligations is as follows:

	2022	2021
< 1 year	€ 16 million	€ 17 million
1 to 5 years	€ 9 million	€ 7 million
> 5 years	€ - million	€ 1 million

Purchase contracts non-food

Vion entered into purchase contracts regarding energy and fuel. Liability is based on actual consumption and market prices.

Bank guarantees

For group companies, an amount of € 0.7 million was issued in bank guarantees (2021: € 0.7 million).

Credit facilities

Commitments and contingencies related to credit facilities are presented in note 24.

Long-term sales contracts

Vion entered into long-term sales contracts with minimum delivery requirements with different customers. The relevant sales prices depend on the market prices of the relevant products at the time of sale.

Claims

Claims have been made against Vion and/or its group companies that are contested by Vion. Although the outcome of these disputes cannot be predicted with certainty, legal advice and the information available leads to the assumption that this will not have a significant adverse effect on the consolidated financial position.

(in thousands of euros)

Fiscal unity

Vion Holding N.V. heads the Dutch fiscal unity for corporate income tax. As a result, all entities within the fiscal unity are jointly and severally liable for the corporate income tax for the entire Dutch fiscal unity. However, Vion Beef B.V. and Vion Food North B.V. are not part of this fiscal unity.

403-statements

With respect to the separate financial statements of the Dutch legal entities (except for Vion Food North B.V. and Vion Beef B.V.) included in the consolidation, Vion Holding N.V. availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code.

Pursuant to section 403, Vion Holding N.V. has assumed joint and several liability for the debts arising out of the legal acts of a number of subsidiaries in the Netherlands, which form part of the consolidation. The names of the subsidiaries for which Vion Holding N.V. has issued 403 are open for inspection at the trade register as managed by the Netherlands Chamber of Commerce.

Liquidity guarantees

Vion N.V. extended the existing liquidity guarantees for Vion Food North B.V. and Vion Beef B.V., providing financial resources until 31-12-2024 that it can meet its obligations to its creditors.

31 Related parties

The following tables provide the total amount of transactions that have been entered into with related parties for the relevant financial year.

Entity with significant influence over Vion		Rendering or receiving of services
Zuidelijke Land- en Tuinbouworganisatie ('ZLTO')	**2022**	56
	2021	67

Ownerschip structure

Stichting Administratiekantoor SBT (SBT) is the sole shareholder of the company. SBT has issued depositary receipts for its shares in the company without cooperation of the company. All depository receipts are held by Noordbrabantse Christelijke Boerenbond, Rooms- Katholieke Vereniging van Boeren en Tuinders - Ontwikkeling (NCB-Ontwikkeling). NCB-Ontwikkeling is related to Zuidelijke Land- en Tuinbouworganisatie (ZLTO). ZLTO is an association for entrepreneurs working in agricultural sectors and has approximately 12,000 members in Noord-Brabant, Zeeland and the southern part of Gelderland. Certain members of ZLTO are suppliers to the company.

This is on an individual basis and is not related to their ZLTO membership.

(in thousands of euros)

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail at arm's length transactions. Outstanding balances, excluding loans to associates, at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2022, Vion has not recorded any impairment of receivables relating to amounts owed by related parties (2021: nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Vion received services from ZLTO. ZLTO carried out a number of projects for, and made facilities available to Vion during 2022 and 2021.

32 Remuneration of key management

The table below specifies the remuneration of key management.

Management Board	2022	2021
Short-term employee benefits:		
– Fixed remuneration	1,308	1,223
– Variable remuneration	131	146
Post-employment pension benefits	254	246
Other	26	22
Total	**1,719**	**1,637**

The post-employment pension benefits consist of the premiums paid to the defined contribution plans of the entity.

Supervisory board members' remuneration

Remuneration paid to the supervisory board members amounted to €0.3 million in 2022 (2021: €0.3 million).

(in thousands of euros)

33 Financial risks and financial instruments

33.1 Financial assets

Financial assets	2022	2021
Derivatives designated as hedging instruments:		
Foreign exchange forward contracts	1,592	934
Financial assets measured at fair value through profit & loss:		
Deferred receipts	2	1,987
Total financial instruments at fair value	**1,594**	**2,921**
Financial assets at amortised cost:		
Trade and other receivables	436,510	363,999
Other financial assets	648	710
Total financial assets at amortised costs	**437,158**	**364,709**
Total	**438,752**	**367,630**
Total current	438,104	367,630
Total non-current	648	-

Derivatives designated as hedging instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales in several currencies, mainly US dollars (USD) and in Japanese yen (JPY).

Financial assets at amortised costs are non-derivative financial assets which generate a fixed or variable interest income for Vion. The carrying value may be affected by changes in the credit risk of the counterparties.

(in thousands of euros)

33.2 Financial liabilities

Financial liabilities	**2022**	**2021**
Derivatives designated as hedging instruments:		
Foreign exchange forward contracts	744	987
Total financial instruments at fair value	**744**	**987**
Interest-bearing loans and borrowings at amortised costs:		
Secured financing facility of € 250 million	50,615	(947)
Loan from credit institutions	75,000	75,000
Loans from minority shareholders	12,870	12,573
Financial lease obligations	55,613	43,217
Total interest-bearing loans and borrowings at amortised costs	**194,098**	**129,843**
Other financial liabilities at amortised cost, other than interest-bearing loans and borrowings:		
Trade and other payables	534,945	403,060
Dividend payable to minority shareholders	5,761	8,310
Contract liability	1,623	1,059
Other payables (note 25 Other financial liabilities)	310	602
Total other financial liabilities at amortised costs	**542,639**	**413,031**
Total	**737,481**	**543,861**
Total current	607,872	423,418
Total non-current	129,609	120,443

Interest-bearing loans and borrowings

Details regarding interest-bearing loans and borrowings are disclosed in note 24 Interest-bearing loans and borrowings.

Derivatives designated as hedging instruments

Derivatives designated as hedging instruments reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future sales in several currencies, mainly in USD and JPY.

(in thousands of euros)

Dividend payable to minority shareholders

Dividend payable to minority shareholders relate to Vion's minimum dividend agreements with a number of minority shareholders.

33.3 Hedge accounting and derivatives

Cash flow hedges

Foreign currency risk

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in foreign currencies where delivery will not take place within one week. This mainly comprise of sales in US dollar and Japanese yen. These forecast transactions are highly probable, and they comprise 100% of Vion's total sales orders in these currencies.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

	2022		2021	
	Assets	**Liabilities**	Assets	Liabilities
Foreign currency forward contracts designated as hedging instruments				
Fair value	1,592	744	934	987

The terms of the foreign currency forward contracts are in line with the terms of the expected highly probable forecast transactions.

As a result, the hedge ineffectiveness recognised in the Consolidated Income Statement is minimal.

The cash flow hedges of the expected future sales in 2022 were assessed to be effective and a net unrealised gain/loss of €0.5 million (2021: €0.1million), with a deferred tax liability of €0.1 million (2021: deferred tax liability of €0.04 million) relating to the hedging instruments, is included in OCI.

The amount removed from OCI during the year and included in the carrying amount of the hedged items as a basis adjustment for 2022 amounts to € 0.8 million positive (2021: € 1.3 million negative). The amounts retained in OCI at 31 December 2022 are expected to mature and affect the Consolidated Income Statement in 2023.

33.4 Fair values

Comparison of carrying amounts and fair values

The management assessed that the fair values of Cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair value of loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use observable inputs in the model, of which the significant observable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant observable inputs and determines their impact on the total fair value.
- Vion enters into derivative financial instruments with financial institutions which all have investment grade credit ratings. Foreign exchange forward contracts are valued using valuation techniques, which employ the use of market observable inputs. The most frequently applied valuation techniques include forward pricing models using fair value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies and currency basis spreads between the respective currencies.
- The fair values of Vion's interest-bearing borrowings and loans are determined by using the DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period.

Description of significant unobservable inputs to valuation

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2022 and 2021 are as shown below:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of the input to fair value
Dividend payable to minority shareholders	Nominal value	Dividend agreements	2022: - 2021: -	The current part of the dividend payable fully relates to the results of the current year. The non-current part relates to pay-out of 2023 and is based on the contractual mininum. Any increase is fully related to next year's performance of the concerning entities.

2 Notes to the Consolidated Financial Statements
(in thousands of euros)

Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of Vion's assets and liabilities:

Fair value measurement hierarchy for liabilities as at 31 December 2022	note	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value						
Derivative financial assets	18					
– Foreign exchange forward contracts USD		31-12-2022	509	-	509	-
– Foreign exchange forward contracts JPY		31-12-2022	365	-	365	-
– Foreign exchange forward contracts other currencies		31-12-2022	718	-	718	-
Deferred receipts	18	31-12-2022	2	-	2	-
Assets for which fair values are disclosed						
Investment properties	14					
– Retail properties		31-12-2022	819	-	819	-
Other financial assets	18	31-12-2022	648	-	648	-
Liabilities measured at fair value						
Derivatives financial liabilities	25					
– Foreign exchange forward contracts USD		31-12-2022	128	-	128	-
– Foreign exchange forward contracts JPY		31-12-2022	583	-	583	-
– Foreign exchange forward contracts other currencies		31-12-2022	33	-	33	-
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings	24					
– Secured financing facility of € 250 million		31-12-2022	50,615	-	50,615	-
– Loan from credit institutions		31-12-2022	75,000	-	75,000	-
– Financial lease obligations		31-12-2022	55,613	-	55,613	-
– Loans from minority shareholders		31-12-2022	12,870	-	12,870	-
Dividend payable to minority shareholders	25	31-12-2022	5,761	-	-	5,761

2 Notes to the Consolidated Financial Statements
(in thousands of euros)

Fair value measurement hierarchy for liabilities as at 31 December 2021	note	Date of valuation	Total	Fair value measurement using: Quoted prices in active markets (level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value						
Derivative financial assets	18					
– Foreign exchange forward contracts USD		31-12-2021	137	-	137	-
– Foreign exchange forward contracts JPY		31-12-2021	735	-	735	-
– Foreign exchange forward contracts other currencies		31-12-2021	62	-	62	-
Deferred receipts	18	31-12-2021	1,987	-	1,987	-
Assets for which fair values are disclosed						
Investment properties	14					
– Retail properties		31-12-2021	859	-	859	-
Other financial assets	18	31-12-2021	710	-	710	-
Liabilities measured at fair value						
Derivatives financial liabilities	25					
– Foreign exchange forward contracts USD		31-12-2021	498	-	498	-
– Foreign exchange forward contracts JPY		31-12-2021	101	-	101	-
– Foreign exchange forward contracts other currencies		31-12-2021	388	-	388	-
Liabilities for which fair values are disclosed						
Interest-bearing loans and borrowings	24					
– Secured financing facility of € 250 million		31-12-2021	(947)	-	(947)	-
– Loan from credit institutions		31-12-2021	75,000	-	75,000	-
– Financial lease obligations		31-12-2021	43,217	-	43,217	-
– Loans from minority shareholders		31-12-2021	12,573	-	12,573	-
Dividend payable to minority shareholders	25	31-12-2021	8,310	-	-	8,310

33.5 Financial risk management objectives and policies

Vion's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance Vion's operations. Vion's principal financial assets include loans, trade and other receivables, and Cash and cash equivalents that derive directly from its operations.

Financial risk management

The management board is ultimately responsible for risk management. Vion has a risk management and compliance committee that advises the management board on risk management. Vion is exposed to a variety of financial risks, such as credit risk, foreign currency risk, interest rate risk and liquidity risk. These risks are inherent to the way Vion operates as a multinational with several local operating companies. Vion's overall risk management policy is to identify, assess and, if necessary, mitigate these financial risks in order to minimise potential adverse effects on its financial performance.

Financial risk management is, except for credit risk of non-financial counterparties, carried out by Group Treasury in line with clearly formalised treasury policies. The treasury policies include the use of derivative financial instruments to hedge certain exposures.

Group Treasury identifies, evaluates and hedges financial risks at corporate level and monitors compliance with its policies within Vion.

The Business Units and operating companies are primarily responsible for identifying and managing financial risks, especially in relation to transactions in foreign currencies. Within the boundaries set in the treasury policies, the operating companies execute appropriate foreign currency risk management activities. Vion does not purchase or hold any financial derivatives for trading purposes, and primarily uses derivative financial instruments to manage its foreign currency risk. These financial transactions are all executed through Group Treasury and for most part qualify for hedge accounting. Therefore, gains or losses arising from changes in the fair value of derivatives relating to these hedged Items are included in other comprehensive income (under cash flow hedge accounting) when these changes are compensated by an equivalent change in the fair value of the hedged items.

The capitalisation and funding of operating companies is a responsibility of Group Treasury, but managed in close cooperation with Group Tax as the combination of equity and short term intercompany loans is mostly used as a financing structure. Decisions regarding the debt- to-equity ratio are based on various aspects including minimum regulatory requirements and the flexibility to change the structure. Vion has no restrictions in paying intercompany cash dividends or in repaying intercompany loans.

Group Treasury is responsible for reporting to the management board on Vion's exposure to a number of financial risks, including liquidity, foreign exchange and interest exposure.

The sensitivity analyses in the following sections relate to the position as at 31 December in 2022 and 2021. The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December 2022.

The analyses exclude the impact of movements in market variables on the carrying values of pension and other post-retirement obligations; provisions; and the non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analyses:
- The sensitivity of the relevant Consolidated Income Statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 December 2022 and 2021 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges at 31 December 2022 for the effects of the assumed changes of the underlying risk.

Credit risk
Credit risk represents the accounting loss that has to be recognised on the reporting date if counterparties fail to perform as contracted. Credit risk is carried out by Corporate Credit Risk Management (CCRM). In line with clearly formalised policies and terms of the agreement with the external credit insurer, CCRM is operating as a credit insurer within Vion. All guidelines and procedures are audited and checked by banks and insurance companies. Vion has a history of very low credit losses.

Vion only trades with creditworthy parties and has adopted procedures to monitor the creditworthiness of these parties. Vion has established guidelines to limit the magnitude of the credit risk for each party. In addition, Vion continually monitors its receivables and uses a strict collection procedure. These measures minimise the credit risk for Vion. There are no significant concentrations of credit risk within Vion.

Foreign currency risk
Vion is exposed to currency risks in the following areas:
- transaction risk on anticipated sales, and on the balance sheet receivables or payables arising from such transactions;
- currency conversion risk arising from currency conversion differences on intercompany and external payables and deposits in foreign currency;
- currency conversion risk on net investments in consolidated foreign entities;
- currency conversion risk on the net result of foreign entities.

Vion makes use of a financial policy to deal with currency risks. This policy states that committed transactional positions should be hedged using forward contracts. In general, the average duration of these contracts is three to four months. Vion generally strives to fund local entities in their functional currency. The currency of the external funding and deposits of Vion is based on the financial policy coupled with the required funding of companies within Vion. This can be either directly by external foreign currency loans and deposits or through currency swaps.

(in thousands of euros)

Vion does not hedge the currency conversion risk on net investments in consolidated foreign entities and the net result of foreign entities.

The notional value of the forward exchange contracts to hedge the described currency risks, particularly the US dollar, Japanese yen and British pound, amounted to a total of €176 million net at year-end 2022 (2021: €183 million). The fair value of these contracts at the balance sheet date was an amount totalling €0.8 million (2021: €0.1 million negative). The fair values of all financial instruments approximate the book values. All forward exchange contracts are to be settled within 1 year.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD and JPY exchange rates, with all other variables held constant. The impact on Vion's profit before tax is due to changes in the fair value of monetary assets and liabilities. As Vion fully hedges these currencies, the impact on the profit before tax is nil.
The impact on Vion's pre-tax equity is due to changes in the fair value of forward exchange contracts designated as cash flow hedges. Vion's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
2022	+5%	-	+ 2,932
	-5%	-	- 4,847
2021	+5%	-	+ 4,023
	-5%	-	- 4,447

	Change in JPY rate	Effect on profit before tax	Effect on pre-tax equity
2022	+5%	-	+ 1,056
	-5%	-	- 2,376
2021	+5%	-	+ 2,607
	-5%	-	- 2,882

Interest rate risk

Vion is partly financed with interest-bearing borrowings, but Vion's exposure to interest rate risk (especially due to limited long-term debt) is limited. Vion considers the financial policy to deal with interest rate risk. This policy allows for the use of derivatives. However, no interest rate swaps were held in 2022 (2021: none).

(in thousands of euros)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, Vion's profit before tax is affected through the impact on floating rate borrowings, as follows:

		Increase / decrease in basis points	Effect on profit before tax
2022	Euro	+50	(375)
	Euro	-50	375
2021	Euro	+50	(128)
	Euro	-50	128

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

Liquidity risk

The primary objective of liquidity management is to provide sufficient cash and cash equivalents at all times to enable Vion to meet its payment obligations. Management monitors forecasts of Vion's liquidity reserves on the basis of expected cash flows. Vion has a committed credit facility of € 250 million maturing in September 2024, and a € 75 million Schuldschein loan with mixed durations, with a maximum maturity date of November 2028.

The table below summarises the maturity profile of Vion's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings:						
– Secured financing facility of € 250 million	-	50,615	-	-	-	50,615
– Loan from credit institutions	-	-	-	70,000	5,000	75,000
– Financial lease obligations	-	3,841	11,522	29,622	10,628	55,613
– Loans from minority shareholders	-	-	-	12,870	-	12,870
Dividend payable to minority shareholders	-	-	4,582	1,179	-	5,761
Other payables (note 25 Other financial liabilities)	-	-	-	310	-	310
Trade and other liabilities	-	513,146	21,799	-	-	534,945
Contract liability	-	1,623	-	-	-	1,623
Derivatives financial liabilities	-	703	41	-	-	744
Total	**-**	**569,928**	**37,944**	**113,981**	**15,628**	**737,481**

2 Notes to the Consolidated Financial Statements
(in thousands of euros)

Year ended 31 December 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings:						
– Secured financing facility of € 250 million	-	(947)	-	-	-	(947)
– Loan from credit institutions	-	-	-	70,000	5,000	75,000
– Financial lease obligations	-	3,502	10,505	25,600	3,611	43,217
– Loans from minority shareholders	-	-	-	12,573	-	12,573
Dividend payable to minority shareholders	-	-	5,253	3,057	-	8,310
Other payables (note 25 Other financial liabilities)	-	-	-	602	-	602
Trade and other liabilities	-	383,612	19,448	-	-	403,060
Contract liability	-	1,059	-	-	-	1,059
Derivatives financial liabilities	-	946	41	-	-	987
Total	**-**	**388,172**	**35,247**	**111,832**	**8,611**	**543,861**

34 List of principal subsidiaries

(in percentage)	Proportion of ordinary shares directly held by Vion	Country of incorporation
Ahlener Fleischhandel GmbH	87.5	Germany
BestHides GmbH	60	Germany
CEMO GmbH		Germany
De Groene Weg B.V.		the Netherlands
Distrifresh B.V.		the Netherlands
Der Grüne Weg GmbH		Germany
Encebe Vleeswaren B.V.		the Netherlands
FVZ Convenience GmbH		Germany
Hildener Landmetzgerei GmbH		Germany
Me-at Leeuwarden B.V.		the Netherlands
NWT-CT GmbH		Germany
Otto Nocker Fleischmarkte GmbH		Germany
Otto Nocker GmbH		Germany
Salomon Food World GmbH		Germany
Salomon Hitburger GmbH		Germany
SFB Fleisch- und Kühlcentrale GmbH&Co KG	63	Germany
Südfleisch Bamberg GmbH		Germany
Südfleisch Waldkraiburg GmbH		Germany
Vion Adriaens N.V.		Belgium
Vion Altenburg GmbH		Germany
Vion Apeldoorn B.V.		the Netherlands
Vion Bad Bramstedt GmbH		Germany
Vion Beef B.V.		the Netherlands
Vion Beef Süd GmbH		Germany
Vion Boxtel B.V.		the Netherlands
Vion Convenience GmbH		Germany
Vion Crailsheim GmbH		Germany
Vion EGN Südostbayern GmbH	51	Germany
Vion Emstek GmbH		Germany
Vion Enschede B.V.		the Netherlands
Vion Farming B.V.		the Netherlands
Vion Farming België N.V.		Belgium

(in percentage)	Proportion of ordinary shares directly held by Vion	Country of incorporation
Vion FKM Furth im Wald GmbH	70	Germany
Vion Food (NL Division) Ltd[1]		United Kingdom
Vion Food Group Ltd[1]		United Kingdom
Vion Food International B.V.		the Netherlands
Vion Food North B.V.		the Netherlands
Vion Food Scotland Ltd[1]		United Kingdom
Vion Groenlo B.V.		the Netherlands
Vion Hilden GmbH		Germany
Vion Holdorf TK GmbH		Germany
Vion Perleberg GmbH		Germany
Vion Retail Groenlo B.V.		the Netherlands
Vion Retail Nederland B.V.		the Netherlands
Vion Rundvee B.V.		the Netherlands
Vion Rundvee Belgium B.V.		Belgium
Vion SBL Landshut GmbH	51	Germany
Vion Scherpenzeel B.V.		the Netherlands
Vion Tilburg B.V.		the Netherlands
Vion Trading B.V.		the Netherlands
Vion Zucht- und Nutzvieh GmbH		Germany

1 The marked UK registered participating interest are exempt from the Companies Act 2006 requirements relating to the audit of their individual financial statements by virtue of Section 479A of the Act as Vion has guaranteed the subsidiary companies under Section 479C of the Act.

An entity is assumed to be a principal subsidiary if it is representing more than 5% of either consolidated group sales or operating result (before any intra-group eliminations). In addition, subsidiaries with a legal disclosure requirement are included in the list of principal subsidiaries.

Consolidated subsidiaries

Unless otherwise indicated, these are wholly owned subsidiaries. The disclosed significant subsidiaries represent the most important subsidiaries based on revenues and operating result, before elimination of intercompany transactions within the Group. The list of companies represents 100% of consolidated net sales. Subsidiaries not important to providing an insight into Vion are omitted from this list. A full list of all subsidiaries part of the Group is laid down at the Dutch Chamber of Commerce.

35 Subsequent events

New Operating Model

In 2023, Vion started transformative changes that will further shape the future of the company. The new Operating Model is leading to a new structure for the organization. This includes the following:

- Two Country Units: We will establish dedicated units in Germany and Benelux to align our business, from animal acquisition to site operations and meat sales. This will enhance efficiency and strengthen our connections with farmers and customers. The standalone Retail Business Unit will integrate in the country units.
- Standalone Units: We are launching a standalone unit called "Ingredients" to maximise resource utilisation by utilising all parts of the animal. This aligns with our commitment to responsible production and minimising waste. Food Service will continue operating as a standalone unit.

Amendment on Working Capital Facility Agreement

In June 2023, Vion reached an agreement with the banks in the Working Capital Facility on adjusted covenants and facility conditions to support the execution of Change That Matters. The most important changes are:

- Reduced testing of financial covenants for the first three quarters of 2023;
- ICR covenant tested again at year-end 2023 and at the end of the first quarter of 2024 at a lower level than the original; before reverting to the original level.
- Reduction of the Net Working Capital covenant until the end of the first quarter of 2025, before reverting to original level.

Adjustment of production capacity in Germany

As of 31 July 2023, Vion plans to close its operations in Bad Bramstedt. The planned closure is a consequence of the current market situation, inflation and high prices and the general social trend towards less meat consumption. Furthermore, our site in Landshut will in the future primarily focus on regional business.

3 Company Financial Statements

(in thousands of euros)

3.1 Company Statement of Financial Position

Assets	note	2022	2021
Non-current assets			
Subsidiaries	2	379,757	445,350
Deferred tax assets	3	11,766	21,466
Total non-current assets		**391,523**	**466,816**
Current assets			
Income tax receivable		-	204
Total current assets		**-**	**204**
Total assets		**391,523**	**467,020**

3 Company Financial Statements
(in thousands of euros)

Equity and liabilities	note	2022	2021
Equity			
Issued share capital	4	2,285	2,285
Share premium	4	372,716	372,716
Legal reserves	4	30,437	25,466
Retained earnings	4	60,084	64,531
Result for the year	4	(108,132)	(29,704)
Total Equity	4	**357,390**	**435,294**
Current Liabilities			
Payables to group companies		32,553	31,725
Income tax Payable		1,577	-
Other payables		2	1
Total liabilities		**34,133**	**31,726**
Total equity and liabilities		**391,523**	**467,020**

3.2 Company Income Statement

	2022	2021
(Loss)/profit from group companies after taxation	(95,821)	(41,608)
Other results after taxation	(12,311)	11,904
(Loss)/profit for the year	**(108,132)**	**(29,704)**

4 Notes to the Company Financial Statements

1 Accounting policies for the company financial statements

1.1 General information

The company financial statements have been prepared in accordance with the provisions of Part 9, Book 2, of the Dutch Civil Code.

The company uses the option of Article 362.8 of Part 9, Book 2, of the Dutch Civil Code to prepare the company financial statements, using the same accounting policies as in the Consolidated Financial Statements. Valuation is based on recognition and measurement requirements of accounting standards adopted by the EU (i.e. only IFRS that is adopted for use in the EU at the date of authorisation) as explained further in the notes to the Consolidated Financial Statements. The company presents a condensed income statement, using the facility of Article 402 of Part 9, Book 2, of the Dutch Civil Code.

A list of consolidated entities, referred to in Articles 379 and 414 of Book 2 of the Dutch Civil Code, has been filed with the Trade Register of the Chamber of Commerce.

1.2 Significant accounting policies

Group companies

Group companies are subsidiaries, associates and joint ventures in which Vion Holding N.V. participates. Group companies are recognised using the equity method of accounting.

Movements in the carrying amounts arising from the share of profit of subsidiaries are recognised in accordance with the accounting policies of Vion Holding N.V. in income statement. The distributable reserves of subsidiaries are recognised in other reserves.

Receivables from and payables to group companies

Positions with group companies are recognised at amortised cost.

(in thousands of euros)

2 Subsidiaries

	2022	2021
Balance at 1 January	445,350	484,406
Loss for the year	(95,821)	(41,608)
Other comprehensive income	30,228	2,552
Balance at 31 December	**379,757**	**445,350**

3 Deferred tax assets

	2022	2021
Balance at 1 January	21,466	9,202
Additions	-	12,264
Deductions	(9,700)	-
Balance at 31 December	**11,766**	**21,466**

The deferred tax assets relate to the valuation of losses carried forward concerning the Dutch fiscal unity of which Vion Holding N.V. is the parent company.

(in thousands of euros)

4 Equity

	Issued share capital	Share Premium	Legal reserves: Cash flow hedge reserve	Legal reserves: Foreig currency translation reserve	Legal reserves: Other legal reserves	Retained earnings	Result for the year	Total Equity
Balance at 1 January 2021	**2,285**	**372,716**	**1,228**	**643**	**20,272**	**31,076**	**51,727**	**479,947**
Appropriation of net result	-	-	-	-	-	51,727	(51,727)	**-**
Loss for the year	-	-	-	-	-	-	(29,704)	**(29,704)**
Other comprehensive income	-	-	(1,305)	(26)	-	3,883	-	**2,552**
Total comprehensive income	**-**	**-**	**(1,305)**	**(26)**	**-**	**3,883**	**(29,704)**	**(27,152)**
Dividends	-	-	-	-	-	(17,500)	-	**(17,500)**
Transfer to legal reserves	-	-	-	-	4,654	(4,654)	-	**-**
Balance at 31 December 2021	**2,285**	**372,716**	**(77)**	**617**	**24,926**	**64,531**	**(29,704)**	**435,294**
Appropriation of net result	-	-	-	-	-	(29,704)	29,704	**-**
Loss for the year	-	-	-	-	-	-	(108,132)	**(108,132)**
Other comprehensive income	-	-	804	34	-	29,390	-	**30,228**
Total comprehensive income	**-**	**-**	**804**	**34**	**-**	**29,390**	**(108,132)**	**(77,904)**
Dividends	-	-	-	-	-	-	-	**-**
Transfer to legal reserves	-	-	-	-	4,133	(4,133)	-	**-**
Balance at 31 December 2022	**2,285**	**372,716**	**727**	**651**	**29,059**	**60,084**	**(108,132)**	**357,390**

The other legal reserves relate to capitalised internally developed software of € 22.3 million (2021: € 20.1 million) and not-free distributable profits and reserves of shareholdings amounting to € 6.8 million (2021: € 4.8 million).

Further details are presented in note 23 Equity, of the Consolidated Financial Statements.

(in thousands of euros)

5 Commitments and contingencies

Vion Holding N.V. heads the Dutch fiscal unity for corporate income tax. As a result, Vion Holding N.V. is jointly and severally liable for the corporate income tax for the entire Dutch fiscal unity. With respect to the separate financial statements of the Dutch legal Entities (except for Vion Food North B.V. and Vion Beef B.V.) included in the consolidation, Vion Holding N.V. availed itself of the exemption laid down in section 403, subsection 1 of Book 2 of the Dutch Civil Code. Pursuant to said section 403, Vion Holding N.V. has assumed joint and several liability for the debts arising out of the legal acts of a number of subsidiaries in the Netherlands, which form part of the consolidation. The names of the subsidiaries for which Vion Holding N.V. has issued 403 are open for inspection at the trade register as managed by the Netherlands Chamber of Commerce.

6 Auditors' remuneration

EY charged the following fees for the consolidated and statutory audits of Vion and its subsidiaries:

			2022			2021
	EY The Netherlands	**EY International**	**Total**	EY The Netherlands	EY International	Total
Annual accounts audit	1,284	815	2,099	718	729	1,447
Other audit related services	61	270	331	49	335	384
Tax related activities	-	-	-	-	-	-
Other	98	-	98	-	-	-
Total	**1,443**	**1,085**	**2,528**	**767**	**1,064**	**1,831**

7 Proposed appropriation of profit and loss

With the approval of the supervisory board, the management board has decided that the total net loss for 2022 of €108.1 million should be transferred to the reserves.

	2022
Transfer to reserves	(108,132)
Net result 2022	**(108,132)**

8 Subsequent events

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Boxtel, 27 June 2023

Management Board	*Supervisory Board*
Ronald Lotgerink, CEO	Theo Koekkoek, chairman
Tjarda Klimp, CFO	Rogier Jacobs, vice chairman
	Peter Broeckx
	Cis van Doninck
	Peter van Deursen

5 Other information

5.1 Profit or loss appropriation according to the articles of association

Article 23 of the Articles of Association reads as follows:

Paragraph 1

The management board, subject to approval by the supervisory board, will reserve amounts from the result as specified in the annual accounts adopted by the general meeting of shareholders. The remaining result is at the disposal of the general meeting of shareholders.

Paragraph 2

The company may only make distributions to the shareholders and other parties entitled to the result available for distribution insofar as the equity exceeds the amount of the issued capital plus the reserves that must be maintained by law.

5.2 Independent auditor's report

To: the shareholder and supervisory board of Vion Holding N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 2022 of Vion Holding N.V., based in Best. The financial statements comprise the consolidated and company financial statements.

In our opinion:
- The accompanying consolidated financial statements give a true and fair view of the financial position of Vion Holding N.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Vion Holding N.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:
- The consolidated statement of financial position as at 31 December 2022
- The following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

The company financial statements comprise:
- The company statement of financial position as at 31 December 2022
- The company income statement for 2022
- The notes comprising a summary of the accounting policies and other explanatory information

5 Other information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing.
Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Vion Holding N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our audit response related to going concern

The management board made a specific assessment of the ability of Vion Holding N.V. to continue as a going concern and to continue its operations for the foreseeable future. The financial statements have been prepared on a going concern basis.

We draw attention to the Going concern section, page 65-67, reported in the notes of the financial statements which includes information relating to the going concern assumption and related uncertainties and mitigating actions. As disclosed in this section the following events and conditions, mitigating factors and significant assumptions are relevant for the company's ability to continue as a going concern:

- Current financial situation and financial performance showing fundamental and unexpected changes in the market and lower than planned results
- The implementation of the Change that Matters program that is expected to accelerate the company's strategy and to realize significant cost savings
- Compliance with the amended banking covenants depending on future profitability
- Feasibility of refinancing options in case compliance with covenants will become at risk
- Expectation that co-operation of third party stakeholders will be realized when needed

The going concern assumption of Vion Holding N.V. is highly dependent on the realization of these mitigating actions and assumptions, including the cooperation of third-party stakeholders when needed.

5 Other information

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We specifically focused on, among others, the impact of the events and conditions that are relevant for the ability of Vion Holding N.V. to continue as a going concern and mitigating factors, significant assumptions, the process followed by the management board to make the assessment and management bias that could represent a risk.

We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

We performed among others the following audit procedures, directed specifically on the ability of the company to continue as a going concern:

- We have added Strategy & Transactions specialists to our audit team and jointly performed the procedures specified below.
- We took notice of the going concern memo prepared by the management board.
- We held extensive inquiries with amongst others:
  - Management board
  - Members of supervisory board
  - Group controller, business unit CFOs and the FP&A team
  - Treasurer
  - Strategic external advisors of the management board including strategic consultants, legal consultants, financial advisors, transaction specialists and valuators
- We performed inquiries of members of Supervisory board and challenged them regarding the most important assumptions underlying the going concern assessment of the management board in their role of overseeing the process
- We evaluated forecasted cash flows and the substantiation for significant assumptions, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.
- We obtained an understanding of the key assumptions used in the detailed analysis on expected results including validation and reconciliation to various supporting documents. Also we verified whether the assumed initiatives are reasonable and realistic, specifically focusing on the timing of EBITDA improvements and ratio's as agreed in the covenants.
- We performed sensitivity analyses to challenge the headroom in the models.
- We assessed feasibility of refinancing options. These options include amongst others the sale of non-core assets, refinancing of the existing and/or engaging new financing facilities based on current secured and unsecured assets within a reasonable timeline. This includes assessing whether it is sufficiently likely that co-operation of external stakeholders will be acquired when needed.

Finally, we evaluated relevant disclosures and considered whether relevant events and conditions, mitigating factors and significant assumptions related to going concern have been disclosed and particularly whether these disclosures adequately convey the degree of uncertainty.

5 Other information

The outcome of our procedures did not result in outcomes contrary to management's assumptions and judgements used in the application of the going concern assumption.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause Vion Holding N.V. to cease to continue as a going concern

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of Vion Holding N.V. and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to section Risk Management of the management report for management board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration.
We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 3 “Significant accounting judgements, estimates and assumptions” the financial statements, including estimates relating

to the going concern assumption, impairment of non-financial assets and taxes the financial statements.
We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

Additionally, in order to respond to the identified risks of management override of controls relating to the assumptions used in budget forecasting for the determination of the valuation of long-lived assets and going concern assessment, we specifically obtained and confirmed our understanding of the budgeting (LTP) process and the process to prepare and review the (goodwill and tangible fixed asset) impairments analysis. Furthermore, we have involved specialists to validate the impairment model, including the incorporated variables.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We identified a fraud risk relating to management override of revenue recognition focused on manual and on-top journal entries. We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk. Our audit approach consisted of the assessment and verification of the underlying business rationale and occurrence for all revenues not settled through accounts receivables and cash, and inspected and assessed by means of data-analyses the on-top entries between the company's trial balance and financial statement.

Furthermore, we identified the sales conditions and kick-back risk of industry sales as a fraud risk.
A significant part of the revenues are generated by services offices across the globe where a range of sales conditions are used. We designed and performed our audit procedures relating to the kick-back risk of industry sales responsive to this presumed fraud risk. By means of data-analytics we performed several analyses such as a trend analysis on sales prices, correlation analysis between sales, accounts receivable and cash, and analysis of credit notes issued.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

5 Other information

We also inspected lawyers' letters and we have been informed by the management board that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management board should prepare the financial statements using the going concern basis of accounting unless management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

5 Other information

The supervisory board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion. Our audit included among others:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.
  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining 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 company’s internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

5 Other information

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Eindhoven, 27 June 2023

Ernst & Young Accountants LLP

Signed by M.H. de Hair

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